



**Maryland State Treasurers Office (STO)
Irrevocable Standby Letters of Credit Depository Agreement - FHLB**

- I. DATE OF AND PARTIES TO THE AGREEMENT:** This Agreement shall be effective as of [insert effective date]. The parties to this Agreement are the **Beneficiary Organization**, the Maryland State Treasurer's Office (STO), and the **Depository**, the financial institution identified below that is duly authorized to serve as a depository for public funds under applicable law.
- II. AGREEMENT:** The Depository agrees to adhere to and comply with the provisions necessary to meet the Agreement (and/or) policies issued by the State Treasurer (**the "Agreement"**) for the use of Federal Home Loan Bank Letters of Credit as collateral by the Depository, in accordance with Maryland State Finance and Procurement Article ("SFP") §§ 6-202, 6-209, 6-210, 6-222, and 6-223.
- III.** The Beneficiary Organization and the Depository agree to the (**the "Provisions"**) set forth below:
- A. The FHLB Irrevocable Standby letters of Credit shall meet the definition of eligible collateral as outlined in SFP § 6-202.
- B. The Depository agrees that FHLB Irrevocable Standby Letters of Credit must be issued and executed solely in the name of the Maryland State Treasurer's Office (STO). FHLB Letters of Credit not issued in the sole beneficiary's name of the "Maryland State Treasurer's Office (STO)" will not be valid or permissible and will constitute a statutory violation of Maryland Code Annotated, State Finance and Procurement Article § 6-202, § 6-209, § 6-210, § 6-222, & § 6-223
- C. The Depository shall agree that the Beneficiary Organization (identified below), as Beneficiary, may, without notice to or consent by the Depository, demand payment under the Irrevocable Standby letters of credit in the event the Beneficiary determines, in his/her sole discretion, that the Depository is insolvent or in default (a "Triggering Event"). For purposes of this Agreement, a "Triggering Event" shall include without limitation the following:
- (a) the Depository fails or refuses to return any public deposit upon demand or at maturity,
 - (b) an order is issued by a supervisory authority restraining the Depository from making payments of deposit liabilities, or;
 - (c) a receiver is appointed for the Depository.
- D. The Depository shall agree that funds received by the Beneficiary due to the occurrence of a Triggering Event shall be deposited in an account designated by the Beneficiary.

- E. The Depository agrees to arrange and request the issuance of letters of credit that meet the requirements of SFP § 6-209(b) on an ongoing basis. These letters of credit agreements shall be transmitted, either via email or mailed with a tracking number, directly from FHLB to the Beneficiary, thereby eliminating any intermediary action by the Depository.
- (a) All transactions involving letters of credit shall require the Beneficiary's approval, as evidenced by the execution of this Federal Home Loan Bank Letters of Credit Depository Agreement.
- F. The Depository shall be responsible for all costs necessary in the use or confirmation of letters of credit issued to the Beneficiary and acknowledges that these costs shall not be a charge against the State or any public funds depositor.
- G. The Depository shall be subject to the jurisdiction of the courts of Maryland, or the courts of the United States located within Maryland, for the purpose of any litigation arising out of SFP Title 6 or Title 17 of the Local Government Article, Annotated Code of Maryland, as applicable.
- H. The Depository must provide an original and/or most recent copy of the fully executed designated FHLB Irrevocable Standby Letter Agreement to the Beneficiary Organization via standard mail with tracking or electronic mail.
- I. The Depository shall agree that any information, form, or report electronically transmitted to the Beneficiary shall have the same enforceability as a signed writing.
- J. The Depository shall submit proof that authorized individuals have executed this Agreement on its behalf. Furthermore, the Depository shall agree, by resolution of its Board of Directors or, at a minimum, through an Executive Vice President title designation, that this Agreement has been formally accepted and constitutes an official record of the Depository.
- K. Upon the Beneficiary's request, the Depository must include the value of the letter of credit and the issuance date in audited reports to the Beneficiary. These audited reports shall be sent directly from the issuing FHLB and shall detail the collateral pledged to secure the public funds deposits, which are exclusively collateralized for the Maryland State Treasurer's Office.
- (a) The letter of credit pledged as collateral for the Beneficiary Organization shall not be combined with any other local government, municipal, or county public funds.
- L. The Depository is required to exclusively monitor and collateralize the Beneficiary Organization's public state funds daily. To verify and confirm that the total amount of the issued letter of credit consistently meets or exceeds the 102% requirement set forth by the State Finance and Procurement statutes, effectively collateralizing, the Beneficiary Organization public state fund accounts at the recorded "highest daily collected balance."
- M. In the event the total amount of the issued letter of credit falls below or does not meet the 102% requirement set forth by the State Finance and Procurement statutes, the Depository is obligated to increase the total amount of the issued letter of credit on the same business day or within one (1) business day. The Depository must ensure that documented confirmation of the issued letter of credit increase is provided directly from the issuing FHLB to the Beneficiary Organization via email or overnight trackable mail.

- N. In the event that the letter of credit or the Depository does not meet one or more of the Guidelines, as may be amended from time to time, the Depository shall, upon the STO request and express approval, provide alternative eligible collateral under SFP § 6-202 in lieu of the letter of credit. This alternative eligible collateral must be executed and provided within one (1) business day of the Beneficiary's request.
- O. Any reference in this Agreement to a specific statutory provision shall be deemed to refer to any applicable successor provision.

IV. AUTHORIZED SIGNATURES OF PARTIES

(DEPOSITARY BANK)
(the “Depository”)

X: _____

Name: _____

Title: _____

Date: _____

Maryland State Treasurer (STO)
State of Maryland
(the “Beneficiary Organization”)

X: _____

Name: _____

Title: _____

Date: _____

Approved as to form and legal sufficiency:

Legal Counsel to the “Depository”

X: _____

Name: _____

Title: _____

Date: _____

Legal Counsel to the “Beneficiary Organization”

X: _____

Name: _____

Title: _____

Date: _____