

**MINUTES OF PUBLIC COMMENT PERIOD FOR THE DOWNTOWN PROSPERITY  
DEVELOPMENT AREA TIF HELD OCTOBER 26, 2020**

A public hearing on the development plan (the “Development Plan”) for the Downtown Prosperity Development Area (the “Development Area”) was held as required by KRS 65.7051 by the City of Somerset, Kentucky (the “City”) at 6:00 p.m. on October 26, 2020. No one from the public was present to discuss the plan. Jim Parsons and Chris Girdler presented the plan to the public.

**MINUTES OF PUBLIC COMMENT PERIOD FOR THE EDUCATION & UNIVERSITY  
DEVELOPMENT AREA TIF HELD OCTOBER 26, 2020**

A public hearing on the establishment of the Education & University Local Development Area (the “Local Development Area”) was held as required by KRS 65.7047 by the City of Somerset, Kentucky (the “City”) following the public hearing on the Downtown Prosperity Development Area. No one from the public was present to discuss the plan. Jim Parsons and Chris Girdler presented the plan.

**MINUTES OF MEETING HELD OCTOBER 26, 2020**

The Common Council of the City of Somerset, Kentucky met in a regular meeting on Monday October 26, 2020 at 6:38 p.m. with the following present: Council Members; Jimmy Eastham, Jerry Girdler, Kevin Slone, 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 October 12, 2020 along with reports as mailed. Mr. Dalton seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. J. Eastham, Mr. Girdler, Mr. Slone, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.

Mrs. Hunley made a motion to approve the following Resolution Number 20-24: Authorizing the Filing of A 2020 Kentucky Community Development Block Grant (CDBG) Public Services Application. Mr. Girdler seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. J. Eastham, Mr. Girdler, Mr. Slone, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.

RESOLUTION 20 24

RESOLUTION OF THE CITY OF SOMERSET, KENTUCKY AUTHORIZING THE FILING OF A 2020 KENTUCKY COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PUBLIC SERVICES APPLICATION

WHEREAS it is necessary and in the public interest that the City avail itself of the financial assistance provided by Title I of the Housing and Community Development Act of 1974 and the 1981 Amendments permitting the Kentucky Department for Local Government, Division of Community Development, to commence a Community Development Program within the community and

WHEREAS it is recognized that the Federal/State contract for such financial assistance pursuant to said Title I will impose certain obligations and responsibilities upon the City and will require among other things

- (1) Approval of a satisfactory application transmitted to the Kentucky Department for Local Government, Office of Federal Grants.
- (2) Certification by the City Council relating to activities such as civil rights citizen participation relocation payments acquisition of properties national environmental policies and accounting practices and.
- (3) Other local obligations and responsibilities in connection with the undertaking and carrying out of the Kentucky Community Development Block Grant Program and.

WHEREAS in those areas where acquisition and clearance is proposed the objectives of the program cannot be achieved through more extensive rehabilitation and a displacement strategy has been formulated

NOW, THEREFORE, BE IT ORDERED by the common council of the City of Somerset

- (1) That the United States of America and the Commonwealth of Kentucky be and hereby are assured of full compliance by the City Council with certification relating to all regulations and administration of Civil Rights Act citizen participation relocation payments acquisition processes accounting procedures the Hatch Act minimum wage and minimum hour provisions of the Fair Labor Standards Act. and all requirements of the National Environmental Policy Act of 1968
- (2) That the Mayor, on behalf of the City of Somerset is authorized and directed to prepare such certification and to assure full compliance with all certifications as outlined in (1) above and all other pertinent regulations

- (3) That an application on behalf of the City of Somerset for a grant of up to \$200,000 for a Public Services application of said Title I funds is hereby approved and that the Mayor is hereby authorized to expose and file such application with the State Department for Local Government, to provide such additional information and to furnish such documentation as may be required and to act as the authorized correspondent of the City of Somerset relating to the Kentucky Community Development Block Grant Program

The Resolution order shall be effective immediately upon passage by the Somerset City Council

DATE ADOPTED: October 26, 2020

MOTION: Mr. Hunley

SECONDED: Mr. Gedler

VOICE	YEB	NO
Councilman David Burdine	X	
Councilman Brian Dalton	X	
Councilman Jerry Wheelton	X	
Councilman Jimmy Eastham	X	
Councilman Jerry Gedler	X	
Councilman Mike New	X	
Councilman Donna Hunley	X	
Councilman John Minton	X	
Councilman David Godsey	X	
Councilman Amanda Bullock	X	
Councilman Tom Eastham	X	

Alan Keck, Mayor

Attest:  
Nick Braddy, City Clerk

First reading was given the following Ordinance Number 20-25: Making Certain Findings Concerning and Establishing A Development Area for Economic Development Purposes within the City to be known as the Downtown Prosperity Development Area; Approving a Local Participation Agreement between City, the Accounting Department of the City of Somerset, Kentucky, and any other Local Taxing Districts that Agree to be a Party to the Local Participation Agreement; Establishing an Incremental Tax Special Fund for Payment of Project Costs and Redevelopment Assistance; Designating the Accounting Department of the City of Somerset, Kentucky, as the Agency Responsible for Oversight, Administration and Implementation of the Development Area; Authorizing the Mayor and Other Officials to take such other Appropriate Actions as are Necessary or Required in Connection with the Establishment of the Development Area.

ORDINANCE NO 20 25

AN ORDINANCE OF THE CITY OF SOMERSET, KENTUCKY (THE "CITY") MAKING CERTAIN FINDINGS CONCERNING AND ESTABLISHING A DEVELOPMENT AREA FOR ECONOMIC DEVELOPMENT PURPOSES WITHIN THE CITY TO BE KNOWN AS THE DOWNTOWN PROSPERITY DEVELOPMENT AREA, APPROVING A LOCAL PARTICIPATION AGREEMENT BETWEEN THE CITY, THE ACCOUNTING DEPARTMENT OF THE CITY OF SOMERSET, KENTUCKY AND ANY OTHER LOCAL TAXING DISTRICTS THAT AGREE TO BE A PARTY TO THE LOCAL PARTICIPATION AGREEMENT, ESTABLISHING AN INCREMENTAL TAX SPECIAL FUND FOR PAYMENT OF PROJECT COSTS AND REDEVELOPMENT ASSISTANCE DESIGNATING THE ACCOUNTING DEPARTMENT OF THE CITY OF SOMERSET, KENTUCKY AS THE AGENCY RESPONSIBLE FOR OVERSIGHT, ADMINISTRATION AND IMPLEMENTATION OF THE DEVELOPMENT AREA, AUTHORIZING THE MAYOR AND OTHER OFFICIALS TO TAKE SUCH OTHER APPROPRIATE ACTIONS AS ARE NECESSARY OR REQUIRED IN CONNECTION WITH THE ESTABLISHMENT OF THE DEVELOPMENT AREA.

WHEREAS the City of Somerset, Kentucky (the "City"), by virtue of the laws of the Commonwealth of Kentucky (the "State"), Kentucky Revised Statutes, specifically Sections 65.7041 to 65.7083 as may be amended (the "Act") is authorized to, among other things: (1) establish a development area to encourage investment in and development and reuse of areas of the City; (2) enter into agreements in connection with the establishment and development of a development area; (3) establish a special fund for deposit of incremental revenues resulting from the development of a development area; and (4) designate an agency to oversee, administer and implement projects within a development area; and

WHEREAS the City desires to establish a "development area" as defined in the Act to encourage investment and development within such development area and to pledge a portion of the "incremental revenues" as defined in the Act generated from the development of such development area to encourage investment in and provide for the payment Redevelopment Assistance and/or Approved Public Infrastructure Costs (as defined herein) within such development area; and

WHEREAS the City has identified a contiguous tract of previously developed land consisting of not more than three (3) square miles within the City specifically described in Exhibit A to this Ordinance that is in need of redevelopment and which is not reasonably expected to be developed without public assistance; and

WHEREAS more than half of the structures within the Development Area are deteriorated or deteriorating, there is a need for new public infrastructure to support new development within the Development Area, there has been a substantial loss

commercial, industrial and residential activity in the Development Area, there has been substantial abandonment of commercial, industrial and residential structures within the Development Area, and the conditions within the Development Area have negatively impacted the growth and development of the City; and

WHEREAS the City has determined to establish the Development Area as pursuant to the Act to encourage investment and development within the Development Area; and

WHEREAS the City has agreed to support and encourage development within the Development Area by pledging certain Incremental Revenues (defined below) to the payment of Bonds or to otherwise provide Redevelopment Assistance or pay for Project Costs if bonds are not issued under a Local Participation Agreement (defined below); and

WHEREAS the City has prepared and presented a "Development Plan" as defined in the Act for the consideration and adoption of the City proposing the redevelopment of the Development Area; and

WHEREAS the City, as required by the Act, held a public hearing on October 28, 2020, after giving proper notice concerning the City's intention to consider the adoption of the Development Plan; and

WHEREAS the adoption of the Development Plan and the establishment of the Development Area are for a public purpose and that the establishment and creation of the Development Area within the City is for the benefit and welfare of the City's citizens; and

WHEREAS the City deems it necessary to enact this Ordinance in accordance with the Act and for the purposes set forth and described herein and in the Act.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF SOMERSET, KENTUCKY AS FOLLOWS:**

SECTION 1. Definitions

1.1 The capitalized terms set forth below when used in this Ordinance shall have the following meanings:

"Act" means Kentucky Revised Statutes, Sections 65.7041 to 65.7083, KRS 154.30-010 to KRS 154.30-090 and KRS 130.515.

"Agency" means the Accounting Department of the City of Somerset, Kentucky.

"Approved Public Infrastructure Costs" shall have the meaning as provided in the Act and in the Local Participation Agreement.

2

"Bonds" means bonds or notes issued pursuant to the Act to pay for Redevelopment Assistance and/or Approved Public Infrastructure Costs, the payment of which Bonds shall be supported solely by Incremental Revenues pledged by the City, the Local Taxing Districts, and/or the State.

"Development Area" means a contiguous geographic area of previously developed land, located within the geographical boundaries of the City, which is created for economic development purposes by this Ordinance in which a Project is proposed to be located and consisting of less than three square miles in area, with the actual size being approximately 81 acres, as more specifically described in Exhibit A attached to this Ordinance to be known as the "Downtown Prosperity Development Area".

"Development Plan" means the Development Plan for The Downtown Redevelopment TIF Development Area attached to this Ordinance as Exhibit C.

"Establishment Date" means the date that the Development Area is established pursuant to the Act and this Ordinance.

"Financing Costs" shall mean principal interest costs of issuance, debt service reserve requirements, underwriting discount costs of credit enhancement or liquidity instruments and other costs directly related to the issuance of bonds or debt for Approved Public Infrastructure Costs Redevelopment Assistance within the Development Area.

"Incremental Revenues" means the amount of revenues received by the City and Local Taxing Districts with respect to the Development Area and the State with respect to a Footprint (as defined in the Act) for projects within the Development Area that may be approved by the State) by subtracting Old Revenues (as defined in the Act and the Local Participation Agreement) from New Revenues (as defined in the Act and the Local Participation Agreement) in a calendar year.

"KEDFA" means the Kentucky Economic Development Finance Authority.

"Local Participation Agreement" shall mean the Local Participation Agreement between City, Local Taxing Districts, and the Agency, the form of which is attached to this Ordinance as Exhibit B.

"Local Taxing Districts" shall mean any local taxing district, other than the City or the Somerset Independent School District, that may agree to pledge their respective Incremental Revenues to the Development Area as party to the Local Participation Agreement.

"Pledged Revenues" means that portion of the Incremental Revenues which are pledged by the City and Local Taxing Districts pursuant to the Local Participation Agreement or State pursuant to a Tax Incentive Agreement to the pay for Redevelopment Assistance, Project Costs and/or Approved Public Infrastructure Costs within the Development Area.

3

"Project" means the proposed comprehensive redevelopment project within the Development Area, more specifically described in the Development Plan, being undertaken by various developers or public agencies.

"Project Costs" means any capital investment (as defined in the Act) expended to construct the Project.

"Redevelopment Assistance" shall have the meaning as provided in the Act.

"State" shall have the meaning given such term in the recitals.

"Tax Incentive Agreement" shall mean the agreement entered into pursuant to KRS 154.30-010 to KRS 154.30-090 and KRS 130.515 of the Act between the Kentucky Economic Development Finance Authority and the Agency relating projects eligible for a pledge of State Incremental Revenues under the Act within the Development Area.

1.2 All capitalized terms used in this Ordinance and not defined above or in the recitals to this Ordinance shall have the meaning as set forth in the Act, as of the effective date of this Ordinance.

SECTION 2. Findings and Determinations. In accordance with the Act, the City hereby makes the following findings and determinations with respect to the Development Area:

(a) The Development Area consists of a contiguous tract of land that is not more than three (3) square miles. The actual size of the Development Area is 81 acres.

(b) The Development Area constitutes previously developed land as required by KRS 65.7043.

(c) The establishment of the Development Area will not cause the assessed value of taxable real property within the Development Area and within all "development areas" and "local development areas" (as those terms are defined in the Act) established by the City to exceed twenty percent (20%) of the assessed value of all taxable real property within the City. The assessed value of taxable real property within the Development Area is \$11,944,250. Concurrently with the establishment of the Development Area, the City intends to establish the Education & Convention Center Local Development Area, which has a taxable real property assessment of \$6,206,500. When that amount is added to the tax real property assessment of the Development Area, the combined taxable real property assessment for both areas is \$17,252,750. When that number is compared to the City's total taxable real property assessment of \$917,894,956 for calendar year 2020, only 1.9% of the City's taxable real property taxable assessment would be within an established local development area or development area.

(d) There has been a substantial loss of residential, commercial, or industrial activity within the Development Area, Cundiff Square, which is centrally

4

located within the Development Area was once a commercial hub in the City's downtown and housed over 40 different commercial units and businesses. The Development Area also was a vibrant residential area. Over time, many of the businesses within the Development Area either closed or moved to other locations in the City, and many of the residential structures are now vacant. The area today is a shell of its former self and is ripe and ready for redevelopment.

(e) More than fifty percent (50%) of the residential commercial or industrial structures within the Development Area are deteriorating or deteriorated. Most of the structures within the Development Area are older and show significant signs of deterioration. The pictures attached as Exhibit C to the Development Plan represent a fair depiction of the condition of most of the structures within the Development Area. Many of the structures are beyond repair and should be demolished.

(f) There has been substantial abandonment of the residential and commercial structures within the Development Area. Many of the structures within the Development Area are vacant and their business or residential uses have been abandoned. The vacant structures are unsafe and have become a haven to the homeless and illegal drug activity. The pictures in Exhibit C to the Development Plan show a number of vacant and abandoned structures.

(g) There are inadequate improvements or substantial deterioration of public infrastructure to support the proposed new development within the Development Area. Support of the Project and the redevelopment of the Development Area will require the investment of significant new infrastructure including site development and clearing, new streets, storm and sanitary sewers, utilities, and public parks and public amenities.

(h) A combination of factors substantially impairs or arrests the growth and economic development of the city or county and impedes the development of commercial or industrial property due to the Development Area's present condition and use. Being located in the City's downtown and part of the City's original commercial area creates a challenge to redevelopment of the Development Area. Most of the new commercial investment taking place in the City is along the newer transportation corridors that by-pass and isolate the City's downtown area, especially the Development Area. The commercial shift caused by the new transportation corridors makes it difficult to get any substantial new investment in the Development Area.

(i) That the Development Area is not reasonably expected to be developed without public assistance. The City finds the Development Area is not reasonably expected to develop without public assistance including, but not limited to, assistance available under the Act. The extreme cost of the infrastructure and other investment needed to redevelop the Development Area makes public assistance critical to the redevelopment of the Development Area.

(j) That the public benefits of redeveloping the Development Area justify the public costs proposed. The City finds that the public benefits of redeveloping

5

the Development Area justify the public costs involved. It is estimated that providing incentives through the establishment of the Development Area, combined with other incentives available, has the potential of significantly increasing new investment and creating new jobs within the Development Area. The work program of current or proposed projects within the Development Area as set forth in Section 3 of the Development Plan includes projects with a potential combined capital investment of over \$100 Million and will create over 300 new jobs. These projects will encourage other projects and will raise property values within the entire Development Area. The resulting increases in new City and Local Taxing Districts' taxes from these developments will more than offset the incentives recommended through the establishment of the Development Area. While the Development Plan recommends the City commit seventy-five percent (75%) of the incremental increase in real property ad valorem taxes and occupational taxes to pay for redevelopment assistance and projects costs within the Development Area, there will be still be a net benefit in new revenues to the City. First of all the establishment of the Development Area will not impact the amount of any existing City tax revenues generated within the Development Area. Secondly, the City will retain 25% of the incremental increase in revenues from real property taxes and occupational taxes. Finally, the Project will generate other taxes to the City and other taxing districts, including personal property taxes, insurance premium taxes, etc. which will not be impacted by any pledge of incremental revenues through the establishment by the City of the Development Area.

(k) That the area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise.

**SECTION 3 Establishment, Name, Boundaries.** All that area described in Exhibit A to this Ordinance located within the City and is hereby established and designated as the Downtown Prosperity Development Area. At the time of the enactment of this Ordinance the Development Area is less than three (3) miles.

**SECTION 4 Establishment Date, Commencement Date, Termination Date.** The Establishment Date is the effective date of this Ordinance. The Commencement Date of the Development Area is the date of execution of the Local Participation Agreement and the Termination Date shall be in accordance with the term of the pledge in accordance with Chapter 424 of the Kentucky Revised Statutes as amended. It is hereby confirmed that a copy of the Development Plan was filed with City Clerk and with the Fiscal Court Clerk of the County prior to the notice of the public hearing being advertised.

**SECTION 5 Adoption of Development Plan.** The City hereby adopts the Development Plan attached to this Ordinance as Exhibit C. The City finds and determines that a public hearing was duly held on October 28, 2020 to solicit public comment on the Development Plan, following publication of notice thereof in accordance with Chapter 424 of the Kentucky Revised Statutes as amended. It is hereby confirmed that a copy of the Development Plan was filed with City Clerk and with the Fiscal Court Clerk of the County prior to the notice of the public hearing being advertised.

6

**SECTION 6 Local Participation Agreement.** The Mayor of the City and the Chief Financial Officer of the Agency are hereby authorized and directed to execute, acknowledge and deliver on behalf of the City and the Agency, the Local Participation Agreement which authorizes the pledge of a portion of the Incremental Revenues of the City from the Development Area to the payment of Redevelopment Assistance, Project Costs and/or Approved Public Infrastructure Costs and related Financing Costs, the form of Local Participation Agreement to be signed by the Mayor on behalf of the City, the Local Taxing Districts and by the Agency, shall be in substantially the form attached to this Ordinance, subject to further negotiations and changes therein that are not inconsistent with the Ordinance and not substantially adverse to the City and Agency. The approval of such changes by said officers and that such changes are not substantially adverse to the City and Agency shall be conclusively evidenced by the execution of, as applicable, such Local Participation Agreement by such officials.

**SECTION 7 Special Fund.** There is hereby established a Special Fund of the City to be known as the Downtown Prosperity Development Area Tax Increment Fund, which will be maintained by the Agency, into which the City covenants to deposit and into which City officials are hereby authorized and directed to deposit all Pledged Revenues. The Agency shall maintain the Special Fund unencumbered except for the purposes set forth in Section 8 of this Ordinance. Funds deposited in the Special Fund shall be disbursed in accordance with the Act, this Ordinance, the Local Participation Agreement and any applicable Tax Incentive Agreement, the Development Plan and related documents to pay for Redevelopment Assistance, Project Costs and/or Approved Public Infrastructure Costs and Financing Costs within the Development Area.

**SECTION 8 Use of Pledged Revenues.** Pledged Revenues shall be deposited by the City into the Special Fund created under Section 7 of this Ordinance and shall be used solely to: (a) pay directly for Redevelopment Assistance, Project Costs and Approved Public Infrastructure Costs as determined from time to time by the City and Agency in accordance with the Local Participation Agreement and any Tax Incentive Agreement; (b) pay debt service and costs of issuance on the Bonds, including Financing Costs, which may be issued by the City to finance Redevelopment Assistance, Project Costs and/or Approved Public Infrastructure Costs; and (c) for such other purposes as may be determined by the City and Agency and that are appropriate and in compliance with the purposes set forth in the Ordinance, the Local Participation Agreement, any applicable Tax Incentive Agreement, the Development Plan and the Act, as the same may be amended from time to time.

**SECTION 9 Periodic Accounting / Analysis.** Any entity, other than the City that receives financial assistance pursuant to the provisions of this Ordinance, whether in the form of a grant or loan or loan guarantee shall make a periodic accounting to the governing body of the City in accordance with the Act and the documents controlling such grant, loan or loan guarantee. The governing body of the City shall be required to review and analyze the progress of the development activity in the Development Area on an annual basis. Such reports shall, at a minimum, include a review of the progress in meeting the stated goals of the Development Area. The Mayor and other officials of

7

the City and the Agency shall report to the governing body of the City during such reviews and shall when necessary invite developers to participate in the review process to report on the progress of their developments within the Development Area. The review and documentation supporting the review shall be forwarded to KEDFA in accordance with the Act for any projects that have been provided assistance by KEDFA.

**SECTION 10 Designation of Oversight Agency.** Pursuant to the Act, the City hereby designates the Agency as the "agency" of the City for purposes of oversight administration and review responsibility of this Ordinance, the Local Participation Agreement and the Development Area established by this Ordinance. The Agency shall act on behalf of the City in administering the Development Area, entering into development agreements and other related agreements with respect to the development of the Development Area and the financing of Redevelopment Assistance, Project Costs and/or Approved Public Infrastructure Costs within the Development Area, including making application(s) to KEDFA or other related State agencies for projects within the Development Area that may qualify for a pledge of State incremental revenues under the Act or other State assistance.

**SECTION 11 Severability.** The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of the Ordinance.

**SECTION 12 Repeal of Conflicting Orders and Ordinances.** All prior resolutions, municipal orders or ordinances or parts of any resolution, municipal order or ordinance in conflict herewith are hereby repealed.

**SECTION 13 Effective Date.** This Ordinance shall be in full force and effect from and after its passage, attestation, recodification and publication of a summary hereof pursuant to KRS Chapter 424.

INTRODUCED, SECONDED AND GIVEN FIRST-READING APPROVAL AT A DULY CONVENED MEETING OF THE CITY COUNCIL OF THE CITY held on the 28th day of October, 2020.

GIVEN SECOND READING AND ADOPTED AT A DULY CONVENED MEETING OF THE CITY COUNCIL OF THE CITY held on the \_\_\_\_ day of \_\_\_\_\_, 2020 and on the same occasion signed by the Mayor as evidence of his approval, attested by City Clerk, published and filed as required by law, and declared to be in full force and effect from and after its adoption and approval according to law.

8

Approved \_\_\_\_\_  
By \_\_\_\_\_  
Mayor

ATTEST  
\_\_\_\_\_  
City Clerk  
PUBLISHED \_\_\_\_\_

9

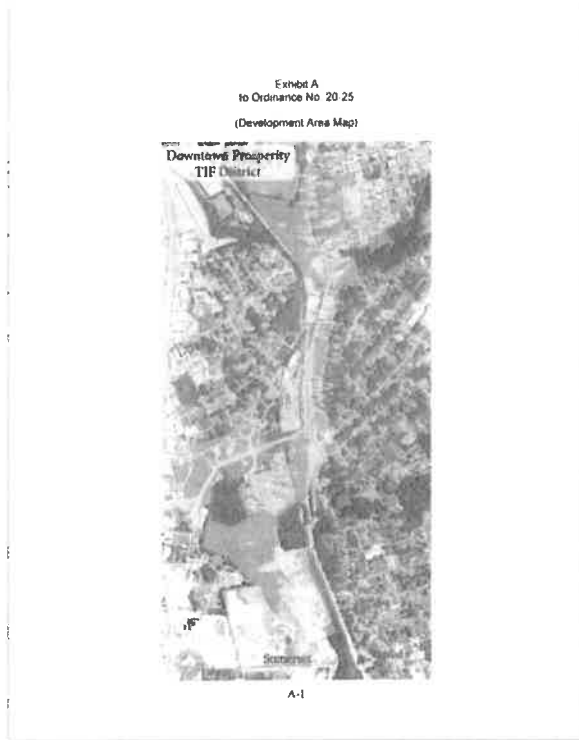


Exhibit B  
to Ordinance No. 20-25  
(Local Participation Agreement)

B-1

Exhibit C  
to Ordinance No. 20-25  
(Development Plan)

C-1

First reading was given the following Ordinance Number 20-26: Establishing a Local Development Area for Economic Development Purpose within the City of Somerset, Kentucky to be known as the Education & Convention Center Local Development Area (the “Local

Development Area”); Approving a Local Development Area Agreement Among the City, the Accounting Department of the City of Somerset, Kentucky, and other Local Taxing Districts that may Agree to be a Party to the Local Development Area Agreement; Establishing an Incremental Tax Special Fund for Payment of Redevelopment Assistance; Designating the Accounting Department of the City of Somerset, Kentucky, as the Agency Responsible for Oversight, Administration, and Implementation of the Local Development Area; and Authorizing the Mayor and other Officials to take such other Appropriate Actions as are Necessary or Required in Connection with the Establishment of the Local Development Area.

ORDINANCE NO 20-26

AN ORDINANCE ESTABLISHING A LOCAL DEVELOPMENT AREA FOR ECONOMIC DEVELOPMENT PURPOSES WITHIN THE CITY OF SOMERSET, KENTUCKY TO BE KNOWN AS THE EDUCATION & CONVENTION CENTER LOCAL DEVELOPMENT AREA (THE "LOCAL DEVELOPMENT AREA"), APPROVING A LOCAL DEVELOPMENT AREA AGREEMENT AMONG THE CITY, THE ACCOUNTING DEPARTMENT OF THE CITY OF SOMERSET, KENTUCKY, AND OTHER LOCAL TAXING DISTRICTS THAT MAY AGREE TO BE A PARTY TO THE LOCAL DEVELOPMENT AREA AGREEMENT ESTABLISHING AN INCREMENTAL TAX SPECIAL FUND FOR PAYMENT OF REDEVELOPMENT ASSISTANCE, DESIGNATING THE ACCOUNTING DEPARTMENT OF THE CITY OF SOMERSET, KENTUCKY AS THE AGENCY RESPONSIBLE FOR OVERSIGHT, ADMINISTRATION AND IMPLEMENTATION OF THE LOCAL DEVELOPMENT AREA; AND AUTHORIZING THE MAYOR AND OTHER OFFICIALS TO TAKE SUCH OTHER APPROPRIATE ACTIONS AS ARE NECESSARY OR REQUIRED IN CONNECTION WITH THE ESTABLISHMENT OF THE LOCAL DEVELOPMENT AREA.

WHEREAS the City of Somerset, Kentucky (the "City") pursuant to KRS 65.7041 to 65.7083, as it may be amended (the "Act"), is authorized to, among other things (1) establish a local development area or development area to encourage investment and development in the City, (2) enter into agreements in connection with the establishment of a development area or local development area, (3) establish a special fund for deposit of incremental revenues resulting from the development of a local development area or development area, and (4) designate an agency to oversee, administer and implement projects within a local development area or development area, and

WHEREAS the City desires to establish a "local development area" as defined in the Act to encourage investment and development within such local development area and to pledge a portion of the "incremental revenues" as defined in the Act and herein generated from the development of such local development area to the payment of redevelopment assistance and/or financing costs within such local development area, and

WHEREAS the City has identified a contiguous tract of land of substantially undeveloped land consisting of not more than 1,000 acres within the City, specifically described in Exhibit A hereto, and

WHEREAS the City has determined to establish the Local Development Area as a local development area pursuant to the Act to encourage investment and development within the Local Development Area, and

WHEREAS the City has agreed to support and encourage development within the Local Development Area by pledging certain Incremental Revenues to pay for Redevelopment Assistance (as hereinafter defined) to promote the development of the Local Development Area under the Agreement (hereinafter defined); and

WHEREAS the City pursuant to the Act held a public hearing on October 26, 2020 after giving proper notice concerning the City's intention to establish the Local Development Area, and

WHEREAS the establishment of the Local Development Area is for a public purpose and that the establishment and creation of the Local Development Area within the City is for the benefit and welfare of the City's citizens.

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

SECTION 1. Definitions.

1.1 The capitalized terms set forth below when used herein shall have the following meanings:

"Agency" means the Office of the City Administrator.

"Agreement" means the Local Development Area Agreement among the City, the County, and the Agency attached as Exhibit "B" hereto.

"Local Development Area" means a contiguous geographic area of mostly undeveloped land, which is less than a 1,000 acres in area located within the geographical boundaries of the City, and which is created for economic development purposes by this Ordinance to encourage the new commercial development within the City, as more specifically described in Exhibit A attached hereto, to be known as the "Education & Convention Center Local Development Area."

"Establishment Date" means the date that the Local Development Area is established pursuant to the Act and this Ordinance.

"Incremental Revenues" means the amount of tax revenues received by the City with respect to the Local Development Area by subtracting Old Revenues from New Revenues in a calendar year, as defined in the Agreement.

"Local Taxing Districts" means any local taxing district other than the City or the Somerset Independent School District that may agree to pledge its Incremental Revenues to the Local Development Area pursuant to the Agreement.

"Pledged Revenues" means that portion of the Incremental Revenues which are pledged by the City pursuant to the Agreement to the pay for Redevelopment Assistance related to the Local Development Area, as set forth in the Agreement.

Redevelopment Assistance shall have the meaning as set forth in the Act and in the Agreement.

1.2 All capitalized terms used herein and not defined above or in the recitals to this Ordinance shall have the meaning as set forth in the Act as of the effective date of this Ordinance.

**SECTION 2 Findings and Determination.** In accordance with the Act, the City hereby makes the following findings and determinations with respect to the Local Development Area:

2.1 The Local Development Area consists of a contiguous tract of land that is less than 1,000 acres. The actual size of the Local Development Area is approximately 124 acres.

2.2 The Local Development Area constitutes substantially undeveloped land.

2.3 The establishment of the Local Development Area will not cause the assessed taxable value of real property within the Local Development Area and within all development areas and local development areas established by the City (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within the City. The assessed value of taxable real property within the Local Development Area is \$8,200,500. Concurrently herewith, the City is establishing the Downtown Prosperity Development Area that has a taxable real property assessed valuation of \$11,044,250. That taxable real property assessment added to the taxable assessed value of the Local Development Area totals \$19,244,750. That combined taxable real property assessment represents 1.9% of the City's total assessed value of taxable real property within the City for the calendar year 2020 of \$917,894,958. Therefore, the assessed value of taxable real property within all local development areas or development areas is significantly less than twenty percent (20%) of the assessed value of taxable real property within the City.

**SECTION 3 Establishment, Name, Boundaries.** All that area described herein by Exhibit A attached hereto and made a part hereof is located within the City and is hereby established and designated as the Education & Convention Center Local Development Area. At the time of the enactment of this Ordinance, the Local Development Area is less than 1,000 acres, being approximately 124 acres in size.

**SECTION 4 Establishment Date, Commencement Date, Termination Date.** The Establishment Date is the effective date of this Ordinance. The Commencement Date of the Local Development Area is the date of the Agreement and the Termination Date shall be exactly (30) years subsequent to such date, provided that if the Agreement relating to the Local Development Area has a Termination Date that is later than the Termination Date established in this Ordinance, the Termination Date for the Local Development Area shall be extended to the Termination Date of the Agreement. However, the Termination Date for the Local Development Area shall in no event be more than forty (40) years from the Establishment Date.

3

**SECTION 5 Local Development Area Agreement.** The Mayor of the City and the Chief Financial Officer of the Agency are hereby authorized and directed to execute, acknowledge and deliver on behalf of the City and the Agency, a Local Development Area Agreement (the "Agreement") in a form which is attached as Exhibit B and made a part hereof among the City and the Agency (and other local taxing districts that may agree to be a party to the Agreement), authorizing the pledge of seventy-five percent (75%) of the Incremental Revenues of the City from the Local Development Area to the payment of Redevelopment Assistance. The form of the Agreement among the City, the Agency and other Local Taxing Districts that may agree to be a party to the Agreement shall be in substantially the form attached hereto, subject to further negotiations and changes therein that are not inconsistent with this Ordinance and not substantially adverse to the City. The approval of such changes by said officers, and that such changes are not substantially adverse to the City, shall be conclusively evidenced by the execution of such Local Development Area Agreement by such officials.

**SECTION 6 Special Fund.** There is hereby established a Special Fund of the City to be known as the Education & Convention Center Local Development Tax Incremental Fund, into which the City covenants to deposit and into which the City officials are hereby authorized and directed to deposit all Pledged Revenues. The City and Agency shall maintain the Special Fund unencumbered except for the purposes set forth in Section 7 hereof. Funds deposited in the Special Fund shall be disbursed in accordance with the Act, this Ordinance and the Agreement and related documents to pay Redevelopment Assistance within the Local Development Area.

**SECTION 7 Use of Pledged Revenues.** Pledged Revenues shall be deposited by the City into the Special Fund created under Section 6 hereof and shall be used solely to pay for Redevelopment Assistance in accordance with the Agreement as the same may be amended from time to time.

**SECTION 8 Periodic Accounting/Analysis.** Any entity other than the City that receives financial assistance pursuant to the provisions of this Ordinance, whether in the form of a grant or loan or loan guarantee, shall make a periodic accounting to the governing body of the City in accordance with the Act and the documents controlling such grant, loan or loan guarantee. The governing body of the City shall be required to review and analyze the progress of the development activity in the Local Development Area on an annual basis. Such review and analysis shall at a minimum include a review of the progress in meeting the stated goals of the Local Development Area. The Mayor and other officials of the City shall report to the governing body of the City during such reviews and shall when necessary, invite developers to participate in the review process to report on the progress of their developments within the Local Development Area.

**SECTION 9 Designation of Oversight Agency.** Pursuant to the Act, the City hereby designates the Accounting Department of the City of Somerset, Kentucky as the Agency for purposes of oversight, administration and review responsibility of the Local Development Area Ordinance, the Agreement and the Local Development Area established hereby. The Agency shall act on behalf of the City in administering the

4

Local Development Area, the Agreement, and other related agreements, with respect to the development of the Local Development Area.

**SECTION 10 Severability.** The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of this Ordinance.

**SECTION 11 Repeal of Conflicting Orders and Ordinances.** All prior resolutions, municipal orders or ordinances or parts of any resolution, municipal order or ordinance in conflict herewith are hereby repealed.

**SECTION 12 Effective Date.** This Ordinance shall be in full force and effect from and after its passage, attestation, recitation and publication of a summary hereof pursuant to KRS Chapter 424.

GIVEN FIRST-READING APPROVAL AT A DULY CONVENED MEETING OF THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY, held on the 28th day of October, 2020.

GIVEN SECOND READING AND ADOPTED AT A DULY CONVENED MEETING OF THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY, held on the 28th day of October, 2020 and on the same occasion signed by the Mayor as evidence of his approval, attested by the Clerk, published and filed as required by law, and declared to be in full force and effect from and after its adoption and approval according to law.

Approved

By \_\_\_\_\_  
Mayor

ATTEST

City Clerk

5

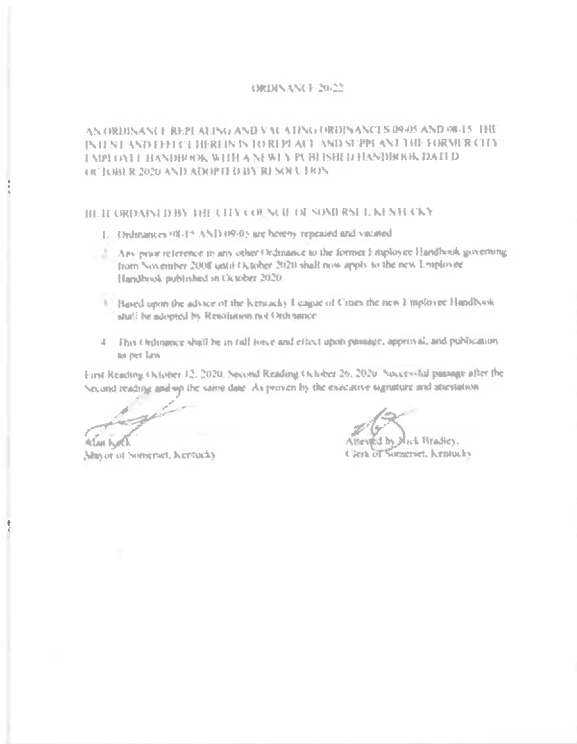
EXHIBIT A  
LOCAL DEVELOPMENT AREA DESCRIPTION  
AND MAP



A-1

Mr. Burdine made a motion to approve the following Ordinance Number 20-22: Repealing and Vacating Ordinances 09-05 and 08-15. The Intent and Effect Herein is to Replace and Supplant

the Former City Employee Handbook with a Newly Published Handbook Dated 2020 and Adopted by Resolution. Mr. Wheeldon seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. J. Eastham, Mr. Girdler, Mr. Slone, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.



Mr. Godsey made a motion to approve the following Resolution Number 20-25: Adopting Personnel Policies and Procedures Handbook. Mr. Burdine seconded the motion. Upon roll call the following Council Members voted “Aye”: Mr. J. Eastham, Mr. Girdler, Mr. Slone, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.



COMMONWEALTH OF KENTUCKY  
CITY OF SOMERSET  
RESOLUTION 20-23  
IN REGARD TO PERSONNEL POLICIES

WHEREAS, the City of Somerset enacted Ordinance #20-22 repealing prior Ordinances, dealing with the City's Personnel Policies and establishing the use of Resolutions in lieu of Ordinances involving the City's Personnel Policies (Plans), under the authority KRS #1A.090(13), and;

WHEREAS, the City wishes to adopt as its Personnel Policies, the attached document consisting of 114 pages titled "The City of Somerset Personnel Policies and Procedure Handbook" dated October 2020;

THEREFORE, the City hereby adopts the attached Personnel Policies and Procedure Handbook, which is incorporated by reference in its entirety herein, which shall supersede and replace any prior Resolutions or Ordinances inconsistent with the attached Handbook.

Authorized and adopted at a regular meeting held on October 26, 2020.

  
Alan Keck, Mayor

Attest  
  
Nancy Bradley, City Clerk

Mr. Wheeldon made a motion to approve the following Ordinance Number 20-23: Making Technical Corrections to the Somerset Zoning Ordinance 00-18 at Recommendation of the Planning and Zoning Board. Mr. Godsey seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. J. Eastham, Mr. Girdler, Mr. Slone, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.

ORDINANCE 20-24

AN ORDINANCE MAKING TECHNICAL CORRECTIONS TO THE SOMERSET ZONING ORDINANCE 00-18 AT RECOMMENDATION OF THE PLANNING AND ZONING BOARD

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

1. The Somerset Zoning Ordinance Manual adopted by Ordinance 00-18 is amended and changed as follows:

- a. Page 45 (Low Density Residential R-1), under "Lot, Yard, and Height Requirements", item 2 shall be changed to: "Maximum lot size: 4.000 without access to sanitary sewer disposal system shall conform to local health department guidelines"
- b. Page 47 (Moderate Density Residential R-2), under "Lot, Yard, and Height Requirements", item 1 shall be amended to include: "Lots without access to sanitary sewer disposal system shall conform to local health department guidelines" after "(8,000 square feet or less)"
- c. Page 54 (Neighborhood Commercial B-1), under item 1 Off-Street Parking spaces, number 3: "Fast Food Establishments shall now read "one (1) per 700 sq ft of floor area." [Not 50 square feet.]

2. This Ordinance shall be in full force and effect upon passage, approval, and publication as per law.

First Reading: October 17, 2020; Second Reading: October 26, 2020; Successful passage after the second reading and on the same day.

As proven by the executive signature and attestation:

  
Gary Beck  
Mayor of Somerset, Kentucky

  
Attested by Nyle Bradley  
Clerk of Somerset, Kentucky

Mr. Girdler made a motion to approve the following Ordinance Number 20-24: 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 Slate Branch Rd/Highway 914 – Old Monticello Road PVA Parcels 051-7-1-01, 051-0-0-19.4, and 063-2-1-05.1 to PUD. Mr. Burdine seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. J. Eastham, Mr. Girdler, Mr. Slone, Mrs. Hunley, Mr. Minton, Mr. Godsey, Ms. Bullock, Mr. T. Eastham, Mr. Burdine, Mr. Dalton, and Mr. Wheeldon.

**ORDINANCE NO. 20-24**

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:

That Ordinance No. 00-18, 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 P1/D, said properties being more particularly described in Exhibit "A" attached hereto and incorporated herein in full by reference, located in the general area of Slate Branch Rd/Highway 914 - Old Moccasin Road, Somerset, Kentucky, and having PVA Parcel # s 051-7-1-01, 051-0-0-194 and 063-2-1-051
- 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.

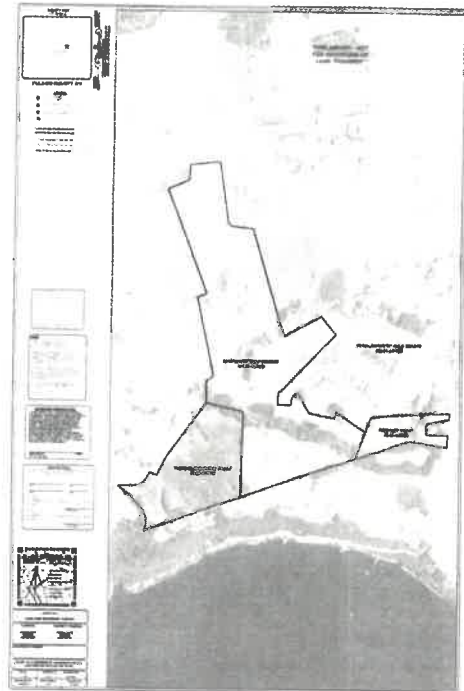
FIRST READING: October 22, 2020

SECOND READING: October 26, 2020

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

Attest: \_\_\_\_\_

*[Signature]*  
CITY CLERK



Mr. Godsey made a motion to approve tax refund for Homestead Exemptions in the amount of \$51.09 to Melinda Shunkwiler and Gary A. Harrison. Mr. Dalton seconded the motion. Upon roll call the following Council Members voted "Aye": Mr. J. Eastham, Mr. Girdler, Mr. Slone, 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 at 7:51 p.m.

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

*[Signature]*  
MAYOR

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

*[Signature]*  
CITY CLERK