

MINUTES } CITY OF PIKEVILLE

PIKEVILLE CITY COMMISSION REGULAR MEETING MINUTES FEBRUARY 26, 1996

The Board of Commissioners of the City of Pikeville met in regular session on Monday, February 26, 1996. The meeting was held in the City Hall Public Meeting Room at 260 Hambley Boulevard, Pikeville, Kentucky.

There being a quorum present, Mayor Steven D. Combs called the meeting to order at 6:05 p.m. Commission Members present upon roll call were as follows:

MAYOR: STEVEN D. COMBS
COMMISSIONER: KENNY BLACKBURN
SHARON CLARK
EUGENE DAVIS

Commissioner Walter "Smokey" Blankenship was absent.

AGENDA ITEM II. MINUTES

The minutes for the previous regular meeting of January 22, 1996 were included in each Commission Member's agenda package. There being no additions or corrections, Commissioner Blackburn made the motion, seconded by Commissioner Davis, to approve the minutes as submitted. Upon call of the roll, the motion carried 4 - 0.

AGENDA ITEM III. BUSINESS FROM THE FLOOR

At the request of the City Manager, Item B., 1., under Old Business was moved to be heard as Item I under Business from the Floor.

1. Water/Sewer Bond Refinancing: Bob Pennington with J.J. B. Hilliard & Lyons was present to discuss the proposed refinancing of the 1985 Series "B" Water and Sewer Bonds issued by the Farmers Home Administration. Mr. Pennington reported that interest rates have declined steadily over the past three to four months which makes the proposal profitable for the city. According to Mr. Pennington, if the bonds were sold at today's current market, the City would realize an approximate savings of \$700,000.00. Instead of the bonds being paid out in the year 2025, the proposed term would be shortened by three years, which would take into account the debt service reserve fund that would mature to make the final year's pay off. The City would not incur a penalty from Farmers Home Administration for early retirement of the Series "B" Bonds. Mr. Pennington gave each Commission Member a handout which proposed a Special City Commission Meeting to be held on March 4th to have first reading of the Bond Ordinance approving the necessary bond documents. March 12th is the proposed date to sell the bonds. Mr. Pennington explained that the market interest rate will definitely change. The procedure for selling the bonds involves accepting bids for the bonds. There may be as many as a dozen bidders, but Hilliard & Lyons will take the lowest bid; generate a spreadsheet, using the market interest rate for that time, showing the savings; the spreadsheet will be presented to the Commission; and at that time the City Commission will have the opportunity to accept or reject the transaction. Mr. Pennington advised that he should have an idea of the amount of the savings about two to three days before the sale. Mr. Pennington assured the Commission that if the market conditions deteriorate, the sale will be halted. The Commission was advised that two other bond issues were considered for refinancing, however it was determined that the 1985 Series "A" Bonds carry a 5% interest rate. The 1978 bond issue has a short term retirement. The City's Auditor, J. Donald Wallen, questioned the proposed amount of the 1995 Bond Issue at \$2,545,000 versus the principal of the outstanding indebtedness of \$2,254,000. Mr. Pennington referred to the spreadsheet given to each of the Commission Members which define the uses of the funds as follows:

Total Bonds Redeemed	\$2,254,591
Underwriters Discount (2%)	50,900
Cost of Issuance	47,500 (1)
Debt Service Reserve	205,700
Accrued Interest	11,675
Contingency	214
Total	\$2,570,580

- (1) Cost of issuance includes fees for financial advisor, local counsel, bond counsel, printing and advertising, and paying agent.

Mr. Pennington pointed out that the big use of funds is the Debt Service Reserve. That money, assuming no defaults on the loan, is returned to the City. Accrued interest on the Farmer's Home bonds is going to be between \$6,000 and \$7,000. The Underwriters Discount is paid to the purchaser of the bonds. The Mayor questioned if the costs of issuance were standard in the industry. The fee of the Financial Advisor (Hilliard, Lyons) is typically 1 point or \$24,000.00. The cost depicted on the spreadsheet reflects a \$6,000 discount. Bond Counsel's fee (Harper, Ferguson & Davis) is \$19,000.00. Local Counsel (Rusty Davis) has a fee estimated at \$5,000.00. Printing and Advertising fee is calculated at \$2,000.00 and the fee for the Paying Agent is \$3,500.00. Mr. Pennington told the Commission that they can choose the paying agent. He explained that originally, the payment was made to FmHA. Under this scenario, a paying agent must be hired. The estimated fee of \$3,500.00 is generally enough money as this is a one-time fee. The paying agent is responsible for making sure that the holders of the bonds and transfers are made for the 26 year term of the bonds.

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Sources of funds are as follows:

Par Amount of Bonds	\$2,545,000
Accrued Interest	11,675
Sinking Fund Accruals	13,905
Total	\$2,570,580

Mr. Wallen pointed out that the earnings on the Debt Service Reserve are constant. Mr. Pennington explained that he takes bids for a certificate of deposit to meet the term of the issue (26 years). The reason for purchasing a certificate of deposit rather than a treasury bond is there is no market risk.

Mayor Combs asked if the new issue can be paid out should the interest rates fall in the next couple of years. Mr. Pennington explained there would be a penalty in that the bonds can not be paid off within a 10 year period, which is typical for a tax exempt bond. In the eleventh year, there is a 102% pay back and in the twelfth year, the pay back is at par.

The City will incur no monetary costs should the Commission decide to reject the bids. Commissioner Blackburn inquired if the bond debt is assumable should the City sell the Water Treatment facility (the original FmHA Series A & B bonds were used to fund the construction of the Water Treatment Plant). Mr. Pennington reported that he was unsure, but would have the answer to the question prior to the next meeting.

Commissioner Blackburn made the motion, seconded by Commissioner Clark to authorize J.J.B. Hilliard & W. L. Lyons to proceed with the refinancing procedure of the Series "B" Water/Sewer Bonds. Upon call of the roll, the motion carried 4 - 0.

Commissioner Blackburn requested that the bond ordinance along with the supporting documents be forwarded to the City Attorney and City Auditor for their review.

2. Parking: Pikeville Drug Store owner, Larry Fortenberry, appeared before the Commission to request redesignation of two parking spaces, either on Main Street or on Grace Avenue, as 10 or 15 minute customer parking. The six parking spaces located on Main Street were designated Taxi Cab/Loading Zone spaces approximately 6 years ago, reported City Manager Johnson. The first two parking spaces on Grace Avenue are reserved for vehicles displaying handicap permits. Mr. Fortenberry told the Commission that the ideal situation would allow for two spaces on Main Street with a 10 to 15 minute allowance. Mr. Fortenberry reported that he had been observing the six spaces over the last three months and advised that the spaces are hardly ever fully utilized. The Commission directed City Attorney Davis to prepare an Ordinance to designate the first two parking spaces on Main Street as 10 minute parking. First reading of the Ordinance was delayed until a later time in this meeting.

3. ABC Ordinance: Donnie M. May, along with two other package liquor store owners came before the Commission to request amendments to the existing Alcoholic Beverage Control Ordinance. According to Mr. May, several cities across Kentucky have taken action to prevent multi-million dollar corporations from locating in their communities "using alcohol as a pawn to do some other things". Mr. May expressed his concern that the larger corporations are forcing the smaller package stores out of business. Mr. May requested some type of legislation to provide that all alcoholic beverage license applicants be required to provide proof that 90% of their sales will be derived from the sale of alcoholic beverages, which would preclude drug stores, gas stations and grocery stores from selling ABC items. Mr. May reasoned that no person under the age of 18 is allowed in his establishment, while anyone is allowed in drug stores, gas stations and grocery stores even though they offer alcoholic beverages for sale. In addition, he stated that he is unable to open his business on Sunday, even though he offers other non-alcoholic items for sale.

Another request from the group was a proposal that the City offer some adjustment for tax collected above the budgeted amount. Mr. May explained that he had obtained the figures from the tax office of the collections of regulatory fees for 1994-95. Budgeted was \$100,000.00, however \$124,000.00 was collected. Mr. May explained that he is not asking that the 3% fee be reduced, however he is asking that the City not collect any more than the amount budgeted. Mayor Combs explained that the regulatory fees provide salaries for a police officer and a fire fighter as well as equipment for both departments.

Mr. May presented copies of Ordinances from Morehead, St. Matthews, Ashland, Bowling Green, and Louisville which prohibit the issuance of alcoholic beverage licenses to establishments other than retail package stores and limiting the locating of liquor stores within 750 to 1000 feet of another liquor store.

Johnny Cecil, Regional Manager of Food City, commented that he thought it an unfair advantage for the City to enact legislation which would prohibit retail competition. He assured the Commission that his store personnel are very well trained with regard to the sale of alcoholic beverages and have had no violations. Food City Store Manager, Wick Hayton, pointed out that his store can only offer malt beverages for sale.

Mayor Combs suggested that City Attorney Davis obtain ordinances from area cities which have distance limitations or restrictions and report his findings to the City Commission at the next meeting. Johnny Cecil advised that ordinances of several cities have been challenged. Mr. May told the Commission that Ashland's ordinance had been challenged, however it had been ruled legal and valid.

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City Attorney Davis reported that last spring he had reviewed ordinances with regard to distance limitations. After his report to the Commission at that time, on that issue, the Commission did not find it necessary to make any amendments to the ABC Ordinance.

4. J. Donald Wallen of Wallen & Cornett delivered the 1994-95 audit report to the City Commission. Mr. Wallen gave a summary of the fund balances for the General and Enterprise Funds as follows:

General Fund: The General Fund finished the year with a balance of \$1,357,234 which was a \$223,492 increase from 1994. Mr. Wallen reported that he had predicted a deficit for the year due to the property tax bills not going out in this fiscal year. He attributed the surplus to the collection of approximately \$300,000 more in Occupational License Fees and interest income.

Water/Sewer Fund: Finished the year with \$43,366 surplus.

Gas Fund: Completed the year with a \$152,378 deficit, however 55,953 was a non-cash depreciation expense.

Sanitation Fund: Finished the year with a \$7,355 deficit. \$32,000 was a non-cash depreciation expense.

Mr. Wallen rated the financial condition of the City at "8" on a scale of 1 to 10. He stated that, ideally, the City should have \$3 to \$4 million in reserve rather than the \$1.3 million it currently has. He added that this year should add to last fiscal year's reserve of \$200,000 due to an additional property tax bill being sent to all residents.

5. Park Revitalization: Kitty Pauley, Chairman of the Downtown Park Revitalization Committee, reported that the committee has identified three priorities for the downtown park - public restrooms, tot lot, and a fountain. The Downtown Park Revitalization Fund has approximately \$10,000.00 on hand. Ms. Pauley requested that the City Commission authorize the Park Revitalization Committee to proceed with the development of the tot-lot. Park Committee member, Sue Smallwood, pointed out that the proposed tot lot development can not be completed with \$10,000. Mayor Combs suggested that the City appropriate funds to be used in conjunction with the Downtown Revitalization Funds. Mayor Combs made the motion, seconded by Commissioner Blackburn to provide a \$10,000 match in funds for the tot lot project. Upon call of the roll, the motion carried 4 - 0.

6. Hillbilly Days Festival Committee: Chamber of Commerce Executive Director, Gerald Altman, appeared before the Commission to request the City Commission's consideration of the Hillbilly Days Festival Committee's proposal to extend booth space to include Main Street to Pike Street and possibly to include Second Street (from the Pinson Hotel to the Chevron Station). The proposal would be limited to providing booth spaces in currently marked parking spaces. Mr. Altman advised that he had discussed the proposal with the Chief of Police as it pertains to vehicular traffic. Police Chief Edmonds expressed his concern for the safety of pedestrians on these two streets and recommended limiting thru traffic to essential traffic. Commissioner Blackburn expressed his concern for the accessibility to businesses on these streets who remain open during the three day event. Mayor Combs commented that he did not feel that the Chamber of Commerce was charging an adequate booth space fee. Mr. Altman told the Commission that the Chamber is in the process of restructuring the fee schedule. City Manager Johnson advised the Commission that he plans to submit a proposal to them for consideration which would place a \$50.00 surcharge on vendors. He stated that the City spends between \$10,000 and \$15,000 for additional police protection and cleanup services. The City receives no funds from the event. Mr. Johnson told the Commission that the surcharge would offset the City's expenses incurred with hosting the festival. Fire Chief Hall told the Commission that he would be unable to access Second Street in a fire truck should booth space be permitted within the parking spaces. Mayor Combs stated he felt that only one side of Main Street should be utilized for booth space. Mayor Combs made the motion to open up one side of Main Street, no further than Pike Street, for booth space and to deny the request for booth space on Second Street. Commissioner Blackburn seconded the motion. Upon call of the roll, the motion carried 4 - 0.

7. River Fill Development: As requested at the previous regular meeting, Judy Walters presented the Commission with a conceptual rendering of her proposed landscaping on the river fill property for which she has requested a permanent easement from the City. On the back part of the development, Mrs. Walters proposes a solid brick fence. She proposes to cover the steep bank with creeping phlox or a vine. The section of fencing facing Third Street would be fabricated of wrought iron. The existing street is about 25 feet in width, but would not provide sufficient space for parking for those who wish to access the river for fishing. Mrs. Walters pointed out that sufficient access to the pond is provided at the other end of the pond area. City Attorney Davis explained that Mrs. Walters is requesting a permanent easement along the land for the purpose of landscaping similar to the landscaping she constructed on the Flat Iron Building property. Mrs. Walters has indicated that she would be willing to allow the City to use the easement to construct an interceptor from Third Street to the Bypass. City Engineer Jack Sykes reported that the City does not own any slope. The City's property line is adjacent to the Third Street right-of-way. Mr. Sykes told the Commission that he thinks that Justine Trivette owns the slope. Commissioner Blackburn made the motion to authorize the Mayor to execute a permanent easement agreement to Judy Walters on a certain portion of the City's property at the end of Third Street, more specifically designated on a plat to be provided by the City Engineer, for the purpose of constructing a garden, landscaping, fountain and walkways, with no permanent structures or parking, all contingent upon the development of 10 housing units plus an office building, and would revert to the City of Pikeville if the 10 housing units plus the office building were not constructed. The City will retain the right to construct a connector from Third Street to the Bypass. There will be a 25 foot reservation between Mrs. Walters property and Third Street. Commissioner Davis seconded the motion. Upon call of the roll, the motion carried 3 - 1 with Commissioner Clark voting no.

8. Dilapidated Housing: Mr. and Mrs. John Hall, owners of property located on Peach Orchard, advised the Commission that they had been unable to receive any action from the building inspector's office with regard to their request to have a building, adjacent to their property, condemned. According to Mrs. Hall, there is no vehicular access to her property because of the dilapidated structure. The Halls told the Commission that they own 1/8th interest in the property. While they are willing to remove the fire hazard, they feel that a condemnation order would be necessary in order to receive approval from the other property owners. Fire Inspector John Cole told the Commission that he would inspect the structure. City Attorney Davis told the Commission it would be more advantageous to have the structure condemned through the Fire Marshall's office, a procedure that would take approximately 60 days, versus using the procedure effected by the Dilapidated Housing Ordinance.

9. Chloe Sewer Line Extension: Jerry Justice and Richard Ray, residents of Walters Road, were present to register complaints to the Commission concerning the sewer line extension in their area. Mr. Justice told the Commission that it was his impression, when he signed the easement, that his property would be restored to original condition. He reported that he has had to make repairs to his driveway to allow vehicular access. In addition, he reported that the water line had been broken three times and he had been out of water for a total of 47 days. City Engineer Sykes told the Commission that the contractor lacks less than 400 feet of line to complete Walters Road. He advised that he has asked the contractor to leave a crew on Walters Road until the project is complete. Mr. Sykes explained that the weather has not been conducive to cleanup efforts. The contractor, David Hess, was present and told the Commission that he has graveled Mr. Justice's driveway on two occasions. Commissioner Blackburn told the contractor that he wants to make sure that the residents can have access to and from their property every day. Richard Ray complained about the quality of the paving replacement at the mouth of Walters Road. Mr. Sykes explained that the asphalt plants were closed when the road at the mouth of Walters Road was patched. Mr. Sykes advised that when the contractor is nearing completion, an advertisement will be published in the newspaper asking all property owners with complaints to contact the City Engineer. Mr. Sykes assured that the contractor would not be paid the final fee until all problems had been addressed.

10. Library: Mayor Combs reported that he had appointed an ad-hoc committee, consisting of Bill Baird, Joe Justice, and Ed Maddox, to determine the feasibility of merging the Pikeville Public Library and Pike County Library. Mr. Baird reported that the committee had talked with the City Library Board as well as the assistant librarian of the Pike County Library system. The committee discussed with both entities, long-term financing and the expanding of services. According to Mr. Baird, the county's recent library construction incurred expenses of \$1/2 million dollars for a 6,000 square ft. unfurnished facility. Annual operating expenses for this facility are assessed between \$110,000 and \$120,000. The city library district owns a parcel of property and has funds to construct a facility. While the city library receives some county library tax money and receives \$42,000 in operating monies from the City of Pikeville, the committee expressed concerns for the additional funds needed. Mr. Baird told the Commission that the city library is not eligible to receive any state grants, while Pike County has received \$100,000 per year state grants over the last three years.

Mayor Combs reported that he had briefly discussed the need for funding for the city's library with Governor Patton. The Mayor said that the Governor had indicated his support for a Pike County Library in Pikeville. The Mayor further commented that the City Commission is not going to make a decision to consolidate the two library districts - he stated that the City Library Board would be responsible to make their own decision with regard to a merge or to begin construction of a new city facility. Mayor Combs told the committee and members of the Library Board that he would schedule an audience with the Governor to discuss the matter. City Librarian Billie Sue Davis told the Commission that the lease on the existing facility expires in May, 1996. The Commission heard comments from committee members Ed Maddox and Joe Justice. Mr. Maddox said the committee's report is very preliminary and sees their recommendation dependent upon the outcome of the meeting with Governor Patton. Joe Justice voiced his opinion that the City should investigate the matter thoroughly before making any decision to consolidate. Commissioner Davis, after disclosing the fact that his wife is the City of Pikeville librarian, mirrored Mr. Justice's comments. He cited the example of the Independent School District and reported that the state would have made funds available if the city would have agreed to consolidate with the county, however city residents voted for a bond issue to fund the high school's construction. Discussion concluded with the Mayor advising that he would schedule a meeting with Governor Patton.

Commissioner Clark left the meeting at 9:15 p.m.

11. Zoning: Walter Preston Walters, member of the Board of Zoning Adjustments, brought a matter before the Commission concerning an application filed by Tommy Hankins in 1995, for a conditional use permit on property adjacent owned by Jake Howell on Chloe Creek. Mr. Walters advised that the conditional use permit was granted without notice being given to Mr. Howell and without the Zoning Board of Adjustments voting on the matter. City Attorney Davis told the Commission that he didn't remember all the specifics concerning the matter, however he did tell the Commission that he had sent correspondence to the Pikeville/Pike County/Elkhorn City Planning Commission with regard to incorrect notices being issued for the hearing. The Mayor asked if the City Commission needed to take any action to correct the matter. City Attorney Davis reported that he was unsure of the final outcome, however explained that he did not think the City Commission had any recourse since Mr. Howell did not pursue the matter. Mayor Combs stated that he felt the City should take some action since the notices to Mr. Howell were defective. Commissioner Davis made the motion to authorize the City Attorney to look into the matter and to take any action he deems necessary to remedy the matter. Mayor Combs seconded the motion. Upon call of the roll, the motion carried 3 - 0.

City Attorney Davis presented and gave first reading to an Ordinance establishing a parking zone for the first two parking spaces on the left side of Main Street beginning at the corner of Grace Avenue and Main Street. The Ordinance will be available for public inspection in the City Clerk's Office. It was announced that second reading of the Ordinance would be heard during the City Commission's March 25, 1996 regular meeting.

AGENDA ITEM IV.

OLD BUSINESS

A. CITY BILLS/FINANCE STATEMENTS: Presented for approval of payment was a list of City Bills totaling \$425,127.58. Mayor Combs made the motion to authorize payment of the bills as submitted. Commissioner Davis seconded the motion. Upon call of the roll, the motion carried 2 - 0 - 1 with Mayor Combs abstaining from the vote with regard to the invoices submitted on behalf of Robertson Wrecker, CSX Transportation, Wallen & Cornett, Chevron, J & H Enterprise, and Rowe/Robinson Construction. City Manager Johnson advised the Commission that application has been sent to FEMA to recover 80% of the snow removal expenses incurred.

B. SEWER EXTENSION PROJECT: Presented for approval of payment on behalf of M & D General Contracting was Pay Request #5 for Contract #1, Chloe Creek, \$140,036.04; Contract #2, Harolds Branch, \$120,106.26; Contract #3, North Interceptor, \$66,993.30; Retainage to be deposited in escrow, \$36,348.40. In addition, a request was submitted from Will Linder and Associates in the amount of \$10,000.00 for preparation of the Kentucky Infrastructure Authority Funding Application. Commissioner Blackburn made the motion, seconded by Commissioner Davis to approve payment of the bills as requested. Upon call of the roll, the motion carried 3 - 0.

AGENDA ITEM V.

OLD BUSINESS

A. CITY ENGINEER'S REPORTS: Jack Sykes representing Summit Engineering, Inc., City Engineers, was present and delivered a verbal progress report for the City's various ongoing projects:

1. Sewer Extension Project: Mr. Sykes reported that 44% of the pipe is in place on the Harolds Branch contract. The Chloe Creek project is progressing on a more effective cycle with 44% of the contract complete. The North Interceptor project has not progressed as well due to the river being over their work area a considerable amount of the time. City Engineer Sykes displayed a map showing the work which has been accomplished on the three contracts. The Commission was reminded by City Engineer Sykes, that they had discussed, during executive session, that the engineers did not anticipate the contractors being able to complete the project within the specified contract time. The engineer presented the contractor with conditions and guidelines for them to meet before consideration would be given to their request for a time extension. Mr. Sykes reported that the contractors have complied with the conditions and requests and recommended that the Commission approve a change order to grant a 90 day time extension to each of the three contracts with the understanding that the contractor is responsible for the additional inspection fees. With the time extension, the projects are to be completed by July 4, 1996. The Harolds Branch sub-contractor asked if additional consideration would be given to them because of the labor dispute. City Engineer Sykes advised the Commission that should they want to take the labor dispute into consideration, that the contractor could be asked to pay for inspection fees for a 60 day period. Commissioner Blackburn made the motion to grant a 90 day extension to each of the three contracts (July 4, 1996), and to make the contractor responsible for paying inspection fees on the final 60 days of the extension. Commissioner Davis seconded the motion. Upon call of the roll, the motion carried 3 - 0.

2. Lake Cleanup Project: The City Engineer requested a change order for the pond clean up project. Mr. Sykes reported it was necessary to delay the project 6 weeks largely due to being unable to place the aerators in the river because of inclement weather. Commissioner Davis made the motion, seconded by Mayor Combs, to approve a change order for the Lake Clean up Project granting a 6 week time extension. Upon call of the roll, the motion carried 3 - 0.

3. Fire Station/Storage Building: Presented to the Commission was a summary of the bids for the construction of the Thompson Road Fire Station and a records storage building which is to be constructed on the Chloe Creek Fire Station property. Low bidder for both projects was Patriot Construction Company at \$169,000.00 for the Fire Station and \$82,000.00 for the records storage building. Two other bids were received for each project as follows: Commonwealth Building and Construction \$218,000.00 (Fire Station) and \$103,000.00 (storage building); and Elliott Contracting, Inc., \$234,000.00 (Fire Station) and \$83,800.00 (storage building). City Engineer Sykes reported that he had checked references and recommends award of the bid for both projects to Patriot Construction Company. Mayor Combs made the motion, seconded by Commissioner Blackburn to award the bid for the Fire Station and Records Storage Building construction to the low bidder, Patriot Construction Company. Upon call of the roll, the motion carried 3 - 0. The Commission authorized the City Manager to award a contract to J & M Construction in the amount of \$8,850 for filling the site.

4. Keel Addition: Mr. Sykes explained that a manhole has washed out and several feet of line has eroded at a storm drain near the Catholic School. The City Manager told the Commission that while the school is in no immediate danger, an emergency should be declared and a contract awarded at the earliest convenience. Mayor Combs made the motion to declare an emergency and to authorize the City Engineer and City Manager to solicit quotes and award a contract for repairs. Commissioner Blackburn seconded the motion. Upon call of the roll, the motion carried unanimously.

5. Raw Water Intake: City Engineer Sykes requested a meeting with the Commission to discuss problems at the Raw Water Intake. The meeting was scheduled for Monday, March 4th.

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

1. Firing Range Agreement: Mr. Davis reported that the agreement with the Kentucky State Police for use of the City's firing range has expired. Presented for approval was an agreement to extend the license for an

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additional 10 year period (to end on April 30, 2006). Commissioner Blackburn made the motion, seconded by Commissioner Davis to approve the agreement. Upon call of the roll, the motion carried 3 - 0.

2. U.S. Cellular: Presented for approval was an easement with the U.S. Cellular Corporation. Mr. Davis reported that he and City Manager Johnson have discussed the possibility of granting an easement to Cellular One on property owned by the City of Pikeville at the top of Poor Farm Hollow. Cellular One has acquired the right to construct a tower on an adjacent tract of property and they need to run a guy wire over and attach it to the City's property to make the tower work. In exchange, Cellular One will allow the City of Pikeville to locate a transmitter on their tower for no fee. Mayor Combs made the motion to approve the agreement. Commissioner Blackburn seconded the motion. Upon call of the roll, the motion carried 3 - 0. A Consent of Property Owner was also presented for approval. Commissioner Blackburn made the motion, seconded by Mayor Combs, to authorize the Mayor to execute the consent agreement. Upon call of the roll, the motion carried 3 - 0.

3. Mountain Comprehensive Care Center: The City Attorney advised that he has been notified by representatives at Mountain Comprehensive Care that they are still having problems with getting their building constructed on the river fill property. Mr. Davis explained that the title insurance company has encountered technical problems with the deed of conveyance as prepared in 1988 by Larry Webster for the Urban Renewal Agency. The deed of conveyance was made in the name of Mountain Comprehensive Care Center which is not correct as their official name is Region 11 Mental Health & Retardation Board, Inc. In addition, presented was a Subordination Agreement for approval. Mr. Davis explained there is a reversionary clause that provides if the building is not used for a health care facility then the property would revert to the City of Pikeville. With the change, the bank would be able to foreclose if the loan was defaulted. Commissioner Blackburn made the motion, seconded by Commissioner Davis, to authorize the Mayor to execute the amended deed and subordination agreement. Upon call of the roll, the motion carried 3 - 0.

C. CITY MANAGER'S REPORTS: City Manager, John B. Johnson, presented the following items to the Commission:

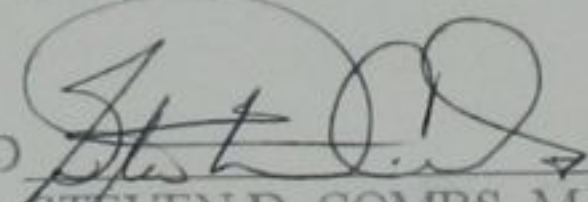
1. Grant: Presented for approval was an agreement with the Department of Justice for the acceptance of a grant for the COPS program. According to Police Chief Edmonds, the three year grant will fund the salaries for two additional police officers. Additionally, Chief Edmonds recommended the hiring of Joey Morris as police officer. Mayor Combs made the motion, seconded by Commissioner Blackburn, to accept the grant and to employ Joe Morris as a police officer. Upon call of the roll, the motion carried 3 - 0.

Placed in the agenda package for review were the monthly activity reports from PSG and the Police Department Annual Report.

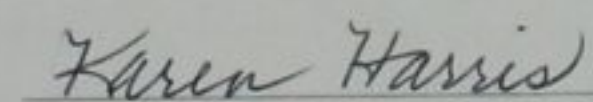
There being no further business to come before the Commission, Commissioner Blackburn made the motion, seconded by Commissioner Davis, to adjourn the meeting. Upon call of the roll, the motion carried 3 - 0. (Adjournment Time: 10:00 p.m.)

The City Commission's next regular meeting is scheduled for March 25, 1996, and will be held in the City Hall Public Meeting Room at 260 Hambley Boulevard.

APPROVED


STEVEN D. COMBS, MAYOR

ATTEST:


KAREN HARRIS, CITY CLERK