

# DIXON PUBLIC SCHOOLS #170

*"A Place to Grow"*

[www.dps170.org](http://www.dps170.org)

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Dixon, Illinois 61021

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Margo Empen, Superintendent  
Doug Stansford, Asst. Superintendent  
Marc Campbell, Business Manager

Date: June 24, 2026  
To: DPS Board of Education Members  
From: Margo Empen, Superintendent & Marc Campbell, CSBO  
RE: Policy 4:30 Designating Depositories

In accordance with Dixon USD #170 Board of Education Policy 4:30 Revenue and Investments, on an annual basis the Board will review and approve authorized depositories used for District funds. The purpose of this memorandum is to fulfill the informational requirements established by Policy 4:30, transition financial and banking information effective 7/1/26 regarding the change in Superintendent and formally approve authorized depositories.

### **Authorized Depositories:**

<u>Institution</u>	<u>Account</u>	<u>Purpose</u>
Illinois School District Liquid Asset Fund Plus (ISDLAF+)	Investment	Buy, sell and hold investment securities, as reserve.
Midland State Bank	General Account	Operational account for payment of bills.
Sauk Valley Bank	Activity Account	Fiduciary account for operations of Activity Accounts.
Sauk Valley Bank	Scholarship Fund	Ella Kentner Fund

\*\*The Board will be updated of changes throughout FY 27\*\*

### **Collateralization:**

In accordance with Policy 4:30, the Board shall be informed of collateral agreements, and all funds should be collateralized in accordance with the Public Funds Investment Act, 30 ILCS 235/.

- Exhibit A: Midland States Pledge & Custodial Agreement
- Exhibit B: Sauk Valley Bank – Public Deposits Security Agreement  
*Signatures have been removed from documents for security reasons.*

In the FY 25 Dixon Public Schools #170 Financial Report, prepared by WIPFLI, states the following...

- Page #31: *Of the bank balance, the entire balance was insured and collateralized with securities in the District's name. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. As of June 30, 2025, the District has no custodial credit risk.*

*Dixon Public Schools, in cooperation with the community, will provide students with a comprehensive educational program that produces well-educated, self-sufficient, and involved citizens.*

- *Page #35: For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2025, there are no investments with custodial credit risk in that all of its investments are insured.*

The Board accepted the FY 25 financial audit at the December 17, 2025 Board meeting, which included this information. Collateralization statements are received and reviewed by the business office monthly and are available for Board review upon request. Cash and investment balances are approved monthly by the Board as presented in the Treasurer's Report and the Balance Sheet.

Recommendation:

- Approval of all current authorized depositories.
- Name Melydi Huyett, Superintendent, as authorized personnel, to the district's ISDLAF+ account through PMA Network, LLC, effective 7/1/26.
- Name Melydi Huyett, Superintendent, as authorized signatory on all operational accounts at identified depositories.
- It is the recommendation of District Administration to approve authorized depositories and changes to banking information, as presented.

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## Pledge and Custodial Agreement

Dixon School District #170 (hereinafter referred to as "Public Entity") has selected Midland States Bank (hereinafter referred to as "Depository Bank") as a depository for certain of its funds, and Depository Bank has agreed to act as the depository for those funds in accordance with applicable laws and/or governing statutes (hereinafter referred to as "Governing Statutes"), which require that Depository Bank secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation (hereinafter referred to as "FDIC"), by pledging securities (hereinafter referred to as "Eligible Securities") of any type permissible by the Governing Statutes. UMB Bank, National Association (hereinafter referred to as "Custodian") has agreed to hold the Eligible Securities in safekeeping pursuant to the terms, conditions and covenants of this Pledge and Custodial Agreement (hereinafter referred to as "Agreement").

IN WITNESS WHEREOF, the parties hereto hereby agree to be bound by the terms, conditions and covenants as more fully set forth below:

### I. GRANT OF SECURITY INTEREST; INSTRUCTIONS REGARDING ELIGIBLE SECURITIES.

Depository Bank will select Eligible Securities suitable for pledging to secure public deposits and will send a written, facsimile or electronic communication to the Custodian designating and identifying the Eligible Securities to be pledged. Upon receipt of such communication Custodian will issue and deliver to the Depository Bank a pledge notification which identifies the Eligible Securities pledged to the designated Public Entity.

Depository Bank hereby grants to Public Entity a security interest in all Eligible Securities delivered to or held by Custodian and reflected on Custodian's records as being pledged to the Public Entity. Custodian agrees to hold all Eligible Securities deposited with it, and to serve pursuant to the terms, conditions and covenants of this Agreement, and to hold any and all Eligible Securities in custody until such time that adequate substitutions, withdrawals and releases have been executed. In no event shall Custodian be responsible for determining if the pledged securities are "Eligible Securities".

### II. SUBSTITUTION OR RELEASE OF SECURITIES.

Depository Bank and Public Entity agree that as long as Custodian has not received written notice from Public Entity stating that Depository Bank is in default of its obligations to pay to Public Entity its deposits when due, Depository Bank shall have the right to substitute Eligible Securities of at least equal market value then held by Custodian for Depository Bank or delivered to Custodian for the purpose of pledging.

If the aggregate market value of the Eligible Securities held by Custodian at any time exceeds the public funds deposited, Depository Bank may release any / all excess Eligible Securities by providing Custodian with a release notice signed by an authorized representative of Depository Bank. Custodian shall be entitled to rely on such withdrawal notice, and Depository Bank and Public Entity agree to hold Custodian harmless from any actions taken pursuant to, and consistent with, the instructions given in any withdrawal notice.

Public Entity and Depository bank agree that Custodian shall have no obligation with respect to any proposed substitution of Eligible Securities other than to act upon the instructions provided.

### III. DEPOSITORY BANK'S OBLIGATIONS.

Depository Bank will give Custodian clear instructions for substitution, withdrawal or release of Eligible Securities to include:

1. Identifying Depository Bank Information;
2. Original Face (Par Value);
3. Cusip Numbers;
4. Public Entity Name;
5. Maturity Date/Call Date, including enough specific information to execute the pledge, substitution, or release.

Depository Bank represents and warrants to Public Entity that the pledge, lien and security interest granted herein was approved by Depository Bank's board of directors or loan committee, that such approval is reflected in the minutes thereof, and that a copy of this Pledge and Custodial Agreement shall be maintained as an official record of the Depository Bank.

#### **IV. PUBLIC ENTITY.**

Public Entity agrees that Custodian is acting hereunder on Public Entity's behalf and at Public Entity's risk. Public Entity is responsible for monitoring the Depository Bank's pledge, withdrawal and substitution activities to insure that the market value of any Eligible Securities is equal to or exceeds Public Entity's funds on deposit with Depository Bank.

#### **V. CUSTODIAN'S OBLIGATIONS.**

Custodian agrees to act as custodian under the terms, conditions and covenants of this Agreement in holding and transferring the Eligible Securities held by it, by exercising the same care as it would in protecting and disposing of its own securities, but assuming no responsibility other than for the safekeeping and disposition of the securities and proceeds as provided, herein.

Custodian is expressly authorized by Depository Bank and Public Entity to utilize FRBs, Depository Trust Company, third party custodians or depositories, financial intermediaries and agents to hold, directly or through the use of other third party depositories or agents, any Eligible Securities. Depository Bank and Public Entity expressly release Custodian from any liability or claims that Custodian may incur or that may be asserted against Custodian, other than for Custodian's willful or intentional failure to comply with the undertakings hereunder to safekeep and dispose of the Eligible Securities as provided herein. Depository Bank and Public Entity shall each indemnify and hold Custodian harmless from any liabilities, claims losses or expenses (including attorneys' fees) that may be incurred or asserted against Custodian arising from any action or inaction taken in good faith by Custodian with respect to any Eligible Securities.

Custodian is hereby authorized to rely and act upon any written, facsimile or electronic instruction, notification, notice or document which purports to be signed by a representative of Depository Bank or of Public Entity (as applicable) without any duty to investigate or confirm the identity or authority of individuals giving or signing such instruction, notification, notice or document. Custodian is expressly authorized to rely upon any facsimile copy of any written document as if an original executed copy thereof had been received by Custodian from the party purporting to have executed the original.

Custodian shall be entitled to receive reasonable compensation from the Depository Bank for its services. Custodian shall have the right to terminate this Agreement upon thirty (30) days written notice to Public Entity and Depository Bank. In the event of any such termination by Custodian, Depository Bank and Public Entity agree to promptly appoint (but in no event later than the expiration of the 30-day period) a successor custodian and to deliver to Custodian instructions relating to all of Eligible Securities then held by Custodian and instructions for the delivery and transfer of such Eligible Securities to the successor custodian. If within such 30-day period, Custodian is not notified in writing by Depository Bank and Public Entity that a successor custodian has been established and that Custodian is authorized and directed to transfer all Eligible Securities held by it to such successor custodian, Custodian may thereafter, in its sole discretion, continue to hold the Eligible Securities or may deliver or transfer the Eligible Securities to Public Entity (or an entity or account designated by Public Entity). Unless terminated by Custodian, this Agreement shall remain in effect until such time as Depository Bank and Public Entity have delivered to Custodian written notice signed by each declaring that the Agreement has been terminated and is no longer effective; upon receipt of same, Custodian is thereafter authorized to deliver or transfer the Eligible Securities in accordance with any directions or instructions given solely by Depository Bank.

#### **VI. DISPUTES.**

In the event Custodian receives written notification from Depository Bank or Public Entity that a disagreement between Depository Bank and Public Entity exists as to any rights respecting any or all of the Eligible Securities, Custodian shall hold such Eligible Securities together with all proceeds thereof, until: (a) Public Entity and Depository Bank notify Custodian in writing that the dispute has been resolved and direct Custodian to transfer or deliver such Eligible Securities to either of them or to a third party or account designated by them, (b) Custodian is directed as to the disposition of such Eligible Securities by an order or decree of a court of competent jurisdiction, or (c) Custodian transfers the Eligible Securities pursuant to any authorization or requirement applicable to it or such Eligible Securities under any applicable statute or regulation relating to the holding, transfer or disposition of Eligible Securities securing public deposits. Custodian is expressly authorized to rely and act upon any of the foregoing written notices, orders, decrees, statutes, or regulations, and upon doing so shall be released and discharged from any liability or duty with respect to any Eligible Securities with respect to which it has taken such actions.

**VII. PAYMENTS BY CUSTODIAN.**

Unless Custodian has been notified in writing by Public Entity that a default has occurred with respect to the payment by Depository Bank of any Public Deposits, Depository Bank shall be entitled to receive all principal payments, interest and other income on the Eligible Securities (including, without limitation, any securities received by Custodian as a substitute for, proceeds of, or otherwise with respect to, any securities included within the Eligible Securities) and Custodian is hereby authorized and directed to pay over, deliver or transfer same to Depository Bank (or any entity or account designated by Depository Bank).

**VIII. SUITABILITY OF ELIGIBLE SECURITIES.**

Custodian shall have no duty or obligation whatsoever to examine or determine if any securities that are now or at any time hereafter included within the Eligible Securities are of a kind or character, or have a market value, prescribed by law to be Eligible Securities for Public Deposits.

**IX. ISSUANCE OF RECEIPT.**

At such time as Custodian has received a communication from Depository Bank identifying a security held by Custodian to be included within the Eligible Securities, Custodian shall execute a pledge notification identifying the security and reflecting Public Entity's status as a secured party. Such notification, which is neither transferable nor assignable, shall be furnished to the Public Entity and Depository Bank and shall be accepted by them as sufficient evidence of the pledging and depositing of the security with the Custodian. The return of such pledge notification may be required by Custodian for the withdrawal, release or transfer of such security pursuant to applicable provisions and authorizations set forth in this Agreement.

**X. GENERAL.**

This Agreement shall be executed in triplicate with one executed original to be retained by each of the parties and shall be in full force and effect when executed by all parties. This Agreement is neither assignable nor transferable, and there is no requirement that the Agreement be returned to Custodian before delivery, transfer or designation of any securities as Eligible Securities hereunder. All notices, pledge notification and other documents and instruction required or authorized may be delivered, sent by facsimile, other electronic means or mailed to the parties hereto at the respective addresses (or facsimile numbers) set forth. For purposes of this Agreement, no notice, notification, document or communication shall be deemed to have been given to or received by Custodian unless it is actually received by one or more of the employees or officers of Custodian that are designated in writing by Custodian as being authorized to receive the instruction. Any document sent by facsimile to Custodian shall be deemed to be received only when received by Custodian at the facsimile number designated in writing within this Agreement, and which may be changed as business conditions warrant.

Dated this 10 day of MARCH, 2010.

**PUBLIC DEPOSITS SECURITY AGREEMENT**

May 14, 2020

**1. COLLATERAL AND OBLIGATIONS.** For value received, the undersigned bank ("Bank") grants to Dixon Public School District 170 ("Public Depositor") a security interest in the collateral described on the Collateral Register attached hereto, and as in effect from time to time ("Collateral"), and all proceeds of and other rights in connection with the Collateral. The Collateral secures the payment of public deposits deposited in the Bank by the Public Depositor to the extent the amount of such deposits exceeds deposit insurance provided by the Federal Deposit Insurance Corporation ("Secured Deposits"). The Bank shall be entitled to receive all dividends, interest or other distributions made on or with respect to the Collateral prior to default.

**2. WARRANTY OF TITLE.** The Bank warrants that it is the owner of the Collateral free from all liens, encumbrances or security interests (other than Public Depositor's security interest).

**3. SUBSTITUTIONS, WITHDRAWALS AND ADDITIONS.** The Bank is authorized to withdraw and substitute other collateral for the Collateral withdrawn, or any part thereof, provided:

- The par (face) value of the substituted collateral equals or exceeds the par value of the Collateral withdrawn.
- The market value of the substituted collateral equals or exceeds the market value of the Collateral withdrawn.

Market value of collateral, if applicable, shall be determined by the Bank in its sole discretion. Withdrawals and substitutions made under this paragraph shall not require the prior consent of the Public Depositor. Unless the Public Depositor's security interest is terminated in accordance with paragraph 5, withdrawals without substitution shall require the prior consent of the Public Depositor. The Bank may at any time grant the Public Depositor a security interest in additional collateral to secure the Secured Deposits, and such additional collateral shall be Collateral under this Agreement. Following any addition or substitution of Collateral, the Bank shall provide to the Public Depositor a revised Collateral Register. All Collateral replaced by substituted collateral or withdrawn by the Bank under paragraph 3 shall be free of any security interest granted to the Public Depositor by the Bank without any further act of the Public Depositor. The Bank is also authorized to withdraw in accordance with paragraph 5.

**4. DEFAULT.** For purposes of this Agreement, "default" shall mean: (i) failure to perform any term of this Agreement; (ii) failure to pay to Public Depositor any funds which Public Depositor has deposited with Bank in accordance with the terms of such deposit; (iii) if the Collateral is attached, seized, or comes within the possession of any receiver, trustee or custodian for the benefit of creditors; or (iv) Bank should become subject to bankruptcy proceedings or otherwise fail or suspend active operations. Upon default, the deposits deposited in the Bank shall become due and payable immediately to the Public Depositor and Public Depositor shall have the right to unilaterally demand delivery of the Collateral, which Collateral shall be made available to Public Depositor at a place and time to be designated by Public Depositor that is reasonably convenient to the Bank. Upon default, the Public Depositor shall also have all other rights and remedies with respect to the Collateral provided by the Illinois Uniform Commercial Code, as well as any other applicable law.

**5. TERMINATION.** Prior to default, the Bank is authorized to withdraw all Collateral and terminate the Public Depositor's security interest in the Collateral at any time following prior written notice of at least 10 days to the Public Depositor provided the Public Depositor is authorized to withdraw the Public Deposits without penalty before expiration of the notice period.

**6. INTERPRETATION.** The validity, construction and enforcement of this Agreement are governed by the laws of Illinois. Invalidation of any provision of this Agreement shall not affect the validity of any other provision.

**7. OTHER PROVISIONS.**

If neither box in Section 3 is checked, the parties agree that the box requiring use of par value is deemed to be checked.

Sauk Valley Bank & Trust

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[Signature]

ITS Bank Accountant

# PUBLIC DEPOSITS SECURITY AGREEMENT

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**4. DEFAULT.** For purposes of this Agreement, "default" shall mean: (i) failure to perform any term of this Agreement; (ii) failure to pay to Public Depositor any funds which Public Depositor has deposited with Bank in accordance with the terms of such deposit; (iii) if the Collateral is attached, seized, or comes within the possession of any receiver, trustee or custodian for the benefit of creditors; or (iv) Bank should become subject to bankruptcy proceedings or otherwise fail or suspend active operations. Upon default, the deposits deposited in the Bank shall become due and payable immediately to the Public Depositor and Public Depositor shall have the right to unilaterally demand delivery of the Collateral, which Collateral shall be made available to Public Depositor at a place and time to be designated by Public Depositor that is reasonably convenient to the Bank. Upon default, the Public Depositor shall also have all other rights and remedies with respect to the Collateral provided by the Illinois Uniform Commercial Code, as well as any other applicable law.

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**7. OTHER PROVISIONS.**

If neither box in Section 3 is checked, the parties agree that the box requiring use of par value is deemed to be checked.

Sauk Valley Bank & Trust

BY Jeanie Johnson

ITS Senior Accountant

PUBLIC DEPOSITS CONTROL AGREEMENT

PARTIES

Bank: Bank Valley Bank & Trust, 201 W. 3rd Street, Steilacoom, WA 98081
Intermediary: Bankers' Bank, 7700 Mineral Point Road, Madison WI 53717-1004
Public Depositor: Dixon Public School District 170, 1336 Franklin Grove Rd, Dixon, IL 61024

BACKGROUND

The Bank and the Public Depositor have executed a security agreement ('Security Agreement') pursuant to which the Bank granted a security interest in the collateral as defined in the Security Agreement ('Collateral'). The parties are entering into this Agreement to perfect the Public Depositor's security interest in the Collateral. The Bank effects the Intermediary to enter into this Agreement with the Public Depositor to evidence control of the Collateral by the Public Depositor for the purpose of perfecting the Public Depositor's security interest in the Collateral.

AGREEMENT

1. Possession and Control of Collateral. The Intermediary holds the Collateral as an Intermediary for the Bank. The Intermediary will comply with all notifications it receives directing it to transfer or redeem any Collateral (each an 'order') originated by the Public Depositor without further consent by the Public Depositor.

2. Instructions as to Collateral. The Bank may give an entitlement order to withdraw and substitute Collateral in accordance with paragraph 3 of the Security Agreement and the Intermediary shall accept and may rely on instructions or statements given by the Bank to accept and hold additional or substituted Collateral on behalf of the Public Depositor or to return to the Bank Collateral withdrawn by the Bank. Except as specifically provided in this Agreement or the Security Agreement, the Intermediary shall not comply with any entitlement order to release, exchange, transfer, substitute or otherwise dispose of any Collateral without the prior written consent of the Public Depositor. In the event (i) the Bank defaults on its obligations to the Public Depositor as defined in the Security Agreement, as evidenced by written notice of default from the Public Depositor to the Intermediary and the Bank, and (ii) the Public Depositor notifies the Intermediary that the Public Depositor will exercise exclusive control over the Collateral (a notice of exclusive control), then the Intermediary will cease (i) complying with entitlement orders or other directions concerning the Collateral originated by the Bank and (ii) distributing interest, dividends or other distributions to the Bank.

3. Standard of Care. The Intermediary is not responsible for, and makes no representation or warranty whatsoever to anyone with respect to, the validity or enforceability of the Public Depositor's security interest in the Collateral. The Intermediary shall have no obligation to the Public Depositor or to the Bank to collect or realize upon the Collateral or to collect any interest, dividends, or other distributions made on or with respect to the Collateral. Notwithstanding the foregoing and unless the Intermediary shall receive written notice of exclusive control from the Public Depositor, with a copy to the Bank, the Intermediary shall accept such interest, dividends or other distributions tendered to it and shall transfer the same to the Bank. Upon receipt of such written notice of exclusive control, the Intermediary shall hold such interest, dividends or other distributions in an account for the benefit of the Public Depositor and otherwise instructed in writing by the Public Depositor. The Intermediary shall exercise reasonable care and diligence in the possession, retention and protection of the Collateral, but any liability on its part for loss or damage to the Collateral shall be limited to the market value of the Collateral on the date of discovery of such loss or the date on which the loss occurred, whichever amount shall be greater. The Intermediary shall be required to perform only those duties specifically set forth in this Agreement and no loss resulting from any action taken or omitted under this Agreement in connection with the Collateral unless such loss is proximately caused by its negligence or willful misconduct. The Bank shall indemnify, defend and hold harmless the Intermediary from and against any and all claims, liabilities, demands, or obligations of any kind asserted by any person, and all costs and expenses, including but not limited to, attorney's fees arising out of or in any way incident to the services provided under this Agreement provided, however, that no duty or indemnity shall exist when the liabilities are caused or expenses are incurred by reason of a violation by the Intermediary of any of the terms of this Agreement or by its gross negligence or willful misconduct.

4. Termination. This Agreement and the duties and responsibilities of the Intermediary under it shall remain in effect until the occurrence of one or more of the following events: a. The Intermediary's written resignation submitted to the Public Depositor and the Bank, such resignation to be effective thirty (30) days following delivery of the resignation, at which time the Intermediary shall unless an event of default has occurred deliver all Collateral and any dividends, interest or other distributions made on or with respect to the Collateral in its possession as directed in writing by the Public Depositor and the Bank within the 30 day period or to the Bank in the event the Intermediary is not so directed in writing; b. Payment by the Bank to the Public Depositor of the Public Depositor's obligations under the Collateral as evidenced by a written notice from the Public Depositor to the Intermediary, at which time the Intermediary shall deliver to the Bank all Collateral and any dividends, interest or other distributions made on or with respect to the Collateral in its possession, or c. Payment of the Intermediary by the Bank and the Public Depositor as evidenced by written notice to the Intermediary from the Public Depositor and the Bank, such removal to be effective immediately following delivery of the notice, at which time the Intermediary shall deliver all Collateral and any dividends, interest or other distributions made on or with respect to the Collateral in its possession as directed in writing by the Public Depositor and the Bank.

d. Termination of the Security Agreement by the Bank pursuant to paragraph 3 of the Security Agreement as evidenced by written notice to the Intermediary, and the Intermediary shall, unless an event of default has occurred, deliver to the Bank all Collateral and any dividends, interest or other distributions made on or with respect to the Collateral in its possession following expiration of the notice period.

e. Delivery of the Collateral to the Public Depositor in accordance with paragraph 2.

5. Fees. The Bank shall pay to the Intermediary the Intermediary's fees for services rendered under this Agreement.

6. Miscellaneous. This Agreement constitutes the entire agreement of the Bank, the Public Depositor and the Intermediary and may not be amended except upon the express written consent of the Bank, the Intermediary and the Public Depositor. This Agreement shall be interpreted and construed in accordance with the laws of Illinois. Invalidity of any provision of this Agreement shall not affect the validity of any other provision. This Agreement shall inure to the benefit of, apply to and be binding upon any successors of the Bank, the Public Depositor and the Intermediary. Neither the Bank nor the Intermediary shall assign this Agreement or any of the duties imposed under it without first obtaining the written consent of the other and Public Depositor.

Dated this 14 day of May, 2020

Bank Valley Bank & Trust (Signature)
Bankers' Bank (Name of Intermediary)
By: [Signature] Senior Accountant
By: [Signature] VP

Dixon Public School District 170
(Name of Public Depositor)
By: [Signature] BUSINESS MANAGER