

DEPOSITORY CONTRACT FOR FUNDS OF INDEPENDENT SCHOOL DISTRICTS UNDER TEXAS EDUCATION CODE, CHAPTER 45, SUBCHAPTER G, SCHOOL DISTRICT DEPOSITORIES

STATE OF TEXAS

County-District Number

COUNTY OF

ARTICLE I. Name of Depository Bank, hereinafter referred to as the "Depository," located at Bank Mailing Address, City, Zip Code Name of County County, State of Texas, being a bank as that term is defined in section 45.201 of the Texas Education Code, hereinafter referred to as "the Code", was duly selected in accordance with Chapter 45, Subchapter G of the Code, by the Board of Trustees of the Name of District Independent School District located in Name of County County, Texas, hereinafter referred to as the "District," to serve as the Depository (or in the event of tie

bids/proposals as defined in the Code, as one of the Depositories) of the school funds of the District, except those school funds permitted by law to be deposited or invested otherwise at the sole discretion of the Board of Trustees of the District. The action of the Board of Trustees of the District was duly taken and the Depository is to serve pursuant to this contract for a period of two years and until its successor is selected and has qualified for the fiscal year beginning Date and ending Date, unless sooner terminated by

Depository's failure to adhere to all requirements of the Code and of this contract. Said action was a result of bids/proposals opened on Date, Depository's being the best, or equal to the best, bid/proposal selected

from number submitted bids/proposals submitted to the District.

ARTICLE II. Such selection by the District was made on the basis of a written bid/proposal tendered by Depository substantially in the form prescribed by State Board of Education rule, a copy of which bid/proposal is attached hereto and made a part hereof by reference. This contract is subject to the Code and any amendments thereto and to any and all acts of the Texas legislature which affect public monies held by the District during the term of this contract.

ARTICLE III. The Depository has elected a method to adequately protect the funds of the District deposited with the Depository in accordance with Section 45.208 of the Code, a copy of which election is attached hereto and made a part hereof by reference.

ARTICLE IV.

- A. Section 45.205 of the Code requires that this contract and any extension of this contract coincide with the District's fiscal year. In the event the District changes fiscal year in accordance with Section 44.0011 of the Code, the term of the contract may be shortened or extended no more than one year by agreement of the parties to coincide with the end of the new fiscal year, provided that this contract is to remain in effect until its successor is selected and has qualified. If the parties cannot agree, the District may at its option change the term of this contract to coincide with the end of a new fiscal year closest to its original expiration date.
B. The District and the Depository may agree to extend this contract for two additional two-year terms in accordance with Section 45.205 of the Code. An extension under this subsection is not subject to the requirements of Section 45.206 of the code.
C. This contract and/or any additional two-year extension of this contract and the bid/proposal attached hereto shall become binding upon the District and the Depository only upon acceptance by the Texas Education Agency.
D. The District shall be allowed by the Depository to purchase time deposits which mature after the ending date of the depository contract; however, the Depository may apply new interest rates to the time deposits after the ending date of this contract. The District shall be entitled to withdraw these time deposits without penalty at the expiration of the depository contract, but in that event, the Depository shall only be obligated to pay interest rates comparable to rates offered in the contract for the term the time deposits were actually held; provided, however, that the Depository may impose an early withdrawal penalty on a time deposit withdrawn within 6 days of creation of the deposit, to the extent required to comply with federal regulations defining time deposits.
E. Venue for any litigation arising from a contractual dispute between a Depository and the District shall be in the county in which the District has its central office, provided that this venue designation shall not be deemed a waiver of any immunity which either party hereto may be entitled to claim.

ARTICLE V. This contract is executed by the District and the Depository in three copies, all of which shall be deemed originals.

**TO BE COMPLETED BY ISD AND VERIFIED BY BANK  
(For all funds received from the Texas Education Agency)**

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Check here if funds are currently sent to an investment pool and no change is required in TEA routing of funds.

Please note that the account information above must agree to the current direct deposit information on file with the Texas Education Agency, Accounting Division. If the District is making changes to the current direct deposit information, a Vendor Direct Deposit Authorization form must be submitted along with the depository contract.

AGREED AND ACCEPTED on behalf of District this the \_\_\_\_\_ day of \_\_\_\_\_,

\_\_\_\_\_  
Signature of President of School Board

AGREED AND ACCEPTED on behalf of Depository this the \_\_\_\_\_ day of \_\_\_\_\_,

\_\_\_\_\_  
Typed Name of Depository

\_\_\_\_\_  
Signature of Authorized Officer

\_\_\_\_\_  
Title of Authorized Officer

**Acknowledgment**

STATE OF TEXAS  
COUNTY OF \_\_\_\_\_

Before me, the undersigned authority in and for said county and state, on this day personally appeared \_\_\_\_\_

*Bank Officer*

known to me to be the person whose name is subscribed to the foregoing instrument on behalf of the Depository named therein, and known to me to be an officer authorized to execute the foregoing instrument on behalf of said depository, and acknowledged to me that (s)he executed the same as the act and deed of said Depository, for the purpose therein expressed and in the capacity therein stated.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_,

\_\_\_\_\_  
Signature of Notary

(SEAL)

Notary Public in and for \_\_\_\_\_  
County, Texas

ACCEPTED AND FILED AT TEXAS EDUCATION AGENCY, AUSTIN, TEXAS

\_\_\_\_\_, 20\_\_\_\_ Division of Financial Audits  
*Date* *Signature*

**ELECTION OF COLLATERAL METHOD FOR FUNDS  
OF INDEPENDENT SCHOOL DISTRICTS  
UNDER TEXAS EDUCATION CODE, CHAPTER 45, SUBCHAPTER G,  
SCHOOL DISTRICT DEPOSITORIES**

In accordance with Article III of the Depository Contract for funds, the Depository has elected to use the following method(s) to protect the funds of the District:

- \_\_\_\_\_ Surety bond (Section 45.208(b) of the Code)
- \_\_\_\_\_ Deposit or pledge securities (Section 45.208(g) of the Code)

- A. If the Depository elected to file with the District a corporate surety bond in an initial amount equal to the estimated highest daily balance of the District funds determined by the Board of Trustees of the District to be on deposit with Depository during the term of this Depository Contract, then a fully executed copy of such corporate surety bond in the amount of \$\_\_\_\_\_ in the form and with the content prescribed by State Board of Education rule is attached hereto and made a part hereof by reference; provided further, that:
- (1) the initial amount of the corporate surety bond may rise or fall from day to day so long as all deposits of District are fully and wholly protected;
  - (2) the bond is made payable to the school district and is signed by the depository bank and the surety company authorized to do business in this state;
  - (3) the bond and the surety on the bond are approved by the board of trustees of the school district; and
  - (4) the bond is conditioned on:
    - (a) the faithful performance of all duties and obligations devolving by law on the depository;
    - (b) the payment on presentation of all checks or drafts on order of the board of trustees of the school district, in accordance with its orders entered by the board of trustees according to law;
    - (c) the payment on demand of any demand deposit in the depository;
    - (d) the payment, after the expiration of the period of notice required, of any time deposit in the depository;
    - (e) the faithful keeping of school funds by the depository and the accounting for the funds according to law; and
    - (f) the faithful paying over to the successor depository all balances remaining in the accounts.
  - (5) a premium on the depository bond may not be paid out of school district funds.
- B. If the Depository did not elect to make the corporate surety bond in the amount and as referred to in A, above, then the Depository shall have the option of either depositing or pledging with the District, or with a trustee designated by the District, approved securities as defined in section 45.201 of the Code, in an amount at market value sufficient to adequately protect the funds of the District on deposit with Depository from day to day during the term of this contract, provided that:
- (1) the pledged securities shall be approved securities and authorized by law and shall be in a total market value sufficient to adequately protect the funds of the District on deposit as directed at anytime by the District in accordance with standards acceptable to the Texas Education Agency;
  - (2) the pledge of approved securities shall be waived only to the extent of the exact dollar amount of Federal Deposit Insurance Corporation insurance protection for the funds of the District on deposit with the depository from day to day, and in the event of any termination of such insurance protection this contract shall immediately become void except as provided in (4) hereinafter;
  - (3) the conditions of the pledge of approved securities required by this contract are that the Depository shall credit the account(s) of the District with the full amount of all State of Texas Warrants presented to the Depository for the account of the District no later than the banking day next following the day of the Depository's receipt of such Warrants and for funds transferred electronically the District shall receive credit on the effective settlement date, that the Depository shall faithfully perform all duties and obligations devolving upon the Depository by law and this contract, pay upon presentation all checks or drafts drawn on order of the Board of Trustees of the District in accordance with its orders duly entered according to the laws of Texas, pay upon demand any demand deposit of the District in the Depository, pay any time deposit or certificate of deposit of the District in the Depository upon maturity or after the period of notice required, and faithfully keep, account for as required by law, and faithfully pay over, at maturity or on demand as the District may elect, to any successor depository all balances of funds of the District then on deposit with the Depository;
  - (4) the pledge of approved securities required by this contract shall be a continuing pledge, ceasing only upon the later of the termination of this contract or the fulfillment by the Depository of all of its duties and obligations arising out of this contract, and a continuing security interest in favor of the District shall attach immediately upon any such pledge to all proceeds of sale and to all substitutions, replacements, and exchanges of such securities, and in no event shall such continuing security interest be voided by any act of the Depository; but not withstanding the foregoing the Depository shall have right, with the consent of the District, to purchase and sell, and substitute or replace, any and all of the approved securities pledged pursuant to this contract with other approved securities, provided that all of the other conditions of this contract are adhered to by the Depository, and such pledge shall be in addition to all other remedies available in law to the District;
  - (5) the Depository shall immediately furnish or cause to be furnished to the District original and valid safekeeping or trust receipts issued by the custodian holding the approved securities pledged pursuant to this contract, marked by the custodian on their face to show the pledge and market value as required above, and Depository shall upon request of District provide description of securities being pledged and evidence that securities are legally acceptable in accordance with (1) above;
  - (6) the District may examine and verify at any reasonable time a pledged investment security or a record a custodian maintains in accordance with Gov. Code 2257.061. The District or its agent may inspect at any time an investment security evidenced by trust receipt.
  - (7) upon any closing or failure of Depository, or any event deemed by a state or federal regulatory agency to constitute a closing or failure of Depository, title to all securities pledged pursuant to this depository contract shall be deemed to be vested in, and to be held by the District; and the District is hereby empowered to take immediate possession of and to sell any and all such pledged securities, whether in safekeeping at another bank or in possession of the District or the Depository, and the District is specifically so empowered by execution of this contract.

- (8) the collateral pledge agreement shall conform to the United States Code Annotated (USCA), Title 12, §1823(e), so to defeat the claim of the Federal Deposit Insurance Corporation, its successor, or any other receiver to the securities, and be:
1. In writing.
  2. Executed by the Depository contemporaneously with the acquisition of the asset.
  3. Approved by the Depository's Board of Directors or Loan Committee which approval shall be reflected in the Board's or Committee's minutes; and
  4. Maintained continuously from the date of its execution as an official record of the Depository.

Copies of the Depository's Board of Directors or Loan Committees minutes shall be furnished to the District.

- C. If the Depository elects to give both a corporate surety bond and to pledge approved securities, such corporate surety bond and pledged approved securities shall be in an aggregate amount which, together with applicable Federal Deposit Insurance Corporation insurance, shall adequately protect the total amount of District funds on deposit with Depository from day to day. The provisions of A, above, permitting the amount of the corporate surety bond to rise or fall from day to day, and all of the provisions of B, above, relating to the amount and conditions of pledge of approved securities, including but not limited to substitution and conditions of pledge, shall apply to the election permitted by this paragraph C.
- D. The Depository agrees to cover by corporate surety bond and/or pledge of approved securities an amount that is equal to funds anticipated to be on deposit from day to day which is estimated not to exceed \$\_\_\_\_\_. The amount of collateral will be calculated in accordance with the Collateral for Public Funds Act.
- E. Subsequent to the beginning date of this contract should the amount of deposit exceed that which is initially covered by corporate surety bond, pledged approved securities, and FDIC insurance, said amount will be increased, and original and valid safekeeping or trust receipts of the additional securities and/or increased corporate surety bond will be provided in accordance with the Code and Texas Education Agency rules.