



Kenton County School District | *It's about ALL kids.*

**THE KENTON COUNTY BOARD OF  
EDUCATION**

1055 EATON DRIVE, FORT WRIGHT, KENTUCKY  
41017

TELEPHONE: (859) 344-8888 / FAX: (859) 344-1531

WEBSITE: [www.kenton.kyschools.us](http://www.kenton.kyschools.us)

*Dr. Henry Webb, Superintendent of Schools*

***KCSD ISSUE PAPER***

**DATE:**

**May 22, 2024**

**AGENDA ITEM (ACTION ITEM):**

**Consider/Approve: Pledge of Collateral Agreement – First Financial Bank**

**APPLICABLE BOARD POLICY:**

**4.2 Depositories**

**HISTORY/BACKGROUND:**

According to KRS 160.570, “each board of education shall appoint a bank, trust company or savings and loan association to serve as its depository.” Negotiations with the current depository, First Financial Bank, were conducted and is recommended to serve as the district’s depository for the two year period July 1, 2024 – June 30, 2026

Additionally, KRS 160.570 states that “it shall be the duty of each local board of education, on the advice of the Superintendent, to determine the penal sum of depositories”. First Financial Bank will hold as collateral a penal sum for the Board’s funds. The penal sum for First Financial Bank is calculated at 103% of the Board of Education’s current daily deposits. First Financial Bank has executed a bond for the faithful performance of these duties.

**FISCAL/BUDGETARY IMPACT:**

**None**

**RECOMMENDATION:**

Approval of First Financial Bank as the depository institution for the district and approve the penal sum of 103% for the bond of depository at First Financial Bank for fiscal years 2025 and 2026.

**CONTACT PERSON:**

**Susan Bentle**

\_\_\_\_\_  
*Principal*

*Susan Bentle*  
\_\_\_\_\_  
*District Administrator*

  
\_\_\_\_\_  
*Superintendent*

COMMONWEALTH OF KENTUCKY  
Department of Education  
Office of District Support Services

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

The undersigned, First Financial Bank of Hebron, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the Kenton 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, 2024 .

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 percent of the current daily balances in each account as they may fluctuate throughout the life of the bond\* deposited in escrow with the Federal Reserve Bank of Boston, Boston, Massachusetts, 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 Kenton 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 14<sup>th</sup> day of May, 2024.

**Name of Bank** First Financial Bank

**By (Bank Official)**  **Title** Treasury Manager

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** \_\_\_\_\_

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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**