

TRI-PARTY PUBLIC DEPOSIT PLEDGE AND CUSTODY AGREEMENT

THIS PLEDGE AND CUSTODY AGREEMENT (the "Agreement") is made and entered into by and between _____ a Public Entity under 62 O.S. §§ 517.1 et seq. (hereinafter "Depositor"); _____ a financial institution authorized by law to do a banking business in the State of Oklahoma (hereinafter referred to as "Bank"); and _____ a financial institution approved to act as a safekeeping bank (hereinafter referred to as "Custodian") as of this _____ day of _____, _____.

WHEREAS, Depositor is an Oklahoma public entity and, as such, is required or entitled to obtain a pledge of assets to secure the uninsured portion of its deposit under the Collateral for Local Public Funds Act, 62 O.S. §§ 517.1 et seq.; and

WHEREAS, the Bank has been designated as a depository for certain funds of the Depositor;

WHEREAS, Custodian has been designated by the State Treasurer as an approved safekeeping or custodial bank pursuant to 62 O.S. §517.4;

WHEREAS, the Bank has agreed to secure the uninsured funds of the Depositor so deposited with it by conveying to Depositor a security interest in eligible securities owned by the Bank, or by providing collateral instruments, as allowed by 12 U.S.C. § 90 and 6 O.S. § 411 [for Federal Savings Banks - 12 U.S.C. § 1464(b)(2) and 12 C.F.R. § 545.16] and defined in 62 O.S. § 517.5; and

WHEREAS, Depositor and Bank wish to appoint Custodian as agent for Depositor to hold in custody on behalf of Depositor certain securities (the "collateral securities") pledged by Bank to Depositor pursuant to this Agreement in accordance with the terms set forth below.

NOW, THEREFORE, the parties hereto agree as follows:

1. Depositor and Bank hereby appoint Custodian, and Custodian hereby accepts such appointment, to act on behalf of Depositor as custodian of the collateral securities in which Depositor has a perfected security interest, described in this Agreement. Custodian further agrees to hold such collateral securities under joint safekeeping receipts and apply the same, or any substitutions therefor or additions thereto, for the purpose set forth in this Agreement, upon the terms and conditions hereinafter contained.

2. For the purpose of securing the uninsured funds deposited by the Depositor with

the Bank, the Bank hereby agrees to assign, transfer, pledge and convey to the Depositor as security for the funds a perfected security interest in eligible securities owned by the Bank, and/or provide collateral instruments as allowed by 12 U.S.C. § 90 and 6 O.S. § 411 [for Federal Savings Banks - 12 U.S.C. § 1464(b)(2) and 12 C.F.R. § 545.16] and defined in 62 O.S. § 517.5. Depositor's time and demand deposits, inclusive of interest, in excess of the Federal Deposit Insurance Corporation insurance shall be secured at all times by collateral pursuant to this Agreement. If the Bank provides collateral securities, said securities' value shall at all times be equal to, or greater than, _____ percent (_____ %) [must be at least 100%] of the amount deposited by the Depositor with the Bank plus interest due at maturity, in excess of the FDIC-insured limit (the "Maintenance Percentage"). The market value of any security held as Collateral will be provided to the Depositor _____ [monthly or quarterly at a minimum] by _____ [fill in either Bank or Custodian]. The market value must be obtained from a securities pricing service, a primary dealer in securities, or a publication recognized as a reliable source of securities valuations. The market values shall be provided in a report to the Depositor at no charge. The report must include the market value and description of each security pledged as of the last business day of the period which shall not be less than quarterly. If the Bank provides collateral instruments instead of securities, the amount of the instruments shall at all times be equal to, or greater than the amount deposited by the Depositor with the Bank plus interest due at maturity, in excess of the FDIC-insured limit. If the Bank provides a combination of collateral securities and collateral instruments, the securities' value and the amount of the instruments shall at all times be equal to, or greater than the Maintenance Percentage.

3. To perfect the security interest of the Depositor in the collateral pledged by the Bank, the Bank shall place the required collateral securities in a restricted account with the custodian, as required by 62 O.S. § 517.4(B). Bank agrees to take all actions reasonably necessary to perfect the pledge and confirm same to Depositor.

4. (a) This Agreement shall further serve as a power of attorney, authorizing the Depositor to transfer or liquidate the pledged securities in the event of a default, financial failure or insolvency of the Bank, as required by 62 O.S. § 517.4(B). In the event of a default, failure or insolvency of the Bank, the Depositor shall be deemed to have vested full title to all securities pledged under this Agreement, and shall send a written demand to Custodian notifying Custodian of the nature of the Bank's default. After receipt from Depositor of a written demand, Custodian shall immediately deliver to Depositor the collateral securities held hereunder, or such portion thereof as may be demanded, for the purpose of protecting Depositor against loss by reason of the default of Bank; and Custodian shall immediately disregard any further notice or instruction by or on behalf of Bank. Such demand shall state the dollar amount of the collected balance of Depositor's accounts with Bank as of the date of the demand and any costs or expenses for which Depositor is entitled to reimbursement, and the request that Custodian deliver to Depositor, for sale by Depositor, securities with a market value equal to or greater than such reported balance and costs and expenses. The Depositor is empowered to take possession of and transfer and or sell any and all securities, as permitted or required by 62 O.S. §517.6. This power is in addition to other remedies which the Depositor may have under this Agreement and without prejudice to

its rights to maintain any suit in any court for redress of injuries sustained by the Depositor under this Agreement.

4. (b) If and when a receiver or conservator is appointed for Custodian under federal and/or state banking or similar law, or there is commenced by or against Custodian any liquidation or dissolution proceeding, Custodian shall as soon as practicable transfer the collateral securities to such other custodian as is designated by Depositor upon receipt of written demand by Depositor. If the collateral securities are delivered to Bank, Bank shall hold the collateral securities in trust as trustee on behalf of Depositor and Bank shall, as soon as practicable transfer the collateral securities to such other custodian as is designated by Depositor.

5. If Depositor accepts collateral instruments, the Bank shall complete and deliver a Pledge Form with the original collateral instrument or approved certificate, attached. The instrument or certificate must identify the company or agency issuing the collateral instrument, and the coverage amount. The Bank must also see to it that the agency or company forward a copy of notification of coverage or insured limit to the Depositor. The instrument must permit the Depositor to make a claim directly on the agency or company in the event of a default, financial failure or insolvency of the Bank. Custodian need not take custody of collateral instruments.

6. If at any time the ratio of the market value of the collateral securities plus the amount of collateral instruments, if any, to the amount of uninsured funds on deposit plus interest due at maturity is less than the Maintenance Percentage, then the Bank shall assign, pledge and convey a security interest and transfer to Custodian, additional eligible securities, or provide additional collateral instruments to the Depositor, in such amounts so that the Maintenance Percentage is maintained. If the Bank provides only collateral instruments, and the full amount of the collateral instruments is less than the amount of uninsured funds on deposit plus interest due at maturity, then the Bank must increase the amount of collateral instruments sufficiently to cover the amount of uninsured funds on deposit plus interest due at maturity. If Bank fails to maintain adequate Collateral as required by this Agreement, and such failure is not cured within five (5) business days of notice by Depositor to Bank, then Depositor shall have the right to withdraw its collected Public Funds from Bank without payment of any withdrawal penalty, other than penalties the waiver of which is prohibited by law. Any additional pledge of collateral hereunder shall be approved by an officer of the Bank duly authorized by resolutions of the Board of Directors to approve additional pledges of collateral, releases of collateral, and substitutions of collateral under this Agreement (“Duly Authorized Bank Officer”).

7. No collateral securities at any time held by Custodian hereunder shall be released without the written approval of Depositor, which approval shall not be unreasonably withheld, by executing a release form. However, unless and until Custodian receives a notice of default from Depositor, as provided herein, Bank may substitute Collateral by providing other eligible securities of like kind and market value as the securities for which they are to be substituted, as permitted in accordance with 62 O.S. §517.5(B) and the rules of the State Treasurer, provided that Bank shall obtain the consent of the Depositor for the substitution.

8. This Pledge Agreement conveys a security interest in any and all securities of the Bank's held by Custodian, which are currently pledged or will be pledged as collateral to the Depositor by the Bank, as well as any interest Bank may have in collateral instruments it provides. Further, this Pledge Agreement conveys a security interest to Depositor in any proceeds or any substituted collateral, or the proceeds of a collateral instrument.

9. Any pledge hereunder shall be a continuing pledge and shall secure not only such deposits that are held by the Bank at the time of the transfer of the collateral to Custodian or after providing collateral instruments to the Depositor hereunder, but also any and all subsequent deposits of funds with the Bank by the Depositor, notwithstanding the account or accounts in which such funds may be held or identified by the Bank.

10. The pledge of collateral securities and/or the delivery of collateral instruments by the Bank to secure the deposits of the Depositor shall be in addition to, and shall in no way eliminate or diminish, the insurance coverage to which the Depositor may be entitled under the rules and regulations of the Federal Deposit Insurance Corporation or any private insurance carried by the Bank for the purpose of protecting the claims and rights of its depositors.

11. It is agreed that when the Bank shall have paid out and accounted for all the funds of the Depositor so deposited with the Bank, then and in that event any and all securities or collateral instruments pledged as collateral under this agreement shall be released from the security interest created hereunder, and the Custodian, Bank and the Depositor shall take whatever actions may be necessary to cause a transfer of such securities to the Bank free and clear of any liens created hereunder or a full and complete release of the collateral instruments.

12. The Bank hereby represents to the Depositor that, (i) it is a national banking association, state chartered banking association, federal savings bank, savings and loan association or credit union duly organized and validly existing under the laws of the United States or the State of Oklahoma, (ii) it has, or will have at the time of delivery of any securities or collateral instruments as collateral under this Agreement, the right, power and authority to grant a security interest therein with priority over any other rights or interests therein, (iii) the execution and delivery of this Agreement and the pledge of the securities or the delivery of collateral instruments as collateral hereunder has been approved by its Board of Directors or its Loan Committee, and (iv) the execution and delivery of this Agreement and the pledge of securities or the delivery of collateral instruments as collateral hereunder will not violate or be in conflict with the Articles of Association or Certificate of Incorporation or By-laws of the Bank, any agreement or instrument to which the Bank may be a party, any rule, regulation or order of any banking regulator applicable to the Bank, or any internal policy of the Bank adopted by its Board of Directors.

13. Bank further represents and warrants to Depositor that, (i) except as otherwise permitted under this Agreement, it owns the Collateral free and clear of any liens, claims, restrictions or encumbrances, (ii) it will not sell, mortgage, encumber, or otherwise alienate,

substitute or release any of the collateral securities, except as provided in this Agreement, (iii) it will maintain in its official records evidence of the due authorization of this Agreement and the granting of a continuing security interest in the Collateral, all in compliance with the provisions of 12 USC 1823 (e), and (iv) it will take such steps as may be reasonably necessary for Depositor to meet the standards set by the Government Accounting Standards Boards (“GASB”).

14. Custodian shall receive a fee from Bank for its services hereunder as those two parties shall agree from time to time. Custodian under no circumstances shall be held responsible to Depositor or Bank for any loss arising from any cause whatsoever except such as may arise solely from its failure to comply with the terms and conditions in this Custodian Agreement, or from its negligence, or willful misconduct, or that of its officers, employees or duly authorized agents.

15. Until receipt of notice by Depositor under paragraph (7) hereof, Custodian shall send to Bank all income on the securities at any time held hereunder. Further, Custodian shall send to Bank all periodic coupon income on securities and all principal payments and prepayments on mortgage-backed securities at any time held hereunder. After receipt of the notice, under paragraph (7) hereof, Custodian shall hold all such income, periodic coupon income and repayments for the benefit of Depositor.

16. Whenever the written consent of Depositor or Bank is required hereunder, the written consent of any authorized representative or agent of Depositor or of Bank, as specified in writing to Custodian by Depositor and Bank from time to time, shall satisfy such requirements.

17. (a) This Agreement shall terminate when Depositor releases Bank from this Agreement. Notice of termination of the Security Agreement shall be provided to Custodian by Depositor as soon as practicable. Custodian shall not honor any purported notice of termination from Bank.

(b) This Agreement shall terminate upon delivery by Custodian of the Securities to Depositor in the event of a default, pursuant to paragraph (7) hereof;

(c) Further, this Agreement may be terminated 10 days after receipt of written notice from Bank and Depositor to Custodian.

(d) This Agreement may be terminated within 30 days after receipt of written notice from Custodian to Depositor and Bank.

(e) Upon termination, Custodian shall immediately transfer the collateral securities to such other Custodian as is designated by Depositor.

18. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors. This Agreement is not assignable or transferrable unless Bank merges with another qualified financial institution, or a transfer occurs pursuant to State or federal regulatory action.

19. This Agreement may be executed in one or more counterparts, each of which shall

be deemed an original and all of which taken together shall constitute one and the same instrument.

20. This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma and it supersedes any and all prior agreements, arrangements or understandings with respect to the subject matter hereof. This Agreement, along with other incorporated documents, shall constitute the entire Agreement between the parties.

21. No provision of this Agreement may be waived except by a writing signed by the party to be bound thereby and any waiver of any nature shall not be construed to act as a waiver of subsequent acts.

In Witness Whereof, the parties hereto have executed this agreement as of the day and year first written above.

BANK: _____

Address for Notices: _____

By: _____

PRESIDENT (Signature)

ATTEST:

SECRETARY

CUSTODIAN: _____

Address for Notices: _____

By: _____

PRESIDENT (Signature)

ATTEST:

SECRETARY

DEPOSITOR: _____

(Name of Local Public Entity)

Address for Notices: _____

ATTEST:

By: _____

(Signature)

Title: _____
