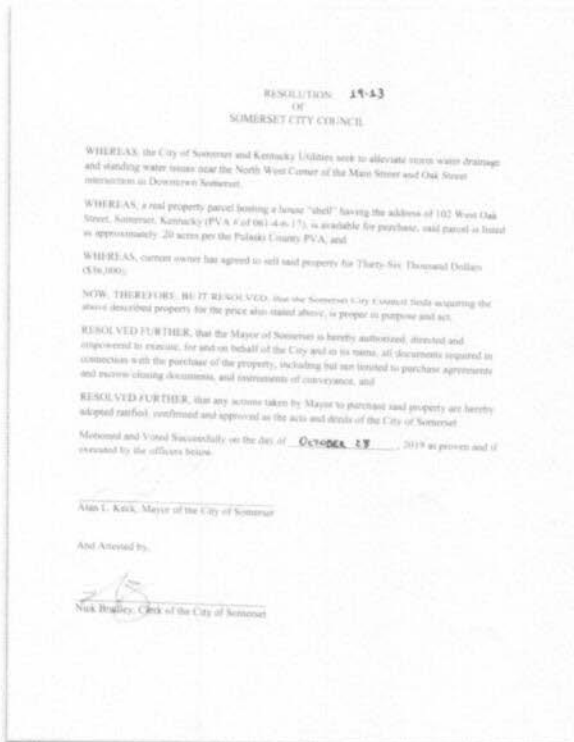


MINUTES OF MEETING HELD OCTOBER 28, 2019

The Common Council of the City of Somerset, Kentucky met in a regular meeting on Monday October 28, 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, David Burdine, Brian Dalton, Mayor Alan Keck, City Attorney John Adams, and City Clerk Nick Bradley. Absent: Jim Mitchell, Tom Eastham, and Jerry Wheeldon.

Mr. New moved to approve the minutes of the regular meeting held on October 14, 2019 along with reports as mailed. Mr. Godsey 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. Burdine, and Mr. Dalton.

Mr. J. Eastham made a motion to approve the following Resolution Number 19-13: Authorizing the Purchase of 102 West Oak Street for \$36,000. 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. Burdine, and Mr. Dalton.



Mr. Burdine made a motion to approve the following Resolution Number 19-14: Authorizing the Purchase of 84 Highway 914 for \$450,000. Mr. Dalton 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. Burdine, and Mr. Dalton.

RESOLUTION 19-14
OF
SOMERSET CITY COUNCIL

WHEREAS, the City of Somerset has various garage and other locations for its Sanitation and Street Departments,

WHEREAS, consolidation of the locations with good industrial garage building and shed storage for equipment is a wise and prudent use of City resources,

WHEREAS, a real property parcel with garage buildings, sheds, and empty lot area is available at 84 Highway 914, Somerset, Kentucky (PVA # of 877-1 0-22), is available for purchase, said parcel is approximately 10 acres according to the listing with the PVA, and

WHEREAS, current owner has agreed to sell said property for Four Hundred and Fifty Thousand Dollars (\$450,000);

NOW, THEREFORE, BE IT RESOLVED, that the Somerset City Council finds acquiring the above described property for the price stated above, is proper in purpose and act,

RESOLVED FURTHER, that the Mayor of Somerset is hereby authorized, directed and empowered to execute, for and on behalf of the City and in its name, all documents required in connection with the purchase of the property, including but not limited to purchase agreements and escrow/closing documents, and instruments of conveyance, and

RESOLVED FURTHER, that any actions taken by Mayor to purchase said property are hereby adopted, ratified, confirmed and approved as the acts and deeds of the City of Somerset.

Motioned and Voted Successfully on the day of October 28, 2019 as proven and if executed by the officers below

Alan L. Kuck, Mayor of the City of Somerset

And Attested by:

Nick Bradley, Clerk of the City of Somerset

Mr. New made a motion to approve 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. Mr. Godsey 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. Burdine, and Mr. Dalton.

ORDINANCE NO. 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;

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

This Ordinance No. 0018, known as the Zoning Ordinance, Somerset, Kentucky, is hereby amended by altering the Zoning Map in the following manner:

- By changing a boundary of land presently zoned R-1 to R-1A, said property being more particularly described in Exhibit "A" attached hereto and incorporated hereto in full by reference, located at 1208 East Mt. Vernon Street, Somerset, Kentucky, and having PVA Parcel # 075-5-2-04.
- 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: October 24, 2019

SECOND READING: October 27, 2019

Approved: _____
Mayor

Attest: _____
City Clerk

Page 7 of 8


Somerset

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

OWNER: David Moss Properties, LLC
ADDRESS: 1208 and 1208 N East Mt. Vernon Street
PARCEL #: 075-5-2-04

On September 24th, 2019, the Planning & Zoning Commission of the City of Somerset convened for a special called meeting and public hearing and all such meeting made findings of fact as to the property described in the just said zone change application attached hereto and incorporated herein in full by reference.

The Planning & Zoning Commission believes that the recommendation as set forth below 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 N 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.

Chairman, Planning & Zoning Commission

Administrative Officer

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

DISCLAIMER
This form was prepared for the City of Somerset for administrative purposes only. It is designed solely for informational purposes and is not intended to be used as a substitute for the services of a professional engineer, architect, or other qualified professional, and the user hereby warrants that the Planning & Zoning Commission is permitted under the authority of all applicable laws.

EXHIBIT "A"

John Adams, City Attorney



Mr. Burdine made a motion to approve the following Ordinance Number 19-28: Enacting the City of Somerset Investment and Financial Policy. Mrs. Hunley 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. Burdine, and Mr. Dalton.

THE CITY OF SOMERSET
ORDINANCE #19-28
ENACTING THE CITY OF SOMERSET INVESTMENT AND FINANCIAL MANAGEMENT POLICY, ORDINANCE NO. 19-28

WHEREAS, the 2019 Kentucky General Assembly substantially revised KRS 66-490;

WHEREAS, the City finds it necessary to amend its current investment and financial management policy any existing;

WHEREAS, it is in the best interest of the City to enact an investment and financial management policy consistent with KRS 66-490;

NOW THEREFORE, BE IT ORDAINED BY THE CITY:

Any Ordinance, or an Ordinance provision, relating to investment and financial management, is hereby **REPEALED** in its entirety.

The City hereby adopts an investment and financial management policy, by ordinance as follows:

(1) GENERAL INVESTMENT POLICY

It is the policy of the City to invest public funds in a manner which will provide the maximum safety and highest investment of principle while meeting the daily cash flow demands on the City and conforming to both KRS 91.140 and KRS 66-490. This investment policy applies to all financial assets held directly by the City. These financial assets are accounted for in the City's annual financial report and include all monies in investment fund accounts.

(2) SCOPE

This investment policy applies to all financial assets held directly by the city. These financial assets are accounted for in the city's annual financial report and include all monies in the following funds:

- General Fund
- Special Revenue Fund
- Capital Projects Fund
- Enterprise Fund
- Utility Depreciation Fund
- Agency Fund
- Any new fund created by the governing body

Financial assets of the city held and received by trustees or fiscal agents are excluded from these policies; however, such assets shall be invested in accordance with state laws applicable to the investment of local government funds and in accordance with the City's primary investment objectives.

(3) INVESTMENT OBJECTIVES

The City's primary investment objectives, in order of priority, are the following:

3.1 Safety

Safety of principle is the foremost objective of the City's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal is to mitigate credit risk and interest rate risk.

3.2 Liquidity

The City's investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

3.3 Return on Investment

The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

(4) INVESTMENT AUTHORITY

Management's responsibility for the City's investment program is the joint responsibility of the Designated Officials which shall be the Mayor and the City Treasurer. Both shall share the authority, subject to the approval of the governing body, to establish additional specific written procedures for the operation of the investment program that are consistent with this investment policy. The procedures shall include explicit delegations of authority, if any, to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Designated Officials. These Designated Officials shall be ultimately responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and employees. The controls shall be designed to prevent and control losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or impudent actions by officers and employees. The Designated Officials shall maintain all records related to the city's investment program.

(5) STANDARDS OF CARE

5.1 Prudence

The actions of the Designated Officials in the performance of their duties as manager of the City's funds shall be evaluated using the "prudent person" standard. Investments shall be made with judgment and care under prevailing

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, the investment policy, and exercising due diligence, shall be relieved of personal responsibility for an individual security's performance, provided that deviations from expectations are reported in a timely fashion to the governing body and appropriate action is taken to control adverse developments.

5.2 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal activities 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 interests in financial institutions with which they conduct business. Disclosure 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.

5.3 Delegation of Authority

(a) Governing Body

The governing body will retain ultimate fiduciary responsibility for the portfolio. The governing body will receive monthly reports, 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 the 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 seek to act responsibly in consideration 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 Adviser

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 Advisers Act of 1940.

(6) AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER-DEALERS

A list will be maintained of financial institutions and depositories 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" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

6.1 The Designated Officials shall determine which financial institutions are authorized to provide investment services to the city. Institutions eligible to transact investment business with the 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 Fund Plus.

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

6.3 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 counterparties),
- Certification of having read and understood and agreeing to comply with the city's investment policy, and
- Evidence of adequate insurance coverage.

6.4 All financial institutions who desire to become depositories 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.

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

40. Minutes, Emergencies and Contingency Financial Institutions

From time to time, the Designated Officials may choose to invest in instruments offered by insurance, emerging, and contingent 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.

41. Competitive Process

- (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 in the same specific issue, then the Designated Officials shall document questions for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer these 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 execution on each transaction. The investment adviser will retain documentation and provide upon request.

(C) SAFEKEEPING AND CUSTODY

7.1 Delivery to 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 city's safekeeping 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 70, 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 possible, 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.

(D) SUITABLE AND AUTHORIZED INVESTMENTS

8.1 Investment Types and Credit Standards

Consistent with the CFAA Policy Statement and Kentucky laws and city ordinances concerning investment practices, the investments as defined by KRS 66.400, are allowed if KRS 66.400 (2) restricts overall investment to (a), (f), (g), (k), and (l) of the following types of securities to 20% of total local government investments:

- a) U.S. government obligations and instrumentality including obligations subject to repurchase, or delivery of these obligations is taken directly or through an authorized custodian. KRS 66.400 (3)(a)
- b) 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 66.400 (3)(b)
- c) Federal Agency or U.S. government-sponsored enterprises (GSE) obligations, participations or other instruments. KRS 66.400 (3)(c)
- d) 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 obligations, including money funds, permitted by KRS 41.240. KRS 66.400 (3)(d)
- e) Unleveraged CDs issued by any bank or savings and loan having a physical presence in Kentucky rated in one of three highest categories by a competent rating agency. KRS 66.400 (3)(e)
- f) Bankers' acceptances, which must be rated in one of the three highest categories by a competent rating agency. KRS 66.400 (3)(f)
- g) Commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or E-1 or higher) by a competent rating organization. KRS 66.400 (3)(g)
- h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities. KRS 66.400 (3)(h)
- i) Investment grade obligations of state or local governments or instrumentalities (rated one of three highest categories by a competent rating agency). KRS 66.400 (3)(i)
- j) Shares of mutual funds and exchange traded funds as identified by KRS 66.400 (3)(j)
- k) Individual equity securities if the funds are managed by a professional investment manager regulated by a federal regulatory agency and are included within the IIF 500 pursuant to KRS 66.400 (3)(k)
- l) Individual high-quality corporate bonds managed by a professional

investment manager pursuant to KRS 66.400 (3)(l)

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.

8.2 Collateralization

Where allowed or required by Kentucky law, full collateralization will be required on all demand 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 66.400 (2)(a) limits local government investment in securities to 20% of total investment with no more than 5% of total investment in a single issuer absent exceptions in KRS 66.400 (2)(k)-(l). 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 66.400 (2)(b).

(10) PERFORMANCE STANDARD-BASED EVALUATION

The city's investment management portfolio shall be designed with the levels of risk appropriate to conform to performance benchmarks while meeting such other 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 objectives, investment, risk characteristics and other features. The report shall explain the quarter's investment return and compare the return with budgetary expectations. The report shall include an appendix that discloses 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 Exceptions

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. An maturity or liquidation, such matters shall be reviewed 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

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

Adopted this 15th day of OCTOBER, 2019.
Introduction and First Reading: 10/14/19
Second Reading and Passage: 10/28/19

Alan Kirk, Mayor

ATTEST:

Mik Bradley, City Clerk

Aye votes: 9
Nay votes: 0

Mr. Godsey made a motion to approve the following tax refunds: \$51.09 to Chris & Jenna Walker for a 2019 Homestead Exemption, \$48.88 to Thomas Taksa for a 2018 Homestead Exemption, \$48.88 to Joseph Kirkpatrick III for a 2018 Homestead Exemption, and \$48.88 to Larry Shadoan for a 2018 Homestead Exemption.

There being no further business the meeting adjourned.

APPROVED: _____

MAYOR

ATTEST: _____

CITY CLERK