

CITY OF ROCHELLE BANKING SERVICES

REQUEST FOR PROPOSAL

I. INTRODUCTION

A. General Information

The City of Rochelle (the “City”), Illinois invites local commercial banking institutions (the “bank” or “proposer”) who possess the capability and expertise to provide depository and various other banking services for the City, to submit proposals for the provision of those services according to the requirement set forth in this document. The purpose of the Request for Proposal (RFP) is to identify the banking institution that can offer the highest quality service at the lowest cost.

B. Instructions

1. Sealed Proposal: Responses to this RFP will be submitted in a sealed envelope, clearly identified as:

PROPOSAL FOR BANKING SERVICES

and mailed or delivered to:

Chris Cardott
Finance Director
City of Rochelle
420 North 6th Street
Rochelle, IL 61068
ccardott@rochelleil.us

2. Response: Each proposer shall submit four proposals. The proposal should be submitted via a hard copy. Supporting material may be submitted; however, the decision in selecting the most responsive proposer will be based on the standard forms (exhibits) provided.

3. Questions and Additional Information: Requests for clarification or additional information should be emailed to ccardott@rochelleil.us. Responses to requests/questions will be furnished to all potential proposers that notify the City of their intent to submit a proposal. Cutoff date to receive request in writing will be September 22, 2017. Requests received after September 22, 2017, will not be answered.

4. Schedule: The following schedule will be adhered to:

August 14, 2017	Distribution of Request for Proposals
September 22, 2017	Deadline for requests/inquiries/questions/clarifications
September 29, 2017	Proposals due to the City by 11AM. No exceptions!
October 11, 2017	Recommendation of award
November 1, 2017	Implementation date

The City intends to adhere to the proposed schedule, however, it is expressly understood that your proposal will be valid for a period of ninety (90) days after September 29, 2017. The City may narrow their scope of financial institutions and request a meeting prior to making a final decision.

5. Bank Qualifications: For a proposal to this RFP to be considered and evaluated, the bank must:

- Be insured by the Federal Deposit Insurance Corporation (FDIC).
- Be eligible to be a depository of City funds with a full service branch in the City of Rochelle. All responding banks must complete Exhibit A.
- Be an on-line cash and securities member of the Federal Reserve.
- Be able to provide 120% of collateralization of all City deposits in compliance with the City's Investment Policy. The City's investment policy can be located in Exhibit E. Pledged securities in the name of the City will be deposited at a third party institution, a Federal Reserve Bank, and in the name of the City and comply with the requirement to have a GASB Statement #3 Category 1 classification. Quality of investment instruments must be in compliance with the State of Illinois Public Investment Act. All substitutions, withdrawals and exchanges must require approval before the securities transaction is executed. Pledged securities statements will be furnished to the City on a monthly basis.
- Have the capacity of providing all "Required Services" internally. The City prefers that the responding bank provide services without the use of joint ventures, consortiums or contract service providers because of control issues. The City will determine the acceptability of any arrangements with the objective of the RFP being a comprehensive proposal.

6. Selection Criteria: The following unranked criteria will be used to evaluate the responses and to select the winning proposer:

- a. Complete response to all required response items on the standard forms provided;
- b. Bank located in Rochelle;
- c. Provision of adequate and desired collateral;
- d. Financial condition of bank providing proposal;
- e. Ability to meet current and projected service requirements over the term of the banking agreement (any past experiences with the bank will be taken into consideration);
- f. Ability to provide numerous electronic banking services;
- g. Cost and schedule of providing optional services;

- h. Best rate of interest paid on accounts;
- i. Best availability schedule for deposit items, and
- j. Interest Rates / Fees for Services.

When the City has tentatively selected the successful proposer, a conference may be requested to formulate plans in greater detail, to clarify any unclear items, and to otherwise complete negotiations prior to the formal award. At any time during the conference(s), the City may choose to modify the choice of a selected proposer, if there is just cause and the City determines that such a change would be in the best interest of the City.

7. Terms and Conditions:

- a. The City reserves the right to reject any or all proposals, to waive any irregularities or informalities in any proposal or in the proposal procedures, and to accept or reject any item or combination of items. The award will be to the proposer whose proposal complies with all the requirements set forth in this RFP, and whose proposal in the opinion of the City, is the best proposal taking into consideration all aspects of the proposer's response, including the total net cost to the City. Exception costs will be added or subtracted from the submitted proposal to arrive at a net cost to the City. **Failure to include an exception will render the exception as invalid and the proposer will be treated as being in compliance with the specification, regardless of intent.**
- b. In the event that the proposer to whom the services are awarded does not execute a contract within thirty (30) calendar days after the award of the bid, the City may give notice to such proposer of intent to award the contract to the next most qualified proposer or to call for new proposals and may proceed to act accordingly. The City assumes no cost by the proposers in preparation of this proposal.
- c. Proposers shall thoroughly examine and be familiar with these specifications. The failure or omission of any proposer to receive or examine this document shall in no way relieve any proposer of obligations with respect to this proposal or the subsequent contract.
- d. The contract may be terminated by either party by giving written notice to the other party no later than ninety (90) calendar days before the proposed termination date. This provision may be exercised only after the contract has been in effect for six (6) calendar months. The bank shall be entitled to just and equitable compensation for any satisfactory work completed to the termination date. Under no circumstances will any damages be paid as a result of the termination of this contract. If the bank exercises the right to terminate the contract early, they cannot bid on future proposals for a period of seven (7) years.
- e. Qualified proposing banks must submit financial statements for the past two fiscal years. These statements must also include an auditor's unqualified opinion and appropriate notes to the financial statements.

- f.** Equal Employment Opportunity/Anti-Sexual Harassment Policy. During the term of this contract, the Financial Institution shall comply in all respects with the Equal Employment Opportunity Act/Illinois Human Rights Act. The Financial Institution shall have a written equal employment opportunity policy statement declaring that it does not discriminate on the basis of race, color, religion, sex, national origin, disability, or age. Findings of non-compliance with applicable state or federal equal employment opportunity laws and regulations may be sufficient reason for revocation or cancellation of this contract.
- g.** Successful bidder shall comply with the provisions of the Illinois Drug Free Workplace Act and the Americans with Disabilities Act.
- h.** Failure to comply with any of these terms and conditions of this RFP by the awarded bank will be cause for termination of the “Banking Services Agreement” to be entered into.
- i.** Indemnity
 - 1. Definitions – For the purposes of indemnification requirements, the following terms shall have the meanings set forth below:
 - i. The “BANK” means and includes BANK, all of its employees, agents, assignees, and all of its affiliates and subsidiaries, its subcontractors and/or assignees and their respective servants, agents and employees; and
 - ii. “Loss means any and all loss, damage, liability or expenses of any nature whatsoever, whether incurred as a judgement, settlement, penalty, fine or otherwise (including attorney’s fees and cost of defense).
 - 2. Indemnity – For purposes of this Agreement, BANK hereby agrees to indemnify, defend and hold harmless the City, its employees and agents from any and all “Loss” where “Loss” is caused or incurred or alleged to be caused or incurred in whole or in part as a result of the negligence or other actionable fault of the BANK.

It is agreed as a specific element of consideration of this Agreement that this indemnity shall apply notwithstanding the joint, concurring or contributory or comparative fault or negligence of the City or any third party and, further notwithstanding any theory of law including, but not limited to, a characterization of the City’s or any third party’s joint, concurring or contributory or comparative fault or negligence as either passive or active in nature; provided, however, that the BANK’s obligation hereunder shall not include amounts attributable to the fault or negligence of the City. Nothing in this section shall be deemed to impose liability on the BANK to indemnify the City for loss when the City’s negligence or other actionable fault is the sole cause of loss.

II. SCOPE OF BANKING SERVICES

A. Term of Agreement

The banking services detailed in this section will be performed for the City, on a contractual basis for five (5) years, with an option to extend for an additional one (1) year period or renew for an additional five (5) year period. Terms specified in this proposal will remain fixed for the duration of the initial 5- year contract period.

B. Collateralization of Account Balances

All City funds on deposit **must** be collateralized at 120% at all times and according to the terms in Exhibit D. Monthly reports detailing the adequacy of collateral must be supplied by the bank within five (5) business days of the close of each month to the City via email to the Finance Director. Any exception to this requirement **must** be detailed in proposal as an exception.

C. Accounts Included:

The City will require the following separate accounts:

1. EFT Account
2. Checking Account

D. Account Structure

All accounts will be set up as interest bearing checking accounts. Interest will be calculated based on the daily balance of these accounts at a daily rate of interest. Interest earned will be posted to the account on the last day of the month.

Interest Earnings

The City seeks to earn a competitive return on Bank balances with a simple account structure. For determining interest earnings, all City collected balances will be entitled to earn interest. While the City does not commit to keeping a specific bank balance, the City bank balances (all accounts, not including investments) from July 2016 through June 2017 have ranged as follows:

Average Balances

Average \$10,636,586

Low \$9,646,827

High \$13,219,677

It is the goal of the City to maximize the interest earnings on accounts and not pay charges.

E. “On-Line” Banking Services

The City requires the successful proposer to provide “On-Line” web-based banking services.

Please provide a description of the bank's web-based products and services available in Exhibit A-1. The City wishes to use PC-based banking for the following:

- Daily Balance Reporting (ledger, available and collected).
- Detailed debit and credit postings (cleared checks, deposits, chargebacks, wire transfers in and out, interest payments, etc.) with ability to download data into CSV or an Excel spreadsheet format.
- Initiation of internal account-to-account transfers.
- Initiation of regular recurring wire transfers.
- Initiation of ACH debit and credit transactions. Ability to create saved "instructions" for recurring ACH debit (collection) or credit (direct deposit) type transactions.
- Placement of stop payment orders.
- Multi-level security for various City staff (e.g. inquiry only vs. full system administrator rights).
- Returned checks for insufficient funds with automated re-presentment tracking.
- Electronic storage of canceled checks and deposit terms for a minimum of 90 days with access granted to the City.

Transfers between Accounts

On a regular basis, the City will make transfers between the various accounts. Any transfers between accounts will be posted to the City only as transfers. All transfers will be done electronically via the PC by the City. Credit for any transfers must be given on the same day that the transfer is made, no matter what time of day the transfer occurs.

F. Automated Clearing House (ACH)

The bank must be both a "sending" and "receiving" bank on the Automated Clearing House system to accommodate a payroll direct deposit program, a utility billing and accounts receivable electronic payment collection program as well as future revenue collection systems. This service must also include full account blocks and filters. Presently, the City's payroll and corresponding ACH direct deposit file and utility bill collection and corresponding ACH direct deposit files are transmitted to the bank's processing center electronically.

G. Availability of Funds

Deposits may be made periodically during the business day (8:00 a.m. to 5:00 p.m.). If the City chooses to utilize the Remote Deposit option, deposits may be made up until 5:30 p.m. and funds deposited via Remote Deposit will have same day availability.

The City will be given credit as collected funds, all items which are cleared by your bank on the same day on which the deposit is made. Items deposited which clear at institutions located within the Chicago Federal Reserve Region will be considered collected funds within one business day, as a minimum. All other items deposited will be given credit as collected funds within two business days, as a minimum. The bank will also credit the City's accounts for incoming wire transfers on the day received regardless of the time of receipt during the day.

All proposing banks are required to attach a copy of their current “availability schedule” to the proposal.

H. Wire Transfers

Incoming

The City intends to consider all wire transfers received by the bank prior to the end of the business day, as “available for investment” by the City, regardless of the time of actual receipt by the bank. Should a wire transfer not be received by the bank, as specified above, then the wire transfer will be traced from origin to destination to ascertain the party responsible for delaying the transfer. If necessary, adjustments will be made as soon as possible for any lost interest.

I. Statement and Advice Frequency

Monthly bank statements will be for the full calendar month and will be available for pick-up within two (2) business days after the end of the month. The City requests that the statements, processed checks, deposit items and miscellaneous bank advices be stored, on-line, by the bank and on-line access be given to the City. The City also requests check truncation.

J. Designated Account Executive

The City requests that the proposing banks provide the names of a designated account executive, as well as an alternate. The designated account executives **must** have the authority to make timely decisions in the normal course of business on their own.

K. Other Banking Services and Conditions

- a. All returned checks due to insufficient funds will be automatically re-deposited. If the City’s account ultimately needs to be debited, then the account should be charged.
- b. All debit and credit memos required to adjust errors caused by the bank will not be charged to the City. All deposit errors must be accompanied by a copy of the particular deposit slip. All bank errors must be corrected within five (5) business days of notification by the City.
- c. The banking institution shall provide the following supplies as needed at no cost: 1) printed duplicate deposit slips and 2) locked moneybags. It is estimated a minimum of two moneybags will be needed.

L. Remote Deposit Option

The City is interested in utilizing remote deposit. The proposal should include the cost of leasing or purchasing the equipment to accommodate volume and the cost of each deposit and the per item charge.

M. Reference

Please include the following references (if applicable):

Provide three (3) client references of municipal accounts which the bank has served over the past two years and is currently serving. Provide a contact person and telephone number for each customer.

Provide two (2) references of similar sized and/or municipal accounts, which have recently left (within the past two years) the bank. Provide a contact person and a telephone number of each organization.

How does the City fall in terms of the bank's customer size and complexity of services?

N. New Services

Are there any additional services that this proposal did not address?

Are there services presently in development?

What is the bank's track record for implementing new services? Is the bank proactive about staying/being on the cutting edge of the banking services industry? If so, how?

III. SUMMARY

Please note that the City would like to keep our banking relationship as simple as possible.

The City requests that all banks complete the form "Proposal for Banking Services," attach the requested forms, reports and Exhibits and return the package (4 copies) to the City in accordance with the instructions in Section I B.

The City intends to enter into a formal Banking Services Contract with the awarded bank which will incorporate all provisions of the Request for Proposal. Additional terms and conditions will not be included in the contract unless mutually agreed to by both parties.

Proposal for Banking Services – City of Rochelle

Proposal Submitted by:

Bank: _____

Address: _____

Telephone: _____

Email Address: _____

This proposal contains all the information requested in the Request for Proposal, including the following exhibits:

- Exhibit A-1 Consolidated Proposal Form
- Exhibit A-2 Additional Information
- Exhibit B Exception to the Proposal Form
- Exhibit C Investment Policy (informational)
- Exhibit D Security Pledge Agreement

Banks Audited Financial Statements for the previous two years (submit only one set)

Signature

Typed Name

Title

Date

City of Rochelle Banking Services Proposal Form – Exhibit A-1

Bank: _____

Bank Depository Services	Charge Per Item
Account maintenance	
Checks paid	
Deposit slips processed	
Items deposited	
FDIC assessment fee	
Wire transfers:	
Incoming	
Outgoing	
Notification (e-mail) of wire transfer transaction	
Transfers between accounts	
ACH transactions:	
ACH in	
ACH out	
ACH origination	
ACH returned – Re-presentment Check Entry (RCK)	
Notification (email) of incoming ACH transaction	
Return checks converted to RCK	
Currency processing	
Stop payments	
Payee positive pay/ Account Reconciliation Plan (ARP)	
Electronic Data Interchange (EDI)	
Payee posit pay per check	
Payee positive pay – exceptions	
On-line check/deposit archiving	
Monthly account maintenance	
Check truncation	

City of Rochelle Banking Services Proposal Form – Exhibit A-1
(Cont'd)

Bank: _____

Bank Depository Services	Charge Per Item
Remote deposit	
- Deposit transmission	
- Transactions	
- Lease of Equipment/month	
- Purchase of equipment	
- File storage / viewing capabilities	
Other Base Level Fees (not previously listed above)	
Expected Monthly Fee Given Transaction History	

Please add any additional charges that your institution would apply to the City's account(s).

City of Rochelle Banking Services Proposal Form – Exhibit A-2

Additional Information Requested

1. Is your bank insured by FDIC?
2. What is the location of the bank/branch that would be servicing the City?
3. Is your bank an on-line cash and securities member of the Federal Reserve?
4. Will your bank be able to provide the required collateral?
5. Please attach a copy of your most recent investment rating report by a nationally recognized rating agency.
6. Will your bank be providing 100% of the services proposed in the RFP?
7. Provide descriptions of your bank's policy of handling daylight overdrafts.
8. Provide a detailed description of the bank's PC based banking software products available. Please include common features and functionality along with security features which will ensure protection of City assets.
9. Please explain how your proposed Remote Deposit system works.
10. Will your bank be able to provide debit fraud filter or requirement of prior approval of payment to manage ACH debit transactions?

City of Rochelle Banking Services Proposal Exception Form – Exhibit B

The bank wishes to take exceptions to the following items:

Page#	Item	Estimated Costs
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City of Rochelle Investment Policy – Exhibit C

1.01 Policy

It is the policy of the City of Rochelle (the City) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

1.02 Scope

This policy covers all funds governed by the City Council. It does not include IMRF, Police Pension Funds, or Fire Pension Funds, which are governed by other policies. Cash balances from various funds, which are not restricted or special use, may be pooled to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

1.03 Objective

The primary objective, in order of priority, shall be:

- **Legality:** Conformance with federal, state and other legal requirements.
- **Safety:** Preservation of capital and protection of investment principal.
- **Liquidity:** Maintenance of sufficient liquidity to meet operating requirements.
- **Yield:** Attainment of market rates of return.

Local Considerations:

While the City desires to achieve a return at least equal to the Illinois Funds Money Market rate it recognizes the benefits of retaining money within the community for future growth and economic well-being. The estimated value of these benefits is either 10 % of the Illinois Funds Money Market rate or .25 % (25 basis points) whichever is the smaller amount as of the close of the last business day of the week.

The portfolio shall be reviewed quarterly as to its effectiveness in meeting the City's needs for safety, liquidity, rate of return, diversification and its general performance.

1.04 Standards of Care

1. Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of their capital, as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The Treasurer and City Finance Director or his designees, acting in accordance with this policy and any other written procedures pertaining to the administration and management of City assets and exercising due diligence, shall be relieved of personal responsibility, if any, for credit risk or market

price changes of a particular security, provided that deviations from expectations are timely noted and appropriate action is taken to control and prevent further adverse developments.

2. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Such individuals shall disclose to the Treasurer and City Finance Director any material financial interests in financial institutions that conduct business within the City, and they shall further disclose any personal financial investment positions that could be related to the performance of the investment portfolio. In addition, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

3. Delegation of Authority

The investment policy shall be administered in accordance with the Public Funds Investment Act (30 ILCS 235) and all applicable State of Illinois statutes as well as relevant city codes and ordinances. Oversight of the investment policy is delegated to the Treasurer and City Finance Director. Day-to-Day management and administrative responsibility for the investment policy is hereby delegated the staff of the Treasurer and City Finance Director.

1.05 Authorized Financial Dealers and Institutions

The Treasurer and City Finance Director shall maintain a list of local financial institutions authorized to provide investment services and provide them with a copy of the City's Investment Policy. All authorized financial dealers and institutions shall, prior to receiving City funds, provide the Treasurer and City Finance Director with an affirmative statement that they have read the City's investment policy and agree to conform to its requirements. These institutions shall comply with all qualifications and requirements as set forth in Illinois Compiled Statutes (30 ILCS 235/6) as well as any and all other laws, statutes, and fiduciary responsibilities not mentioned within this policy.

With the exception of the Illinois Funds Money Market Fund and Prime Fund, financial institutions shall have a local presence within the City, unless they are specifically approved by the City Council.

Temporary interim deposits in outside institutions, which also require Council approval, may be permitted to establish bond issues and similar accounts.

1.06 Safekeeping and Custody

1. Security

All security transactions, including collateral for repurchase agreements, entered into by the City, shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held

by an independent third party custodian, and evidenced by safekeeping receipts and governed by a written custodial agreement. Funds invested in Repurchase Agreements shall comply with all governing laws including Illinois Compiled Statutes 30 ILCS 235/2 (g-h).

2. Internal Control

The Treasurer and City Finance Director is responsible for establishing and maintaining an internal control structure designed to insure that the invested assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets and imprudent actions by authorized investment officers. The system of internal controls and operational procedures shall be documented in writing and made available to individuals authorized to invest funds on behalf of the City.

In addition, an annual independent review by an external auditor will be performed.

The internal controls shall address the following points.

- Control of collusion
- Separation of transaction authority from accounting
- Custodial safekeeping
- Written confirmation of telephone transactions for investments and wire transfers

1.07 Authorized and Suitable Investments

Investments may be made in savings, checking, money market accounts, certificates of deposit and the Illinois Funds Money Market Fund and Prime Fund. Any other type of investment will require City Council approval. Investments shall be made that reflect the cash flow needs of the fund type being invested. All investments shall be as authorized in the Illinois Compiled Statutes (30 ILCS 235/2 sec 2) regarding the investment of public funds.

1.08 Investment Parameters

1. Collateralization

Funds on deposit (checking account, certificates of deposit, etc.) in excess of FDIC limits shall be secured by the deposit of marketable U.S. government or other approved securities or surety bonds issued by top-rated insurers, having a value of at least 110% of the deposits. Collateral is required as security whenever deposits exceed the insurance limits of the FDIC. The collateral required to secure City funds must be held in safekeeping and pursuant to written collateral agreements, which would prohibit the release or substitution of pledged assets without proper written notification and authorization of the City Treasurer and City Finance Director. Repurchase agreements must also be collateralized in an amount of 105% of market value of principal and accrued interest. Collateral shall be held at an independent – third party institution in the name of the City. The third party institution shall comply with all qualifications and requirements as set forth in the Illinois Compiled Statutes 30 ILCS 235/6. All changes in collateral shall be sent to the City Treasurer and City Finance Director.

2. Diversification

A variety of financial instruments and maturities, properly balanced, will help to ensure liquidity and reduce risk or interest rate volatility and loss of principal. Diversifying instruments and maturities will avoid incurring unreasonable risks in the investment portfolio regarding specific security types, issuers or individual financial institutions. The City shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, or length of maturity.

3. Maximum Maturities

To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City of Rochelle will not directly invest in securities maturing more than five years from the date of purchase. Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

1.09 Reporting

1. Financial Dealers and Institutions

Monthly reports shall be provided to the City including: Account #'s, investment description, face value, purchase price, % yield on investment (net of fees), purchase dates, maturity date, custodian, and collateralization. In addition, a rate summary of the entire portfolio shall be provided on a quarterly and annual basis and compared to a benchmark of the Illinois Funds Money Market rates or other appropriate benchmark such as the average three (3) month U.S. Treasury Bill return, to determine whether market average yields are being achieved.

2. The Treasurer and City Finance Director shall prepare a monthly report to the City Director. The report shall be in a format suitable for review by the public. An annual report shall be provided to the Council.

1.10 Performance Standards

1. This investment portfolio shall be managed in accordance with the parameters specified within this policy. The portfolio shall obtain a comparable rate of return during a market/economic environment of stable interest rates. Portfolio performance shall be compared to the current Illinois Funds Money Market rate, or other appropriate benchmark such as the average three (3) month U.S. Treasury Bill return, to determine whether market average yields are being achieved.

2. Marking to Market

A statement of the market value of the portfolio shall be issued to the City Council quarterly.

1.11 Investment Policy Adoption

The investment policy shall be adopted by the City Council. The Treasurer and City Finance Director shall review the policy within 90 days of the end of the fiscal year and any modifications made thereto must be approved by the City Council.

Above referenced statutes may be accessed at:

<http://www.legis.state.ilus/legislation/ilcs/ilcs.asp>

AUTHORIZED FINANCIAL DEALERS INVESTMENT POLICY ACCEPTANCE

I have received the investment policy approved by City Council for the City of Rochelle. I have read and understand the goals and objectives of the City's investment program.

Signature Date

Print Name E-Mail Address

Title Telephone Number

Company Fax Number

Company Address

City, State, Zip Code

City of Rochelle – Exhibit D

SECURITY PLEDGE AGREEMENT

CITY OF ROCHELLE, ILLINOIS (“Depositor”) has selected _____ (“Bank”) as a depository for certain of its funds and Bank has agreed to act as the depository for those funds in accordance with applicable laws, which require that Bank secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), by pledging a security interest in securities (“Eligible Securities”) of any type (including, without limitation, investment securities) permitted by the applicable provisions of Illinois law as in effect from time to time (the “Governing Statutes”), which are eligible to be held in a Securities Account at a Federal Reserve Bank under Federal Reserve Bank Operating Circular 7. Depositor and Bank have selected **THE FEDERAL RESERVE BANK OF _____** (“Custodian”) to hold the pledged securities in custody and safekeeping pursuant to the terms of the Governing Statutes, Federal Reserve Bank Operating Circular 7 as in effect from time to time (“Circular 7”), and the Custody Agreement for Book-Entry Securities, Appendix “C” to Circular 7 (the “Custody Agreement”), the provisions of which are incorporated herein by reference.

NOW, THEREFORE, in consideration of the mutual promises and covenants in this Agreement, Depositor and Bank agree as follows:

1. Grant of Security Interest: Instructions Regarding Collateral. Bank hereby grants to Depositor a perfected first priority security interest in all Eligible Securities transferred to a collateral account (the “Collateral Account”) established pursuant to this agreement. For the avoidance of doubt, Custodian acknowledges and agrees that it does not have and will not acquire or assert at any time in the future, and hereby expressly waives, any lien upon, security interest in, setoff right or other right to charge the Collateral held in the collateral account for any obligation owed to Custodian by Bank or Depositor. The Bank warrants that it is the true and legal owner of all Collateral pledged under this Agreement, that the 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 Collateral has not been pledged or assigned for any other purpose. Should an adverse claim be placed on any pledged Collateral, the Bank shall immediately substitute unencumbered Collateral of equivalent value that is free and clear of all adverse claims. Until Depositor has the right to compel sale of the Collateral under Section 7 hereof, Custodian may act in accordance with the instructions of the Bank, including, without limitation, the right of Bank to substitute Eligible Securities with the written consent of Depositor for the Collateral in accordance with Section 3 hereof. Addendum “A” contains the names and specimen signatures of individuals authorized to act on behalf of Depositor and Addendum “B” contains the names and specimen signatures of individuals authorized to act on behalf of Bank. Either Depositor or Bank may add or remove authorized representatives without the consent of the other at any time by providing Custodian with a replacement addendum, duly executed by an authorized individual. In no event shall the Custodian be responsible for determining whether the pledged securities are “Eligible Securities”

2. Amount of Collateral. The aggregate market value of Collateral held by Custodian at all times during the term of this Agreement must be in an amount not less than **one hundred and twenty percent (120%)** of (a) the amount of the collected funds on deposit, increased by (b) the amount of accrued but uncredited interest (c) reduced by that portion of the funds insured by the FDIC. Such amount is hereinafter called the “Required Collateral Value”. In no event shall the Custodian be responsible for determining whether the Collateral Account contains the Required Collateral Value. The pledge of Collateral by the Bank shall be in addition to, and shall in no way eliminate or diminish, any insurance coverage to which the Depositor 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. If at any time the aggregate market value of the Collateral is less than the Required Collateral Value, the Bank shall within one business day increase the amount of the Collateral on deposit with the Custodian so that its aggregate market value equals or exceeds the Required Collateral Value.

3. Substitutions and Withdrawals of Collateral. If the aggregate market value of Collateral held by Custodian at any time exceeds the Required Collateral Value, Bank may withdraw any excess Collateral by providing Custodian with a withdrawal notice signed by an authorized representative of each Depositor and Bank, provided that after the withdrawal of any such excess Collateral, the remaining Collateral equals or exceeds the Required Collateral Value.. Additionally, Bank may substitute Eligible Securities for any of the Collateral held by Custodian at any time by providing Custodian with a substitution notice signed by an authorized representative of each of Depositor and Bank, provided that the market value of the Collateral following such substitution would equal or exceed the Required Collateral Value. If Depositor's written consent is required on a notice in connection with any withdrawal or substitution which complies with this Section 3, Depositor agrees to provide it promptly upon Bank's request. Custodian shall be entitled to rely on, and Bank and Depositor agree to hold Custodian harmless from, any actions taken pursuant to, and consistent with, the instructions given in a withdrawal or substitution notice under this Section 3, whether unilateral or not.

4. Bank's Obligations. Bank shall perform all of the duties and obligations required of a depository under applicable law with respect to collateralization of the funds of Depositor on deposit with Bank, including the duties and obligations required under the Governing Statutes. At the expiration of the term of this Agreement, Bank shall turn over to any successor depository designated by Depositor all funds held by Bank as depository. Bank will furnish to Depositor monthly statement listing a description of the Collateral. The statement will specify the par value, market value, and maturity date of each component of the Collateral. Upon request, Bank shall provide to Depositor copy of Bank's most recent publicly available quarterly or annual financial statement.

5. Representations. 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 under applicable Illinois law; (iii) it has, or will have as of the time of delivery of any securities as Collateral under this Agreement, the right, power and authority to grant a security interest therein with priority over any other rights or interests therein; (iv) the execution and delivery of this Agreement and the pledge of securities as Collateral will as soon as reasonably practicable be approved by resolution of the Loan Committee of Bank's Board of Directors; (v) the execution and delivery of this Agreement and the pledge of securities as 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 is a party, or any internal policy of the Bank adopted by its Board of Directors; and (vi) this Agreement shall be continuously maintained, from the time of its execution, as an official record of the Bank.

6. Custodian's Obligations. The duties and obligations of Custodian with respect to the Collateral shall be as set forth in the Custody Agreement.

7. Default and Remedies. If Bank fails to perform its obligations under Section 4 above, or if Bank is declared insolvent, or if a receiver is appointed for Bank Depositor may instruct Custodian to dispose of the Collateral in accordance with the provisions of the Custody Agreement, but only after Depositor has provided Bank written notice of the Event of Default and at least three (3) business days after such notice to cure the Event of Default. If, after receipt of such notice, Bank fails to cure the Event of Default within the required period of time, Depositor shall thereupon become authorized to certify in writing to Custodian that Bank is in default under this Agreement, and to instruct Custodian to dispose of an amount of Collateral sufficient to satisfy any indebtedness owed by Bank to Depositor, in accordance with Depositor's instructions.

8. Termination of Agreement. Any party to this Agreement may terminate this Agreement by giving thirty (30) days prior written notice of termination to the other parties.

9. Applicable Law. This Agreement is governed by the laws of the **State of Illinois**. All deposit accounts of Depositor will be subject to Bank's Commercial Account Agreement, Business Account Agreement, or other applicable deposit account agreement, as in effect from time to time.

10. Force Majeure. Custodian shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God, earthquakes, fires, floods, wars, civil or military disturbances, sabotage, epidemics, riots, loss or malfunctions of utilities, computer (hardware or software) or communications service, labor disputes, acts of civil or military authority; provided however, that Custodian shall use its best efforts to resume normal performance as soon as practicable under the circumstances.

11. Miscellaneous. The headings in this agreement are for convenience of reference only and should not be used in interpreting this Agreement. If any provision of this agreement is illegal or unenforceable under applicable law, that provision should be deemed reformed so as to be enforceable to the extent permitted by applicable law, or if that is not possible, then this Agreement should be read as if that provision was never a part of it, and the remainder of the Agreement will be enforceable. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT OF THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO ORAL AGREEMENTS OF THE PARTIES. Notices given under this Agreement must be addressed as set forth below the signature of each party, and will be effective upon actual receipt by the addressee or upon refusal of delivery during the normal business hours of the addressee.