

MINUTES OF MEETING HELD SEPTEMBER 8, 2014

The Common Council of the City of Somerset, Kentucky met in a regular meeting on Monday September 8, 2014, at 7:00 p.m. with the following present: Mayor Eddie Girdler. Council Members; Pat Bourne, Jerry Burnett, Tom Eastham, Jim Rutherford, Jerry Wheeldon, Jimmy Eastham, Jerry Girdler, Mike New, Donna Hunley, John Minton, and Jim Mitchell. City Clerk Nick Bradley. Absent; City Attorney Carrie Weise, and Council Member Linda Stringer.

Mr. Wheeldon moved to approve the minutes of the regular meeting held on August 25, 2014 along with reports as mailed. Mr. New seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. Bourne, Mr. Burnett, Mr. T. Eastham, Mr. Rutherford, Mr. Wheeldon, Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, and Mr. Mitchell.

Second reading was given the following Ordinance No. 14-09:

BOND ORDINANCE NO. 14-09 - ENERGY CENTER PROJECT

ORDINANCE OF THE CITY OF SOMERSET, KENTUCKY AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF \$9,350,000 PRINCIPAL AMOUNT OF CITY OF SOMERSET GENERAL OBLIGATION BONDS (ENERGY CENTER PROJECT), SERIES 2015, CONSISTING OF \$8,500,000 OF SERIES A BONDS AND \$950,000 OF SERIES B BONDS, FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF AN ENERGY CENTER FOR SAID CITY; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE TAX REVENUES OF SAID CITY; AND PROVIDING FOR AN ADVERTISED, PUBLIC COMPETITIVE SALE OF SAID BONDS.

*Ordinance too large to include in minutes. A complete copy can be viewed in the City Clerk's office or online at cityofsomerset.com

Mr. Mitchell moved to approve the above Ordinance No. 14-09 on its second reading regarding the USDA Energy Center Bonds. Mr. Bourne seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. Bourne, Mr. Burnett, Mr. T. Eastham, Mr. Rutherford, Mr. Wheeldon, Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, and Mr. Mitchell.

The City of Somerset had advertised for bids for the purchase of Somerset General Obligation Bonds (Energy Center Project). City Clerk Nick Bradley reported that only one (1) bid was received, that one being submitted by USDA. The one bid was publically opened at the City Council meeting and read aloud.

Mr. Wheeldon moved to approve upon opening of the Bid Bond from the United States Department of Agriculture (USDA) the following Municipal Sale Order Energy Center Project Bonds. Mr. T. Eastham seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. Bourne, Mr. Burnett, Mr. T. Eastham, Mr. Rutherford, Mr. Wheeldon, Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, and Mr. Mitchell.

<p style="text-align: center;">MUNICIPAL SALE ORDER</p> <p>MUNICIPAL ORDER OF THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY, ACCEPTING THE SUCCESSFUL BID FOR THE PURCHASE OF \$9,350,000 PRINCIPAL AMOUNT OF CITY OF SOMERSET GENERAL OBLIGATION BONDS (ENERGY CENTER PROJECT), SERIES 2015.</p> <p>WHEREAS, Notice of Sale of \$9,350,000 of City of Somerset General Obligation Bonds (Energy Center Project), Series 2015, consisting of \$8,500,000 of Series A Bonds and \$850,000 of Series B Bonds (collectively, the "Bonds") has heretofore been given in strict compliance with the proceedings of this City Council of the City of Somerset (the "City") and with the provisions of the publication laws applicable thereto, thus enabling everyone interested in said Bonds to present a proposal in connection therewith, and</p> <p>WHEREAS, the only bid received for the purchase of said Bonds was the bid of the U.S. Department of Agriculture, acting through Rural Housing Service ("RHS"), which bid was a bid of par for all of the Bonds at an interest rate not to exceed 3.50% per annum as to the Series A Bonds and 4.00% per annum as to the Series B Bonds, subject to the right of the City to request that such Bonds shall bear interest at such lower interest rate as may be in effect for RHS loans at the time of delivery of the Bonds, and</p> <p>WHEREAS, it is deemed advisable that the City Council adopt a Municipal Order accepting said bid,</p> <p>NOW, THEREFORE, BE IT ORDERED BY THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY, AS FOLLOWS:</p> <p>SECTION 1. That it is hereby determined that the bid of RHS for the purchase of the Bonds, scheduled to mature on January 1 in each of the respective years, 2017 through 2034, inclusive, as advertised, and as authorized by the Bond Ordinance (the "Bond Ordinance") at a price of par (\$9,350,000) for Bonds bearing interest at an interest rate not to exceed 3.50% per annum as to the Series A Bonds and 4.00% per annum as to the Series B Bonds (or at such lower interest rate as may be in effect for RHS loans at the time of delivery of the Bonds), is the best bid received, with the most favorable net interest cost to the City; and that said Bonds be and they are hereby awarded to RHS as being a sale of said Bonds on the best terms and for the best interests of the City.</p> <p>SECTION 2. That the interest rate on said Bonds is hereby fixed at 3.50% per annum as to the Series A Bonds and 4.00% per annum as to the Series B Bonds (or at such lower interest rate as may be applicable, as aforesaid) as set out in such bid.</p> <p>SECTION 3. That in accordance with the terms of the commitment of RHS, approved by the City and RHS, and as provided in the Official Notice of Sale of Bonds, said Bonds shall be issued to RHS as a Series A Bond and a Series B Bond, both in fully registered form.</p>	<p>SECTION 4. That said Bonds shall be delivered by the City Treasurer and/or other proper City officials to RHS as soon as said Bonds are printed and ready for delivery in accordance with the Bond Ordinance, and that all of the proceeds of the sale of said Bonds shall be used only as provided in the Bond Ordinance.</p> <p>SECTION 5. That the acceptance of said bid subjects the City to no obligation to deliver the Bonds if for any reason the City is unable to obtain the final approving legal opinion of Rubin & Hays, Louisville, Kentucky, as to said Bonds, or if said Bonds should be subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof, or if the receipts of interest on said Bonds should be includable in gross income for Federal income tax purposes, or subject to income taxation by the Commonwealth of Kentucky, prior to or on the delivery date of said Bonds, and RHS shall not be required to accept delivery of said Bonds without the final approving opinion of Rubin & Hays accompanying said Bonds, or if said Bonds or the interest thereon shall become includable in gross income for Federal income tax purposes or subject to ad valorem or income taxation of the Commonwealth of Kentucky prior to or on such delivery date.</p> <p>SECTION 6. That the Mayor is hereby authorized to request, at the appropriate time prior to the delivery of the Bonds, that RHS reduce the interest rate on the Bonds to such lower interest rate as may be in effect for RHS loans at the time of delivery of the Bonds, without any further action by this City Council.</p> <p>SECTION 7. That all motions, orders and resolutions, or parts thereof, in conflict herewith, be and the same are hereby amended or repealed to the extent of such conflict, and this Municipal Order shall be in force immediately upon its adoption.</p> <p>Adopted on September 8, 2014.</p> <p style="text-align: right;">CITY OF SOMERSET, KENTUCKY</p> <p>By _____ Mayor</p> <p>Attest: _____ City Clerk</p> <p style="text-align: center;">2</p>
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Second reading was given the following Ordinance No. 14-07:

<p style="text-align: center;">ORDINANCE NO. 14-07</p> <p>THIS ORDINANCE NUMBER 14-07 FIXING THE TAX LEVY, AD VALOREM, FRANCHISE TAX, AND TAX FOR THE CITY OF SOMERSET, KENTUCKY, FOR THE FISCAL YEAR BEGINNING JULY 1, 2014 AND ENDING JUNE 30, 2015 PROVIDING PENALTY AND INTEREST FOR NON-PAYMENT.</p> <p>BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF SOMERSET, KENTUCKY:</p> <p>SECTION 1. That for the purpose of providing income for general municipal expenses for the City of Somerset, Kentucky, for the fiscal year beginning July 1, 2014 and ending June 30, 2015 is hereby levied an ad valorem of thirteen cents (.130) on each hundred dollars (\$100.00) of taxable property within the city limits of Somerset, Kentucky.</p> <p>SECTION 2. That the thirteen cents (.130) ad valorem on each one hundred dollars (\$100.00) of taxable property within the city limits of Somerset, Kentucky, levied shall be deposited in the general fund account and shall be used to pay on general expenses incidental to the operation of the city government.</p> <p>SECTION 3. That for the purpose of providing income for general municipal expenses for the City of Somerset, Kentucky for the fiscal year beginning July 1, 2014 and ending June 30, 2015 there is hereby levied a tax of thirteen cents (.130) on each hundred dollars (\$100.00) on personal property, tangible and intangible of franchise holders as determined by the Department of Revenue within the city limits of Somerset, Kentucky.</p> <p>SECTION 4. The thirteen cents (.130) on each one hundred dollars (\$100.00) for franchise property within the city limits of Somerset, Kentucky, shall be deposited in the general fund account and is to be used to pay on expenses incidental to the operation of city government.</p> <p>SECTION 5. That a ten percent (.10%) discount shall be allowed on each one dollar (\$1.00) collected before November 1, 2014.</p> <p>SECTION 6. That there shall be added to and collected a penalty of twenty percent (.20%) and interest of six percent (.06%) per annum upon each one dollar (\$1.00) of all taxes herein provided for and unpaid after January 1, 2015 until such time that said taxes are paid.</p> <p>SECTION 7. This Ordinance is to become in full force and effect on and after its approval and passage according to law.</p> <p>FIRST READING <u>August, 26</u> 2014 SECOND READING <u>September, 8</u> 2014</p> <p>ATTEST:</p> <p>_____ CITY CLERK</p> <p>_____ MAYOR</p>
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Mr. New moved to approve the above Ordinance No. 14-07 on its second reading setting the tax rate for the 2014 tax year. Mr. Burnett seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. Bourne, Mr. Burnett, Mr. T. Eastham, Mr. Rutherford, Mr. Wheeldon, Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, and Mr. Mitchell.

Second reading was given the following Ordinance No. 14-08:

ORDINANCE NO. 14-08

AN ORDINANCE IMPOSING A BANK FRANCHISE AND LOCAL DEPOSIT TAX; SETTING FORTH TIME TABLES FOR THE COLLECTION OF SUCH TAX FOR THE YEAR 2014 AND ALL SUBSEQUENT YEARS; AND SETTING FORTH ENFORCEMENT PROCEDURES, INCLUDING PENALTIES FOR THE COLLECTION OF DELINQUENT TAXES.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY AS FOLLOWS:

SECTION 1: There is hereby imposed on all "financial institutions" as defined in KRS Chapter 136, located within the corporate limits of the City of Somerset, Kentucky, for the 2014 tax year and all subsequent years, a franchise tax at the rate of 0.023% on all deposits, as defined in KRS Chapter 136, maintained by such financial institutions.

SECTION 2: The City of Somerset, Kentucky will issue tax bills to financial institutions no later than December 1 of each year. Payment of the tax shall be due with a two percent (2%) discount by December 31 of each year, or without discount by January 31 of each year.

SECTION 3: The City of Somerset, Kentucky, shall have a lien for taxes on the property assessed for taxes to the extent allowed under KRS 134-420.

SECTION 4: All taxes due in accordance with these sections which are not paid before June 30, 2015 for the tax year 2014, or which are not paid before January 31, for all subsequent tax years shall be deemed delinquent and shall be subject to a penalty of .20% and shall bear interest at the rate of .6% per annum.


SECTION 5: All moneys collected pursuant to these sections shall be paid into the General Fund of the City to be used for the payment of proper expenditures as determined by the City Council.

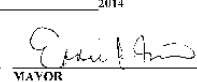
SECTION 6: The City Clerk is hereby directed to send a copy of this Ordinance to the Commissioner of the Kentucky Department of Revenue, Frankfort, Kentucky.

FIRST READING August, 26 2014

SECOND READING September, 8 2014

ATTEST:


CITY CLERK


MAYOR

Mr. Wheeldon moved to approve the above Ordinance No. 14-08 on its second reading setting the Bank Franchise Rate. Mr. Rutherford seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. Bourne, Mr. Burnett, Mr. T. Eastham, Mr. Rutherford, Mr. Wheeldon, Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, and Mr. Mitchell.

There being no further business the meeting adjourned.

APPROVED: _____
MAYOR

ATTEST: _____
CITY CLERK