

## MINUTES OF MEETING HELD OCTOBER 14, 2019

The Common Council of the City of Somerset, Kentucky met in a regular meeting on Monday October 14, 2019 at 6:00 p.m. with the following present: Council Members; Jimmy Eastham, Jerry Girdler, Mike New, Donna Hunley, John Minton, David Godsey, Amanda Bullock, Tom Eastham, David Burdine, Brian Dalton, Jerry Wheeldon, Mayor Alan Keck, City Attorney John Adams, and City Clerk Nick Bradley. Absent: Jim Mitchell.

Mr. Wheeldon moved to approve the minutes of the regular meeting held on September 9, 2019 along with reports as mailed. Mr. Burdine seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.

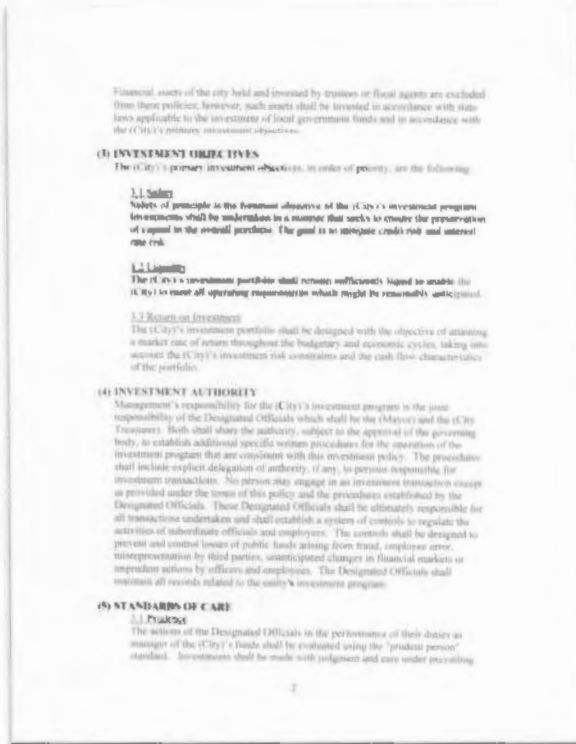
Mr. Burdine made a motion to go into Executive Session pursuant to KRS 61.810 (b) & (g). Mr. T. Eastham seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.

No action taken in Executive Session.

Mr. Wheeldon made a motion to approve the following Resolution Number 19-12: Authorizing Participation in the "Kentucky League of Cities Investment Pool Plus. Mr. New seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.



First reading was given the following Ordinance Number 19-28: Enacting the City of Somerset Investment and Financial Management Policy.



circumstances which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. The Designated Officials, acting in accordance with written procedures, this investment policy, and exercising due diligence, shall be relieved of personal responsibility for an individual security's performance, provided that deviations from representations are reported in a timely fashion to the governing body and appropriate action is taken to avert adverse developments.

### 2.2 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interest in financial institutions with which they conduct business. Officers shall be made to the governing body. They shall further disclose any personal financial investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the city.

### 2.3 Delegation of Authority

#### a) Investment Policy

The governing body will retain ultimate fiduciary responsibility for the portfolio. The governing body will exercise monthly review, designate Designated Officials and review the investment policy making any changes necessary by adoption.

#### b) Designated Officials

Authority to manage the investment program is granted to the Mayor and the City Treasurer, hereinafter referred to as Designated Officials as designated by this city ordinance. Responsibility for the operation of the investment program is hereby delegated to the Designated Officials who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Officers will prepare monthly investment reports and other special reports as may be deemed necessary. All participants in the investment process shall work to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and supporting procedures.

#### c) Investment Advisor

The city may engage the services of one or more external investment managers to assist in the management of the city's investment portfolio in a manner consistent with the city's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance

with this investment policy. Such managers must be registered under the Investment Advisors Act of 1940.

### 66 AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORS, AND BROKER/DEALERS

A list will be maintained of financial institutions and depositors authorized to provide investment services. In addition, a list will be maintained of approved security broker-dealers selected by conducting a process of due diligence. These may include "primary" broker-dealers or regional brokers that qualify under Securities and Exchange Commission (SEC) Rule 15C2-1 conditions and capital rules.

f.) The Designated Officials shall determine which financial institutions are authorized to provide investment services to city. Institutions eligible to transact investment business with city include:

- Primary government dealers as designated by the Federal Reserve Bank;
- Nationally or state-chartered banks;
- The Federal Reserve Bank;
- Direct issuers of securities eligible for purchase; and
- Kentucky League of Cities Investment Pool Plan.

g.) Selection of financial institutions and broker-dealers authorized to engage in transactions with the City shall be at the sole discretion of the city.

h.) All broker-dealers who desire to become qualified for investment transactions must supply the following (as appropriate):

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines;
- Proof of state registration;
- Completed broker-dealer questionnaire (not applicable to Certificate of Deposit account parties);
- Certification of having read and understood and agreeing to comply with the city's investment policy; and
- Evidence of adequate insurance coverage.

i.) All financial institutions who desire to become depositors must supply the following (as appropriate):

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines;
- Proof of state registration; and
- Evidence of adequate insurance coverage.

j.) A periodic review of the financial condition and registration of all qualified financial institutions and broker-dealers will be conducted by the Designated Officials.

### 4) Minority, Emerging and Community Financial Institutions

From time to time, the Designated Officials may choose to invest in investments offered by minority, emerging, and community financial institutions. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with Kentucky law and city ordinance.

### 5) Competitive Transactions

(1) The Designated Officials shall obtain competitive bid information on all purchases of investment instruments purchased on the secondary market. A competitive bid can be executed through a bidding process involving at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.

(2) If the city is offered a security for which there is no readily available competitive offering on the same specific issue, then the Designated Officials shall document quotations for comparable or alternative securities. When purchasing original issue municipality securities, no competitive offerings will be required or all dealers in the selling group offer those securities at the same original issue price.

(3) If the city hires an investment adviser to provide investment management services, the adviser must provide documentation of competitive pricing information on each transaction. The investment adviser will retain documentation and provide upon request.

### (7) SAFETY, RISK, AND CUSTODY

#### 7.1 Delivery vs. Payment

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the buyer's underlying institution prior to the release of funds.

#### 7.2 Third-Party Safekeeping

Securities will be held by an independent third-party safekeeping institution selected by the City. All securities will be evidenced by safekeeping receipts in the name of the City. The safekeeping institution shall annually provide a copy of its most recent report on internal controls - Service Organization Control Reports (formerly SOA or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011).

#### 7.3 Internal Controls

Management shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the investment committee, where present, and with the independent auditor. The controls shall be

designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the city.

### 68) TABLE 6 AND AUTHORIZED INVESTMENTS

#### 68.1 Investment Types and Credit Ratings

Consistent with the GASA Policy, Statement of Kentucky laws and city ordinances concerning investment practices, the investments as defined by KRS 66.480 are allowed. KRS 66.480 (2) restricts overall investments in (a), (f), (g), (h), and (i) of the following types of securities to 20% of total local government investments:

- 1) U.S. government obligations and instruments including obligations subject to repurchase, if delivery of these obligations is taken directly or through an authorized custodian. KRS 66.480 (3)(a).
- 2) U.S. Treasury and other U.S. government obligations that carry the full faith and credit guarantee of the United States for the payment of principal and interest. KRS 66.480 (3)(b).
- 3) Federal Agency or U.S. government-sponsored enterprises (GSE) obligations, participations or other instruments. KRS 66.480 (3)(c).
- 4) CDs issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky and that are insured by the Federal Deposit Insurance Corporation or similar entity or that are collateralized by any obligation, including treasury bonds, permitted by KRS 41.240. KRS 66.480 (3)(d).
- 5) Un collateralized CDs issued by any bank or savings and loan having a physical presence in Kentucky listed in one of three highest categories by a competent rating agency. KRS 66.480 (3)(e).
- 6) Bankers' acceptances, which must be rated in one of the three highest categories by a competent rating agency. KRS 66.480 (3)(f).
- 7) Commercial paper, rated in the highest tier (e.g., A-1, P-1, S-1, or D-1 or higher) by a competent rating organization. KRS 66.480 (3)(g).
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities. KRS 66.480 (3)(h).
- 9) Investment-grade obligations of state or local governments or instrumentalities thereof rated in one of three highest categories by a competent rating agency. KRS 66.480 (3)(i).
- 10) Shares of mutual funds and exchange traded funds as identified by KRS 66.480 (3)(j).
- 11) Individual equity securities if the funds are managed by a professional investment manager regulated by a federal regulatory agency and are included within the S&P 500 pursuant to KRS 66.480 (3)(k).
- 12) Individual high-quality corporate bonds managed by a professional

Investment manager pursuant to KRS 66.080(1)(c).

**IMPORTANT NOTE:** If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Designated Officials shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Designated Officials will apply the general objectives of safety, liquidity, yield and legality to make the decision.

**1.2 Collateralization**  
Where allowed or required by Kentucky law full collateralization will be required on all deemed deposit accounts, including checking accounts and negotiable (as authorized by respective state statutes) and non-negotiable certificates of deposit. Acceptable collateral for bank deposits and repurchase agreements shall include only:

- Obligations of the U.S. government, its agencies and GSEs, including mortgage-backed securities; or
- Obligations of any state, city, county or authority rated at least AA by two nationally recognized statistical rating organizations.

**(9) INVESTMENT PARAMETERS**  
Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The city shall mitigate credit risk by adopting the following:

- It is the policy of the (City) to diversify its investment portfolios within the restrictions of state and federal law. KRS 66.480(2)(c) limits local government investments in securities to 20% of total investment with no more than 5% of total investment in a single issuer absent exceptions in KRS 66.480(2)(d) 1-4). Furthermore, local governments are restricted from investing 40% of allowed securities investment total in mutual funds and exchange traded funds, individual equity securities, and individual high-quality corporate bonds by KRS 66.480(2)(b).

**(10) PERFORMANCE STANDARDS/EVALUATION**  
The city's investment management portfolio shall be designed with the levels of risk appropriate to conform to performance benchmarks while meeting cash flow demands and comply with state law.

**(11) REPORTING/DISCLOSURE**  
The Designated Officials shall submit, at least, quarterly an investment report that summarizes recent market conditions, economic developments and anticipated investment conditions. The report shall summarize the investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics and other features. The report shall explain the quarter's total investment return and compare the return with budgetary expectations. The report shall include an appendix that illustrates all transactions during the past quarter. The

report shall be in compliance with Kentucky law and shall be distributed to the investment committee and others as required by law. Each quarterly report shall indicate any areas of policy concern and suggested or planned revision of investment strategies. Copies shall be transmitted to the independent auditor. Within 40 days of the end of the fiscal year, the Designated Officials shall present a comprehensive annual report on the investment program and investment activity. The annual report shall include both 12-month and quarterly comparisons of return and shall suggest policies and improvements that might be made in the investment program. Alternatively, this report may be included within the annual Comprehensive Annual Financial Report.

**(12) POLICY CONSIDERATIONS**

**(12.1) Exemption**  
Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

**(12.2) Amendments**  
This policy shall be reviewed on an annual basis. Any changes must be approved by the Designated Officials and any other appropriate authority, as well as the individuals charged with maintaining internal controls.

**(13) APPROVAL OF INVESTMENT POLICY**  
The investment policy and any modifications to that policy shall be formally approved and adopted by the governing body of the City.

**(14) MISCELLANEOUS**  
The following documents, as applicable, are attached to this policy. This will be city specific and many cities will not have some of the below documents:

- Listing of authorized personnel
- Relevant investment statutes and ordinances
- Listing of authorized broker/dealers and financial institutions
- Internal controls
- Investment Guidelines Manual

**Section 5: This ordinance shall take effect upon its reading, adoption and publication according to law.**

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

Introduction and First Reading: 10/14/19

Second Reading and Passage: 10/28/19

\_\_\_\_\_  
Mst Kirk Manser

ATTEST

Nick Bradley, City Clerk

\_\_\_\_\_  
Apt: \_\_\_\_\_  
\_\_\_\_\_  
Sgt: \_\_\_\_\_

First Reading was given the following Ordinance Number 19-27: An Ordinance Amending Ordinance No. 00-18, Known as the City's Zoning Ordinance, and Altering the Zoning Map to

Reflect Said Amendment, Based on the Findings of Fact Made by the Planning and Zoning Board, and Based on said Board's Recommendation of a Zone Change.

**ORDINANCE NO. 19- 21**

AN ORDINANCE AMENDING ORDINANCE NO. 09-18, KNOWN AS THE CITY'S ZONING ORDINANCE, AND ALTERING THE ZONING MAP TO REFLECT SAID AMENDMENT, BASED ON THE FINDINGS OF FACT MADE BY THE PLANNING AND ZONING BOARD, AND BASED ON SAID BOARD'S RECOMMENDATION OF A ZONE CHANGE.

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

That Ordinance No. 09-18, known as the Zoning Ordinance, Somerset, Kentucky, is hereby amended by altering the Zoning Map in the following manner:

- I. By changing a boundary of land presently zoned R-1 to R-1A, and property being more particularly described in Exhibit "A" attached hereto and incorporated herein in full by reference, located at 1208 East Mt. Vernon Street, Somerset, Kentucky, and having PVA Parcel # 075-1-2-04.
- II. The City Clerk of the City of Somerset, Kentucky, is hereby authorized to alter the Zoning Map to reflect said changes.
- III. This Ordinance shall be in full force and effect from and after adoption and publication according to law.

FIRST READING: October 19, 2019

SECOND READING: \_\_\_\_\_

Approved: \_\_\_\_\_  
Mayor

Attest: \_\_\_\_\_  
City Clerk

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**Somerset**

**FINDINGS OF FACT AND RECOMMENDATIONS OF THE CITY OF SOMERSET  
PLANNING & ZONING COMMISSION**

**OWNER:** David Moss Properties, LLC  
**ADDRESS:** 1208 and 1208 1/2 East Mt. Vernon Street  
**PARCEL ID:** 075-1-2-04

On September 24<sup>th</sup>, 2019, the Planning & Zoning Commission of the City of Somerset convened for a special-called meeting and public hearing and at such meeting made findings of fact as to the property described on the plat and zone change application attached hereto and incorporated herein in full by reference.

The Planning & Zoning Commission believes that the recommendation as set forth herein is proper according to law and **MEETS** the requirements for a zone change from R-1 to R-1A due to the following findings of fact:

**ZONE CHANGE IS IN AGREEMENT WITH THE COMPREHENSIVE PLAN FOR PROPERTIES LOCATED AT 1208 AND 1208 1/2 EAST MT. VERNON STREET**

WHEREFORE, the Planning & Zoning Commission via a majority vote agree to **RECOMMEND** to the Common Council of the City of Somerset that the subject property be re-zoned from R-1 to R-1A based on the above findings of fact.

*[Signature]*  
Chairman, Planning & Zoning Commission

*[Signature]*  
City Clerk

\_\_\_\_\_  
Counsel for Planning & Zoning Commission  
(Sign only if legal assistance was sought by the Commission)

ADDITIONAL: This form was prepared by the City Attorney for administrative purposes only. All zoning board recommendations stated on this form and by voters in the future are subject to the discretion of the Commission or other authorized authority, and are outside the authority of the Planning & Zoning Commission or prohibited under the authority of all applicable laws.

**EXHIBIT "A"**

John Adams, City Attorney



Mr. Burdine made a motion to approve the following Ordinance Number 19-25: Amending Ordinance No. 00-18, Known as the City's Zoning Ordinance, and Altering the Zoning Map to Reflect Said Amendment, based on the Findings of Fact Made by the Planning and Zoning Board, and Based on Said Board's Recommendation of a Zone Change. Ms. Bullock seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.

**ORDINANCE NO. 19-25**

AN ORDINANCE AMENDING ORDINANCE NO. 00-18, KNOWN AS THE CITY'S ZONING ORDINANCE, AND ALTERING THE ZONING MAP TO REFLECT SAID AMENDMENT, BASED ON THE FINDINGS OF FACT MADE BY THE PLANNING AND ZONING BOARD, AND BASED ON SAID BOARD'S RECOMMENDATION OF A ZONE CHANGE.

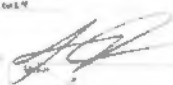

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF SOMERSET, KENTUCKY

This Ordinance No. 19-25, known as the Zoning Ordinance, Somerset, Kentucky, is hereby enacted to alter the Zoning Map in the following manner:

- By changing a boundary of land generally zoned C-1 or R-1, and properties being zoned residentially described as follows: (1) attached forms and associated forms to fall to rezoning located at 125, 126, 127 and 128 Monticello Street, Somerset, Kentucky, and being PUA Parcel# 007-5-3-47, 007-5-3-48, 007-5-3-49 and 007-5-3-50.
- The City Clerk of the City of Somerset, Kentucky is hereby authorized to alter the Zoning Map to reflect said changes.
- This Ordinance shall be in full force and effect from and after adoption and publication according to law.

FIRST READING: September 9, 2019

SECOND READING: October 14, 2019

Mayor:   
 City Clerk: 

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**FINDINGS OF FACT AND RECOMMENDATIONS OF THE CITY OF SOMERSET  
PLANNING & ZONING COMMISSION**

**OWNER:** John Brummett  
**ADDRESS:** 125, 126, 127 and 128 Monticello Street  
**PARCELS No.:** 007-5-3-47, 007-5-3-48, 007-5-3-49 and 007-5-3-50

On August 27<sup>th</sup>, 2019 the Planning & Zoning Commission of the City of Somerset convened for a regular (scheduled) / special called meeting and virtual hearing and at such meeting made findings of fact as to the property described in the plan and zone change application attached herein and incorporated herein in full by reference.

The Planning & Zoning Commission believes that the recommendation to set forth herein is proper according to law and **MEETS** the requirements for a zone change from C-1 to R-1 due to the following findings of fact:

**ZONE CHANGE IS IN AGREEMENT WITH THE COMPREHENSIVE PLAN FOR PROPERTIES  
LOCATED AT 125, 126, 127 AND 128 MONTICELLO STREET**

WHEREFORE, the Planning & Zoning Commission in a majority vote agree to **RECOMMEND** to the Common Council of the City of Somerset that the subject property be rezoned from C-1 to R-1 based on the above findings of fact.

 Administrative Director  
 Chairman, Planning & Zoning Commission

Chairman of Planning & Zoning Commission  
 Sign only if legal assistance was sought by the Commission.

NOT A PUBLIC RECORD  
 This document is for informational purposes only. All findings and recommendations made by the Planning & Zoning Commission are subject to the final decision of the City Council and are subject to the provisions of the Planning & Zoning Ordinance of the City of Somerset.

**EXHIBIT "A"**

John Adams, City Attorney



Mr. Wheeldon made a motion to approve the following Ordinance Number 19-26: Approving the Execution, and Delivery of a Lease Agreement in a Maximum Principal Amount not to Exceed \$7,000,000 for the Purpose of Refinancing the City's Outstanding General Obligation Bonds, Series 2011, the Proceeds of Which Financed the Costs of the Construction of Various Public Projects within the City; Approving the Solicitation of Bids for and the Award of the Lease; Providing for the Payment and Security of the Lease and Deposits to a Sinking Fund; Authorizing the Execution of Various Documents Related to the Lease; and Making Certain Designation Regarding the Lease. Mr. New seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.

CITY OF SOMERSET, KENTUCKY  
ORDINANCE NO. 2019-17

AN ORDINANCE APPROVING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT IN A MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED \$1,000,000 FOR THE PURPOSE OF REFINANCING THE CITY'S OUTSTANDING GENERAL OBLIGATION BONDS (SERIES 2011), THE PROCEEDS OF WHICH FINANCED THE COSTS OF THE CONSTRUCTION OF VARIOUS PUBLIC PROJECTS WITHIN THE CITY, APPROVING THE NEGOTIATION OF BIDS FOR AND THE AWARD OF THE LEASE, PROVIDING FOR THE PAYMENT AND SECURITY OF THE LEASE AND DEPOSIT TO A SINKING FUND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO THE LEASE, AND MAKING CERTAIN DESIGNATIONS REGARDING THE LEASE.

WHEREAS, the City of Somerset, Kentucky (the "City") heretofore issued its General Obligation Bonds, Series 2011 (the "Prior Bonds") the proceeds of which were used to finance a portion of the costs of (i) improvements to the City's water plant, (ii) miscellaneous gas and water improvements and extensions, (iii) streetscape, and (iv) repairs to the City's Great Central Boulevard, all for the use of the City (the "Prior Projects"); and

WHEREAS, the City has determined that the present conditions of the municipal market are more favorable than at the time the Prior Bonds were issued, and it is desirable and appropriate and in the best interests of the City for the City to refinance the Prior Bonds with the proceeds of a Lease Agreement (the "Lease") entered into between the City and a financial institution to be selected by the City after soliciting proposals from eligible bidders (the "Lessor"), in a principal amount not to exceed \$7,000,000, pursuant to Section 65.940 et. seq. of the Kentucky Revised Statutes (the "KRS"); and

WHEREAS, the City desires to solicit proposals for the Lease, in accordance with the law and all legal requirements, and to authorize the Mayor to accept the proposal which offers the lowest financing cost for the Lease.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY:

Section 1. **Affirmation of Facts:** It is hereby found, determined, and declared that the facts, recitals, and definitions set forth in the Preamble of this Ordinance are true and correct and are hereby affirmed, and all acts described in this Ordinance are hereby verified. Such facts, recitals, and definitions are hereby adopted and incorporated as a part of this Ordinance.

Section 2. **Review and Authorization:** The City, its officers, hereby approve the Lease Agreement in substantially the form presented as described in the minutes of this City Council. It is hereby found and determined that the Prior Projects have been and continue to be public property used for public purposes. It is further determined that it is necessary and desirable and in the best interests of the City to enter into the Lease for the purposes stated herein, and the execution and delivery of the Lease and all representations, certifications, and other matters contained in the Closing Memorandum with respect to the Lease, or as may be required by

proposals and awarded by the Mayor of the City, based upon the lowest financing cost to the City. To the extent deemed necessary by the financial advisor of the City, the City hereby approves the preparation of any necessary documents related to the solicitation for the purchase of the Lease (collectively, the "Offering Documents") to be prepared by the City or its Bond Counsel or financial advisor in the usual and customary form, and approves the distribution of such Offering Documents to potential bidders.

Section 6. **Severability:** If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 7. **Open Meetings Law:** This City Council hereby finds and determines that all financial actions relative to the adoption of this Ordinance were taken in an open meeting of this City Council and that all deliberations of this City Council of its committees, if any, which resulted in financial action, were in meetings open to the public, in full compliance with applicable legal requirements.

Section 8. **Conflicts:** All ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed and the provisions of this Ordinance shall prevail and be given effect.

Section 9. **Effective Date:** This Ordinance shall take effect from and after its passage and publication of a summary thereof, as provided by law.

INTRODUCED, SECONDED AND ADOPTED, at a duly convened meeting of the City Council of the City of Somerset, Kentucky, held on September 23, 2019, after first reading held on September 9, 2019, signed by the Mayor of the City, approved by the City Clerk, ordered published in summary form and filed and indexed as provided by law.

Mayor Alan Keck, Somerset, KY  
City Clerk Nick Bradley, Somerset, KY

(Ordinance & Model 1.17 in Final Current price by delivery of the Lease, are hereby approved, verified, and confirmed. The Mayor and Clerk of the City are hereby authorized to execute the Lease, together with such other agreements or certifications which may be necessary to accomplish the transactions contemplated by the Lease.

Section 3. **General Obligation Pledge:** Pursuant to the Constitution of the Commonwealth and KRS Chapters 65 and 66, the obligations of the City created by the Lease shall be a full general obligation of the City and, for the payment of the Lease Payments, the full faith, credit, and taxing power of the City are hereby pledged for the prompt payment thereof. During the period the Lease is outstanding, there shall be and there hereby is levied on all the taxable property in the City, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the Lease Payments when and as due, it being hereby found and determined that current tax rates are within all applicable limitations. Said tax shall be and is hereby ordered computed, levied, and extended upon the tax duplicate and collected by the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended, and collected. Said tax shall be placed before and in preference to all other taxes and for the full amount thereof provided, however, that in each year to the extent that the value taxes of the City are available for the payment of the Lease Payments and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the City shall be reduced by the amount of such other taxes so available and appropriated. Amounts shall be transferred from the Sinking Fund (as defined herein) to the Lessor at the times and in the amounts required by the Lease.

There is hereby established, or it is acknowledged that there has heretofore been established, a sinking fund (the "Sinking Fund") with the Lessor in accordance with the requirements of KRS Chapter 66, which is hereby ordered to be continued and maintained as long as the Lease shall remain outstanding. The funds derived from said tax levy hereby imposed or when available taxes shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of all bonds issued under KRS Chapter 66 and "tax supported issues," as defined in KRS Chapter 66, including the Lease, when and as the same fall due.

Section 4. **Designation as Qualified Tax-Exempt Obligation:** Pursuant to Section 265(b)(7)(B)(ii) of the Internal Revenue Code of 1986 (the "Code"), the City designated the Prior Bonds as "qualified tax-exempt obligations" for purposes of Code Section 265(b)(1), in compliance with Code Section 265(b)(3)(D). The City hereby represents that the City (including all "subordinate entities" of the City within the meaning of Code Section 265(b)(3)(D)) did not issue "qualified tax-exempt obligations" in an amount greater than \$10,000,000 in the calendar year that the Prior Bonds were issued. To the extent the City does not meet the "qualified tax-exempt obligations" for the purposes of Code Section 265(b)(1) as it pertains to the Prior Bonds, the City hereby designates the Lease as a "qualified tax-exempt obligation" for purposes of Code Section 265(b)(1) and the City hereby represents that the City (including all "subordinate entities" of the City within the meaning of Code Section 265(b)(3)(D)) reasonably anticipates that it will not designate in calendar year 2019, "qualified tax-exempt obligations" in an amount greater than \$10,000,000.

Section 5. **Indemnification of Bond:** The Lease shall be void, as provided by law, to the extent either the law proposed, hereinafter set forth as "Purchase" pursuant to a substitution for

CERTIFICATE

I, the undersigned Clerk of the City of Somerset, certify that the foregoing is a true copy of an Ordinance adopted by the City Council of the City of Somerset at a meeting of the City Council held on September 23, 2019.

I further certify that all actions taken in connection with the Ordinance were in compliance with the requirements of KRS 61.810, 61.815, 61.820 and 61.825, and that said Ordinance is now in full force and effect, all as appears from the official records of the City in its custody and under my control.

Witness my hand as Clerk of the City of Somerset this September 23, 2019.

City Clerk Nick Bradley, Somerset, KY

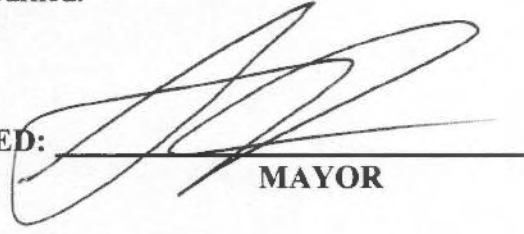
Mr. Burdine made a motion to approve the following Tax Refunds: \$48.88 to Ray & Sheila Chaney for a 2018 Homestead Exemption and \$48.88 to James Brink for a 2018 Homestead Exemption. Mr. T. Eastham seconded the motion. Upon roll call the following Council



Members voted "Aye": Mr. J. Eastham, Mr. Girdler, Mr. New, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.

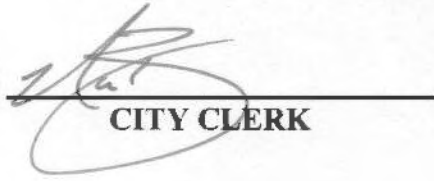
There being no further business the meeting adjourned.

APPROVED: \_\_\_\_\_



MAYOR

ATTEST: \_\_\_\_\_



CITY CLERK