

PULASKI COUNTY PUBLIC SCHOOLS
501 University Drive
Post Office Box 1055
Somerset, Kentucky 42503

- - - Invitation to Quote - - -

Reference Number: DEP2017

Title: Primary Depository

Closing Time of Proposals: Thursday
Day

June 3, 2021
Date proposal is due

3:00pm
Time proposal is due

Department or School: Pulaski County Public Schools (Central Office)

Date proposal information released: May 3, 2021

Fund: ALL

General Conditions and Specifications

1. Information pertaining to any item or condition in this invitation may be obtained by communicating with Mr. Patrick Richardson, Superintendent, or Ms. Rebecca Wright, Finance Officer III, telephone (606) 679-1123.
2. This request is being considered as a "price quote" rather than a bid since it is for professional services. Please consider all statements as such.
3. The intent of this invitation is to receive quotes from local financial institutions to serve as the official primary depository for the Board of Education of Pulaski County for the fiscal year beginning July 1, 2021 and ending June 30, 2022. Two secondary depositories may be appointed by the Board as recommended by the Superintendent.
4. The Board of Education hereby limits acceptable responders to commercial banks and/or savings and loan associations located and having an office in Somerset, Pulaski County, Kentucky.
5. All banks wishing to quote are required to submit a proposal on the attached quote forms. No alternate quotes will be considered unless the quote requested has been submitted.
6. The proposal form must be signed by some officer or member of the quoting firm who is authorized to legally bind the firm.
7. The duly authorized representative of the banking institution will be contacted after the opening. The opening will be made at 3:00pm on Thursday, June 3, 2021. Attendance at the opening is NOT mandatory.
8. This invitation is supplied in duplicate. **One copy of the completed proposal is to be delivered to the Board Office prior to the closing time in a sealed envelope, properly addressed, clearly designating the above reference number.** The duplicate copy is to be retained by the financial institution submitting the proposal.
9. All proposals shall be effective from date of opening for a period of sixty (60) days, and no proposal may be withdrawn prior to that time.
10. The Board of Education of Pulaski County, with the approval of the primary depository, may extend this quote contract for an additional period of three one year periods.
11. The Board of Education reserves the right to waive defects and informalities in proposals, to reject any or all proposals, or to

accept any proposal as may be deemed to its interest, and to award by item, combination of items or lot.

12. INVESTMENTS other than overnight - The designated depositories will be given prior day's notice of the amount(s) of the investment(s) and the desired maturity date(s). Bids from local financial institutions shall be submitted in writing in a sealed envelope clearly marked as "Bid" by 10:00 a.m. (local time) on the day the bid is requested. The tabulation of bids will be mailed to each institution who participated in the bidding process.
13. Monthly statements of all accounts, along with canceled checks (sorted numerically), are to be furnished to the Board by the official depository within three banking days following the close of each month. Monthly statements must include information concerning the number of deposits and withdrawals, monthly and year-to-date interest earned. An encrypted data file containing the canceled check data file from each account shall be provided to the board with the monthly statements in an approved format.
14. The primary depository will supply digitally imaged checks to the Board monthly. The depository will also supply online banking.
15. All operating accounts (General Fund, Payroll Clearing, Child Care, District Activity & Food Service) of the Board of Education of Pulaski County will be deposited in the official depository. However, this contract may not include activity accounts of the individual schools as the principal of each school will have the option to select the depository.
16. This depository contract shall also include construction accounts established as a result of selling school revenue bonds, and the official depository bank shall pledge securities of the United States Government having a fair market value at least equal to 102% of the balance of these accounts plus all school accounts. The securities pledged for construction accounts are in addition to the requirements shown in Item VI, of the quote document. The depository contract does not include revenue bond sinking funds or bond redemption and interest accounts, these depositories being selected at the discretion of the Board of Education of Pulaski County.
17. Checks, deposit tickets, safe deposit box, etc. shall be furnished to the Board of Education free of charge. The primary depository agrees to reimburse the Board of Education of Pulaski County for the cost of payroll and voucher checks requested by the Board of Education of Pulaski County provided that these checks meet the requirements of the Federal Reserve System. (The primary depository may elect to furnish these checks rather than reimburse the Board of Education for cost incurred if agreeable to both parties.)
18. The Board of Education of Pulaski County reserves the right to use any or all investment vehicles offered by the financial institution which the Board in its discretion deems to be the most advantageous to the Board.
19. The Board of Education of Pulaski County requires that all accounts of the district (including any school activity accounts at the depository) be designated as overnight sweep accounts.
20. The official depository selected will be expected to extend credit as needed on legally drawn notes of the Board of Education of Pulaski County for amounts not in excess of the Board's legal borrowing limit as provided in KRS 60.540 at a rate of interest stipulated by the primary depository in its quote not to exceed the greater of 6% per annum or 70% of the federal reserve discount rate on ninety (90) day commercial paper in effect in the federal reserve district in which the loan is made.
21. This depository contract will include no service charges for servicing any and all accounts of the Board of Education of Pulaski County or charges for any other banking service such as stop payments, cashier's checks, overdraft charges, interim bank statements, checks returned for insufficient funds, electronic transfers, etc.
22. The official depository selected must be able to accept a magnetic media or data transmission of direct deposit credits. All direct deposits sent to the bank shall be processed the next business day, no exceptions.

23. The official depository selected must agree to serve as Federal Tax Depository for the Board of Education of Pulaski County at no charge to the Board.
24. The primary depository shall agree to negotiate with the Board of Education of Pulaski County to allow the Board to take advantage of any new type of service(s) or new investment procedure(s) that may become available and permissible for Boards of Education during the term of this contract.
25. The primary depository shall continue to pay interest at the Overnight Sweep rate established by this bid document on any funds remaining in any accounts at that financial institution until all outstanding checks have cleared if they should no longer be designated as the depository.
26. The primary depository shall keep the Board of Education informed in writing of banking hours and times of day when deposits and withdrawals are accepted and/or posted.
27. The primary depository must agree to furnish the Board of Education with such information concerning the activity of all accounts that would be needed to take future proposals.
28. The primary depository shall appoint one employee of the financial institution to be the person responsible to the Board for compliance with the terms of the adopted proposal and to make sure all transactions of the Board are handled promptly and efficiently.
29. The official depository (ies) shall furnish written information weekly concerning the current interest rates for the various accounts and investment instruments available to the Board of Education.
30. The official depository shall furnish a written statement verifying the rate of interest (determined by this bid) that is being paid each week for Overnight Sweep.
31. Federal Excise Taxes or Kentucky Sales and Use Taxes are not applicable to any purchase made for use of the Board of Education. Proposals should not include any such taxes. Purchase Exemption certificates will be furnished as required.
32. The Pulaski County Public School System does not discriminate on the basis of race, color, national origin, age, religion, creed, marital status, sex, or handicap in employment, educational programs, or activities as set forth in Title IX, Title VI, and Section 504.
33. KRS 45A.455 prohibits conflicts of interest, gratuities or kickbacks to employees of the Board of Education in connection with contracts for supplies or services whether such gratuities or kickbacks are direct or indirect. KRS 45A.990 provides severe penalties for violations of the laws relating to gratuities or kickbacks to employees which are designed to secure a public contract for supplies or services.

PULASKI COUNTY PUBLIC SCHOOLS
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OFFICIAL QUOTE FORMS
FOR
OFFICIAL DEPOSITORY FOR BOARD OF EDUCATION ACCOUNTS

I. Deposits

A. Demand Deposits

In accordance with Item 21 of the General Conditions and Specifications, we agree to service all accounts of the Board of Education without charge provided a minimum balance (non-interest bearing) of \$ _____ be maintained in the General Fund Account *.

B. Time Deposits

We agree to pay interest on all Overnight Sweep Accounts maintained by the Pulaski County Public School District compared to the Federal Funds rate recorded as the previous day's high as published in the Wall Street Journal on Monday (or the first working day) of each week for that week as follows:

<u>Percentage Difference</u> (please state + or -)	<u>How Computed ?</u>	<u>How Paid?</u>
_____	_____	_____

II. Direct Deposits

The official primary depository selected agrees to compensate the Board \$ _____ per each direct deposit credit originated in lieu of paper payroll checks paid in the event the Board elects to use the direct deposit method of compensating employees. (This reflects a reduced operating cost of originating electronic entries versus issuing paper documents.)

*It is understood that in the event the average monthly balance of an account falls below the minimum required balance, the rate of interest for that cycle period only will revert to the next lowest interest rate for an investment account as listed above. It is further understood that there will be no limit as to the number of permissible transfers from one Board of Education investment account to another Board of Education account.

III. Loans

We agree to extend credit as needed on legally drawn notes of the Board of Education of Pulaski County for amounts up to the board's legal borrowing limit at a rate not to exceed the greater of _____ percent per annum (maximum of 6%) or _____ percent (maximum of 70%) of the federal reserve discount rate on ninety (90) day commercial paper in effect in the federal reserve district in which the loan is made in accordance with KRS 160.540. In the event the Board borrows funds for a specific account, the interest on any account or instruments related to that account, and the interest on the payroll clearing account, will not be paid during that period of indebtedness on aggregate amounts equal the amount borrowed. However, interest will continue to be paid at the foregoing quoted rates in Item I (B) for all other accounts.

IV. Location of Offices

The following is a listing of this financial institution's Pulaski County branch office(s): (use attached sheet if necessary)

Branch Office	Location
_____	_____
_____	_____
_____	_____

V. Collected Funds

For investment purposes, we agree to credit the Board's account on the day funds are collected by the bank.

VI. Collateral

A. Execution of Bond of Depository and Collateral

Bond of Depository for Public School Funds will be executed by the official depository and collateral deposited to secure said bond as hereafter set out (The Bond of Depository form includes a pledge of collateral in the amount of the bond of depository. A specimen of the Bond of Depository form, as will be required to be executed by the primary depository, is attached as an exhibit.) Said Bond of Depository should cover Board of Education of Pulaski County funds in the (approximate) amount of \$38,000,000.00, effective July 1, 2021, for the full term of this contract, subject to State Department of Education approval. In the event the amount of Board of Education funds on deposit, including certificates of deposit, exceed the Bond of Depository amount of \$38,200,000.00, the primary depository is to pledge additional collateral for any such excess funds on deposit with a fair market value equal to 102% of the excess amount. In this connection, the Board of Education will give the primary depository an advance schedule of anticipated revenues. **The Pulaski Board of Education plans to build a new elementary

during this contract for an approximate \$20 Million. Those funds shall be bonded above and beyond the estimated \$38 Million currently needed.

B. Type of Collateral

All collateral pledged by the official depository selected must have a fair market value equal to at least 102% of all deposits (including all investment instruments) of the Board of Education and shall consist of U.S. Government Bonds and/or Kentucky School Building Revenue Bonds.*

C. Safekeeping receipt(s)

The primary depository will execute a safekeeping receipt for collateral which will include an endorsement as follows (the form of the endorsement on the safekeeping receipt may be amended so as to modify the endorsement in any manner required by the rules and regulation of the Federal Reserve Banks providing that the collateral pledged for safekeeping in connection with the bond depository is deposited in a federal reserve bank:

"The securities described herein have been pledged as collateral to funds on deposit in _____(city), _____(County), Kentucky to the credit of the Board of Education of Pulaski County, Somerset, Kentucky under terms of a depository agreement. **These securities may not be withdrawn or substituted except with the written consent of the Board of Education.** The **original** of this receipt has been delivered to the Board of Education of Pulaski County, Somerset, Kentucky."

* Repurchase Agreements for either or both classes of collateral are unacceptable security.

VII.Length of Contract

The quotations and undertakings offered herein will be valid for the fiscal year beginning July 1, 2017 and ending June 30, 2018, and at the option of the Board of Education, and with the primary depository's consent, may be extended for three additional one (1) year periods.

VIII.Designated Employee

_____ shall be the employee of our firm who will be responsible for compliance with the terms of the Bonds of Depository contract.

IX. Type of Financial Institution

We have read and understand the General Conditions and Specifications for Board of Education accounts and agree to comply with all said stipulations should we be selected as your official primary depository. Our firm is a: (check the following description that applies)

_____ **Commercial Bank** and is a member of the Federal Deposit Insurance Corporation, and as such, we propose to accept and hold in SECURED CUSTODY funds belonging to the Board of Education of Pulaski County, and to pay out any funds on order of the board as provided by law. We hereby offer our quote to the Board of Education of Pulaski County under terms and conditions as above specified.

_____ **Savings and Loan Association** and is insured up to \$100,000 by the Federal Government (GAF) and as such we propose to accept and hold in SECURED CUSTODY funds belonging to the Board of Education of Pulaski County, and to pay out any funds on order of the board as provided by law. We hereby offer our quote to the Board of Education of Pulaski County under terms and conditions as above specified.

Firm Name _____

Signature _____ **Title** _____

Address _____

Telephone _____ **Date** _____

MAJOR RECEIPTS

(Deposit consists mostly of checks. The Board has very little cash or coins.)

12 SEEK monthly payments - 5th	\$2,600,000
2 SEEK Capital Outlay payments - July and April or May	\$390,000
2 FSPK Building Fund payments – July and April or May	\$900,000

Tax revenue from Sheriff received from 10th-17th of the month following collection. Receipt begins the month after tax bills have been mailed. The first payment is approximately \$11,000,000.00.

Federally supported program monies are received on a reimbursement basis after the monthly reports are submitted.

MAJOR EXPENDITURES

Accounts payable - Wednesday after the second Monday - average	\$1,500,000.00
Monthly payrolls (15th & 30th) during the school year average	\$5,000,000.00

INVESTMENTS

When the interest rate indicates a higher return than anticipated on Overnight Sweep, quotes are solicited from depository banks. Amount(s) and investment period(s) are provided to the designated depository banks requesting a written quote be submitted by 10 A.M. the following day. The rate quotes received will be compared to the current Overnight Sweep rate. (Under the present contract the Overnight Sweep account is earning a rate equal to the Friday Federal Funds high rate published in the Wall Street Journal on Monday.) Funds will remain in the Overnight Sweep account if the highest quoted rate is equal to or less than the anticipated rate on the Overnight Sweep account.

CHECKS/DIRECT DEPOSIT

(Yearly Average)

	CHECKS	DIRECT DEPOSIT
Payroll	750	35,000
Warrants	5,208	0

COLLATERAL

The 2021-2022 collateral requirement for execution of the depository bond is estimated to be \$38,000,000.00 (thirty eight million dollars). The exact amount will be provided later. **During this contract bonds will be sold for a new construction for approximately \$20 Million which will add to the amount of collateral needed.

Bond of Depository Instructions

The penal sum for a district may be determined by one of two methods.

1. The penal sum of the depository bond shall 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; or
2. The penal sum of the depository bond shall be at least equal to the highest daily balance in each account each month for all accounts in the previous year.

A district is limited to current FDIC regulation when excluding that amount from the penal sum.

Only the following securities and obligations may be accepted as collateral (KRS 41.240).

- (a) Bonds, notes, letters of credit, or other obligations of or issued or guaranteed by the United States, or those for which the credit of the United States is pledged for the payment of the principal and interest thereof, and any bonds, notes, debentures, letters of credit, or any other obligations issued or guaranteed by any federal governmental agency or instrumentality, presently or in the future established by an Act of Congress, as amended or supplemented from time to time, including, without limitation, the United States government corporations listed in KRS 66.480(1)(c);
- (b) Obligations of the Commonwealth of Kentucky including revenue bonds issued by its statutory authorities, commissions, or agencies;
- (c) Revenue bonds issued by educational institutions of the Commonwealth of Kentucky as authorized by KRS 162.340 to 162.380;
- (d) Obligations of any city of the first, second, and third classes of the Commonwealth of Kentucky, or any county, for the payment of principal and interest on which the full faith and credit of the issuing body is pledged;

- (e) School improvement bonds issued in accordance with the authority granted under KRS 162.080 to 162.100;
- (f) School building revenue bonds issued in accordance with the authority granted under KRS 162.120 to 162.300, provided that the issuance of such bonds is approved by the Kentucky Board of Education; and
- (g) Surety bonds issued by sureties rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.

(5) The State Treasurer shall accept letters of credit issued by federal home loan banks as collateral under this section.

What does KDE need for approval?

- 1.) A completed Bond of Depository form
 - 2.) A listing of pledged collateral with current market values listed
- or, A copy of the letter of credit
- or, A copy of the Surety Bond

COMMONWEALTH OF KENTUCKY
Department of Education
Office of District Support Services

Bond of Depository for Public School Funds

The undersigned, _____ Bank of _____, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the _____ Board of Education, in the penal sum of _____ dollars (\$ _____)* 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 maximum of 2 years, beginning July 1, 20__.

As collateral for this undertaking the undersigned hereby pledges _____ (type of collateral** - attach portfolio) in the principal sum of _____ dollars (\$ _____)*** deposited in escrow with the _____ Bank of _____, 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 Kentucky Department of Education, Division of School Finance, Frankfort, Kentucky.

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) days notice, in writing, of its intention to do so to the chairperson of the _____ Board of Education, by registered mail, addressed to such chairperson at _____, Kentucky, 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 thirty (30) days 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 in not to be effectual until Federal Deposit Insurance 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 _____, 20__.

Name of 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 _____ Board of Education on _____, 20__.

Chairperson _____ Secretary _____

* Should agree with penal sum.

** This collateral shall consist of United States Government Bonds, Kentucky School Revenue Bonds, and/or Federal Government Agency Obligations.

*** May not be less than penal sum.