

## DEPOSITORY AGREEMENT

This Bank Depository Agreement (the "Agreement") is made for services identified pursuant to the "Request for Applications #13-019" and entered into this 17<sup>th</sup> day of April, 2013 by and between the City of Bryan, Texas and Bryan Texas Utilities ("BTU") hereinafter collectively referred to as "the City" and Citibank, N.A. (the "Bank") a bank chartered under the laws of the United States or of the State of Texas.

### Section I Designation as Depository

The City, through action of the Bryan City Council, hereby designates the Bank as its depository for banking services for a three (3) year period commencing April 1, 2013 through March 31, 2016 with the provision for a maximum of two (2) one-year extension options and in accordance with the terms and conditions stipulated in Exhibit B.

### Section II Designation of Custodial Bank

The City and Bank hereby designate The Bank of New York Trust Company, N.A., (the "Custodial Bank") to hold in trust, according to the terms and conditions of the City Request for Applications #13-019, (the "RFA") and pursuant to a separate Depository Pledge Agreement, attached as Exhibit G, all securities pledged as depository collateral in accordance with the City's Investment Policy. The Depository Pledge Agreement will be executed by both parties within fifteen (15) days after award of this contract.

The Custodial Bank may be changed and the securities deposited with such other Custodial Bank upon mutual written agreement of the Bank and the City.

### Section III Collateral

City time and demand deposits, inclusive of interest, in excess of the Federal Deposit Insurance Corporation insurance coverage shall be secured at all times by collateral, acceptable to the City and in accordance with the Public Funds Collateral Act (Texas Government Code 2257). The collateral pledged by the Bank and held in trust by the Custodial Bank must maintain a market value equal to at least 105% of the total of those funds. The Custodial Bank will provide a monthly report of the collateral directly to the City.

Such pledged securities shall be subject only to the joint written instructions of both (a) authorized representatives of the City and (b) specifically authorized representatives of the Bank. The Bank shall have the rights, with the prior written consent of the City, to substitute or replace any or all of the pledged securities with collateral acceptable to the City.

In the event of a reduction in the amount of said deposits, the amount of said securities pledged with the Custodial Bank may be proportionally withdrawn. The Bank shall have the right at all times to collect interest accruing on said securities. The Bank shall have the right to collect any maturing securities, but at the same time, must replace the securities with an equal amount of acceptable securities in lieu thereof.

Any and all fees from the Custodial Bank associated with the safekeeping of securities pledged to the benefit of the City shall be borne by the Bank.

### Section IV Financial Position

The Bank will provide a statement of its financial position on at least a quarterly basis. The Bank will provide an annual statement audited by its independent auditors including a letter as to its "fair representation".

### Section V Authorized Representative

- A. For the term of this contract, the City designates City of Bryan personnel listed in Exhibit F as authorized to represent and act for the City in any and all matters including collateral assignment and substitution, execution of agreements and transfer of funds. Any change in these representatives will be made in writing.

- B. For the term of this contract, the Bank designates personnel listed in **Exhibit E** as authorized to represent and act for the Bank in any and all matters including collateral assignment and substitution, execution of agreements and transfer of funds. Any change in these representatives will be made in writing.

#### **Section VI Scope of Services**

The exhibits listed herein are incorporated into this Agreement for all purposes, including service charges, time deposit, and demand deposit rates. If any provisions of the exhibits are not in agreement, **Exhibit B** will control.

The scope of services will include:

- The City's Request for Application #13-019, attached and labeled as **Exhibit B**.
- The Bank's response to the City's RFA, dated January 11, 2013, attached and labeled as **Exhibit C**.

The Bank shall faithfully perform all of its duties and obligations required by the laws of the State of Texas for public funds depositories and shall upon presentation pay all checks drawn on it against collected funds on demand deposits. At the expiration of the Agreement and upon direction from the City, the Bank shall turn over to its successor all funds, City-owned securities, property and things of value held as depository.

The City shall have the power to determine and designate the character and amount of the funds to be deposited in the Bank. The City may arrange for time deposits and Bank may accept such deposits subject to the terms of the Bank's Response.

This agreement, along with all Exhibits and other incorporated documents shall constitute the entire Agreement between the parties.

#### **Section VII Bank Compensation**

Bank will be compensated for any and all services rendered to the City in strict accordance with **Exhibit B** and **Exhibit C**. The City at its discretion may compensate the bank for services either on a direct fee basis or with compensating balances. Net insufficiencies in earnings credits will be charged on a monthly basis.

#### **FEE BASIS LANGUAGE**

Bank will be compensated for any and all services rendered to City under this Agreement on a cost per item or monthly charge basis as set forth in **Exhibit C**, the Bank's Response.

#### **Section VIII Default**

The Bank shall be in default if ruled "bankrupt", "insolvent" or "failed" by a federal or state banking regulator, or if a receiver is appointed for the Bank. The Bank shall also be in default if it fails to pay all or part of a demand deposit, a matured time deposit, or a matured certificate of deposit, including accrued but unpaid interest, at a specified maturity date.

In the event of a default, failure or insolvency of the Bank, the City will provide written notice to the Bank providing five (5) business days to cure. If the Bank fails to cure, the City shall be deemed to have vested full title to all securities pledged under this Agreement. The City is empowered to take possession of and transfer and or sell any and all securities. If the security is liquidated, proceeds over the defaulted amount, including accrued interest, less expenses related to liquidation, shall be returned to the Bank. This power is in addition to other remedies which the City 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 City under this Agreement.

#### **Section IX Non-Assignable**

This Agreement is not assignable in whole or in part but is binding on the parties, their successors and assigns.

**Section X Termination**

This Agreement may be terminated by mutual agreement of both the City and Bank providing a minimum term of sixty (60) days for the termination to become effective.

**Section XI Laws Governing**

All applicable provisions and requirements of the laws of the State of Texas governing depositories for the City shall be a part of this Agreement.

**Section XII Bank Authorization**

The Bank represents and warrants that this Agreement is made pursuant to and is duly authorized by the Board of Directors of the Bank and recorded in the official records of the Bank.

**Section XIII Adoption**

This agreement shall take effect upon the approval thereof by the City of Bryan, Texas, to be evidenced by the signature of the Mayor hereunto affixed, attested by the City Secretary, and the seal of said City of Bryan, Texas and by a certified copy of the resolution of the City Council of the City of Bryan, Texas, approving this agreement, attached to a copy of this agreement as **Exhibit D** and made a part of this contract for all purposes.

A written acceptance of the said Depository Bank approving this agreement will be evidenced by the signature of an officer, duly and lawfully authorized by a resolution of the Board of Directors as shown and attached to this agreement as **Exhibit E** and made a part of this contract for all purposes.

Citibank, N.A.  
Bank

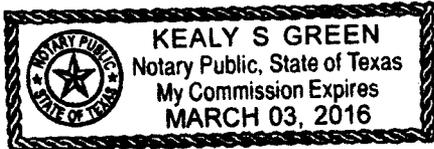
By: Eugene D. Lyles Jr.

Date 4-1-2013

STATE OF TEXAS )  
COUNT OF BRAZOS )

**ACKNOWLEDGEMENT**

~~2008~~ <sup>2013</sup> This instrument was acknowledged before me on the 1 day of APRIL,  
by EUGENE D. LYLES JR in his/her capacity as VICE PRESIDENT of  
CITIBANK N.A., a \_\_\_\_\_ Bank, on behalf of said Bank.



[Signature]  
Notary Public in and for the  
State of Texas

City of Bryan, Texas

By: [Signature]  
Jason P. Bienski, Mayor

4-17-13  
Date

Attest: [Signature]  
Mary Lynne Stratta, City Secretary

4-17-13  
Date

Approved as to Form:

[Signature]  
Janis Hampton, City Attorney

4-12-2013  
Date

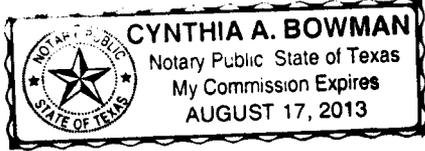
[Signature]  
Joe Hegwood, Chief Financial Officer

4-15-13  
Date

STATE OF TEXAS            )  
  )  
COUNTY OF BRAZOS

ACKNOWLEDGEMENT

This instrument was acknowledged before me on the 17 day of April, 2013,  
by Jason Bienski in his/her capacity as Mayer of the City of  
Bryan, Texas, a corporation, on behalf of said corporation.



Cynthia A. Bowman  
Notary Public in and for the  
State of Texas



April 2, 2014

Deposit Services  
Mailcode: 001-16-18-10  
200 W. Second Street  
Winston-Salem, NC 27102

City of Bryan and Bryan Texas Utilities  
Joe Hegwood, CFO  
1309 E. Martin Luther King St.  
Bryan, Texas 77803

Re: April 1, 2013 – March 31, 2016 Depository Contract Renewal Pricing

Dear Mr. Hegwood,

BB&T acknowledges the existing contract between Citibank and the City of Bryan/Bryan Texas Utilities and agrees to honor the pricing that is currently in place per the RFA #13-019 (tab A - Cover Letter and Application Form 1) included in the Proposal from Citibank to the City of Bryan/Bryan Texas Utilities, (a copy of which is enclosed). The pricing reflected will be in place from the day of conversion through 03/31/2016, but does not obligate BB&T beyond that date.

The enclosed Depository Pledge Agreement has been signed by BB&T representatives as a sign of good faith towards this end. BB&T will collateralize the City's and the Utilities deposits in excess of 105% of the Collateralized Funds on deposit.

We look forward to working with the City of Bryan and Bryan Texas Utilities.

Sincerely,

Chris Bradley,  
Senior Vice President

Enclosures

## TAB A – COVER LETTER & SUMMARY OFFER

CITY OF BRYAN & BRYAN TEXAS UTILITIES  
APPLICATION REVIEW COMMITTEE

It has truly been a pleasure to work with everyone affiliated with the City of Bryan and Bryan Texas Utilities. From our annual reviews to our discussions surrounding the protection and fiduciary responsibilities toward financial management, the City has been a valued customer of Citibank and in particular, my staff and I.

It is with great pleasure to present our proposal to maintain our depository relationship with the City. We highly value the City's relationship and hope this satisfies your depository requirements.

### Summary:

- ❖ **Continued highly reduced transaction and cash management product fees**
  - Further reduction in Deposit Items from \$0.08 to \$0.06, saving roughly \$300 per month
- ❖ **.80% Earnings Credit Rate to offset any or all cash management fees**
- ❖ **Initial .40% IMMA Rate for excess balances (floor of .40%)**
- ❖ **No charge for deposit slips or check orders**
- ❖ **Sole provider for Purchasing Card Program through the State of Texas Co-op**

As you know, Citibank acquired our predecessor in 2005 (First American Bank, SSB) and ever since has focused a tremendous amount of energy and financial support to our community and various organizations. Citibank and its employees have given countless volunteer hours and over \$2,000,000 in support to various charitable organizations since the acquisition and will continue to support our local community far into the future.

The City will continue to have access to our local public fund staff that serves all of our public fund clients statewide from our branch office in South College Station. Our staff includes Sarah Kelso, 8 years with Citi and lifelong resident, Samantha Mumford, 11 years with Citi and lifelong resident and Donnie Fowler, 14 years with Citi and 18 year resident).

Again, we appreciate the opportunity to continue this relationship and should you have any questions regarding this proposal or would like to coordinate a meeting please contact Texas Public Funds Relationship Manager, Donnie Fowler at (979) 691-2759, by email Donnie.Fowler@Citi.com or in writing at 2717 Texas Ave South, College Station, TX 77840.

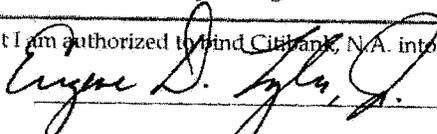
Sincerely,



Donnie Fowler, SVP  
Texas Public Funds Relationship Manager

I certify that I am authorized to bind Citibank, N.A. into this application and agreement.

Signed:



Title:

Eugene D. Lyles, Jr. Vice President/Associate General Counsel/Director

CITY OF BRYAN, TEXAS  
DEPOSITORY BANK SERVICES  
RFA #13-019  
APPLICATION FORM I

BANK SERVICE REQUIREMENTS

Account Information	"City"	BTU	Rate	Total
No. of Accounts	6	5		11
Average Daily Balance	\$ 22,240,058	\$ 60,807,078		\$ 83,047,136
Average Daily Float	151,741	365,500		517,241
Average Collected Balance	22,088,317	60,441,578		82,529,895
Less Reserve Requirement (10%)	0	0	10.00%	0
Average Investable Balance	\$ 22,088,317	\$ 60,441,578		\$ 82,529,895
Earnings Allowance Rate (% or basis)	0.05	0.05		
Earnings Allowance Amount	1,104,415.87	1,800,995		2,905,410
Estimated Collateral Required	\$ 25,000,000	\$ 60,000,000		\$ 85,000,000

\* 0% Reserve Requirement

\* Offering .80% ECR

BANK SERVICE REQUIREMENTS  
DEPOSITORY BANK SERVICES  
RFA #13-019  
APPLICATION FORM I

BANK SERVICE REQUIREMENTS

SERVICE DESCRIPTION	"City" Average Monthly Activity	BTU Average Monthly Activity	Unit Price/ Price for Service	"City" Average Monthly Charge	BTU Average Monthly Charge	Total Average Monthly Charge
1 Account Maintenance Charge	6	5	6.00	36.00	30.00	66.00
2 Checks Paid	647	627	0.08	51.76	50.16	101.92
3 Deposit Tickets	450	284	0.14	63.00	39.76	102.76
4 Items Deposited	808	14,130	0.06	48.48	847.80	896.28
5 Currency Deposit (per \$100)	1,664	3,308	0.07	116.48	231.56	348.04
6 Deposited Check Returned Unpaid	3	35	2.50	7.50	87.50	95.00
7 Stop Payment	0	2	5.00	-	10.00	10.00
8 Payee Positive Pay - Monthly	2	1	30.00	60.00	30.00	90.00
9 Payee Positive Pay - Item	542	625	0.03	16.26	18.75	35.01
10 ACH Item Originated	2,917	4,386	0.06	175.02	263.16	438.18

11	Files Processed	7		25.00	175.00	-	175.00
12	ACH Batch Processed	14		5.00	70.00	-	70.00
13	ACH Batch Processed WCM	12	21	5.00	60.00	105.00	165.00
14	Returned Items WCM	2	27	1.50	3.00	40.50	43.50
15	Domestic Wire Transfers	15	40	5.00	75.00	200.00	275.00
16	Incoming Wire Transfers	14	57	5.00	70.00	285.00	355.00
17	ACH Credit Received	441	252	0.10	44.10	25.20	69.30
18	ACH Debit Received	75	50	0.10	7.50	5.00	12.50
19	CD ROM	1	1	10.00	10.00	10.00	20.00
20	Cash Mgt (Internet Banking) Primary	6	1	40.00	40.00	40.00	80.00
21	Cash Mgt (Internet Banking) Add'l			-	-	-	-
	<b>Non-Monthly Charge Rates:</b>				-	-	-
22	Locking Depository Bags	90	40	0	-	-	-
23	Cash Management Installation	1	1	0		-	

SERVICE DESCRIPTION	"City" Average Monthly Activity	BTU Average Monthly Activity	Unit Price/ Price for Service	"City" Average Monthly Charge	BTU Average Monthly Charge	Total Average Monthly Charge
<b>Additional Service Requested:</b>						
24 Intrabank Transfer			-	-	-	-
25 Zero Balance Accounts			10.00	-	-	-
26 Positive Pay - Per Account	2	1	30.00	60.00	30.00	90.00
27 Positive Pay - Per Item	1,150	500	0.03	34.50	15.00	49.50
28 Positive Pay - Per Exception			-	-	-	-
29 Payroll Debit Card System - Per Acct	1	0		-	-	-
30 Payroll Debit Card System - Per Item	194	0		-	-	-
31 Lockbox Service			150.00	-	-	-

1,224 2,364 3,588

## DEPOSITORY PLEDGE AGREEMENT

This Depository Pledge Agreement ("Agreement") is entered into as of \_\_\_\_\_, 2014, by and between CITY OF BRYAN (the "City"), a City created and operating pursuant to the laws of the State of Texas, and Branch Banking and Trust Company ("Bank"), a North Carolina banking corporation.

The City has selected the Bank as a depository for certain of its funds in demand deposits, savings deposits and/or interest-bearing time deposits, and the Bank desires to be the depository of such funds. Pursuant to applicable laws and the City's Investment Policy, the Bank is required to secure the public funds deposited by the City in the Bank to the extent that such funds are not insured by the Federal Insurance Deposit Corporation or its successors or assigns ("FDIC") (such excess funds referred to hereafter as the "Collateralized Funds") by pledging securities authorized by the State of Texas and the City (the "Approved Securities") in an aggregate market value that at all times equals or exceeds [ 105 ]% of the Collateralized Funds of the City on deposit with the Bank plus any interest accrued thereon (the "Required Collateral Value").

The Bank has agreed to pledge the Approved Securities solely for the benefit of the City's Collateralized Funds, and has agreed to place the Approved Securities for safekeeping in a custodial account at the Federal Reserve Bank, an independent third-party institution not owned or controlled by the Bank or its holding company (the "Safekeeping Institution").

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the City and the Bank agree as follows:

Section 1.     AMOUNT OF COLLATERAL; PLEDGE OF SECURITY; GRANT OF SECURITY INTEREST. The Bank agrees that the Collateralized Funds of the City on deposit with the Bank in the following forms (i) demand and savings deposits, and (ii) interest bearing time deposits (such as certificates of deposit) (each, a "Deposit") shall be secured by the pledge of Approved Securities of the type described in Exhibit "A" attached to this Agreement and incorporated for all purposes (the "Deposit Collateral") in an amount equal to the Required Collateral Value.

The Bank agrees that the Deposit Collateral (collectively referred to at times as the "Pledged Collateral") shall be pledged solely to, and held solely on account of, the City. The Bank further understands and agrees that it will not cause or permit the sharing, splitting or co-tenancy of the Pledged Collateral without the express written authorization of the City.

The Bank hereby grants the City a security interest in the Pledged Collateral.

Section 2.     SAFEKEEPING PROVISIONS. The Safekeeping Institution and the

Bank have agreed to abide by Operating Circular 7 ("OC-7") pursuant to which the Safekeeping Institution has agreed to hold the Pledged Collateral in safekeeping. Pursuant to OC-7, the Safekeeping Institution also has agreed to deliver the Pledged Collateral pursuant to the terms of the Agreement and serve as collateral agent for the City to the extent necessary to allow the City to perfect its security interest in the Pledged Collateral granted in this Agreement. The Safekeeping Institution has further agreed to provide safekeeping receipts to the City, dated as of the date of the deposit of the Pledged Collateral, to the City within (3) business days of such deposit.

Section 3. INSTRUCTIONS REGARDING COLLATERAL. Until the City has the right to sell the Pledged Collateral pursuant to Section 10 of this Agreement, the Safekeeping Institution may act only in accordance with the joint instructions of the Bank and the City. The names and specimen signatures of individuals authorized to act on behalf of the City are listed in Exhibit "B" to this Agreement and the names and specimen signatures of individuals authorized to act on behalf of the Bank are listed in Exhibit "C" to this Agreement. Either the City or the Bank may add or remove names from their respective list of authorized individuals without the consent of the other party at any time by providing the Safekeeping Institution with a replacement Exhibit "B" or "C".

Section 4. SUBSTITUTIONS AND WITHDRAWALS OF COLLATERAL. The Bank and the Safekeeping Institution understand and agree that the City has the right to change the type of Approved Securities authorized to secure the City's Collateralized Funds by providing the Bank and the Safekeeping Institution with a replacement Exhibit "A". The Bank and the Safekeeping Institution agree to comply with the replacement Exhibit relating to the Approved Securities within the later of (a) thirty (30) days of receipt of such notice of substitution, or (b) the latest maturity date of the relevant Deposit(s).

In addition, if the aggregate market value of the Pledged Collateral held by the Safekeeping Institution at any time exceeds the Required Collateral Value, Bank may withdraw any excess Pledged Collateral by providing the Safekeeping Institution with a withdrawal notice signed by an authorized individual of both the Bank and the City. The City agrees to sign the withdrawal notice if the value of the remaining Pledged Collateral equals or exceeds the Required Collateral Value. Additionally, the Bank may substitute Approved Securities for all or any portion of the Pledged Collateral held by the Safekeeping Institution at any time by providing the Safekeeping Institution with a substitution notice signed by an authorized individual of both the Bank and the City. The City agrees to promptly sign the substitution notice if the securities to be substituted are Approved

Securities and the value of the Pledged Collateral following the substitution equals or exceeds the Required Collateral Value. If the City fails to sign any notices as required hereunder within two business days of a written request from the Bank, the Bank shall be entitled to terminate this Agreement any time thereafter until such notice is signed.

Section 5. BANK STATEMENTS AND REPORTS RELATING TO PLEDGED COLLATERAL. Contemporaneously with the execution of the Agreement, and at the time of the substitution or release of any of the Pledged Collateral, the Bank shall execute and deliver to the City a statement describing the Approved Securities deposited to or withdrawn from the Pledged Collateral held pursuant to this Agreement. This statement must include the par value, security description, CUSIP number, market value as of the date of the statement and maturity date of the Pledged Collateral.

The Bank also agrees to furnish to the City a statement describing the Pledged Collateral held in safekeeping by the Safekeeping Institution on a monthly basis (the "Investment Report"). The Investment Report must include a description of the securities pledged, the CUSIP number of each, the par value, the market value, and the maturity date of the Pledged Collateral as of the date of the current Investment Report.

Section 6. BANK'S FINANCIAL POSITION. The Bank will provide to the City upon request a statement of the Bank's financial position on a quarterly basis. The Bank also will provide to the City upon request a copy of the Bank's annual financial statement in the event the same is not otherwise available electronically.

Section 7. REPRESENTATIONS OF THE BANK. The Bank represents to the City that:

- (a) the Bank is the sole legal and actual owner of the securities utilized to collateralize City deposits;
- (b) no other security interest has been, nor will be, granted in the securities utilized to collateralize City deposits;
- (c) the relevant Deposit is covered for all uncollateralized City deposits up to \$250,000 under the FDIC, or such other amount as may be applicable from time to time;
- (d) this Agreement has been executed by a Senior Vice President of the Bank acting under due corporate authority; and

(e) this Agreement is an official record of the Bank.

Section 8. REPRESENTATIONS OF THE CITY. The City represents to the Bank that it will provide the Bank with an amended Exhibit "A" reflecting changes in the Approved Collateral within seven (7) business days of adoption of the same by the City Council. The City agrees that the Bank is not obligated to comply with any new requirements as to Approved Collateral until the amended exhibit(s) is/are received by the Bank and as provided in this Agreement. The City also represents and warrants that it has full legal authority to enter into this Agreement and that the Agreement is a legal, valid and binding obligation of the City, subject to applicable insolvency laws or general equitable principles.

Section 9. BANK'S DUTIES AND OBLIGATIONS. The Bank agrees to perform all of the duties and obligations required of a depository for the City under the laws of the State of Texas for depositories of the City in respect of this Agreement. At the expiration of the term of this Agreement, the Bank agrees to turn over to its successor all funds, property and things of value held by it as a depository.

Section 10. BANK DEFAULT AND REMEDIES. If the Bank fails to perform all of its obligations set out in this Agreement or in any other agreement between the Bank and the City in each case after the expiration of any applicable grace or notice period, or if it is ruled "bankrupt", "insolvent", or "failed" by Federal Banking Regulators, then Bank will be considered in default under this Agreement. In the event of such default, failure or insolvency of the Bank, the City shall be deemed to have vested full title to all of the Pledged Collateral pursuant to this Agreement. The City may sell all or any part of the Pledged Collateral at public or private sale after providing the Bank at least three (3) business day's prior written notice and an opportunity to cure the default. The proceeds of any such sale must be applied to satisfy any indebtedness owed by the Bank to the City, and any excess proceeds over the value of the defaulted amount including accrued interest, plus expenses, including legal fees, related to the liquidation transaction, shall be returned to the Bank. This power of sale is in addition to other remedies the City may have pursuant to this Agreement and applicable law and is without prejudice to the City's rights to maintain any suit in any court for redress of injuries sustained by the City under this Agreement for which the City is not otherwise made whole.

Section 11. NON-ASSIGN ABILITY. This Agreement is not assignable in whole or

in part.

Section 12. TERMINATION. After maturity of the relevant Deposit(s) and distribution to the City all relevant proceeds, this Agreement may be terminated by either the Bank, the City or the Safekeeping Institution by giving thirty (30) day's prior written notice to the other parties.

Section 13. APPLICABLE LAWS; OTHER AGREEMENTS. This Agreement will be governed by the laws of the State of Texas. All Bank accounts of the City also will be subject to the following additional agreements with the Bank, copies of which are attached to this Agreement and incorporated for all purposes:

No additional agreements applicable or attached.

Section 14. SAFEKEEPING FEES. Any and all fees associated with the safekeeping of securities for the benefit of the City which the Safekeeping Institution shall charge shall be paid by the Bank.

Section 15. MISCELLANEOUS. The headings in this Agreement are for convenience of reference only and should not be used in interpreting this Agreement. If any provision of this Agreement is determined to be illegal or unenforceable under applicable law, that provision should be deemed reformed so as to be enforceable to the extent permitted by applicable law, or, if such reformation is not possible, then this Agreement should be read as if such provision was never a part of it, and the remainder of the Agreement will be enforceable.

This Agreement represents the final agreement of the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties.

Notices required to be given under this Agreement must be addressed as set forth below each party's signature to this Agreement, and will be considered effective upon actual receipt by the addressee or upon refusal of delivery during the normal business hours of the addressee.

Section 16. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which will be considered an original.

WITNESS the execution hereof this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

CITY of BRYAN

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

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

(SEAL)

BRANCH BANKING AND  
TRUST COMPANY

By: Ernest M. Sessions  
Name: Ernest M. Sessions  
Title: SVP  
Address: 4320 Kahn Drive, Building F  
Lumberton, NC 28358

ATTEST:

By: Teresa G. Williams  
Name: Teresa G. Williams  
Title: SVP

## LIST OF EXHIBITS

- Exhibit "A" - List of Demand/Savings Deposit Collateral
- Exhibit "B" - Names and Specimen Signatures of Individuals Authorized to Act on Behalf of City
- Exhibit "C" - Specimen Signatures of Authorized Bank Officials

Exhibit "A"

LIST OF DEMAND/SAVINGS DEPOSIT COLLATERAL

1. Obligations of the U.S. or its agencies and instrumentalities
2. Direct obligations of the State of Texas or its agencies and instrumentalities
3. Other obligations the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the U.S. or their respective agencies and instrumentalities, including, for the avoidance of doubt, FNMA, FHLMC and GNMA mortgage backed security pools..
4. Collateralized mortgage obligations issued by a federal or state agency or instrumentality.

Exhibit "B"

NAMES AND SIGNATURE OF INDIVIDUALS AUTHORIZED TO ACT ON BEHALF OF  
THE CITY OF BRYAN  
(PLEDGEE AGREEMENT)

Authorized Signature

Name and Title

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CITY OF BRYAN

By: \_\_\_\_\_

Accepted:  
BRANCH BANKING AND TRUST COMPANY

By: \_\_\_\_\_

Exhibit "C"

NAMES AND SPECIMEN SIGNATURES OF INDIVIDUALS AUTHORIZED TO ACT ON  
BEHALF of BB&T

Branch Banking and Trust Company (Bank) has designated the following individuals authorization to instruct the Federal Reserve Bank (Safekeeping Institution) with regard to collateral pledges, releases and substitutions in the safekeeping account established for the City. Such pledges, releases and substitutions shall follow procedures set forth in the Depository Pledge Agreement between the City and the Bank.

Branch Banking and Trust Company

By: Ernest M. Sessions

Authorized Signature

Name and Title

John R. Britt

John R. Britt, Banking Officer

Gay W. Leggett

Gay W. Leggett, Banking Officer

Amy C. Pittman

Amy C. Pittman, AVP

Teresa G. Williams

Teresa G. Williams, SVP

## DEPOSITORY PLEDGE AGREEMENT

This Depository Pledge Agreement ("Agreement") is entered into as of \_\_\_\_\_, 2014, by and between BRYAN TEXAS UTILITIES (the "Utility"), a Utility created and operating pursuant to the laws of the State of Texas, and Branch Banking and Trust Company ("Bank"), a North Carolina banking corporation.

The Utility has selected the Bank as a depository for certain of its funds in demand deposits, savings deposits and/or interest-bearing time deposits, and the Bank desires to be the depository of such funds. Pursuant to applicable laws and the Utility's Investment Policy, the Bank is required to secure the public funds deposited by the Utility in the Bank to the extent that such funds are not insured by the Federal Insurance Deposit Corporation or its successors or assigns ("FDIC") (such excess funds referred to hereafter as the "Collateralized Funds") by pledging securities authorized by the State of Texas and the Utility (the "Approved Securities") in an aggregate market value that at all times equals or exceeds [ 105 ]% of the Collateralized Funds of the Utility on deposit with the Bank plus any interest accrued thereon (the "Required Collateral Value").

The Bank has agreed to pledge the Approved Securities solely for the benefit of the Utility's Collateralized Funds, and has agreed to place the Approved Securities for safekeeping in a custodial account at the Federal Reserve Bank, an independent third-party institution not owned or controlled by the Bank or its holding company (the "Safekeeping Institution").

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the Utility and the Bank agree as follows:

Section 1. AMOUNT OF COLLATERAL; PLEDGE OF SECURITY; GRANT OF SECURITY INTEREST. The Bank agrees that the Collateralized Funds of the Utility on deposit with the Bank in the following forms (i) demand and savings deposits, and (ii) interest bearing time deposits (such as certificates of deposit) (each, a "Deposit") shall be secured by the pledge of Approved Securities of the type described in Exhibit "A" attached to this Agreement and incorporated for all purposes (the "Deposit Collateral") in an amount equal to the Required Collateral Value.

The Bank agrees that the Deposit Collateral (collectively referred to at times as the "Pledged Collateral") shall be pledged solely to, and held solely on account of, the Utility. The Bank further understands and agrees that it will not cause or permit the sharing, splitting or co-tenancy of the Pledged Collateral without the express written authorization of the Utility.

The Bank hereby grants the Utility a security interest in the Pledged Collateral.

Section 2. SAFEKEEPING PROVISIONS. The Safekeeping Institution and the

Bank have agreed to abide by Operating Circular 7 ("OC-7") pursuant to which the Safekeeping Institution has agreed to hold the Pledged Collateral in safekeeping. Pursuant to OC-7, the Safekeeping Institution also has agreed to deliver the Pledged Collateral pursuant to the terms of the Agreement and serve as collateral agent for the City to the extent necessary to allow the City to perfect its security interest in the Pledged Collateral granted in this Agreement. The Safekeeping Institution has further agreed to provide safekeeping receipts to the City, dated as of the date of the deposit of the Pledged Collateral, to the City within (3) business days of such deposit.

Section 3. INSTRUCTIONS REGARDING COLLATERAL. Until the City has the right to sell the Pledged Collateral pursuant to Section 10 of this Agreement, the Safekeeping Institution may act only in accordance with the joint instructions of the Bank and the City. The names and specimen signatures of individuals authorized to act on behalf of the City are listed in Exhibit "B" to this Agreement and the names and specimen signatures of individuals authorized to act on behalf of the Bank are listed in Exhibit "C" to this Agreement. Either the City or the Bank may add or remove names from their respective list of authorized individuals without the consent of the other party at any time by providing the Safekeeping Institution with a replacement Exhibit "B" or "C".

Section 4. SUBSTITUTIONS AND WITHDRAWALS OF COLLATERAL. The Bank and the Safekeeping Institution understand and agree that the City has the right to change the type of Approved Securities authorized to secure the Utility's Collateralized Funds by providing the Bank and the Safekeeping Institution with a replacement Exhibit "A". The Bank and the Safekeeping Institution agree to comply with the replacement Exhibit relating to the Approved Securities within the later of (a) thirty (30) days of receipt of such notice of substitution, or (b) the latest maturity date of the relevant Deposit(s).

In addition, if the aggregate market value of the Pledged Collateral held by the Safekeeping Institution at any time exceeds the Required Collateral Value, Bank may withdraw any excess Pledged Collateral by providing the Safekeeping Institution with a withdrawal notice signed by an authorized individual of both the Bank and the City. The City agrees to sign the withdrawal notice if the value of the remaining Pledged Collateral equals or exceeds the Required Collateral Value. Additionally, the Bank may substitute Approved Securities for all or any portion of the Pledged Collateral held by the Safekeeping Institution at any time by providing the Safekeeping Institution with a substitution notice signed by an authorized individual of both the Bank and the City. The City agrees to promptly sign the substitution notice if the securities to be substituted are Approved

Securities and the value of the Pledged Collateral following the substitution equals or exceeds the Required Collateral Value. If the City fails to sign any notices as required hereunder within two business days of a written request from the Bank, the Bank shall be entitled to terminate this Agreement any time thereafter until such notice is signed.

Section 5. BANK STATEMENTS AND REPORTS RELATING TO PLEDGED COLLATERAL. Contemporaneously with the execution of the Agreement, and at the time of the substitution or release of any of the Pledged Collateral, the Bank shall execute and deliver to the City a statement describing the Approved Securities deposited to or withdrawn from the Pledged Collateral held pursuant to this Agreement. This statement must include the par value, security description, CUSIP number, market value as of the date of the statement and maturity date of the Pledged Collateral.

The Bank also agrees to furnish to the City a statement describing the Pledged Collateral held in safekeeping by the Safekeeping Institution on a monthly basis (the "Investment Report"). The Investment Report must include a description of the securities pledged, the CUSIP number of each, the par value, the market value, and the maturity date of the Pledged Collateral as of the date of the current Investment Report.

Section 6. BANK'S FINANCIAL POSITION. The Bank will provide to the City upon request a statement of the Bank's financial position on a quarterly basis. The Bank also will provide to the City upon request a copy of the Bank's annual financial statement in the event the same is not otherwise available electronically.

Section 7. REPRESENTATIONS OF THE BANK. The Bank represents to the City that:

- (a) the Bank is the sole legal and actual owner of the securities utilized to collateralize City deposits;
- (b) no other security interest has been, nor will be, granted in the securities utilized to collateralize City deposits;
- (c) the relevant Deposit is covered for all uncollateralized City deposits up to \$250,000 under the FDIC, or such other amount as may be applicable from time to time;
- (d) this Agreement has been executed by a Senior Vice President of the Bank acting under due corporate authority; and

(e) this Agreement is an official record of the Bank.

Section 8. REPRESENTATIONS OF THE UTILITY. The Utility represents to the Bank that it will provide the Bank with an amended Exhibit "A" reflecting changes in the Approved Collateral within seven (7) business days of adoption of the same by the Utility Council. The Utility agrees that the Bank is not obligated to comply with any new requirements as to Approved Collateral until the amended exhibit(s) is/are received by the Bank and as provided in this Agreement. The Utility also represents and warrants that it has full legal authority to enter into this Agreement and that the Agreement is a legal, valid and binding obligation of the Utility, subject to applicable insolvency laws or general equitable principles.

Section 9. BANK'S DUTIES AND OBLIGATIONS. The Bank agrees to perform all of the duties and obligations required of a depository for the Utility under the laws of the State of Texas for depositories of the Utility in respect of this Agreement. At the expiration of the term of this Agreement, the Bank agrees to turn over to its successor all funds, property and things of value held by it as a depository.

Section 10. BANK DEFAULT AND REMEDIES. If the Bank fails to perform all of its obligations set out in this Agreement or in any other agreement between the Bank and the Utility in each case after the expiration of any applicable grace or notice period, or if it is ruled "bankrupt", "insolvent", or "failed" by Federal Banking Regulators, then Bank will be considered in default under this Agreement. In the event of such default, failure or insolvency of the Bank, the Utility shall be deemed to have vested full title to all of the Pledged Collateral pursuant to this Agreement. The Utility may sell all or any part of the Pledged Collateral at public or private sale after providing the Bank at least three (3) business day's prior written notice and an opportunity to cure the default. The proceeds of any such sale must be applied to satisfy any indebtedness owed by the Bank to the Utility, and any excess proceeds over the value of the defaulted amount including accrued interest, plus expenses, including legal fees, related to the liquidation transaction, shall be returned to the Bank. This power of sale is in addition to other remedies the Utility may have pursuant to this Agreement and applicable law and is without prejudice to the Utility's rights to maintain any suit in any court for redress of injuries sustained by the Utility under this Agreement for which the Utility is not otherwise made whole.

Section 11. NON-ASSIGN ABILITY. This Agreement is not assignable in whole or

in part.

Section 12. TERMINATION. After maturity of the relevant Deposit(s) and distribution to the Utility all relevant proceeds, this Agreement may be terminated by either the Bank, the Utility or the Safekeeping Institution by giving thirty (30) day's prior written notice to the other parties.

Section 13. APPLICABLE LAWS; OTHER AGREEMENTS. This Agreement will be governed by the laws of the State of Texas. All Bank accounts of the Utility also will be subject to the following additional agreements with the Bank, copies of which are attached to this Agreement and incorporated for all purposes:

No additional agreements applicable or attached.

Section 14. SAFEKEEPING FEES. Any and all fees associated with the safekeeping of securities for the benefit of the Utility which the Safekeeping Institution shall charge shall be paid by the Bank.

Section 15. MISCELLANEOUS. The headings in this Agreement are for convenience of reference only and should not be used in interpreting this Agreement. If any provision of this Agreement is determined to be illegal or unenforceable under applicable law, that provision should be deemed reformed so as to be enforceable to the extent permitted by applicable law, or, if such reformation is not possible, then this Agreement should be read as if such provision was never a part of it, and the remainder of the Agreement will be enforceable.

This Agreement represents the final agreement of the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties.

Notices required to be given under this Agreement must be addressed as set forth below each party's signature to this Agreement, and will be considered effective upon actual receipt by the addressee or upon refusal of delivery during the normal business hours of the addressee.

Section 16. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which will be considered an original.

WITNESS the execution hereof this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

BRYAN TEXAS UTILITIES

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

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

(SEAL)

BRANCH BANKING AND  
TRUST COMPANY

By: Ernest M. Sessions  
Name: Ernest M. Sessions  
Title: SVP  
Address: 4320 Kahn Drive, Building 1  
Lumberton, NC 28358

ATTEST:

By: Teresa G. Williams  
Name: Teresa G. Williams  
Title: SVP

## LIST OF EXHIBITS

- Exhibit "A" - List of Demand/Savings Deposit Collateral
- Exhibit "B" - Names and Specimen Signatures of Individuals Authorized to Act on Behalf of Utility
- Exhibit "C" - Specimen Signatures of Authorized Bank Officials

Exhibit "A"

LIST OF DEMAND/SAVINGS DEPOSIT COLLATERAL

1. Obligations of the U.S. or its agencies and instrumentalities
2. Direct obligations of the State of Texas or its agencies and instrumentalities
3. Other obligations the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the U.S. or their respective agencies and instrumentalities, including, for the avoidance of doubt, FNMA, FHLMC and GNMA mortgage backed security pools..
4. Collateralized mortgage obligations issued by a federal or state agency or instrumentality.

Exhibit "B"

NAMES AND SIGNATURE OF INDIVIDUALS AUTHORIZED TO ACT ON BEHALF OF  
BRYAN TEXAS UTILITIES  
(PLEDGEE AGREEMENT)

Authorized Signature

Name and Title

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

BRYAN TEXAS UTILITIES

By: \_\_\_\_\_

Accepted:  
BRANCH BANKING AND TRUST COMPANY

By: \_\_\_\_\_

Exhibit "C"

NAMES AND SPECIMEN SIGNATURES OF INDIVIDUALS AUTHORIZED TO ACT ON  
BEHALF of BB&T

Branch Banking and Trust Company (Bank) has designated the following individuals authorization to instruct the Federal Reserve Bank (Safekeeping Institution) with regard to collateral pledges, releases and substitutions in the safekeeping account established for the Utility. Such pledges, releases and substitutions shall follow procedures set forth in the Depository Pledge Agreement between the Utility and the Bank.

Branch Banking and Trust Company

By: Ernest M. Sessions

Authorized Signature

John R. Britt

Gay W. Leggett

Amy C. Pittman

Teresa G. Williams

Name and Title

John R. Britt, Banking Officer

Gay W. Leggett, Banking Officer

Amy C. Pittman, AVP

Teresa G. Williams, SVP