

DEPOSITORY AGREEMENT
FOR TYLER COUNTY

WITH FIRST NATIONAL BANK, JASPER

This Depository Agreement is made and entered into as of this 14th of August, 2017, by and between Tyler County District, located at 1100 West Bluff St. Room 100, Woodville, Tyler County, Texas 75979, hereinafter referred to as "TCD", and First National Bank, Jasper, located at 301 East Houston Street, Jasper, Jasper County, Texas 75951, hereafter referred to as "Depository Bank" or "Bank."

WITNESSETH

NOW, THEREFORE, it is agreed by the parties hereto as follows:

1. Depository Bank states that it is a banking institution chartered under the laws of the United States and that the banking house is located at 301 East Houston Street, Jasper, Jasper County, Texas 75951. In addition, Bank has a branch office having the address of 270 US Highway 190 East, Woodville, Tyler County, Texas 79579.

2. The term "Funds" shall mean all cash, securities and investments, sinking funds, trust funds, and other funds or assets of the TCD that may come into the possession of said Bank by virtue of this Depository Agreement. Provided however, that the term Funds does not include any and all cash, securities and investments, sinking funds, trust funds, and other funds and assets which belong to, or are deposited by other investors and depositors at the Bank.

3. Depository Bank agrees to (i) faithfully perform all of the duties of a depository as provided for by the laws of the State of Texas, (ii) safely keep and disburse all Funds coming into it as depository, (iii) faithfully keep the TCD's funds and faithfully perform all duties and obligations imposed by law on a depository, (iv) pay all checks drawn on a demand deposit account with Depository Bank on presentation by the TCD Treasurer, (v) pay all checks drawn

on a time deposit account on presentation after the expiration of the required period of notice, (vi) account for the TCD's funds as required by law, and (vii) faithfully pay over to its successor all Funds which belong to the District and then remaining in the depository, and to indemnify and hold harmless the District against all loss, cost, or expense, including reasonable attorney's fees, arising out of or related to its failure to perform duties imposed on it by law or this Depository Agreement.

4. Bank made a Depository Bid for Tyler County, dated June 15, 2015, hereinafter referred to as "Depository Bid", which Depository Bid sets forth the specific terms of the Bank's proposal to TCD. The Depository Bid is attached hereto as Exhibit "B" and is incorporated herein for all purposes as if typed herein verbatim. In the event of a conflict between the terms of this Depository Agreement and the Depository Bid, the terms of the Depository Bid shall control for all purposes.

5. It is expressly understood and agreed that if the Bank fails to faithfully do or perform any of the material duties or material obligations imposed upon it by law or this Depository Agreement, to pay on presentation any check drawn on an account with sufficient funds by the duly authorized officers of the District, to faithfully keep or account for all Funds deposited with it, to pay interest at the tune or at the rates stipulated, and otherwise to comply with any of the requirements of law, to turn over to its successor or successors all Funds, property, and things of value belonging to the District and coming into its hands as depository, or otherwise to default in the performance of this Depository Agreement, then and in that event, the District shall notify the Bank in writing by certified mail addressed to the President of the Bank stating the default and providing the Bank with thirty (30) days from the date of the receipt by the Bank of the written notice to cure the default. In the event the Bank fails to cure such default

within the thirty (30) day cure period, then the District may cancel this Depository Agreement by giving the Bank written notice of the District's cancellation of this Depository Agreement. Upon receipt of the notice of cancellation of the Depository Agreement, the Bank will return the Funds to the District in the amount of one hundred percent (100%) of the amount of the then market value of the Funds which the District then has on deposit with the Bank. Provided however, in the event the Bank fails to timely return all of the Funds belonging to the District following the District's cancellation of the Depository Agreement, then and in that event, the Bank will have no further control over those pledged securities described in Paragraph 5 of this Depository Agreement which have a market value equal to the amount of the Funds that the Bank actually failed to return to the District, and the District will be authorized to take and have exclusive possession, custody, and control over only that portion of those securities pledged hereunder by substitution or otherwise which comprise the market value of the Funds on deposit with the Bank which the Bank actually failed to return to the District. The District shall then be authorized and have the power to sell at a public or private sale, with or without notice to the Bank, only that portion of the pledged securities which comprise the market value of the Funds which the Bank actually failed to timely return to the District, and then apply the proceeds from the sale to the satisfaction of the value and replacement of the value of the Funds which were lost due to the default described herein under the conditions of this Depository Agreement. This right described in this Depository Agreement, or by law, is in addition to and without prejudice to the District's right to maintain any suit for redress for any damages to the District caused by the Bank.

6. Unless the District approves a surety bond as provided by law, the Depository Bank shall secure the Funds of the District by pledging with the District, subject to the mutual approval

of the District and the Bank as to kind and value, "investment securities", as defined by Section 2257.003(6), Texas Government Code.

7. The securities pledged shall be transferred to and held by the Federal Home Loan Bank of Dallas of Dallas, Texas, hereinafter referred to as the "Safekeeping 'B' and incorporated herein by reference as if fully set forth verbatim herein. The securities pledged shall have a market value greater than, or equal to, one hundred percent (100%) of the funds which the District may have on deposit at any one time, reduced by the amount of Federal Deposit Insurance Corporation (FDIC) insurance available. Should the market value of the securities pledged ever be less than one hundred percent (100%) of the funds secured, the Bank shall immediately cause additional securities approved by the District to be pledged with the District, in such aggregate amount as may be necessary to restore the market value of securities pledged to one hundred percent (100%) of the amount of funds secured, reduced by the amount of Federal Deposit Insurance Corporation (FDIC) insurance available. The Bank shall have the right at any time during the term of this Depository Agreement to substitute or withdraw pledged securities upon obtaining the prior written approval of the District, which such approval shall not be unreasonably withheld by the District.

8. The Bank covenants and agrees that in the event any of the terms, covenants, and conditions of the Depository Agreement, or the Safekeeping Agreement (Exhibit "C") are in any way breached or violated or, for any reason, the Bank has failed to perform under the terms and conditions of said documents and/or agreements, the District shall have the right to terminate this Depository Agreement and shall have the option of withdrawing all or part of its time and demand deposits, including principal and accrued interest, without penalty, or in the alternative, to allow said funds to remain on deposit until maturity. Failure by the District at any time or instance to exercise any of its right under the terms, covenants, and conditions of this

Depository Agreement, or the Safekeeping Agreement shall not constitute a waiver of any of the District's right as stated herein.

9. The initial term of this Depository Agreement is for two (2) years, being from August 14, 2017, and Continuing through August 14, 2019. On the renewal of this Depository Agreement, which may be for a period not to exceed two (2) years, the County may negotiate new interest rates and terms with the Depository Bank for the next two (2) years in the same way and subject to the same conditions, provided and subject to Depository Bank mutually agreeing to same. Provided however, either party hereto shall have the right to terminate this Depository Agreement and the Safekeeping Agreement upon giving one hundred twenty (120) days written notice to the other party.

10. Any suit arising out of or in any way connected with this Agreement shall be brought in a court of proper jurisdiction in Tyler County, Texas.

11. All of the provisions and requirements of the laws governing County depositories shall be and are by this reference made a part of this Contract.

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EXECUTED in duplicate originals on this 14th day of
August 2017

DEPOSITORY BANK

FIRST NATIONAL BANK, JASPER

By: 

Name: Stephen Ernest

Title: President

Attest: 

Secretary

TYLER COUNTY

Name:

Title:

Attest:

EXHIBIT "B"

DEPOSITORY BID

First National Bank of Jasper

Depository Bid for Tyler County

July 15, 2015

As part of this bid for Tyler County the following items are included as separate items:

- Cashier's Check in the amount of \$89,281.58 payable to Tyler County
- Summary of interest rates paid on deposit accounts
- On-line Services product description
- Funds Availability Schedule
- Bank Financial Information
 - Last 3 Quarters Call Reports
 - Last 3 Quarters Uniform Bank Performance Reports
 - Last 2 years Bank's Annual Financial Reports

Financial Data as of March 31, 2011

Total Paid-Up Capital Stock	\$ 504,000
Permanent Surplus	\$ 8,004,000
Undivided Profits	\$17,010,187

Contractual Requirements

First National Bank of Jasper (Bank), the depository bank, will handle daily banking services, including but not limited to, checking accounts, other types of interest bearing accounts, non-interest-bearing accounts, time deposits, and/or Certificates of Deposit

The Bank acknowledges by returning the Bid Worksheet, that it understands the Revised Civil Statutes of Texas (Article 2544, et. Seq., of the Revised Civil Statutes of Texas, as revised by Local Government Code, Chapter 116.000 through 116.155 as passed by the 70th leg. 1987; Article 2547 a, b, c, And Article 2558a ET. Seq.) that pertains to the managing and safekeeping of County funds and will comply with those statutes.

The Bank is a member of the Federal Reserve System and the Federal Deposit Insurance Corporation. The Bank is a Federal chartered bank doing business and having a banking facility in Tyler County.

If the Bank is awarded the bid, the contract will be for a four (4) year term ending sixty (60) days from the time fixed by law for the next selection of a depository bank. If a time deposit or

certificate of deposit maturity extends beyond the expiration date of the depository contract, the Bank will pledge sufficient securities as required by law for public funds, to provide for the maturity of the time deposit or certificate of deposit.

This four year contract shall allow the Bank to establish, on the basis of negotiations with the county, new interest rates and financial terms of the contract that will take effect during the final two years of the four year contract if:

- a) The new financial terms do not increase the prices to the county by more than 10%, and
- b) The county has the option to choose to use the initial variable rate option, or to change to the new fixed or variable interest rate options proposed by the Bank.

The Bank acknowledges that Tyler County reserves the right to make investments outside the Bank in accordance with the Laws of the State of Texas, as a result of court order, and the Investment Policy of Tyler County. The Bank acknowledges that all investment purchases shall be made on a delivery versus payment basis.

The Bank has provided all Financial Statements requested per the bid proposal and they are attached as part of this bid.

The Bank has provided a Good Faith Guarantee by including as part of this bid proposal a cashier's check in the amount of \$89,251.58 payable to Tyler County.

The Bank acknowledges as stated in Code Section 116.023; "If a bank is selected as a depository and does not provide the bond and/or security, the county shall retain the amount of the check as liquidated damages." And that a new depository bank will be selected.

The Bank acknowledges that within fifteen (15) days after the selection of the Depository, the Bank so selected is to qualify as a County Depository. As soon as the contract for securities pledges is provided and approved by the Commissioner's Court, an order will be entered by the County designating the successful applicant, or applicants, as Depository for the funds of Tyler County. This contract shall remain in place until sixty (60) days after the time fixed for the next selection of a Depository, to-wit, May, 2015, or until such time a new Bank has qualified as County Depository, whichever should sooner occur. Thereupon, the County Treasurer will place with Depository all the funds belonging to Tyler County.

The Bank acknowledges that pledged securities in the amount provided by law under Sec. 116.504, V.T. Local Government Code will be provided in quantities sufficient to fully collateralize all the funds of Tyler County and their subdivisions. Such securities may consist of:

- 1) U.S. Treasury Notes
- 2) U.S. Treasury Bills
- 3) Federal Farm Credit Banks Notes and Bonds
- 4) Federal Home Loan Banks Notes and Bonds
- 5) Federal National Mortgage Association of Notes and Bonds
- 6) Federal Home Loan Mortgage Corporation Notes and Bonds
- 7) Federal Home Loan Bank Letters of Credit

The Bank acknowledges that Adjustable Rate Mortgages (ARMs) and Collateralized Mortgage Obligations (CMOs) are not acceptable securities to be pledged against accounts.

The Bank acknowledges that it must be the true owner of all securities, which will be pledged to the County. The securities will be free and clear of all liens, claims, or pledged for other purposes. The County will not accept any security acquired by the Bank under a repurchase agreement. The securities will be deposited with the Federal Home Loan Bank (Not the Federal Reserve Bank) without expense to the County under an appropriate contract to be drawn to the Provisions of Tex. Loc. Gov't Code Chapter 116 and amendments in accordance with the application, if approved.

The Bank will make appropriate efforts to ensure, on a daily basis, that sufficient collateral is pledged to protect covered accounts. The Bank's plan is summarized below:

The bank will run a query daily showing the County's balances. This query is run using Tyler County's Tax ID number, and broke down by account type. Non-interest bearing account balances are 100% covered by FDIC. The total of interest bearing balances over the FDIC insurance coverage of \$250,000.00 is the amount that the bank will pledge securities for. If the Market Value of securities pledged is less than the amount over FDIC coverage, the Bank will then pledge securities to cover those balances.

The Bank will provide a detailed monthly Collateral Report that will contain security descriptions, par value/current face and current market value; this is the same report you are currently receiving from the Bank.

The Bank will value pledge securities by utilizing a third party source, MC Planning. Market values are obtained monthly from MC Planning on all securities owned by the bank including those pledged against Tyler County accounts. The County may at anytime investigate the value of any of the securities that may be pledged by the Bank. The Bank will cooperate with the County in such instance.

The Bank will not be able to provide a daily list of account balances and market value of pledge collateral to the County Treasurer. As mentioned above this report is prepared monthly and the

County as the ability through our Cash Management program to view its accounts on a daily basis.

Service Requirements

The Bank will appoint Vernell Ellis, Chief Financial Officer, to be responsible for overseeing the County's entire relationship. Ms. Ellis will be the primary contact and will be able to make decisions regarding operational aspects of this contract.

The following bank personnel within the Bank are qualified to provide information and assistance in the following areas: All personnel can be reached at 409-384-3486

General Information	Vernell Ellis, Mary Ann Morgan, Marsha Adams
Safekeeping and Securities Clearance	Marsha Adams
Posting and Deposit Discrepancies	Mary Ann Morgan
Stop Payments	Mary Ann Morgan
Balance Adjustments	Mary Ann Morgan
Collateral Adequacy	Marsha Adams
Internal Transfers	Mary Ann Morgan
Wire Transfers	Shannon Gentry
Online PC Services	Pamela Johnson
Certificates of Deposit rate Quotes	Stephen Ernest
Signature Cards	Mary Ann Morgan
Opening and Closing of Accounts	Mary Ann Morgan

The Bank will provide an on-line PC communication link to the County for daily reporting of fund balances, managing controlled disbursements, collected and ledger balances, confirmations, and detailed debits and credits. The Bank will provide this service with no charge. As described below stop payment request must be processed by verbal or fax instructions.

The Bank will provide all deposit accounts at no charge except as excluded below. As outlined in the "Contractual Requirements" section of the "Invitation to Bid" the County reserves the right to make investments outside the Depository Bank in accordance with the Law of the State of Texas. As a result, the bank will reserve the right to be compensated for services rendered to the County in the form of account analysis charges for all County accounts if the total deposit relationship, including all funds in the bank including Certificate of Deposits, falls below \$7,000,000.00 as determined at each month end as a result of the County acting on its right to make investments outside of the Bank. If the total deposit relationship of the County falls below \$7,000,000.00 as a result of normal operations of the County without the assistance of funds being invested outside of the Bank, the Bank will not reserve the right to charge the depository

accounts of the County. Based on 2010 balances maintained by the County, there would have been no months in which accounts were charged a service charge.

In the event the Bank charges accounts as described above; the monthly account analysis statements reports will be provided for each account. A sample Account Analysis statement is attached. The attached sample statement details the description of charges and the charge for each type of item and how the charges calculated. The earnings credit is based on the average monthly rate of the 90-day Treasury Bill.

The Bank will provide monthly bank statements to include checks, deposit slips, transfer slips and debit and credit memos. Statements will be processed no later than ten (10) days after the close of each month. The Bank will not be able to provide a hard copy of canceled checks at the end of each month.

The Bank will provide the capability for the County to utilize "Direct Deposit" payroll processing, allowing employees to select the bank of their choice.

The Bank will provide for the acceptance of ACH credits and debits and will provide detailed information of those transactions.

The Bank will provide the ability to send wire transfers on an automated or manual basis, and also the ability to receive wire transfers. The Bank will only process outgoing wire transfers to those authorized by the County.

Interest rate bids are attached in a separate document. The Bank acknowledges that Tyler County reserves the right to select the rate most favorable to the County at anytime during the term of the contract, within the guidelines of Section 116.021 (b) of the Code.

The Bank will provide standard disbursing services for all accounts including the payment of all County checks upon presentment. The Bank agrees to cash, without charge to the County or County employees, an employee's payroll check whether or not the employee has an account with the Bank. This includes all the Bank's locations.

The Bank will not be able to provide a means for the County to unload disbursed check information that will be compared to checks that are presented to the Bank for clearing.

The Bank will guarantee immediate credit on all wire transfers, ACH transactions and government checks upon receipt and all other checks based on the Bank's Availability Schedule. All deposits received before the Bank's established deadline will be credited daily. See availability schedule included as part of this bid.

The Bank will not be able provide the capability for the County to download paid items so that they can be utilized in the bank account reconciliation process. However, the County does have the ability to view all its accounts and account histories through the Cash Management program which can assist in the account reconciliation process.

The Bank will not be able to provide for book entry / DTC acceptance and safekeeping of investment securities. The Bank will not be able to provide a month-end safekeeping statement including market values.

The Bank will be available to the County on an ongoing basis in regards to cash management and will be keep the County informed of any changes in cash management products.

The Bank will process stop payments on verbal or faxed instructions from designated county employees to be followed-up with written confirmation.

The Bank will not be able to agree not to honor stale dated checks on Tyler County accounts that are not endorsed by the County as acceptable after the 180-day limit. Banking systems and logistics do not make that function feasible. It is recommended that once County checks before 180 days outstanding per their reconciliation efforts that the County issues a stop payment on those checks, which the Bank will process at no charge.

The Bank will provide to the County with the following items at no charge:

- Checks
- Deposit Slips
- Safe Deposit Boxes
- Night Deposit Bags
- Cashier Checks
- Stop Payments
- Wire Transactions

This Depository Bid is presented to Tyler County this 11th day of April, 2011.

Regards,

Stephen Ernest
President
First National Bank, Jasper
409-384-3486
stephene@fnbjasper.com

First National Bank, Jasper

For Contract Period to Run From July 1, 2015 to June 30, 2017

Depository Bid for Tyler County

July 13, 2015

Interest Rates

Deposit Accounts

All First National Bank rates on demand deposits are subject to change daily.

For all interest-bearing deposit accounts, NOW and Money Market Accounts, the Bank will pay interest equal to .05% or 5 Bases Points, over our current stated rate at any given time.

Current Rates (subject to change daily without notice)

- NOW
 - Up to \$49,999 .10% (stated rate) + .05% (spread) = .15% (current rate)
 - \$50,000 and UP .15% (stated rate) + .05% (spread) = .20% (current rate)
- Money Market
 - Up to \$49,999 .10% (stated rate) + .05% (spread) = .15% (current rate)
 - \$50,000 and Up .25% (stated rate) + .05% (spread) = .30% (current rate)

Certificates of Deposit Accounts

The Bank will quote all certificate of deposit requests on an individual basis as they arise.

EXHIBIT "C"

SAFEKEEPING AGREEMENT

**SAFEKEEPING AGREEMENT FOR TYLER
COUNTY DISTRICT**

This Safekeeping Agreement (this "Agreement") for Tyler County District is made and entered into on this 30th day of June, 2015, by and among **Tyler County District**, a quasi-political subdivision of the State of Texas, ("TCD"), and **First National Bank, Jasper, of Jasper, Texas**, a national bank, ("Depository Bank"), and **Federal Home Loan Bank of Dallas, Texas**, ("Safekeeping Bank").

WITNESSETH:

WHEREAS, TCD and Depository Bank have entered into a Depository Agreement; and

WHEREAS, under the provisions of law and the Depository Agreement, the Depository Bank must secure the deposits of the TCD by pledging investment securities to the TCD; and

WHEREAS, the securities pledged by the Depository Bank under the Depository Agreement must be transferred to and held by a bank selected for the safekeeping thereof; and

WHEREAS, the **TCD and Depository Bank** have selected **Federal Home Loan Bank of Dallas, Texas**, as the Safekeeping Bank, and **Federal Home Loan Bank of Dallas, Texas**, has agreed to serve as the Safekeeping Bank;

NOW, THEREFORE, it is agreed by the parties hereto as follows:

1. The Depository Bank hereby places with Safekeeping Bank certain investment securities owned by the Depository Bank which are pledged to the TCD as security for its deposits with the Depository Bank.
2. In accordance with the Depository Agreement, the Depository Bank may from time to time place with the Safekeeping Bank additional securities pledged to the TCD. Whenever securities pledged to the TCD are placed by the Depository Bank with the Safekeeping Bank, the Safekeeping Bank shall issue original safekeeping receipts directly to the TCD within three (3) business days of such placement with a duplicate copy thereof to the Depository Bank. No security placed with the Safekeeping Bank under this Agreement shall be released by Safekeeping Bank unless duly authorized by the Investment Officer of the TCD and an officer of the Depository Bank. For purposes of this Agreement, "Investment Officer" shall be defined as the individual(s) who hold the position of Investment Officer.
3. The securities placed with the Safekeeping Bank shall be under the control of the Depository Bank, with the TCD having written joint approval with the Depository Bank of any sales or trades of the securities. However, in the event the Investment Officer of the TCD certifies to the Safekeeping Bank that the Depository Bank failed to faithfully do or perform the material duties or obligations imposed on it by

law as the depository of the TCD, or failed upon presentation to pay any check drawn on it by the duly authorized officers of the TCD or has failed to faithfully keep or account for all funds deposited with it, or failed to pay interest at the time or at the rates stipulated, or failed to comply with any of the requirements of the depository laws of the State of Texas, or failed at the expiration of the term for which it was chosen to turn over to its successor or successors all funds, property, and things of value coming into its hands as depository, or otherwise defaulted in the performance of the Depository Agreement, and as a result of such failure defaulted under the terms of the Depository Agreement, and that the Depository Bank then failed to timely cure the default under the terms of the Depository Agreement, and as a result of such failure to cure the TCD demanded its funds from the Depository Bank pursuant to terms of the Depository Agreement and the Depository Bank failed to tender such funds to the TCD pursuant to the lawful demand by the TCD under the terms of the Depository Agreement, then and in that event, the Safekeeping Bank shall deliver to the Investment Officer all securities deposited hereunder having a current market value equal to one hundred percent (100%) of the then remaining funds which the TCD may have on deposit with the Depository Bank at that time, reduced by the amount of Federal Deposit Insurance Corporation (FDIC) insurance available. This demand to the Safekeeping Bank will not require further authorization, release, or direction by the Depository Bank. Further, the Depository Bank does hereby release and forever discharge the Safekeeping Bank from any liability for the release of the pledged securities to the TCD in accordance with the provisions of this paragraph.

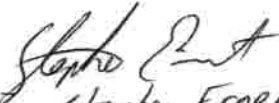
4. Safekeeping Bank agrees to faithfully perform all of the duties hereof and to indemnify the TCD against all loss, cost, or expense, including reasonable attorney's fees, arising out of or relating to the failure to perform the duties imposed on it by this Safekeeping Agreement, unless such loss can be demonstrated by Safekeeping Bank to have been due to a cause or causes beyond the reasonable control of Safekeeping Bank (such as acts of God, acts of the public enemy, insurrections, riots, explosions, or other cataclysmic events) or to have been caused in whole or in part by the error, dishonesty, omission, fraud, embezzlement, theft or negligence of the TCD, its employees, its officers, its agents or its directors.
5. Depository Bank agrees to pay all costs or charges imposed by Safekeeping Bank for the performance of the services it provides under the terms of this Safekeeping Agreement.
6. Any suit arising out of or in any way connected with this Agreement shall be brought in a court of proper jurisdiction in Tyler County, Texas.

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EXECUTED in multiple originals on this
13th day of July, 2015, but effective as
of July 1, 2015.

Depository Bank

First National Bank, Jasper

By: 
Name: Stephen Ernest
Title: President

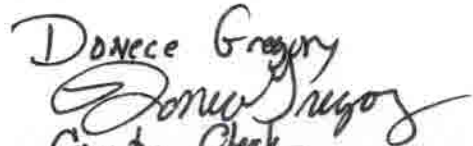
Attest: 

Name:
Title:

Tyler County District



Name: JACQUES L. BLANCHETTE
Title: COUNTY JUDGE


Attest: 
Name: Mary Randel
Title: Administrative Assistant


County Clerk

Safekeeping Bank

Federal Home Loan Bank of Dallas
P.O. Box 619026 Dallas, TX
75261-9026

By: 
Name: Christine Polce
Title: may 8-3-15

Attest: 
Name: Josie M. Tolman
Title: P&R analyst