

**PUBLIC FUNDS DEPOSITOR
COLLATERAL SECURITY AGREEMENT**

This Agreement is made and entered into as of the date herein written by
Westhoff ISD (referred to herein as the “Depositor”),
Cadence Bank (referred to herein as the “Bank”), and
First Horizon Bank (referred to herein as the “Trustee”).

Whereas, Depositor, through action of its governing Board, or other authorized public official has designated Bank as a depository for Depositor’s funds;

Whereas, funds on deposit with Bank to the credit of Depositor are required by applicable state law to be secured by collateral assets;

Whereas, to perfect Depositor’s security interest in collateral assets pledged by Bank from time to time to secure such deposits, Bank’s governing Board has authorized the undersigned Bank officer to enter into this Public Funds Depositor Collateral Security Agreement on behalf of Bank;

Whereas, Bank utilizes the safekeeping services of Trustee with respect to some or all of Bank’s assets of the type which Bank may pledge as security for Depositor’s funds hereunder;

Whereas, the Trustee is acting as an agent of the Depositor hereunder;

Whereas, Bank has caused or will cause Trustee to issue directly to Depositor trust or safekeeping receipts or similar advices of pledged assets (herein referred to as the “Receipts”) describing the particular assets which have been pledged by Bank hereunder; and

Whereas, upon issuance of the Receipts, Trustee assumes responsibility to Depositor to hold the assets described in the Receipts (herein referred to as the “Collateral Assets”) for the benefit of Depositor, subject to the terms and conditions set forth below.

Now, therefore, in consideration of the foregoing, and for other consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. Grant of Security Interest. To secure the deposits maintained by Depositor with Bank from time to time, Bank hereby pledges and grants to Depositor a security interest in the Collateral Assets. Such pledge and security interest also applies to those Collateral Assets described in Receipts issued to Depositor prior to the date of this Agreement if, and only if, those Collateral Assets are specifically listed on Attachment “A” to this Agreement, which Attachment is hereby incorporated by reference. Such Receipts shall be deemed a part of this Agreement for the purpose of describing with particularity the assets pledged by the Bank to Depositor. Trustee shall hold the Collateral Assets in trust for the purpose herein stated, subject to the terms and provisions hereof.

2. Eligible Collateral. Bank agrees with Depositor that Bank will pledge as Collateral Assets only assets of the kind and character permitted under applicable state law. Trustee

shall have no responsibility to determine whether assets pledged hereunder or for the purposes of substitution of the then-existing Collateral Assets or otherwise, are Eligible Collateral.

3. Required Collateral. It is the intention of the Bank and Depositor that at all times the total market value of the Collateral Assets securing deposits maintained by Depositor with Bank will equal the total sum required by applicable state law, and reduced to the extent that such deposits are insured by an agency or instrumentality of the United States Government (the "Required Collateral value").

4. Mark to Market. Bank will revalue the Collateral Assets monthly and promptly Deposit with Trustee for the purposes of this Agreement and additional Collateral Assets which may be necessary to maintain the Required Collateral Value. Trustee shall have no responsibility to determine whether the value of the Collateral Assets equals the Required Collateral Value or whether the value of assets pledged in substitution of some or all of the then-existing Collateral Assets is equal to or greater than the value of the assets which are released and withdrawn from the pledge agreement by virtue of such substitution.

5. Market Value shall mean, with respect to any security, as of any date of determination thereof, the price of such securities quoted by a recognized pricing service. Provided, the market value of any asset-backed security pledged as Collateral Assets hereunder shall be reduced to reflect distributions of principal made on account of such security.

6. Release of Collateral Assets. Trustee shall not release or permit Bank to withdraw the Collateral Assets, or any part thereof, other than for the purpose of substitution, except upon Depositor's authorization. Depositor agrees with Bank to deliver such authorization in writing to Trustee promptly upon Bank's request under the circumstances described in Sections 6, 7, or 16 hereof and in no event later than two (2) Business Days. "Business Days" shall mean a calendar day excluding Saturdays, Sundays, and Federal Reserve designated bank holidays. Depositor's authorization to Trustee to release from the Collateral Assets only designated assets shall terminate the security interest granted hereunder only with respect to such designated assets. Depositor's authorization shall be given in writing and delivered, sent, or transmitted to Trustee in any reasonable manner, including without limitation by means of telephonic facsimile transmission.

7. Substitution of Collateral Assets. If the Depositor has indicated its acceptance of substitutions by marking "Accept" on the Pledgee's signature card, Bank may substitute for any one or more of such securities other securities of the same market value and character authorized herein. Such right of substitution shall remain in full force and may be exercised by Bank at any time and as often as it may desire; provided, however that the aggregate market value of all Collateral Assets pledged at any time shall be at least equal to the amount of Required Collateral required hereunder. With the tender of substitute Collateral Assets to Trustee, Bank hereby warrants that the substitute Collateral Assets will be of the same or greater market value as the Collateral Assets released and of the kind and character permitted under the statutes. With respect to Collateral Assets released under this paragraph, the security interest in such Collateral Assets shall terminate upon proper and sufficient substitution.

If Depositor fails to either authorize or reject the release within two (2) Business Days as provided above then Depositor shall be liable to Bank for any loss incurred by Bank, as determined and limited by applicable state law, which is due to the delay in authorizing the release and substitution of Collateral. Trustee shall have no further liability to Depositor with respect to those assets for which new assets have been substituted as provided herein.

8. Excess Collateral Assets. At such times as the aggregate market value of the Collateral Assets held by Trustee exceeds the Required Collateral Value, Depositor, upon request by Bank, shall authorize Trustee to release the excess portion of the Collateral Assets using the following procedure: (a) Bank shall request Depositor to notify Trustee to release excess collateral, such request shall be provided to both Depositor and Trustee and shall specify those assets which are to be released by Trustee; (b) Depositor shall promptly authorize and instruct the Trustee in writing, but not later than two (2) Business Days, to release the Collateral Assets specified by Bank. Depositor may reject the release, or a portion thereof, if the Depositor determines that the aggregate market value of the Collateral Assets upon completion of the release is not equal to or greater than the Required Collateral Value. Such authorization shall specify those assets which are to be released to Bank by Trustee.

If depositor fails to either authorize or reject the release within two (2) Business Days, as provided above, the Depositor shall be liable to Bank for any loss incurred by bank, as determined and limited under applicable state law, which is due to the delay in authorizing the release of Collateral. Trustee shall have no further liability to Depositor with respect to those assets withdrawn as provided herein.

9. Additional Collateral Assets. If at any time the aggregate market value of Collateral Assets held by Trustee is less than the Required Collateral Value, Bank shall, upon demand by Depositor, promptly, and not later than two (2) Business Days, deposit with Trustee for pledge to Depositor such sufficient additional assets as may be necessary to cause the aggregate market value of the Collateral Assets to equal the Required Collateral Value.

10. Income and Distribution on Collateral Assets. Bank shall be entitled to receive all income and other distributions, including principal distributions, which are paid or distributed on the Collateral Assets, and Trustee shall be entitled to remit such income and other distributions to Bank, or as directed by Bank, without approval of Depositor, so long as Depositor has not notified Trustee in writing of Bank's default hereunder and instructed that Trustee cease such remittances. In the event of such notice of default and instructions to cease remittances, Trustee shall have two (2) Business Days to comply therewith.

11. Reports. For each calendar month ending after 09/30/2025 (date), Bank will prepare monthly periodic written reports identifying the Collateral Assets pledged to Depositor as of the cut-off dates of such reports and mail, telefax or deliver same to Depositor within fifteen (15) calendar days from such cut-off dates. Such reports will include cusip number (if available), coupon rate, maturity date, current par value, and current market value of each asset included among the Collateral Assets.

The cut-off date as provided herein for monthly bank reports shall be on the last calendar day of the month.

12. Default and Remedies. Should Bank fail at any time to pay and satisfy, when due,

any check, draft, warrant, or voucher lawfully drawn against any deposit of Depositor, or in case Bank becomes insolvent or in any manner breaches its contract with Depositor, Depositor may give written demand for cure or reparation of such failure, insolvency or breach to Bank, and Bank shall within five business days from receipt of such notice cure such failure, insolvency or breach. In the event Bank shall fail to cure such failure, insolvency or breach within five business days of receiving said written notice, it shall be the duty of Trustee, upon written demand of Depositor announcing the default of Bank under this Agreement, to surrender the above-described Collateral Assets to the Depositor. Depositor may sell or cause to be sold all or part of such Collateral Assets and out of the proceeds thereof pay Depositor all damages and losses sustained by it, together with all reasonable expenses of any and every kind incurred by it on account of such failure, insolvency or breach, or sale, accounting to Bank for the remainder, if any, of said proceeds or Collateral Assets remaining unsold. Bank shall remain liable for any deficiency after sale and reasonable expenses. Any sale of such Collateral Assets, or part thereof, made by Depositor hereunder may be made either at public or private sale; provided, however, it shall give Bank ten days written notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder for cash. Depositor and Bank shall have the right to bid at such sale.

13. Authorization and Records. Bank's governing Board has authorized the pledge of Bank assets to collateralize deposits maintained by Depositor and has authorized the undersigned Bank officer to enter into, execute and deliver to public Depositor collateral pledge or security agreements on behalf of the Bank and to take all action which may be necessary or appropriate to create and perfect security interests in Bank assets as contemplated under such agreements. Bank shall maintain this Agreement among its official records continuously until such time as this Agreement is terminated and all deposits of Depositor have been properly paid out. This Agreement may be executed in one or more counterparts, each of which shall be an original.

14. Authorized Representatives, Depositor Agreements. During the term of this Agreement, Depositor will designate to Bank and to Trustee the Depositor's representative(s) who, singly or jointly, will be authorized to represent and act on behalf of Depositor in any and all matters of every kind arising under this Agreement, including without limitation the representative(s) authorized to furnish authorization to Trustee to release Collateral Assets. With respect to the relationship between Bank and Depositor, Bank's Depositor Agreement is incorporated herein for all purposes; however, to the extent that any provision therein conflicts with any provision herein, this Agreement will control.

15. Notices, Requests and Demands. When any written notice, request, demand, or other advice is required or may be given hereunder, it shall be deemed sufficient if the party giving such notice, request, demand, or other advice delivers the same to the other party by U.S. mail, postage prepaid, or by other superior mailing, or by hand delivery at the address provided in (1) below. Notices, requests, demands, or other advice may also be given or made by email provided the transmission is verified by the party giving such notice, request, demand or other advice by calling the party to whom such notice is being given at the applicable telephone number listed in paragraph (2) below.

(1) All notices, requests, demands, or other advice delivered by mail or by hand shall be deemed to have been given when received by any party hereto at the following address:

DEPOSITOR:

Westhoff ISD
P.O. Box 38
Westhoff, TX 77994

BANK:

Cadence Bank

Corporate Treasury Department
PO Box 789
Tupelo, MS 38802-0789

TRUSTEE:

First Horizon Bank

Safekeeping Dept – MOML
165 Madison Ave.
Memphis, TN 38103

or to such other addresses of which any party hereto shall have notified the other party hereto in writing.

(2) All notices, requests, demands, or other advice transmitted by email shall be deemed to have been given when received by any party hereto via the following email addresses:

DEPOSITOR:

Name (Contact): Darrin Stansberry
Email: admin.asst@westhoffisd.org
Telephone (for verification): (830) 236-5519

BANK:

Name (Contact): **Ginger Richardson**
Email: ginger.richardson@cadencebank.com
Telephone (for verification): **662-680-2421**

TRUSTEE:

Name (Contact): **Kimberly Knox**
Email: kyknox@firsthorizon.com
Telephone (for verification): **901-523-4580**

or to such other email addresses of which any party hereto shall have notified the other party hereto in writing. For purposes of Paragraph (2) hereof, the phrase “when received” shall mean when received by the receiving party.

16. Facsimile Deemed Duplicate Record. Any facsimile of a document or other writing produced by telefax hereunder which is maintained by any party, including any copy thereof reproduced on film or other reproducing material by microfilming, photographing, Photostatting, or other appropriate process, or exemplification of copy of such reproduction

copy, shall be deemed a duplicate record for all purposes. Such facsimile or copy, when satisfactorily identified, shall be admissible in evidence as a duplicate in any judicial or administrative proceeding whether the original is in existence or not. A certified copy thereof shall be deemed to be a certified copy of the duplicate.

17. Termination:

(a) Bank or Trustee may terminate this Agreement upon sixty (60) calendar days advance written notice to the other party or such earlier date as may be agreed upon by all of the parties. The terms of this Agreement shall continue to apply to all transactions entered into prior to such termination and until Bank shall have properly paid out all deposits (including any time deposits) and Depositor shall have authorized Trustee to redeliver to Bank's sole control all Collateral Assets then in Trustee's possession. In the event this agreement is terminated as to Trustee, Bank and Depositor shall agree on a successor Trustee and arrange for transfer of the Collateral Assets to such successor (or directly to Depositor, if no successor be found) not later than sixty (60) calendar days from the date of such termination notice; and upon such transfer Trustee shall have no further responsibility for any action or inaction occurring thereafter.

(b) This Agreement may be terminated by Depositor upon sixty (60) calendar days advance written notice to the other parties. Such termination by Depositor shall be effective following sixty (60) days from receipt of such notice by Trustee and Bank, or upon such later date as may otherwise be stated in the notice. Upon termination of this Agreement by Depositor; (1) if the Depositor declares the Bank or Trustee to be in default, all Collateral Assets and funds held by Trustee under this Agreement shall be delivered to Depositor or its designee as promptly as possible, not to exceed sixty (60) calendar day, in accordance with written instructions from Depositor; or (2) if the Depositor elects to terminate this agreement for any reason other than the default of the Bank or Trustee, the terms of this agreement shall continue to apply to all transactions entered into prior to such termination and until Bank shall have properly paid out all deposits (including any time deposits, subject to any early withdrawal penalties provided in the Depositor agreement) and Depositor shall have authorized Trustee to redeliver to Bank's sole control all Collateral Assets then in Trustee's possession and upon such termination, release, and transfer Trustee shall have no further responsibility for any action or inaction occurring thereafter.

18. Shared Ownership or Control. In the event trustee becomes related to Bank through shared ownership or control, the Collateral Assets shall be placed by Trustee and held in a restricted account at a Federal Reserve Bank or branch thereof or, as appropriate, at a federal home loan bank or branch thereof. On the day the restricted account is established for the deposit of Collateral Assets, Trustee shall disclose to Depositor in writing the name and address of the bank where the restricted account is held.

19. General Standard of Care. Trustee shall exercise the same degree of care with respect to the safekeeping of Collateral Assets as it uses with respect to its own similar property.

20. General Liability. Trustee shall be liable to Depositor for any loss suffered by Depositor as a result of Trustee's breach of this Agreement or from any loss occasioned by reason of negligence of or robbery, burglary, or theft by its employees, or any loss incurred while such Collateral is in a sub-custodian's possession or custody. Depositor acknowledges Trustee has no obligation under this Agreement to perform market valuations of Collateral Assets and, therefore, Trustee has no obligation hereunder for any loss occasioned by declines in the market value of such Collateral.

21. Rights of Depositor with Respect to Collateral. All Collateral Assets held pursuant to this Agreement shall be subject in all respects to the claims and rights of Depositor to the same extent as though such Collateral Assets had been deposited with Depositor.

22. Audits. Bank shall, or Bank shall cause Trustee to, remit statements of account of the Collateral Assets to Depositor or its auditors at least semi-annually as needed.

In Witness Whereof, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of this ____ day of _____.

By: _____ Title:

FOR BANK

Ginger Richardson
By: **Ginger Richardson** Title: **Bank Officer/Corporate Treasury Dept.**

FOR TRUSTEE

By: **Kimberly Knox** Title: **Commercial Safekeeping**