

COMMONWEALTH OF KENTUCKY
Department of Education
Office of District Support Services

Pledge of Collateral Agreement for Public School Funds

The undersigned, Heritage Bank of Burlington, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the Newport Independent 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, 2023 .

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 Horizon Bank of Memphis, Tennessee, 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 Newport Independent 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 21st day of June, 2023.

Name of Bank Heritage Bank

By (Bank Official)  Title SVP, Director of Treasury Management

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 _____ Board of Education on _____, 20____.

Chairperson _____ Secretary _____

*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

SAFEKEEPING PLEDGE VERIFICATION

AS OF DATE: 06/21/23

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HERITAGE BANK
 ATTN ERIC LUDLOW
 1818 FLORENCE PIKE
 BOX 357
 BURLINGTON KY

ACCOUNT	CUSIP	PLEGDED_AMOUNT	SECURITY_DESCRIPTION	ORDER_NUMBER	ORIGINAL_FACE	CURRENT_FACE
9145780	3137H2NE0	* 3,000,000.00	FHLMC MULTICLASS SER K745 CL A2 1.657% DTD 09/01/21 DUE 08/25/28 PM 25TH 24 DAY DELAY	52022286011	3,000,000.00	3,000,000.00
	3140QNLA8	* 1,177,416.00	FNMA POOL # CB3020 3.00% DTD 02/01/22 DUE 03/01/52 3140QNLA8	52022285002	1,200,000.00	1,153,563.28
	3140XDU53	* 3,855,331.28	FNMA POOL # FM9603 2.00% DTD 11/01/21 DUE 11/01/36 3140XDU53	52022159011	4,000,000.00	3,449,506.16
	31418D5B4	* 425,360.64	FNMA POOL # MA4441 1.50% DTD 09/01/21 DUE 10/01/36 31418D5B4	52023166030	500,000.00	421,724.54
	831641FL4	* 1,244,753.84	SBA SBIC SER 2018-10B CL 1 3.548% DTD 09/19/18 DUE 09/10/28 MS 10TH 9 DAY DELAY	52021364047	2,000,000.00	693,721.90
9145780	ACCT TOTAL	9,702,861.76				

(*) DEFINED AS A MORTGAGE BACK OR ASSET BACKED SECURITY

THE PLEDGEE UNDERSTANDS THAT THE PLEDGED AMOUNT OR OTHER INFORMATION SHOWN MAY NOT REFLECT THE MARKET VALUE OF THE SECURITY AND FURTHER UNDERSTANDS THAT SOME TYPES OF SECURITIES ARE SUBJECT TO PRINCIPAL REDUCTIONS OR DISTRIBUTIONS PRIOR TO PRESENTMENT AND SURRENDER OF THE SECURITY SUCH THAT THE PAR VALUE MAY NOT REFLECT THE OUTSTANDING PRINCIPAL BALANCE OF THE SECURITY.