PENDLETON COUNTY FISCAL COURT
SPECIAL CALL MEETING
February Term, February 18, 2011

COURT MET PURSUANT TO ADJOURNMENT
With
HONORABLE HENRY BERTRAM, COUNTY JUDGE/EXECUTIVE
Presiding

MEMBERS PRESENT: Bobby Fogle, Gary Veirs, Alan Whaley, David Fields

MEMBERS ABSENT: None

COUNTY ATTORNEY: Jeff Dean

Invocation was given by Judge Bertram.

In Re: Local Bank Issue/County Finances

Judge Bertram explained that this meeting had been called for the purpose of discussing action being taken by UKB in light of the discrepancies found at the bank during a recent audit.

Judge Bertram introduced Jim Crawford who is legal council for the bank; Mr. Crawford explained what was happening at the bank at the present time.

Mr. Carole Houchen, Board Chairman of the United Kentucky Bank was informed of discrepancies at the bank during a recent audit; as soon as he was informed of these discrepancies he notified Mr. Jim Crawford and ask that he act as legal council for the Board. Mr. Crawford explained that at this time nothing has been confirmed, that the President and CEO, Ms. Donna Wood had been suspended pending completion of the audit.

Mr. Crawford explained that all public funds held at the bank for Pendleton County Fiscal Court are guaranteed. United Kentucky Bank has securities pledged that cover all of the county funds. In a worst case scenario, assuming the bank would have to close, there would be a three day turn around and we would have a check for the total of all deposits. Mr. Crawford explained that in 95% of the situations similar to this, banks are resold over night and bank customers will not notice any change, the only ones affected would be the stockholders, who would most likely lose all stock. In 5% of these situations the bank cannot be saved at any cost, in this case those accounts insured by the FDIC would get a check within 3 business days or less and those accounts guaranteed by pledges would also receive a check within 3 business days or less.

Mr. Crawford presented the following information regarding the pledge of securities for all county accounts held by UKB.

2/17/2011 10:10 #0500 P.001/001

Pendleton County Fiscal Court

Account #	Description	Balance 2-18-11
8027102		12,976.56
8040654	Payroll Account	41,634.33
8010765	Tax Fund	132,032.74
8010773	Jail Fund	38,709.84
8040052	HRA Contribution Fund	24,040.05
8040915	LGEA Fund	529,346.65
8040923	Ambulance Fund	3,269.69
8010781	Road Fund	495,846.74
8010803	General Fund	1,921,075.22
1577033	Sinking Fund	472,424.93
1579033	Sinking Fund	359,191.98

Securities		
Federal Home Loan Bank Pledge $275,000	CUSIP #3133XPWW0	Market $501,690
Federal Home Loan Bank Pledge $1,000,000	CUSIP #3133XUD91	Market $1,008,250
Federal Home Loan Bank Pledge $1,000,000	CUSIP #3133XUK93	Market $1,037,504
Federal Farm Credit Pledge $100,000	CUSIP #31331J3F8	Market $498,850
Federal Home Loan Bank Pledge $1,000,000	CUSIP #3133T2SD4	Market $1,000,838
Freddie Mac Pledge $500,000	CUSIP #3134G1SQ8	Market $993,760
Fannie Mae Pledge $1,100,000	CUSIP #3136FMRZ9	Market $1,179,221

Total Pledge $4,975,000

CHARLES A. VICE
Commissioner of Financial Institutions
525
7746
DAVID TORRY

4,024,369.63
Pledge 4,975,000.00

Pendleton County Fiscal Court

Fund Cash Statement Summary

Fiscal Year 2010-2011

As Of: 02/15/2011

	General	Road	Jail	L.G.E.A.	C.D.B.G.	Ambulance	911 Fund	Micro	HRA	M/H Fund	Total
Fund Balance On 01/31/2011	1,781,129.16	492,114.72	14,004.92	1,372,458.17		1,289.69	18,968.25		21,935.45	126,675.82	3,828,576.18
Checking Balance 01/31/2011	1,781,129.16	492,114.72	14,004.92	542,175.45		1,289.69	18,968.25		21,935.45	126,675.82	2,998,293.46
Checking Debits 02/01-02/15	235,790.50	26,103.13	35,479.13						3,660.12	5,356.92	306,389.80
Checking Credits 02/01-02/15	126,142.75	25,523.52	40,132.27	14,428.98			12,261.19				218,488.60
Checking Voids 02/01-02/15											
Checking Balance 02/15/2011	1,890,776.91	492,694.33	9,351.78	527,746.49		1,289.69	6,707.06		25,595.57	132,032.74	3,086,194.57
M.M. Balance On 02/15/2011											
C.D. Balance On 02/15/2011				830,282.72							830,282.72
Other Balance On 02/15/2011											
Fund Balance On 02/15/2011	1,890,776.91	492,694.33	9,351.78	1,358,029.21		1,289.69	6,707.06		25,595.57	132,032.74	3,916,477.29

Pledged By Location

UNITED KENTUCKY BANK - FALMOUTH, KY

Code Receipt#	FRS 115	CUSIP Trade#	Description Maturity	Prerefund	Pool/Type Coupon	Moody S&P	Original Face Pledged Percent	Pledged Original Face	Pledged Par Value	Pledged Book Value	Pledged Market Value
PENDLETON CTY FISCAL COURT (PCFC)											
FIFT	MATURITY	31331AJFB 17030043588	FFCB AGY 12/08/2014		1.500		500,000.00 20.00%	100,000.00	100,000.00	99,813.70	99,730.00
FIFT	MATURITY	31337Z3D4 17030650913	FHLB AGY 12/21/2015		2.350		1,000,000.00 100.00%	1,000,000.00	1,000,000.00	899,257.92	998,500.00
FIFT	MATURITY	3133XPWW0 17030475845	FHLB AGY 03/11/2011		3.250		600,000.00 65.00%	275,000.00	275,000.00	275,584.03	276,045.00
FIFT	MATURITY	3133XUD91 17030573344	FHLB AGY 03/10/2012		2.050		1,000,000.00 100.00%	1,000,000.00	1,000,000.00	1,005,221.20	1,006,500.00
FIFT	MATURITY	3134G1SQ3 17030521053	FHLMC MTN AGY STEP-UP 09/15/2015		1.000		1,000,000.00 50.00%	500,000.00	500,000.00	500,000.00	496,000.00
FIFT	MATURITY	3136FMR29 17030678316	FNMA AGY STEP-UP 05/21/2015		2.125		1,150,000.00 95.65%	1,100,000.00	1,100,000.00	1,120,073.87	1,127,010.00
	TOTAL PENDLETON CTY FISCAL COURT (PCFC)							3,975,000.00	3,975,000.00	4,000,045.16	4,006,285.00

Mortgage-backed securities display the expected maturity date (stated maturity date + days delay).
The information contained herein, while believed to be reliable, is not guaranteed.

Fifth Third Securities, Inc.

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Pledged By Location

UNITED KENTUCKY BANK - FALMOUTH, KY

Code Receipt#	FAS 115	CUSIP Trade#	Description Maturity	Prerefund	Pool/Type Coupon	Moody S&P	Original Face Pledged Percent	Pledged Original Face	Pledged Par Value	Pledged Book Value	Pledged Market Value
PENDLETON COUNTY SINKING FUND (PCSF)											
FIFT	MATURITY	3133XUX93	FHLB AGY				1,100,000.00	1,000,000.00	1,000,000.00	1,022,528.93	1,023,000.00
		47000614039	09/14/2012		2.000		90.91%				
	TOTAL PENDLETON COUNTY SINKING FUND (PCSF)							1,000,000.00	1,000,000.00	1,022,528.93	1,023,000.00

Mortgage backed securities display the expected maturity date (listed maturity date + days delay).
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Fifth Third Securities, Inc.

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n Re: Adjournment

A motion was made by Squire Whaley, seconded by Squire Fogle, carried, that this meeting be adjourned, to meet again in regular session on February 22, 2011 at 7:00 P.M., Subject to any call meetings.

_____
Pendleton County Judge/Executive

ATTEST:_____
Pendleton County Fiscal Court Clerk