

SECURITY AGREEMENT FOR
THE COLLATERALIZATION OF PUBLIC FUNDS

This Security Agreement is entered into as of _____, 200_ between [NAME OF FINANCIAL INSTITUTION] _____, [ADDRESS] _____, [TAX I.D. NUMBER _____], ("Bank"), together with [any successors or assigns], and Department of Treasury, State of Louisiana or any agency or related entity, (the "Public Depositor").

WHEREAS, Bank has agreed to accept deposits from Public Depositor and, pursuant to La.R.S. 49:301 et seq., including without limitation La.R.S. 49:319, and other applicable laws as amended from time to time (the "Public Funds Law"), Public Depositor must require as security for such deposits certain types of collateral.

NOW, THEREFORE, the parties hereto agree as follows:

1. PLEDGE OF COLLATERAL. As security for current and future deposits by the Public Depositor with Bank and interest thereon (collectively, the "Public Funds" or the "Secured Obligations"), Bank grants a first priority continuing security interest in favor of Public Depositor in the following property, together with any and all additions thereto, and replacements or substitutions therefor, and proceeds thereof (the "Collateral") :

CUSTODIAL ACCOUNT: Any and all of Bank's existing and hereafter acquired rights to the following custody account(s) and any substitute account(s) into which any securities described below are deposited:

Account Title and Number	Name/Location of Custody Account
--------------------------	----------------------------------

_____ [additional accounts may be listed on separate paper and attached to this Agreement.]
(collectively, the "Custodial Account(s)"); and

CASH AND OTHER PERSONAL PROPERTY: Any and all of Bank's existing and hereinafter acquired rights to cash, securities (whether certificated or uncertificated), and certificates of deposit or other property, segregated for the benefit of Public Depositor and held in the custodial accounts, including those listed on Attachment "A" together with any additions and substitutions thereto.

2. DELIVERY AND POSSESSION OF COLLATERAL. Bank has delivered and will deliver in the future Collateral in the form of securities, cash and other property of the kind and character acceptable to Public Depositor having an investment grade rating of "Baa" or better according to a generally accepted source such as Moody's or Standard & Poor's and sufficient market value to equal at least 102% of the collected amount of Public Funds not insured by any United States governmental agency insuring bank deposits. Without limiting the foregoing, Bank will immediately deliver additional Collateral at any time that the market

value of the Collateral falls below such 102% threshold as a result of the surrender to Bank of principal payments and prepayments on mortgage backed securities that make up a portion of the Collateral.

The types of Collateral acceptable to Public Depositor are listed on Attachment A-B hereto, which attachment may be amended from time to time by Public Depositor by delivery of a new attachment to Bank. Any securities acceptable at the time delivered as Collateral, may be retained as Collateral although excluded from such new attachment; provided however that all other standards are and shall continue to be met as provided in this Security Agreement, and further provided that any securities tendered as Collateral shall at the time tendered meet all such requirements and be included on Attachment "B" in effect at that time.

Bank shall deliver such collateral to Public Depositor or, upon written approval of Public Depositor, may deposit such Collateral with a federally insured bank or trust company (a "Non-Fed Custodian") or with the Federal Home Loan Bank in Dallas or the Federal Reserve Bank or one of its branches (each, a "Federal Custodian") (collectively, the "Custodian").

Collateral deposited with a Non-Fed Custodian shall be held under joint safekeeping or custody receipts provided to and acceptable to Public Depositor. Collateral deposited with a Federal Custodian shall be held in a joint custody account as established by the Federal Custodian for collateral to secure public funds and evidenced by a joint or safekeeping custody receipt. Collateral held by any Custodian, as herein described, shall be deemed to be under the control and in the possession of Public Depositor. Public Depositor designates the Custodian as its agent for purposes of holding the Collateral in accordance with the terms hereof.

3. CHANGES IN COLLATERAL. Bank may (i) add Collateral at any time by delivering such additional Collateral to Public Depositor or the Custodian, as applicable; (ii) secure the release of Collateral with the written approval of Public Depositor, which approval shall not be unreasonably withheld, by delivering to the Custodian a fully executed approval letter substantially in the form of Attachment C; and (iii) as permitted in accordance with La. R.S. 10:8-106 (f), may substitute as Collateral by delivering securities of the type listed on Attachment "A" of like kind and market value as the securities for which they are to be substituted, provided that Bank shall notify Public Depositor of such substitution at same time Bank initiates the substitution, but in no event later than 5:00 PM central time on the date such substitution occurs. Public Depositor further acknowledges and agrees that certain Collateral may from time to time be subject to repurchase in accordance with accepted industry standards and practices, and that in such case Bank shall substitute replacement Collateral for any Collateral sold pursuant to such a repurchase agreement. Bank hereby grants a first priority continuing security interest in any additional, and substitute or replacement Collateral delivered pursuant to this Section in favor of the Public Depositor to secure the Secured Obligations.

4. ADDITIONAL SECURITY INTEREST DOCUMENTS. Bank will execute, on written demand by Public Depositor, such additional instruments as may be reasonably required by Public Depositor on any substitutions for or additions to any of the Collateral.

5. REPORTS. Bank shall provide reports on a monthly basis stating the type of Collateral pledged to Public Depositor, the CUSIP Number, interest rate, maturity, par value and market value, determined pursuant to state law, of any securities constituting Collateral, and other information as may be reasonably requested by Public Depositor. With respect to Mortgage Backed Securities (MBS), Bank shall also provide the par value, pledged par value, and market value of each such security.

6. CONTINUING SECURITY INTEREST/TERMINATION. The security interest granted hereby shall continue to exist until either: (a) the written notification by Bank to Public Depositor of its intent to no longer act as a depository for Public Funds and termination of all accounts of Public Depositor with Bank, or (b) the written notification by Public Depositor to Bank of its intent to terminate its customer relationship with Bank and the removal of all of its Public Funds from deposit with Bank.

7. REPRESENTATIONS, WARRANTIES AND COVENANTS. Bank represents and warrants to Public Depositor that:

- (a) Except as otherwise permitted under this Agreement, it owns the Collateral free and clear of any liens, claims, restrictions or encumbrances;
- (b) It will not sell, mortgage, encumber or otherwise alienate, substitute or release any of the Collateral, except as provided in this Agreement; and
- (c) It is duly authorized to enter into this Agreement and will maintain in its official records evidence of the due authorization of this Agreement and the granting of a continuing security interest in the Collateral, all in compliance with the provisions of 12 USC 1823(e).

8. FAILURE TO MAINTAIN ADEQUATE COLLATERAL. If Bank fails to maintain adequate Collateral as required by Section 2 hereof and such failure is not cured within five (5) business days of notice by Public Depositor to Bank, then Public Depositor shall have the right to withdraw its collected Public Funds from Bank without payment of any withdrawal penalty, other than penalties the waiver of which is prohibited by law.

9. EVENT OF DEFAULT; REMEDIES/CONFESSION OF JUDGMENT.

Upon occurrence, the appointment of a receiver or conservator under federal and/or state banking or similar laws, or the initiation by or against Bank of any liquidation or dissolution proceeding, shall constitute an Event of Default by Bank, and Public Depositor thereupon may take possession of and sell Collateral of a value equal to the Secured Obligations at either public or private sale, with or without advertisement or notice to Bank, and apply the proceeds

to the payment of the Secured Obligations. The sale may be in any place chosen by the Public Depositor, and shall convey the Collateral absolutely to the purchaser.

If and when a receiver or conservator is appointed for Custodian under federal and/or state banking or similar laws, or there is commenced by or against Custodian any liquidation or dissolution proceeding, Bank shall as soon as practicable transfer the Securities to such other Custodian as designated by Public Depositor. If the Securities are returned to Bank, Bank shall hold the Securities in trust as trustee on behalf of Public Depositor and Bank shall, as soon as practicable, transfer the Securities to such other custodian as designated by Public Depositor.

Bank hereby confesses judgment in favor of Public Depositor or any successor thereto for the full amount of the Secured Obligations and authorizes Public Depositor to cause all or any portion of the Collateral to be seized and sold under executory process with or without appraisal, appraisal being hereby expressly waived, as an entirety or in parcels, as Public Depositor may determine, to the highest responsible bidder for cash. All usual and necessary expenses and commissions incurred by Public Depositor, including attorney's fees, in connection with any action hereunder may be deducted from the proceeds of the sale and shall constitute Secured Obligations. Upon sale of the Collateral and reimbursement of Public Depositor for the full amount of the Secured Obligations and all expenses and commissions, any excess funds received as a result of such sale shall be delivered to Bank.

In addition, Public Depositor shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

10. MISCELLANEOUS. This Agreement shall be construed according to the laws of the State of Louisiana. Any failure by the Public Depositor to insist on strict performance by Bank of any of the terms and provisions of this Agreement, shall not be deemed to be a waiver of any of the terms and provisions thereof, and Public Depositor, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Bank of any and all of the terms and provisions of the agreements to be performed by Bank. In the event of any conflict between the provisions of this Agreement and Bank's rules and regulations governing deposits, the provisions of the Agreement shall govern.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year indicated above.

Bank:

By:

This Security Agreement

Public

Depositor:

_____ was approved by Bank's Board of Directors or

By:

_____ Executive Loan Committee on

DESIGNATION OF CUSTODIAN

Bank and Public Depositor hereby agree that the bank designated below may serve as Custodian under the terms of this Agreement.

Custodian _____

Address _____

Telephone _____

Fax _____

E-mail _____

RESOLUTION BY THE BOARD OF DIRECTORS
FOR COLLATERALIZATION OF PUBLIC FUNDS

At a duly convened meeting of the Board of Directors of _____ (“Bank”), on the ___ day of _____, 200_, at which a quorum was present, the following resolutions, upon a motion duly made and seconded, were adopted and entered into the minutes of Bank.

WHEREAS, Bank has agreed to serve as fiscal agent for the deposit of funds of the Department of Treasury of the State of Louisiana and its agencies and related entities (collectively the “Public Body”), which funds may now or in the future be deposited with Bank in the accounts listed or identified by number on Attachment “A” hereto, and any other accounts that may be added by the Public Body at any time from the date of these resolutions, and

WHEREAS, in accordance with state law, Bank desires to secure the funds deposited by Public Body with the Bank by granting to the Public Body a first priority continuing security interest in securities acceptable to the Public Body.

THEREFORE, BE IT RESOLVED, that _____ and _____ of the Bank are hereby authorized, empowered and directed to grant a first priority security interest to the Public Body in such assets owned by the Bank as required by state law to be delivered to and held by the Public Body, or its agent, as a pledge to guarantee and secure the payment by the Bank of all deposits made with it by the Public Body, and that such officers are further authorized, empowered and directed, from time to time, to deposit other and additional assets and grant a security interest therein whenever required by the Public Body or state law and to make substitutions of any pledged assets in accordance with the terms of the Security Agreement of the Collateralization of Public Funds (the “Security Agreement”) attached hereto and made a part hereof;

BE IT FURTHER RESOLVED, that such officers are hereby authorized, empowered and directed, on behalf of the Bank, to enter into and execute any and all documents required by the Public Body to fulfill the purpose of the foregoing resolution, including without limitation the Security Agreement, and all reasonable amendments thereto and variations thereof made in their discretion, and to take all such other actions to fulfill the Bank=s obligations under the Security Agreement as such officers shall, in their sole discretion deem necessary or desirable.

BE IT FURTHER RESOLVED, that _____ is hereby appointed to act as Custodian of the securities pledged by the Bank to the Public Body in accordance with the terms set forth in the Security Agreement;

[the following resolution should be adopted if the Custodian is not a federal agency]

[BE IT FURTHER RESOLVED, that _____ and _____ are hereby authorized, empowered and directed, on behalf of the Bank, to enter into and execute the Custodian Agreement (the "Custodian Agreement"), attached hereto and made a part hereof, and all reasonable amendments and variations thereof made in their discretion, and to deliver to the Custodian the securities pledged to the Public Body pursuant to the terms of the Security Agreement to be held by it on behalf of the Public Body;]

[the following resolution should be adopted if the Custodian is a federal agency]

[BE IT FURTHER RESOLVED, that the resolutions approving the appointment of _____ as Custodian attached hereto are hereby adopted in their entirety as if fully stated herein;]

BE IT FURTHER RESOLVED, that the execution by the Bank of an application to act as fiscal agent for the Public Body is hereby approved and ratified, effective as of ____, ____, the initial date of such pledge;

BE IT FURTHER RESOLVED, that all actions heretofore taken by the officers of the Bank with respect to the actions described in the foregoing resolutions are hereby ratified, approved and confirmed as the valid and binding acts and deeds of the Bank; and

BE IT FURTHER RESOLVED, that these resolutions shall be included in the minutes of this Board of the Bank and the fiscal agent application, the Security Agreement [and the Custodian Agreement] shall constitute official records of this Bank in accordance with Section 1823(e) of the Federal Deposit Insurance Act, as amended.

I, _____, Secretary of the Bank, do hereby certify that the above resolutions duly adopted on _____, 200_ constitute a true and correct copy of the official corporate resolutions.

—

Secretary

CUSTODIAN AGREEMENT

This Custodian Agreement (the "Agreement") is entered into by and among _____ ("Bank"), the Louisiana Department of the Treasury (a Public Depositor) and _____ ("Custodian") as of this ____ day of _____, 200_.

WHEREAS, Bank and Public Depositor have entered into a Security Agreement for the Collateralization of Public Funds (the "Security Agreement") dated _____, 200_, providing for the pledge of securities to Public Depositor to secure the repayment of funds deposited by Public Depositor with Bank; and

WHEREAS, Public Depositor and Bank wish to appoint Custodian as agent for Public Depositor to hold in custody on behalf of Public Depositor certain securities (the "Securities") pledged by Bank to Public Depositor pursuant to the Security Agreement in accordance with the terms set forth below.

NOW, THEREFORE, the parties hereto agree as follows:

1. Public Depositor and Bank hereby appoint Custodian, and Custodian hereby accepts such appointment, to act on behalf of Public Depositor as custodian of the Securities in which Public Depositor has a perfected security interest, described in the Security Agreement; Custodian further agrees to hold such Securities under joint safekeeping receipts and apply the same, or any substitutions therefore, or additions thereto, for the purpose set forth in the Security Agreement, upon the terms and conditions hereinafter contained.

2. No Securities at any time held by Custodian hereunder shall be released without the written approval of Public Depositor, which approval shall not be unreasonably withheld, by delivering to the Custodian a fully executed approval letter substantially in the form of Attachment "C" to the Security Agreement. However, unless and until Custodian receives notice from Public Depositor, as provided herein, Bank may substitute Collateral by providing securities of the type listed on Attachment A of the Security Agreement of like kind and market value as the securities for which they are to be substituted, as permitted in accordance with La. R.S. 10:8-106 (f), provided that Bank shall notify Public Depositor of any substitution at the same time Bank initiates the substitution, but in no event later than 5:00 PM Central Time on the date such substitution has been completed, and further provided that Custodian shall notify Public Depositor of any substitution at the same time Custodian receives instructions from Bank to initiate substitution.

3. (a) After receipt from Public Depositor of a written demand, Custodian shall immediately deliver to Public Depositor the Securities held hereunder, or such portion thereof as may be demanded, for the purpose of protecting Public Depositor against loss by reason of the default of Bank as specified in the Security Agreement; and Custodian shall immediately disregard any further notice or instruction by or on behalf of Bank. Such demand shall state the dollar amount of the collected balance of Public Depositor's accounts with Bank as of the date

of the demand and any costs or expenses for which Public Depositor is entitled to reimbursement under the Security Agreement, and the request that Custodian deliver to Public Depositor, for sale by Public Depositor, Securities with a market value equal to or greater than such reported balance and costs and expenses.

(b) If and when a receiver or conservator is appointed for Custodian under federal and/or state banking or similar law, or there is commenced by or against Custodian any liquidation or dissolution proceeding, Custodian shall as soon as practicable transfer the Securities to such other custodian as is designated by Public Depositor upon receipt of written demand by Public Depositor. If the Securities are delivered to Bank, Bank shall hold the Securities in trust as trustee on behalf of Public Depositor and Bank shall, as soon as practicable transfer the Securities to such other custodian as is designated by Public Depositor.

4. Custodian shall receive a fee for its services hereunder as set forth on Attachment "1" hereto. Custodian under no circumstances shall be held responsible to Public Depositor or Bank for any loss arising from any cause whatsoever except such as may arise solely from its failure to comply with the terms and conditions in this Custodian Agreement, or from its negligence, or willful misconduct, or that of its officers, employees or duly authorized agents.

5. Until receipt of notice by Public Depositor under paragraph 3(a), Custodian shall send to Bank all income on the securities at any time held hereunder. Further, Custodian shall send to Bank all periodic coupon income on securities and all principal payments and prepayments on mortgage-backed securities at any time held hereunder. After receipt of the notice, under paragraph 3(a), Custodian shall hold all such income, periodic coupon income and repayments for the benefit of Public Depositor.

6. Whenever the written consent of Public Depositor or Bank is required hereunder, the written consent of any authorized representative or agent of Public Depositor or of Bank, as specified in writing to Custodian by Public Depositor and Bank from time to time, shall satisfy such requirements.

7. The parties hereto bind themselves and their successors and assigns, including any acquirer of the deposits of Bank, for the faithful performance of the terms and conditions of this Agreement.

8. (a) This Agreement shall automatically terminate upon termination of the Security Agreement. Notice of termination of the Security Agreement shall be provided to Custodian by Public Depositor as soon as practicable. Custodian shall not honor any purported notice of termination from Bank.

(b) This Agreement shall terminate upon delivery by Custodian of the Securities to Public Depositor pursuant to Paragraph (3) hereof;

(c) Further, this Agreement may be terminated 10 days after receipt of written notice from Bank and Public Depositor to Custodian.

(d) This Agreement may be terminated 30 days after receipt of written notice from Custodian to Public Depositor and Bank.

(e) Upon termination, Custodian shall immediately transfer the Securities to such other Custodian as is designated by Public Depositor. If the Securities are delivered to Bank, Bank shall hold the Securities in trust as trustee on behalf of Public Depositor and Bank shall, as soon as practicable, transfer the Securities to such other Custodian as is designated by Public Depositor.

9. This Agreement is not intended, and shall not be construed, to constitute Custodian as a fiscal agent of Public Depositor.

10. This Agreement shall be construed according to the laws of the State of Louisiana.

11. Order of interpretation.

1. The Contract will be awarded to the responsible proposer whose proposal conforms to the RFP, and is the most advantageous to the state, price and other factors taken into consideration.

2. The State Treasurer's Office reserves the right to reject any and all proposals and to waive informalities and minor irregularities in proposals received.

12. Any notices, including quarterly collateral statements, shall be sent to the respective parties at the following addresses:

Public Depositor Address

Custodian Address:

Bank Address:

13. Legislative Auditor Requests. The Bank and Custodian shall, to the extent permitted by law, cooperate fully with the Legislative Auditor of the State of Louisiana and with

any and all auditors or examiners employed by the Public Depositor (collectively, the "Auditor"). The Bank and Custodian shall make available to the Auditor at the Bank's and Custodian's respective headquarters during normal business hours, and/or provide copies of, any or all documents requested by the Auditor under this authority. The Bank and Custodian shall cooperate with regard to any audits or investigation requested by the Auditor with respect to any and all accounts of the Public Depositor.

IN WITNESS WHEREOF, the Public Depositor and Bank have caused this instrument to be executed by their duly authorized officers as of the date first written.

Public Depositor:

By: _____

Bank:

By: _____

Accepted and Approved:

Custodian:

By: _____