MINUTES OF MEETING HELD FEBRUARY 8, 2010

The Common Council of the City of Somerset, Kentucky met in a regular session on Monday, February 8, 2010, at 7:00 p.m. with the following present: Mayor Eddie Girdler. Council Members: Linda Stringer, Jerry Wheeldon, Steve Kelley, Jerry Girdler, Mike New, John Minton, Jim Mitchell, Pat Bourne, Jerry Burnett, Tim Rutherford, and Jim Rutherford. City Attorney Carrie Wiese and City Clerk David Godsey. Absent: Council Member Donna Hunley.

Mr. Bourne moved to approve the minutes of the regular meeting held on January 25, 2010, along with the reports as mailed. Mr. Kelley seconded the motion. Upon roll call the following Council Members voted "Aye": Ms. Stringer, Mr. Wheeldon, Mr. Kelley, Mr. Girdler, Mr. New, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. T. Rutherford, and Mr. J. Rutherford.

Mr. Wheeldon moved to approve the following Floodplain Municipal Order. Mr. Bourne seconded the motion. Upon roll call the following Council Members voted "Aye": Ms. Stringer, Mr. Wheeldon, Mr. Kelley, Mr. Girdler, Mr. New, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. T. Rutherford, and Mr. J. Rutherford.

MUNICIPAL FLOODPLAIN ORDER MUNICIPAL ORDER OF THE CITY OF SOMERSET, KENTUCKY, REGARDING THE SERVICE OF FUTURE CUSTOMERS BUILDING STRUCTURES IN A DESIGNATED FLOODPLAIN. WHEREAS, the City Council (the "Council") of the City of Somerset, Kentucky (the "City"), is in the process of arranging to finance the construction of improvements to the existing water system (the "System") of the City, and	Adopted and approved on this February 8, 2010. CITY OF SOMERSET, KENTUCKY Mayor Attest:
WHEREAS, Rural Development of the Department of Agriculture of the United States of America ("RD") has agreed to purchase a hond issue of the City designated as "City of Somerset Water System Revenue Bonds, Series 2010" (the "Bonds"); and WHEREAS, RD has issued a Letter of Conditions to the City (the "Letter of Conditions") which sets forth the requirements the City must meet in order for the RD to purchase the Bonds, and WHEREAS, said Letter of Conditions requires the City to adopt a Order specifying that the City will deny water service to a future customer who builds a structure in a designated floodplain, or in the alternative, the customer must provide evidence and a justification for approval by the City and RD officials that there are no other alternatives to construction or development within the designated floodplain. NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOMERSET DOES ORDER AS FOLLOWS: Section 1. Floodplain Restriction. That pursuant to the Letter of Conditions, the City hereby agrees that it will deny water service to any future customer who builds a structure in a designated floodplain, or in the alternative, such customer must provide evidence and a justification for approval by the City and RD officials that there are no other alternatives to construction or development within the designated floodplain, or in the alternative, such customer must provide evidence and a justification for approval by the City and RD officials that there are no other alternatives to construction or development within the designated floodplain, or in the alternative, such customer must provide evidence and a justification for approval by the City and RD officials that there are no other alternatives to construction or development within the designated floodplain, or in the alternative, such customer must provide evidence and spisification for approval by the City and RD officials that there are no other alternatives to construction or development within the designated floodplain, or it is required to be ad	CERTIFICATE OF CITY CLERK I. the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Somerset, that the foregoing Order is a true copy of a Order duly adopted by the Council of said City at a meeting held on February 8, 2010 and that said Order appears as a matter of public record in the official records of said City. I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including RRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Order has not been modified, amended, revoked or repealed, and that same is now in full force and effect. IN WITNESS WHEREOF, I have hereto set my hand as City Clerk of the City and the official Seal of the City on this February 8, 2010. City Clerk (Seal of City)

Mr. Mitchell moved to approve the following Legal Service Agreement-Bond Counsel and Legal Service Agreement-Local Counsel for the US Department of Agriculture, Rural Development bonds for new Water Plant. Mrs. Stringer seconded the motion. Upon roll call the following Council Members voted "Aye": Ms. Stringer, Mr. Wheeldon, Mr. Kelley, Mr. Girdler, Mr. New, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. T. Rutherford, and Mr. J. Rutherford.

LEGAL SERVICES AGREEMENT - LOCAL COUNSEL

THIS AGREEMENT made and entered into this February 8, 2010, between the City of Somerset, Kentucky, party of the first part, (the "City") and Carrie D. Wiese, Esq., Attorney at Law, of Somerset, Kentucky, party of the second part, (the "Attorney").

WITNESSETH

WHEREAS, the Attorney agrees to perform all customary services necessary to accomplish the financing of construction of extensions, additions and/or improvements to the existing water system of the City (the "System").

NOW, THEREFORE, for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

Section A - Legal Services. That the Attorney will perform such services as are necessary to accomplish the above recited objectives including, but not limited to, the following:

- The legal preparation, supervision and assistance in the taking of all actions necessary or incidental when the City undertakes the financing of construction of extensions, additions and/or improvements to the System.
- extensions, adultions and/or improvements to the System.

 Furnish local counsel advice and assistance to the governing body of the duly incorporated City in connection with: (a) Determining that the City has been properly created, is now validly in existence and that the officers have been properly installed for their current effective terms; (b) The notice for and conduct of meetings; (c) The preparation of nimutes of meetings; (d) The preparation and enactment of such ordinances, orders and/or resolutions as may be necessary in connection with the authorization, financing, construction, purchasing and initial operation of the facility and/or equipment; (c) The completion and execution of documents for obtaining a Utilities Service, U. S. Deparation of the scaling of the control of the confidence of the control of the contro
- Review of construction contracts, purchase contracts, bid-letting procedure and surety and contractual bonds in connection therewith.
- Preparation, negotiation or review of contracts with cities or other sources, where it is necessary for an alternate source of water supply and/or sewage disposal services.
- Preparing, obtaining and reviewing deeds, easements and other right-of-way documents, and other instruments for sites necessary to the facility and to provide continuous rights-of-way therefor; rendering title opinions with reference thereto, and

- providing for the recordation thereof, prior to the project being advertised for construction bids.
- Obtain necessary permits and certificates from county and municipal bodies, from state regulatory agencies, and from other public and/or private sources with respect to the approval of the facility and/or equipment, the construction, purchase and operation thereof and pipeline and/or railroad crossings.
- Secure assistance of and cooperate with recognized bond counsel in the preparation of the documents necessary for the financing aspects of the facility and equipment. Where bond counsel is retained, the Attorney till not be responsible for the preparation and approval of those documents pertaining to the issuance of the City's obligations.

- City will pay to the Attorney for professional services rendered in accordance herewith, a fee based on the attached Schedule of Charges. The fees shall be paid in the manner and at the times set forth in the attached Schedule of Charges.
- 2. The Gity will also bear the usual and necessary expenses of the financing, such as the actual cost of the sites, construction costs, recording fees, the cost of publishing the necessary portions of the proceedings, including the Notice of Bond Sale, and the cost of printing the bonds, and will also pay the separate fee of any bond counsel employed by the City. This does not include telephone calls, travel expenses, lodging and similar expenses incurred by the Attorney.
- The foregoing is based on the assumption that there will be no litigated opposition to the project and that such financing will involve only one issue of bonds.

Section C - Other Provisions. This Agreement can be cancelled upon written notice given by either party to the other at which time all accounts between the parties shall be promptly settled and accounted for.

IN TESTIMONY WHEREOF, witness the signature of the Attorney and the signature of the City acting by and through its Mayor and City Clerk, with the Seal of the City affixed hereto, pursuant to authorization of the City, duly adopted on February 8, 2010, as of the date first hereinabove written.

CITY OF SOMERSET, KENTUCKY

	By
Attest:	Mayor
City Clerk	
(Seal of City)	
RD Concurrence:	
By	CARRIE D. WIESE, ESQ.

SCHEDULE OF CHARGES FEES FOR LEGAL SERVICES AS A PERCENTAGE OF PROJECT COST

This attachment will be executed and made a part of the "Legal Services Agreement - Local Counsel," Form RD-KY 1780-11A.

This schedule sets forth the maximum fee allowance for legal services provided by local counsel on projects financed in whole or part by Rural Development the "RD"). The City and Attorney may agree to a fee schedule in lesser amounts, if desired.

When this schedule or a substitute schedule of lesser amount has been selected by the City and Attorney, this attachment will be executed by each party.

 $\underline{Section~1}.~ The~City~will~pay~to~the~Attorney~for~professional~services~rendered,~fees~in~accordance~with~the~following~fee~schedule:$

a. Basic Legal Fee - Based on percentage of project cost:

Total Cost of Project Less Owner Contribution	Approved Fee
\$ 0 to 25,000	1-1/2%
25,000 to 50,000	\$ 375.00 + 1-1/4% of amount in excess of \$25,000
50,000 to 100,000	\$ 687.50 + 7/8% of amount in excess of \$50,000
100,000 to 250,000	\$ 1,125.00 + 5/8% of amount in excess of \$100,000
250,000 to 500,000	\$ 2,062.50 + 3/8% of amount in excess of \$250,000
500,000 to 1,000,000	\$ 3,000.00 + 1/4% of amount in excess of \$500,000
1,000,000 to 5,000,000	\$ 4.250.00 + 1/8% of amount in excess of \$1 000 000

b. Additional Legal Fee - Based on number of private easements prepared, obtained and recorded. The owner shall be responsible for paying recording fees.

1 to 100 Easements	\$ 8.00 per easement
100 to 150 Easements	\$ 800.00 + \$7.75 per easement in excess of 100
150 to 250 Easements	\$ 1,187.50 + \$7.50 per easement in excess of 150
250 to 500 Easements	\$ 1,937.50 + \$7.25 per casement in excess of 250
500 to 750 Easements	\$ 3,750.00 + \$7.00 per easement in excess of 500
750 to 1000 Easements	\$ 5,500.00 + \$6.75 per easement in excess of 750
1000 to 1500 Fasements	\$ 7 187 50 + \$6 50 per escement in excess of 1000

Section 2. Said Basic Legal Fees are to be paid as follows:

a. If the loan is pre-closed:

Title ______

(1)	Fifty percent (50%) when all required services have been completed
	up to and through pre-closing of the loan, awarding of the contract,
	and iccurree of work order

- and issuance of work order.

 (2) Thirty percent (30%) at final loan closing.

 (3) Twenty percent (20%) when project is completed and accepted by the City and by RD.
- b. If the loan is closed (with pre-closing being waived by RD):
 - Seventy percent (70%) when all required services have been completed up to and through closing of the loan, awarding of the contract, and issuance of work order.
 Thirty percent (30%) when the project is completed and accepted by the City and by RD.

Section 3. Said Additional Legal Fees are to be paid as follows:

- A. If the loan is pre-closed:

 - (1) Seventy percent (70%) of amount at time of pre-closing.
 (2) Twenty percent (20%) of amount at final loan closing.
 (3) Ten percent (10%) of amount when project is completed and accepted by the City and by RD.
- B. If the loan is closed (with pre-closing being waived by RD):
 - Ninety percent (90%) of amount at final loan closing.
 Ten percent (10%) of amount when project is completed and accepted by the City and by RD.

	CITY OF SOMERSET, KENTUCKY
	By Mayor
Attest:	iviayui

CARRIE D. WIESE, ESQ.

LEGAL SERVICES AGREEMENT - BOND COUNSEL

THIS AGREEMENT, made and entered into as of February 8, 2010, between the City of Somerset, Kentucky, party of the first part (the "City"), and Rubin & Hays, Municipal Bond Attorneys, Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202, parties of the second part, (the "Attorneys").

WITNESSETH:

WHEREAS, the Attorneys agree to perform all customary bond counsel legal services accomplish the financing of construction of extensions, additions and/or improvements to the existing water system of the City (the "System").

NOW, THEREFORE, for and in consideration of the mutual covenants and promises ten the parties hereto, it is hereby agreed:

Section A - Legal Services. That the Attorneys will perform such services as are n to accomplish the above recited objectives, including, but not limited to, the following:

to accomplish the above recited objectives, including, but not limited to, the following:

1. Furnish advice and assistance to the governing body of the City in connection with (a) the notices for and conduct of meetings; (b) the preparation of minutes of meetings; (c) the preparation and emboured of the objection of the propagation of the propagation of the control of the objection of the control of the objection of the control of the objective of the control of the objective of the control of the objective of the completion and execution of documents for obtaining a loan made or insured and/or grant made by the United States of America, acting through Rural Development (PRDP). U. S. Department of Agriculture, and/or other appropriate Federal and/or State agency or agencies; (f) preparation and adoption of Rules and Regulations, and rate and connection ordinances; (g) preparation of various closing documents, including the necessary final approval legal opinion; (f)) supervision of the closing of the transaction and (f) such other appropriate action as may be necessary in connection with the financing and construction of the project.

If and to the extent that a contract is necessary for an alternate source of water supply and/or sewage disposal services, this Agreement will include services in connection with the preparation and/or review of any such contract.

If the project requires any approval of the Public Service Commission of Kentucky (the
"PSC"), the services of the Attorneys will include the preparation of proceedings for approval of the
PSC and personal appearance and representation of the City by the Attorneys at the hearing before
the PSC in Frankfort, Kentucky.

4. Preparation of the appropriate Preliminary Legal Opinion, Interim Financing Ordinance and other related documents, if and when required in connection with interim financing provided by a bank or by the RD (secured by the proceeds or the Bonds and/or grant) if it is desired that the City

begin construction prior to the delivery of the City's Bonds. If interim financing is represented by a public offering of notes or bonds, a separate arrangement will be made in accordance with the attached Schedule of Charges.

- Supervision of and physical attendance by the Attorneys at the closing of the transaction at which time the Bonds of the City will be paid for and delivered.
 - 6. Preparation of appropriate legal opinion as to valid creation and/or existence of the City.
- 7. Perform all customary Bond Counsel services in connection with such financing and assume the responsibility for the preparation and approval of those documents pertaining to the issuance of the Bonds.

Section B - Compensation. (a) The City will pay to the Attorneys for professional services rendered in accordance herewith a fee based on the attached Schedule of Charges.

(b) The Schedule of Charges shall contain the signatures and dates signed of both the Attorneys and the City.

IN TESTIMONY WHEREOF, witness the signature of the Attorneys and the signature of the City, acting by and through its duly authorized officers, with the Seal of the City affixed hereto, pursuant to authorization of its governing body, duly adopted on February 8, 2010, as of the date first hereinabove written.

CITY OF SOMERSET, KENTUCKY

RD Concurrence:

RUBIN & HAYS

By Fridy Jours

SCHEDULE OF CHARGES FEES FOR LEGAL SERVICES AS A PERCENTAGE OF PROJECT COST

This attachment will be executed by both parties and made a part of the attached "Legal Services Agreement - Bond Counsel".

This schedule sets forth the schedule of charges applicable to the attached Legal Services

<u>Section 1</u>. The City will pay to the Attorneys for the professional services rendered in ordance herewith a fee based on the total amount of financing of the project, less the Applicant ribution, if any, in accordance with the following fee schedule:

First \$287,500 or less \$ 2,500.00 Minimum Fee

\$ 287.500 to 500,000 \$ 2,500.000 \$ 3,562.50 + 13/% of Amount in Excess of \$287,500 \$ 3,562.50 + 3/8% of Amount in Excess of \$3,000,000 \$ 2,500,000 \$ 5,437.50 + 14% of Amount in Excess of \$3,000,000 \$ 5,000,000 \$ 10,000,000 \$ 13,875.00 + 118% of Amount in Excess of \$5,000,000 \$ 13,875.00 + 118% of Amount in Excess of \$5,000,000 \$ 437.50 + 118% of Amount in Excess of \$5,000,000 \$ 20,125.00 + 1/16% of Amount in Excess of \$10,000,000 \$ 20,125.00 + 1/16% of Amount in Excess of \$10,000,000 \$ 20,125.00 + 1/16% of Amount in Excess of \$10,000,000 \$ 20,125.00 + 1/16% of Amount in Excess of \$10,000,000 \$ 20,125.00 + 1/16% of Amount in Excess of \$10,000,000 \$ 20,125.00 + 1/16% of Amount in Excess of \$10,000,000 \$ 2,0

Provided the Fee shall be not less than \$3,000.00 if there is both a pre-closing and a closing; if the loan is closed without a pre-closing, the Fee shall be not less than \$2,500.00.

In the event that the financing requires two or more series of Bonds within a single issue of Bonds, the Basic Legal Fee shall be increased by the additional sum of \$500 for each additional series of Bonds.

b. Additional Legal Fees In addition to the foregoing basic legal services, one or more of the following supplemental services may be required. The Attorneys will be entitled to additional compensation in whole or in part, in accordance with the following schedule:

(1) If approval of the PSC is required for any aspect of the matter, then for services rendered in obtaining such approval, an additional fee not to exceed: \$2,500.00

(2) For services rendered in connection with the acquisition of a system from a different city (including election proceedings where appropriate), a water association or a water district, an additional fee not to exceed \$750.00

d. Photocopies. Reimbursement for photocopies, in addition to other allowable expenses, at a rate not to exceed 8ϕ per copy for copies of all proceedings, shall not exceed \dots \$200.00

e. Other Out-of-Pocket Expenses. Direct costs of issuance such as cost of printing the bonds and costs of publishing various proceedings shall be paid or reimbursed directly by the City.

f. Revision of Limitations as to Fees and Expenses after 18 Mouths. The fee(s) to be charged and the out-of-pocket expenses to be reimbursed will be limited as to amounts based on the limitations listed in this Agreement if the pre-closing or closing (if there is no prior pre-closing occurs within 18 months after the date on which this Agreement is executed. If such pre-closing or closing occurs more than 18 months after such date, then the fee(s) made for legal services and the amount of out-of-pocket expenses to be reimbursed shall be based on the respective maximum amounts approvable by the RD as of such pre-closing or closing date.

All out-of-pocket expense reimbursement is subject to the approval of RD.

Section 2. Said basic legal fees, additional legal fees and out-of-pocket expenses are to be paid as follows:

a. If Loan is Pre-Closed.

(1) Fifty percent (50%) of the total legal fees when all required services have been completed up to and through award of bonds to the RD (or other purchase) at the public sale, awarding of construction contracts and pre-closing of the lone, piles actual costs incurred for out-of-pocket expenses (except for printing, publication and photocopying costs) to date of pre-closing, not to acceed \$400.00

b. If Loan is Closed (without a pre-closing, through waiver by RD, or otherwise)One hundred percent (100%) will be payable after bonds are sold, paid for, delivered, and all services required by this Agreement have been completed.

c. Fee Contingent on Financing Being Accomplished. If, for any reason, the City is unable to accomplish this financing, the City will owe the Attorneys no fee or compensation.

<u>Section 3</u>. The City will also bear the usual and necessary expense of the financing, such as actual cost of the sites, construction costs, the cost of publishing the necessary portions of the proceedings, including the Notice of Bond Sale, and the cost of printing the bonds, and will pay separately the fee of the City's Local Counsel.

Section 4. The foregoing is based on the assumption that there will be no litigated oppose to the project, and that such financing will involve only one issue of bonds.

Section 5. In the event that bond anticipation notes and/or grant anticipation notes shall be sold in the open market, the Attorneys shall provide such services in cooperation with a Fiscal Agent or Underwriter as may be specified by the City for separate customary compensation to the Attorneys, which compensation shall be payable by said Fiscal Agent, the Underwriter or the City, as may be determined by the City.

Section 6. This Agreement is subject to the review and concurrence of the RD. Dated and approved this February 8, 2010.

CITY OF SOMERSET, KENTUCKY

City Clerk (Seal of City)

By Daude Jour

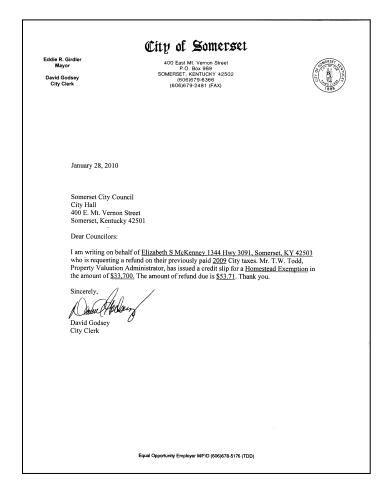
Mr. Burnett moved to approve the following Resolution for maintenance and ownership of High Street turnaround. Mr. New seconded the motion. Upon roll call the following Council Members voted "Aye": Ms. Stringer, Mr. Wheeldon, Mr. Kelley, Mr. Girdler, Mr. New, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. T. Rutherford, and Mr. J. Rutherford.

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Mr. Mitchell moved to approve the following Resolution in support of Downtown Somerset Development Corporation expanded streetscape banner program. Mr. Minton seconded the motion. Upon roll call the following Council Members voted "Aye": Ms. Stringer, Mr. Wheeldon, Mr. Kelley, Mr. Girdler, Mr. New, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. T. Rutherford, and Mr. J. Rutherford.

RESO	LUTION
WHEREAS the City of Somerse	et takes great pride in its history and culture
and such are reflected in the architectu	ure and tradition of our downtown; and
WHEREAS the City of Somerse	et was a pioneer in the redevelopment of its
downtown business district and aided	in the creation of Downtown Somerset
Development Corporation in 1982; and	
	et Development Corporation has served as
i partner with the City of Somerset in p lowntown community; and	preserving, developing and promoting our
•	et Development Corporation is seeking
	r program, enhancing the appearance of
ur community and expanding on one	of its most popular programs;
NOW THEREFORE BE IT RES	OLVED by the Common Council of the
ity of Somerset that it endorses and e	encourages the expanded streetscape
anner program being sought by Dowr	ntown Somerset Development Corporation
nd encourages its support from all co	ncerned.
So Resolved this 8th day of Feb	oruary, 2010.
Edward R. Girdler Mayor	David Godsey City Clerk
Mayor	Only Olerk

Mr. Burnett moved to refund the following amounts paid on <u>2009</u> City taxes: <u>Elizabeth S. McKenney</u> in the amount of <u>\$53.71</u> for a homestead exemption. Mr. Kelley seconded the motion. Upon roll call the following Council Members voted "Aye": Ms. Stringer, Mr. Wheeldon, Mr. Kelley, Mr. Girdler, Mr. New, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. T. Rutherford, and Mr. J. Rutherford.



Mr. New moved to start all Council Meetings with silent prayer. Mr. Kelley seconded the motion. Upon roll call the following Council Members voted "Aye": Upon roll call the following Council Members voted "Aye": Ms. Stringer, Mr. Wheeldon, Mr. Kelley, Mr. Girdler, Mr. New, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. T. Rutherford, and Mr. J. Rutherford.

Mr. Kelley moved to approve City Offices to be closed on Presidents day one time only. Mr. Wheeldon seconded the motion. Upon roll call the following Council Members voted "Aye": Ms. Stringer, Mr. Wheeldon, Mr. Kelley, Mr. New, Mr. Minton, Mr. Mitchell, Mr. Bourne, and Mr. Burnett. Voting "Nay" Council Members Jerry Girdler and Tim Rutherford. Choosing to "Pass" Council Member Jim Rutherford. Motion Passed.

Mr. Minton moved that all concrete usage done from this point on will be bid for contract labor. Mr. Mitchell seconded the motion. Upon roll call the following Council Members voted "Aye": Upon roll call the following Council Members voted "Aye": Ms. Stringer, Mr. Wheeldon, Mr. Kelley, Mr. Girdler, Mr. New, Mr. Minton, Mr. Mitchell, Mr. Bourne, Mr. Burnett, Mr. T. Rutherford, and Mr. J. Rutherford.

There being no further business the meeting adjourned.

	APPROVI	ED
ATTEST:		MAYOR
	CITY CLERK	