

COLLATERAL AGREEMENT

This Agreement made and executed this _____ day of _____, 2017, by and between the Champaign County Treasurer and Ex-Officio County Collector, (hereinafter, "TREASURER"), and _____ (hereinafter, "BANK").

WHEREAS, BANK is a banking corporation organized under the laws of the State of _____, located at _____, City of _____, County of Champaign, State of Illinois; and

WHEREAS, pursuant to 55 ILCS 5/3-11002 and Champaign County Board Resolution Number 9161, BANK has been designated a depository for Champaign County (hereinafter, "COUNTY") funds and other public monies in the custody of TREASURER; and

WHEREAS, TREASURER may continue to maintain substantial deposits of COUNTY funds at BANK in excess of the amount insured by the Federal Deposit Insurance Corporation, or the National Credit Union Administration; and

WHEREAS, BANK desires to hold such deposits of COUNTY funds and can provide pledged securities as collateral security for those deposits;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the parties agree as follows:

ARTICLE 1. COLLATERAL

1.1 BANK hereby pledges and grants to COUNTY a security interest in securities used to secure the repayment to COUNTY of deposits of COUNTY funds at BANK made by TREASURER to the extent that COUNTY time and demand deposits exceed the insurance limitation provided by the Federal Deposit Insurance Corporation, and the National Credit Union

Administration. Such securities and including substitutions thereof, as permitted by this Agreement, are hereinafter referred to as the “PLEDGED SECURITIES.”

1.2 BANK will perfect COUNTY’s security interest in the PLEDGED SECURITIES. BANK further warrants and represents to and covenants with COUNTY that its security interest in the PLEDGED SECURITIES is now and at all times afterward shall be perfected and have first priority.

1.3 Safekeeping shall be provided by BANK placing the PLEDGED SECURITIES with a Federal Reserve Bank, a trust department of a commercial bank, or with a trust company, hereinafter referred to as the “CUSTODIAN”, to securely hold the PLEDGED SECURITIES for the benefit of the COUNTY. BANK shall execute a written Custodial Trust Agreement with the CUSTODIAN for the custody of the PLEDGED SECURITIES consistent with the terms of this agreement. The execution by the BANK of the Custodial Trust Agreement shall in no way relieve it of its duties or obligations hereunder.

1.4 At all times during which this Agreement is in effect, the dollar amount of the PLEDGED SECURITIES shall equal or exceed the minimum level of collateral security. Should the dollar amount of the PLEDGED SECURITIES at any time not equal or exceed the minimum level of collateral security, BANK shall cure such deficiency by delivery to the CUSTODIAN additional PLEDGED SECURITIES in the dollar amount of not less than any such deficiency.

1.5 In the event that TREASURER withdraws from BANK, COUNTY shall release the security interest in the PLEDGED SECURITIES and will take all action necessary to authorize the CUSTODIAN to release and deliver PLEDGED SECURITIES to BANK.

1.6 BANK shall pledge securities for use as collateral consistent with the terms of this section.

(a) At all times the Champaign County Treasurer will require that deposits in excess of FDIC and FCUA insurable limits shall be fully collateralized at **105%** using instruments as follows. Please note that any security including a floating, variable, inverse, structured, or step-up feature is unacceptable.

- (i) Bonds, notes or other securities constituting direct and general obligations of the United States, the bonds, notes, or other securities constituting the

direct and general obligation of any agency or instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States, and bonds, notes or other securities of indebtedness constituting the obligation of a U.S. agency or instrumentality.

- (ii) Direct and general obligation bonds of the State of Illinois or of any other state of the United States rated AAA, AA, or A by at least one Nationally Recognized Statistical Rating Organization.
- (iii) Revenue bonds of this State or any authority, board, commission or similar agency thereof rated AAA, AA, or A by at least one Nationally Recognized Statistical Rating Organization.
- (iv) Letters of credit issued by the Federal Home Loan Bank of Chicago.
- (v) Direct and general obligation bonds of any city, town, county, school district or other taxing body of any state, the debt service of which is payable from general ad valorem taxes rated AAA, AA, or A by at least one Nationally Recognized Statistical Rating Organization.
- (vi) Revenue bonds of any city, county or school district of the State of Illinois rated AAA, AA, or A by at least one Nationally Recognized Statistical Rating Organization.

- (b) BANK shall give written notice of any substitution to TREASURER. Such notice shall contain a complete description of the substitute securities, the total dollar amount as of the day of notice, and the rating thereof, if required.

ARTICLE 2. WARRANTIES, REPRESENTATIONS, AND COVENANTS

2.1 BANK warrants and represents to and covenants with COUNTY that:

- (a) BANK has and at all times shall have good, indefeasible and merchantable title to and ownership of the PLEDGED SECURITIES free and clear of all liens, claims, security interests and encumbrances except those of COUNTY;

- (b) BANK agrees that it will comply with all federal and state laws and regulations now or hereinafter in effect;
- (c) BANK agrees that all of the foregoing statements and any statements contained in documents executed pursuant to the Agreement, are made to TREASURER to deposit funds in BANK with the knowledge that TREASURER will rely on these statements;
- (d) This agreement is made pursuant to due authorization by the Board of Directors of said BANK.

2.2 Reports by BANK

- (a) BANK shall furnish monthly statements to TREASURER designating the PLEDGED SECURITIES. This report shall include a listing of individual securities held at the end of the reporting period;

ARTICLE 3. DEFAULT

3.1 The occurrence of any one of the following events shall constitute Default by BANK under this Agreement:

- (a) Any default, failure or breach in the observance or performance by BANK of any of its obligations, duties or requirements hereunder;
- (b) Any representation or warranty of BANK made herein be incorrect or untrue as of the date hereof or any date hereafter;
- (c) Any default, failure or refusal to pay to COUNTY any deposits and all interest earned thereon, in full, or any part thereof when due and payable to COUNTY;
- (d) Any failure or suspension of active operations of BANK, including but not limited to insolvency, bankruptcy or unsatisfactory financial or safety and soundness conditions.

Upon the occurrence of a Default, TREASURER may, at TREASURERS option and sole discretion, take any or all of the following actions:

3.2 without further notice to BANK, TREASURER may sell or otherwise dispose of any, and all, of the financial assets; provided that with respect to a Default described in Article 3.1(a) or 3.1(b) hereof, TREASURER agrees to provide BANK with twenty-four (24) hours prior notice of sale or other disposition; and

3.3 without further notice to BANK, TREASURER may exercise any, and all, rights and remedies afforded to COUNTY under the UCC (Uniform Commercial Code), and any, and all, other applicable provisions of law or equity;

3.4 The net proceeds of any amounts collected by virtue of the exercise by TREASURER of any of the remedies set forth herein may be applied, at the option of TREASURER, to payment of all attorney fees, charges, costs and expenses relating to the exercise of said remedies, the deposits, interest earned on the deposits, then to payment of BANK, if applicable. In the event that the proceeds from the sale of said financial assets are insufficient to repay all of such deposits, interest thereon, attorney fees, costs and expenses, BANK agrees to pay to COUNTY any deficiency with interest thereon from the date of the sale or disposal of the financial assets.

ARTICLE 4. GENERAL

4.1 This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Illinois.

4.2 This Agreement shall constitute the entire agreement among the parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon any party except to the extent incorporated in this Agreement.

4.3 This Agreement shall be continuing and binding upon the undersigned BANK, its successors and assigns, and shall inure to the benefit of the COUNTY, and each of their respective successors and assigns.

4.4 The term of this Agreement shall be for five (5) years from the date hereof unless terminated prior thereto by thirty (30) days written notice delivered by any party to the others. Upon expiration of said five (5) year period, the Agreement shall automatically renew for

successive six (6) month periods unless a party delivers written notice of cancellation to the others not less than thirty (30) days before the next renewal date.

4.5 All notices herein required shall be in writing and shall be served upon the parties at the addresses listed below. Delivery to an officer authorized to receive notices or the mailing of the notice by registered or certified United States mail, postage prepaid, return receipt requested, shall be sufficient service. For purposes of this Agreement, the addresses of the parties shall be:

To COUNTY:

Daniel J. Welch
Treasurer of Champaign County
1776 E. Washington St.
Urbana, Illinois 61802

To BANK:

WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year stated in the beginning of this Agreement.

CHAMPAIGN COUNTY

By: _____
C. Pius Weibel,
County Board Chair
Champaign County, Illinois

Date: _____

ATTEST:

Gordy Hulten, Champaign County Clerk and
Ex officio Clerk of the Champaign County Board

Date: _____

CHAMPAIGN COUNTY TREASURER and
Ex officio CHAMPAIGN COUNTY COLLECTOR

Daniel J. Welch

Subscribed and Sworn to Before Me
this _____ day of _____, 2017.

NOTARY PUBLIC

BANK

BY: _____

TITLE: _____

Subscribed and Sworn to Before Me
this _____ day of _____, 2017.

NOTARY PUBLIC/
CORPORATE SECRETARY