

A RESOLUTION AUTHORIZING EXECUTION OF A TRI-PARTY PLEDGE DEPOSITORY AGREEMENT WITH BMO HARRIS AND BANK OF AMERICA

WHEREAS, the Village of Barrington Hills (“Village”) as a home-rule municipality pursuant to Article VII, Section 6, of the Constitution of the State of Illinois, is authorized to take all reasonable action pertaining to its affairs in accordance therewith; and

WHEREAS, the Village has previously authorized the execution of a Safekeeping Pledge Securities Agreement with BMO Harris; and

WHEREAS, since the date of execution of the existing Safekeeping Pledge Securities Agreement, BMO Harris has notified the Village that the trend is now for the parties to use tri-party agreements for security/risk purposes; and

WHEREAS, for such purpose, BMO Harris recommends Bank of America as the third party to the pledge agreement; and

WHEREAS, in review of this matter, the President and Board of Trustees has determined that execution of the updated Pledge Depository Agreement with BMO Harris and Bank of America for the reasons set forth herein and in the form attached hereto as Exhibit “A” is in the best interests of the Village.

NOW, THEREFORE, BE IT RESOLVED by the President and Board of Trustees of the Village of Barrington Hills, Cook, Kane, Lane and McHenry Counties, Illinois as a Home Rule municipality, the following:

SECTION ONE: The recitals set forth above are incorporated herein and made a part hereof.

SECTION TWO: The Village Treasurer is hereby authorized to execute the Pledge Depository Agreement on behalf of the Village, and the Village Clerk is hereby authorized as well to execute any documents related hereto where attestation of the Clerk is required.

SECTION THREE: This Resolution shall take effect immediately upon its passage and approval as provided by law.

Ayes: Nays: Absent:

PASSED AND APPROVED by the President and Board of Trustees of the Village of Barrington Hills, Illinois, this 23rd day of May, 2016.

APPROVED:

ATTEST:

Village President

Village Clerk

PLEDGE DEPOSITORY AGREEMENT

This Agreement is made and entered into this _____ day of _____, 20 _____ by BANK OF AMERICA, N.A., Chicago, Illinois (the "Depository"), BMO HARRIS BANK N.A., (the "Pledgor") and _____, (the "Pledgee") in order to set forth the terms and conditions which shall be applicable to all securities pledged by the Pledgor to the Pledgee and deposited with the Depository as hereinafter set forth:

1. The Depository will hold for the account of the Pledgee such securities which the Pledgor shall deposit with the Depository accompanied by written instructions from the Pledgor to the Depository that such securities are pledged to the Pledgee as contemplated by this Agreement. Any securities so deposited by the Pledgor shall be payable to bearer or registered in a form that is acceptable to the Depository. Securities registered in the name of the Pledgor shall be endorsed in blank thereon or on a power attached thereto by the Pledgor, with the signature guaranteed by a bank or trust company or a member firm of a national security exchange. In the event that any securities registered in the name of the Pledgor are not so endorsed, the Depository shall nevertheless accept the same for deposit and as soon as practicable inform the Pledgee in writing of the fact that such securities are not so endorsed. The Pledgee shall have the responsibility for obtaining all such endorsements.

2. The securities may or may not be held by the Depository in the same form as received by the Depository. The Depository will issue to the Pledgee, at its request, non-negotiable receipts evidencing the receipt of the securities deposited hereunder and the Depository will at reasonable intervals, (but not more often than monthly) issue to the Pledgee or Pledgor a statement of the securities held hereunder as of the statement date. The Pledgor shall be entitled to receive principal, interest and other amounts as they from time to time are paid. In the event the Pledgor defaults on its obligations to the Pledgee, and written notice of any such default is delivered by the Pledgee to the Depository, the Depository will transfer and deliver the securities to or upon the order of the Pledgee and the right of the Pledgor to receive payments as provided for herein shall immediately terminate. The Pledgor agrees that the Depository shall be fully protected in delivering securities solely upon the instructions of the Pledgee and shall be released from any liability to the Pledgor with respect to securities so delivered.

3. The Pledgor may instruct the Depository to release securities to it from time to time and exchange securities for securities previously deposited and the Pledgee agrees that the Depository shall be fully protected in delivering Securities upon the instructions of the Pledgor and shall be released from any liability to the Pledgee with respect to Securities so delivered, provided, however, that in the event Pledgor defaults on its obligations to the Pledgee and written notice of any such default is delivered by the Pledgee to the Depository, the Pledgee may revoke the authority of the Pledgor to obtain Securities and thereafter Depository shall solely follow the instructions of the Pledgee.

4. The Depository's duties and responsibility shall be limited to those expressly set forth in the Agreement and this Agreement may not be modified or amended without prior written agreement of the Depository. The Depository shall be fully protected in acting upon written or at the Depository's option, recorded telephonic instructions which it in good faith believes to be genuine and from a properly authorized person, whether or not that is in fact the case. The Depository shall have no responsibility for the value, validity, regularity and genuineness of any of the securities, any endorsement thereon or the effectiveness of any pledge of the securities by the Pledgor to the Pledgee or to notify the Pledgee of any payments made with respect to any securities. The Depository shall be entitled to rely on the advice of counsel (including counsel who are employees of the Depository) concerning all matters pertaining to the duties of the Depository hereunder or relating hereto. Neither the Depository nor any of its directors, officers, employees or agents shall be liable for any action taken or omitted to be taken hereunder at the request or with the approval of the Pledgee or believed by it in good faith to be within the powers conferred on it hereunder. If any securities held by the depository are at any time attached, garnished or become subject to similar processes or any order or decree issued by any court, the Depository may in its sole discretion rely upon and comply with such process, order or decree which it is advised by legal counsel is binding upon it and the Depository shall not be liable to either the Pledgor or Pledgee by reason of such compliance even though such process, order or decree may be subsequently reversed, modified, annulled or vacated. Also, in the event of conflicting demands upon the Depository, the Depository is authorized to withhold performance until such time as such conflicting demands shall have been withdrawn or the rights of the parties shall have been settled by court adjudication or otherwise. The Pledgee and Pledgor shall from time to time certify to the Depository the names and signatures of the officials or other persons authorized to give instructions with respect to the securities and the Depository may conclusively rely thereon. All written communications to the Depository hereunder shall not be deemed to have been given until actually received by the Depository. All communications by the Depository to the Pledgor or Pledgee, as the case may be, shall be deemed to have been given when delivered personally or mailed to the Pledgor or Pledgee at their

respective addresses than shown in the Depository's records or at such other address as the Pledgor or the Pledgee may designate in writing to the Depository.

5. The Depository shall be entitled to receive fees from the Pledgor in accordance with its schedule of compensation as in effect from time to time (provided that no increase in such fees shall become effective until 30 days after the Depository shall have mailed to the Pledgor notice of such increase) and shall be entitled to be reimbursed for all costs and expenses (including reasonable attorney's fees and court costs) incurred in connection with any transactions hereunder or any legal proceedings to which the Depository may be subject by reason of it acting as a Depository hereunder. The Pledgor agrees to pay and reimburse the Depository for all such fees, costs and expenses and the Depository is authorized at any time and without notice to charge any account or the Pledgor for the same.

6. The Depository may resign hereunder at any time upon delivery of five days prior written notice to the Pledgor and Pledgee and upon such resignation becoming effective the Depository is irrevocably authorized to deliver all the securities then held by it hereunder to or upon the order of the Pledgee and upon such delivery, this Agreement shall terminate as to the Depository and the Depository shall be fully discharged from all liability to the Pledgor and Pledgee.

7. While it is contemplated that the Pledgor and Pledgee may enter into separate pledge agreements respecting the securities held hereunder, nevertheless, by the execution hereof the Pledgor agrees that the Pledgee shall have a perfected security interest under the Illinois Uniform Commercial Code in all securities held by the Depository for the account of the Pledgee as herein contemplated as security for the payment of all deposit liabilities of Pledgor to Pledgee. This perfected security interest shall be supplementary to, and not exclusive of, any other perfected security interests, rights or remedies which the Pledgee may now or hereafter have, whether by operation of law, by agreement or otherwise, with respect to such securities, provided that the Depository shall have no responsibility to ascertain or to comply with any of the same. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

BMO HARRIS BANK N.A., Pledgor

By _____

Its _____

Pledgor
Seal

Pledgee

By _____

Its _____

Pledgee
Seal

Address _____

Pledgee Tax Identification. No. _____

Accepted by

BANK OF AMERICA, N.A.

By _____

Its _____

PLEDGE AGREEMENT

For value received, the financial institution named below ("*Bank*") hereby grants to the public body named below ("*Customer*") the securities from time to time delivered by the Bank to a custodian to be held by the Custodian for the account of the Customer pursuant to the terms of a safekeeping depository agreement or custodian agreement between the Bank, the Customer and the Custodian named therein ("*Safekeeping Agreement*") together with all proceeds thereof as security for the prompt payment when due and at all times thereafter of all collected balances from time to time on deposit with the Bank from the Customer to the extent that such collected balances from time to time exceed the amount of same insured by the Federal Deposit Insurance Corporation ("*Secured Balance*"). The pledge and security interest herein granted and provided for is subject to the terms and conditions of this Agreement and the Safekeeping Agreement. The securities from time to time subject to the pledge and security interest herein stated are referred to below as the "*Pledged Securities*".

Upon non-payment when due of any of the Secured Balance Customer shall have all the rights and remedies available to a secured party upon default under the Uniform Commercial Code of Illinois, including the right to sell or otherwise dispose of the Pledged Securities, applying the proceeds of such sales to payment of the costs of sale and the payment of the amount of the Secured Balance then due, with the balance of such proceeds to be turned over to the Bank.

The Bank shall take such actions as shall be necessary to insure that the market value of the Pledged Securities equals or exceeds the Secured Balance and in the event that for any reason there is a deficiency the Bank shall, as promptly as is practical, deposit additional Permitted Securities (as hereinafter defined) with the Custodian in the amount necessary to secure such deficiency, all such securities to constitute part of the Pledged Securities hereunder.

Unless and until a default occurs in the payment when due of any of the Secured Balance the Bank shall have the right to: 1) receive all interest and other income from the Pledged Securities; 2) to direct the Custodian to withdraw securities and deliver them to the Bank in exchange for other securities so long as the securities exchanged therefore are Permitted Securities and 3) to direct the Custodian to deliver securities without exchanging other securities therefore, so long as in each of the foregoing instances the market value of the Pledged Securities is not less than the Secured Balance. The Customer may revoke any of the foregoing authorities granted to the Bank upon the non-payment when due of any of the Secured Balance, any such revocation to be accomplished by an instrument in writing signed by a duly authorized officer of the Customer and delivered to the Bank and the Safekeeping Agent.

The securities constituting Pledged Securities shall consist of securities of the following types and such other types as Customer may approve ("*Permitted Securities*") (*customer to strikeout and initial any of the following which are unacceptable*);

- 1) obligations of the United States Government, Treasury bills, Certificates of Indebtedness, Notes and Bonds
- 2) obligations of United States government agencies;
- 3) obligations of various states;
- 4) obligations of any municipalities of a public body located in the 50 states or territories of the United States;
- 5) other (*specify*).

Notices and other communications between the parties hereto shall be in writing or by facsimile addressed to the parties, at their addresses as specified below their signatures hereto or at such other address as either party may notify the other of in writing.

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

_____	<u>BMO HARRIS BANK</u>
Customer Name	Bank
_____	_____
By	By
_____	_____
Its	Its
_____	_____
Date	Date