

Exhibit A

Bank Depository Agreement

CITY OF SCHERTZ

BANK DEPOSITORY AGREEMENT

THE STATE OF TEXAS §
 §
GUADALUPE COUNTY §

This Bank Depository Agreement (this "Agreement") is dated and effective the 1st day of August, 2016 by and between the CITY OF SCHERTZ, TEXAS (the "City") and SCHERTZ BANK & TRUST (the "Bank"), a bank chartered by the State of Texas.

Recitals

WHEREAS, the City desires to enter into a depository contract for the deposit of the City's public funds; and

WHEREAS, the Bank has submitted a current statement showing the financial condition of the Bank of even date with the Bank's application to serve as depository; and

WHEREAS, the City, after due consideration of all proposals for City depository, has selected the Bank as the applicant offering the most favorable terms and conditions for the handling of the City's funds.

NOW, THEREFORE, the City and the Bank agree as follows:

Section 1. Designation as Depository

The City, through action of its City Council, hereby designates the Bank as its depository for banking services for a three (3) year period commencing August 1, 2016 and extending through January 31, 2019 with two options for one-year extensions, if approved by the City Council.

Section 2. Designation of Custodian

The City and Bank hereby designate The Frost National Bank (the "Custodian") to hold in trust, according to the terms and conditions of the City Request for Proposal, dated May 17, 2016 (the "RFP") and pursuant to a separate Safekeeping Agreement, attached as Exhibit A, all securities pledged as depository collateral in accordance with the City's Investment Policy.

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

Section 3. Collateral

City time and demand deposits, inclusive of interest, in excess of the Federal Deposit Insurance Corporation insurance shall be secured at all times by collateral, acceptable to the City and in accordance with the Public Funds Collateral Act (Texas Government Code 2257, as amended), pledged by the Bank and held in trust by the Custodian named in Section 2 in an amount equal to

at least 102% of the total of those funds. The Custodian will provide a monthly report of the collateral directly to the City.

The selection of such pledged securities shall be subject only to the joint written instructions of both (a) authorized representatives of the City and (b) specifically authorized representatives of the Bank, as set forth on Exhibit B. The Bank shall have the right, with the prior written consent of the City, to substitute or replace any or all of the pledged securities with collateral acceptable to the City.

Section 4. Financial Position

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

Section 5. Authorized City Representative

For the term of this contract, the City and Bank designate the individuals as listed in Exhibit B as authorized to represent and act for the City and the Bank, respectively, in any and all matters including collateral assignment and substitution, and, upon further written authorization by the City with respect to the designated Bank officials, execution of agreements and transfers of funds. Any change in these representatives by either party will be made in writing to the other party.

Section 6. Scope of Services

The Bank's response to the RFP (the "Response") is attached as Exhibit C, and is incorporated into this Agreement for all purposes. If any provisions of the Response and this Agreement are in conflict, this Agreement will control. The City hereby designates its choice of Option Two for Bank Deposit Services under Attachment A to the Response (maintenance of \$500,000 combined average collected balance in lieu of Account Analysis fees).

The Bank shall provide or perform those banking services detailed in the Response (the "Services") at the rates stated. The Bank shall document the charges for the Services on a monthly account analysis submitted by the Bank to the City. The City shall, within ten (10) business days of receipt of a billing accompanied by documentation reasonably required by the City and subject to the review and approval of the Finance Director of the City make provision for payment to the Bank for Services performed in accordance with the fees stipulated in the Response.

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

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

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

Section 7. Bank Compensation

Subject to the service Option selected by the City in Section 6, the Bank will be compensated for any and all services rendered to City under this Agreement. The Bank agrees to offset monthly service fees against its customary earnings credit for balances in the City's own- interest bearing accounts.

Section 8. Default

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

In the event of a default, failure, or insolvency of the Bank, the City shall be deemed to have vested full title to all securities pledged under this Agreement. The City is empowered to take possession of and transfer and or sell any and all securities. If the security is liquidated, any proceeds in excess of the defaulted amount, plus expenses related to liquidation, shall be returned to the Bank. This power is in addition to other remedies which the City may have under this Agreement or otherwise under law and without prejudice to its rights to maintain any suit in any court for redress of injuries sustained by the City under this Agreement.

Section 9. Non-Assignability

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

Section 10. Amendment

This Agreement shall remain in full force and effect until the end of its term or until amended, cancelled, or superseded by a new bank depository contract. No provisions of this Agreement shall be deemed waived, amended, or modified by either party unless and until such waiver, amendment, or modification is in writing and signed by the parties to this Agreement.

Section 11. Termination

This Agreement may be terminated by the City at any time with or without cause by giving thirty (30) days prior written notice to the Bank.

Section 12. Notices

All notices and correspondence to the City by the Bank or to the Bank by the City shall be deemed given when either delivered in person or deposited in the U.S. Mail, Postage Prepaid, Certified Mail, Return Receipt Requested, addressed to the appropriate party at the following address:

If to the City: City of Schertz
 Attention: City Manager
 1400 Schertz Parkway
 Schertz, Texas 78154

If to the Bank: Schertz Bank & Trust
 Attention: Operations Officer
 519 Main Street
 Schertz, Texas 78154

Section 13. Governing Law

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

Section 14. Precedence of Agreement

This Agreement and attached Exhibits A, B, and C constitute the sole and only agreement between the parties hereto with respect to the subject matter hereof and supersede any prior understanding, written or oral, between the parties respecting the matters herein contained.

Section 15. Legal Construction

In case any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalid, illegal, or unenforceable provision shall not affect any other provisions thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

Section 16. Bank Authorization

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


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EXECUTED on this the 4th day of August, 2016.

CITY OF SCHERTZ

By: 
Name: John C. Kessel
Title: City Manager

SCHERTZ BANK & TRUST

By: 
Name: Mark Sunderman
Title: President / CEO

ATTEST:


By: 
Name: Wendy Gifford
Title: Cashier / COO

EXHIBIT A
Safekeeping Agreement

K

SAFEKEEPING AGREEMENT
(CORPORATE -- NO FOREIGN SECURITIES)

THIS SAFEKEEPING AGREEMENT (this "Agreement") is entered into as of the 1st day of JUNE, 2000, by and between THE FROST NATIONAL BANK, a national banking association organized and existing under the laws of the United States of America (the "Bank") and Schertz Bank & Trust Cust, a Bank (the "Depositor"). The Bank and the Depositor agree that all securities and/or other property deposited with and accepted by Bank ("Security") shall be governed by the terms and conditions herein set forth, and agree to the following

WITNESSETH:

The Bank shall establish and maintain a custody account (the "Account") for and in the name of the Depositor and hold therein all securities deposited with or collected by the Bank in its capacity as custodian for the Account. The terms "Security" or "Securities" shall mean any negotiable or non-negotiable investment instrument(s) commonly known as a security or securities in banking custom or practice, and so long as held by the Bank, all income therefrom and all cash deposited by, or for the account of, the Depositor. The Bank agrees to open the Account and hold all Securities and other property, from time to time, deposited with or collected by the Bank for the Account, subject to the terms and conditions of this Agreement, as the same may be amended from time to time.

SECTION I
ACCEPTANCE OF SECURITIES

(a) The Bank shall accept delivery from and on behalf of the Depositor such Securities as shall, from time to time, be acceptable to it. Any Securities now held by the Bank for the Depositor under a prior custody agreement shall be deemed to have been deposited hereunder. The Bank shall have no responsibility to (i) determine the validity, genuineness or alteration of the Securities or related instruments delivered pursuant to the terms hereof; (ii) review the Securities; or (iii) advise the Depositor of the purchase, retention, sale, exchange, disposition, call for redemption of the Securities or related instruments.

(b) The Bank shall supply to the Depositor from time to time as mutually agreed by the Bank and the Depositor a written statement with respect to all of the Securities held in the Account. In the event that the Depositor does not inform the Bank in writing of any exceptions or objections to such statement within thirty (30) days after receipt of such statement, the Depositor shall be deemed to have approved such statement.

(c) The Bank shall segregate and identify on its books and records as belonging to the Depositor all Securities delivered by or for the account of the Depositor which are held by the Bank in the Account.

(d) The Depositor authorizes the Bank, for any Securities held hereunder, to use the services of any United States central securities depository it deems appropriate and where it may hold any of its own securities, including, but not limited to, the Depository Trust Company and the Federal Reserve Book Entry System. The term "central securities depository" shall also include any depository service which acts as a custodian of securities in connection with a system for the central handling of securities whereby all securities of a particular class or series of any issuer deposited within the system are treated as fungible and may be transferred by bookkeeping entry without physical delivery of security certificates. Placement by the Bank of Securities into a central securities depository or safekeeping facility shall neither augment nor diminish the Bank's duties or obligations under any other paragraph of

this Agreement, provided that the Bank shall have no liability for the acts or failure to act of any such central securities depository.

(e) The Bank is authorized to re-register the Securities in the name of the Bank or its nominee unless alternative and acceptable registration instructions are promptly furnished by the Depositor.

SECTION 2 COLLECTION OF INCOME

The Bank agrees to collect and receive the dividends, interest and other income from the Securities, as directed by the Depositor, and will credit the Depositor's designated deposit account for such items. Charges, if any, will be charged to the Depositor's deposit account under advice. The Bank assumes no liability for failure to perform this service, as it is intended merely as an aid to the Depositor and does not relieve the Depositor of its own duty to keep itself informed of information affecting its own portfolio. The Bank is hereby authorized to sign, on the Depositor's behalf, any declarations, affidavits, certificates of ownership, or other documents which are now or may hereafter be required with respect to coupons, registered interest, dividends or other income on Securities. **THE DEPOSITOR HEREBY AGREES TO REIMBURSE, INDEMNIFY, AND HOLD HARMLESS, THE BANK, ITS OFFICERS, DIRECTORS AND EMPLOYEES FROM ANY LIABILITY, CLAIM, LOSS, DAMAGE OR EXPENSE (INCLUDING ATTORNEYS' FEES AND COURT COSTS) THAT MAY ARISE BY REASON OF THE EXECUTION OF ANY SUCH DOCUMENTS BY THE BANK.**

SECTION 3 COLLECTION OF PRINCIPAL

The Bank is authorized to collect, receive and receipt for the principal of all Securities when and as the same may mature, be redeemed, or be sold upon the order of the Depositor. The proceeds of such collections, as well as any other principal payments received for any Securities, will be credited to the Depositor's designated deposit account. The Bank will use commercially reasonable efforts to collect the Securities and other property at maturity and at dates of call for payment, but assumes no responsibility for its failure to do so and shall not be obligated to institute or participate in any legal proceedings relative thereto. The Bank will not be liable for the insolvency, or default in the payment of principal or interest or in the performance, of the issuer of any Securities.

SECTION 4 WITHDRAWAL OF SECURITIES

The Securities will be released only upon the Bank's receipt of written instructions from the Depositor. In the event the Depositor is a corporation or limited liability company, Securities will be released upon the instructions of such officer(s) as are authorized by corporate/company resolution ("Authorized Representative"), and the Depositor shall furnish the Bank on or before such withdrawal, certified copies of resolutions relating to or changing such authority. The Depositor expressly agrees that the Bank shall not be liable for any loss, damage, or liability resulting from the Bank's actions taken in accordance with instructions given to the Bank by an Authorized Representative. If the Depositor has delivered to the Bank Securities subject to a pledge, such Securities will be released only upon the receipt of (i) a written notice by the Depositor or an Authorized Representative, if requested by Bank, (ii) a written release of the pledgee, and (iii) a certificate of the Depositor certifying that the signature of the pledgee is authorized and authentic.

**SECTION 5
STANDARD OF CARE**

The Bank shall exercise commercially reasonable care in receiving, holding and handling the Securities. The Bank will exercise the commercially reasonable care expected of a professional custodian for hire with respect to the Securities in its possession or control.

**SECTION 6
DEPOSITOR DUTIES**

(a) The Depositor shall provide the Bank with a written certificate signed by an Authorized Representative containing the specimen signatures of each person authorized to act and give direction on behalf of the Depositor. The Bank shall be entitled to rely upon such certificate until notified in writing otherwise by the Depositor.

(b) The Bank is further authorized to rely upon any written instructions or instructions received by any other means and identified as having been given or authorized by any person named to the Bank as authorized to give written instructions, regardless of whether such instructions shall in fact have been authorized or given by any of such persons, provided that the Bank and the Depositor shall have agreed in writing upon the means of transmission and the method of identification for such instructions. Instructions received by any other means shall include verbal instructions, provided that any verbal instruction shall be promptly confirmed in writing. In the event verbal instructions are not subsequently confirmed in writing, as provided above, the Depositor agrees to hold the Bank harmless and without liability for any claims or losses in connection with such verbal instructions. Notwithstanding the above, instructions for the withdrawal of securities "*free of payment*" shall be given only in writing, manually signed by any such authorized persons.

(c) The Depositor may appoint one or more investment managers ("*Investment Managers*") with respect to the Account. The Bank is authorized to act upon instructions received from any Investment Manager to the same extent that the Bank would act upon the instructions of the Depositor, provided that the Bank has received copies of the instruments appointing the Investment Manager and written confirmation from the Investment Manager evidencing its acceptance of such appointment, or other evidence satisfactory to the Bank.

(d) If the Depositor should choose to have telecommunication or other means of direct access to the Bank's reporting system for Securities in the Account pursuant to paragraph (e) of Section 7, the Bank is also authorized to rely and act upon any instructions received by it through a terminal device, provided that such instructions are accompanied by code words which the Bank has furnished to the Depositor by any method mutually agreed to by the Bank and the Depositor, and which the Bank shall not have then been notified by the Depositor to cease to recognize regardless whether such instructions shall in fact have been given or authorized by the Depositor or any such person. The Depositor's delegates shall be named by a certificate provided to the Bank from time to time by the Depositor.

(e) In the event that the Bank shall receive conflicting instructions from Depositor regarding any particular transaction, the Bank shall have no duty to attempt to resolve such conflict; provided, however, the Bank may rely upon the instruction first received by the Bank and the Bank is hereby held harmless from all consequences of such reliance.

**SECTION 7
BANK DUTIES**

(a) The Bank shall receive or deliver, or shall instruct any other entity authorized to hold Securities hereunder to receive or deliver, Securities and credit or debit the Account, in accordance with written instructions from the Depositor. The Bank or such entity shall also receive in custody all stock dividends, rights and similar securities issued in connection with Securities held hereunder, shall surrender for payment, in a timely manner, all items maturing or called for redemption and shall take such other action as the Depositor may direct in properly authorized and timely written instructions to the Bank.

(b) All cash received or held by the Bank as custodian or by any entity authorized to hold the Securities hereunder as interest, dividends, proceeds from transfer, and other payments for or with respect to the Securities shall be (i) held in a cash account, or (ii) in accordance with written instructions received by the Bank, remitted to the Depositor.

(c) If the Bank has in place a system for providing telecommunication or other electronic access or other means of direct access by customers to the Bank's reporting system for Securities in the Account, then upon separate written agreement between the Bank and the Depositor, the Bank shall provide such service to the Depositor.

(d) During the Bank's regular banking hours and upon receipt of reasonable notice from the Depositor, any officer or employee of the Depositor, any independent accountant(s) selected by the Depositor and any person designated by any regulatory authority having jurisdiction over the Depositor shall be entitled to examine on the Bank's premises, the Securities held by the Bank on its premises, but only upon the Depositor's furnishing the Bank with properly authorized instructions to that effect, provided, such examination shall be consistent with the Bank's obligations of confidentiality to other parties. The Bank's costs and expenses in facilitating such examinations, including but not limited to the cost to the Bank of providing personnel in connection with examinations shall be borne by the Depositor. The Bank shall also, subject to restrictions under applicable law, seek to obtain from any entity with which the Bank maintains the physical possession of any of the Securities in the Account such records of such entity relating to the Account as may be required by the Depositor or its agents in connection with an internal examination by the Depositor of its own affairs. Upon a reasonable request from the Depositor, the Bank shall use its reasonable efforts to furnish to the Depositor such reports (or portions thereof) of the external auditors of each such entity as related directly to such entity's system of internal accounting controls applicable to its duties under its agreement with the Bank.

(e) The Bank will transmit to the Depositor upon receipt, all financial reports, stockholder communications, notices, proxies and proxy soliciting materials received from issuers of the Securities, and all information relating to exchange or tender offers received from offerors with respect to the Securities. Proxies will be executed by the registered holder if the registered holder is other than the Depositor, but the manner in which the Securities are to be voted will not be indicated. Specific instructions regarding proxies will be provided when necessary. The Bank shall not vote any of the Securities or authorize the voting of any Securities or give any consent or take any other action with respect hereto, except as provided herein. The Bank is authorized to accept and open in the Depositor's behalf all mail or communications received by it or directed to its care.

(f) In the event of tender offers, the Depositor shall mail or fax instructions to the Bank as to the action to be taken with respect thereto or telephone such instructions to the Depositor's account administrator at the Bank, designating such instruction as being related to a tender offer. The Depositor shall deliver to the Bank, by 4:00 p.m., San Antonio, Texas time on the following calendar day, written confirmation. The Depositor shall hold the Bank harmless from any adverse consequences of the Depositor's use of any other method of transmitting instructions relating to a tender offer. The Depositor agrees that if it gives an instruction for the performance of an act on the past permissible date of a period established by the tender offer or for the performance of such act or that it fails to provide next day written confirmation of an oral instruction, the Depositor shall hold the Bank harmless from any adverse consequences of failing to follow said instructions.

(g) The Bank shall promptly notify the Depositor of any calls for redemption, mergers, tenders, consolidations, reorganizations, recapitalizations, or similar proceedings affecting the Securities (other than those Securities registered in the Depositor's name) held in the Account, provided notice of such proceedings appears in standard New York financial publications or a service to which the Bank subscribes. The Bank shall not be liable for late presentation of such items when the Depositor has failed to timely instruct the Bank in writing. Should any Security held in a central securities depository be called for a partial redemption by the issuer of such Security, the Bank is authorized, in its sole discretion, to allot the called portion to the respective holders in any manner it deems fair and equitable.

(h) The Bank shall present all maturing bonds and coupons for collection and is authorized to receive payment of income and principal on other items in accordance with their terms. All funds so collected shall be credited to the Account or remitted in accordance with the instructions of the Depositor.

(i) The Depositor acknowledges and agrees that the Bank shall not be liable for any loss or damage arising out of cause beyond the Bank's control.

SECTION 8 FOREIGN SECURITIES

The Bank shall not hold Securities which are issued by foreign governments or foreign companies or for which the principal trading market is located outside the United States hereunder. Should the Bank elect to hold such securities, such activities shall be governed by a separate agreement between the bank and the Depositor.

SECTION 9 FEES AND EXPENSES

(a) The Depositor agrees to promptly pay upon receipt of an invoice from the Bank the fees and expenses set forth therein. Fees and expenses for the services to be rendered under this Agreement are set forth in Exhibit A attached hereto and incorporated herein for all purposes, as such may be amended from time to time, effective upon 30 days' prior written notice by the Bank to the Depositor. In addition, if the Bank advances securities to the Depositor for any purpose or in the event that the Bank or its nominee shall incur or be assessed any taxes, charges, expenses, assessments, claims or liabilities in connection with the performance of its duties hereunder, except such as may arise from or be caused by the Bank's or its nominee's gross negligence or willful misconduct, Depositor shall immediately reimburse the Bank, or its nominee, for such advances, taxes, charges, expenses, assessments, claims or liabilities, or replace such securities.

(b) The Bank may, in its sole discretion, advance funds on behalf of the Depositor which results in an overdraft if the monies held in the Account are insufficient to pay the total amount payable upon purchase of Securities as instructed. Any such overdrafts shall be deemed to be a loan made by the Bank to the Depositor payable promptly upon demand and bearing interest at The Frost National Bank's prime rate plus two percent per annum from the date incurred. Notwithstanding anything contained in this Agreement to the contrary, the Bank shall have no obligation to advance funds on behalf of the Depositor.

(c) The Bank shall have a lien on the Securities in the Account to secure payment of such fees and expenses, taxes, advances and other charges incurred under this Section 9. The Depositor agrees that the Bank's lien shall be a continuing lien and security interest in and on any Securities at any time held by or through it in accordance with this Agreement, for the benefit of the Depositor or in

which the Depositor may have an interest which is then in the Bank's possession or control or in possession or control of any third party acting on the Bank's behalf. Upon failure by the Depositor to cure any overdraft amounts, or to reimburse the Bank promptly after the request for payment, the Bank may immediately and without further notice dispose of Securities to the extent necessary to obtain reimbursement. The Bank shall have all of the rights and remedies of a secured creditor under the Uniform Commercial Code as in effect in State of Texas from time to time with respect to the Securities.

(d) The Bank is hereby authorized to charge the Depositor's deposit account number 019981257 for all fees and charges incurred or assessed hereunder.
(Analysis)

SECTION 10 INVESTMENT RESPONSIBILITY

Unless otherwise agreed in writing by the Depositor and the Bank, the Bank is under no duty to (i) advise the Depositor relative to the investment, purchase, retention, sale, or other disposition of any Securities held hereunder; (ii) supervise the Depositor's investments, purchases or sales; (iii) invest, or see to the investment of, any cash proceeds or other cash deposited hereunder and held by the Bank; or (iv) determine whether any investment or sale made for the account of Depositor is made in conformity with Depositor's requirements or understandings. The Bank's duties hereunder are strictly ministerial in nature and are limited to those duties expressly set forth in this Agreement. Nothing in this Agreement shall be construed to impose fiduciary responsibilities on the Bank.

SECTION 11 LIMITATION OF LIABILITY

The Bank undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, it being expressly understood that there are no implied duties hereunder. In addition to other provisions of this Agreement, the Depositor agrees that the Bank (a) will be responsible only for the exercise of reasonable commercial standards of the banking business; (b) will not be liable for any loss or damage to the Securities when such loss or damage is due to any cause other than failure to exercise reasonable commercial standards, and in any event will not be liable for any decline in the market value of the Securities; (c) will not be considered an insurer against risk of loss, damage, destruction or decline in market value of the Securities; and (d) will not have liability to the Depositor with respect to the services rendered by the Bank pursuant to this Agreement until such time as the Securities are actually delivered to the Bank, it being understood and agreed that the Depositor bears the risk of loss with respect to shipment and delivery of the Securities to Bank. **IN NO EVENT SHALL THE BANK BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (I) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER OTHER THAN DAMAGES WHICH RESULT FROM BANK'S FAILURE TO ACT IN GOOD FAITH OR IN ACCORDANCE WITH THE REASONABLE COMMERCIAL STANDARDS OF THE BANKING BUSINESS OR (II) SPECIAL OR CONSEQUENTIAL DAMAGES, EVEN IF THE BANK HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

In addition to any and all rights of reimbursement, indemnification, subrogation, or any other rights pursuant hereto or under law or equity, the Depositor hereby agrees, to the extent permitted by Texas law, to indemnify and hold harmless the Bank and its officers, directors, and agents (the "indemnified parties") from and against any and all claims, damages, losses, liabilities, reasonable costs, or reasonable expenses whatsoever (including attorneys' fees and court costs) which they may incur (or which may be claimed against them by any person or entity whatsoever) by reason of or in connection with (a) any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the information supplied by the Depositor to the Bank or its nominee in connection with the performance of their duties under this Agreement or the related documents, or the omission or alleged omission to state in such information a material fact necessary to make such statements, in the light of circumstances under which they are or were made, not misleading; or (b) the

execution and delivery of this Agreement. If any proceeding shall be brought or threatened against any indemnified party by reason of or in connection with the events described in clause (a) or (b), such indemnified party shall promptly notify the Depositor in writing and the Depositor shall assume the defense thereof, including the employment of counsel satisfactory to such indemnified party and the payment of all costs of litigation. Notwithstanding the preceding sentence, such indemnified party shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment of such counsel shall have been authorized in writing by the Depositor or (ii) the Depositor, after due notice of the action, shall not have employed counsel to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such indemnified party shall be borne by the Depositor. The Depositor shall not be liable for any settlement of any such action effected without its consent. Nothing under this section is intended to limit the Depositor's payment obligations contained elsewhere in this Agreement. This section shall survive the termination of this Agreement.

SECTION 12 BANK POWER OF ATTORNEY

In addition to other rights granted to the Bank pursuant to the terms of this Agreement, the Bank is authorized and empowered in the name of and on behalf of the Depositor to execute any certificates of ownership or other instruments which are or may hereafter be required by any regulations of the United States or any state or political subdivision thereof, so that the Bank may fulfill its obligations hereunder as required in connection with any Securities.

SECTION 13 AMENDMENTS

Except as otherwise provided hereby, the parties may make amendments to this Agreement from time to time, provided that any such amendment shall be reduced to writing; *provided, however*, the Bank may, at any time, in its sole discretion amend any of the provisions of this Agreement upon thirty (30) days' prior written notice to the Depositor.

SECTION 14 SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the respective parties hereto.

SECTION 15 COMPLETENESS OF AGREEMENT

This Agreement, along with a copy of the fee schedule attached hereto as **Exhibit A**, constitutes the full and complete agreement between the Bank and the Depositor, and no other understanding or agreement, whether written or oral shall bind either of the parties hereto. The headings of Sections of this Agreement are for convenience only and have no effect on a party's responsibilities or liabilities.

SECTION 16 GOVERNING LAW

This Agreement shall be governed by the applicable laws of the State of Texas.

**SECTION 17
TERMINATION**

This Agreement may be terminated by either the Depositor or the Bank upon at least ten (10) days prior written notice to the other. The Depositor shall have a period of thirty (30) days from the date of the last and final accounting provided by the Bank to make any objection or claim, and failure to do so within the thirty (30) day period shall be deemed by the parties hereto to constitute accord and satisfaction. As soon as practicable following termination of this Agreement, the Bank shall deliver all Securities to the Depositor in accordance with the Depositor's written instructions.

**SECTION 18
NOTICES**

Any notice to be given or to be served upon any party hereto in connection with this Agreement must be in writing, and shall be given by certified or registered mail, facsimile transmission ("fax") or express courier and shall be deemed to have been given and received twenty-four (24) hours after a certified or registered letter or express courier package containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. Such notices shall be given to the parties hereto at the following addresses:

If to the Bank:

The Frost National Bank
P.O. Box 1600
San Antonio, Texas 78296
Attention: Custody Services Department
Facsimile No.: (210) 220 - 5986

If to the Depositor:

Schertz Bank & Trust (Customer Account)
P.O. Box 800
Schertz, Texas 78154
Attention: Melvin F. Golla
Facsimile No.: 210-945-7424

Any notices served by fax shall be deemed to have been given and received only when written confirmation of the receipt of such fax has been received by the sender. Any party hereto may, at any time by giving fifteen (15) days' written notice to the other party hereto, designate any other address in substitution of the foregoing address to which such notice shall be given.

**SECTION 19
MISCELLANEOUS**

(a) This Agreement may be executed in any number of counterparts; each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

(b) Whenever the context hereof shall so require the singular shall include the plural, the male gender shall include the female gender and the neuter, and vice versa.

(c) In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

[(d) The Addendum to Safekeeping Agreement attached hereto is incorporated herein and made a part hereof for all purposes.]

IN WITNESS WHEREOF, the parties thereto executed this Agreement as of the day and year first above-written.

BANK:

THE FROST NATIONAL BANK

By: Olga Aguilar

Name: Olga Aguilar

Title: Assistant Vice President

DEPOSITOR:

Schertz Bank & Trust
(Customer Account)

By: Melvin F. Golla

Name: Melvin F. Golla

Title: President

EXHIBIT B

Authorized Representatives

For the term of this Agreement, the City and the Bank designate the individuals listed below as authorized to represent and act for the City and the Bank, respectively, in any and all matters including collateral assignment and substitution, and, upon further written authorization by the City with respect to Bank officials, execution of agreements and transfers of funds. Any changes in these representatives by either party will be made in writing to the other party.

CITY OF SCHERTZ

John C. Kessel, City Manager

Brian James, Executive Director

Juan Santoya, Finance Director

James Walters, Assistant Finance Director

SCHERTZ BANK & TRUST

Mark Sunderman, President / CEO

Wendy Griffin, Cashier

EXHIBIT C

RFP Response

See attached SB&T Response

Schedule of Proposed Fees

Activity volumes are estimates based on historical levels. The AFP Code for several of the services has been provided where available. Change as necessary.

Pricing based on available information.

Changes in volumes, account structure and additional clarification of information may adjust pricing. Additional services may be added at the City's request.

| AFP Code* | Service | Unit Basis | AVG MO/ Vol. | Unit Bank Charge | Explanatory Notes, as applicable |
|---|---|---------------------|--------------|------------------|---|
| Accounts & Fees | | | | | |
| 012300 | FDIC Assessment (on Avg Ledger) | Per quarter | | .0912 | monthly |
| 010000 | Master Account Maintenance Fee | Per account | 1 | 10.00 | |
| 010000 | Subsidiary Account Maintenance Fee | Per account | 1 | 10.00 | |
| 010021 | ZBA Account Maintenance Fee | Per account | | 25.00 | |
| 010112 | ZBA Account Transfers | Per item | | N/C | |
| 010320 | Account Research Fee | Per hour | | 25.00 | Per hour |
| 450020 | Investment Sweep - Master | Per account | | 25.00 | |
| | Investment Sweep - Subsidiary | Per account | | 25.00 | |
| 010110 | Deposit Processing - Teller OTC | Per deposit | 135 | N/C | |
| 010100 | Debits Posted | Per item | 600 | .10 | |
| 010101 | Credits Posted | Per item | 400 | .25 | |
| 010703 | Statements Rendered | Per item | | N/C | |
| 150401 | Telephone Inquiry | Per item | | .50 | Eight (8) free per statement cycle .50 thereafter |
| 100400 | Return Items | Per item | | 5.00 | |
| 100402 | Reclears | Per item | | 3.00 | |
| 100430 | Return Check Notice Fax | Per item | 5 | N/C | |
| 100700 | Return Check Notice Internet | Per item | 5 | N/C | |
| 100410 | Return Item - Per Item | Per item | 5 | 30.00 | Non Sufficient item fee |
| 400800 | Extended Storage > 90 Days | Per item | | N/C | |
| Accounts & Fees - Balance & Data | | | | | |
| 401003 | Software Installation Fee | One time | | N/C | |
| 400000 | Monthly Maintenance | Per account | | N/C | |
| 400699 | Subscription Fee | Per account | | N/C | |
| 100700 | Balance Reporting Module | Per account | 1 | N/C | |
| | Prior Day Balance Reporting | Per account/month | 1 | N/C | |
| 40000Z | Intra-Day Reporting | Per account/overall | | N/C | |
| 250000 | Positive Pay Module | Per account/overall | 1 | 25.00 | |
| 150410 | Stop Pay Module | Per account/overall | 1 | 30.00 | Charged per stop payment, no charge for module |
| | Wire Transfer Module | Per account/overall | 1 | 25.00 | |
| | Account Analysis Electronic Form | Per account | | N/C | |
| 400001 | Detail Item fee (all modules) | Per item | | N/C | |
| 400800 | Extended On-line Storage | Per item | | N/C | |
| Deposits | | | | | |
| 109999 | Item Deposited | Per item | | | |
| 100001 | Banking Center Deposits | Per item | 450 | .05 | |
| 10001A | Night Drop Deposits | Per item | 8 | .25 | |
| 100220 | Check Deposited - On-us Items | Per item | 150 | .05 | |
| 100224 | Check Deposited - Transit | Per item | 300 | .05 | |
| 100228 | Check Encoding Charge | Per item | 450 | N/C | |
| 100000 | Branch Deposit - Immediate Verification | Per item | | N/C | |
| 100007 | Branch Post Verification | Per item | | N/C | |

| AFP Code* | Service | Unit Basis | AVG MO/ Vol. | Unit Bank Charge | Explanatory Notes, as applicable |
|-----------|--|----------------|--------------|------------------|--|
| | Remote Entry Capture | | | | |
| 001099 | One-time set-up or training fees | One time | 1 | 100.00 | |
| 001010 | Monthly Maintenance | Per month/site | | 25.00 | |
| 001000 | Monthly Equipment Leasing | Per month | | N/A | Scanner provided by bank (\$740 value) |
| | | | | | |
| 001010 | Transit Items | Per item | 7,500 | N/C | |
| 001100 | Remote Transmission - File | Per file | 150 | N/C | |
| 001110 | Remote Transmission - Detail | Per item | 7,500 | N/C | |
| | Scanner Rental | Per month | 6 | N/C | Scanner provided by bank, to be returned at account closing. |
| | | | | | |
| | Cash Vault | | | | |
| 100100 | Cash Vault Base Fee Processing Fee | Per item | | N/C | |
| 100101 | Standard Deposit Note Vault | Per item | | N/C | |
| | Commercial Deposits - Vault | | | N/C | |
| | Fed Ready Bags | Per item | 20 | N/C | |
| 100010 | Full bag - loose coin | Per item | | 2.25 | |
| 100012 | Plastic bag deposit | Per item | | N/C | |
| 100013 | Partial bag of loose coin | Per item | | 2.25 | |
| 100047 | Minimum change order | Per item | | N/C | |
| 100101 | Coin Deposit | Per deposit | 10 | N/C | |
| 100144 | Rolled Coin Furnished | Per item | 1 | .10 | Per roll |
| | | | | | |
| 100100 | Currency deposit | Per deposit | | N/C | |
| 100102 | Currency deposit | Per item | 20 | N/C | |
| 10004A | Branch Order Currency Strap | Per item | 1 | .60 | Per strap |
| 100500 | Deposit Corrections | Per item | 1 | 5.00 | |
| 100401 | Special Handling - Base Charge or Item | | | N/C | |
| | | | | | |
| | ACH Processing | | | | |
| 250110 | Monthly Maintenance (Base) Fee* | Per month | | 25.00 | |
| 250102 | Origination of file - two day | Per file | 2 | N/C | |
| 250102 | On-Us two day | Per item | 300 | N/C | |
| 250102 | Origination per item | Per item | | N/C | |
| 250101 | ACH Debit/Credits Originated | Per item | | N/C | |
| 250200 | Electronic Debits | Per item | 25 | N/C | |
| 250201 | Electronic Credits | Per item | 300 | N/C | |
| 250202 | ACH Received item | Per item | 2 | N/C | |
| 250501 | File Processing | Per item | | N/C | |
| 250120 | ACH Addendum Record In/Out | Per item | | N/C | |
| 250302 | ACH Returned items | Per item | | 5.00 | |
| 250642 | Deletions or Reversal charges | Per item | 1 | N/C | |
| 250502 | Transmission | Per file | 2 | N/C | |
| 250401 | Notification | Per item/file | | N/C | |
| 251050 | Fraud filter - Stop - Base fee | Per account | 1 | N/C | |
| 251050 | Fraud filter - Review - Base fee | Per month | 1 | N/C | |
| 251053 | Fraud filter - Review - Per item | Per item | | N/C | |
| | | | | | |
| | Positive Pay | | | | |
| 150030 | Monthly Maintenance (Base) Fee* | Per month | 1 | 25.00 | |
| 150120 | Positive Pay Posted Checks | Per item | 600 | N/C | |
| 150120 | Positive Pay Rejects | Per item | 2 | N/C | |
| 150410 | Per item charge with Partial Recon | Per item | | N/C | |

| AFP Code* | Service | Unit Basis | AVG MO/ Vol. | Unit Bank Charge | Explanatory Notes, as applicable |
|-----------------------|---------------------------------------|------------------|--------------|------------------|---|
| 150122 | Payee Name Verification | Per item | 600 | N/C | |
| | Per item charge without Recon | Per item | | N/C | |
| 151351 | Image Capture Per Item | Per item | 600 | N/C | |
| | Exception Notification | Per item | | N/C | |
| 150340 | NSF Handling Fee | Per item | | N/C | |
| | Transmission | Per item | | N/C | |
| Reconciliation | | | | | |
| 200410 | Monthly Maintenance (Base) Fee* | Per month | 1 | N/C | |
| 151100 | Monthly sort & list maintenance | Per month | | N/C | |
| 151100 | Serial sort and list | Per item | | N/C | |
| 200020 | Partial recon monthly maintenance | Per account | 1 | N/C | |
| 150100 | Full Recon detail | Per item | 600 | N/C | |
| 200120 | Partial recon with positive pay | per item | 600 | N/C | |
| 200201 | Transmissions | Per transmission | 1 | N/C | |
| 200201 | Transmission detail | Per item | 600 | N/C | |
| 200401 | Deposit Recon - Per Detail | Per item | 650 | N/C | |
| 200300 | Addenda Reporting | Per item | | N/C | |
| 200301 | Output File | Per item | | N/C | |
| Safekeeping | | | | | |
| 450000 | Monthly Maintenance Custody | Per month | | N/C | |
| 459999 | Clearing fees | | | N/C | |
| 459999 | FRB | Per item | | N/C | |
| 459999 | DTC | Per item | | N/C | |
| 450102 | Securities Received/Del - DVP | Per item | | N/C | |
| 459999 | Safekeeping Fees | Per item | | N/C | |
| 450499 | FRB | Per item | | N/C | |
| 450499 | DTC | Per item | | N/C | |
| 450111 | Custody per CUSIP/ Holding | Per CUSIP | | N/C | |
| 450102 | Custody fixed income | Per item | | N/C | |
| | Income Collection to DDA | | | | |
| 450102 | Income Collection - Coupons | Per item | | N/C | |
| 459999 | Income Collection - Maturities | Per item | | N/C | |
| 459999 | Income Collection - Calls | Per item | | N/C | |
| Stop Pays | | | | | |
| 150420 | Stop pays - Manual | Per item | | 30.00 | |
| 150410 | Stop pays - Automated | Per item | 1 | 30.00 | |
| Wire Transfers | | | | | |
| 350300 | Monthly Maintenance | Per month | 2 | 25.00 | |
| 350300 | Incoming - Domestic | Per item | 2 | 10.00 | |
| 350100 | Outgoing - Repetitive - automated | Per item | 2 | 25.00 | Additional fees may apply for international wires |
| 350101 | Outgoing - Non-Repetitive - automated | Per item | | 25.00 | Additional fees may apply for international wires |
| 350551 | Repetitive Instruction Storage | Per item | | N/C | |
| 350124 | Wire book Transfer Internet initiated | Per item | | 25.00 | |
| 350411 | Wire Advices Faxed/Mailed | Per item | | 25.00 | |
| 359999 | Bank Init Account Debit Transfer | Per Account | | N/C | |

| AFP Code* | Service | Unit Basis | AVG MO/ Vol. | Unit Bank Charge | Explanatory Notes, as applicable |
|---|--------------------------------|---------------|--------------|------------------|--|
| Optical Imaging | | | | | |
| 150030 | Imaging Maintenance | Per month | 1 | N/C | |
| 159999 | CD ROM Maintenance | | | | |
| 151399 | CD ROM Service - Per Item | Per item | 750 | N/C | |
| 151353 | CD ROM Service - Per Disk | First CD | 1 | 5.00 | |
| 151352 | Image Retrieval Per Retrieve | Per item | 15 | N/C | |
| 151352 | Image Retrieval >91 days | Per item | 5 | N/C | |
| Collateral Restriction Fees | | | | | |
| | Collateral Pledge Report | | 1 | N/C | |
| 550160 | Collateral (or excess) Fees | (note basis) | | N/C | |
| OPTIONAL SERVICES | | | | | |
| Purchasing Cards (assume \$5) | | | | | |
| 080400 | Monthly Maintenance (Base) Fee | Per item | 50 | N/C | Schertz Bank & Trust Business Debit Card |
| 080301 | Card Issuance Fee | Per item | 4 | N/C | |
| 080100 | Transaction Fee | Per item | 4 | N/C | |
| 080000 | License Fee | Per item | 1 | N/C | |
| | Reporting | Per item | | N/C | |
| | Late Fee/ Finance Charge | | | N/C | |
| Merchant Services (see volumes in RFP) | | | | | |
| | Minimum Processing Fee | Per month/loc | | 10.00 | Per location |
| | Monthly Maintenance Fee | Per month | | 5.00 | |
| | Chargeback Fee | Per item | | 20.00 | |
| Card Present Transactions | | | | | |
| Visa CPS-2 (Emerging Market) | | | | | |
| | Intercharge | % | | cost | |
| | Association assessment | % | | cost | |
| | Total cost per item | \$ | | 0.05 | |
| | Additional bank fee | \$ | | 0.05 | |
| MC Merit III | | | | | |
| | Intercharge | % | | cost | |
| | Association assessment | % | | cost | |
| | Total cost per item | \$ | | 0.05 | |
| | Additional bank fee | \$ | | 0.05 | |
| Card Not Present Transactions | | | | | |
| Visa CPS-2 (Emerging Market) | | | | | |
| | Intercharge | % | | cost | |
| | Association assessment | % | | cost | |
| | Total cost per item | \$ | | 0.05 | |
| | Additional bank fee | \$ | | 0.05 | |
| MC Merit III | | | | | |
| | Intercharge | % | | cost | |
| | Association assessment | % | | cost | |
| | Total cost per item | \$ | | 0.05 | |
| | Additional bank fee | \$ | | 0.05 | |
| Debit Card processing | | | | | |
| | Visa/MC (PIN) | \$ | | | Interchange plus .10 cents per transaction |
| | Visa (Non-PIN) | | | .05 | .05 cents per transaction |

| AFF Code* | Service | Unit Basis | AVG MO/ Vol. | Unit Bank Charge | Explanatory Notes, as applicable |
|-----------|--------------------------------|------------|--------------|------------------|--|
| | Intercharge | % | | Cost | |
| | Association assessment | % | | Cost | |
| | Total cost per item | \$\$ | | 0.05 | |
| | Additional bank fee | \$\$ | | 0.05 | |
| | MC (Non-PIN) | | | | |
| | Intercharge | % | | Cost | |
| | Association assessment | % | | Cost | |
| | Total cost per item | \$\$ | | 0.05 | |
| | Additional bank fee | \$\$ | | 0.05 | |
| | Equipment Rent/Lease | | | | |
| | Terminal | Per month | | | Below fees depend upon which terminal City needs/wants |
| | Printer | Per month | | | |
| | PIN pad | Per month | | | |
| | Check Reader | Per month | | | |
| | Imprinter | Per month | | | |
| | Software fee | Per month | | | |
| | ATM Cards (assume 10) | | | | |
| 060001 | Monthly Maintenance (Base) Fee | Per month | | N/C | |
| | Processing - Per Item | Per item | | N/C | |
| 060320 | ATM cash withdrawal | Per item | | N/C | |
| 060324 | Cash advance OTC | Per item | | N/C | |
| 060403 | ATM Balance Inquiry | Per item | | N/C | |
| 010000 | Overdraft Fee | Per item | | N/C | |
| | Card origination | Per item | | N/C | |
| 060100 | Enrollment | Per card | | N/C | |
| | Notifications | Per item | | N/C | |
| 060101 | Corrections | Per item | | N/C | |
| 060220 | Replacement Fee | Per card | | N/C | |
| | Safe Deposit Box | | | N/C | |

Add additional fees as necessary.

Schertz Bank & Trust offers the below in lieu of Account Analysis fees:

If the City maintains a combined average collected balance (checking and certificates of deposit) of \$500,000.00, then there will be no Account Analysis fee charged to the account, however there could be vendors' costs, i.e.: Merchant Card Services, etc.

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
 Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
 CERTIFICATION OF FILING**

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

Schertz Bank & Trust
 Schertz, TX United States

Certificate Number:
 2016-95223

Date Filed:
 08/04/2016

Date Acknowledged:
 08/05/2016

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

City of Schertz

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

741469344
 Depository

| 4 | Name of Interested Party | City, State, Country (place of business) | Nature of interest (check applicable) | |
|---|--------------------------|--|---------------------------------------|--------------|
| | | | Controlling | Intermediary |
| | Schertz Bank & Trust | Schertz, TX United States | | X |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

5 Check only if there is NO Interested Party.

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.

 Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20_____, to certify which, witness my hand and seal of office.

 Signature of officer administering oath

 Printed name of officer administering oath

 Title of officer administering oath

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

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City of Schertz

Date Acknowledged:

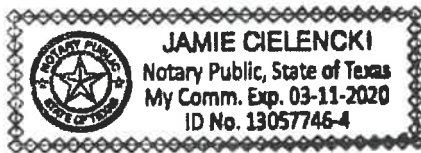
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741469344
Depository

| 4 | Name of Interested Party | City, State, Country (place of business) | Nature of interest (check applicable) | |
|---|--------------------------|--|---------------------------------------|--------------|
| | | | Controlling | Intermediary |
| | Schertz Bank & Trust | Schertz, TX United States | | X |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

5 Check only if there is NO Interested Party.

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.



Wendy Griffin
Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said Wendy Griffin, this the 5 day of Aug., 2016, to certify which, witness my hand and seal of office.

Jamie Cielencki Signature of officer administering oath
 Jamie Cielencki Printed name of officer administering oath
 Notary Title of officer administering oath