



A subsidiary of Georgia Bankers Association, Inc.
50 Hurt Plaza, Suite 1050, Atlanta, GA 30303

Collateralization of Public Funds

Georgia law requires banks to collateralize the deposits of public bodies (O.C.G.A. 45-8-12). The intent is to ensure public deposits are safe should a bank be closed by its principal regulator. Banks may collateralize public funds using either a dedicated or pooled method at the discretion of the depositor (O.C.G.A. 45-8-13).

In general, the pledge amount is 110 percent of the deposit less the FDIC insured amount; and in the case of the dedicated method, less the face amount of any loan(s) to the public body. The pledge of 10 percent more than the deposit is to serve as a cushion for account balance fluctuations. The higher pledge also provides a cushion should collateral market values fall during times of economic stress.

The pledging concept is a proven source of safety for deposits of public bodies. During the Great Recession and aftermath, although a number of banks were closed, not a penny of depositors' money was lost.

The pooled method is often considered to be a more efficient method for the banks as the administrative tasks of the pledging, substituting or releasing of collateral are handled through one central source. The banks may also avoid over-pledging, which frequently occurs with the dedicated method. The efficiencies gained by pledging securities in aggregate through the Pledging Pool may enable banks to provide more favorable terms on services provided to public depositors than when utilizing the dedicated pledge method.

There are risks associated with both the dedicated and pooled methods. Those risks are borne by the public depositor.

While the State Treasurer is tasked with administering the pooled method, neither the Treasurer nor the State of Georgia assumes liability for any loss by a public depositor utilizing the pooled method. Neither does the Federal Deposit Insurance Corporation assume liability for any loss by a public depositor using the pooled method or the dedicated method. Attached to this document is a Pooled Method Disclosure Circular from the Office of the State Treasurer that each depositor using the pooled method is being provided.

The following table shows the similarities and differences between the two methods of pledging.

	Dedicated Method	Pooled Method
Banks Eligible to Participate	Any depository bank operating in the State of Georgia.	Only those depository banks operating in the State of Georgia meeting the qualifications as set forth in O.C.G.A. 45-8-13. Generally the bank must be eligible to be a depositor for the State of Georgia, with limited exceptions.
Percentage of Pledge	110 percent of deposit.	110 percent of deposit.
Time for Pledge to be in Compliance with 110 Percent Requirement	10 business days.	3 business days for security bond or securities pledged; 5 business days if a Federal Home Loan Bank Letter

		of Credit is pledged.
Calculation of Deposits to be Collateralized	Amount of deposit less FDIC insured amount, and less the face amount of direct loan(s) to the depositor.	Amount of deposit less FDIC insured amount.
Eligible Pledge	Surety bond, any one or more of the obligations enumerated in O.C.G.A. 50-17-59, or a combination thereof.	Surety bond, any one or more of the obligations enumerated in O.C.G.A. 50-17-59, or a combination thereof with a number of exceptions: surety bond must be approved by the State Depository Board; securities must be rated; securities must be marketable and frequently marked to market; derivatives are prohibited. The list of eligible securities for the pooled method can be found at http://ost.georgia.gov .
Collateral Pledged To	Depositor	State Treasurer
Monitoring of Collateral	By the depositor and the bank under the terms of their agreement.	The State Treasurer administers the pooled method on behalf of the State of Georgia. Since the inception of the pooled method, as provided for in the statute, the monitoring has been administratively outsourced by the State Treasurer to GBA Services, Inc. (GBASI), a subsidiary of the Georgia Bankers Association. GBASI receives monthly reports from participating banks and their custodians. GBASI takes steps to require a bank to correct any collateral shortfall disclosed in the bank's monthly report. GBASI may require weekly reporting should a bank's capital level fall below the regulatory guideline of "adequately capitalized." GBA Services, Inc. provides depositors' auditors with confirmations of total bank-level pledge amounts upon request at no charge.
Monitoring of Bank's Financial Condition	Depositor.	Depositor. GBA Services, Inc. has the authority to request a bank that poses a serious risk withdraw from the Pooled Method.
Custodian	Selected by the bank.	Selected by the bank.
Collateral Values	Under the terms of the agreement	Monthly valuation provided to GBA

	between the depositor and their bank.	Services, Inc. by the bank's custodian with the market valuations set by an independent third party.
Safekeeping	By the bank's custodian under the terms of the agreement with their depositor.	By the bank's custodian under the terms of agreement among the bank, the custodian and the State Treasurer. In the event the Federal Reserve serves as the bank's custodian, the Federal Reserve Bank Operating Circular No. 7 applies to the duties of the custodian and may differ from the standard custodial agreement. OC 7 may be found at http://www.frb services.org/regulations/operating_circulars.html .
Pledge or Release of Collateral	Upon approval by the depositor.	Upon approval by GBA Services, Inc.
Contractual Agreements	Between the depositor and bank.	Three standard agreements are in place. One is between the State Treasurer and GBA Services, Inc. as administrator. The other two are 1) a Custodial Agreement signed by the bank, the custodian and State Treasurer, and 2) a Security Agreement signed by the bank and the State Treasurer. Copies of these documents can be found at http://ost.georgia.gov . In the event the Federal Reserve serves as the bank's custodian, the Federal Reserve Bank Operating Circular No. 7 applies (see "Safekeeping" above). There is an additional agreement signed by the depositor to participate in the pooled method.
Liability	With the depositor to ensure pledge amount is adequate under the terms of agreement between the depositor and the bank. The FDIC assumes no liability for loss of deposits above the FDIC insured amount by a public depositor using the dedicated method.	Neither the State Treasurer nor the State assumes liability for loss by a public depositor utilizing the pooled method for a collateral shortfall. The FDIC assumes no liability for loss of deposits above the FDIC insured amount by a public depositor using the pooled method.
Liquidation of Collateral in the Event of a Bank Failure where Deposits are Transferred to FDIC	Depositor under the terms of agreement with the bank's custodian.	State Treasurer under the terms of agreement with the bank's custodian. In the event the Federal Reserve serves as the bank's

		custodian, the Federal Reserve Bank Operating Circular No. 7 applies (see "Safekeeping" above).
Time to Liquidate Collateral	Undetermined.	Five business days.
Fees Related to Collateral Activity	Under the terms of the agreement between the depositor and bank.	GBA Services, Inc. is not compensated by the State Treasurer or the depositor. The cost of administering the pooled method is borne by fees paid to GBA Services, Inc. by the depository banks.
Questions	Contact your relationship manager with your bank.	Contact your bank relationship manager or contact Sherry Scruggs, GBA Services, Inc., 404.420.2029, sscruggs@gabankers.com or pledgingpool@gabankers.com



Office of the State Treasurer

200 Piedmont Avenue, Suite 1204, West Tower
Atlanta, Georgia 30334-5527
ost.georgia.gov

Pooled Method Disclosure Circular

September 2019

O.C.G.A. §45-8-12 requires banks to collateralize public funds and O.C.G.A. §45-8-13 allows banks to collateralize public funds using either a dedicated or pooled method. Administration of the pooled method ("Pooled Method") is delegated to the State Treasurer ("Treasurer") who is authorized to contract with a private entity to carry out its rights and responsibilities in respect to the Pooled Method for the State of Georgia. Since 1999, Georgia Bankers Association Services, Inc. (GBASI), a wholly-owned subsidiary of the Georgia Bankers Association, has contracted with the Treasurer to administer the Pooled Method ("Pooled Method Administrator"). GBASI receives monthly reports from banks and custodians to monitor the collateralization of deposits and assesses fees to participating banks for administering the Pooled Method. GBASI receives no compensation from the Office of the State Treasurer or the State. GBASI is currently the only approved Pooled Method Administrator.

Each participating bank selects a custodian to hold collateral pledged for public funds. Each participating bank pledges a pool of collateral held by a custodian to secure all of the public depositors that select the Pooled Method with that respective bank. Pooled collateral is assigned to the Treasurer instead of each public depositor. A custodian is not permitted to release collateral without prior permission from Pooled Method Administrator.

The Treasurer has established a list of securities that a bank may use as collateral under the Pooled Method. This list can be accessed via the Office of the State Treasurer's website at: <https://ost.georgia.gov>.

There are three agreements required to utilize the Pooled Method that reflect the roles and responsibilities for the Treasurer, Pooled Method Administrator, banks, and custodians in administering the program. These agreements are the Pledging Pool Administrator Agreement, Custodial Agreement, and Security Agreement. Electronic copies of the agreements can be accessed via the Office of the State Treasurer's website at: <https://ost.georgia.gov>. Some banks select the Federal Reserve as custodian to hold pledged collateral. In these instances, the Federal Reserve Bank Operating Circular No. 7 (Book-entry Securities Account Maintenance and Transfer Services) will govern the actions of the custodian instead of the Custodial Agreement. The public depositor should be aware that the rules of the Operating Circular may differ from the Custodial Agreement and state or local requirements.

While the Pooled Method provides efficiency for banks as they collateralize public funds, there are certain risks associated with the Pooled Method and such risks are assumed by public depositors. It is advised that public depositors discuss with their depository banks the benefits and risks associated with the Pooled Method as well as the dedicated method.

Public depositors may also contact Sherry Scruggs, GBASI, sscruggs@gabankers.com, 404-420-2029 or pledgingpool@gabankers.com with questions or for additional information.

The Pooled Method is offered as a convenience for banks and public depositors. The State assumes no risk associated with accounts secured by pooled collateral under the Pooled Method.

Following is a summary of some of the risks of the Pooled Method.

Risks of the Pooled Method

1. The Pooled Method allows banks that may not qualify to hold State funds to still be eligible to utilize the program to pledge collateral for local government deposit accounts.
2. The State Treasurer does not approve or monitor the credit of individual banks except those holding State funds.
3. The State Treasurer establishes eligibility criteria for collateral. The State Treasurer does not value, monitor or approve each depositor's collateral. Neither the Pooled Method Administrator nor the State Treasurer receives collateral reports on a "real-time" basis. Therefore, balances on any specific date may not be fully collateralized.
4. A bank may fail quickly due to liquidity problems, especially if associated with undetected fraud. In such instances, any recent public deposits may be insufficiently collateralized, causing a shortfall to "all" local governments having accounts with the failed bank secured by the Pooled Method. Such an event could trigger liquidity and budget problems for some public depositors in the pool.
5. In the event a bank fails during a market crisis, the liquidation of collateral may generate significantly less proceeds than expected. Some securities may be thinly traded and the State Treasurer may have to accept abnormally low bids or delay liquidation of some securities. Such events could trigger liquidity and budget problems for some public depositors in the pool.
6. It can take up to 10 business days from month-end for the Pooled Method Administrator to receive collateral reports from depository banks and custodians. It can also take up to 20 business days from month-end before the State Treasurer receives reports from the Pooled Method Administrator. A large deposit made on the first day of any month could be insufficiently collateralized for up to 43 business days before the State Treasurer is notified. The State Treasurer could take action to liquidate securities which would require additional time.
7. The Pooled Method allows a bank three business days to pledge sufficient collateral and five business days to correct a deficiency if the account is secured by a Federal Home Loan Bank letter of credit. Although this time is less than the maximum allowed by statute, it poses some risk and may be longer than allowed by certain local governments when using the dedicated method.
8. The Pooled Method allows each bank to select its own custodian. The State Treasurer does not conduct independent due diligence on custodian banks nor monitor their financial condition. The State Treasurer cannot attest to the financial condition of any custodian nor assure that each is fully insured for errors, omissions, or fraud.
9. The State Treasurer cannot attest that the Pooled Method Administrator will carry out all its responsibilities including monitoring collateral reports.
10. The State Treasurer cannot attest that all steps are taken by a specific bank or its custodian to assure there is a perfected security interest in pledged collateral.

NEITHER THE STATE TREASURER NOR THE STATE ASSUMES ANY LIABILITY FOR ANY LOSS BY A PUBLIC DEPOSITOR UTILIZING THE POOLED METHOD.

GBA Member Bank Letterhead
(Sample letter to Member Banks Public Depositors)

ADD DATE

Person's Name
Public Depositor
123 Main Street
PO Box 123
Anytown, GA 30000

RE: Pooled Public Deposits

Dear Person's Name:

You may be aware that depository institutions may establish a pool of collateralized securities to be pledged for their public deposit client. This pooled approach is optional at the discretion of the bank and the public depositor. Our bank participates in this pooled process, and our hope is that you will agree to participate as well. There are significant advantages to consider under the pooled arrangement which include:

- Simplified monitoring process
- Reduced administrative oversight
- Reduced audit expense.

GBA Services, Inc. (GBASI), a subsidiary of the Georgia Bankers Association of which we are a member, has been contracted as the administrative agent for the Office of the State Treasurer since April 1, 1999, for the purpose of administering the pool.

GBASI tracks pooled collateral activity associated with each participating depository institution.

Enclosed you will find a document outlining the **Pooled Method Instructions and Acknowledgement for Participating Depositors that outlines details of the program**. Please read through it and provide the appropriate information and signatures where necessary. I will be calling soon to discuss your participation in the Georgia State Pledging Pool.

Sincerely,

Name on behalf of GBA Member Bank

Enclosures



Office of the State Treasurer

200 Piedmont Avenue, Suite 1204, West Tower

Atlanta, Georgia 30334-5527

<https://ost.georgia.gov>

Steve McCoy
State Treasurer

(404) 657-4203
FAX (404) 656-9048

INSTRUCTIONS TO PUBLIC DEPOSITORS USING THE POOLED METHOD FOR COLLATERALIZATION OF PUBLIC FUNDS

Georgia State Pledging Pool (Single Bank Pool)

All Depositors using the Pooled Method are required to review the Pooled Method Disclosure Circular which is available on the Office of the State Treasurer's [website \(https://ost.georgia.gov\)](https://ost.georgia.gov).

Please complete the acknowledgement form below and return it to your bank.

Participation in the Pooled Method is contingent upon you returning the signed acknowledgement to your bank and the bank forwarding this document to the Georgia Bankers Association Services, Inc. (GBASI).

If you have any questions, please contact Sherry Scruggs, GBASI, sscruggs@gabankers.com, 404-420-2029 or pledgingpool@gabankers.com.

Thank you for your cooperation.

Public Depositor's Pooled Method Acknowledgement

Name of Pooled Method Depositor

Name of Depositor's Bank

I acknowledge that I have read and understand the Office of the State Treasurer's Pooled Method Disclosure Circular and approve participation in the Pooled Method:

Signature

Title

Printed Name

Date



PUBLIC DEPOSITOR WITHDRAWAL FORM

The undersigned Public Depositor elects to withdraw its deposits from a pool of pledged securities that has been established and maintained by (Name of Depository Institution) in accordance with OCGA 45-8-13 through 45-8-13.1 and further will secure its deposits using the dedicated method in accordance with OCGA 45-8-13.

Public Depositor: _____

Signature and Title

Date

Tax ID Number: _____

Depository Institution: _____

Signature and Title

Date

cc: sscruggs@gabankers.com
pledgingpool@gabankers.com



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Procedures for completing a new Custodial Agreement

The following information needs to be completed and forwarded to the Office of the State Treasurer (OST). This information will be entered into a Custodial Agreement which will then be scanned and sent to the Georgia Bankers Association (GBA). GBA will send the Agreement to the Depository and the Custodian for the proper signatures and then forward to OST for final signatures. OST and GBA will keep copies of final executed Securities Account Control Agreements.

Date of the agreement _____

Name of the Depository _____

Name of the Custodian _____

Custodian security account number _____

Depository address _____

Custodian address _____

Name of Depository representative signing agreement _____

Title of Depository representative signing agreement _____

Name of Custodian representative signing agreement _____

Title of Custodian representative signing agreement _____

Forward this information to Jeff Carman at jcarman@treasury.ga.gov.

2020: Procedures have changed! Please contact Sherry Scruggs, GBASI, 404-420-2029 or sscruggs@gabankers.com prior to completing this information form or the security agreement.



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CUSTODIAL AGREEMENT

This Custodial Agreement (the "Agreement") dated as of _____, among _____ Bank (the "Depository"), the Treasurer of the Office of the State Treasurer of the State of Georgia (the "Treasurer"), _____ (the "Custodian"), and GBA Services, Inc. (the "Administrator").

Section 1. **Definitions.** Unless otherwise provided in this Agreement, the following terms shall have the following respective meanings for purposes of this Agreement:

"Administrator" shall mean the GBA Services, Inc. and its officers, directors, employees, agents, successors, and assigns.

"Aggregate Deposits": shall mean the amount of aggregate deposits of Public Funds that the Treasurer and/or other Public Bodies have elected to collateralize through the pooling method as specified in Title 45.

"Approved Securities" shall mean those securities identified in that list of securities contained in Exhibit A of this Agreement as now or hereafter amended.

"Approved Securities List" shall mean that written list of securities prepared by the Treasury and contained in Exhibit A of this Agreement; the Treasurer hereby reserves the right, with 30 days' notice, to modify the Approved Securities List by written notification to the Administrator and subsequently provided by written notification by the Administrator to the Depositories and Custodians.

"Depository or Depositories" shall mean any and all financial institutions, as identified in O.C.G.A. §45-8-1, , which the Treasurer has issued a certificate of qualification for use of the pooled method and with which a public body has deposited public funds, which are required under Georgia law to be adequately secured and has consented to the use of the pooled method.

"Custodian" shall mean the Treasurer, the Federal Reserve Bank, or any depository, savings association, or trust company that meets all of the requirements of O.C.G.A. §45-8-1(3).

"Depositor or Depositors" shall mean any state or local entity with deposits of public funds.

"Fair Market Value" shall mean the value of the Pledged Securities as determined by

any independent service that regularly furnishes such information to financial institutions in the United States as of the applicable date of transaction or report; provided however, should such method of valuation be inapplicable or unacceptable to the Treasurer in respect to any Pledged Security, Fair Market Value shall mean the value placed thereon by the Treasurer.

"FDIC" shall mean the Federal Deposit Insurance Corporation, a federally chartered public corporation of the United States of America.

"Fiscal Year" shall mean any period adopted by the State of Georgia as its fiscal year for financial auditing purposes and shall initially mean the period beginning on July 1 of each calendar year and ending on June 30 of the next calendar year.

"Pledge Amount" unless modified by the Treasurer as allowed in O.C.G.A. §45-8-13.1(f) shall mean the difference between the amount of Aggregate Deposits of public funds in a Depository and any FDIC insurance applicable to said funds (as identified in O.C.G.A. §50-17-59(c)), multiplied by 110%; $\text{Pledge Amount} = (\text{Aggregate Deposits} - \text{any applicable FDIC insurance}) \times 1.10$; as allowed in OCGA §45-8-13.1(f)(1) the Treasurer has determined that the depository may not deduct the face amount of direct loans from deposits in determining the Pledge Amount;

"Pledged Securities" shall mean those Approved Securities as to which the Depository has granted a security interest to the Treasurer and as to which the Custodian has taken physical possession or, in the case of un-certificated securities, which the Custodian has registered to the Treasurer.

"Securities Account" shall mean the account established with and held by the Custodian for the benefit of the Treasurer containing Pledged Securities, and any successor account thereto.

"State Depository Board" shall mean and refer to the board created by O.C.G.A. section 50-17-50.

"Treasurer" shall mean the Treasurer of the Office of the State Treasurer of the State of Georgia.

Section 2. Establishment of Securities Account. The Custodian hereby confirms that (i) the Custodian has established account number _____ in the name of the Treasurer (such account and any successor account the "Securities Account"), (ii) the Custodian, shall, subject to the terms of this Agreement, treat the Treasurer as entitled to exercise the rights that comprise any securities entitlement credited to the Securities Account, (iii) all property delivered to the Custodian pursuant to the Security Agreement will be promptly credited to the Securities Account, and (iv) all securities or other property underlying any financial assets credited to the Securities Account shall be registered in the name of the Custodian, endorsed to the Custodian or in blank or credited to another securities account maintained in the name of the Custodian and in no case will any financial asset credited to the Securities Account be registered in the name of the Depository, payable to the order of the Depository, or specially endorsed to the Depository except to the extent the foregoing have been specially endorsed to the Custodian or in blank.

Section 3. "Entitlement Holder. The Treasurer shall be the entitlement holder as defined in " O.C.G.A. §11-8-102(7).

Section 4. "Securities Entitlement" Election. The Custodian hereby agrees that each item of property (whether investment property, financial asset, security, instrument, or cash) credited to the Securities Account shall be treated as a "securities entitlement" with respect to the Securities Account as defined in O.C.G.A. §11-8-102(a)(17)

Section 5. Entitlement Orders. If at any time the Custodian shall receive an "entitlement order" as defined in O.C.G.A. §11-8-102(a)(8) issued by the Treasurer or by the Administrator and relating to the Securities Account, the Custodian shall comply with such entitlement order without further consent by the Depository or any other person.

Section 6. Subordination of Lien; Waiver of Set-Off. In the event that the Custodian has or subsequently obtains by agreement, operation of law, or otherwise a security interest in the Securities Account or any security entitlement credited thereto, the Custodian hereby agrees to immediately notify the Administrator of such secondary security interest and further agrees that such security interest shall be subordinated to the Treasurer. The securities entitlements and other items held in the Securities Account will not be subject to deduction, set-off, banker's lien, or any other right in favor of any person other than the Treasurer.

Section 7. Choice of Law. Both this Agreement and the Securities Account shall be governed by the laws of the State of Georgia excluding choice of law provisions. Regardless of any provision in any other agreement, for purposes of the Georgia UCC, Georgia shall be deemed to be the Custodian's location and the Securities Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of Georgia, including specifically O.C.G.A. §11-8-110(e); otherwise, the choice of law provisions of the State of Georgia shall not be applicable.

Section 8. Conflict with other Agreements. There are no other agreements entered into between the Custodian and the Depository with respect to the Securities Account, other than the safekeeping or custodial agreement pursuant to which the account was opened. In the event of any conflict between this Agreement (or any portion thereof) and any other agreement now existing or hereafter entered into, the terms of this Agreement shall prevail.

Section 9. Amendments. No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto.

Section 10. Notice of Adverse Claims. Except for the claims and interest of the Treasurer and of the Depository in the Securities Account, the Custodian does not know of any claim to, or interest in, the Securities Account or in any "financial asset" (as defined in O.C.G.A. §11-8-102(a)) credited thereto. If any person asserts any lien, encumbrance, or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution, or similar process) against the Securities Account or in any financial asset carried therein, the Custodian will promptly notify the Treasurer and Depository thereof.

Section 11. Maintenance of Securities Account. In addition to, and not in lieu of, the obligation of the Custodian to honor entitlement orders as agreed in Section 3 hereof, the custodian agrees to maintain the Securities Account as follows:

(a) Custody of Pledged Securities and Reports. The Custodian shall maintain custody of the Pledged Securities and (i) send written safekeeping receipts or electronic advices and (ii)

reports or statements, each required by, and in a form approved by, the Treasurer or the Administrator of all pledged securities as of the end of each calendar month, sent on a monthly basis to the Administrator within ten (10) business days after the end of each month.

(b) Authorization for Release of Pledged Securities. The Custodian shall require written authorization from the Administrator before effecting release of any of the Pledged Securities to the Depository.

The Custodian will not pay the Depository any principal funds as a result of a maturity or redemption without 1) the receipt of written authorization by the Administrator, and 2) adequate collateral replacement or substitution of Approved Securities to ensure the Fair Market Value of the Securities Account exceeds the Pledge Amount, if needed. In no case shall the Fair Market Value of the Securities Account be less than the Pledge amount after the withdrawal.

(c) Statements and Confirmations. The Custodian will promptly send copies of all statements, confirmations, and other correspondence concerning the Securities Account and/or any financial assets credited thereto simultaneously to the Depository and the Treasurer or designee at the direction of the Treasurer at the address set forth in Section 13 of the Agreement.

(d) Tax Reporting. All items of income, gain, expense, and loss recognized in the Securities Account shall be reported to the Internal Revenue Service and all state and local taxing authorities under the name and taxpayer identification number of the Depository.

(e) Substitution of Pledged Securities. In the event of a maturity or redemption, the Custodian will require the substitution of an appropriate amount of Approved Securities to satisfy the Pledge Amount.

(f) Duty to Resolve Discrepancies. It is the duty of the Custodian to work with the Administrator to resolve any and all differences or discrepancies between their respective records and reports of inventory of Pledged Securities. The Administrator shall immediately report its inability or failure to reach such resolution to the Treasurer. In the event of any dispute not resolved, the Treasurer and the Attorney General shall act for the State.

(g) Interest payments. The Depository may collect and receive all interest payments on the Pledged Securities under certain circumstances, as more fully set forth in this Agreement.

Section 12. Representations, Warranties, and Covenants of the Custodian. The Custodian hereby makes the following representations, warranties, and covenants:

- (a) The Custodian is a bank, savings association, or trust company that:
 - (1) is organized and existing under the laws of the State of Georgia, any other state, or the United States;
 - (2) has executed all forms required for a custodian under Title 45 or any rule adopted under Title 45;
 - (3) hereby agrees to be subject to the jurisdiction of the courts of the State of Georgia or of courts of the United States that are located within the State of Georgia for the purpose of any litigation arising out of Title 45; and
 - (4) has been approved by the Treasurer to act as a custodian under Title 45.
- (b) The Securities Account will be maintained in the manner set forth herein until termination

of this Agreement. The Custodian shall not change the name or account number of the Securities Account without the prior written consent of the Treasurer.

(c) No financial asset is or will be registered in the name of the Depository, payable to its order, or specially endorsed to it, except to the extent such financial asset has been endorsed to the Custodian or in blank.

(d) This Custodial Agreement is a valid and legally binding obligation of the Custodian.

(e) The Custodian has not entered into and until the termination of this Agreement will not enter into any agreement with any other person relating to any property of the Securities Account and/or any securities entitlements credited thereto pursuant to which it has agreed to comply with entitlement orders (as defined in O.C.G.A. §11-8-102(a)(8)) of such person. The Custodian has not entered into any other agreement with the Depository or Treasurer purporting to limit or condition the obligation of the Custodian to comply with entitlement orders as set forth in Section 3 hereof.

Section 13. Successors. The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective corporate successors or heirs and personal representatives.

Section 14. Notices. Any notice, request, or other communication required to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, or two days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address set forth below.

Depository: _____

Treasurer: Office of the State Treasurer
Attention: Jeff Carman
200 Piedmont Avenue, SE
Suite 1204 West Tower
Atlanta, GA 30334
mailto:
jeff.carman@treasury.ga.gov

Copy to: Georgia Bankers Association
Attention: Sherry Scruggs
50 Hurt Plaza, Suite 1050
Atlanta, Georgia 30303
sscruugs@gabankers.com

Custodian: _____

Attention: _____

Any party may change its address for notice in the manner set forth above.

Section 15. Termination. The rights and powers granted herein to the Treasurer have been granted in order to perfect the security interest in the Securities Account and are powers coupled with an interest and will neither be affected by the bankruptcy of the Depository nor by the lapse of time. The obligations of the Custodian hereunder shall continue in effect until the security interest of the Treasurer in the Securities Account has been terminated pursuant to the terms of the Security Agreement and the Treasurer has notified the Custodian of such termination in writing.

Section 16. Georgia and Federal Law to Govern; Choice of Forum. This Agreement shall be deemed to have been made in the State of Georgia and shall be construed, and the rights and liabilities of the parties determined, in accordance with the laws of the State of Georgia except as to choice of law provisions. With respect to regulatory matters, all transactions under this Agreement shall be subject to all applicable laws and rules and regulations of all federal, state, and self-regulatory agencies, including but not limited to the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the United States Treasury, and the Georgia Department of Banking and Finance. Any action brought to assert any right or remedy pertaining to this Agreement shall be brought exclusively in the Superior Court of Fulton County, Georgia.

Section 17. Conduct of the Parties. Conduct of the parties shall not in any matter constitute a waiver of any right, duty, or obligation imposed by this Agreement upon any party hereto.

Section 18. Time of the Essence. Time is of the essence of this Agreement.

Section 19. Headings. The headings of the sections and subsections hereof are for descriptive purposes only and do not modify or qualify any of the rights or obligations set forth in this Agreement.

Section 20. Limitation on Assignment. The Administrator shall not assign this Agreement or any right or obligation hereunder without the prior written approval of the Treasurer. Further, the Administrator shall not subcontract or otherwise "farm out" or substitute performance under this Agreement without the prior written permission of the Treasurer.

Section 21. Independent Parties. The parties to this Agreement are independent, and herein shall be construed to make either party an agent, employee, partner, or joint venture of the other.

Section 22. Construction. Should any provision of this Agreement require judicial interpretation, it is agreed and stipulated by and between the parties hereto that the court interpreting or construing the same shall not apply a presumption that the terms, conditions, and provisions hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party who prepared the same.

Section 23. Severability. Notwithstanding any provisions hereof, if any provision herein is or should become inconsistent with any present or future law, rule, or regulation of any sovereign government or regulatory body having jurisdiction over the subject matter of this Agreement, such provision shall be deemed to be rescinded or modified in accordance with any such law, rule, or regulation; in all other respects, this Agreement shall continue to remain in full force and effect.

Section 24. Amendment. Except as otherwise provided herein, this Agreement may be

modified only by the prior written agreement of the parties. This Agreement represents the entire agreement and understanding between the Treasurer and the Administrator concerning the subject matter hereof, and shall supersede any previous agreement between the Treasurer and the Administrator.

Section 25. Counterparts. This Agreement is executed in three counterparts, each of which is deemed an original of equal dignity with the others and which is deemed one and the same instrument as the others.

Section 26. Hold Harmless. Solely as between the Custodian and the Depository, the Depository hereby agrees to indemnify, defend and hold the Custodian, its affiliates and each of their officers, directors, employees, agents and representatives harmless from and against any suit, judgment, claim, asserted claim, demand, loss, liability, expense or interest (including legal fees and expenses) (“Losses and Expenses”) arising out of or in connection with this Agreement, excluding, however, those Losses and Expenses which are finally determined by a court of competent jurisdiction to have resulted directly from the Custodian’s gross negligence or willful misconduct in the performance of its obligations as described by this Agreement. This indemnification shall survive resignation of the Custodian or termination of this Agreement.

Section 27. Termination. This agreement may be terminated by the Treasurer or the Custodian with 30 days’ written notice the other parties and to the Administrator.

IN WITNESS WHEREOF, the Treasurer, Depository, Custodian, and Administrator have caused this Agreement to be executed as of the date first written above.

DEPOSITORY

By: _____
Name:
Title:

OFFICE OF THE STATE TREASURER

By: _____
Name: Steve McCoy
Title: State Treasurer

CUSTODIAN

By: _____
Name:
Title:

ADMINISTRATOR

By: _____
Name: Joe Brannen
Title: President & CEO



Office of the State Treasurer

200 Piedmont Avenue, Suite 1204, West Tower

Atlanta, Georgia 30334-5527

<https://ost.georgia.gov>

Steve McCoy
State Treasurer

(404) 657-4203
FAX (404) 656-9048

Procedures for completing a new Security Agreement for the Georgia State Pledging Pool (single bank pool).

The following information needs to be completed and forwarded to the Office of the State Treasurer (OST). This information will be entered into a Security Agreement which will then be scanned and sent to the Georgia Bankers Association (GBA). GBA will send the Agreement to the Depository for the proper signatures and then forward to OST for final signatures. OST and GBA will keep copies of final executed Security Agreements.

Date of the agreement _____

Name of the Depository _____

Custodian security account number _____

Depository address _____

Depository phone number: _____

Name of Depository representative signing agreement _____

Title of Depository representative signing agreement _____

Exhibit B

Resolution approved by Board of Directors _____ or Loan Committee _____

Forward this information to GBA, Sherry Scruggs, GBASI, sscruggs@gabankers.com, pledgingpool@gabankers.com, and copy Jeff Carman at jeff.carman@treasury.ga.gov

2020: Procedures have changed! Please contact Sherry Scruggs, GBASI, at 404-420-2029 or sscruggs@gabankers.com prior to completing this information form or the security agreement.



Office of the State Treasurer

200 Piedmont Avenue, Suite 1204, West Tower

Atlanta, Georgia 30334-5527

<https://ost.georgia.gov>

Steve McCoy
State Treasurer

(404) 657-4203
FAX (404) 656-9048

SECURITY AGREEMENT

This Security Agreement, dated as of _____ by and among _____ hereafter (the “Depository”), a duly-organized banking or other type of financial institution in the State of Georgia, the Office of the State Treasurer (hereafter the Treasurer), and any administrator to whom said Treasurer has delegated duties pursuant to O.C.G.A. section 45-8-13.1(d), as now or hereafter amended, on his own behalf and/or the behalf of other Public Bodies (as hereinafter defined) whose funds are required to be collateralized in accordance with Chapter 8 of Title 45 of the Official Code of Georgia Annotated, as now or hereafter amended,

WHEREAS, the Depository desires to be and/or remain an official depository of Public Funds deposited by the Treasurer and/or other Public Bodies; and

WHEREAS FURTHER, the Depository is required by the laws of the State of Georgia to collateralize the uninsured public deposits of the Treasurer and/or other Public Bodies and has elected to do so through the pooling method as specified in Title 45 (as hereinafter defined); and

WHEREAS FURTHER, the Depository desires to grant to the Treasurer a security interest in all securities and other investment property at any time constituting, held in, or arising out of that certain Securities Account (as hereinafter defined) currently designated as account number _____, maintained by a Custodian (as hereinafter defined), for the purpose of securing the Depository’s financial obligations with respect to Public Funds (as hereinafter defined) on deposit with the Depository,

NOW, THEREFORE, it is mutually agreed between the parties as follows:

1. **Definitions.** Unless otherwise provided in this Agreement, the following terms and phrases shall have the following respective meanings for the purposes of this Agreement:

“**Administrator**”: shall mean the GBA Services, Inc. and its officers, directors, employees, agents, successors, and assigns.

“**Aggregate Deposits**” shall mean the aggregate amount of deposits of Public Funds that the Treasurer and/or other Public Bodies have elected to collateralize through the pooling method as specified in Title 45.

“**Approved Securities**” shall mean those securities identified in that list of securities contained in Exhibit A of this Agreement as now or hereafter amended.

“**Approved Securities List**” shall mean that written list of securities prepared by the Treasurer of the Office of the State Treasurer of the State of Georgia and contained in Exhibit A of this Agreement; the Treasurer hereby reserves the right to modify, with 30 days’ notice, the Approved Securities List by written notification to the Administrator and subsequently provided by written notification by the Administrator to the Depositories and Custodians.

“Custodian” shall mean the Treasurer or any depository, savings association, or trust company that meets all of the requirements of O.C.G.A. section 45-8-1(3).

“Depositor or Depositors” shall mean any state or local entity with deposits of public funds.

“Depository” shall mean _____ and its agents, successors, and assigns.

“Event of Default” shall mean any of the following events or conditions: (a) The Depository fails to make any return or repayment of Public Funds to the Treasurer or any Public Body from accounts held by the Depository as and when due or wrongfully dishonors any draft presented upon such accounts; or (b) the Depository breaches any covenant made in this Security Agreement; or (c) any bankruptcy case, assignment for the benefit of creditors, receivership, or other state, federal, or foreign insolvency proceeding is commenced by or against the Depository or any of its respective properties; or (d) the Depository becomes insolvent or is generally not paying its debts as they become due; or (e) the Treasurer determines that any material misrepresentation of financial condition has been made by the Depository in any oral or written statement to the Treasurer or the Administrator; or (f) the Depository discontinues its usual business, commences to dissolve, wind-up, or liquidate itself; or (g) the Depository’s financial condition falls below the minimum capital ratios required to be considered “adequately capitalized,” as measured under the risk-based capital regulations of the Office of the Comptroller of the Currency, 12 CFR §3.100, Appendix a, as now or hereafter amended.

“Georgia UCC” shall mean the Uniform Commercial Code as enacted in the State of Georgia, O.C.G.A. §11-1-101, *et seq.*, as now or hereafter amended.

“Fair Market Value” shall mean the value of the Pledged Securities as determined by any independent service that regularly furnishes such information to financial institutions in the United States as of the applicable date of transaction or report; provided however, should such method of valuation be inapplicable or unacceptable to the Treasurer in respect to any Pledged Security, Fair Market Value shall mean the value placed thereon by the Treasurer.

“FDIC” shall mean the Federal Deposit Insurance Corporation, a federally chartered public corporation of the United States of America.

“Pledge Amount” unless modified by the Treasurer as allowed in O.C.G.A. §45-8-13.1(f), shall mean the difference between the amount of Aggregate Deposits of public funds in a Depository and any FDIC insurance applicable to said funds (as identified in O.C.G.A. §50-17-59(c)), multiplied by 110%; $\text{Pledge Amount} = (\text{Aggregate Deposits} - \text{any applicable FDIC insurance}) \times 1.10$; as allowed in OCGA §45-8-13.1(f)(1) the Treasurer has determined that the depository may not deduct the face amount of direct loans from deposits in determining the Pledge Amount;

“Pledged Securities” shall mean those Approved Securities as to which the Depository has granted a security interest to the Treasurer and as to which the Custodian has taken physical possession or, in the case of un-certificated securities, which the Custodian has registered to the Treasurer.

“Public Body” shall mean the same meaning as that given in O.C.G.A. section 45-8-1(10), as now or hereafter amended, which currently means the State of Georgia and its municipalities, counties, school districts, drainage districts and other districts created for special purposes, every other political subdivision of the State, and every board, bureau, commission, and department of the State or any subdivision thereof, as the context may require.

“Public Funds” shall mean monies of a Public Body deposited in a Depository as defined in O.C.G.A. section 45-8-1(6) as now or hereafter amended.

“Qualified Depository” shall mean a depository that meets the criteria established by the State Depository Board.

“**Securities Account**” shall mean the account established with and held by the Custodian for the benefit of the Treasurer containing Pledged Securities, and any successor account thereto.

“**Securities Entitlements**” shall mean rights and property interests as defined in O.C.G.A. §11-8-102(a)(17) as now or hereafter amended.

“**State Depository Board**” shall mean and refer to the board created by O.C.G.A. section 50-17-50.

“**Title 45**” shall mean Chapter 8 of Title 45 of the Official Code of Georgia Annotated, as now or hereafter amended.

“**Treasury**” shall mean The Office of the State Treasurer of the State of Georgia.

2. **Secured Obligation.** The Depository hereby pledges and grants a security interest in the Depository’s present and future right, title, and interest in and to the Pledged Securities and the Securities Account to the Treasurer, to secure payment and delivery of Public Funds deposited by the Treasurer and/or other Public Bodies with the Depository in excess of FDIC insurance coverage limits. The Pledged Securities shall be held by the Custodian Securities Account.

3. **Representations.** The Depository warrants and represents that: (a) all of the Pledged Securities are of the type described in the Approved Securities List attached hereto as Exhibit A and as amended by the Treasurer; (b) the Depository is the sole and exclusive owner of the Pledged Securities; (c) the Pledged Securities are free and shall remain free for so long as the Pledged Securities are held in the Securities Account of any lien, claim, encumbrance, or restriction of any kind; (d) the Depository has the authority and capacity to pledge the Pledged Securities and to execute this Agreement; and (e) the address set forth below in section 13 is the Depository’s chief executive offices. The Depository waives any rights of first refusal or other restrictions on the sale or transfer of the Pledged Securities.

4. **No Liens or Sale; Substitution Privileges and Release.** The Depository agrees that, as long as the Treasurer or any Public Body has Public Funds on deposit with the Depository, unless the Depository shall have received the prior written consent of the Administrator , the Depository shall not sell or offer to sell or otherwise transfer, dispose of, or encumber the Pledged Securities, or any interest therein; provided, however, subject to prior written approval by the Administrator, that the Administrator authorizes the Depository to substitute additional Approved Securities for any or all of the Pledged Securities and release certain of the Pledged Securities, provided, further, that at all times the Fair Market Value of the Pledged Securities is equal to at least the Pledge Amount. Prior to any such substitution or release, the Depository shall provide to the Administrator a written request for substitution and/or release, showing the Fair Market Values of the Pledged Securities to be released and of the replacement Approved Securities to be pledged (if any).

5. **Covenant as to Pledge Amount.** The Depository shall not retain any deposit of Public Funds that unless, within three (3) business days after receipt of such deposit , the Depository has deposited Approved Securities in the Securities Account or within five (5) days the Depository has deposited a Federal Home Loan Bank Letter of Credit, whose Fair Market Value as of the date of the deposit of such Approved Securities along with the Fair Market Value of the other Approved Securities in the Securities Account equals or exceeds the Pledge Amount. In order for a Depository to be granted five (5) days to remedy the deficiency, the Depository must send a copy of the Federal Home Loan Bank application to the Administrator within (3) business days of the deficiency to document their intent to use a Letter of Credit. The Depository agrees that, as long as the Treasurer or any Public Body has Public Funds on deposit with the Depository, the Depository shall maintain at all times Pledged Securities with an aggregate Fair Market Value equal to at least the Pledge Amount. The Depositories shall monitor the Pledge Amount on a daily basis. Any noncompliance (as defined as a day where the Fair Market Value of the Approved Securities does not equal or exceed the Pledge Amount) will be reported, in an electronic format, to the Administrator and Treasury within three (3) business days. The Depository shall also deposit additional Approved Securities in the Securities Account maintained by the Custodian within three (3) business days (or five (5) business days in the case where the Depository intends to use a Federal Home Loan Bank Letter of Credit) of the date of noncompliance if necessary to reach and maintain the Pledge Amount. In order for a Depository to be granted five (5) days to remedy the deficiency,

the Depository must send a copy of the Federal Home Loan Bank application to the Administrator within (3) business days of the deficiency to document their intent to use a Letter of Credit.

6. **Perfection of Treasurer's Security Interest in Pledged Funds.** Upon the Treasurer's request, and at the Depository's sole expense, the Depository shall promptly execute, deliver, and record any documents, instruments, agreements, and amendments, and take all such further action, as the Treasurer may reasonably deem desirable in obtaining the full benefits of this Agreement, including financing statements or amendments under the Georgia UCC, all in form and substance satisfactory to the Treasurer. The Depository authorizes the Treasurer to file any such financing statement without the signature of the Depository, or with a copy, PDF file or fax of the Depository signature, to the extent permitted by applicable law, or to execute any financing statement or amendment thereof on behalf of the Depository as the Depository's attorney-in-fact. If any amount payable under or in connection with the Pledged Securities shall be or become evidenced by any promissory note or other instrument or any certificated security that is not held by the Custodian in the Securities Account, such note, instrument, or certificate shall be immediately pledged and delivered to the Treasurer hereunder, duly endorsed in a manner satisfactory to the Treasurer. The Depository will promptly notify the Treasurer of any change in the Depository's name or address and will cooperate in ensuring that any action necessary or advisable to continue the perfection of the security interests granted hereunder has been duly taken. Without limiting the foregoing, the following items (all in form and substance satisfactory to the Treasurer) must be provided by the Depository upon execution of this Agreement:

(a) A Custodial Agreement signed by the Treasurer, the Depository, and the Custodian, in the Treasurer's form, containing (among other things) the Custodian's agreement to act upon instructions and entitlement orders from the Treasurer, without notice to or consent of the Depository, to deliver copies of all reports with respect to the Pledged Securities to the Treasurer, and not to permit any other liens (including its own) on the Securities Account or the Pledged Securities.

(b) UCC-1 financing statements describing the Pledged Securities, executed by the Depository and in form appropriate to be filed in all applicable UCC filing offices.

7. **Receipt of Pledged Securities; Interest and Dividends.** As long as no Event of Default has occurred, the Depository shall be entitled to receive all interest and cash dividends arising from the Securities Account (but not any underlying securities or other Pledged Securities other than as a result of a substitution approved by the Administrator), to be delivered to the Depository by the Custodian. Upon the occurrence of an Event of Default, the Depository's right to receive such interest and dividends shall immediately and automatically terminate, with no further notice to the Depository, unless and until reinstated in writing by the Treasurer. The Treasurer's remedies upon an Event of Default shall include the right to notify the Custodian to cease immediately delivering such interest and dividends to the Depository and to deliver all or any portion thereof to the Treasurer.

Any portions of the Pledged Securities received by the Depository in violation of this Agreement shall remain subject to the Treasurer's security interest and lien hereunder, shall be immediately delivered to the Treasurer, in the same form as received except for any necessary endorsements, and pending such delivery, shall be held in trust for the Treasurer by the Depository and kept separate from the Depository's other assets.

8. **Reporting.** The Depository agrees to submit information as required by the Administrator for reports to be submitted to the Treasurer.

9. **Public Posting of Depositors.** The Administrator shall maintain a list of current depositors on its website. This list will be updated by the Administrator on a monthly basis. The Depository shall verify that Depositors are correctly listed on the Administrator's website.

10. **Remedies.** (a) Upon an Event of Default, the Treasurer shall have and may exercise any or all of the rights and remedies of a secured party under the Georgia UCC, and as otherwise agreed herein or under any other applicable law or any other agreement, including without limitation: (1) the right to immediately withdraw or liquidate any and all contents of the Securities Account and to endorse and cash any instruments included in the Pledged Securities,

without regard to maturity thereof or penalties for early withdrawal and without notice of default first being given to the Depository; (2) the right to notify the Custodian to make payments from or on the Pledged Securities directly to the Treasurer, to transfer the Pledged Securities to the Treasurer or the Treasurer's account, and/or to sell the Pledged Securities, all without notice of default first being given to the Depository and without the consent of the Depository. The Treasurer may apply the proceeds of the Pledged Securities toward payment of any costs and expenses and reasonable attorneys' fees and legal expenses thereby incurred by the Treasurer and toward the repayment of Public Funds of the Treasurer or any Public Body that the Depository has failed to deliver as and when due in such order or manner as the Treasurer may elect. The Depository agrees to pay the Treasurer all expenses and charges (including reasonable attorneys' fees and other legal fees and expenses) that the Treasurer may incur in enforcing or protecting the Treasurer's rights hereunder or with respect to the Public Funds on deposit with the Depository.

(b) Without limiting the generality of the foregoing provisions of subsection (a) above, it is expressly agreed that, upon the occurrence of an Event of Default, the Treasurer may take any or all of the following actions: (1) cause the Pledged Securities to be transferred to its name or to the name of its nominee or nominees and thereafter to exercise with respect to the Pledged Securities all the rights, powers, and remedies of any owner; (2) collect by legal proceedings or otherwise all dividends, interest, principal payments, and other sums now or hereafter payable on account of the Pledged Securities and to hold the same as collateral, or apply the same to any balance owed by the Depository to the Treasurer or to any Public Body, with the manner and distribution of the application to be in the sole discretion of the Treasurer; (3) enter into any extension, subordination, reorganization, deposit, merger, or consolidation agreement, or any other agreement relating to or affecting the Pledged Securities, and, in connection therewith, deposit or surrender control of such Pledged Securities, and/or accept other property in exchange therefore and hold and apply such property or money so received in accordance with the provisions of this Agreement. This Agreement constitutes a bond transfer power, which is hereby granted in favor of the Treasurer, and the Depository authorizes any and all registrars, transfer agents, and issuer's officials to transfer any securities and investment property included in the Pledged Securities to the name of the Treasurer or his designee.

The Depository acknowledges that no notice of sale will be required, as the Pledged Securities are of a type customarily sold in recognized markets. The Depository agrees that, if any notice of sale or other disposition of the Pledged Securities is required by law, such notice shall be deemed reasonable notice of sale and shall fully satisfy any requirement of giving notice if it is mailed, postage prepaid, or sent by email or fax, to the Depository before the time of the proposed sale or disposition.

Nothing contained herein shall be deemed to limit, delay, or impair the Treasurer's right to withdraw immediately and close the Securities Account or any other Pledged Securities regardless of maturity of any of the Pledged Securities following the occurrence of an Event of Default, and nothing herein shall impair, as between the Treasurer and the Custodian, the Treasurer's right to control the Securities Account and the Pledged Securities.

11. **Treasurer's Limited Duties.** The Treasurer shall be under no duty to pursue collection of any amount due on or under any of the Pledged Securities, to realize on Pledged Securities, to collect principal, interest, or dividends, to keep the same insured, to make any presentments, demands, or notices of protest in connection with any of the Pledged Securities, to monitor or act upon the maturity of any of the Pledged Securities, to avoid or prevent any early withdrawal penalties or other penalties, or to preserve any rights against prior parties to any instruments, contacts, or securities included in the Pledged Securities. Without limiting the generality of the foregoing, the Treasurer's duty with respect to the Pledged Securities shall be solely to use reasonable care in the custody and preservation of any physical Pledged Securities in the Treasurer's actual possession, and the Treasurer shall be in no way liable to or responsible for any diminution in the value of, or reduction in the proceeds realized from, the Pledged Securities from any cause whatsoever.

12. **Voluntary Withdrawal.** A depository, upon failing to meet the State Depository Board's criteria for a Qualified Depository, may be asked to voluntarily withdraw from the pledging pool. If a depository is asked to voluntarily withdraw by the Treasurer or the Administrator, the Depository agrees the Depository will withdraw in accordance with the procedures adopted by the Administrator.

13. **Approval of Board or Loan Committee of Depository.** The Depository represents and warrants that it is duly authorized, by resolution of the board of directors or of the loan committee of the Depository, and has full right, power, and authority to execute this Agreement and to pledge and grant a security interest with respect to the Pledged Securities. The Depository has furnished a certified copy of the authorizing resolution, attached hereto as Exhibit B.

14. **Continuously Maintain Agreement as Official Record.** The Depository agrees that it will immediately, upon execution, keep and continuously maintain, as part of its official records, an executed copy of this Agreement and such other customary writings and records sufficient to identify those securities that have been pledged to the Treasurer.

15. **Successors and Assigns.** This Agreement is continuing and binding upon the Depository, its agents, successors, and assigns and shall inure to the benefit of the Treasurer and his successors and assigns.

16. **Communications.** Unless otherwise provided herein, all written communications sent to the respective parties to this Agreement shall be sent to the respective addresses given below via first class United States Mail, postage prepaid:

To the Treasurer: Office of the State Treasurer
 Attention: Jeff Carman
 200 Piedmont Avenue, SE
 Suite 1204 West Tower
 Atlanta, GA 30334
 Phone: 404-651-8974
 Email:
 jeff.carman@treasury.ga.gov

Copy to: Georgia Bankers Association
 Attention: Sherry Scruggs
 50 Hurt Plaza, Suite 1050
 Atlanta, Georgia 30303
 Phone: 404-420-2029
 Email: sscruggs@gabankers.com

To the Depository:

Phone: _____
Email: _____

A party hereto may from time to time designate a new address to which all written communications are to be sent by notifying the other party of such designation in writing as provided above.

17. **Georgia and Federal Law to Govern; Choice of Forum.** This Agreement shall be deemed to have been made in the State of Georgia and shall be construed, and the rights and liabilities of the parties determined, in accordance with the laws of the State of Georgia except as to choice of law provisions. With respect to regulatory matters, all transactions under this Agreement shall be subject to all applicable laws and rules and regulations of all federal, state, and self-regulatory agencies, including but not limited to the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the United States Treasury, and the Georgia Department of Banking and

Finance. Any action brought to assert any right or remedy pertaining to this Agreement shall be brought exclusively in the Superior Court of Fulton County, Georgia.

18. **Conduct of the Parties.** Conduct of the parties shall not in any matter constitute a waiver of any right, duty, or obligation imposed by this Agreement upon either party hereto.

19. **Time of the Essence.** Time is of the essence of this Agreement.

20. **Headings.** The headings of the sections hereof are for descriptive purposes only and do not modify or qualify any of the rights or obligations set forth in this Agreement.

21. **Construction.** Should any provision of this Agreement require judicial interpretation, it is agreed and stipulated by and between the parties hereto that the court interpreting or construing the same shall not apply a presumption that the terms, conditions, and provisions hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party who prepared the same.

22. **Severability.** Notwithstanding any provisions hereof, if any provision herein is or should become inconsistent with any present or future law, rule, or regulation of any sovereign government or regulatory body having jurisdiction over the subject matter of this Agreement, such provision shall be deemed to be rescinded or modified in accordance with any such law, rule, or regulation; in all other respects, this Agreement shall continue to remain in full force and effect.

23. **Amendment.** Except as otherwise provided herein, this Agreement may be modified only by the prior written agreement of the parties.

24. **Counterparts.** This Agreement is executed in two counterparts each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

25. **References.** All references to any number or gender shall include all others, and all references to documents and agreements shall also refer to amendments thereof.

26. **Whole Agreement.** This Agreement contains the entire agreement between the Treasurer and the Depository and supersedes all prior agreements and understandings relating to the subject matter hereof.

27. **Termination.** This agreement may be terminated by the Treasurer or the Depository with thirty (30) days' written notice to the other party and to the Administrator.

IN WITNESS WHEREOF, the Treasurer, Administrator and the Depository have caused this Agreement to be executed as of the date first written above.

TREASURER:

DEPOSITORY:

**OFFICE OF THE STATE TREASURER
STATE OF GEORGIA**

Name of Depository

By: _____
Steve McCoy
Treasurer

By: _____
Name:
Title:

ADMINISTRATOR:

GBA SERVICES INC.

By: _____
Joe Brannen
President & CEO

CERTIFICATE

I, the undersigned, hereby certify to the Treasurer of the Office of the State Treasurer of the State of Georgia, who is the pledgee of collateral securities to secure funds of public bodies under the pooling method in accordance with Chapter 8 of Title 45 of the Official Code of Georgia Annotated, that I am the Secretary (Assistant Secretary) of _____ (the "Depository"), a banking or other type of financial institution in Georgia; that the following is a true copy of the resolution duly adopted by the [Board of Directors / duly-established Loan Committee] of the Depository, at a meeting held on the _____ day of _____, 20____, at which a quorum was present; and that such resolutions have not been rescinded or modified.

SO CERTIFIED, this _____ day of _____, 20____.

Secretary or (Assistant Secretary)

(SEAL)

EXHIBIT B

RESOLUTION OF THE _____
Board of Directors / Loan Committee
OF

Name of Depository

WHEREAS, the Federal Deposit Insurance Corporation’s Statement of Policy Regarding Treatment of Security Interests After Appointment of the FDIC as Conservator or Receiver dated March 31, 1993, (the “FDIC Policy Statement”) specifies that all security agreements pertaining to public deposits be approved by the financial institution’s _____,
Board of Directors / Loan Committee

NOW, THEREFORE, BE IT RESOLVED THAT:

1. the Chairman, President, Treasurer, or any Vice-President of _____ be
Name of Depository
and hereby is authorized and directed to execute and deliver to the Treasurer of the Office of the State Treasurer of the State of Georgia (the “Georgia Treasurer”) the “Security Agreement” contained herewith; and
2. the Chairman, President, Treasurer, or any Vice President be and hereby is authorized to act as agent to _____
Name of Depository
under said Agreement, said acts including but not limited to the execution of any required securities account control agreement or escrow agreement; and
3. this resolution shall remain in full force and effect until written notice of its amendment or rescission shall have been given to the Georgia Treasurer, and that receipt of such notice shall not affect any action taken by the Georgia Treasurer or affect the security of any deposits that may be or may have been on deposit with _____;
Name of Depository and
4. the Secretary or Assistant Secretary is authorized and directed to certify to the Georgia Treasurer that this resolution has been duly adopted and that the provisions thereof are in conformity with the Charter, Articles of Incorporation, and By-Laws of _____,
Name of Depository
and that there is no provision in those documents or in any other authorizing document that limits the power of the _____
Board of Directors / established Loan Committee to pass the foregoing resolution.

ADOPTED this _____ day of _____, 20_____.

Board of Directors / Designee

Name of Depository

By: _____
Name:
Title:

APPROVED SECURITIES LIST

	Yes/No	Margin
<u>U.S. TREASURIES</u>		
BILLS	YES	102%
BONDS	YES	102%
NOTES	YES	102%
STRIPS	YES	102%
SYNTHETIC TREASURIES		
<u>AGENCY DEBENTURES</u>		
FAMC (Fed Agriculture Mtge Corp)	NO	
FCFAC (Farm Credit Finan. Asst.)	NO	
FFCB (Farm Credit System Banks)	YES	102%
FmHA (Farmers Home Admin.)	YES	110%
FHLB (Federal Home Loan Banks)	YES	102%
FHLMC (Federal Home Loan Mtge)	YES	102%
FICO (Financing Corporation)	YES	110%
FLBB (Federal Land Bank Bonds)	YES	110%
FNMA (Federal Nat'l Mtge Corp)	YES	102%
REFCO (Resolution Funding Corp)	NO	
SLMA (Student Loan Mtge Corp)	YES	102%
TVA (Tennessee Valley Authority)	YES	102%
USPS (U.S. States Postal Service)	NO	
<u>AGENCY STRUCTURED NOTES</u>		
(Callables, Step ups Only)	YES	102%
<u>INTERNATIONAL AGENCIES</u>		
ADBDB (Asian Development Bank)	NO	
AFDB (African Development Bank)	NO	
IADB (Inter-American Dev. Bank)	NO	
IFCO (International Finance Corp)	NO	
WLDB (World Bank)	NO	
<u>FDIC Guaranteed Debt under TLGP</u>		
YES	YES	102%
<u>GTC (Government Trust Certificate)</u>		
NO	NO	
<u>SBA (Small Business Administration)</u>		
YES	YES	102%
<u>FHLB Letters of Credit (LOC)</u>		
YES	YES	100%
<u>CASH</u>		
YES	YES	100%

	Yes/No	Margin
<u>GNMA</u>		
TRUST RECEIPTS	YES	110%
GNMA I/II-SINGLE FAMILY	YES	102%
GNMA I/II-OTHERS-FIXED RATE	YES	102%
GNMA I/II OTHERS-ADJUST. RATE	YES	102%
<u>AGENCY MORTGAGE BACKS</u>		
TRUST RECEIPTS	YES	110%
PASS THROUGH-FIXED RATE	YES	102%
PASS THROUGH-ADJUST. RATE	YES	102%
MBS STRIPS (IO,PO,RECOMB)	NO	
<u>AGENCY REMICS/CMOS</u>		
<u>REMIC TYPES:</u>		
RESIDUALS	NO	
INVERSE IO FLOATERS	NO	
IOETTES	NO	
INTEREST ONLY (IO)	NO	
PRINCIPAL ONLY (PO)	NO	
INVERSE FLOATERS	NO	
SUPER FLOATERS	NO	
COMPANION FLOATERS	NO	
SEQUENTIAL AND OTHER FLOATERS	YES	110%
PAC & OTHER SCHEDULED FLOATERS	YES	110%
Z BONDS	NO	
COMPANION BONDS	NO	
SEQUENTIAL BONDS	YES	110%
TAC BONDS	YES	110%
PAC & OTHER SCHEDULED BONDS	YES	110%
<u>MUNICIPAL BOND (Georgia issuers only)</u>		
MUNICIPAL BONDS (≥BBB-,Baa3,BBB-)	YES	110%
MUNICIPAL BONDS (≤BB+,Ba1,BB+)	NO	
MUNICIPAL BONDS (unrated)	NO	

	Yes/No	Margin
<u>PRIVATE LABELS CMOS</u>		
≥BBB-,Baa3,BBB-		
≤BB+,Ba1,BB+		
<u>CMO TYPES:</u>		
RESIDUALS	NO	
INVERSE IO FLOATERS	NO	
IOETTES	NO	
INTEREST ONLY (IO)	NO	
PRINCIPAL ONLY (PO)	NO	
INVERSE FLOATERS	NO	
SUPER FLOATERS	NO	
COMPANION FLOATERS	NO	
SEQUENTIAL AND OTHER FLOATERS	NO	
PAC & OTHER SCHEDULED FLOATERS	NO	
Z BONDS	NO	
COMPANION BONDS	NO	
SEQUENTIAL BONDS	NO	
TAC BONDS	NO	
PAC & OTHER SCHEDULED BONDS	NO	
<u>ASSET BACKED SECURITIES</u>		
ASSET BACKED SECURITIES (≥BBB-,Baa3,BBB-)	NO	
ASSET BACKED SECURITIES (≤BB+,Ba1,BB+)	NO	
<u>CORPORATES</u>		
CORPORATE BOND (≥A-)	NO	
MEDIUM-TERM NOTE (≥A-)	NO	
<u>MONEY MARKETS</u>		
COMMERCIAL PAPER (≥A1/P1/F1)	NO	
COMMERCIAL PAPER (≤A2/P2/F2)	NO	
BANKERS ACCEPTANCE	NO	
CD (DOMESTIC & EURO)	NO	
BANK NOTES	NO	

**Georgia State Pledging Pool
Services and Fee Schedule Agreement**

Depository Institution:

Routing Number _____

Bank Name _____

Tax ID _____

Mailing Address _____

Contact Person _____

Email _____

Phone _____

Fax _____

Authorized Signers 1. _____

2. _____

3. _____

Custodian(s) 1. _____

2. _____

3. _____

Depository Institution Agreement:

The undersigned Depository Institution acknowledges that it has duly executed a Security Agreement and Collateral Agreement as required by the Office of the State Treasurer (OST) and agrees to the fee schedule as specified herein. The undersigned also agrees to promptly provide any and all information requested in a format acceptable to the administrative agent. Monthly reports must be signed by authorized bank personnel and faxed, mailed or emailed in pdf form.

GBA Services, Inc. Fee Schedule	
Application Fee	\$500 to be paid to Office of the State Treasurer ACH Only. Specify in note field the payment is for Georgia State Pledging Pool
Monthly Maintenance Fee	\$8.50 per public depositor The monthly maintenance fee will be billed by the administrative agent and is due no later than fifteen days from receipt.
Non-compliance fee	\$250.00 Non-compliance is defined as any instance in which collateral requirements are not met or if reporting is not submitted on time. Pledges to cover collateral shortfalls are due within three business days of a shortfall (5 for letters of credit). Monthly reports are due 10 business days after the end of each month.

Disclaimer Statement:

GBA Services, Inc. is acting as an administrative agent for the Office of the State Treasurer in accordance with a contract dated July 1, 2017. GBA Services, Inc. assumes no liability for the accuracy of information provided by depository institutions, OST or any custodian. GBA Services, Inc. agrees to discharge its duties in a professional manner and will correct administrative or clerical errors in an expeditious manner. The depository institution agrees to save and hold harmless GBA Services, Inc. from any liability related to the services provided hereunder.

Depository Institution: _____

 Signature and Title Date

GBA Services, Inc.

 Signature and Title Date

cc: Sherry Scruggs, GBASI, sscruggs@gabankers.com

Forward this information to GBA, pledgingpool@gabankers.com, and copy Jeff Carman at jcarman@treasury.ga.gov.