

**PUBLIC DEPOSIT SECURITY AGREEMENT**  
**To Secure Public Deposits Pursuant to the**  
**Virginia Security for Public Deposits Act**

This Agreement made as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and among the TREASURY BOARD OF THE COMMONWEALTH OF VIRGINIA (hereinafter the "Board"), \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_ (hereinafter "Depository"), and COMMUNITY BANKERS' BANK of Midlothian, Virginia, and FIRST NATIONAL BANKERS' BANK of Baton Rouge, Louisiana (hereinafter individually and collectively "Escrow Agent"), is for the provision of banking and escrow services, as further defined below.

WHEREAS, the Virginia Security for Public Deposits Act, §§ 2.1-359 through 2.1-370 of the Code of Virginia (the "Act"), as amended, requires "qualified public depositories" to deposit "eligible collateral" equal to the "required collateral," all as defined in the Act, with an escrow agent approved by the Board; and

WHEREAS, the regulations promulgated by the Board pursuant to the Act, 1 VAC 75-20-10 through 1 VAC 75-20-160 (the "Regulations") require all qualified public depositories and escrow agents to execute a "Public Deposit Security Agreement," which sets forth procedures for the pledge and deposit of eligible collateral;

NOW, THEREFORE, in consideration of the premises and mutual promises herein contained, the parties have agreed and do hereby enter into this Agreement in accordance with the Act and the Regulations:

1. Community Bankers' Bank and First National Bankers' Bank agree to jointly and severally undertake the obligations of Escrow Agent under this Agreement, the Act and the Regulations. Community Bankers' Bank and First National Bankers' Bank further agree to be jointly and severally liable for any breach thereof.

2. The Board represents to the Depository and the Escrow Agent that (a) the Board consists of the State Treasurer, the State Comptroller, the State Tax Commissioner, and four citizen members appointed by the Governor; and (b) the Board is duly authorized to enter into this Agreement.

3. The Depository and the Escrow Agent represent to the Board that (a) they have read and understand the Act and the Regulations promulgated thereunder and agree to comply with all provisions thereof; (b) they are duly authorized to execute this Agreement and to perform their obligations hereunder and have taken all necessary action to authorize such execution and performance; (c) the persons signing this Agreement on their behalf are duly authorized to do so; and (d) the execution and performance of this Agreement will not violate any law, ordinance, charter, by-law or rule applicable to them or any agreement by which they are bound or by which any of their assets are affected.

4. The Depository represents and warrants to the Board that (a) the Depository is and will be at all times while this agreement is in effect a "qualified public depository" as defined in the Act; (b) at no time will the Depository allow the market value of its collateral pledged hereunder to be less than its "required collateral" as defined by the Act; (c) all securities deposited with the Escrow Agent hereunder are, and will be, eligible for securing public deposits pursuant to § 6 of the Regulations, 1 VAC 75-20-60; (d) all "eligible collateral" pledged to the Board will be free from any lien or encumbrance; (e) the Depository's board of directors will approve this Agreement, reflect its approval in the minutes of the board, and will supply the Board with a certified copy of the resolution and a certified copy of the minutes of the meeting showing the directors' acceptance of the terms and conditions of this Agreement within 60 days of the date of this Agreement; and (f) the Depository will maintain this Agreement and any transaction under this Agreement as an official record within the meaning of § 1823 (e) of Title 12 of the United States Code, as amended, continuously from the time of its execution.

5. The Depository, in return for the privilege of holding public deposits and in accordance with the Act, and intending to be legally bound, hereby grants to the Board, as a secured party, a security interest

pursuant to the Uniform Commercial Code (§§ 8.1-101 through 8.11-108 of the Code of Virginia, as amended) in all “eligible collateral” deposited with the Escrow Agent and pledged as collateral for the public deposits held by the Depository pursuant to the Act and the Regulations, and any substitutions therefore in accordance with § 9 of the Regulations, 1 VAC 75-20-90. The Depository will ensure that the Board’s security interest is perfected by transferring the collateral securities to the Escrow Agent in accordance with one of the methods prescribed by § 8.8-313(1) (a) through (j) of the Code of Virginia.

6. The Escrow Agent acknowledges the receipt of pledged securities and will segregate such pledged securities from other securities , if any, held by it for the account of the Depository.

7. The Escrow Agent shall permit the Depository to substitute securities for those held at the time of the substitution if the current market value of the securities to be substituted is equal to or greater than the current market value of the securities to be withdrawn.

8. The Escrow Agent shall not permit the Depository to withdraw pledged securities without the prior approval of the Board except in cases of a substitution in accordance with the preceding paragraph.

9. All interest, dividends, or other income from the pledged securities shall be the property of the Depository and shall be payable thereto provided the Escrow Agent has not received written notice from the Board that the Depository is in a condition of “default or insolvency” as defined in the Act, in which event the Escrow Agent shall hold such income subject to the order of the Board.

10. The Escrow Agent shall, upon notification of the default or insolvency of the Depository by the Board, deliver the pledged securities to the Board for disposition as provided in the Act, and take a receipt therefor, which shall relieve the Escrow Agent from any further liability to the Depository.

11. The Board shall have the right to examine the pledged securities at any time during the regular business hours of the Escrow Agent without cost to the Board.

12. The Escrow Agent will have no responsibility for ascertaining whether the Depository’s pledged “eligible collateral” is equal to its “required collateral.”

13. The Escrow Agent will mail monthly reports to the Board and the Depository no later than the eighth day following the end of the preceding month. The Escrow Agent will include the following information in the monthly report: the Depository’s full name, address and account number; acknowledgement that the collateral is pledged to the Board; information concerning each security, including full description, cusip number (if available), coupon rate, maturity date, original par value, book value of pooled securities, and current market value of each security; and the total of the original par value, book value, and current market value of all securities held as collateral. The Escrow Agent will confirm in writing to the Board and the Depository all deposits, substitutions and withdrawals at the time of their acceptance. This confirmation shall include the Depository’s full name, address, account number, full description of the security, cusip number (if available), coupon rate, maturity date, original par value or book value of pooled securities and current market value. The confirmation shall also include the debt rating by Standard and Poors, Inc. or Moody’s Investors Service, Inc. (if applicable) in accordance with § 6 of the Regulations, 1 VAC 75-20-60, for any deposit or substitution of collateral.

14. Each Depository and Escrow Agent will provide written notification to the Board upon any name change, and will execute a new Agreement to reflect its changed status within a reasonable time, not to exceed 30 days, following the change.

15. The Depository and the Escrow Agent will each have such reasonable contracts of insurance covering the physical eligible collateral which it holds or will hold for the Board as are customarily made with respect to property of a similar nature held by financial institutions.

16. Neither the Depository nor the Escrow Agent will assign this Agreement or enter into sub-contracts for any work described herein without obtaining the prior written approval of the Board.

17. This Agreement, the Act, and the Regulations constitute the entire agreement among the parties, supersede any existing agreement among the parties hereto relative to the matters contained herein, and may be modified only by written amendment executed by all parties hereto. Any party to this Agreement may terminate its participation under this Agreement for any reason by giving written notification of termination to all other parties. Termination becomes effective thirty days after the date the non-terminating parties receive such written notice of termination. The Escrow Agent shall prior to the date of termination, transfer all eligible collateral it holds pursuant to this Agreement either to an eligible Escrow Agent designated by the Depository or, if the Depository fails to make such a designation, to the Board.

18. This Agreement will be governed by the laws of the Commonwealth of Virginia and any dispute shall be litigated in the courts of the Commonwealth of Virginia.

19. When any written notice, request, demand or report is required or may be given hereunder, it will be deemed sufficient if the party giving such notice, request, demand, or other advice deliver the same to the other party by U. S. mail, postage prepaid, or by other superior mailing, or by hand delivery. All notices, requests, demands or reports delivered by mail or by hand will be deemed to have been given when received by any party hereto at the following addresses:

Depository: Such office or mailing address as stated on the Notification of Address Form attached hereto.

Escrow Agent: Such office or mailing address as stated on the Notification of Address Form attached hereto.

Board:	<u>Office address:</u> Department of the Treasury Monroe Building, 3 <sup>rd</sup> Floor Richmond, VA 23219 Attn: Treasury Board	<u>Mailing address:</u> Department of the Treasury Post Office Box 1879 Richmond, VA 23218-1879 Attn: Treasury Board
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or to such other addresses of which any party hereto has notified the other parties hereto in writing.

20. This Agreement will be executed in triplicate by the parties hereto, each of which will retain one original hereof.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement under seal as of the date first above written.

**TREASURY BOARD OF THE COMMONWEALTH OF VIRGINIA**

BY: \_\_\_\_\_  
*Authorized Officer* *Date*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**QUALIFIED PUBLIC DEPOSITORY**

\_\_\_\_\_  
*(Name of Financial Institution)* *(SEAL)* *Date*

BY: \_\_\_\_\_  
*Authorized Officer* *Attest:*  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

**ESCROW AGENT**

Community Bankers' Bank *(SEAL)* \_\_\_\_\_  
*(Name of Institution)* *Date*

BY: \_\_\_\_\_  
*Authorized Officer* *Attest:*  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

First National Bankers Bank *(SEAL)* \_\_\_\_\_  
*(Name of Institution)* *Date*

BY: \_\_\_\_\_  
*Authorized Officer* *Attest:*  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

NOTIFICATION OF ADDRESS  
(DEPOSITORY)

Office address:

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Mailing address:

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Telephone Number:

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NOTICATION OF ADDRESS  
(ESCROW AGENT)

Community Bankers' Bank

Office address:

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Mailing address:

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First National Bankers Bank

Office address:

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Mailing address:

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