

MINUTES OF MEETING HELD NOVEMBER 25, 2013

The Common Council of the City of Somerset, Kentucky met in a regular meeting on Monday November 25, 2013, at 7:00 p.m. with the following present: Mayor Eddie Girdler. Council Members: Jerry Burnett, Tom Eastham, Jim Rutherford, Linda Stringer, Jimmy Eastham, Jerry Girdler, John Minton, Jim Mitchell, and Pat Bourne. City Attorney Carrie Wiese and City Clerk David Godsey. Absent: Council Members: Jerry Wheeldon, Mike New and Donna Hunley.

Mr. Mitchell moved to approve the minutes of the regular meeting held on November 11, 2013 along with reports as mailed. Mr. T. Eastham seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. Burnett, Mr. T. Eastham, Mr. Rutherford, Mrs. Stringer, Mr. J. Eastham, Mr. Girdler, Mr. Minton, Mr. Mitchell, and Mr. Bourne.

Mr. Mitchell moved to approve the following Loan Resolution No. 13-21 providing for reapproval for the City of Somerset Energy Center Loan. Mr. Bourne seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. Burnett, Mr. T. Eastham, Mr. Rutherford, Mrs. Stringer, Mr. J. Eastham, Mr. Girdler, Mr. Minton, Mr. Mitchell, and Mr. Bourne.

<p>USDA Form 1942-42 (Rev. 12-97)</p> <p>A RESOLUTION OF THE <u>COMMON COUNCIL</u></p> <p>OF THE CITY OF <u>SOMERSET, KENTUCKY</u></p> <p>AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS <u>SOMERSET ENERGY CENTER</u></p> <p>FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.</p>	<p>Position 5</p> <p>LOAN RESOLUTION (Public Bodies)</p> <p>FORM APPROVED OMB NO. 0575-0015</p>	<p style="text-align: right;">-2-</p>
<p>WHEREAS, it is necessary for the <u>CITY OF SOMERSET, KENTUCKY</u> (Public Body)</p> <p>(herein after called Association) to raise a portion of the cost of such undertaking of its bonds in the principal amount of <u>EIGHT MILLION FIVE HUNDRED THOUSAND DOLLARS (\$8,500,000)</u></p> <p>pursuant to the provisions of <u>SOMERSET ENERGY CENTER</u> ; and</p> <p>WHEREAS, the Association intends to obtain assistance from the Rural Housing Service, Rural Business - Cooperative Service, Rural Utilities service, or other successor Agencies with the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7.U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:</p>		
<p>NOW THEREFORE in consideration of the premises the Association hereby resolves:</p> <ol style="list-style-type: none"> 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 forms as are required by State statutes and as are agreeable and acceptable to the Government. To refrain the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time that shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purpose from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by sections 333(c) of said Consolidated Farm and Rural Development Act (7.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 Opportunity 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 payment 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 legal permissible source. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein, in relation to making or insuring 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 such other reasonable expenses as may be necessary to cause the care of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the terms of this resolution or on any instrument incurred by the Association or 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 assumed 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 contract or 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 trustee approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed 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 expenses which are not directly incurred for the facility financed by the Government. No free service or use of the facility will be permitted. 		
<p><small>According to the Government Reduction Act of 1935, any person appearing and signing a resolution is deemed to be a signatory and shall certify under oath that the information furnished is true and correct. If the person is a corporation, the person shall certify that the information furnished is true and correct. If the person is a partnership, the person shall certify that the information furnished is true and correct. If the person is an individual, the person shall certify that the information furnished is true and correct. If the person is a partnership, the person shall certify that the information furnished is true and correct. If the person is an individual, the person shall certify that the information furnished is true and correct.</small></p>		

<ol style="list-style-type: none"> To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audits 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. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments entered into the making or insuring of the loan. That if the Government requires that a reserve account be established and maintained, disbursements from that account may be used when necessary for payments due on the bond if sufficient funds are not otherwise available. With the prior written approval of the Government, funds may be withdrawn for: <ol style="list-style-type: none"> (a) Paying the cost of repairing or replacing any damage to the facility caused by catastrophe. (b) Repairing or replacing short-lived assets. (c) Making extensions or improvements to the facility. <p>Any time funds are disbursed from the reserve account, additional deposits will be required until the reserve account has reached the required funded level.</p> <ol style="list-style-type: none"> To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain the Government's concurrence prior to refueling new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such persons shall have a direct right of action against the Association or public body. 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. 	<ol style="list-style-type: none"> To accept a grant in an amount not to exceed \$ _____ <p>under the terms of the Government, that the <u>MAYOR, CITY OF SOMERSET</u> and <u>Mayor</u> of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant, and to operate the facility under the terms issued in said grant agreement(s).</p> <p>The provisions hereof and the provisions of all instruments entered into the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of Sections 6 through 17 hereof may be provided for in more specific 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 hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.</p> <p>The vote was: Year <u>9</u> Nays <u>0</u> Absent <u>3</u></p>
<p>IN WITNESS WHEREOF, the <u>COMMON COUNCIL</u> of the <u>CITY OF SOMERSET, KENTUCKY</u> has duly adopted this resolution and caused it to be executed by its officers below in duplicate on this <u>25</u> day of <u>November</u> <u>2013</u></p> <p>(SEAL)</p> <p>Attest: <u>[Signature]</u> By <u>RODGER B. GORDLER</u> Title <u>MAYOR</u></p> <p>Title _____</p>	

Mr. Bourne moved to approve the Natural Gas Piggling Agreement with CGI Enterprises, LLC. Mr. J. Eastham seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. Burnett, Mr. T. Eastham, Mr. Rutherford, Mrs. Stringer, Mr. J. Eastham, Mr. Girdler, Mr. Minton, Mr. Mitchell, and Mr. Bourne.

* Agreement to large to include in minutes. Copy on file in City Clerk's Office or online at www.cityofsomerset.com

Mr. Bourne moved to refund the following amounts paid on 2012 City taxes to Wardell McAdoo in the amount of \$44.20. Mr. T. Eastham seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. Burnett, Mr. T. Eastham, Mr. Rutherford, Mrs. Stringer, Mr. J. Eastham, Mr. Girdler, Mr. Minton, Mr. Mitchell, and Mr. Bourne.

There being no further business the meeting adjourned.

APPROVED: _____
MAYOR

ATTEST: _____
CITY CLERK