

HOPKINS COUNTY BOARD OF EDUCATION
320 South Seminary Street
Madisonville, Kentucky 42431

OFFICIAL QUOTE FORM
FOR
PRIMARY DEPOSITORY FOR HOPKINS COUNTY BOARD OF EDUCATION

***THE HOPKINS COUNTY BOARD OF EDUCATION RESERVES THE RIGHT TO NEGOTIATE
ANY OR ALL OF THE TERMS OF SUBMITTED QUOTES FROM BANKS.***

Interest Rate

In accordance with the terms of the General Conditions and Specifications, all accounts of the Hopkins County Board of Education shall be serviced without charge. The bank agrees that no minimum balance shall be required at any time and the bank shall factor any and all expenses of servicing the Board's accounts into the interest rate shown below. Interest shall be paid on all deposits maintained by the Hopkins County Board of Education, starting on the date of deposit. Interest shall be calculated compared to the Federal Funds daily rate. The rate + or – the basis points stated below will be paid on the daily balance. Interest shall compound daily.

Plus (+) _____ basis points

Minus (--) .07% basis points

(Note: Complete only one line above)

Banking institution guarantees that the rate will not fall below: 1.25%

The Board of Education will select the best evaluated bid. Also, if the high quote is not more than two (2) basis points above the current primary depository rate (for the period of July 1, 2019 – June 30, 2021), the Board reserves the right to award this bid to the current primary depository.

Note:

**Please submit Official Quote Form in an envelope marked "Do Not Open – Bank Quote Enclosed --
Reference #DEPOS-2021"**

HOPKINS COUNTY SCHOOLS
320 S. Seminary Street
Madisonville, Kentucky 42431

- - - Invitation to Quote - - -

Reference number: **DEPOS-2021**

Title: **Primary Depository**

Date quote information released: **May 7, 2019**

Closing time of quotes: **May 15, 2019** **10:00 a.m.**

General Conditions and Specifications

1. **CONTACTS**—Information pertaining to any item or condition in this invitation may be obtained by communicating with Deanna Ashby, Superintendent, or Eydie Tate, Finance Officer/Treasurer, at the address shown above or by telephone at (270) 825-6000.
2. **DURATION OF AGREEMENT**—The intent of this invitation is to receive quotes from any local financial institution ("bank") to serve as a depository for the Hopkins County Board of Education ("Board"). The duration of the agreement shall be from **July 1, 2019 to June 30, 2021** and may include (up to two) subsequent extension periods of one (1) year at a time. The Board may negotiate a higher rate during the extension periods. The Board will officially appoint one (1) primary depository. Secondary depositories may be used for the purpose of soliciting quotes on investment instruments, bonds, and loans.
3. **ACCEPTABLE BANKS**—The Board hereby limits the banks that are acceptable for submitting a quote for "primary depository" to commercial banks or savings and loan associations that have an office in Hopkins County, Kentucky. The bank must be able to secure all deposit account balances exceeding coverage of FDIC insurance with approved collateral as required by the Commonwealth of Kentucky.
4. **QUOTE FORM**—Any bank that submits a quote shall submit the attached "Official Quote Form". No quote will be considered unless the Official Quote Form has been completed, signed, and submitted.
5. **QUOTE SUBMITTAL**—The original, completed copy of this quote is to be received no later than the closing time indicated above. The quote may be hand delivered on the date of the opening, provided it is presented no later than the closing time indicated above.
6. **QUOTE OPENING**—A representative of the bank may be present at the opening of quotes on the date, time, and location stated above, although this is not required. The Board reserves the right to negotiate any or all of the terms of submitted quotes from banks.
7. **SIGNATURE**—An officer or member of the quoting bank, authorized to legally bind the bank, must sign the Official Quote Form.
8. **QUOTE ISSUES**—The Board reserves the right to waive defects and informalities in quotes, to reject any or all quotes, or to accept any quote as may be deemed to be in its best interest.
9. **SCHOOL ACCOUNTS INCLUDED**—The principal / site-base decision making council of each school will have the option to select the school's depository. Any school opting to utilize the primary depository as its bank shall be afforded the same terms described herein and in the Official Quote Form including, but not limited to, the interest rate paid on deposits and no service charges as described herein.

10. **CONSTRUCTION/BOND ACCOUNTS**—This depository agreement shall also include, if requested by the Board, any new construction accounts established as a result of selling school revenue bond. The primary depository shall pledge securities of the United States Government having a fair market value at least equal to the balance of these accounts or secure all balances exceeding coverage of FDIC insurance with approved collateral as required by the Commonwealth of Kentucky. The securities pledged for construction accounts are in addition to the collateral requirements shown on the Official Quote Form.

For pledging purposes, there will not be 2 sets of collateral, one for regular funds and one for construction funds. However, the construction funds can be placed into a separate account.

11. **INVESTMENTS**—The Board reserves the right to negotiate the terms of investments, and is not limited to investing with the primary depository.
12. **INVESTMENT OPTIONS**—The Board reserves the right to use any or all investment vehicles offered by the bank that the Board, in its discretion, deems to be the most advantageous to the Board. The primary depository agrees to negotiate with the Board to permit the Board to take advantage of any new type of service or new investment procedure that may become available and permissible for use by a board of education during the term of this agreement.
13. **BORROWING**—The primary depository shall extend credit as needed on legally drawn notes of the Board. The Board reserves the right to negotiate the terms for such borrowings, and is not limited to borrowing funds from the primary depository.

Independence Bank will provide Hopkins County Schools a short-term revolving credit facility not to exceed a one-year term. The interest rate on the credit facility shall be .50% below the Prime Rate (as published in the Wall Street Journal) with a floor of 4.00%. Other terms and conditions will be determined at the time of the request.

14. **STATEMENTS**—Monthly statements of all accounts, along with cancelled check images (sorted numerically), are to be furnished electronically to the Board by the primary depository within three (3) banking days following the close of each month. Monthly statements must show the number of deposits/withdrawals and the monthly/year-to-date interest earned. Accuracy of the information contained on the bank statement is very important. Beginning dates for the statements shall be the 1st calendar day of the month and the ending dates shall be the last calendar day of the month. Each month, the primary depository shall provide the Board with a listing of checks cleared.
15. **ELECTRONIC BANKING**—The primary depository shall offer the Board full electronic banking privileges that shall, at a minimum, permit the Board to see daily transactions and make online transfers. If the Board maintains security over its password to the online banking system, the primary depository agrees to hold harmless the Board from losses due to a security breach of the bank's online banking system. The primary depository shall also provide an electronic data file for check clearing that is compatible with MUNIS.
16. **SECURITY**—The primary depository shall offer the Board security tokens to be used in conjunction with the user ID and password during the electronic banking login process if necessary for internet banking.

Online Banking Security

Online Banking with Independence Bank allows our customers access to balances, transaction detail, check images, deposit images, reconciliation features (including .csv format), bill pay, and eStatements. ACH modules are available to utilize for payroll direct deposit, electronic vendor payments, auto debits, positive pay and electronic tax payments. Independence Bank's online banking allows transfers, stop payments and domestic wires to be initiated electronically. In other words, Online Banking can be set up to allow transactions to/from your accounts and provides a lot of information about your company's banking relationship. Because an Internet connection is required to access these services, it is critical to have safeguards in place to protect your account information from intruders. In addition to the assigned user ID and password, there are a number of methods used by Independence Bank to protect your online account information.

Business Online Banking allows each of your users to be set up with specific user rights that allow separation of responsibility and dual control for all monetary transactions performed online. For example, users may enter/update ACH and Wire Orders, but a second user must approve/release those transactions. Your online transaction approval hierarchy can be set up in compliance with your internal controls. When we set up each customer with ACH and/or Wire Transfer online services, we discuss maximum transaction and file limits. An authorized signer on the account must request limit increases for the users with rights to set up, change and approve/release those transactions.

Independence Bank offers dual login authentication procedures for our online banking. Each user is assigned a unique login ID and password. The user will be required to answer three security questions during the initial login. The system will randomly select one of three challenge questions for the user to answer if the user were to attempt to login from a different computer than the one that was initially used.

For those users that have ACH or Wire capabilities, a "cookie" will be set for the user ID so that all ACH transactions for that user will have to be initiated from that computer. If the user attempts to login to the ACH module from another computer, the system will deny access and the user will have to be reset by a bank support staff. This provides additional authentication when you are performing transactions that move funds in and out of your Independence Bank accounts.

Through our continuous efforts to provide our customers with a secure banking environment, Independence Bank has implemented alert notifications and Out of Bank Authentication (OOBA). The alerts range from a password that has been changed to an ACH or Wire Recipient that has been added. OOBA issues a One-Time-PIN (OTP) that will confirm your identity before a debit transaction can be submitted. This allows you to stay informed of transactions being initiated as well as changes being made to your business profile.

I-Deposit Remote Deposit Capture

During remote deposit capture implementation, the system identifies the client's specific PC that has been set up to communicate with our web-based system. Multiple PCs can be set up so that the scanner can be moved from workstation to workstation. The setup is unique to each PC and established during implementation. All company users are set up by bank staff, as well as any user password reset requests.

17. **COURIER SERVICE**—The primary depository shall make available a courier service for deposit pick up at the Central Board Office at no cost with deposit pickups scheduled daily or as needed.

Independence Bank will not provide a courier service.

18. **CREDIT CARDS**—The primary depository shall provide credit cards to chosen individuals at no cost.
19. **CHECKS/SUPPLIES**—The primary depository is responsible for providing, at no charge to the Board or schools (see #9 above), all reasonable items needed to transact banking business. These items include, but are not limited to, checks, direct deposit advices, deposit tickets, boxes for rolled coins, safe deposit box (for the Board only), locking bank bags, canvas bags for collection of money from events, etc. Checks/Direct Deposit Advices: The Board shall have exclusive control over the vendor selected to provide checks and direct deposit advices, provided the requirements of the Federal Reserve System are met. The Board may utilize any and all security features available for its check stock. The primary depository agrees to reimburse the Board for the cost of having its checks and direct deposit advices printed. With the approval of the Board, the primary depository may furnish these checks and direct deposit advices, rather than reimburse the Board for cost incurred. The Boards' method of issuing checks to employees and to vendors is subject to change.
20. **ACCOUNTING SOFTWARE CHANGES**—The primary depository shall reimburse the Board or schools for any fees associated with accounting software updates related to changing banks.

21. **TRANSMITTALS**—The primary depository shall be capable of accepting an electronic data transmission of direct deposit credits, and shall be able to transmit to the Federal Reserve, credit unions, other banking institutions, etc. The primary depository shall provide the Board with software needed to accomplish the electronic data transmission. This software shall be compatible with the Board's software and shall permit verification of accuracy of account information. The primary depository shall also provide an electronic data file for check clearing that is compatible with MUNIS.
22. **DIRECT DEPOSIT**—Direct deposit is offered by the Hopkins County Board of Education. The primary depository shall provide this service free of charge to the school district.
23. **AUDIT ASSISTANCE**—The primary depository shall provide assistance and cooperation with the Board's audit firm. Including but not limited to completing audit confirmations and requests at no charge.
24. **SERVICE CHARGES**—This depository agreement shall not include any charges for servicing any and all accounts of the Board or charges for any other banking service such as stop payments, cashier's checks, overdraft charges, interim bank statements, checks returned for insufficient funds, electronic transfers, wire transfers, courier service, electronic data file for check clearing (ASCII file of debits), etc.
25. **CONTACT PERSON**—The primary depository shall appoint one employee of the bank to be responsible to the Board's Treasurer for compliance with the terms of the adopted quote and to make sure all transactions of the Board are handled promptly and efficiently.
26. **TRANSITION**—In the event the bank is not designated by the Board as its primary depository in the future, the bank shall continue to pay interest at the rate established by this quote document on any funds remaining in any accounts at that financial institution until all outstanding checks have cleared the bank. In addition, the primary depository agrees to assist the Board in its transition to a new depository, should the need arise.
27. **TAXES NOT APPLICABLE**—Federal excise taxes or Kentucky sales and use taxes are not applicable to any purchase made for use of the Board. Quotes should not include any such taxes. Purchase exemption certificates will be furnished as required.
28. **NON-DISCRIMINATION**—The Hopkins County Public School System does not discriminate on the basis of race, color, national origin, age, religion, creed, marital status, sex, or handicap in employment, educational programs, or activities as set forth in Title IX, Title VI, and Section 504.
29. **CONFLICTS OF INTEREST**—KRS 45A.455 prohibits conflicts of interest, gratuities or kickbacks to employees of the Board of Education in connection with contracts for supplies or services whether such gratuities or kickbacks are direct or indirect. KRS 45A.990 provides severe penalties for violations of the laws relating to gratuities or kickbacks to employees that are designed to secure a public contract for supplies or services.

Locations

The following is a listing of the financial institution's Hopkins County branch offices and ATM locations:

<u>Branch Office Location</u>	<u>ATM Location</u>
<u>1776 North Main Street</u>	<u>1776 North Main Street</u>
<u>Madisonville, KY 42431</u>	<u>Madisonville, KY 42431</u>
<u> </u>	<u> </u>
<u>629 East Center Street</u>	<u>629 East Center Street</u>
<u>Madisonville, KY 42431</u>	<u>Madisonville, KY 42431</u>

Collateral

A. Execution of Bond of Depository and Collateral

A Bond of Depository for Public School Funds will be executed by the primary depository and collateral deposited in escrow to secure said bond as hereafter set out. This Bond includes a pledge of collateral in the amount of the required penal sum of 103% of current daily balances. The Bond of Depository covers Hopkins County Board of Education funds in an amount that will later be determined. It will be effective July 1, 2019 for the full term of this agreement, subject to approval of the Kentucky Department of Education ("KDE"). The amount of the Bond may fluctuate from year to year. In the event the Board of Education's funds on deposit, including certificates of deposit, exceed the Bond of Depository amount, the primary depository shall pledge additional collateral for any such excess funds on deposit with a fair market value equal to the excess amount.

All collateral pledged will have a minimum market value of 103% for balances exceeding FDIC insurance.

B. Types of Collateral

All collateral pledged by the primary depository selected shall have a fair market value equal to at least 103% of all deposits (including all investment instruments) of the Board of Education and shall consist of U.S. Government Bonds, Kentucky School Revenue Bonds, and/or Federal Government Agency Obligations. Repurchase Agreements for either class of collateral are unacceptable security. The collateral represents the total amount required to cover all funds, including investments and construction funds. At no time shall the collateral be reduced or substituted without prior approval of the Board of Education. Such approval shall not be granted without the execution of a new bond, which shall have prior approval by KDE.

All collateral pledged will have a minimum market value of 103% for balances exceeding FDIC insurance. Please note in the attachment labeled Method 1 Example, paragraph 3, Item (2) we are granted the right to substitute collateral of certain types without prior approval of the Board or KDE.

C. Safekeeping Receipts

The primary depository shall execute a safekeeping receipt for collateral, which shall include an endorsement as follows (the form of the endorsement on the safekeeping receipt may be amended so as to modify the endorsement in any manner required by the rules and regulations of the Federal

Reserve, provided that the collateral pledged for safekeeping in connection with the bond of depository is deposited in a federal reserve bank.):

"The securities described herein have been pledged as collateral to funds on deposit in _____ (city), _____ (county), Kentucky to the credit of the Hopkins County Board of Education of Madisonville, Kentucky under terms of a depository agreement. These securities may not be withdrawn or substituted except with the written consent of the Hopkins County Board of Education. The original of this receipt has been delivered to the Hopkins County Board of Education of Madisonville, Kentucky."

Independence Bank uses The Independent Bankers Bank of Farmers Branch, Texas as our Custodian Bank for making pledges. We've attached a copy of their tri-party "Safekeeping Agreement" and Pledge Notification for you to review. Would this be an acceptable substitute for the requirements listed? As a matter of practice, when pledges are made or changed, the safekeeping receipts are emailed to us. We will forward the receipt via email to our customer within 3 days of making the pledge. We don't have the ability to modify them.

Length of Agreement

The quotations and undertakings offered herein will be valid from July 1, 2019 to June 30, 2021 and, at the option of the Board of Education, and with the primary depository's consent, may be extended for additional one (1) year periods as stipulated in General Conditions and Specifications.

Additional Banking Services *(use this section and additional pages, if needed, to describe other banking services):*

Employee Advantage Account

If Independence Bank is awarded your business, all employees of Hopkins County Schools, who bank with Independence Bank and have payroll direct deposit, will be eligible for our Employee Advantage Checking account. This is a premium account that has no minimum balance and no monthly service charge. Features include:

- No monthly maintenance fee
- No minimum balance requirements
- No minimum opening deposit
- Unlimited check writing
- Two free boxes of checks per year
- Free Online Banking (including free check images) & Bill Pay
- Free Mobile Banking and Mobile Deposit
- VISA® Check card (subject to approval)
- Free Internal Transfers (between IB accounts)

- 0.25% off consumer loan rates with auto-debit (loans subject to approval)

All Employee Advantage account eligibility is based on qualification information provided by a consumer reporting agency. For employees who have not previously handled their checking accounts in a proper manner, Independence Bank has additional account options with a monthly service charge that allows employees to receive their payroll direct deposit.

Zero Balance Account

The Zero Balance Account is a basic cash management mechanism designed to be used as a concentration and disbursement system. A ZBA operates like a normal checking account. After all debits and credits post at the end of the day, a transfer is automatically generated to or from the operating account bringing the account balance back to zero. A ZBA allows Hopkins County Schools to segregate payroll disbursement functions. This account generates a separate statement for easy reconciliation. There would be no monthly service charge associated with this account. The benefits to Hopkins County Schools:

- 1) Eliminates overdrafts and over-funding
- 2) Eliminates manual transfer of funds
- 3) Allows control from one central account

ACH Blocks/Filters

Electronic fraud is more prevalent than ever. Each of the Board's accounts can be set up individually to protect against fraudulent incoming unauthorized ACH transactions.

We will review the purpose and transactions allowed on each account to determine what protection is best. For example, an account that should never have incoming ACH activity can be set up to *block* all such activity and will automatically return those entries to the sender.

However, there may be accounts that allow certain ACH activity for specific vendors/ companies. Using the unique Originating Company ID, we can *filter* incoming ACH activity to allow only those authorized companies' transactions to post to your account. Transactions from unauthorized companies will be automatically returned. As the Board gives authorization to a company to allow electronic transactions to be presented to an account, it will be critical to obtain the Originating Company ID and provide that information to your Cash Management Officer prior to the first entry. We also recommend that the company originating the transaction sends a Prenote (special zero amount) ACH Transaction to your account prior to the first dollar transactions to be certain the proper Originating Company ID has been provided.

This may sound confusing, but your Cash Management Officer will work with you to obtain the necessary information needed to properly set up your ACH Blocks/Filters instructions.

Positive Pay

Positive Pay is one of the most effective tools available today to help reduce check fraud. We highly recommend this service for Hopkins County Schools. As you generate a check run, you create a simple file format containing a data list of the issued checks for upload online into our Positive Pay system. Single checks issued outside of a normal check run can be key-entered into the Positive Pay system.

As checks are presented for payment, our Positive Pay service matches the account number, check number and dollar amount of each check against your list of issued checks authorized by the Board.

The Positive Pay system automatically alerts you by email if check "exceptions" require online review for a pay or return decision. Positive Pay exception management allows your staff to view the exception item online, including an

image of the presented check. Your staff submits a pay or return decision in our secure web environment by Eleven CST. We take care of returning any fraudulent items.

As you enter or upload your issued check files, the Positive Pay system integrates your valid check information to our teller system protecting your account from in-person check cashing fraud.

Why Independence Bank? Our Philosophy

"...of the people, by the people, for the people..." Those famous words also describe the philosophy of Independence Bank – people helping people. All of our employees have one thing in common – a sincere desire to help others.

Not all banks are created equal. Our mission statement is "Everyday Excellence" and at Independence Bank, we take pride in giving you nothing less than extraordinary customer service.

Independence Bank is a revolution in banking, meaning we've never settled for the same old standard. By consistently doing things the right way, we've put our customers and communities first while remaining financially strong. Independence Bank is proud to be more than just your bank of choice. We are THE community bank. And being the community bank means we are socially responsible for being involved in the communities we live and work in. Independence Bank invests in local projects, supports civic causes, promotes health and wellness, provides college scholarships to high school seniors within our service areas and even spreads the message of environmental stewardship.

- Donated \$1,000.00 to Backpack Blessings for Pride Elementary and Browning Springs Middle School in 2016.
- Independence Bank has donated \$21,312 to Madisonville North Hopkins High School and Hopkins County Central High School 4-H & FFA's from proceeds of the Independence Bank Farm to Fork Dinner since 2016.
- Our employees have set aside money out of each of their paychecks and provided Christmas gifts and dinner for 5 West Broadway families exceeding \$7500.00 since 2016.
- Independence Bank helped establish the Happy Feet organization in Hopkins County which has provided 4,192 new pair of shoes to Hopkins County students of all ages valued at \$125,000 since 2012. Independence Bank has donated countless hours sizing and delivering shoes and donated \$6,000.00.
- Volunteer for Junior Achievement at Pride Elementary.
- Volunteer for Junior Achievement at Grapevine School.
- Independence Bank has awarded \$55,000 in scholarships to Madisonville North Hopkins High School and Hopkins County Central High School since 2012.

Designated Employee

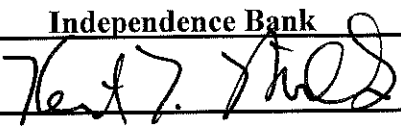
Lyndsey Womack shall be the bank's employee who will be responsible for compliance with the terms of this depository agreement.

Type of Financial Institution

We have read and understand the General Conditions and Specifications and the Official Quote Form for Board of Education accounts and agree to comply with all said stipulations should we be selected as the Board's depository. Our institution is a: *(place an "X" beside the following description that applies)*

 X **Commercial Bank** and is a member of the Federal Deposit Insurance Corporation and, as such, we propose to accept and hold in SECURED CUSTODY funds belonging to the Hopkins County Board of Education, and to pay out any funds on order of the Board as provided by law. We hereby offer our quote to the Hopkins County Board of Education under terms and conditions as above specified.

 Savings and Loan Association and is insured by the Federal Government and as such we propose to accept and hold in SECURED CUSTODY funds belonging to the Hopkins County Board of Education, and to pay out any funds on order of the Board as provided by law. We hereby offer our quote to the Hopkins County Board of Education under terms and conditions as above specified.

Bank Name Independence Bank Date 5/15/2019
Signature  Title President, Hopkins County
Name Kent Mills (print)
Address 1776 North Main Street
Madisonville, KY 42431
Telephone 270-824-1476

DISTRICT INFORMATION

MAJOR RECEIPTS (annual estimates)

SEEK deposit from the Kentucky State Treasurer (one per month, electronically around the 5 th day):	\$27,758,377
Property Tax revenue collected by the Sheriff (largest months: November /December):	\$17,000,000
Revenue in Lieu of Taxes from the State of KY (one per month)	\$210,000
Food Service Federal Reimbursement (one per month)	\$3,020,000

MONTHLY BANK BALANCE (does not include individual school accounts)*

April 2018	\$16,719,376
May 2018	\$16,665,065
June 2018	\$16,087,174
July 2018	\$15,683,460
August 2018	\$14,764,921
September 2018	\$13,359,442
October 2018	\$12,107,433
November 2018	\$22,533,824
December 2018	\$22,253,356
January 2019	\$23,007,962
February 2019	\$22,978,757
March 2019	\$22,075,037

MAJOR EXPENDITURES (monthly estimate)

Accounts Payable: \$1,000,000
Payroll: \$1,700,000

CHECKS (yearly averages)

Payroll:	
Checks	1,250
Direct Deposit Advices	200 paper (direct deposit advices are normally emailed)
Accounts Payable:	
Checks	5,000

HOPKINS COUNTY SCHOOLS

Browning Springs Middle School
357 West Arch Street
Madisonville, KY 42431

Earlington Elementary School
229 West Thompson Street
Earlington, KY 42410

Grapevine Elementary School
1150 Hayes Avenue
Madisonville, KY 42431

Hanson Elementary School
121 Eastlawn Road
Hanson, KY 42413

Hopkins County Alternate Day Treatment
110 Sugg Street
Madisonville, KY 42431

Hopkins County Central High School
6625 Hopkinsville Road
Madisonville, KY 42431

West Hopkins School
2695 Rabbit Ridge Road
Nebo, KY 42441

James Madison Middle School
510 Brown Road
Madisonville, KY 42431

Jesse Stuart Elementary School
170 Anton Road
Madisonville, KY 42431

Madisonville North Hopkins High School
4515 Hanson Road
Madisonville, KY 42431

Pride Elementary School
861 Pride Avenue
Madisonville, KY 42431

South Hopkins Middle School
9140 Hopkinsville Road
Nortonville, KY 42442

Southside Elementary School
9220 Hopkinsville Road
Nortonville, KY 42442

West Broadway Elementary School
127 West Broadway
Madisonville, KY 42431

Hopkins County Career and Technology Center
1775 Patriot Drive
Madisonville, KY 42431

SAFEKEEPING AGREEMENT FOR Hopkins County Schools

This agreement is made and entered into on this 14th day of May 2019,
by and between Hopkins County Schools hereinafter referred
to as PUBLIC ENTITY, and Independence Bank
hereinafter referred to as DEPOSITORY BANK and TIB-The Independent Bankers Bank
hereinafter referred to as CUSTODIAN BANK.

WITNESSETH:

WHEREAS, PUBLIC ENTITY and DEPOSITORY BANK have entered into a Depository Contract; and

WHEREAS, under the provisions of law and the Depository Contract the DEPOSITORY BANK must secure the deposits of the PUBLIC ENTITY by pledging investment securities to the PUBLIC ENTITY; and

WHEREAS, the securities pledged by DEPOSITORY BANK under the Depository Contract must be transferred to and held by a bank selected for such safekeeping thereof; and

WHEREAS, the PUBLIC ENTITY and DEPOSITORY BANK have mutually agreed and selected TIB-The Independent Bankers Bank as the Safekeeping Custodian Bank hereinafter referred to as CUSTODIAN BANK.

NOW, THEREFORE, the parties agree hereto as follows:

1. The DEPOSITORY BANK hereby places with CUSTODIAN BANK certain investment securities owned by the DEPOSITORY BANK which are pledged to the PUBLIC ENTITY as security for its deposits with the DEPOSITORY BANK.
2. In accordance with the Depository Contract, the DEPOSITORY BANK may from time to time place with the CUSTODIAN BANK additional securities pledged to the PUBLIC ENTITY. Whenever securities pledged to the PUBLIC ENTITY are pledged by the DEPOSITORY BANK with the CUSTODIAN BANK, the CUSTODIAN BANK shall issue original safekeeping receipts directly to the DEPOSITORY BANK. These securities will be surrendered only upon a release signed by proper officials of PUBLIC ENTITY and bearing the certificate of an officer of the DEPOSITORY BANK, to the effect that the persons signing are the proper authorized officials to sign release of securities held by CUSTODIAN BANK.
3. The DEPOSITORY BANK agrees to faithfully perform all of the duties it is responsible for under the account agreement and indemnifies the PUBLIC ENTITY against all loss, cost or expense, including reasonable attorney's fees, arising out of or relating to the failure to perform the duties imposed on it by this Safekeeping Agreement.
4. CUSTODIAN BANK agrees to faithfully perform all of the duties it is responsible for under the account agreement and indemnifies the PUBLIC ENTITY against gross negligence or willful misconduct.

5. DEPOSITORY BANK agrees to pay all costs or charges imposed by CUSTODIAN BANK for the performance of the services it provides under the terms of this Safekeeping Agreement.

6. In the event said DEPOSITORY BANK shall at any time default in the payments of any funds of PUBLIC ENTITY deposited with it, or should default in the performance of any obligation upon it by the law of the depository of said PUBLIC ENTITY, then the CUSTODIAN BANK, at the request of PUBLIC ENTITY, shall sell for the account of PUBLIC ENTITY securities deposited with it to make good such default, and shall deliver the proceeds of such sale in the amount of said default to PUBLIC ENTITY.

7. Any suit arising out of or in any way connected with this Agreement shall be brought in a court of proper jurisdiction in Hopkins County, Kentucky

EXECUTED on this 14th day of May, 2019.

Independence Bank
Depository Bank

Kent T. Mills, Hopkins County President
Printed Name and Title

Kent T. Mills
Signature

Public Entity

Printed Name and Title

Signature

TIB - The Independent Bankers Bank
Custodian Bank

Printed Name and Title

Signature

Method 1 Example

COMMONWEALTH OF KENTUCKY
Department of Education
Office of District Support Services

Bond of Depository for Public School Funds

The undersigned, First National Bank of Monkeys Eyebrow, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the American Independent Board of Education, in the penal sum of 103% of current daily balances, as depository of the American Independent Board of Education; shall well and truly discharge the duties of said office according to law, account for, to the proper authorities, and pay over to all parties legally entitled thereto on proper warrants all funds that may come into its hands as Depository of the Board of Education aforesaid for a maximum of 2 years, beginning July 1, 2009.

As collateral for this undertaking the undersigned hereby pledges obligations guaranteed by the US Government and obligations of the Commonwealth of Kentucky (type of collateral** - attach portfolio) in the principal sum of 103% of current daily balances *** deposited in escrow with the First National Bank of Monkeys Eyebrow, Kentucky, hereinafter referred to as the Escrow Agent, evidenced by the safekeeping receipt filed in the offices of the local board of education, provided, however, that at no time shall the amount of collateral be reduced without the execution of a new bond which shall have prior approval by the Kentucky Department of Education, Division of School Finance, Frankfort, Kentucky.

The undersigned, the Depository, hereby reserves the right unto itself, (1) to detach and collect for its own use and benefit all coupons of said bonds as they mature; (2) to substitute for any of said bonds, other United States Government bonds and/or Kentucky School Revenue Bonds of the same face or par value; (3) to terminate all liability under this bond and escrow deposit by giving thirty (30) days notice, in writing, of its intention to do so to the chairperson of the American Independent Board of Education, by registered mail, addressed to such chairperson at Monkeys Eyebrow, Kentucky, and to the chairperson of the Kentucky Board of Education, by registered mail, addressed to such chairperson at Frankfort, Kentucky. Within the thirty days, the Depository shall make statements with the board, pay over all funds in its hand to the board, and exhibit to the Escrow Agent a copy of the settlement, duly receipted by the secretary and chairperson of the board. The Board of Education shall cancel this bond only by giving thirty (30) days notice in writing, of its intention to do so, to the Depository, by registered mail, and to the chairperson of the Kentucky Board of Education by registered mail.

It is further conditioned that liability of this bond in not to be effectual until Federal Deposit Insurance protection is exhausted.

IN WITNESS WHEREOF, the undersigned has caused its corporate name to be subscribed and its corporate seal to be affixed hereof, this 1st day of July, 2009.

Name of Bank First National Bank, Monkeys Eyebrow, KY

By (Bank Official) Joh Doe Title Associate Vice President

We hereby certify to the Commissioner of Education that the bond appearing hereon is a true copy of the bond executed and delivered by the Depository of this Board of Education, and it was approved by the American Independent Board of Education on 07-01, 2009.

Chairperson Jane Doe Secretary Sam Doe

** This collateral shall consist of investments that conform to KRS 41.240 and KRS 66.480.

*** May not be less than penal sum.



Pledge Notification

TIB
THE INDEPENDENT BANKERSBANK
P.O. BOX 560528
DALLAS, TX 75356-0528

For the Account of

INDEPENDENCE BANK
P.O. BOX 988
OWENSBORO, KY 42301

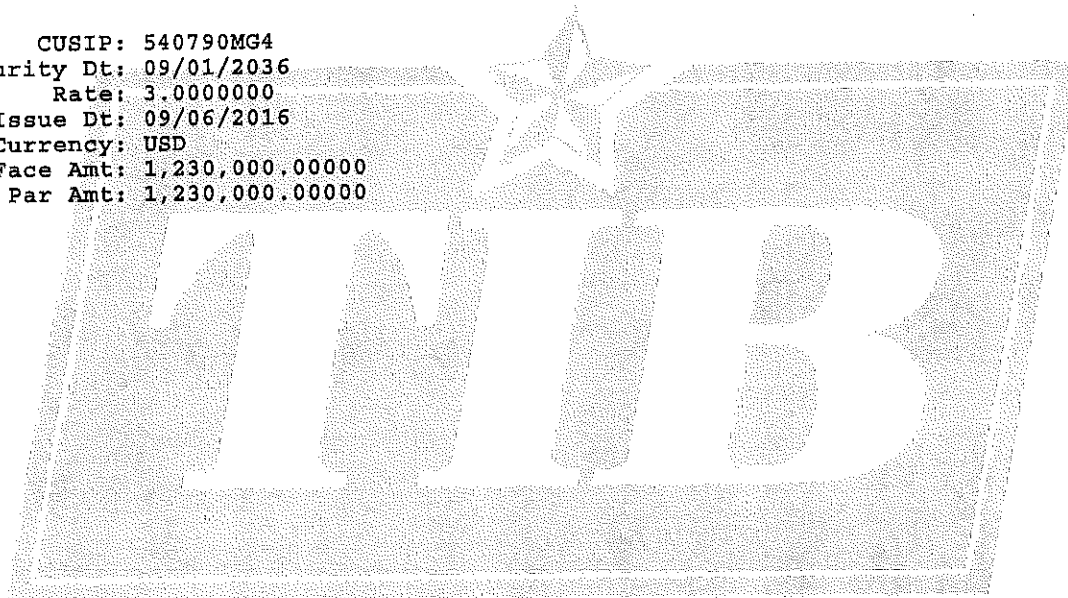
Receipt Number	12345678
Customer Number	123456
Effective	02/01/2018

The following securities have been pledged to:

****PUBLIC FUND CUSTOMER NAME HERE****

LOGAN CO KY SD FIN CORP
REV

CUSIP: 540790MG4
Maturity Dt: 09/01/2036
Rate: 3.0000000
Issue Dt: 09/06/2016
Currency: USD
Face Amt: 1,230,000.00000
Par Amt: 1,230,000.00000



THE DEPOSITORY BANK SHALL IMMEDIATELY DISTRIBUTE THIS PLEDGE RECEIPT TO THE PUBLIC ENTITY INDICATED HEREIN.

P.O. Box 560528 . Dallas, TX 75356 - 0528
Direct (972) 650 - 6000 , Phone (800) 374 - 4842