

MINUTES OF MEETING HELD APRIL 25, 2011

The Common Council of the City of Somerset, Kentucky met in a regular session on Monday, April 25, 2011 at 7:00 p.m. with the following present: Mayor Eddie Girdler. Council Members: Mark Beasley, Jerry Girdler, Mike New, Donna Hunley, John Minton, Jim Mitchell, Pat Bourne, Jerry Burnett, Tom Eastham, Jim Rutherford, Linda Stringer, and Jerry Wheeldon, City Attorney Carrie Wiese, and City Clerk David Godsey.

Mr. Wheeldon moved to approve the minutes of the regular meeting held on April 11, 2011, along with the reports as mailed. Mr. Mitchell seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. Beasley, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. Eastham, Mr. Rutherford, Mrs. Stringer, and Mr. Wheeldon.

Mr. Wheeldon moved to approve the following Resolution approving a loan with the USDA. Mr. New seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. Beasley, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. Eastham, Mr. Rutherford, Mrs. Stringer, and Mr. Wheeldon.

RUS BULLETIN 1780-27
(Amended 1-97)

Position 3
FORM APPROVED
OMB No. 5775-0015

LOAN RESOLUTION (Public Bodies)

A RESOLUTION OF THE _____
City Commissioners Council

OF THE _____
Somerset, City Of

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO _____
Somerset, City Of

WHEREAS, it is necessary for the _____
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of
NINE MILLION AND XX / 100 DOLLARS (\$9,000,000.00)

pursuant to the provisions of KRS CHAPTER 81, _____, and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (U.S.C. 1921 et seq.) in the planning, financing, supervision and construction and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for said bonds is found by the Association;

NOR THEREFORE, in consideration of the premises the Association hereby resolves:

- To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such terms and in such form as are required by State statute and as are agreeable and acceptable to the Government.
- To refundance its authorized indebtedness, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from reputable cooperative or private source(s) at reasonable rates and terms for loans for similar purposes and periods of time as required by section 353(c) of said Consolidated Farm and Rural Development Act (U.S.C. 1983(c)).
- To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Employment Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
- To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
- That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any agreement or covenant contained herein or in the instrument incident to making or issuing the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and all other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or entered into by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
- Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
- Not to defuse the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
- To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the Federal Reserve System or invested in readily marketable securities guaranteed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
- To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
- To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expense which is not directly incurred for the facility financed by ARA. No free service or use of the facility will be permitted.

Publishing instructions for this collection of information is estimated to require 1 hour per response, including the time for reviewing existing data sources; gathering and maintaining the data needed; and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, Paperwork Reduction Project (0757-0188), Washington, DC 20543.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government; to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government all reasonable access to all books and records relating to the facility and access to attend and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 5,000,000.00

_____ under the terms offered by the Government; that Mayor _____ and _____ of the Association are jointly authorized and empowered to take all action and necessary or appropriate in the execution of all written instruments as may be required in respect to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions herein and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or dealt in by the Government or assignee. The provisions of sections 6 through 17 thereof may be provided for in more detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions herein, those provisions shall be construed as controlling between the Association and the Government or assignee.

Yes 12 Nays 0 Absent 0

IN WITNESS WHEREOF, the City Commissioners Council _____ of the
Somerset, City Of _____ has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 25th day of April, 2011.

(SEAL)
Attest: _____ By: Eddie Griller
Title: Mayor

Somerset, City Of
Eddie Griller

Mr. Burnett moved to approve the following Resolution approving a loan with the USDA. Mr. Beasley seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. Beasley, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. Eastham, Mr. Rutherford, Mrs. Stringer, and Mr. Wheeldon.

There being no further business the meeting adjourned.

APPROVED _____
MAYOR

ATTEST: _____
CITY CLERK