

COMMONWEALTH OF KENTUCKY  
Department of Education  
Office of District Support Services

**Pledge of Collateral Agreement for Public School Funds**

The undersigned, Farmers National Bank of Danville, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the Mercer County Board of Education, as depository of the 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 period not to exceed two (2) years, beginning July 1, 2022.

As collateral for this undertaking, the undersigned hereby pledges obligations guaranteed by the U. S. Government, Kentucky School Revenue, and/or Federal Government Agency for surety bonds or other securitized collateral (type of collateral \*) in the principal sum of 103% of current daily balances\* deposited in escrow with the First National Bankers Bank of Baton Rouge, Louisiana, 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 Commissioner of Education.

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 a thirty (30) day notice, in writing, of its intention to do so to the chairperson of the Mercer County Board of Education, by registered mail, addressed to such chairperson at the Local Board of Education, 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 a thirty (30) day 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 is not to be effectual until Federal Deposit Insurance Corporation (FDIC) 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 5<sup>th</sup> day of May, 2022.

Name of Bank The Farmers National Bank of Danville

By (Bank Official) Chris Sanner Title SVP, CFO

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 Mercer County Board of Education on May 19, 2022.

Chairperson \_\_\_\_\_ Secretary \_\_\_\_\_

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

FORM TO BE RETAINED AT THE LOCAL SCHOOL BOARD OFFICE

**Investment Portfolio Pledged Securities**  
 FARMERS NATIONAL BANK, DANVILLE  
 DANVILLE, KY

InTrader (pledged )  
 Last : 03/31/2022  
 As-of: 04/30/2022  
 K001 83901236

Sec ID	Ticket	Security Description Line 1	Safekeeping Agent	Rate	Maturity	Grp	Original Face S & P	Priced	Book Value
Loc		Security Description Line 2					Par/Curr Face Moody	Pledged	Market Value
PLEGGED TO: m365									
3132DMK46		FHLMC POOL #SD0315	FNB CAPITAL MARKETS		05/01/2050	005	1,600,000.00	04/25/2022	1,037,106.64
19	232123378			3			994,791.42	10/25/2021	945,928.45
3133N3X25		FHLMC POOL RE6097	FNB CAPITAL MARKETS		05/01/2051	005	200,000.00	04/25/2022	182,557.13
19	299003085			2			182,811.51	11/26/2021	159,103.55
3140HR3G6		FNMA POOL #BL0798	FNB CAPITAL MARKETS		12/01/2033	005	522,000.00	04/25/2022	446,905.82
19	298000674			4.18			439,736.58	01/14/2019	459,438.85
3140J9ZL8		FNMA POOL #BMS246	FNB CAPITAL MARKETS		11/01/2048	005	110,000.00	04/25/2022	18,494.77
19	286004775			3.5			18,270.05	08/19/2019	17,938.27
3140J9ZL8		FNMA POOL #BMS246	FNB CAPITAL MARKETS		11/01/2048	005	140,000.00	04/25/2022	23,538.80
19	286004775			3.5			23,252.79	12/18/2019	22,830.53
31418DAN2		FNMA POOL #MA3612	FNB CAPITAL MARKETS		03/01/2039	005	400,000.00	04/25/2022	64,427.70
19	286004053			4			63,506.38	04/22/2019	64,298.89
31418DAN2		FNMA POOL #MA3612	FNB CAPITAL MARKETS		03/01/2039	005	785,000.00	04/25/2022	126,439.36
19	286004053			4			124,631.28	03/11/2019	126,186.57
31418EBJ8		FNMA POOL MA4540	FNB CAPITAL MARKETS		02/01/2042	005	326,097.60	04/25/2022	322,072.58
19	315000099			2			326,097.60	04/28/2022	292,158.01
36202FZU3		GNMA II POOL #5255	FNB CAPITAL MARKETS		12/20/2026	005	615,000.00	04/25/2022	39,711.90
19	252020078			3			39,637.04	12/29/2017	38,949.70
External Receipt#:									
102655FM4		BOWLING GREEN KY ELEC	FNB CAPITAL MARKETS		04/01/2031	020	225,000.00	04/25/2022	226,047.99
19	252010036			4.2			225,000.00 Aa2	03/18/2014	230,805.00
External Receipt#:									
147505PV7		CASEY CO SD FIN CORP	FNB CAPITAL MARKETS		02/01/2038	020	100,000.00	04/25/2022	100,000.00
19	311000404			2.5			100,000.00 A1	07/27/2020	86,666.00
236649HUG		DANVILLE KY GO	FNB CAPITAL MARKETS		08/01/2031	020	400,000.00 AA-	04/25/2022	409,773.41
19	252015508			3			400,000.00 NR	02/12/2018	395,620.00
External Receipt#:									
236649JL4		DANVILLE KY GO REF	FNB CAPITAL MARKETS		12/01/2028	020	150,000.00 AA-	04/25/2022	153,514.85
19	252015505			2.75			150,000.00 NR	02/12/2018	147,829.50
External Receipt#:									
180782EH3		CLARK CNTY KY SD FIN CORP	FNB CAPITAL MARKETS		06/01/2026	021	400,000.00 NR	04/25/2022	400,000.00
19	252012795			5.2			400,000.00 A1	12/13/2013	400,896.00
External Receipt#:									
180782FF6		CLARK CNTY KY SD FIN CORP	FNB CAPITAL MARKETS		12/01/2030	021	475,000.00	04/25/2022	475,000.00
19	252008239			5			475,000.00 A1	02/07/2019	475,902.50
External Receipt#:									
297562AA8		ESTILL CNTY KY SCH DIST FIN	FNB CAPITAL MARKETS		09/01/2027	021	400,000.00 NR	04/25/2022	400,000.00
19	252009941			5			400,000.00 A1	12/13/2013	400,484.00
External Receipt#:									
270005684		CORP QUALF SCH CONSTR BD	FNB CAPITAL MARKETS						
19	270005684								





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 DANVILLE, KY

InTrader (pledged )  
 Last : 03/31/2022  
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Sec ID	Loc	Ticket	Security Description Line 1	Rate	Safekeeping Agent	Maturity	Grp	Original Face S & P	Par/Curr Face Moody	Priced Pledged	Book Value Market Value
49151E4G5	19	252008929	KENTUCKY ST PPTY & BLDG COMM	6.155	FNBB CAPITAL MARKETS	11/01/2029	021	50,000.00 A-	50,000.00 A1	04/25/2022	50,163.00
External Receipt#:			221010685	Certificate#:						02/08/2019	55,035.00
38377JSG9	19	252021887	GNMA REMIC 2010-98 MA	2	FNBB CAPITAL MARKETS	08/20/2039	035	401,000.00	8,781.64	04/25/2022	8,781.98
External Receipt#:			180030513	Certificate#:						07/17/2018	8,787.30
38377JSG9	19	252021887	GNMA REMIC 2010-98 MA	2	FNBB CAPITAL MARKETS	08/20/2039	035	405,000.00	8,869.24	04/25/2022	8,869.58
External Receipt#:			180030513	Certificate#:						05/08/2018	8,874.96
3137H2NE0	19	313000252	FHMS K745 A2	1.657	FNBB CAPITAL MARKETS	08/25/2028	036	2,000,000.00	2,000,000.00	04/25/2022	2,054,789.69
External Receipt#:			180030513	Certificate#:						11/17/2021	1,821,589.00
38380PU51	19	231019100	GNR 2020-120 AD	2	FNBB CAPITAL MARKETS	11/16/2060	036	2,500,000.00	2,500,000.00	04/25/2022	2,248,709.41
External Receipt#:			180030513	Certificate#:						09/16/2020	2,050,304.92
38380RAX8	19	299001870	GNR 2020 150 AC	2	FNBB CAPITAL MARKETS	01/16/2062	036	700,000.00	631,413.36	04/25/2022	651,152.94
External Receipt#:			180030513	Certificate#:						03/29/2022	586,703.36
38380RTY6	19	311004565	GNR 2021-22 AC	1.75	FNBB CAPITAL MARKETS	10/16/2062	036	4,000,000.00	3,814,765.18	04/25/2022	3,885,476.17
External Receipt#:			180030513	Certificate#:						11/17/2021	3,505,106.19
831641FK6	19	252016324	SBIC 2018-10A 1	3.187	FNBB CAPITAL MARKETS	03/10/2028	223	720,000.00	264,304.34	04/25/2022	264,892.51
External Receipt#:			63662	Certificate#:						11/18/2021	258,112.48
TOTAL FOR PLEDGE ID m365			Pledged: 24	Orig Face: 17,628,000.00	Current Face: 13,335,455.82	Market: 12,559,549.03	Book: 13,598,426.23				





Issue Date: April 11, 2022

LOC No.: 567350

Beneficiary: Mercer County Board of Education  
530 Perryville Street  
Harrodsburg, KY 40330-0000

Ladies and Gentlemen:

For the account of Farmers National Bank, Danville, KY, we hereby authorize you to draw on us at sight up to an amount of \$150,000.00.

This letter of credit is irrevocable, unconditional and nontransferable.

Drafts drawn under this letter of credit must be accompanied by the original letter of credit and be presented in substantially the form attached as Exhibit A, at the office identified below by an authorized officer of the beneficiary no later than 2:00 P.M., Cincinnati time, on Wednesday, May 18, 2022.

This letter of credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We engage with you that one, and only one draft drawn under and in compliance with the terms of this letter of credit will be duly honored at the Credit Department of the Federal Home Loan Bank of Cincinnati, 221 East Fourth Street, Cincinnati, Ohio 45202.

This letter of credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication 600.

Sincerely,

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Lisa Wishart  
Vice President

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Markus Pepper  
Credit Operations Officer

c: Chastity Pike  
Farmers National Bank