



Legislation Text

File #: 020048, **Version:** 0

020048
ORIGINAL

THE CHAIR

Resolution authorizing "Collateral Pledge and Bailment Agreement", and custodial services by the Federal Reserve Bank. (City Treasurer)

Resolution authorizes the Treasurer (and appropriate City officers) to enter into a single, combined form of Collateral Pledge and Bailment Agreement with _____ Bank ("Bank") to collateralize City deposits at Bank, where the Federal Reserve Bank will have custodial duties with respect to the collateral. It also adopts the agreement as a new standard form for future collateralization and bailment arrangements with other banks where a Federal Reserve Bank will act as custodian.

Whereas, Section 34.07, Stats., authorizes the City to require any public depository to give security for any public deposits that exceed the amount of deposit insurance provided by an agency of the United States or by the Wisconsin Credit Union Savings Insurance Corporation and the coverage provided under sec. 34.08(2), Stats; and

Whereas, Common Council Resolution File No. 83-1883-C authorized the Treasurer, on behalf of the City, to execute separate forms of Collateral Pledge Agreements and Bailment Agreements similar to those annexed to that file (and herein referred to as the "Standard Separate Forms") in dealing with local banks and bailees; and

Whereas, Common Council Resolution File No. 990252 authorized the Treasurer, on behalf of the City, to alternatively execute a hybrid form of Collateral Pledge and Bailment Agreement similar to that annexed to that file (and herein referred to as the "Standard Hybrid Form") in dealing with banks and bailees; and

Whereas, The Federal Reserve Bank, under its Operating Circular 7 and Appendix C thereto, offers custodial services to hold book-entry securities as collateral for municipal deposits; and

Whereas, In those situations where the Federal Reserve Bank does so act as custodian, it requires the municipal depositor and the depository institution to complete, sign, and submit to it, the Federal Reserve Bank's form of "Joint Custody Account Agreement and Pledgee Authorization List" (the "Fed Form"), pursuant to which, among other things, the municipality identifies individuals with authority to accept or release pledged securities that the Federal Reserve Bank holds as collateral; and

Whereas, Bank wishes the Federal Reserve Bank to act as custodian of the collateral that will secure City's deposits with Bank; and

Whereas, Other banks in the future may also wish to have the Federal Reserve Bank so act as custodian; and

Whereas, The Treasurer has negotiated a new document with Bank, annexed hereto as Exhibit 1,

wherein City's deposits at Bank would be collateralized using the Federal Reserve Bank's custodial services; and

Whereas, The Treasurer wishes the Council to approve the annexed document (together with the Fed Form attached thereto) and authorize City signature of the same so that City and Bank may avail themselves of the Federal Reserve Bank's custodial services; and

Whereas, The Treasurer also wishes the Council to approve the annexed document (together with the Fed Form attached thereto) as additional forms pre-approved by the Council (along with the Standard Separate Forms and the Standard Hybrid Form); now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the form of Collateral Pledge and Bailment Agreement annexed hereto as Exhibit 1 (together with the Fed Form attached thereto), that requires custodial services by the Federal Reserve Bank, be and the same hereby are approved, and the execution of such agreements by the Treasurer and appropriate City officers is hereby authorized such that Bank and City may enter into the same and have the Federal Reserve Bank act as custodian; and, be it

Further Resolved, That, in future situations where the Treasurer and other financial institutions want to have the Federal Reserve Bank act, under Operating Circular 7, as custodian of book-entry securities pledged as collateral to collateralize city deposits with those financial institutions, the form of Collateral Pledge and Bailment Agreement annexed hereto as Exhibit 1 (together with the Fed Form attached thereto) (or documents in substantially the same form as those) are hereby pre-approved by the Council, and the Treasurer and appropriate City officers be and hereby are authorized on behalf of the City, to execute such agreements, except that the amount of the Fidelity Bond, and the amount or quality of collateral, required under the terms of any such agreement may be varied by the Treasurer in his or her discretion after consultation with the City Comptroller; and, be it

Further Resolved, That the Treasurer has authority to, on the Fed Form, designate those individuals who must be employees of the City who will have requisite authority to communicate with the Federal Reserve Bank to accept or release pledged securities; providing, however, that, in any case, there must be at least two City employees who, jointly, must communicate with the Federal Reserve Bank to so accept or release pledged securities; and, be it

Further Resolved, That as referred to in Common Council Resolution File No. 930358, the form of Collateral Pledge and Bailment Agreement that the Treasurer is authorized to execute on behalf of the City shall be in the same or substantially the same form and format of either the Standard Separate Forms, the Standard Hybrid Form, or, if a Federal Reserve Bank will be the custodian, the annexed form.

City Attorney

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