

deposited by County with Bank and faithfully perform its duties under the terms of this Agreement. Bank shall provide County with banking services that include demand deposit accounts, investment assistance with time accounts and government securities, loan services and other banking services that are enumerated herein.

1.2. Term. Bank shall act as Depository until the County's Commissioners Court regular May term in the year 2017, and for so long thereafter as necessary in order for County to change over to any successor Depository. At least sixty (60) days prior to the second anniversary date of this Agreement, County by written notice to Bank, may, in accordance with Local Government Code Section 116.021(b), negotiate new interest rates and financial terms of this Contract that will take effect during the final two years of this Contract if the new financial terms do not increase the prices to the County by more than ten percent (10%). If there is no agreement between County and the Bank as to proposed changes, then the original interest rates and terms shall continue for the remaining two years. To the extent the bid attached as an exhibit contradicts this section 1.2 only, then this provision 1.2 shall control.

1.3. Applicable Law. County and Bank agree that they will, at all times, comply with the provisions of V.T.C.A., Local Government Code, Chapters 116 and 117 as may from time to time be amended. Further, the terms of this Agreement shall, at all times, be subject to the Constitution of the State of Texas, and the rules and regulations promulgated by the Office of the Comptroller of the Currency, the Federal Reserve System and the Federal Deposit Insurance Corporation.

II. DEMAND DEPOSITS AND RELATED SERVICES

2.1 Demand Deposit Accounts. Subject to the terms of all attachments and exhibits to this Agreement, Bank shall provide any and all checking accounts, including

deposited under this chapter, and the money shall be considered in fixing, and is protected by, a county depository's bond.

(b) Warrants, checks, and vouchers evidencing the money deposited in the county depository under Subsection (a) are subject to audit and countersignature as provided by law.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

SUBCHAPTER B. ESTABLISHMENT OF DEPOSITORY

Sec. 116.021. DEPOSITORY AND SUBDEPOSITORY CONTRACTS. (a)

The commissioners court of a county shall select by the process provided by this subchapter or by Subchapter C, Chapter 262, one or more banks in the county and enter a contract with each selected bank for the deposit of the county's public funds. The county shall contract with a bank under this section for a two-year or four-year contract term. On expiration of a contract under this section, the contract may be renewed for two years under terms negotiated by the commissioners court.

(b) If the contract is for a four-year term, the contract shall allow the county to establish, on the basis of negotiations with the bank, new interest rates and financial terms of the contract that will take effect during the final two years of the four-year contract.

(c) On the renewal of a contract, the county may negotiate new interest rates and terms with the bank for the next two years in the same way and subject to the same conditions as provided by Subsection (b).

(d) If for any reason a county depository is not selected under Subsection (a), the commissioners court, at any subsequent time after 20 days' notice, may select, by the process described by Section 116.024 or by negotiated bid, one or more depositories in the same manner as at the regular time.

(e) If the commissioners court selects a depository by the process provided by Subchapter C, Chapter 262, the depository may be selected by:

- (1) competitive bidding; or
- (2) another method under that subchapter that the