

COMMONWEALTH OF KENTUCKY  
Department of Education  
Office of District Support Services

**Bond of "Depository" for Public School Funds**

The undersigned, U.S. Bank Bank of Carrollton, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the Carroll County Board of Education, in the penal sum of 5,022,214.35 \* 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, 2018.

As collateral for this undertaking the undersigned hereby pledges obligations guaranteed by the U. S. Government, Kentucky School Revenue, and/or Federal Government Agency bonds (type of collateral \*\*) in the principal sum of \$10,000,000.00 \*\*\* deposited in escrow with the Federal Home Loan Bank of Cincinnati, Ohio, 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 Carroll 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 15 day of June, 2018.

Name of Bank U.S. Bank National Association  
By (Bank Official) Elizabeth Nelson Title Collateral Specialist

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.

**TO BE RETAINED AT THE LOCAL SCHOOL BOARD OFFICE**

5/16/17

**PLEDGE AGREEMENT**  
(Public Deposits)

THIS AGREEMENT, dated as of June 18, 2018, is entered into between U.S. Bank National Association, a national banking association (the "Bank") and Carroll County Schools (the "Depositor").

RECITALS

- A. The Depositor has deposited and/or may from time to time in the future deposit public funds with the Bank (such public funds of the Depositor now or hereafter deposited with the Bank referred to herein as "Deposits").
- B. All Deposits are required to be insured by the Federal Deposit Insurance Corporation or to be secured by the pledge of certain types of collateral by the depository bank.
- C. The Deposits may be in amounts exceeding the federal deposit insurance limit.

ACCORDINGLY, in consideration of any Deposits made or to be made by the Depositor, and for other good and valuable consideration, the parties hereto agree as follows:

- 1. **GRANT OF SECURITY INTEREST.** As security for the payment of all Deposits, Bank hereby pledges and assigns to the Depositor, and grants to the Depositor a continuing security interest in, the property listed on Exhibit A hereto, whether now or hereafter existing or acquired, and in all other property hereafter designated in writing by the Bank to the Depositor as being subject to this agreement (the "Collateral"). Bank also hereby pledges and assigns to the Depositor, and grants the Depositor a security interest in, as security for the payment of all Deposits, (and the same shall be included within the term "Collateral") all securities into which the cash proceeds of any Collateral may be reinvested, and all other proceeds of any Collateral, and all renewals of or substitutions for any Collateral.
- 2. **PAYMENT OF COLLATERAL FEES.** The Depositor agrees to pay to the Bank such standard fees as the Bank may from time to time charge for the pledge of collateral to secure public deposits.
- 3. **CUSTODY OF COLLATERAL.** The Collateral shall be maintained at Carroll County Schools or at such other custodian as to which the Depositor and the Bank shall agree (the "Custodian").
- 4. **ACKNOWLEDGMENT.** The Depositor acknowledges that the Collateral described above is of a type permitted to be pledged to secure public deposits under the laws applicable to the Depositor.

5. SUBSTITUTION. The Custodian is hereby authorized to substitute for any Collateral any of the following:
- a) Any security issued by the United States of America, or by any agency thereof provided that such security issued by such agency is backed by the full faith and credit of the United States of America.
  - b) Any asset of the Bank of a type approved by the Depositor.

The Bank agrees to give, or to cause the Custodian to give, the Depositor prompt written notice of any such substitution.

6. DEFAULT. Upon default in the Bank's payment of any Deposit when due, the Bank shall release to the Depositor on demand, free of exchange or any other charges, the Collateral, and the Depositor may exercise from time to time any other rights and remedies available to it under the Uniform Commercial Code as in effect from time to time in the state of Kentucky or otherwise available to it.
7. RELEASE OF COLLATERAL. Custodian shall deliver the Collateral to the Depositor upon the written order of the Depositor at any time, and Custodian shall immediately notify the Bank of such delivery. Custodian shall deliver the Collateral to the Bank upon receipt of a written order of the Depositor

This Agreement is executed by the Bank as of the date hereof.

By: 

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Elizabeth Nelson  
Collateral Specialist