

**COLLATERAL SECURITY AGREEMENT**

This Collateral Security Agreement (this "Agreement"), is made and entered into effective **May 17 , 2021** (the "Effective Date"), by and between **Wise County**("Depositor") and First Financial Bank, N.A., a national association organized under the laws of the United States and authorized to do banking business in the state of Texas ("Bank").

Pursuant to the terms and provisions of this Agreement, Bank hereby grants a security interest in and a pledge of Eligible Collateral to secure the timely payment of the Uninsured Deposits pursuant to the Depository Agreement.

NOW, THEREFORE, in consideration of the forgoing, and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

**1. Definitions.** Except as otherwise expressly defined in this Agreement, all terms used herein which are defined in the Uniform Commercial Code as in effect from time to time in Texas (the "Code") have the same meaning as in the Code. All other terms capitalized but not defined herein or in the Code have the meanings assigned to them in the Depository Agreement.

"Account" shall mean that portion of the custodial account established with Custodian in the name of Bank designated by Bank to be held by Custodian for the benefit of Depositor as secured party in accordance with this Agreement.

"Authorized Person" shall be any officer of Depositor or Bank, as the case may be, duly authorized to give Written Instructions on behalf of Depositor or Bank, respectively, such authorized persons for Depositor to be designated in a certificate substantially in the form of Exhibit B, attached hereto, as such exhibit may be amended from time to time, or as designated in such other forms as may be prescribed by Bank.

"Book-Entry System" shall mean the Federal Reserve/Treasury Book Entry System for receiving and delivering U.S. Government Securities.

"Business Day" shall mean any day on which Custodian and Bank are open for business and on which the Book Entry System is open for business.

"Collateral" shall mean the specific amounts and issues of Securities held in the Account and, if applicable, specific amounts of Proceeds held in the Account, securing the timely payment of the Uninsured Deposits of Depositor.

"Collateral Requirement" shall mean the Collateral Requirement as defined in the Depository Agreement.

"Custodian" shall mean the custodial bank identified to Depositor by Bank to hold the Collateral in the Account.

"Depository Agreement" shall mean Bank Depository Agreement made and entered into by and between Depositor and Bank as of the Effective Date.

"Deposits" shall mean all deposits by Depositor in Bank, including all accrued interest on such deposits, that are available for all uses generally permitted by Bank to Depositor for actually and finally collected funds under Bank's account agreement or policies.

"Eligible Collateral" shall mean any Securities of the types enumerated in the Schedule of Eligible Collateral (which types are in compliance with Depositor's collateral policy as varied by Depositor's approval and execution of this Agreement) attached hereto as Exhibit A, as such exhibit may be amended from time to time pursuant to a written amendment signed by each of the parties to this Agreement, and any Proceeds of such Securities.

"Market Value" shall mean: (i) with respect to any Security held in the Account, the market value of such Security as made available to Bank or Custodian by a generally recognized source selected by Bank or Custodian, plus, if not reflected in the market value, any accrued interest on such Security, or, if such source does not make available a market value, the market value shall be as determined by Custodian or Bank in its sole discretion based on information furnished to Custodian or Bank by one or more brokers or dealers; and (ii) with respect to any cash held in the Account, the face amount of such cash.

"Proceeds" shall mean any principal or interest payments or other distributions made in connection with Eligible Collateral and anything acquired upon the sale, lease, license, exchange or other disposition of Eligible Collateral.

"Security" or "Securities" shall include, without limitation, any security or securities held in the Book-Entry System; common stock and other equity securities; bonds, debentures and other debt securities; notes, mortgages, or other obligations; and any instruments representing rights to receive, purchase, or subscribe for the same, or representing any other rights or interests in such security or securities.

"Trust Receipt" shall mean evidence of receipt, identification and recording, including a written or electronically transmitted advice or confirmation of transaction or statement of account. Each advice or confirmation of transaction shall identify the specific securities which are the subject of the transaction. If available, statements of account may be provided by Bank or Custodian at least once each month and when reasonably requested by Depositor, and must identify all Eligible Collateral in the Account and its Market Value.

"Uninsured Deposits" shall mean that portion of the daily ledger balance (amount of funds plus the amount of any accrued interest on the funds) of Depositor's Deposits with Bank which exceeds the standard maximum deposit insurance amount ("SMDIA") of the Federal Deposit Insurance Corporation ("FDIC").

"Written Instructions" shall mean written communications actually received by Bank or Custodian from an Authorized Person or from a person reasonably believed by Bank or Custodian to be an Authorized Person.

**2. Security Requirement.**

- (a) To secure the timely payment of Uninsured Deposits made by Depositor, Bank has identified to or deposited with Custodian certain Securities as more fully described in the initial confirmation or Trust Receipt delivered by Custodian to Bank and Depositor, and if delivered only to Bank, delivered by Bank to Depositor. Pursuant to the Code, Custodian shall act as a bailee or agent of Depositor and, to the extent not inconsistent with such duties, shall hold Securities as a securities intermediary (as such term is defined in Chapter 8 of the Code) in accordance with the provisions of this Agreement, the Depository Agreement, and of any agreement entered into with Custodian further governing the provision of security by Bank for Uninsured Deposits.
- (b) (i) To secure the timely payment of Uninsured Deposits made by Depositor with Bank, Bank agrees to identify to Custodian, or to deliver or cause to be delivered to Custodian for transfer to the Account, Eligible Collateral having a Market Value equal or greater than the Collateral Requirement.  
  
(ii) If the Market Value of such Eligible Collateral on any Business Day is less than the Collateral Requirement for such day, Bank shall be required to identify or deliver to Custodian additional Eligible Collateral having a Market Value equal to or greater than such deficiency as soon as possible, but no later than the close of business of Custodian on the Business Day on which Bank determined such deficiency. If on any Business Day, the aggregate Market Value of the Eligible Collateral provided pursuant to this Agreement exceeds the Collateral Requirement for such day, Custodian shall, at the direction of Bank and with the approval of the Authorized Person acting on behalf of Depositor, transfer from the Account to or for the benefit of Bank, Eligible Collateral having a Market Value no greater than such excess amount.  
  
(iii) When additional Eligible Collateral is required to cover incremental Deposits, Bank must receive the request for collateral one (1) Business Day prior to the Business Day the incremental Deposits are received, and Bank shall be required to identify or deliver to Custodian additional Eligible Collateral having a Market Value equal to or greater than the deficiency on the Business Day the incremental Deposits are received.
- (c) For any changes made to the Eligible Collateral held in the Account due to releases, substitutions or additions of Eligible Collateral, Custodian shall update its records of the Account accordingly and promptly issue a Trust Receipt to

Bank and Depositor, and if delivered only to Bank, said Trust Receipt shall be delivered by Bank to Depositor.

- (d) Bank shall be entitled to income on Securities held by Custodian in the Account, and Custodian may dispose of such income as directed by Bank without approval of Depositor, to the extent such income is not needed to meet the Collateral Requirement.

3. **Custody of Securities.** The parties agree that all Securities held in the Account shall be treated as financial assets. For purposes of the Code, the security interest granted by Bank in the Eligible Collateral for the benefit of Depositor is created, attaches, and is perfected for all purposes under Texas law from the time Custodian identifies the pledge of Eligible Collateral to Depositor and issues a Trust Receipt for such Eligible Collateral. The security interest of Depositor in the Collateral shall terminate upon the transfer of such Collateral from the Account.

4. **Delivery of Securities.** Bank and Depositor agree that the Collateral identified or delivered to Custodian to be held in the Account may be in the form of credits to the accounts of Custodian in the Book Entry System.

Bank acknowledges that to the extent permitted by law, the records of Bank and/or Custodian with respect to the pledge of Eligible Collateral as described in this Agreement: (a) may be inspected by Depositor or by the Texas Comptroller of Public Accounts (the "Comptroller"), at any time during regular business hours of Bank or Custodian; (b) such records may be subject to audit or inspection at any time pursuant to Sections 2257.025 and 2257.061 of the Texas Government Code, as amended; and (c) reports must be filed by Custodian with the Comptroller when requested by Comptroller.

5. **Collection of Securities.** If Depositor certifies in writing to Custodian that (a) Bank is in default under this Agreement or the Depository Agreement, and (b) Depositor has satisfied any notice or other requirement to which Depositor is subject pursuant to the Depository Agreement, then Depositor may, subject to the provisions of Sections 8 and 9, give Custodian and any appointed receiver Written Instructions to transfer the value of the Collateral (up to the amount that Depositor has in its depository account(s) with Bank as of the date of such default) to an account or accounts controlled by Depositor, and to cease releasing to an account of Bank any Proceeds reflecting the income on Securities in the Account as provided in Section 2(d).

6. **Representation and Warranties.**

- (a) **Representations of Bank.** Bank represents and warrants, which representations and warranties shall be deemed to be continuing, that:

- (i) this Agreement has been authorized by Bank's Board of Directors, and such authorization is evidenced by a resolution of Bank's Board of Directors adopted at a duly called meeting;
  - (ii) this Agreement has been legally and validly entered into and is enforceable against Bank in accordance with its terms;
  - (iii) this Agreement and the pledge of Eligible Collateral under this Agreement do not violate or contravene the terms of Bank's charter documents, by-laws, or any agreement or instrument binding on Bank or its property, or any statute or regulation applicable to Bank;
  - (iv) Bank has entered into this Agreement and the Depository Agreement (A) in the ordinary course of business, (B) in good faith and on an arm's-length basis with Depositor, (C) not in contemplation of bankruptcy or insolvency, and (D) without intent to hinder, delay, or defraud Bank's creditors;
  - (v) a copy of each of (A) this Agreement, (B) the Depository Agreement, and (C) the resolution of the Board of Directors of Bank authorizing this Agreement, have been placed (and will be continuously maintained) in the official records of Bank;
  - (vi) Bank is sole legal and actual owner of the Securities or of beneficial interests in Securities deposited in the Account, free of all security interests or other encumbrances, except the security interest created by this Agreement;
  - (vii) this Agreement was executed by an officer of Bank who was authorized by Bank's Board of Directors to do so;
  - (viii) Bank is a bank duly authorized to do business in the State of Texas; and
  - (ix) all acts, conditions, and things required to exist, happen or to be performed on its part precedent to and in the execution and delivery of this Agreement by it exist or have happened or have been performed.
- (b) Representations of Depositor. Depositor represents and warrants, which representations and warranties shall be deemed to be continuing, that:
- (i) this Agreement has been legally and validly entered into, has been approved by Depositor's governing body, and does not and will not violate any statute or regulation applicable to it and is enforceable against Depositor in accordance with its terms;

(ii) the appointment of Custodian has been duly authorized by Depositor and this Agreement was executed by an officer of Depositor duly authorized to do so;

(iii) (A) all Securities identified on the Schedule of Eligible Collateral, attached hereto as Exhibit A, may be used to secure the timely payment of Depositor's Uninsured Deposits under applicable statutes and regulations, (B) the Collateral Requirement meets the requirements of such applicable statutes and regulations, (C) the governing board of Depositor has approved a collateral policy which as varied by Depositor's approval and execution of this Agreement authorizes all such Securities to be used as Eligible Collateral, and (D) such collateral policy complies with all applicable statutes and regulations;

(iv) it will not sell, transfer, assign, convey, pledge, or otherwise dispose in whole or in part its interests in or the rights with respect to the Collateral, except as permitted under the provisions of this Agreement;

(v) all approvals, acts, conditions, and things required to exist, happen, or to be performed on its part precedent to and in the execution and delivery of this Agreement exist or have happened or have been performed; and

(vi) Depositor will comply with the terms of any other agreements it may have with Bank in connection with this Agreement.

7. **Continuing Agreement.** This Agreement shall continue and remain in full force and effect and shall be binding upon Bank and its successors and assigns until such time as (a) all Deposits have been paid in full to Depositor or otherwise paid as instructed by Depositor, and (b) the Depository Agreement is no longer in effect.

8. **Rights and Remedies of Depositor.** Depositor's rights and remedies with respect to the Collateral shall be those of a secured party under the Code and under any other applicable law, as the same may from time to time be in effect, in addition to those rights granted in this Agreement, in the Depository Agreement, and in any other agreement in effect between Bank and Depositor. Depositor agrees to provide Bank and Custodian with reasonable notice of the sale, disposition, or other intended action subject to the provisions of this Agreement in connection with the Collateral, whether required by the Code or otherwise.

9. **Application of Proceeds by Depositor.** In the event Depositor, or Custodian on Depositor's behalf, sells or otherwise disposes of the Collateral in the course of exercising the remedies provided for in this Agreement, any amounts held, realized or received by or on behalf of Depositor pursuant to the provisions of this Agreement, including the proceeds of the sale, in whole or in part, of any of the Collateral, shall be applied first toward the payment of any costs and expenses incurred by or on behalf of Depositor (a) in enforcing this Agreement, (b) in realizing on selling, disposing or protecting any Collateral and (c) in enforcing or collecting any Deposits, including attorneys' fees, and then toward payment of the

Deposits in such order or manner as Depositor may elect. Any Collateral, or proceeds of sale, remaining after such application and after payment to Depositor of all the Deposits in full shall be paid or delivered to Bank, its successors or assigns, or as a court of competent jurisdiction may direct.

10. **Notices.** Any communication, notice, or demand to be given under this Agreement shall be duly given when delivered in writing or sent by facsimile to a party at its address indicated below.

If to Depositor:

Wise County  
200 N Trinity  
Decatur, Texas 76234  
Facsimile No.: \_\_\_\_\_

If to Bank:

Executive Vice President, Treasury Department  
First Financial Bank, N.A.  
400 Pine Street  
Abilene, Texas 79601  
Facsimile No.: 325-627-7285

11. **Miscellaneous.**

- (a) Updating Certificate of Authorized Persons. Depositor agrees to furnish to Bank a new and updated "Certificate of Authorized Persons" substantially in the form of Exhibit B, attached hereto, or in similar form as Bank may require, within a reasonable amount of time after there are additions or deletions to list of Authorized Persons authorized to act on behalf of Depositor.
- (b) Invalidity; Severability. If any clause or provision of this Agreement is for any reason held to be invalid, illegal or unenforceable, such holding shall not affect the validity, legality or enforceability of the remaining clauses or provisions of this Agreement.
- (c) Amendment. This Agreement may not be amended or modified in any manner except by written agreement executed by all of the parties.
- (d) Assignment and Binding Effect. Depositor may not assign all or any part of its rights or obligations under the Agreement without Bank's prior express written consent, which may be withheld in Bank's sole discretion. Bank may assign or delegate all or any part of its rights or obligations under the Agreement, including, without limitation, the performance of the services described herein. The Agreement will be binding on and inure to the benefit of the successors and permitted assigns of either party.

- (e) Governing Law; Venue. This Agreement shall be construed in accordance with the substantive laws of the State of Texas, without regard to conflicts of law principles thereof. Bank and Depositor hereby consent to the non-exclusive jurisdiction of a state or federal court situated in Taylor County, Texas, in connection with any dispute arising hereunder. Bank and Depositor hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such proceeding brought in such a court and any claim that such proceeding brought in such a court has been brought in an inconvenient forum. **BANK AND DEPOSITOR EACH HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.**
- (f) Liability of the Parties. Bank's and Depositor's duties and responsibilities to each other are limited as set forth in this Agreement, except with respect to any provisions of the law which cannot be varied or waived by agreement. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, NEITHER BANK NOR DEPOSITOR WILL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES (INCLUDING WITHOUT LIMITATION, LOSS OF REVENUE OR ANTICIPATED PROFITS) OR FOR ANY INDIRECT LOSS THAT THE OTHER PARTY MAY INCUR OR SUFFER IN CONNECTION WITH THE SERVICES PROVIDED HEREUNDER (EVEN IF SUCH PARTY HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES), INCLUDING WITHOUT LIMITATION, ATTORNEYS' FEES.**
- (g) Except in cases of Custodian's gross negligence or willful misconduct, and excluding the enforcement of Depositor's rights and remedies as a secured party with respect to the Collateral, Bank hereby agrees to indemnify Custodian and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity (collectively, "Claims"), or any other expenses, fees or charges of any character or nature which Custodian may incur or with which it may be threatened by reason of Custodian's actions under this Agreement, including but not limited to, any Claims caused or alleged to be caused by the sole or concurrent negligence of Custodian, its employees or agents; and, in connection therewith, to indemnify Custodian against any and all expenses, including without limitation, reasonable attorneys' fees and expenses incurred by Custodian. To the extent covered by such indemnity, **Custodian** may itself defend any suit brought against it and shall be equally entitled to receive reimbursement from **Bank** for its reasonable attorneys' fees, expenses, and all reasonable fees and costs incident to any appeals which may result. Exclusive of the enforcement



against Custodian of Depositor's rights and remedies as a secured party with respect to the Collateral, Bank and Depositor agree that Custodian shall have no liability to either of them for any loss or damage that either or both may claim to have suffered or incurred, either directly or indirectly, by reason of this Agreement or any transaction or service contemplated by this Agreement, regardless of whether such loss or damage is caused or alleged to be caused by the sole or concurrent negligence of Custodian, its employees or agents, unless occasioned solely by the gross negligence or willful misconduct of Custodian. In no event shall Custodian be liable for losses or delays resulting from computer malfunction, interruption of communication facilities, labor difficulties or other causes beyond Custodian's reasonable control or for indirect, special or consequential damages.

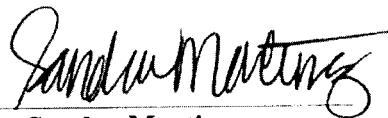
(h) This Agreement shall terminate and be of no force and effect upon receipt by Custodian of written notice from Depositor that Depositor no longer claims an interest in the Collateral. This Agreement may be terminated by Custodian with or without cause, upon its delivery of thirty (30) calendar days prior written notice thereof to Bank and Depositor, and upon the expiration of such thirty (30) day period, all of Custodian's obligations hereunder shall cease. Upon the effective date of such termination, Custodian, will simultaneously transmit to Bank all of the Collateral. Notwithstanding any of the provisions hereof, Depositor shall have, and does hereby retain the right to utilize, other depositories and the right to terminate this Agreement whenever the interest of Depositor may demand.


(i) Captions used in this Agreement are for convenience only and are not intended to limit or expand the meaning of any underlying provisions. This Agreement may be executed in counterparts and by use of signatures delivered by electronic means.

IN WITNESS WHEREOF, Bank and Depositor have caused this Agreement to be duly executed as of the Effective Date.

**First Financial Bank, N.A.**

ATTEST:

By:   
Name: Sandra Martinez  
Title: AVP

By:   
Name: Carley Dyck  
Title: SVP & COO

"Bank"

Wise County

ATTEST:

By:

Name: JD Clark

Title: County Judge

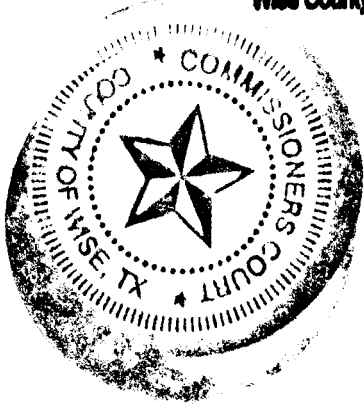
By: Sherry Lemon by Amanda Kueh

Name:

Title: Sherry Lemon, County Clerk  
Wise County

"Depositor"

Chief Deputy



**EXHIBIT A**  
**Schedule of Eligible Collateral**

\_\_\_\_\_  
Eligible Collateral

All funds on deposit under the provisions of this Agreement shall be continuously secured in accordance with the Texas Public Funds Collateral Act, Chapter 2257 of the Texas Government Code.

The following Securities are approved as Eligible Collateral for the Uninsured Deposits of Depositor:

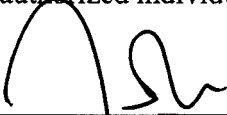
“Eligible securities” as defined in Section 2257.002(4) of the Texas Public Funds Collateral Act.

**EXHIBIT B**  
**CERTIFICATE OF AUTHORIZED PERSONS**  
**(Depositor)**

The undersigned hereby certifies that he/she is the duly elected and acting \_\_\_\_\_ of Depositor, and further certifies that the following officers or employees of Depositor have been duly authorized in conformity with the approval of Depositor's governing body to deliver Written Instructions to Custodian pursuant to the Depository Agreement between Depositor and Bank dated May 17, 2021 and pursuant to this Agreement, and that the signatures appearing opposite their names are true and correct:

<u>SHERY LEMON</u>	<u>COUNTY CLERK, WISE CO</u>	<u>Shery Lemon</u>
Name	Title	Signature
<u>Monte Shaw</u>	<u>Tax Assessor/Collector</u>	<u>Monte Shaw</u>
Name	Title	Signature
<u>Katherine Hudson</u>	<u>County Treasurer</u>	<u>Katherine Hudson</u>
Name	Title	Signature
<u>Brenda Rowe</u>	<u>District Clerk</u>	<u>Brenda Rowe</u>
Name	Title	Signature
<u>N. LANE AKIN</u>	<u>Sheriff</u>	<u>N. Lane Akin</u>
Name	Title	Signature
_____	_____	_____
Name	Title	Signature
_____	_____	_____
Name	Title	Signature

This certificate supersedes any certificate of authorized individuals you may currently have on file.

By:   
 Name: JDC Clark  
 Title: County Judge  
 Date: 4-19-21

# CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.  
 Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

## OFFICE USE ONLY CERTIFICATION OF FILING

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.  
 First Financial Bank  
 Southlake, TX United States

Certificate Number:  
 2021-724640

Date Filed:  
 03/08/2021

Date Acknowledged:  
 3-9-21

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.  
 Wise County, Texas

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

21-BID-014  
 Depository Services

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO Interested Party.



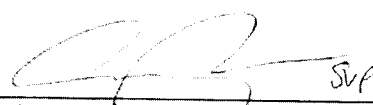
### 6 UNSWORN DECLARATION

My name is Carley Dyck and my date of birth is 02/19/86

My address is 151 W Southlake Blvd, Southlake TX, 76092, Tarrant  
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Tarrant County, State of Texas, on the 8<sup>th</sup> day of March, 2021  
(month) (year)



Signature of authorized agent of contracting business entity (Declarant)