



FLOYD COUNTY BOARD OF EDUCATION
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Linda C. Gearheart, Board Chair - District 1
William Newsome, Jr., Vice-Chair - District 3
Dr. Chandra Varia, Member - District 2
Keith Smallwood, Member - District 4
Steve Stone, Member - District 5

DATE: May 9, 2023

CONSENT AGENDA ITEM: Consider/Approve Pledge of Collateral Agreement.

**APPLICABLE STATUTE(S), REGULATION(S), BOARD
POLICY/PROCEDURE(S):** KRS 160.570; 702 KAR 3:090; BOE policy 04.2

FISCAL/BUDGETARY IMPACT: N/A

HISTORY/BACKGROUND: The principal sum amount of the pledge of collateral is determined using the guidelines set forth per 702 KAR 3:090.

STAFF RECOMMENDATION & RATIONALE: Approve as presented

CONTACT PERSON: Tiffany Warrix Campbell, Director of Finance



DIRECTOR



SUPERINTENDENT

COMMONWEALTH OF KENTUCKY
Department of Education
Office of District Support Services

Pledge of Collateral Agreement for Public School Funds

The undersigned, Community Trust Bank of Pikeville, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the FLOYD COUNTY Board of Education, in the penal sum of \$30,075.785* 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, 2023.

As collateral for this undertaking the undersigned hereby pledges obligations guaranteed by Letters of Credit issued by the Federal Home Loan Bank of Cincinnati, in the favor of FLOYD COUNTY Board of Education on behalf of the depository, the U. S. Government, Kentucky School Revenue, and/or Federal Government Agency bonds (type of collateral **) in the principal sum of \$30,075.785*** deposited in escrow with Raymond James & Associates, Inc. of Memphis, TN, 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 thirty (30) day notice, in writing, of its intention to do so to the chairperson of the FLOYD 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 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 _____ day of _____, 2023.

Name of Bank Community Trust Bank

By (Bank Official) _____ Title _____

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 FLOYD COUNTY Board of Education on _____, 2023.

Chairperson _____ Secretary _____

* Should agree with penal sum for either METHOD 1 or METHOD 2.

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

*** May not be less than penal sum.