

**TO:** Board of Education  
Dr. Lisa Leali, Superintendent

**FROM:** Jay Kahn, Director of Finance and Operations/CSBO

**DATE:** May 20, 2025

**RE:** Annual Approval of Authorized Depositories

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### **Administrative Recommendation**

Administration recommends the re-approval of our current authorized depositories.

### **Background**

Board policy 4:30 - Revenue and Investments requires the Board to review and approve a list of authorized depositories at least annually. The Board shall also be kept informed of collateral agreements.

### **Current Situation**

The list of depositories is below

<b><u>Institution</u></b>	<b><u>Account</u></b>	<b><u>Year Established</u></b>	<b><u>Purpose</u></b>
Illinois School District Liquid Asset Fund Plus (ISDLAF+)	Investment	2006	Buy, sell and hold investment securities. Receives county tax dollars and state funds
Lake Forest Bank & Trust	General Account	2014	Used for paying all bills
Lake Forest Bank & Trust	Payroll	2007	Payroll checks and direct deposits (zero balance account)
Lake Forest Bank & Trust	Flexible Spending	2004	Employee flexible benefit/cafeeteria plan account
Lake Forest Bank & Trust	Imprest Account	2014	Account limited to \$5,000 for small expedient payments made prior to Board approval
Lake Forest Bank & Trust	Activity Account	2009	Fiduciary account holding student/staff funds
Lake Forest Bank & Trust	MaxSafe Money Market	2023	Liquid investment account

### **Collateral**

Deposits at Lake Forest Bank & Trust over the FDIC insurance threshold are collateralized with US Government securities at 125% of the daily excess deposit balance. The exception is the MaxSafe Money Market, where the funds are spread over Wintrust Bank's 15 charters, each of which carries \$250,000 of FDIC insurance for a total of \$3.75 million per account holder.

### **Attachments**

- ISDLAF+ resolution for 2025-26
- Current collateral agreements with Lake Forest Bank & Trust

### **Available**

Per Board Policy 4:30, copies of the last two *Consolidated Reports of Condition and Income for A Bank with Domestic and Foreign Offices* filed by Lake Forest Bank & Trust with the Federal Financial Institutions Examination Council have been reviewed and are available. They are not attached due to their size.

**RESOLUTION AUTHORIZING OR REAUTHORIZING  
PARTICIPATION IN "THE FUND"**

**A RESOLUTION FOR FORMAL APPROVAL OF THE TREASURER'S PARTICIPATION IN THE FUND BY THE BOARD  
OF THE SCHOOL DISTRICT OR COMMUNITY COLLEGE ON BEHALF OF WHICH THE TREASURER ACTS**

**WHEREAS** this Board deems it to be in the best interest of Lake Bluff School District 65  
(insert name of School District or Community College) to participate in the Illinois School District Liquid Asset Fund Plus (the "Fund");  
and


**WHEREAS**, this Board deems it to be in the best interest of this school entity for its Treasurer to make use of, from time to time, the Fund and its programs, including the Multi-Class Series (Liquid Class and MAX Class), Term Series, Fixed Income Investments, and other Fund services that may be offered by the Trustees of the Fund; and


**WHEREAS**, this Board deems it to be in the best interest of this school entity for its Treasurer to make use of, from time to time, PMA Financial Network, LLC, PMA Securities, LLC, Prudent Man Advisors, LLC and Harris N.A., and/or their successors; and

**WHEREAS**, various materials regarding the Fund have been presented to this Board, including copies of its Information Statement and Declaration of Trust,

**NOW, THEREFORE, BE IT RESOLVED BY THIS BOARD:**

- That the Board authorizes (or reauthorizes) its participation in the Fund by the Treasurer of this school entity; and
- That the Treasurer or those acting on behalf of the Treasurer shall invest the school entity's available funds from time to time and withdraw such funds from time to time in accordance with the provisions of the Declaration of Trust; and
- That the Treasurer or those acting on behalf of the Treasurer shall make use of, from time to time, Fixed Income Investments offered by the Fund and which are legal under Illinois investment statutes, including but not limited to 30 ILCS235 and that which are also permitted by this school entity's investment policy; and
- That monies of this entity may be invested at the discretion of the Treasurer or those acting on behalf of the Treasurer through the intermediaries PMA Securities, LLC, PMA Financial Network, LLC, and Prudent Man Advisors, LLC and/or their successors; and
- That the entity may open depository accounts, make permitted investments, enter into wire transfer agreements, safekeeping agreements, third party surety agreements securing deposits, collateral agreements, letters of credit, and lockbox agreements with institutions participating in Fund programs including Harris N.A., its successor, or programs of PMA Financial Network, LLC and PMA Securities, LLC, and that any depository institutions shall be deemed eligible depositories for District funds per Illinois School Code Section 8-7. Monies of this entity may be deposited in financial institutions, from time to time in the discretion of the Authorized Officials, pursuant to the Fixed Income Investment Program available to participants of the Fund through the intermediaries PMA Financial Network, LLC and PMA Securities, LLC PMA Financial Network LLC and/or PMA Securities, LLC are authorized to act on behalf of this school entity as its agent with respect to such accounts and agreements; and
- That the Treasurer or those acting on behalf of the Treasurer may execute documents, financial planning contracts, financial advisory contracts and other applicable agreements, as necessary, with PMA Financial Network, LLC, PMA Securities, LLC, Prudent Man Advisors, LLC, and BMO Harris Bank, and/or their successors. The following individuals, or their successors, currently holding the office or position are designated as "Authorized Officials" with full power and authority to effectuate the investment and withdrawal of monies, contracts and agreements on behalf of this school entity.

Name: Dr. Lisa Leali Position: Superintendent Signature: 

Name: Jay Kahn Position: Chief School BUSienss Official Signature: 

Name: \_\_\_\_\_ Position: \_\_\_\_\_ Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Position: \_\_\_\_\_ Signature: \_\_\_\_\_

It is hereby certified that Lake Bluff School District 65, the Treasurer of which is Jay Kahn adopted this Resolution at a duly convened meeting of the Board of the entity held on the 20th day of May, 2025 and that such Resolution is in full force and effect on this date, and that such Resolution has not been modified, amended, or rescinded since its adoption.

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Secretary of the Board

## COLLATERALIZED DEPOSIT AGREEMENT

Customer Name: LAKE BLUFF SCHOOL DISTRICT 65	Account Number: 00000376108, 04400004449, 04400005232, 04400007014, 04400007022
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This Collateralized Deposit Agreement (this "Agreement") is made and entered into by and between Lake Forest Bank & Trust Company (the "Bank") and the customer set forth below (the "Customer"). This Agreement amends and restates any previously executed agreement between the Bank and the Customer governing the terms of the Bank's program to collateralize deposits.

**1. Description of the Collateralized Deposit Program.** The Collateralized Deposit Program (the "Program") includes a daily review of the balance in the bank accounts (the "Bank Accounts") of Customer at Bank, subject to such additions and deletions as both parties shall agree to in writing. Should the cumulative balance of the Bank Accounts exceed the amount insured by the Federal Deposit Insurance Corporation and letters of credit supporting Customer deposits, if any, the account balances in excess of said amount (the "Excess Deposit Balance") will be collateralized by securities described hereinafter (the "Securities"). Bank agrees to pledge Securities with a market value equal to or greater than 125% of the Excess Deposit Balance.

**2. Bank Accounts.** The Customer hereby agrees that the rules and regulations of the Bank from time to time applying to bank accounts generally (including, without limitation, the rate of interest, if any, and the assessment and collection of service charges, if any) shall govern the Bank Accounts; provided, however, in the event of conflict between such rules and regulations of the Bank and the provisions of this Agreement, this Agreement shall control the operation of the Bank Account. Except as herein provided, the Bank Accounts shall operate in all respects as conventional bank accounts, and shall be subject to service charges under the Bank's rules regarding the Bank Accounts generally. The Customer may continue to make deposits to and withdrawals from the Bank Accounts at any time and by any accepted means.

**3. Excess Deposit Balance Limitation.** Bank reserves the right to impose a maximum limit as to the Excess Deposit Balance that will be collateralized in order to assure availability of collateral. Bank will notify the Customer of any such limit.

**4. Granting of the Security Interest.** The Bank hereby pledges the Securities as collateral to secure its obligation to pay the amount of the Excess Deposit Balance in accordance with their terms. The following types of Securities are eligible to be used as collateral:

☒ **Government Securities** - securities that are the direct obligation of, or the principal and interest of which are guaranteed by, the United States, one of its agencies or one of its government-sponsored enterprises

☐ **Municipal Bonds** - bonds issued by a state, city or other local governments or their agencies. These bonds may be taxable or tax exempt. Municipal Bonds may be general obligations of the issuer or secured by specified revenue

**Other** - other securities which the parties may agree to in writing

**5. Fractional Interests.** The Customer's interest in the Securities that act as collateral hereunder may be a fractional interest in such Securities and Customer acknowledges that other customers of the Bank may receive a security interest in the remaining fractional interest in such Securities.

**6. Choice of Law.** This Agreement shall be governed, construed, and interpreted under the laws of the state where the Bank's main office is located.

**7. Confirmations to Customer.** On at least a monthly basis, the Bank will confirm in writing (via facsimile, U.S. Mail, electronic mail, courier or otherwise, as determined by Bank) the letters of credit supporting Customer deposits, if any, the Customer's Excess Deposit Balance and the specific Securities (specifying the Security's issuer, maturity date, coupon rate, par amount, market value, either the CUSIP or mortgage-backed security pool number and the fractional interest, if applicable) that are the collateral for the Excess Deposit Balance.

**8. Custodian of Securities.** The Bank has transferred such Securities to a custodian designated by Bank (hereinafter the "Custodian"), which is qualified under applicable law to serve as a custodian of the Securities. Customer will have a perfected security interest in the Securities. The Bank will pay all expenses associated with the Custodian providing its services. A copy of the Custodial Services Agreement executed by and between the Bank and Custodian (the "Custodial Services Agreement") is available for examination by the Customer at the Bank's main office during regular banking hours. In the event Bank shall have defaulted in its obligation to repay the Excess Deposit Balance, the Custodian shall act on the order of the bank or Customer to liquidate the Securities and use the proceeds thereof to fulfill the Bank's repayment obligation. In no event shall the Customer receive more than

the Excess Deposit Balance and any interest accrued thereon. Important: The Securities are not insured by the Federal Deposit Insurance Corporation (F.D.I.C.) and are subject to investment risks, including possible loss of principal. If the Bank fails (i) Customer will be a secured creditor, but (ii) Customer may become an unsecured general creditor to the extent that the market value of the Securities used as collateral falls below the Excess Deposit Balance.

**9. Reports to Custodian.** At the end of each banking day that the Excess Deposit Balance is greater than zero, the Bank will confirm to the custodian in writing (via facsimile, U.S. Mail, electronic mail, courier or otherwise, as determined by Bank) the Customer's Excess Deposit Balance and the specific Securities (and the fractional interest, if applicable) that are the collateral for the Excess Deposit Balance. The Custodian shall be able to conclusively rely on such written reports from Bank and will have no obligation to independently verify the amount or sufficiency of any collateral or accuracy of Customer's Excess Deposit Balance. The Custodian shall be a third party beneficiary of the immediately preceding sentence.

Notwithstanding the choice designated, if either (a) fractional interests are utilized or (b) specific Securities are not designated, reports will be delivered to Custodian at the end of each banking day that the Excess Deposit Balance is greater than zero.

Notwithstanding anything to the contrary in any existing Pledge Depositary Agreement among Bank, Customer and Custodian, (a) Custodian shall have no obligation to provide to Customer any account statements, reports or receipts for the Securities deposited pursuant to the Custodial Services Agreement or any Pledge Depositary Agreement and (b) prior to receipt of a "Control Notice" (or similar term as defined in such Pledge Depositary Agreement) the Custodian shall accept instructions (regarding release or otherwise) from the Bank with respect to Securities. The Custodian shall be a third party beneficiary of the immediately preceding sentence.

**10. Termination.** Should the Bank desire to terminate this Agreement, it must give the Customer no less than seven (7) calendar days prior notice of its intent to terminate. The Customer may terminate this Agreement by giving the Bank notice of intent to terminate at any time. Upon termination, the disposition of the Bank Accounts shall then be governed by the ordinary rules and policies of the Bank governing bank accounts generally, including, without limitation, Bank's right of setoff. Upon the Bank paying out an accounting for all or any portion of the Bank Accounts, any Collateral pledged under this Agreement to secure such Bank Accounts shall be released from the security interest created hereunder.

**11. Certain Matters Unrelated.** The interest rate on the Bank Accounts is unrelated to the interest rate on the Securities. Unless and until the Bank shall have defaulted in its obligation to repay the Excess Deposit Balance, the Bank shall have the right to receive interest paid on the Securities. Moreover, the amount of the Excess Deposit Balance on any given day is fixed, and will not fluctuate, even though the market value of the Securities may rise or fall. The obligation to pay Excess Deposit Balance will in most cases will be paid from general banking assets of the Bank, rather than from proceeds from the sale of the Securities.

**12. Miscellaneous.** The Customer shall not assign or transfer any rights under this Agreement. No enumeration or recital of any remedy shall waive or bar any other remedy available to either part at law or equity. The terms of this Agreement contain the entire agreement between the parties and shall not be varied by any oral or written communication prior to or at the time of execution of this Agreement. This Agreement may be amended by the mutual consent of the parties. This Agreement supersedes prior agreements regarding the collateralization of the Customer's deposits, if any, which prior agreements are hereby terminated by mutual assent, notwithstanding any terms contained therein to the contrary.