

## COUNCIL WORKSHOP ITEM

**ITEM:** DEPOSITORY INSTITUTION RESOLUTION  
**DATE:** May 14, 2002  
**PREPARED BY:** Martin Lyons, Director of Financial Services  
**PURPOSE:** The purposes of this item are to replace Resolution # 2000-38, the Village Depository Institution Resolution, updating the signature files and the list of banking institutions available for Village banking business, and to provide information regarding the Village collateralization agreement with Downers Grove National Bank.

**DISCUSSION:** A resolution from the governing board of a municipal corporation is required to establish the ability to deposit funds and transact business at banking institutions. Inclusion in the resolution does not obligate the Village to conduct business with any particular depository institution; however, the Village does not conduct business with institutions not included in the resolution.

The Village Depository Institution Resolution was last updated in August of 2000. At that time, the list of banking institutions was revised to recognize personnel changes and to expand the list. The expansion provided improved potential for better investments and the ability to consider more competitive bids for banking services.

Since the last update, the Village has had additional management staffing changes, the banking community has had name and organizational changes, and there are a few additional institutions that can enhance the current banking services available to the Village.

The personnel changes include the Village Manager, the Deputy Village Manager of Finance and Administration and an Accountant. The proposed resolution adds these personnel as signors to the Village banking institutions based on their direct involvement with the financial administration of the Village.

Changes in the banking institutions include the following:

Name Changes:

U.S. Bank	Replaces Firststar as the Illinois Funds Bank
Charter One	Formerly, St. Paul Federal

Additional Banking Institutions:

Fifth Third Bank	A new banking institution in the community offering enhanced technological processing.
Lake Forest Bank & Trust	This is the bank of choice by Kraemer Loney and Associates for processing Village Health Insurance claims.

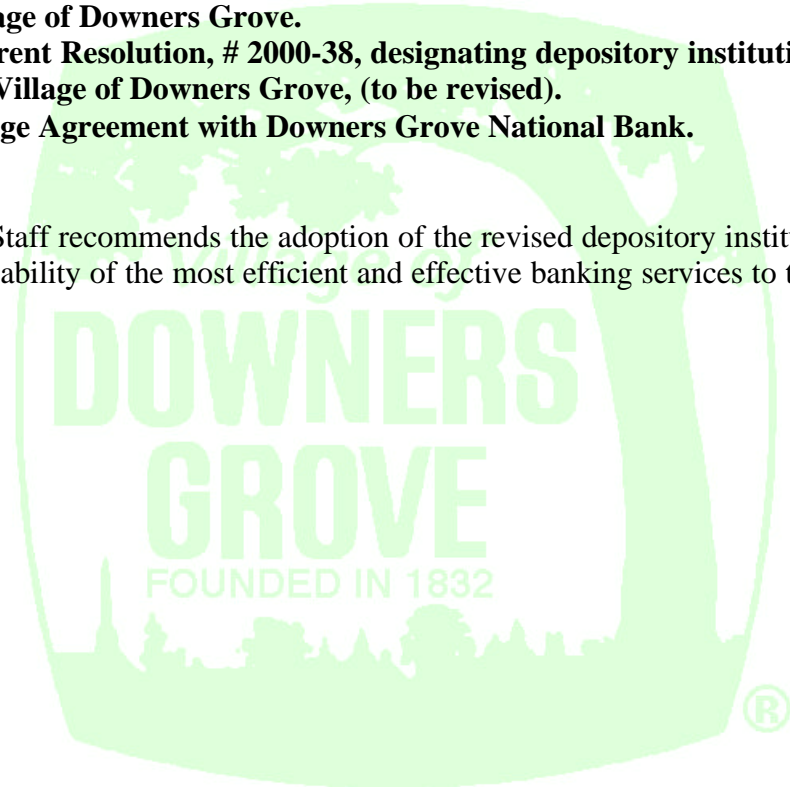
Although not a part of the Depository resolution, we have also included information regarding the Village's collateralization agreement with Downers Grove National. You may recall our auditors recommended the update of this agreement during their review of our financial systems last year. This agreement is only with Downers Grove National, because we already have an agreement with Bank One, and these two banks are the only two institutions that we keep deposits in excess of

\$100,000 (FDIC insurance limit) that are not covered by some other form of insurance or protection. Both DG National and Bank One provide monthly collateral statements to insure that our balances are covered by independently held government securities. No action is required of the Council regarding the Collateralization/Pledge agreement and this will be handled administratively.

**ATTACHMENTS:**

- 1. Proposed Resolution designating depository institutions for the Village of Downers Grove.**
- 2. Current Resolution, # 2000-38, designating depository institutions for the Village of Downers Grove, (to be revised).**
- 3. Pledge Agreement with Downers Grove National Bank.**

**RECOMMENDATION:** Staff recommends the adoption of the revised depository institution resolution to facilitate the availability of the most efficient and effective banking services to the Village.



**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION DESIGNATING DESIGNATED DEPOSITORY INSTITUTIONS  
FOR THE VILLAGE OF DOWNERS GROVE**

WHEREAS, the Village of Downers Grove, DuPage County, Illinois (the **Village**), is a duly organized and existing municipality created under the provisions of the laws of the State of Illinois; and

WHEREAS, the Village desires to designate certain banking institutions (Institutions) as depositories for certain Village funds,

NOW, THEREFORE, BE IT RESOLVED by the Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the institutions listed immediately below are designated as depositories in which the funds of the Village may be deposited by its officers, agents and employees; and that such officers, agents, and employees of the Village are, and each of them hereby is authorized to indorse for deposit or negotiation, or to deposit without indorsement, any and all checks, drafts, notes, bills of exchange, and orders for the payment of money, either belonging to or coming into possession of the Village (including any of the foregoing payable to the Village in any trade name or style it may have adopted); indorsements for deposit may be by the written or stamped indorsement of the Village without designation of the person making the indorsement;

Solomen Smith Barney	Lake Forest Bank and Trust
Fifth Third Bank	Suburban Bank and Trust Security Bank
Downers Grove National Bank	MidAmerica
Republic Bank	TCF National Bank Illinois
Bank One/American National Bank Midwest Bank	US Bank (Illinois Funds Account)
Lasalle National Bank The Bank of Commerce	West Suburban
Hinsbrook Bank & Trust	Charter One
Citibank	Superior Bank
Northern Trust	

2. That any two of the following officers of the Village, to wit: the TREASURER, VILLAGE MANAGER, DEPUTY VILLAGE MANAGER OF FINANCE & ADMINISTRATION, ASSISTANT DIRECTOR OF FINANCE, ACCOUNTING MANAGER and the ACCOUNTANT (the **Authorizing Officers**), acting jointly, be, and they hereby are, authorized on behalf of the Village:

A. To designate in writing at any time, and from time to time, officers (including themselves), agents and employees of the Village (each a **Designated Person**, which term may include the plural) each of whom, on behalf of the Village, is authorized to do any one or more of the following:

i. Sign, by manual or facsimile signature (including any signature made with or generated by a signature plate, any similar device, or a computer), any and all checks, drafts, and other orders for the payment of money, including orders or directions in informal or letter form, against any funds at any time standing to the credit of the Village in any account with the Institutions, and to

redelegate the authority herein contained as to manual signatures only to other officers or employees of the Village under such restrictions and limitations as the Authorizing Officers deem appropriate;

ii. Issue written, telephonic, electronic or oral instructions with respect to the transfer of funds of the Village on deposit with the Institutions (or otherwise transferable by the Institutions) (a) by wire, automated clearinghouse or other electronic means of transfer, without any written order for the payment of money being issued with respect to such transfer or (b) by check, draft or other written order for the payment of money, whether signed by persons authorized pursuant to this resolution or authorized by the Institutions;

iii. Issue pre-authorized drafts by any authorized signatory or signatories against the bank accounts of the Village;

iv. Authorize the issuance of depository transfer checks (each having plainly printed on its face ~~A~~DEPOSITORY TRANSFER CHECK@and being by its wording payable to the payee Institution for credit to an account of the Village with the payee Institution) for the purpose of transferring funds from any bank or other financial institution in which the Village has funds on deposit to an account of the Village at another depository bank or financial institution designated under the authority exercised hereunder. Such checks shall require no signature other than the name of the Village printed at the lower right hand corner, which name so printed shall constitute the official signature of the Village for use in connection with depository transfer checks;

B. To amend, revoke or terminate any designation made pursuant to the authority contained in paragraph A.

C. To enter into such agreements with the institutions with respect to any banking services (including without limitation electronic services) as such officers in their sole discretion deem advisable or in the interest of the Village; and

D. To open new accounts with the Institutions and to close any or all accounts opened with the Institutions and to terminate any agreement entered into with the Institutions.

3. That the Institutions be, and it hereby are, authorized and directed to honor:

A. Any and all checks, drafts and orders signed manually by any person or persons authorized by the Authorizing Officers as aforesaid, including those drawn to the individual order of any such person or persons whose names appear thereon as a signer or signers thereof, without further inquiry or regard to the authority of said person or persons or the use of the checks, drafts or orders, or the proceeds thereof.

B. Any and all checks, drafts and other orders for the payment of money drawn in the Village's name, including those drawn to the individual order of any person or persons whose name or names appear thereof as signer or signers thereof, without further inquiry or regard to the authority of said person or persons or the use of the checks, drafts, or orders, or the proceeds thereof when bearing or

purporting to bear the facsimile signature(s) of any person(s) authorized so to sign by the Authorizing Officers as aforesaid, and to charge the account of the Village for such checks, drafts or other orders for the payment of money, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such signature or signatures resemble(s) the facsimile specimens of such signature(s) certified to or filed with the Institutions by or on behalf of this Village;

C. Any written, oral, telephonic, or electronic instruction for the transfer of funds of the Village (a) by wire or other electronic means initiated by a person or persons designated by the Authorizing Officers or made by the Institutions in accordance with the procedure provided by any agreement for wire or other electronic means of transfer of funds entered into on behalf of the Village by the Authorizing Officers, or (b) by check, draft, or other written order for the payment of money authorized in accordance with this resolution; and

D. Any preauthorized draft or depository transfer check authorized in accordance with the provisions of this resolution.

4. That any two of the Authorizing Officers, acting jointly, be, and they hereby are, authorized on behalf of the Village:

A. To designate in writing at any time, and from time to time, officers (including themselves), agents and employees of the Village (each a Designated Person, which term may include the plural) each of who, on behalf of the Village, is authorized to do any one or more of the following:

i. Discount with the Institutions any of the notes, drafts or acceptances held by the Village, upon such terms and conditions as said Designated Person may deem advisable;

ii. Receive and receipt for, sign orders, and issue instructions (written or oral) on behalf of the Village for the handling and delivery of the proceeds of any extension of credit;

iii. Enter into security transactions and other transactions with the Institutions upon such terms and conditions which the Designated Person may deem advisable and, without limiting the generality of the foregoing to:

a. purchase or sell, through the Institutions, either as agent, principal or otherwise, and either for immediate or future delivery of bonds, commercial paper, Federal Reserve funds or any other property whatsoever;

b. deliver to and deposit with the Institutions for safekeeping, custody, or other purposes any and all securities of any kind whatsoever, and, in connection therewith, to open and maintain with the Institutions a safekeeping or custody account and to sign agreements, orders and issue instructions in respect thereto as said Designated Person may deem advisable;

c. withdraw, receive, and receipt for and sign orders and issue instructions for the handling, transfer registration, sale, substitution, exchange and delivery of any bonds,

other securities or other property held by the Institutions for the account of the Village; such withdrawals, substitutions, exchanges, and deliveries, whether subject to payment or not, may also be made by the bearer of any order, receipt, or request so signed;

B. To amend, revoke or terminate any designation made pursuant to the authority contained in paragraph A; and

C. To enter into such agreements with the Institutions with respect to any banking services (including without limitation financial advisory services) and financial accommodations as such officers in their sole discretion deem advisable or in the interest of the Village.

5. That each of the foregoing resolutions shall also apply in fully to any account, financial accommodation, transaction or property at or with any facility or branch of the Institutions and its subsidiaries and affiliates.

6. That any request for a loan or other financial accommodation may be made by telephone, writing, by telex or facsimile transmission, or by any other form of communication deemed advisable by the Designated Person and that the Institutions shall incur no liability for acting in accordance with requests or instructions which the Institutions believes in good faith to have emanated from a properly authorized person.

7. That each of the foregoing resolutions and any designation of Designated Persons made pursuant thereto shall continue in force until express written notice of its revocation or modification has been received by the Institutions, but if the authority contained in them should be revoked or terminated by operation of law without such notice, it is resolved and hereby agreed, for the purpose of inducing the Institutions to act thereunder, that the Institutions shall be saved harmless from any loss suffered or liability incurred by it in so acting after such revocation or termination without such notice.

8. That each of the individuals named below presently holds the office appearing next to his or her name and that the specimen of each individuals signature which appears next to his or her title is genuine:

<u>NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>
Martin Lyons	TREASURER	_____
Riccardo Ginex	VILLAGE MANAGER	_____
David VanVooren	DEPUTY VILLAGE MANAGER OF FINANCE & ADMINISTRATION	_____
Trisha Steele	ASSISTANT DIRECTOR OF FINANCE	_____
Carol Schimanski	ACCOUNTING MANAGER	_____
Chris Holm	ACCOUNTANT	_____

9. That this resolution shall be in full force and effect and binding upon this Corporation until it shall have been rescinded and written notice of such rescission under the corporate seal of this Corporation shall have been delivered to said Institutions.

10. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

11. That this Resolution shall be in full force and effect from and after its passage as provided by law.

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Mayor

Passed:

Attest: \_\_\_\_\_  
Village Clerk

RESOLUTION NO. 2000-38

A RESOLUTION DESIGNATING DESIGNATED DEPOSITORY INSTITUTIONS FOR THE VILLAGE OF DOWNERS GROVE

WHEREAS, the Village of Downers Grove, DuPage County, Illinois (the "Village"), is a duly organized and existing municipality created under the provisions of the laws of the State of Illinois; and

WHEREAS, the Village desires to designate certain banking institutions (Institutions) as depositories for certain Village funds,

NOW, THEREFORE, BE IT RESOLVED by the Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the institutions listed immediately below are designated as depositories in which the funds of the Village may be deposited by its officers, agents and employees; and that such officers, agents, and employees of the Village are, and each of them hereby is authorized to indorse for deposit or negotiation, or to deposit without indorsement, any and all checks, drafts, notes, bills of exchange, and orders for the payment of money, either belonging to or coming into possession of the Village (including any of the foregoing payable to the Village in any trade name or style it may have adopted); indorsements for deposit may be by the written or stamped indorsement of the Village without designation of the person making the indorsement;

- List of banks: Downers Grove National Bank, Republic Bank, Bank One/American National Bank Midwest Bank, Lasalle National Bank The Bank of Commerce, Firststar (Illinois Funds account), Hinsbrook Bank & Trust, Citibank, Northern Trust, Suburban Bank and Trust Security Bank, Amerimark, MidAmerica, TCF National Bank Illinois, US Bank, West Suburban, St. Paul Federal, Superior Bank

2. That any two of the following officers of the Village, to wit: the TREASURER, VILLAGE MANAGER, DEPUTY VILLAGE MANAGER, ASSISTANT DIRECTOR OF FINANCE and the ACCOUNTING MANAGER (the "Authorizing Officers"), acting jointly, be, and they hereby are, authorized on behalf of the Village:

A. To designate in writing at any time, and from time to time, officers (including themselves), agents and employees of the Village (each a "Designated Person", which term may include the plural) each of whom, on behalf of the Village, is authorized to do any one or more of the following:

I. Sign, by manual or facsimile signature (including any signature made with or generated by a signature plate, any similar device, or a computer), any and all checks, drafts, and other orders for the payment of money, including orders or directions in informal or letter form, against any funds at any time standing to the credit of the Village in any account with the Institutions, and to

redelegate the authority herein contained as to manual signatures only to other officers or employees of the Village under such restrictions and limitations as the Authorizing Officers deem appropriate;

ii. Issue written, telephonic, electronic or oral instructions with respect to the transfer of funds of the Village on deposit with the Institutions (or otherwise transferable by the Institutions) (a) by wire, automated clearinghouse or other electronic means of transfer, without any written order for the payment of money being issued with respect to such transfer or (b) by check, draft or other written order for the payment of money, whether signed by persons authorized pursuant to this resolution or authorized by the Institutions;

iii. Issue pre-authorized drafts by any authorized signatory or signatories against the bank accounts of the Village;

iv. Authorize the issuance of depository transfer checks (each having plainly printed on its face "DEPOSITORY TRANSFER CHECK" and being by its wording payable to the payee Institution for credit to an account of the Village with the payee Institution) for the purpose of transferring funds from any bank or other financial institution in which the Village has funds on deposit to an account of the Village at another depository bank or financial institution designated under the authority exercised hereunder. Such checks shall require no signature other than the name of the Village printed at the lower right hand corner, which name so printed shall constitute the official signature of the Village for use in connection with depository transfer checks;

B. To amend, revoke or terminate any designation made pursuant to the authority contained in paragraph A.

C. To enter into such agreements with the institutions with respect to any banking services (including without limitation electronic services) as such officers in their sole discretion deem advisable or in the interest of the Village; and

D. To open new accounts with the Institutions and to close any or all accounts opened with the Institutions and to terminate any agreement entered into with the Institutions.

3. That the Institutions be, and it hereby are, authorized and directed to honor:

A. Any and all checks, drafts and orders signed manually by any person or persons authorized by the Authorizing Officers as aforesaid, including those drawn to the individual order of any such person or persons whose names appear thereon as a signer or signers thereof, without further inquiry or regard to the authority of said person or persons or the use of the checks, drafts or orders, or the proceeds thereof.

B. Any and all checks, drafts and other orders for the payment of money drawn in the Village's name, including those drawn to the individual order of any person or persons whose name or names appear thereof as signer or signers thereof, without further inquiry or regard to the authority of said person or persons or the use of the checks, drafts, or orders, or the proceeds thereof when bearing or purporting to bear the facsimile signature(s) of any person(s) authorized so to sign by the Authorizing

Officers as aforesaid, and to charge the account of the Village for such checks, drafts or other orders for the payment of money, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such signature or signatures resemble(s) the facsimile specimens of such signature(s) certified to or filed with the Institutions by or on behalf of this Village;

C. Any written, oral, telephonic, or electronic instruction for the transfer of funds of the Village (a) by wire or other electronic means initiated by a person or persons designated by the Authorizing Officers or made by the Institutions in accordance with the procedure provided by any agreement for wire or other electronic means of transfer of funds entered into on behalf of the Village by the Authorizing Officers, or (b) by check, draft, or other written order for the payment of money authorized in accordance with this resolution; and

D. Any preauthorized draft or depository transfer check authorized in accordance with the provisions of this resolution.

4. That any two of the Authorizing Officers, acting jointly, be, and they hereby are, authorized on behalf of the Village:

A. To designate in writing at any time, and from time to time, officers (including themselves), agents and employees of the Village (each a "Designated Person", which term may include the plural) each of who, on behalf of the Village, is authorized to do any one or more of the following:

I. Discount with the Institutions any of the notes, drafts or acceptances held by the Village, upon such terms and conditions as said Designated Person may deem advisable;

ii. Receive and receipt for, sign orders, and issue instructions (written or oral) on behalf of the Village for the handling and delivery of the proceeds of any extension of credit;

iii. Enter into security transactions and other transactions with the Institutions upon such terms and conditions which the Designated Person may deem advisable and, without limiting the generality of the foregoing to:

a. purchase or sell, through the Institutions, either as agent, principal or otherwise, and either for immediate or future delivery of bonds, commercial paper, Federal Reserve funds or any other property whatsoever;

b. deliver to and deposit with the Institutions for safekeeping, custody, or other purposes any and all securities of any kind whatsoever, and, in connection therewith, to open and maintain with the Institutions a safekeeping or custody account and to sign agreements, orders and issue instructions in respect thereto as said Designated Person may deem advisable;

c. withdraw, receive, and receipt for and sign orders and issue instructions for the handling, transfer registration, sale, substitution, exchange and delivery of any bonds, other securities or other property held by the Institutions for the account of the Village; such withdrawals, substitutions, exchanges, and deliveries, whether subject to payment or not, may also be

made by the bearer of any order, receipt, or request so signed;

B. To amend, revoke or terminate any designation made pursuant to the authority contained in paragraph A; and

C. To enter into such agreements with the Institutions with respect to any banking services (including without limitation financial advisory services) and financial accommodations as such officers in their sole discretion deem advisable or in the interest of the Village.

5. That each of the foregoing resolutions shall also apply in fully to any account, financial accommodation, transaction or property at or with any facility or branch of the Institutions and its subsidiaries and affiliates.

6. That any request for a loan or other financial accommodation may be made by telephone, writing, by telex or facsimile transmission, or by any other form of communication deemed advisable by the Designated Person and that the Institutions shall incur no liability for acting in accordance with requests or instructions which the Institutions believes in good faith to have emanated from a properly authorized person.

7. That each of the foregoing resolutions and any designation of Designated Persons made pursuant thereto shall continue in force until express written notice of its revocation or modification has been received by the Institutions, but if the authority contained in them should be revoked or terminated by operation of law without such notice, it is resolved and hereby agreed, for the purpose of inducing the Institutions to act thereunder, that the Institutions shall be saved harmless from any loss suffered or liability incurred by it in so acting after such revocation or termination without such notice.

8. That each of the individuals named below presently holds the office appearing next to his or her name and that the specimen of each individual's signature which appears next to his or her title is genuine:

<u>NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>
Martin Lyons	TREASURER	_____
Michael McCurdy	VILLAGE MANAGER	_____
Jerry Sprecher	DEPUTY VILLAGE MANAGER	_____
Trisha Steele	ASSISTANT DIRECTOR OF FINANCE	_____
Carol Schimanski	ACCOUNTING MANAGER	_____

9. That this resolution shall be in full force and effect and binding upon this Corporation until it shall have been rescinded and written notice of such rescission under the corporate seal of this Corporation shall have been delivered to said Institutions.

10. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

11. That this Resolution shall be in full force and effect from and after its passage as provided by law.

B. Kuyt  
Mayor

Passed: September 5, 2000

Attest: April N. Horn  
Village Clerk

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# DOWNERS GROVE NATIONAL BANK

5140 Main St. • Downers Grove, IL 60515 • (630) 968-6300

November 20, 2001

Marty Lyons  
Director of Finance  
Village of Downers Grove  
801 Burlington Avenue  
Downers Grove, IL 60515

Dear Marty:

I am enclosing forms to pledge securities for the Village of Downers Grove's deposits.

To increase future flexibility for the Village, I am enclosing forms to open safekeeping accounts for the securities at both the Federal Reserve and the Northern Trust Company.

Enclosed are the following:

- 1) One "Pledgee Authorization" form and one "Pledgor Authorization" form to set up the Northern Trust municipal safekeeping account. Please obtain a signature at the bottom of each form.
- 2) One "Joint Custody Account Agreement and Pledgee Authorization List" form to set up the Federal Reserve safekeeping account. Please obtain three or more signatures.
- 3) Three copies of the Security Agreement. Please obtain a signature for each copy, and keep one for your records.

Please return 1), 2), and 3) to Downers Grove National Bank in the enclosed self-addressed stamped envelope. We will then complete the transaction and forward final copies to you as soon as they are available.

If you have any questions, please feel free to call me at 630/968-6301, extension 254.

Very truly yours,

Mary Jane Reher  
Vice President and Controller  
Enc.

The Northern Trust Company  
50 S. La Salle Street  
Chicago, IL 60675

Pledgor Authorization

Gentlemen:

The Northern Trust Company (the "Bank") holds, from time to time, on behalf of Village of Downers Grove  
(the "Pledgee") and as its safekeeping agent in Safekeeping Account # 20506 R (the "Safekeeping  
Account") certain securities deposited with the Bank (the "Securities") which have been pledged to the Pledgee by the undersigned as pledgor as  
collateral for certain of the undersigned's obligations to the Pledgee.

The undersigned hereby authorizes the Bank to accept instructions (whether signed, unsigned, or telephonic in form) from time to time to hold  
Securities which have been pledged as collateral for certain of the undersigned's obligations to the Pledgee, on behalf of the Pledgee and as the  
Pledgee's safekeeping agent. The undersigned agrees that the Bank may rely on the authority of persons giving telephonic or unsigned  
instructions to hold Securities when such persons provide the Bank with an approved authorization number, and the undersigned further agrees  
that the Bank shall have no liability for acting in accordance with such telephonic or unsigned instructions. The undersigned shall have the  
responsibility for proper control and dissemination of the approved authorization code within its organization. The undersigned agrees to provide  
timely changes to this authorization code in writing upon the termination of those who had knowledge of this information.

The Bank will hold the Securities as safekeeping agent of the Pledgee. Except as provided herein, the Bank will not release, exchange, transfer  
or otherwise dispose of the Securities held on behalf of the Pledgee without prior written consent of the Pledgee or except as directed by a court  
of competent jurisdiction.

The Pledgor understands that the Pledgee has authorized the Bank to release a portion or all of the Securities pledged by the Pledgor upon and  
in exchange for the deposit in the Safekeeping Account by the Pledgor of securities (the "Replacement Securities") aggregating equal or greater  
par value than the par value of the Securities released as of the date on which such Securities are released. After any such exchange, the Bank  
will continue to hold the remaining Securities, together with the Replacement Securities, as safekeeping agent for the Pledgee. The Bank shall  
give receipts acknowledging possession or delivery of the Securities or the Replacement Securities. At a minimum, such receipts shall be made  
in duplicate with one copy to the undersigned and one copy to the Pledgee.

The Bank shall disburse income on the Securities and the Replacement Securities, and regularly scheduled repayments of principal prior to the  
final maturity of the Securities and the Replacement Securities, if any, in accordance with the instructions of the undersigned. While the Bank is  
under no obligation to the undersigned to notify the undersigned with respect to impending calls or to collect either principal or interest on the  
Securities or Replacement Securities, if any, called, the Bank agrees to make reasonable efforts to notify the undersigned with respect to  
impending calls and to collect principal or interest on the Securities or Replacement Securities, if any, called.

The undersigned understands and hereby agrees that it shall bear sole responsibility for the correctness and authenticity of any instructions  
(whether signed, unsigned or telephonic in form) which the Bank believes to be authorized and acts upon in good faith and agrees to indemnify  
the Bank and hold the Bank harmless for any loss, cost or damages, including attorney's fees and time charges for attorneys who may be  
employees of the Bank, which the Bank may incur as a result of acting and relying on such instructions.

The undersigned understands and hereby agrees that neither the Bank nor any of its directors, officers, employees or agents shall be liable to the  
undersigned for any action taken in good faith by the Bank or any of its directors, officers, employees or agents in connection with the Securities  
and/or the Replacement Securities except for its or their own gross negligence or willful misconduct.

The undersigned also understands that the Bank is not responsible for, and makes no representation or warranty with respect to the validity or  
enforceability against third parties of the Pledgee's security interest in the Securities and/or the Replacement Securities or with respect to the  
effect of the Bank's acting as safekeeping agent of the Safekeeping Account.

All notices and other communications shall be sent to:

the Pledgor:

The Northern Trust Company  
50 S. La Salle Street  
Chicago, Illinois 60675  
(Attention: Safekeeping Customer Service)  
Downers Grove National Bank  
5140 Main Street  
Downers Grove, IL 60515  
(Attention: Please print or type name: )

This agreement may be terminated by the undersigned (with the prior written consent of the Pledgee) or by the Bank at any time upon written  
notice. Delivery of Securities and Replacement Securities, if any, as directed by the Pledgee shall release the Bank from all further liability or  
responsibility hereunder.

Date: November 19, 2001

Sincerely,  
Mary Jane Reher  
By: Mary Jane Reher  
Vice President and Controller  
(title)

Accepted:  
THE NORTHERN TRUST COMPANY  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

Accepted:  
PLEDGEE  
By: [Signature]  
Title: Treasurer  
Dated: 11/25/01

**The Northern Trust Company**

50 S. La Salle Street  
Chicago, IL 60675

**Pledgee Authorization**

Gentlemen:

The Northern Trust Company (the "Bank") holds, on behalf of the undersigned as pledgee and as its safekeeping agent in Safekeeping Account # 20506 R (the "Safekeeping Account") certain securities deposited with the Bank (the "Securities") which have been pledged to the undersigned by Downers Grove National Bank (the "Pledgor") as collateral for certain of its obligations to the undersigned.  
Downers Grove, IL

The undersigned understands that the Bank will accept instructions (whether signed, unsigned or telephonic in form) from time to time from the Pledgor to hold Securities, which have been pledged as collateral for certain of its obligations to the undersigned, in the Safekeeping Account, on behalf of the undersigned and as safekeeping agent of the undersigned. Except as specifically provided hereinbelow, the Bank will not release, exchange, transfer or otherwise dispose of the Securities held on behalf of the undersigned without prior written consent of the undersigned or except as directed by a court of competent jurisdiction.

The undersigned will promptly notify the Bank of its release of the pledged Securities. The undersigned hereby agrees that the Bank may rely on the authority of persons giving instructions (whether signed, unsigned or telephonic in form) to release the Securities which the Bank believes to be authorized, and the undersigned further agrees that the Bank shall have no liability for acting in accordance with such instructions.

The undersigned hereby authorizes the Bank to release a portion or all of the Securities pledged by the Pledgor upon and in exchange for the deposit in the Safekeeping Account by the Pledgor of securities (the "Replacement Securities") aggregating equal or greater par value of the Securities released as of the date on which such Securities are released. After any such exchange, the Bank will continue to hold the remaining Securities, together with the Replacement Securities, as safekeeping agent for the undersigned.

The undersigned hereby authorizes the Bank to disburse income on the Securities and the Replacement Securities, and regularly scheduled repayments of principal prior to the final maturity of the Securities and the Replacement Securities, if any, in accordance with the instructions of the Pledgor. While the Bank is under no obligation to the undersigned to notify the undersigned with respect to impending calls or to collect either principal or interest on the Securities and Replacement Securities, if any, called, the Bank agrees to make reasonable efforts to notify the undersigned with respect to impending calls and to collect principal or interest on the Securities or Replacement Securities, if any, called.

The undersigned hereby authorizes the Bank to give receipts acknowledging possession or delivery of the Securities and/or the Replacement Securities. At a minimum, such receipts shall be made in duplicate with one copy to the undersigned and one copy to the Pledgor.

The undersigned understands and hereby agrees that it shall bear sole responsibility for the correctness and authenticity of any instructions (whether signed, unsigned, or telephonic in form) with respect to the Securities and/or Replacement Securities which the Bank believes to be authorized and acts upon in good faith and agrees to indemnify the Bank and hold the Bank harmless for any loss, cost or damages, including attorney's fees and time charges for attorneys who may be the Bank's employees, which the Bank may incur as a result of acting and relying on such instructions.

The undersigned understands and hereby agrees that neither the Bank nor any of its directors, officers, employees or agents shall be liable to the undersigned for any action taken in good faith by the Bank or any of its directors, officers, employees or agents in connection with the Securities and/or Replacement Securities except for its or their own gross negligence or willful misconduct.

The undersigned also understands that the Bank is not responsible for, and makes no representation or warranty whatsoever to anyone with respect to, the validity or enforceability against third parties of the undersigned's security interest in the Securities and/or Replacement Securities or with respect to the Bank's acting as safekeeping agent of the Safekeeping Account.

All notices and other communications shall be sent to:

The Northern Trust Company  
50 S. La Salle Street  
Chicago, Illinois 60675  
(Attention: Safekeeping Customer Service)

the Pledgee:

Village of Downers Grove  
801 Burlington Avenue  
Downers Grove, IL 60515  
(Attention: Please print or type name: )

This agreement may be terminated by the undersigned (with the prior written consent of the Pledgee) or by the Bank at any time upon written notice. Delivery of Securities and Replacement Securities, if any, as directed by the Pledgee shall release the Bank from all further liability or responsibility hereunder.

Date: \_\_\_\_\_

Sincerely,  
By: Martin Lyons  
Martin Lyons  
(name)  
Treasurer  
(title)

Accepted:  
THE NORTHERN TRUST COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated \_\_\_\_\_



# INSTRUCTIONS

## TO BE COMPLETED BY RESERVE BANK:

1. Assigned by the Federal Reserve Bank to identify your institution.
2. The date the Reserve Bank indicates the account or change is effective.

## TO BE COMPLETED BY PLEDGEE:

3. Organization or agency legal name.
4. Names of all individuals authorized to accept or release securities held in joint custody with a depository financial institution for your organization. These individuals may accept or release securities by letter and fax. By submitting these names, your organization represents that the named individuals are authorized to accept and release pledged securities on behalf of your organization. This authorization supersedes all previous authorizations and is effective until express written notice of revocation or modification is received by the Reserve Bank.
5. The Reserve Bank will act on the release instructions of a single authorized individual unless this box is checked. If this box is checked, the Reserve Bank will accept release instructions from two of any of the individuals listed as authorized to issue release instructions, unless the Pledgee includes special instructions (for example, President may alone authorize releases, but two Vice Presidents are required to authorize releases).
6. Signature of Pledgee's representative who is authorized to establish the joint custody account and certify the signatures of the authorized persons listed on the form. Please note that Operating Circular No. 7 is available on-line at [www.frbsecurities.org/book-entry/frbook.cfm](http://www.frbsecurities.org/book-entry/frbook.cfm) or in hard-copy form upon request.

## TO BE COMPLETED BY PLEDGOR:

7. Name and Routing Number of the financial institution/pledgor that is establishing the custody account.
8. Signature of an officer at the financial institution/pledgor whose signature is on file at the Federal Reserve Bank of Chicago and who is guaranteeing the signature of the Pledgee's representative.

**IF YOU HAVE ANY CHANGES TO YOUR AUTHORIZED PERSONNEL, SUBMIT A NEW LIST TO THE FEDERAL RESERVE BANK OF CHICAGO, ELECTRONIC SERVICES - 16<sup>TH</sup> FL., P.O. BOX 834, CHICAGO, IL 60690-0834.**

For further information, contact the Book-Entry Securities Transfer Department at the Federal Reserve Bank of Chicago at (312) 322-5128.

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated November 19, 2001, is between Downers Grove National Bank (The "Bank"), (bank and trust company) having an address at 5140 Main Street, Downers Grove, and the Village of Downers Grove having an address at 801 Burlington Avenue, Downers Grove, IL (the "Village").

### WITNESSETH:

WHEREAS, the Bank is a qualified public depository as defined in The Illinois Public Funds Investment Act (the "Investment Act"); and

WHEREAS, the Village from time to time makes deposits, as said term is defined in the Investment Act, in the Bank (its "Public Deposits"), which Public Deposits shall from time to time aggregate in excess of FDIC coverage; and

WHEREAS, the Village desires to have its Public Deposits secured by collateral; and

WHEREAS, the Bank has agreed to secure the Village's Public Deposits by granting to the District a security interest in certain collateral ("Eligible Collateral") owned by the Bank, as permitted by 12 U.S.C. § 90 and by 30ILCS235/6(d);

NOW THEREFORE, in consideration of the Village depositing its Public Deposits as herein described, and for other good and valuable consideration, hereby acknowledged as received, it is hereby agreed between the Village and the Bank as follows:

1. In order to secure the Village's Public Deposits, the Bank hereby pledges, assigns, transfers and grants to the Village a perfected first priority security interest in such amounts of the Eligible Collateral to meet the collateral ratios and other requirements described in this Agreement. If at any time the ratio of the market value of the Eligible Collateral to the Village's Public Deposits, plus accrued interest, is less than required by this Agreement, the Bank shall immediately, by the end of the following business day, make such additions to the Eligible Collateral in such amounts such that the ratio of the market value of the Eligible Collateral to the Village's Public Deposits, plus accrued interest, shall be at least equal to that required by this Agreement. Such additions to the Eligible Collateral shall constitute an assignment, transfer, pledge, and grant to the Village of a security interest in such additional Eligible Collateral.
2. The security interest granted herein (as described in Section 1 above) shall secure not only such Public Deposits and accrued interest of the Village as are held by the Bank at the time of this Agreement, but also any and all subsequent Public Deposits made by the Village in the Bank regardless of the accounts in which such funds may

be held or identified by the bank.

3. The pledge of Eligible Collateral by the Bank shall be in addition to, and shall in no way eliminate or diminish any insurance coverage to which the Village may be entitled under the rules and regulations of the Federal Deposit Insurance Corporation (FDIC) or any private insurance carried by the Bank for the purpose of protecting the claims and rights of its depositors.
4. The Village is under no obligation to maintain its deposits with the Bank and may withdraw them at any time without notice and without penalty. It is agreed that when the Bank shall have paid out and accounted for all or any portion of the Village's Public Deposits, any Eligible Collateral pledged under this Agreement to secure such paid out Public Deposits shall be released from the security interest created hereunder. Certificates of Deposit invested with Downers Grove National Bank are subject to penalty upon early withdrawal according to bank terms in effect upon issuance.
5. The Bank hereby represents that (i) it is a national banking association duly organized and validly existing under the laws of the United States of America; (ii) it is a qualified public depository as defined by the Investment Act; (iii) it has, or will have as of the time of delivery of any securities as Eligible Collateral under this Agreement, the right, power and authority to grant a security interest therein with priority over any other rights or interest therein; (iv) the execution and delivery of this Agreement and the pledge of securities as Eligible Collateral hereunder will not violate or be in conflict with the Articles of Incorporation or By-laws of the Bank, any agreement or instrument to which the Bank may be a party, any rule, regulation or order of any banking regulator applicable to the Bank, or any internal policy of the Bank adopted by its Board of Directors; and (v) this Security Agreement shall be continuously maintained, from the time of its execution, as an official record of the Bank.
6. The Bank warrants that it is the true and legal owner of all Eligible Collateral pledged under this Agreement, that the Eligible Collateral is free and clear of all liens and claims, that no other person or entity has any right, title or interest therein, and that the Eligible Collateral has not been pledged or assigned for any other purpose. Should an adverse claim be placed on any pledged Eligible Collateral, the Bank shall immediately substitute unencumbered Eligible Collateral of equivalent value.
7. At any time that the Bank is not in default under this agreement, the Bank may substitute Eligible Collateral, provided that the total market value of Eligible Collateral shall meet the requirements of this Agreement.
8. Any additional pledge of Eligible Collateral hereunder, substitution of Eligible Collateral or release of Eligible Collateral shall be approved by an officer of the

Bank duly authorized by resolution of the Board of Directors to approve such additional pledges, substitutions or releases of Eligible Collateral, under this Agreement.

9. The Bank agrees to place the Eligible Collateral with a Federal Reserve Bank or a bank which is a member with the Federal Reserve Bank system, (the "Custodian") to hold in a custody account for the benefit of the Village. The Bank shall execute a custodial trust agreement with the Custodian for the custody of the Eligible Collateral consistent with the terms of this Security Agreement. The execution by the Bank of the custodial trust agreement shall in no way relieve it of any of its duties or obligations hereunder.
10. Upon the initial transfer of Eligible Collateral under this Agreement and monthly thereafter, the Bank and Custodian shall be required to report to the Village specifying the type and market value of Eligible Collateral being held for the benefit of the Village.
11. The Bank shall pledge and transfer Eligible Collateral having a total market value of at least the total value of the Public Deposits, including accrued interest, of the Village, less amounts covered by insurance of the FDIC.
12. Eligible Collateral shall include only the following securities and shall have a minimum market value as expressed in the following collateral ratios:

<u>Form of Eligible Collateral Pledge</u>	<u>Collateral Ratio (Market value divided by deposit plus accrued interest)</u>
A. United States treasury bills or notes	110%
B. Negotiable obligations of Federal Agencies	110%
C. Negotiable obligations of Federal Instrumentalities	110%
D. Negotiable obligations of the State of Illinois or any municipal or political subdivision of this State	110%
E. Other negotiable obligations approved in writing by the Pledgee's treasurer and which are in compliance with Illinois law, provided the Bank shall give written notice of substitution to the Pledgee	110%

13. The Bank shall recalculate the market value of individual securities comprising Eligible Collateral at least monthly.

14. The Bank has heretofore or will immediately hereafter deliver to the Custodian Eligible Collateral of sufficient value to meet the terms of this Agreement. Said Eligible Collateral or substitute collateral, as herein provided for, shall be retained by the Custodian so long as the Bank holds deposits of the Village.
15. In the event the Bank shall (a) fail to pay the Village any funds which the Village has on deposit, (b) fail to pay and satisfy when due, any check, draft, or voucher lawfully drawn against any deposit of the Village, (c) cease or suspend active operations, (d) become insolvent, or (e) fail to maintain adequate collateral as required by this Agreement, the Bank shall be in default, the Village's deposits in such Bank shall become due and payable immediately, the Village shall have the right to unilaterally demand delivery of the Eligible Collateral upon notice to the bank, and ownership of the Eligible Collateral shall transfer to the Village. The Bank hereby authorizes the Custodian to, and the Custodian shall, without verification in reliance on the written statement of the Village as to the existence of a default release the Eligible Collateral to the Village. The Bank has a "cure period" of three (3) business days to remedy any of the default conditions.
16. In the event of default as described in section 15, the Village shall also have the right to sell Eligible Collateral at any public or private sale at its option without advertising such sale, upon not less than seven (7) business days notice to the Bank and the Custodian. In the event of such sale, the Village, after deducting all legal expenses and other costs, including reasonable attorney's fees, from the proceeds of such sale, shall apply the remainder on any one or more of the liabilities of the Bank to the Village, including accrued interest, and shall promptly return the surplus, if any, to the Bank, or its receiver or conservator. In the event the sale of Eligible Collateral, after deducting all legal expenses and other costs, including reasonable attorney's fees, from the proceeds of the sale, does not meet the requirements of Section 12 and there is a shortfall, the bank will remain liable for the shortage.
17. During the term of this Agreement, the Village will, through appropriate action of its governing board, designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of the Village in any and all matters arising under this Agreement.
18. All parties to this Agreement agree to execute any additional documents that may be reasonably required to effectuate the terms, conditions and intent of this Agreement.
19. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
20. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

21. This Agreement shall be governed by and construed in accordance with the laws of Illinois and the laws of the United States, and it supersedes any and all prior agreements, arrangements or understandings with respect to the subject matter hereof. In the event that any conflict of law issue(s) should arise in the interpretation of this Agreement, the parties agree that when Illinois law is not preempted by laws of the United States, Illinois law shall govern.
22. No provision of this Agreement may be waived except by a writing signed by the party to be bound thereby and any waiver of any nature shall not be construed to act as a waiver of subsequent acts.
23. In the event that any provision or clause of this Security Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Security Agreement, which shall be given effect without the conflicting provision. To this end the provisions of this Security Agreement are declared to be severable.
24. Unless applicable law requires a different method, any notice that must be given under this Agreement shall be given in writing to the address set forth herein or such other place as may be designated by written notice in the same manner from one party to the other.

Notices shall be sent to:

1. Downers Grove National Bank  
5140 Main Street  
Downers Grove, IL 60515

2. Village of Downers Grove  
801 Burlington Avenue  
Downers Grove, IL 60515

(Downers Grove National Bank)

By: May J. [Signature]

Its: VICE PRESIDENT & CONTROLLER

Date: 11/20/01

(Village of Downers Grove)

By: [Signature]

Its: Treasurer

Date: \_\_\_\_\_