

**CITY OF PIKEVILLE
BOARD OF COMMISSIONERS
SPECIAL MEETING MINUTES
December 1, 2010 AT 4:00 P.M.**

The Board of Commissioners for the City of Pikeville met in a special called session on Wednesday, December 1, 2010. The meeting was held in the City Hall Conference Meeting Room located at 118 College Street, Pikeville, Kentucky.

(1) There being a quorum present, Mayor Frank Justice called the meeting to order at 4:00 p.m. Commission Members present at roll call were as follows:

COMMISSIONER:	GENE DAVIS	Absent
	BARRY CHANEY	
	DALLAS LAYNE	
	JIMMY CARTER	

MAYOR:	FRANKLIN D. JUSTICE, II
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Commissioner Davis arrived at approximately 4:20 pm

(2) The minutes for the previous special meeting held on November 29, 2010 were in each Commission Member's agenda package. There being no additions or corrections, Commissioner Chaney made the motion to approve the minutes as prepared. Commissioner Layne seconded the motion. Mayor Frank Justice called for discussion, there being none the motion carried unanimously. 4-0.

(3) Consider the request to award a bid and authorize payment for a service pump to SPS (who was the low bidder) in the amount of \$46,760.00. Commissioner Carter made the motion to approve. Commissioner Layne seconded the motion. Mayor Justice called for comments, there being none the motion passed unanimously. 4-0.

(6) Consider a request to authorize the conveyance of the city Lorrain Street property to Dr. Street for the amount of \$450,000 and to authorize the Mayor to sign all necessary paperwork to execute said conveyance per the terms of the contract. Commissioner Chaney made the motion to approve. Commissioner Layne seconded the motion. Mayor Justice called for comments, there being none the motion passed unanimously. 4-0.

(7) ORDINANCE #0-2010-027

City Attorney Russell Davis presented a 2nd reading and adoption request of an intent ordinance #0-2010-027 annexing property located on Buckley Creek. (Commissioner Gene Davis arrives). Commissioner Layne made the motion to approve. Commissioner Chaney seconded the motion. Mayor Justice called for comments. Honorable Lynn Zellon was there to address the Mayor and the commissioners on behalf of property owners Ben Cassady and Bill and Bob Vanhooose families. In 2006, the commission passed ordinance #0-006-010 and some of the property owners filed an opposition to that ordinance and an election was held on November 7, 2006 on that proposed annexation and it was rejected. The city filed a lawsuit challenging the election. The lawsuit was dismissed. Ms. Zellon states that this ordinance covers some of the same territory. Ms. Zellon continues that according to KRS 81A.420 prohibits a city from an annexation of the same territory within five years it being rejected by voters. This territory has been rejected November 7, 2006, so that five years does not expire until November 2011. Ms. Zellon says that the annexation of this territory is not valid for the reason that the two ordinances overlap. She states that for this reason, and perhaps for a couple other reasons, that there is a request that the ordinance not be adopted as this time. Ms. Zellon says that if the ordinance is adopted that her clients are prepared to take action. Mayor Justice asked City Attorney Russell Davis to address Ms. Zellon. City Attorney Davis says that if they have anything to show that the two areas are the same that the city would be more than happy to take a look at it; however, "We are well aware of the ordinance from 2006 and the five year time frame. The city engineer was aware of the area and mapped outside of that area and we trust that he has done so. If you are aware of an area that includes the same area I would be interested in knowing, but he was aware of the territory of the failed annexation and he done his job correctly and did not include the area," commented Mr. Davis. Ms. Zellon responds that she does not have a map where she can do an overlay, but she wants to look at the map and point out the area where the overlap occurs. Mayor Justice said, "We have instructed our engineer not to have an overlay and I am taking it that there's no overlay." City Attorney Davis says that it would not help him to look at it because he would not know what he was looking at. Mr. Davis continues that Jack Sykes has been an engineer for a number of years but if he is wrong the City will admit it. Mr. Davis says that he will call Jack Sykes and get him to meet with them and they can show him their maps and if we are wrong he will say so. Mayor Justice called for further discussion, there being none, Mayor called roll call. Commissioner Davis abstained. Ordinance passed. 5-0. (An abstained vote is cast to the majority).

ORDINANCE DELCARING THE INTENTION OF THE CITY OF PIKEVILLE TO ANNEX
CERTAIN UNINCORPORATED TERRITORY LYING ADJACENT TO THE PRESENT CITY
CORPORATE LIMITS AND COMPRISING OF APPROXIMATELY 491.14 ACERS EXTENDING
THE CITY'S CORPORATE LIMITS ON THE NORTHEAST OF THE EXISTING CORPORATE
LIMITS ONTO BUCKLY CREEK

ORDINANCE NO. 0-2010-027

WHEREAS, the City of Pikeville pursuant to KRS81A.420 declares that it is the desirable to annex certain unincorporated territory being more particularly described hereafter,

WHEREAS, the territory to be annexed is adjacent and contiguous to the City of Pikeville's existing boundaries and

WHEREAS, the Pikeville City Commission has determined that by reason of the population density, commercial and/or industrial use of the surrounding land, the territory sought to be annexed by the City of Pikeville is urban in character and suitable for development for urban purposes by the City of Pikeville without unreasonable delay;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF PIKEVILLE that the City of Pikeville does hereby declare that it is desirable to annex certain unincorporated property described hereinafter and does hereby declare it the intention of the City of Pikeville pursuant to 81A.420 to annex the property described hereinafter.

The unincorporated territory to be annexed is described as follows:

Buckley Creek
Proposed Annexation

Beginning at a point on the line of the City of Pikeville existing corporate line, Ordinance # 0-2001-021 and the City of Cola Run and being on the point on the South side of Tollage Creek between Tollage Creek and the Levisa Fork of the Big Sandy River Thence, up the point with the City of Coal Run corporate Boundary S 89°38'19" E a distance of 78.95'; Thence, S 63°14'17" E a distance of 434.25'; Thence, N 90°00'00" E a distance of 156.66'; Thence, S 84°57'54" E a distance of 133.68' to a point on the ridge between Tollage Creek and Buckley Creek; Thence, with the ridgeline and the City of Coal Run Corporate boundary N 45° 17'49" E a distance of 317.48'; Thence, N 60°36'32" E a distance of 114.80'; Thence, N 80°08'55" E a distance of 119.75'; Thence, S 76°53'05" E a distance of 79.01'; Thence, N 15°30'02" E a distance of 172.75'; Thence, N 29°24'30" E a distance of 388.83'; Thence, N 60°12'34" E a distance of 336.84'; Thence, N 84°01'21" E a distance of 163.36'; Thence, N 70°44'11" E a distance of 194.94'; Thence, N 90°00'00" E a distance of 197.83'; Thence, N 64°49'54" E a distance of 86.41'; Thence, N 34°12'59" E a distance of 449.98'; Thence, N 49°01'59" E a distance of 140.14'; Thence, N 57°06'00" E a distance of 389.04'; Thence, N 43°44'26" E a distance of 286.13'; Thence, S 84°22'39" E a distance of 328.22'; Thence, S 78°14'55" E a distance of 225.56'; Thence, N 50°48'57" E a distance of 290.83'; Thence, N 38°47'10" E a distance of 78.75'; Thence, N 05°27'24" E a distance of 181.51'; Thence, N 43°12'14" E a distance of 410.47'; Thence, N 17°03'21" E a distance of 166.72'; Thence, N 00°39'01" E a distance of 154.84'; Thence, N 22°32'41" E a distance of 83.49'; Thence, N 49°09'21" E a distance of 173.42'; Thence, N 30°07'59" E a distance of 184.08'; Thence, N 02°13'36" W a distance of 96.93'; Thence, N 42°38'01" E a distance of 111.20'; Thence, N 40°33'38" E a distance of 275.72'; Thence, N 79°14'25" E a distance of 279.56'; Thence, N 66°43'24" E a distance of 207.02'; Thence, N 58°18'09" E a distance of 258.87'; Thence, N 62°01'42" E a distance of 218.52'; Thence, N 77°17'58" E a distance of 319.06'; Thence, N 75°39'11" E a distance of 222.82'; Thence, N 71°41'49" E a distance of 152.71'; Thence, N 16°10'18" E a distance of 206.36'; Thence, N 28°43'56" E a distance of 192.71'; Thence, N 25°27'09" E a distance of 384.69'; Thence, N 20°26'49" E a distance of 349.88'; Thence, N 46°03'47" E a distance of 222.25';

Thence, N 30°45'39" E a distance of 531.43'; Thence, N 21 °04'13" E a distance of 188.85'; Thence, N 32°41'58" E a distance of 212.90'; Thence, N 47°53'08" E a distance of 110.28'; Thence, N 83°00'09" E a distance of 258.89' to a high knob on the ridge between Buckley Creek, Tollage Creek and Stonecoal. Creek; Thence, leaving the line of the City of Coal Run and running with the ridge line between Buckley Creek and Stonecoal Creek N 72°27'36" E a distance of 276.58'; Thence, N 67°28'54" E a distance of 329.41'; Thence, S 56°25'01" E a distance of 386.90'; Thence, S 75°29'14" E a distance of 230.55'; Thence, S 76°24'58" E a distance of 186.69'; Thence, S 37°01'33" E a distance of 162.27'; Thence, S 49°09'37" E a distance of 97.53'; Thence, S 64°18'08" E a distance of 179.25'; Thence, S 60°01'55" E a distance of 119.70'; Thence, S 27°21'28.11 E a distance of 279.27'; Thence, S 46°12'03" E a distance of 180.88' to a high knob at the head of Knob Fork of Burning Fork; Thence, with the ridge between Buckley Creek and Knob Fork S 09°06'20.11 W a distance of 290.46'; Thence, S 02°09'44" E a distance of 132.26'; Thence, S 11 °27'20" E a distance of 201.00'; Thence, S 11 °45'23" E a distance of 199.05'; Thence, S 38°40'30" E a distance of 158.59'; Thence, S 62°32'18" E a distance of 418.84'; Thence, S 78°31'10" E a distance of 472.77'; Thence, S 73°52'51" E a distance of 214.06'; Thence, S 57°56'07" E a distance of 434.81'; Thence, S 57°27'51" E a distance of 195.34'; Thence, S 47°08'12" E a distance of 133.85'; Thence, S 76°00'28" E a distance of 168.65'; Thence, N 86°11'17" E a distance of 168.41'; Thence, N 45°07'10" E a distance of 567.57'; Thence, leaving the ridge and running down the hill through the land of Roopani Development S 06°13'21" E a distance of 1549.78'; Thence, crossing a drain at the back of the flat N 60°11'20.11 E a distance of 424.33'; Thence, up the hill S 82°24'33" E a distance of 106.46'; Thence, N 70°53'21" E a distance of 451.93' to the point; Thence, down the point S 08°42'35" E a distance of 81.25'; Thence, S 49°16'59" E a distance of 226.52'; Thence, S 00°00'00" E a distance of 401.16' point at or near the Commonwealth of Kentucky Right of Way for U.S. 119; Thence, with said right of way N 83°19'45" E a distance of 46.75'; Thence, N 86°10'52" E a distance of 484.15'; Thence, N 88°17'15" E a distance of 366.46'; Thence, S 89°16'52" E a distance of 121.09'; Thence, crossing U.S. 119 S 01°13'36" E a distance of 289.23' to a point on the Commonwealth of Kentucky Right of Way; Thence, with said right of way S 82°26'00" W a distance of 452.77'; Thence, S 27°16'20" W a distance of 64.29'; Thence, S 23°58'24" W a distance of 80.78'; Thence, S 10°42'10" W a distance of 101. 12'; Thence, N 87°49'41" W a distance of 36.18'; Thence, S 01°16'00" W a distance of 128.30'; Thence, S 01°54'08" E a distance of 158.36'; Thence, S 01°43'32" E a distance of 68.82'; Thence, crossing Kentucky Route 1426 S 87°31'55" W a distance of 78.64'; Thence, along KY RT 1426 S 22°47'06" W a distance of 310.93'; Thence, up the hill N 70°37'01" W a distance of 242.51'; Thence, down the drain N 28°12'25" W a distance of 201.34'; Thence, N 12°32'06" W a distance of 219.24'; Thence, around the hill N 42°19'28" E a distance of 192.98'; Thence, N 70°00'33" E a distance of 297.90' to a point on the Commonwealth of Kentucky Right of Way for U.S. 119; Thence, continuing with said right of way N 40°26'17" W a distance of 93.82'; Thence, N 78°27'14" W a distance of 346.40'; Thence, S 80°28'23" W a distance of 478.03'; Thence, S 54°18'02" W a distance of 405.93'; Thence, N 84°27'21" W a distance of 258.83'; Thence, S 42°27'51" W a distance of 403.11 ' ; Thence, N 86°20'36" W a distance of 506.43'; Thence, crossing U.S. 119 N 02°28'52" W a distance of 704.68' to a point on the hill above the boundary line for the Pike County Board of Education; Thence, up the hill N 10°44'05" W a distance of 1173.97'; Thence, around the hill with a line above the Pike County Board of Education boundary line N 77°54'49" W a distance of 1153.32'; Thence, S 89°01'46" W a distance of 189.65'; Thence, S 75°31'31" W a distance of 365.23'; Thence, N 73°28'46" W a distance of 311.58' to a point at or near the Elkhorn #3 Seam outcrop; Thence, with the Elkhorn #3 seam outcrop N 66°49'53" W a distance of 180.17'; Thence, S 88°53'59" W a distance of 153.83'; Thence, S 37°39'57" W a distance of 179.09'; Thence, S 82°29'12" W a distance of 474.36'; Thence, N 52°48'10" W a distance of 92.82'; Thence, N 04°59'08" W a distance of 170.13'; Thence, N 33°15'55" E a distance of 248.04'; Thence, N 04°52'52" E a distance of 154.24'; Thence, N 04°10'48" W a distance of 177.41'; Thence, N 29°34'43" E a distance of 127.16'; Thence, N 29°47'59" E a distance of 199.49'; Thence, N 22°23'38" W a distance of 238.58'; Thence, N 12°17'41" W a distance of 499.67'; Thence, N 79°43'01" W a distance of 99.46'; Thence, S 54°16'17" W a distance of 570.62'; Thence, S 40°15'44" W a distance of 624.70'; Thence, S 21°16'41" W a distance of 51 1. 58'; Thence, S 23°25'38" W a distance of 220.98'; Thence, S 11 °03'21" W a distance of 460.29'; Thence, S 37°18'43" W a distance of 406.88'; Thence, S 27°01'58" W a distance of 142.71 ' ; Thence, S 01°39'43" W a distance of 404.77'; Thence, S 14°05'45" W a distance of 125.67'; Thence, S 02°52'41" W a distance of 460.17'; Thence, S 70°49'52" W a distance of 389.23'; Thence, N 87°49'03" W a distance of 415.65'; Thence, leaving the Elkhorn #3 seam and running around the side of the hill N 12°25'59" W a distance of 369.09'; Thence, N 22°05'50" E a distance of 475.38'; Thence, N 27°50'10" W a distance of 519.76'; Thence, meandering around the head of the branch S 66°08'07" W a distance of 426.01'; Thence, N 03°10'53" W a distance of 345.24'; Thence, N 70°43'08" W a distance of 405.98'; Thence, running out of the branch on the side of the hill S 16°03'29" W a distance of 674.29'; Thence, S 15°44'32" W a distance of 1668.39'; Thence, around the side of the hill S 58°00'30" W a distance of 3939.73' to a point on the existing City of Pikeville Corporate Boundary Line, Ordinance #0-2001-021; Thence, with the City of Pikeville Corporate Boundary N 37°44'42" W a distance of 906.55'; Thence, N 54°21'32" W a distance of 503.87'; Thence, N 49°40'07" W a distance of 408.68' to the point of beginning and containing 491.14 acres more or less.

A map of the property in which the City of Pikeville declares its intention to annex prepared by Summit Engineering, Inc. entitled "City of Pikeville, Area of Proposed Annexation Buckley Creek dated November 15, 2010 is attached hereto.

BE IT FURTHER ORDAINED that following the publication of this ordinance as required by law, that if within sixty (60) days hereof, 50% of the resident voters or owners of real property within the limits of the above-described territory do not petition the Mayor at City Hall, 118 College Street, Pikeville, Kentucky 41501 in opposition to the proposal, that a final ordinance will be passed finally annexing the above-described territory. If within sixty (60) days hereof, 50% of the resident voters or owner's of real property within the limits of the territory proposed to be annexed, petition the Mayor in opposition to the proposal, an election shall be held at the next regular election occurring at least sixty (60) days after a certified copy of the petition is presented to the County Court Clerk by the Mayor.

This ordinance shall be in full force and effect after it is passed and published as required by law.

The above ordinance was given a first reading this 15th day of November 2010.

This ordinance was given a second reading of the 1st day of December 2010.

Passed this ____ day of _____, 2010.

Commissioner _____ moved for the adoption of the foregoing ordinance.

Commissioner _____ seconded the motion.

Upon roll call, the votes were as follows:

	<u>YES</u>	<u>NO</u>
FRANK JUSTICE, II MAYOR	_____	_____
GENE DAVIS, COMMISSIONER	_____	_____
DALLAS LAYNE, COMMISSIONER	_____	_____
JIMMY CARTER, COMMISSIONER	_____	_____

BARRY CHANEY, COMMISSIONER

The Mayor declared the within ordinance adopted.

FRANK JUSTICE, II, MAYOR

ATTESTED:

MELANIE STEVENS, CITY CLERK

(4) ORDINANCE #0-2010-028
City Attorney Russell Davis presented a 2nd reading of an ordinance #0-2010-028 for the issuance of the City’s General Obligation Note, Taxable Series 2010N-1. The first reading was on November 29, 2010. Commissioner Chaney made the motion to adopt the ordinance. Commissioner Layne seconded the motion. Mayor Justice called for comments, there being none mayor called for roll call. Ordinance passed unanimously. 5-0.

SUMMARY OF NOTE ORDINANCE
CITY OF PIKEVILLE, KENTUCKY

There follows a summary of an Ordinance of the City of Pikeville, Kentucky, adopted on December 1, 2010, identified by its title or caption as follows:

ORDINANCE NO. 0-2010-028

AN ORDINANCE OF THE CITY OF PIKEVILLE, KENTUCKY, PROVIDING FOR THE ISSUANCE OF THE CITY’S GENERAL OBLIGATION NOTE, TAXABLE SERIES 2010N-1, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$535,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY A PORTION OF THE COSTS OF A PUBLIC PROJECT OF THE CITY CONSISTING OF THE CONSTRUCTION AND INSTALLATION OF EROSION, PAVING, STORM DRAINAGE AND UTILITY IMPROVEMENTS TO PROPERTY OWNED BY THE CITY; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE SERIES 2010N-1 NOTE IS TO BE ISSUED AND OUTSTANDING; ORDERING AND PROVIDING FOR THE LEVY OF AN ANNUAL TAX, TO THE EXTENT NECESSARY, SUFFICIENT TO PAY THE INTEREST ON AND PRINCIPAL OF THE SERIES 2010N-1 NOTE; AND PROVIDING FOR A PRIVATE SALE OF THE SERIES 2010N-1 NOTE AND THE APPLICATION OF THE PROCEEDS THEREOF

The full text of this Ordinance is available for public inspection during the normal City of Pikeville business hours in the office of the City Clerk, City Hall, Pikeville, Kentucky.

(1) For the purposes paying a portion of the costs of a public project of the City, consisting of the construction and installation of erosion, paving, storm drainage and utility improvements to property owned by the City, and to pay related costs, the City authorizes the sale and issuance of its General Obligation Note, Taxable Series 2010N-1 (the "Series 2010N-1 Note") to Community Trust Bank, Inc., Pikeville, Kentucky, in a principal amount not to exceed \$535,000, under authority of the Kentucky Constitution and KRS Chapter 66. The Series 2010N-1 Note will be payable from the tax revenues of the City and secured by an irrevocable pledge of the full faith, credit and taxing power of the City. The Series 2010N-1 Note will be issued in fully registered form, scheduled to mature on December 1, 2015, and to bear interest semiannually. The form of the Series 2010N-1 Note is set out in detail in the Ordinance.

(2) As mandatorily required by Section 159 of the Kentucky Constitution, the Ordinance levies annually such special tax, separate and apart from all other taxes, as may be necessary to provide for the payment of the Series 2010N-1 Note and the interest thereon when due and payable, such tax to be applicable to all property which is subject to taxation for City purposes from time to time and being unlimited as to rate or amount. In accord with KRS 83A.060(9)(c), the following text of Section 6 of the Ordinance is set out in full:

"Section 6.

Section 6. Tax Levy and Pledge; Note Fund. For the purpose of providing funds required to pay the interest on the Note as and when the interest becomes due and in order to create a sinking fund to pay and discharge the principal thereof when the Note becomes due, there shall be and there is hereby levied upon all of the taxable property within the City, beginning in 2011 and continuing in each year as long as the Note is outstanding, a direct annual tax sufficient, to the extent any other lawfully available moneys of the City are not provided, for that purpose as mandatorily required by Section 159 of the Constitution of Kentucky, and such tax shall be unlimited as to rate or amount. The proceeds derived from said special annual tax levied from time to time, together with other lawfully available moneys of the City provided for the purpose, shall be deposited and carried in a special and separate account in the name of the City and held apart from all other funds of the City, shall be applied only for the purpose of paying the principal of and interest on the Note, and shall be designated the City's "General Obligation Note, Taxable Series 2010N-1, Interest and Sinking Fund Account" (the "Note Fund"). The proceeds of said special annual tax and any other funds accumulated from time to time in the Note Fund are hereby irrevocably pledged for the purpose of paying the interest on and principal of the Note and shall never be used for any other purpose. The City hereby covenants with the Bank that it will levy said special annual tax in each year at whatever rates may be necessary from time to time in order to produce the amounts required in each year, to the extent funds are not otherwise provided, to pay the Note and interest when and as it matures or becomes due.

"If principal or interest should fall due in any year at a time when there are insufficient funds on hand collected by reason of the foregoing special tax levy, such principal and interest shall be paid from other available funds of the City and reimbursement therefor shall be made out of the special tax hereby provided, when the same shall have been collected.

"All moneys held in the Note Fund, which shall be depleted as of December 2 of each year except for a carryover amount not exceeding the greater of the earnings on the Note Fund or one-twelfth of the principal and interest payments on the Note for the preceding year ending December 1, to the extent not invested as hereinafter provided, shall be deposited in the Bank, or if the Bank is not or ceases to become a member of the FDIC, in a bank or banks which are members of the FDIC and all such deposits which cause the aggregate deposits of the City in any one bank to be in excess of the amount insured by FDIC or one of its agencies shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Note Fund may be invested in Investment Obligations, as hereinafter defined in Section 7, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the Note Fund."

(3) The private sale of the Series 2010N-1 Note is authorized, and certain documents incident to such sale and the delivery of the Series 2010N-1 Note are authorized and approved.

* * *

The foregoing provisions, including the above caption of the Ordinance, are intended to be a Summary of the Ordinance, and reference is hereby made to the full text of the Ordinance for a full and complete statement of its contents.

December 1, 2010 Special Meeting

Certification

I, the undersigned City Clerk of the City of Pikeville, Kentucky, hereby certify that the foregoing Summary of Note Ordinance of the City of Pikeville, Kentucky, was approved by the Board of Commissioners for first reading on November 29, 2010, and for second reading on December 1, 2010, and was further approved for publication following adoption according to law. I further certify that the foregoing Summary was prepared for the City by Mark S. Franklin, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, Louisville, Kentucky 40202.

WITNESS my hand this December 4, 2010.

/s/ Melanie Stevens
City Clerk
City of Pikeville, Kentucky

Preparation Certificate

The undersigned Attorney at Law, licensed to practice in Kentucky, hereby certifies that the foregoing Summary of Note Ordinance of the City of Pikeville, Kentucky, was prepared by the undersigned and constitutes a general summary of certain essential provisions of the described Ordinance, reference to the full text of which Ordinance is hereby made for a complete statement of its provisions and terms.

/s/ Mark S. Franklin
Stoll Keenon Ogden PLLC
2000 PNC Plaza
Louisville, Kentucky 40202

(5) ORDINANCE #0-2010-029
City Attorney Russell Davis presented a 2nd reading of an ordinance #0-2010-029 for the issuance of the City’s General Obligation Note, Tax-Exempt Series 2010N-2. The first reading was on November 29, 2010. Commissioner Layne made a motion to adopt the ordinance. Commissioner Chaney seconded the motion. Mayor Justice called for comments, there being none, mayor called roll call. Ordinance passed unanimously. 5-0.

SUMMARY OF NOTE ORDINANCE
CITY OF PIKEVILLE, KENTUCKY

There follows a summary of an Ordinance of the City of Pikeville, Kentucky, adopted on December 1, 2010, identified by its title or caption as follows:

ORDINANCE NO. 0-2010-029

AN ORDINANCE OF THE CITY OF PIKEVILLE, KENTUCKY, PROVIDING FOR THE ISSUANCE OF THE CITY’S GENERAL OBLIGATION NOTE, TAX-EXEMPT SERIES 2010N-2, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$465,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY A PORTION OF THE COSTS OF A PUBLIC

PROJECT OF THE CITY CONSISTING OF THE CONSTRUCTION AND INSTALLATION OF EROSION, PAVING, STORM DRAINAGE AND UTILITY IMPROVEMENTS TO PROPERTY OWNED BY THE CITY; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE SERIES 2010N-2 NOTE IS TO BE ISSUED AND OUTSTANDING; ORDERING AND PROVIDING FOR THE LEVY OF AN ANNUAL TAX, TO THE EXTENT NECESSARY, SUFFICIENT TO PAY THE INTEREST ON AND PRINCIPAL OF THE SERIES 2010N-2 NOTE; AND PROVIDING FOR A PRIVATE SALE OF THE SERIES 2010N-2 NOTE AND THE APPLICATION OF THE PROCEEDS THEREOF

The full text of this Ordinance is available for public inspection during the normal City of Pikeville business hours in the office of the City Clerk, City Hall, Pikeville, Kentucky.

(1) For the purposes paying a portion of the costs of a public project of the City, consisting of the construction and installation of erosion, paving, storm drainage and utility improvements to property owned by the City, and to pay related costs, the City authorizes the sale and issuance of its General Obligation Note, Tax-Exempt Series 2010N-2 (the "Series 2010N-2 Note") to Community Trust Bank, Inc., Pikeville, Kentucky, in a principal amount not to exceed \$465,000, under authority of the Kentucky Constitution and KRS Chapter 66. The Series 2010N-2 Note will be payable from the tax revenues of the City and secured by an irrevocable pledge of the full faith, credit and taxing power of the City. The Series 2010N-2 Note will be issued in fully registered form, scheduled to mature on December 1, 2015, and to bear interest semiannually. The form of the Series 2010N-2 Note is set out in detail in the Ordinance.

(2) As mandatorily required by Section 159 of the Kentucky Constitution, the Ordinance levies annually such special tax, separate and apart from all other taxes, as may be necessary to provide for the payment of the Series 2010N-2 Note and the interest thereon when due and payable, such tax to be applicable to all property which is subject to taxation for City purposes from time to time and being unlimited as to rate or amount. In accord with KRS 83A.060(9)(c), the following text of Section 6 of the Ordinance is set out in full:

"Section 6.

"Section 6. Tax Levy and Pledge; Note Fund. For the purpose of providing funds required to pay the interest on the Note as and when the interest becomes due and in order to create a sinking fund to pay and discharge the principal thereof when the Note becomes due, there shall be and there is hereby levied upon all of the taxable property within the City, beginning in 2011 and continuing in each year as long as the Note is outstanding, a direct annual tax sufficient, to the extent any other lawfully available moneys of the City are not provided, for that purpose as mandatorily required by Section 159 of the Constitution of Kentucky, and such tax shall be unlimited as to rate or amount. The proceeds derived from said special annual tax levied from time to time, together with other lawfully available moneys of the City provided for the purpose, shall be deposited and carried in a special and separate account in the name of the City and held apart from all other funds of the City, shall be applied only for the purpose of paying the principal of and interest on the Note, and shall be designated the City's "General Obligation Note, Tax-Exempt Series 2010N-2, Interest and Sinking Fund Account" (the "Note Fund"). The proceeds of said special annual tax and any other funds accumulated from time to time in the Note Fund are hereby irrevocably pledged for the purpose of paying the interest on and principal of the Note and shall never be used for any other purpose. The City hereby covenants with the Bank that it will levy said special annual tax in each year at whatever rates may be necessary from time to time in order to produce the amounts required in each year, to the extent funds are not otherwise provided, to pay the Note and interest when and as it matures or becomes due.

"If principal or interest should fall due in any year at a time when there are insufficient funds on hand collected by reason of the foregoing special tax levy, such principal and interest shall be paid from other available funds of the City and reimbursement therefor shall be made out of the special tax hereby provided, when the same shall have been collected.

"All moneys held in the Note Fund, which shall be depleted as of December 2 of each year except for a carryover amount not exceeding the greater of the earnings on the Note Fund or one-twelfth of the principal and interest payments on the Note for the preceding year ending December 1, to the extent not invested as hereinafter provided, shall be deposited in the Bank, or if the Bank is not or ceases to become a member of the FDIC, in a bank or banks which are members of the FDIC and all such deposits which cause the aggregate deposits of the City in any one

bank to be in excess of the amount insured by FDIC or one of its agencies shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Note Fund may be invested in Investment Obligations, as hereinafter defined in Section 7, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the Note Fund.”

(3) The private sale of the Series 2010N-2 Note is authorized, and certain documents incident to such sale and the delivery of the Series 2010N-2 Note are authorized and approved.

* * *

The foregoing provisions, including the above caption of the Ordinance, are intended to be a Summary of the Ordinance, and reference is hereby made to the full text of the Ordinance for a full and complete statement of its contents.

Certification

I, the undersigned City Clerk of the City of Pikeville, Kentucky, hereby certify that the foregoing Summary of Note Ordinance of the City of Pikeville, Kentucky, was approved by the Board of Commissioners for first reading on November 29, 2010, and for second reading on December 1, 2010, and was further approved for publication following adoption according to law. I further certify that the foregoing Summary was prepared for the City by Mark S. Franklin, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, Louisville, Kentucky 40202.

WITNESS my hand this December 4, 2010.

/s/ Melanie Stevens
City Clerk
City of Pikeville, Kentucky

Preparation Certificate

The undersigned Attorney at Law, licensed to practice in Kentucky, hereby certifies that the foregoing Summary of Note Ordinance of the City of Pikeville, Kentucky, was prepared by the undersigned and constitutes a general summary of certain essential provisions of the described Ordinance, reference to the full text of which Ordinance is hereby made for a complete statement of its provisions and terms.

/s/ Mark S. Franklin
Stoll Keenon Ogden PLLC
2000 PNC Plaza
Louisville, Kentucky 40202

(8) There being no further business to come before the commission, Commissioner Davis made the motion to adjourn the meeting. Commissioner Layne seconded the motion. Mayor Justice called for discussion, there being none, the meeting was adjourned. 5-0.

The next scheduled Regular Meeting of the City of Pikeville Board of Commissioners is December 13, 2010 at 6:00 p.m.

APPROVED:

FRANKLIN D. JUSTICE, II, MAYOR

ATTESTED:

MELANIE STEVENS, CITY CLERK