

Henderson County Schools

1805 Second Street, Henderson, Kentucky 42420
(270) 831-5000 Fax: (270) 831-5009
www.henderson.kyschools.us



TO: Dr. Bob Lawson, Superintendent and Members of the Board
FROM: Cindy Cloutier *Cloutier*
DATE: June 17, 2024
SUBJECT: Bond of Depository/Pledge of Collateral Agreement

Per [KRS 160.570](#) each board of education shall appoint a bank, trust company, or savings and loan association to serve as its depository. According to the administrative regulation, by July 1 of each year the depository selected shall, before entering upon its duties, execute bond for the faithful performance of its duties, to be approved by the local board of education and the Commissioner of Education. Security for the bond shall be deposited with an escrow agent in an amount equal to the penal sum of the bond.

The method used for Henderson County Board of Education to determine the Penal Sum of the Bond of Depository is the method requiring the penal sum of the depository bond to be at least equal to 103 percent of the current daily balances in each account as they may fluctuate throughout the life of the bond. With this method the bank is **NOT** required to submit a new bond of depository for a period of 2 years, but will need to provide the district with a new listing of Pledged Collateral with current market values every year.

Attached you will find the Bond of Depository/Pledge of Collateral Agreement for Public School Funds, effective from July 1, 2023 through June, 2025.

COMMONWEALTH OF KENTUCKY
Department of Education
Office of District Support Services

Pledge of Collateral Agreement for Public School Funds

The undersigned, FIELD AND MAIN Bank of HENDERSON, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the HENDERSON COUNTY Board of Education, in the penal sum of 103% of current balances* that it, 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, Intrafi Insured Cash Sweep, FHLB Letters of Credit, or Insurance Bonds (type of collateral**) in the principal sum of 103% of current daily balances*** deposited in escrow with the FIELD & MAIN Bank of HENDERSON, 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 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 HENDERSON 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 received 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 6th day of June, 2024.

Name of Bank Field & Main Bank

By (Bank Official) Matthew Hussaker Title EVP & 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 _____ Board of Education on _____, 20__.

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

FORM TO BE RETAINED AT THE LOCAL SCHOOL BOARD OFFICE