

## MINUTES } CITY OF PIKEVILLE

## CONTINUED MEETING MINUTES - OCTOBER 26, 1993

The Board of Commissioners of the City of Pikeville met in a continued session on Tuesday, October 26, 1993, for the purpose of concluding the October 25, 1993 regular meeting business. The meeting was held in the City Hall Public Meeting Room at 260 Hambley Boulevard.

There being a quorum present, Mayor Walter E. May called the meeting to order at 6:35 p.m. Commission Members present upon call of the roll were as follows:

|               |                    |
|---------------|--------------------|
| MAYOR:        | WALTER E. MAY      |
| COMMISSIONER: | WALTER BLANKENSHIP |
|               | SHARON CLARK       |
|               | JOHNNY MOUNTS      |

Commissioner Eugene Davis was absent.

**Industrial Revenue Bonds:** Second reading of the Ordinance authorizing the issuance of the Industrial Revenue Bonds was had during the October 25, 1993 regular meeting. Action was postponed to allow for the preparation of the lease agreement and to allow each Commission Member the opportunity to review the document. City Attorney, Russell Davis, Jr., advised the Commission that he had worked with Hospital Attorney, Pam Robinette and Bond Counsel Attorney, Parker Eades as well as the hospital's financial advisors, the staff at Pikeville National Bank and the City's independent auditor, Don Wallen with regard to the language to be included in the lease to protect the City's asset. The city attorney advised that the points discussed by the Commission during last evening's meeting have been included in the lease agreement and he is satisfied with the final lease document. Commissioner Blankenship made the motion to adopt the Ordinance to authorize the issuance of the Industrial Revenue Bonds and execution of the trust indenture, lease and mortgage and security agreement. Commissioner Clark seconded the motion. Commissioner Mounts asked for the city attorney to review the changes made to the lease agreement. The changes were identified as follows:

1. Lease Term: A 15 year lease term was agreed upon with the provision that the agreement could be terminated earlier if the hospital fails to stay within the fixed financial ratios as established by the City's independent auditor (copy of auditor's letter on file).

2. Pursuant to Article 3, a new provision was added to read as follows: "Notwithstanding any of the foregoing, the Lessor reserves the right, in its sole discretion, to terminate and cancel this Lease and all rights of the Lessee therein, if a plan of correction under Section 9.5 hereof is not timely submitted to Lessor by Lessee, or if a plan of correction is submitted and is not finally approved by or revised to the satisfaction of a Third Party Auditor as described in Section 9.5, by paying, or by providing in accordance with the Indenture, for the full and complete retirement and defeasance of, all of the principal of, premium, if any, and interest on the Bonds...." Mr. Davis explained that the addition of this provision again permits the City to terminate the lease early if the hospital gets in such a financial position where they could be in default on the mortgage to the bank.

3. Under "Assignments" in Article 8, it was asked that the language be deleted that the City wouldn't unreasonably withhold their consent to assign. Mr. Davis explained that if the hospital wants to assign they have to come to the City for approval. The City can deny approval for any reason. Even if an assignment is made it will be made only to a non-profit corporation.

4. The biggest change added was to effectuate including a formula in the lease that the City could look at certain financial ratios and try to determine whether or not the hospital would be getting, into the future, into some type of position that they may not be able to properly or financially operate the hospital. The Commission instructed that the hospital counsel and financial staff, bond counsel, city attorney, Pikeville National Bank staff, and the city's independent auditor develop a ratio that would be used to measure the hospital's performance. A letter from independent auditor, Don Wallen was read as follows:

Dear Mr. Davis:

Pursuant to your request to review the covenants concerning Ratios proposed in connection with a new lease to the Pikeville Methodist Hospital and report to you my conclusions, I offer the following:

CURRENT RATIO (CURRENT ASSETS DIVIDED BY CURRENT LIABILITIES)

The Pikeville National Bank has set a current Ratio Benchmark of 1.25 to 1 as a minimum acceptable ratio in year 1; 1.3 to 1 in year 2; and 1.5 to 1 in year 3 and all remaining years, to be calculated quarterly.

The lease also sets a benchmark of 1.35 to 1 as a minimum ratio for required notification to the city in year 1; 1.5 to 1 in year 2; and 1.6

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to 1 in year 3 and all remaining years. If the current ratio dips below 1.35 in year 1; below 1.5 in year 2 and below 1.6 in years 3 and all remaining years, computed quarterly, the city is to be notified so that explanations of the cause and remedies for correction can be undertaken.

DEBT TO EQUITY RATIO (DEBT DIVIDED BY NET WORTH)

The bank has set a maximum acceptable Debt to Equity Ratio of 1 to 1 for the entire term of the lease.

The proposed maximum Debt to Equity Ratio is to be set at .85 to 1 for purposes of notifying the City for discussion of the causes and remedies for correction. This Ratio is also to be computed quarterly.

In conclusion, the proposed lease ratios set by the bank are within normal guidelines. The ratios proposed, which require notification to the City in each instance, have been set at a level above those required by the bank. This places the City on a favorable first notice basis (before the bank) of any indications of financial instability, that may be disclosed through financial ratio analysis. This would result in some lead-time to formulate and put into action any corrective measures, before the bank would be involved in mandatory remedies.

I trust this information fulfills your request concerning the proposed ratios. If I can be of further assistance, please call.

Sincerely,

/s/ James Don Wallen  
Certified Public Accountant

The City Attorney read Section 9.5 of the proposed lease agreement which contains the ratios as set forth in Mr. Wallen's letter.

5. The Third Party Auditor was defined as being an independent certified public accounting firm selected by mutual agreement of the hospital's auditor and the city's auditor.

6. A provision was added which allows for the City to have access at all reasonable times, upon reasonable notice to all other financial records relevant to the provisions of the lease.

Upon call of the roll, the motion carried 3 - 0 - 1 with Walter May casting an abstaining vote and offering the following statement:

"This is to disclose officially the publicly known fact that I am the duly elected and acting Chairman and President of Pikeville United Methodist Hospital of Kentucky, Inc. and have so served since October, 1990."

AGENDA ITEM IV.

BUSINESS FROM THE FLOOR

Regald Smith, Chairman of the Pikeville Independent School Board, advised the Commission of ongoing construction at the high school complex which involves the addition of a weight room. The addition expands over the roadway and runs between the gymnasium and the fence of the athletic field complex. About halfway through the construction a representative from the State Fire Marshall's Office gave notice that the school was building too close to the city's property line, and has halted construction. The city's property line actually begins in the middle of the roadway. Mr. Smith asked the Commission to consider deeding the property from the middle of the roadway to the fence to the Pikeville Independent School District to allow completion of the construction. Commissioner Clark made the motion, seconded by Commissioner Blankenship to authorize the city attorney to prepare a deed and work with the city engineer and Pikeville Independent School System to solve the problem that has been described about the overlap on City property for the school's expansion of their gymnasium. Upon call of the roll, the motion carried 4 - 0. Mayor May advised that a special meeting would be called when the deed is ready for approval.

AGENDA ITEM V.

PAYMENT OF BILLS

A. CITY BILLS: A list of city bills totaling \$405,883.19 was presented to the Commission for approval of payment. Upon the city manager's confirmation that monies were available for payment and that the bills were correct, Commissioner Mounts made the motion, seconded by Commissioner Blankenship to approve payment of the bills as submitted. Upon call of the roll, the motion carried 4 - 0.

B. THOMPSON ROAD: A request for payment was made on behalf of Environmental Construction Corporation for work completed on the installation of the Thompson Road/Lake Joann sanitary sewer. The bills totaled \$179,658.69. Commissioner Blankenship made the motion, seconded by Commissioner Mounts to approve payment as requested. Upon call of the roll, the motion carried 4 - 0.

C. LINDER & ASSOCIATES: Presented to the Commission was a bill totaling

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\$7,500.00 from Will Linder & Associates for preparation of the application to Kentucky Infrastructure Authority for the Thompson Road/Lake Joann Sanitary Sewer extension. Commissioner Mounts made the motion to approve payment as requested. Commissioner Blankenship seconded the motion. Upon call of the roll, the motion carried 4 - 0.

## AGENDA ITEM VI.

## OLD BUSINESS

A. CITY ENGINEER'S REPORTS: The city engineer's reports were delayed until the end of the meeting.

B. CITY ATTORNEY'S REPORTS: Russell Davis, Jr., city attorney, presented the following items for the Commission's consideration:

1. Second reading of the ordinance to accept utility easements in Cedar Hills and Bowles Park was deferred until the end of the meeting.

2. Cable T.V.: Mr. Davis advised the Commission that Tel-Com purchased Charter Cable System (supplier to Quail Ridge) approximately two years ago. Mr. Davis reported that while he was preparing the documentation to receive FCC certification, he learned of the transfer and gave notice to Tel-Com owner, Paul Gearheart, of the necessity for the Commission to approve the transfer. Mr. Gearheart informed the city attorney at that time that he had also transferred Inter-Mountain Cable, a company which he owned, to Tel-Com, for tax purposes. The city attorney advised the Commission that in order to keep the records consistent, approval needs to be given for both transfers. Two resolutions were presented and read as follows:

## RESOLUTION APPROVING ASSIGNMENT OF NON-EXCLUSIVE FRANCHISE FROM CHARTER CABLE, INC. TO TEL-COM, INC.

WHEREAS, pursuant to Ordinance Number O-87-029, City of Pikeville granted Gilliam Cable TV a non-exclusive franchise to erect, construct, maintain and operate a community antennae television system as authorized by City of Pikeville Ordinance Number O-87-022.

WHEREAS, the City of Pikeville subsequently approved an assignment of Gilliam Cable TV's non-exclusive community antennae television system to Charter Cable, Inc.

WHEREAS, Charter Cable, Inc.. has entered into an agreement with Tel-Com, Inc. whereby Tel-Com, Inc. has purchased the cable TV system owned and operated by Charter Cable, Inc. pursuant to franchise ordinance number O-87-029 and desires to assign their non-exclusive franchise granted by the City of Pikeville.

WHEREAS, pursuant to the City of Pikeville Cable TV Franchise Ordinance, Charter Cable, Inc. and Tel-Com, Inc. desire for the City of Pikeville to consent to set assignment.

## BE IT RESOLVED by the City of Pikeville as follows:

That the City of Pikeville hereby consents, pursuant to Section 17 of City Ordinance Number O-87-022, to an assignment by Charter Cable, Inc. of its non-exclusive franchise granted by the City of Pikeville pursuant to City Ordinance Number O-87-029 to Tel-Com, Inc., P.O. Box 159, Harold, Kentucky 41635 subject, however, to the condition that Tel-Com, Inc. fully complies with the terms and provisions of City Ordinance Number O-87-022 and City Ordinance Number O-87-029, as well as all other FCC Rules and Regulations governing the operation and establishment of cable TV systems.

Passed this 26th day of October, 1993.

Commissioner Johnny Mounts moved the adoption of the foregoing resolution. Commissioner Walter Blankenship seconded the motion.

Upon roll call, the votes were as follows:

|                                  | YES | NO     |
|----------------------------------|-----|--------|
| WALTER E. MAY, MAYOR             | X   |        |
| GENE DAVIS, COMMISSIONER         |     | ABSENT |
| SHARON CLARK, COMMISSIONER       | X   |        |
| JOHNNY MOUNTS, COMMISSIONER      | X   |        |
| WALTER BLANKENSHIP, COMMISSIONER | X   |        |

The Mayor declared the within resolution adopted.

/s/ Walter E. May  
WALTER E. MAY, MAYOR

ATTEST:

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/s/ Karen Harris  
KAREN HARRIS, CITY CLERK

and

RESOLUTION APPROVING ASSIGNMENT OF NON-EXCLUSIVE FRANCHISE FROM INTER MOUNTAIN CABLE TO TEL-COM, INC.

WHEREAS, pursuant to Ordinance Number O-87-022, City of Pikeville granted Inter Mountain Cable a non-exclusive franchise to erect, construct, maintain and operate a community antennae television system as authorized by City of Pikeville Ordinance Number O-87-022.

WHEREAS, Inter Mountain Cable has merged with Tel-Com, Inc., and said parties now desire to assign the non-exclusive franchise granted by the City of Pikeville to Inter Mountain Cable to Tel-Com, Inc.

BE IT RESOLVED by the City of Pikeville as follows:

That the City of Pikeville hereby consents, pursuant to Section 17 of City Ordinance Number O-87-022, to assignment by Inter Mountain Cable, Inc. of its non-exclusive franchise granted by the City of Pikeville to Tel-Com, Inc., P.O. Box 159, Harold, Kentucky 41635, subject, however, to the condition that Tel-Com, Inc. fully complies with the terms and provisions of City Ordinance Number O-87-022, as well as all other FCC Rules and Regulations governing the operation and establishment of cable TV systems.

Passed this 26th day of October, 1993.

Commissioner Johnny Mounts moved the adoption of the foregoing resolution. Commissioner Walter Blankenship seconded the motion.

Upon roll call, the votes were as follows:  
YES      NO

|                                  |        |
|----------------------------------|--------|
| WALTER E. MAY, MAYOR             | X      |
| GENE DAVIS, COMMISSIONER         | ABSENT |
| SHARON CLARK, COMMISSIONER       | X      |
| JOHNNY MOUNTS, COMMISSIONER      | X      |
| WALTER BLANKENSHIP, COMMISSIONER | X      |

The Mayor declared the within resolution adopted.

/s/ Walter E. May  
WALTER E. MAY, MAYOR

ATTEST:

/s/ Karen Harris  
KAREN HARRIS, CITY CLERK

3. THOMPSON ROAD: City Attorney Davis presented a resolution to the Commission for adoption with regard to authorizing and approving the Kentucky Infrastructure Authority assistance agreement for the Thompson Road/Lake Joann Sewer Extension Project. The resolution was read as follows:

RESOLUTION OF THE CITY OF PIKEVILLE, KENTUCKY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF PIKEVILLE, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY

WHEREAS, the City Commission ("governing authority") of the City of Pikeville, Kentucky, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain water facilities and improvements to the Governmental Agency's Water Service System (the "Project"); and

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement with the Authority;

NOW, THEREFORE, BE IT RESOLVED by the City of Pikeville, Kentucky, as follows:

SECTION 1. That the governing authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

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SECTION 2. That any officer of the Governmental Agency be and hereby is authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on October 26, 1993.

/s/ Walter E. May  
Presiding Officer

Attest:

/s/ Karen W. Harris  
City Clerk

Commissioner Mounts made the motion, seconded by Commissioner Blankenship to adopt the resolution as presented. Upon call of the roll, the motion carried 4 - 0.

C. CITY MANAGER'S REPORTS: City Manager, John Johnson presented the following items for the Commission's consideration:

1. Personnel: Mr. Johnson asked the Commission to approve the employment of Patricia Coleman for the position of utility clerk. The city manager advised that the position had been advertised and 106 applications were received. Commissioner Blankenship made the motion, seconded by Commissioner Clark to approve the employment of Patricia Coleman. Upon call of the roll, the motion carried 4 - 0.

City Manager Johnson asked for permission to change the status of Park Department employee, Kenny Sampson, from part-time to full-time employment as park caretaker. Commissioner Blankenship made the motion, seconded by Commissioner Clark to approve the change in status as recommended by the city manager. Upon call of the roll, the motion carried unanimously.

2. U.D.A.G. Advisory Committee: Mr. Johnson advised the Commission of efforts to find individuals to serve on the committee to review the U.D.A.G. proposals. The city manager advised that he had been unsuccessful in getting outside people to serve on the committee. Mr. Johnson recommended that Karen Gibson, City Treasurer/Controller, be placed on the committee. Others who have agreed to serve on the committee are Johnny Mounts, Sharon Clark, Sue Smallwood and Roger Recktenwald. Commissioner Blankenship made the motion, seconded by Mayor May to appoint Johnny Mounts, Sharon Clark, Sue Smallwood, Karen Gibson and Roger Recktenwald to serve on the U.D.A.G. Advisory Committee. Upon call of the roll, the motion carried by the following votes:

|               |                    |         |
|---------------|--------------------|---------|
| MAYOR:        | WALTER E. MAY      | YES     |
| COMMISSIONER: | WALTER BLANKENSHIP | YES     |
|               | SHARON CLARK       | ABSTAIN |
|               | JOHNNY MOUNTS      | ABSTAIN |

Commissioner Mounts explained that the reason for asking people who were associated with the city to serve on the committee was because that when the CEO's of the financial institutions, as well as other members of the community, were asked to serve or appoint members of their staff to serve, they declined.

3. VISA Credit Cards: Mayor May asked the city manager to answer the following questions: (1) If the city has credit cards; (2) How long the city has possessed credit cards; (3) When the credit cards were acquired; (4) Who possesses the credit cards; and (4) if the cards are being used without authorization. The City Manager advised that the City of Pikeville acquired two credit cards pursuant to the Pikeville City Commission authorization during a meeting on August 14, 1989. Commission Members were Greg Justice, Thomas Huffman, John Mounts, Steve Combs, and W. C. Hambley. The credit cards, according to the motion, were to be used by the City Manager and other employees who travel on city business. All travel is approved in advance by either the City Manager or City Commission. Mr. Johnson, using a list published in the newspaper, summarized the reasons for traveling to the towns listed. A copy of the report is on file in the office of the City Clerk. Mr. Johnson reported that the credit card had not been used without authorization, to his knowledge. The City Manager asked the Commission, since a question has been raised, to either make a motion to retain the credit cards or return the credit cards to the lending institution. Commissioner Mounts said the reason he voted to acquire a credit card was to allow the employees to travel without having to use their own money and then wait for reimbursement. He further commented that most of the travel was for the employees to receive training and thought it a more efficient means to pay the expenses associated with the travel. Steve Combs asked the City Manager to report the reason for traveling to New Orleans and those who attended and why there was such a discrepancy in the room bills and why

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the City Commission would approve a \$233.00 meal. Mr. Johnson advised that he did not have the bills in front of him to review. Commissioner Mounts reported he had reviewed the bills and responded that the trip was for a National League of Cities Meeting which lasted for five days. The travel was approved by the Commission. While it was approved for the entire Commission to attend the conference, Mayor May, City Manager Johnson, and Administrative Assistant Sue Smallwood attended. Mr. Combs also asked why the credit cards are not paid timely. The City Manager advised that bills are approved at the end of the month and the bills are due by the 15th of the month. A resident from Harolds Branch stated his opinion that limits should be placed on the amounts which can be spent for rooms and food. Commissioner Clark commented that this was a good suggestion, however it was impractical when comparing the cost of lodging in various cities. It was the Commission's consensus to not change the policy with regard to the credit cards.

4. Audit: Mayor May advised that an audit of the city's finances is done on an annual basis by an independent auditor. The accounting firm of Wallen & Cornett has been retained for some time to perform the city's audits. The audit fee is approximately \$15,000.00. The Mayor reported he had asked Mr. Wallen if he would be willing to do a six month audit (July, 1993 - December, 1993) for half the price. The Mayor cited the reason as being that some of the Commission Members would not be returning for another term and thought it prudent to have a record of the financial affairs for the time they held office. Commissioner Blankenship made the motion to authorize the firm of Wallen & Cornett to do a six month audit. Commissioner Clark seconded the motion. Upon call of the roll, the motion carried 4 - 0.

D. RIVER FILL PROPERTY BIDS: The sealed bids for River Fill Lots 1 - 8 were opened and read as follows:

|                       |                     |             |
|-----------------------|---------------------|-------------|
| Clyde & Linda McCoin: | Lot #6:             | \$16,000.00 |
|                       | Lot #7              | \$17,000.00 |
| Arlene Chaney:        | Lot #7 (1st choice) | \$18,000.00 |
|                       | Lot #6 (2nd choice) | \$18,000.00 |
| James K. Coleman:     | Lot #5              | \$28,000.00 |
|                       | Lot #6              | \$22,500.00 |
|                       | Lot #7              | \$17,500.00 |
| Blake Good:           | Lot #6              | \$17,000.00 |
|                       | Lot #7              | \$16,000.00 |
| James B. Ratliff      | Lot #5 (1st choice) | \$30,900.00 |
|                       | Lot #3 (2nd choice) | \$30,900.00 |
|                       | Lot #4 (3rd choice) | \$27,000.00 |

Pikeville Congregation  
of Jehovah's Witnesses:

|                           |             |
|---------------------------|-------------|
| Lots 2 & 3 (1st choice)   | \$50,000.00 |
| Lots 3 & 4 (2nd choice)   | \$50,000.00 |
| Lots 4 & 5 (3rd choice)   | \$50,000.00 |
| Lots 5,6 & 7 (4th choice) | \$50,000.00 |

Combs & Combs, P.S.C. on behalf of DRS. a KY General Partnership:

|                     |              |
|---------------------|--------------|
| Lot #1 (1st choice) | \$165,000.00 |
| Lot #2 (2nd choice) | \$ 25,000.00 |
| Lot #3 (3rd choice) | \$ 25,000.00 |
| Lot #4 (4th choice) | \$ 25,000.00 |
| Lot #5 (5th choice) | \$ 25,000.00 |

Baretta Casey, M.D:

|                     |              |
|---------------------|--------------|
| Lot #1 (1st choice) | \$203,000.00 |
| Lot #2 (2nd choice) | \$ 49,000.00 |

Patty Green & Hobart C. Johnson

|        |              |
|--------|--------------|
| Lot #8 | \$ 36,100.00 |
|--------|--------------|

At 7:55 p.m., pursuant the KRS 61.810, Section 3, paragraph b, Commissioner Blankenship made the motion to adjourn to a closed session for the purpose of discussing the evaluation of the bidding process and the property appraisals. Commissioner Clark seconded the motion. Upon call of the roll, the motion carried 4 - 0.

At 8:29 p.m., Commissioner Mounts made the motion, seconded by Commissioner Blankenship to reconvene to regular session. Upon call of the roll, the motion carried 4 - 0.

City Attorney Davis reported that after the Commission discussed the results of the appraisals which were done on behalf of the City of Pikeville on river fill property and after consulting with city engineer Jack Sykes with regard to the number of square feet which comprise each of

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the lots, there were only two bids that would fall within the appraisals. The bids were again read for review.

Dr. David Mullekin spoke in support of Dr. Casey's bid and advised the Commission of the hospital's efforts to recruit new physicians.

Buddy Johnson offered his opinion that more monies could be received for the property if auctioned.

City Attorney Davis advised, that in listening to the bids as they were read, there were only two bids that meet or exceed the appraised value. The bids were for Lots #1 (with building) and Lot #8. Mr. Davis advised that in addition, Lot #1 was also reduced in size since the appraisal had been completed.

Commissioner Blankenship made the motion, seconded by Commissioner Mounts to award the bids of Lots #1 and #8 to the high bidders, Dr. Barettta Casey and Patty Green and Hobart Clay Johnson, respectively. Upon call of the roll, the motion carried 4 - 0.

Commissioner Blankenship made the motion to reject the bids received for Lots 2 - 7. Commissioner Clark seconded the motion. Upon call of the roll, the motion carried 4 - 0.

City Attorney Davis recommended that the Commission authorize City Manager Johnson to advertise for the employment of an auctioneer pursuant to certain terms as follows:

1. The auctioneer's sales commission shall be 5% of the actual sales price of any lot agreed to be sold by the City pursuant to an auction with reserve.
2. The auctioneer will be required to plan and propose appropriate advertisement for the auction, for approval by the City Manager. The City of Pikeville will pay the costs of all approved advertisement. All other costs will be the responsibility of the auctioneer.
3. All interested persons must hold a KY Auctioneer's License and have sold real property located within Pike County within one (1) year from the date of the advertisement.
4. Bids will be submitted in writing to the City Manager. The deadline for receiving proposals will be 12 Noon on November 19, 1993.

All names received by the City Manager prior to the deadline will be placed in a pool and one name shall be randomly drawn from that pool during the November 22, 1993 City Commission Meeting.

Commissioner Mounts made the motion, seconded by Commissioner Blankenship to authorize the City Manager to advertise for bids subject to the aforementioned covenants. Upon call of the roll, the motion carried 4 - 0.

The Commission and Buddy Johnson had lengthy discussion concerning the merits of holding an absolute auction compared to reserving the right to reject any or all bids. Mr. Johnson's position was that more people would come to the auction if it were an absolute auction. It was the consensus of the Commission to reserve the right to reject any and all bids.

CITY ENGINEER'S REPORTS: Jack Sykes representing Summit Engineering, City Engineers, presented the following items for the Commission's consideration:

1. Utility Easements: Second Reading was given to an Ordinance entitled:

ORDINANCE ACCEPTING PERMANENT EASEMENTS FOR THE MAINTENANCE FOR WATER AND SEWER LINES WITHIN THE CEDAR HILLS SUBDIVISION AND BOWLES PARK TOWN HOUSES AND OTHER RESIDENTIAL PROPERTY ON CEDAR CREEK

Commissioner Blankenship made the motion to adopt the Ordinance. Commissioner Clark seconded the motion. Upon call of the roll, the motion carried by the following votes:

|               |                    |         |
|---------------|--------------------|---------|
| MAYOR:        | WALTER E. MAY      | YES     |
| COMMISSIONER: | WALTER BLANKENSHIP | YES     |
|               | SHARON CLARK       | YES     |
|               | JOHNNY MOUNTS      | ABSTAIN |

2. Water Tanks: The contractor has completed the work on the painting of the Ratliff's Creek and Harold's Branch Water Tanks.

3. Police Station: The project is proceeding on schedule. The contract for the construction of the facility did not include the parking lot or striping. Mr. Sykes advised that this item was intentionally

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omitted from the contract because it was thought the city would do the paving. It has become apparent that the contractor will still be occupying the site when the asphalt plants close for the winter and it will be impractical for two contractors to work on the same site. Mr. Sykes reported he had negotiated a contract with Commonwealth Building for the parking lot and other miscellaneous items to include the installation of conduit for the addition of an emergency generator at some future time; underground installation of the electrical and telephone lines; and additional phone outlets. Total change order amount is \$27,290.00 - \$25,500.00 of which is for the construction of the parking lot. Commissioner Mounts made the motion, seconded by Commissioner Blankenship to approve the change order as submitted. Upon call of the roll, the motion carried 4 - 0.

4. Thompson Road/Lake Joann Sewer Extension: The contractor, Environmental Construction Corporation, submitted their first pay request for the project this evening totaling just over \$179,000.00. Total contract price is approximately \$540,000.00. The contractor has completed the gravity line in the vicinity of the shopping center and down to the pump station and is extending the gravity line from there down to the subdivision. Mr. Sykes reported that the project is proceeding on schedule.

5. Poor Farm Lift Station: One bid was received for the refurbishing of the Poor Farm Lift Station. The bid submitted was from East Kentucky Water in the amount of \$131,931.05. The engineer's estimate was \$76,000.00, however the estimate did not include the sluice gate assembly which was added at the request of PSG. This addition, according to the contractor's bid, increased the bid by \$22,000. After talking with PSG staff, Mr. Sykes reported that they did not think the need for the sluice gate was justified by the cost. Mr. Sykes reported he had discussed the matter with the contractor and advised him that his bid was too high and asked him to negotiate downward. The contractor agreed to lower his bid, without the sluice gate assembly, to \$102,011.00. Mr. Sykes indicated the overrun in cost was due to the specification requiring the installation of White Pumps and the requirement to provide a temporary pump station to handle the waste during construction. Mr. Sykes recommended award of the bid as negotiated. Commissioner Blankenship asked what assurance they had that the pump station would function. Mr. Sykes reported that the pump station was being completely rebuilt. Commissioner Mounts made the motion to award the bid as negotiated. Commissioner Blankenship seconded the motion. Upon call of the roll, the motion carried 4 - 0.

5. SIDEWALK: Mr. Sykes reported that he had advertised for bids for the construction of a sidewalk, curb and gutter, and some storm drain to extend from the Department of Transportation building to Pikeville High School. The project was bid to be completed within 60 days. Five contractors obtained bid specifications and four of the contractors indicated they didn't have time within the next two months to do the project. No bids were received. Commissioner Blankenship made the motion to authorize the City Engineer to readvertise the project for bids. Commissioner Mounts seconded the motion. Upon call of the roll, the motion carried 4 - 0. Local contractor, Tom Young, reported he submitted a bid for the project but did not submit the bid timely. Mr. Young advised the Commission that he had submitted a reasonable bid and could complete the project within the specified 60 days and is bondable. The City Engineer reported that he had received the bid on October 25, 1993 in the amount of \$129,053.00. The engineer's estimate for the project was \$120,862.00. Mr. Sykes reported that he had discussed the matter with the city attorney who advised that the bid could not be accepted, however the city could negotiate with Mr. Young or other contractors. City Manager Johnson advised that Mr. Young had subcontracted through PSG on the sidewalk project around the Bypass. Commissioner Blankenship made the motion to withdraw the motion to authorize rebidding of the project. Commissioner Clark seconded the motion. Upon call of the roll, the motion carried 4 - 0. Commissioner Blankenship made the motion to authorize the City Manager and City Engineer to enter into competitive negotiations pursuant to the Model Procurement Act to select a contractor for this project. Commissioner Clark seconded the motion. Upon call of the roll, the motion carried 4 - 0.

There being no further business to come before the Commission, Commissioner Blankenship made the motion, seconded by Commissioner Mounts to adjourn. Upon call of the roll, the motion carried 4 - 0.  
(Adjournment Time: 9:10 p.m.)

APPROVED

*Walter May*  
WALTER E. MAY, MAYOR

ATTEST:

*Karen Harris*  
KAREN HARRIS, CITY CLERK