



**Collateral Security Agreement**  
For Mississippi Public Funds Deposits

**THIS COLLATERAL SECURITY AGREEMENT** is made and entered into on this day by and between the Treasurer of the State of Mississippi, hereinafter called "Treasurer" on behalf of \_\_\_\_\_,  
hereinafter called "Depositor," and \_\_\_\_\_,  
a \_\_\_\_\_ banking association,  
organized under the laws of \_\_\_\_\_,  
and authorized by law to do banking business in the state of Mississippi, hereinafter called "Bank."

**RECITALS**

Through action of its governing Board, Depositor has designated Bank as a depository for funds of the Depositor. During the term of this Collateral Security Agreement, the Treasurer will represent and act on behalf of the Depositor in any and all matters of every kind arising under the Collateral Security Agreement. Bank's Customer Service, Depositor or other pertinent Agreement, is incorporated herein for all purposes; however, to the extent that any provisions therein conflict with any provisions herein, this Collateral Security Agreement will control.

Funds on deposit with Bank to the credit of the Depositor are required to be secured by Collateral as provided for by the laws and statutes of the State of Mississippi. Under the terms of this Agreement, as hereinafter described, Bank shall grant to Treasurer on behalf of Depositor a security interest in certain Collateral. The parties shall name and designate a statutory third party custodian (hereinafter called the "Custodian," which will hold the Collateral in a joint custody account for the benefit of the Depositor. The Treasurer shall have entered into or shall in the future enter into a separate Custodial Agreement with such Custodian, which is incorporated herein by reference.

**THEREFORE**, in consideration of the foregoing and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

- 1) Bank hereby pledges and grants to the Treasurer on behalf of Depositor a security interest in those assets (hereinafter called the "Collateral" or "substitute Collateral") owned by Bank and held by Custodian for the benefit of the Treasurer, in accordance with the terms of this Collateral Security Agreement, to secure the deposits held by Bank for Depositor. The Treasurer on behalf of Depositor shall at all times have a first priority perfected security interest in the Collateral held by Custodian for the benefit of Depositor, and Bank shall not encumber the Collateral to defeat the Treasurer's position nor hinder the Treasurer's ability to collect upon the Collateral under this Agreement.
- 2) The total of the market value of the Collateral securing such deposits will be in such an amount to comply with the applicable statutes of the State of Mississippi.
- 3) Bank has heretofore, or will hereafter, deliver to Custodian Collateral of the kind and character permitted by said statutes of sufficient amount and market value to provide adequate Collateral for the funds of Depositor deposited with Bank as required by said statutes. Said Collateral, or substitute Collateral as hereinafter provided for, shall be kept and retained by Custodian in trust so long as the depository relationship between Depositor and Bank shall exist hereunder, and thereafter so long as deposits made by Depositor with Bank, or any portion thereof, shall have been properly paid out by Bank to Depositor or on its order. Custodian shall not release any such Collateral without the written permission of the Treasurer, except as authorized under this Agreement.
- 4) Bank shall cause Custodian to accept said Collateral and hold the same in trust for the purposes herein stated.
- 5) Should Bank fail at any time to pay and satisfy, when due, any check, draft, warrant, or voucher lawfully drawn against any deposit of Depositor, or in case Bank becomes insolvent or in any manner breaches its contract with Depositor, Depositor may give written demand for cure or reparation of such failure, insolvency or breach to Bank with Notice to Treasurer, and Bank shall within five business days from receipt of such notice cure such failure, insolvency or breach. In the event Bank shall fail to cure such failure, insolvency or breach within five business days of receiving said written notice, it shall be the duty of Custodian, upon written demand of the Treasurer announcing the default of Bank under this Agreement, to surrender the above-described Collateral to the Treasurer. The Treasurer may sell or cause to be sold all or part of such Collateral and out of the proceeds thereof pay Depositor all damages and losses sustained by it, together with all reasonable expenses of any and every kind incurred by it on account of such failure, insolvency or breach, or sale, accounting to Bank for the remainder, if any, of said proceeds or Collateral remaining unsold. Bank shall remain liable for any deficiency after sale and reasonable expenses.

- 6) Any sale of such Collateral, or part thereof, made by the Treasurer hereunder may be made either at public or private sale; provided, however, it shall give Bank ten days written notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder for cash. Treasurer and Bank shall have the right to bid at such sale.
- 7) If at any time the aggregate market value of such Collateral so deposited with Custodian is less than the total sum required under said statutes, Bank shall within one business day deposit with Custodian such additional Collateral as may be necessary to cause the market value of such Collateral to equal the total amount of required Collateral. Bank shall make reasonable efforts to monitor the amount of deposits of Depositor, but it shall be the duty of Depositor to notify Bank of any significant increases in deposits. Bank shall monitor the market value of the Collateral at least monthly.
- 8) If Bank shall desire to sell or otherwise dispose of any one or more of said securities (Collateral) so deposited with Custodian, Bank may substitute for any one or more of such securities other securities of the same market value and character authorized herein. Such right of substitution shall remain in full force and may be exercised by Bank at any time and as often as it may desire; provided, however, that the aggregate market value of all collateral pledged at any time shall be at least equal to the amount of Collateral required hereunder. With the tender of substitute Collateral to Custodian, Bank hereby warrants that the substitute Collateral will be of the same or greater market value as the Collateral released and of the kind and character permitted under the statutes. With respect to Collateral released under this paragraph, the security interest in such Collateral shall terminate upon proper and sufficient substitution.
- 9) Bank shall be entitled to any and all income, interest, dividend or periodic payments of principal plus prepayments of principal on securities held by Custodian, and Custodian may dispose of such income as directed by Bank without approval of the Treasurer, provided that the Treasurer has not notified Custodian that Bank is in default under this Agreement.
- 10) Bank shall, or Bank shall cause Custodian to, promptly forward to the Treasurer copies of safekeeping or trust receipts covering all such Collateral held by Custodian for the benefit of Depositor, including substitute Collateral as provided for herein, and such receipts, or copies thereof, shall be deemed part of this Agreement. Custodian shall send such receipts directly to the Treasurer's office. Bank shall, or Bank shall cause Custodian to, remit statements of account of the Collateral to the Treasurer or its auditors at least semi-annually.
- 11) Securities (Collateral) delivered to Custodian in contemplation of or subsequent to execution of this Agreement, may be acceptable and effective as security for the purposes of this Agreement with or without specific mention by resolution of the appropriate governing committee or board of Bank or the governing body of Depositor.

- 12) If at any time the Collateral in the hands of Custodian shall have a market value in excess of that required by said statutes, the Treasurer shall within one business day upon demand by Bank, authorize Custodian to release a specified amount of such excess of Collateral, and Custodian shall deliver this specified amount of Collateral (or specified securities) to Bank, taking its receipt therefor, and Custodian shall have no further liability for Collateral so redelivered to Bank under this paragraph, and the security interest provided for hereunder shall terminate with respect to such released collateral.
- 13) Either the Treasurer or Bank shall have the right to terminate this Agreement by advance written notice to the other of its election to do so, and this Agreement shall be null and void from and after the expiration of sixty days after the receipt of such notice, or when, upon notice of termination, all deposits of Depositor have been paid out by Bank. Upon such proper termination of this Agreement, the security interest provided for herein shall terminate, and the Treasurer shall immediately give Custodian written notice of such termination, whereupon Custodian shall redeliver the Collateral to Bank.
- 14) When the depository relationship of Depositor and Bank shall have ceased to exist, and when Bank shall have properly paid out all deposits of Depositor, it shall be the duty of Depositor to immediately give the Treasurer, who shall in turn give Custodian, written notice to that effect; whereupon Custodian shall redeliver to Bank all Collateral then in its possession belonging to Bank, taking its receipt therefor. Upon such notice that all deposits have been properly paid out, the security interest provided for herein shall terminate. However, unless a notice of termination (as described in paragraph 13, above) shall have been previously delivered, this Agreement shall be reinstated when a depository relationship shall be reinstated between Depositor and Bank.
- 15) This Agreement shall be governed by the laws of the State of Mississippi. Any modifications to this Agreement, or change in Custodian, shall be agreed to in writing signed by the Treasurer, Depositor and Bank. This Agreement is continuing and binding upon Bank and its successors and assigns, and shall inure to the benefit of the Treasurer, Depositor and its successors and assigns.
- 16) Bank shall not utilize a Custodian for the purpose of holding Collateral for the benefit of a public funds Depositor if such Bank and Custodian are owned by a single bank holding company.
- 17) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.
- 18) A copy of the resolution of the appropriate governing committee or board of Bank authorizing execution of this Agreement is attached hereto.

19)As used in this Agreement, the term "business day" shall mean a day in which the Federal Reserve Bank shall be open for the transaction of business.

EXECUTED ON THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_\_, by the undersigned duly authorized office of Bank.

FOR BANK:

\_\_\_\_\_

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

EXECUTED ON THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_\_, by the undersigned duly authorized office of Depositor.

FOR DEPOSITOR:

\_\_\_\_\_

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

EXECUTED ON THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_\_, by the undersigned duly authorized office of STATE TREASURER.

\_\_\_\_\_

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