

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

STATE OF TEXAS)
COUNTY OF _____)
County-District Number
Bank Routing Number

ARTICLE I. _____, hereinafter referred to as the
Name of Depository Bank
'Depository,' located at _____ County,
Address, City, Zip Code Name of 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 _____ Independent School
Name of District

District located in _____ County, Texas, hereinafter referred to as the 'ISD,' to serve
Name of County

as the Depository (or in the event of tie bids as defined in the Code, as one of the Depositories) of the school funds of the ISD, except those school funds permitted by law to be deposited or invested otherwise at the sole discretion of the Board of Trustees of the ISD. The action of the Board of Trustees of the ISD 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 beginning [September 1,] _____ and ending [August 31,] _____, 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 opened on _____ Date

the best, bid selected from _____ bids submitted to the ISD.
number submitted

ARTICLE II. Such selection by the ISD was made on the basis of a written bid tendered by Depository substantially in the form prescribed by State Board of Education rule, a copy of which bid 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 ISD during the term of this contract.

ARTICLE III.
A. If the Depository elected to file with the ISD a corporate surety bond in an initial amount equal to the estimated highest daily balance of the ISD funds determined by the Board of Trustees of the ISD 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 ISD 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.

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 ISD, or with a trustee designated by the ISD, 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 ISD 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 ISD on deposit as directed at anytime by the ISD 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 ISD 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 ISD with the full amount of all State of Texas Warrants presented to the Depository for the account of the ISD no later than the banking day next following the day of the Depository's receipt of such Warrants and for funds transferred electronically the ISD 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 ISD in accordance with its orders duly entered according to the laws of Texas, pay upon demand any demand deposit of the ISD in the Depository, pay any time deposit or certificate of deposit of the ISD 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 ISD may elect, to any successor depository all balances of funds of the ISD 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 ISD 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 notwithstanding the foregoing the Depository shall have right, with the consent of the ISD, 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 ISD;

~~[(5) this contract shall become binding upon the ISD and the Depository only upon acceptance by the Texas Education Agency of this contract and the bid attached hereto;]~~

(5) ~~[(6)]~~ the Depository shall immediately furnish or cause to be furnished to the ISD 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 ISD provide description of securities being pledged and evidence that securities are legally acceptable in accordance with (1) above; ~~[and the ISD shall promptly furnish all executed copies of this contract, photocopies of all such receipts, and photocopies of new receipts for substitutions and additions and written notice of deletions, when made, to the Texas Education Agency, School Financial Audits Division, William B. Travis Building, 1701 N. Congress Avenue, Austin, Texas 78701, for acceptance by the Texas Education Agency;]~~

(6) the records of the Depository and/or the custodian of the securities pledged by the Depository may be subject to audit at any time, in accordance with Gov. Code 2257.061, Audits and Examinations by the Texas Education Agency, School Financial Audits Division, William B. Travis Building, 1701 N. Congress, Austin, Texas 78701;

~~[(7) venue for any litigation arising from a contractual dispute between a Depository and the ISD shall be in the county in which the ISD 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; and]~~

(7) ~~[(8)]~~ 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 ISD; and the ISD 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 ISD or the Depository, and the ISD is specifically so empowered by execution of this contract; and ~~[The collateral pledge agreement shall 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;]~~

(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 Committee minutes shall be furnished to the ISD.

- 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 ISD 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 ISD 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 ISD 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. The ISD and the Depository may agree to extend this contract for one additional two-year term in accordance with Section 45.205 of the Education Code. An extension under this subsection is not subject to the requirements of Section 45.206 of the Education Code.
- F. Section 45.205 of the Education Code requires that this contract and any extension of this contract coincide with the ISD's fiscal year. In the event the ISD changes fiscal year in accordance with Section 44.0011 of the Education 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 ISD 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.
- G. This contract and/or an additional two-year extension of this contract and the bid attached hereto shall become binding upon the ISD and the Depository only upon acceptance by the Texas Education Agency.
- H. Venue for any litigation arising from a contractual dispute between a Depository and the ISD shall be in the county in which the ISD 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 IV. On the execution date of this Depository Contract the depository bank 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 _____ Dollars(\$_____), and warrants that the initial total corporate surety bond and securities in safekeeping and trust for the protection of the funds (including FDIC coverage) of the ISD in the hands of the Depository is as follows:

Corporate Surety Bond	\$ _____	
Market Value of Securities Pledged	\$ _____	
FDIC Insurance (Regular/Demand)	\$ _____	(Maximum \$100,000)
FDIC Insurance (Int. & Sinking)	\$ _____	(Maximum \$100,000)
FDIC Insurance (Time & Savings)	\$ _____	(Maximum \$100,000)
Total Initial Secured Amount	\$ _____	

ARTICLE V. Subsequent to the execution 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 photocopies of the safekeeping receipts of the additional securities and/or increased corporate surety bond will be provided in accordance with the Code and Texas Education Agency rules.

ARTICLE VI. This contract is executed by the ISD 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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				-					-				
Transit Routing Number (Must be 9 digits)	_____ Checking (22)	Account Number											
	_____ Savings (32)	(Up to 13 digits)											

AGREED AND ACCEPTED on behalf of ISD this the _____ day of _____, _____

Signature of President of School Board

Signature of Secretary of School Board

A T T E S T:

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 _____ known to me to be the person whose name is

Bank Officer

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

My Commission Expires _____

ACCEPTED AND FILED AT TEXAS EDUCATION AGENCY, AUSTIN, TEXAS

_____, _____ The School Financial Audits Division

Date

Signature