

**CITY OF BARDSTOWN, KENTUCKY
REGULAR CITY COUNCIL MEETING MINUTES
10-10-2017
7:00 PM**

The City Council met in regular session in the Council Chambers with Mayor Heaton and the following Councilmen:

Councilman Buckman
Councilman Copeland
Councilman Dones
Councilman Kelley
Councilman Sheckles
Councilman Williams - absent

Others present: City Attorney Tim Butler, City Clerk Mary Riley, CFO Tracy Hudson, HR Director/Risk Manager Greg Ashworth, Police Chief Kim Kraeszig, Nelson County Gazette Reporter Jim Brooks, Kentucky Standard Reporter Randy Patrick, and Citizen Pat Whelan. Director of the Nelson County Economic Development Agency Kim Huston and Attorney Jeff McKenzie arrived at 7:20 PM.

The Mayor called the meeting to order announced that an Executive Session would be called near the end of the meeting pursuant to KRS 61.810(1)(g) Discussions between a public agency and a representative of a business entity and discussions concerning a specific proposal, if open discussions would jeopardize the siting, retention, expansion, or upgrading of the business.

MUNICIPAL ROAD AID COOPERATIVE PROGRAM AGREEMENT

UPON MOTION BY COUNCILMAN SHECKLES, DULY SECONDED BY COUNCILMAN BUCKMAN, THE MUNICIPAL ROAD AID COOPERATIVE PROGRAM AGREEMENT WAS APPROVED. MOTION CARRIED 5 TO 0.

MEMO FROM TRACY HUDSON REGARDING BUDGET AMENDMENT

Councilman Copeland recused herself at 7:05 PM. Mayor Heaton explained the reason for the Budget Amendment and CFO Hudson reviewed the line item changes.

FIRST READING OF ORDINANCE B2017 BUDGET AMENDMENT FY 2017-2018

Councilman Kelley introduced the ordinance and asked that it be read aloud. City Attorney Butler read the following summary.

AN ORDINANCE AMENDING ORDINANCE NO. B2017-09 THE CITY OF BARDSTOWN'S BUDGET ORDINANCE FOR THE FISCAL YEAR JULY 1, 2017 THROUGH JUNE 30, 2018.

WHEREAS an annual budget for Fiscal Year 2017-2018 was adopted by the City Council of the City of Bardstown on June 27, 2017; and

WHEREAS there have been unanticipated changes in both revenues and expenditures during that period of time.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF BARDSTOWN, KY, THAT:

Section I.

The annual budget for the fiscal year 2017-2018 be and is hereby amended as follows:

- 1) General Fund: Increase anticipated revenues from \$10,585,030 to \$10,733,530 and increase authorized expenditures from \$10,478,730 to \$10,542,730;
- 2) Combined Utilities Fund: Increase the anticipated revenues from \$42,959,500 to \$43,059,500 and increase expenditures from \$42,674,641 to \$42,704,641.

Section II.

The annual budget is hereby amended and attached hereto, reflecting the above referenced amendments to the General and Combined Utilities Funds, revenues and expenditures, that comprise the FY 2017-2018 budget for the City of Bardstown.

Section III.

All ordinances or parts of ordinances in conflict are hereby repealed to the extent of that conflict. This ordinance shall be in full force and effect following publication as required by law.

No vote was taken and the consensus showed no objection to the proposed ordinance.

Councilman Copeland returned to the meeting at 7:16 PM.

MINUTES

THE MINUTES OF THE SPECIAL HISTORIC REVIEW BOARD HEARING AND ALSO THE REGULAR COUNCIL MEETING BOTH HELD ON 09-26-2017 WERE APPROVED BY UNANIMOUS CONSENT.

SECOND READING OF ORDINANCE B2017-14 CLASSIFICATION AND COMPENSATION PLAN

City Attorney Butler read the following Summary.

ORDINANCE B2017-14

AN ORDINANCE AMENDING AND ADOPTING AS AMENDED AN ORDINANCE STYLED: "AN ORDINANCE CREATING CLASSIFICATION PLAN AND COMPENSATION PLAN."

This Ordinance amends Ordinance B2016-10, B2016-15, B2017-11 and CHAPTER 35, EMPLOYMENT POLICIES, THE **CLASSIFICATION PLAN AND COMPENSATION PLAN** of the municipal code by: amending the number of Authorized Positions, their title and pay grade and setting the ranges for pay grades for City employees for Fiscal year 2017-2018 and subsequent years.

The amendments and additions reflecting number of positions, title, and pay grade respectively are:

ELECTRIC & CABLE TV: ~~{1 Media Specialist (part time) 109};~~

ADMINISTRATION: **1 Marketing and Communications Specialist 109;**

POLICE: ~~{1 Police Lieutenant 113};~~

~~{1} **2** Police Captain 116~~

Change the Grade Scale as Follows: all minimum wages are raised by 3%, and all maximums shall be 1.5 times the minimum.

This ordinance or parts of ordinances in conflict herewith are repealed to the extent of such conflict.

This ordinance shall be in full force and effect following publication in summary as required by law.

COUNCILMAN SHECKLES MOVED TO APPROVE ORDINANCE B2017-14 AS READ IN SUMMARY. THE MOTION WAS DULY SECONDED BY CONCILMAN DONES.

THE MAYOR CALLED THE ROLL AND THE FOLLOWING VOTED:

COUNCILMAN KELLEY	-	AYE
COUNCILMAN COPELAND	-	AYE
COUNCILMAN BUCKMAN	-	AYE
COUNCILMAN WILLIAMS	-	ABSENT
COUNCILMAN SHECKLES	-	AYE
COUNCILMAN DONES	-	AYE

MAYOR HEATON THEN DECLARED ORDINANCE NO. B2017-14 ADOPTED. IT WILL BE RECORDED IN ORDINANCE BOOK NO. 10, PAGE NO. _____.

BARDSTOWN-NELSON COUNTY KIWANIS CHRISTMAS PARADE ON 10-07-2017

UPON MOTION BY COUNCILMAN DONES, DULY SECONDED BY COUNCILMAN BUCKMAN, THE 2017 ANNUAL CHRISTMAS PARADE HOSTED BY THE KIWANIS CLUS WAS APPROVED. MOTION CARRIED 5 TO 0.

RESOLUTION 2017-09 MUNICIPAL ROAD AID COOPERATIVE PROGRAM

City Attorney Butler read the following:

RESOLUTION

R2017-09

Incorporated City of BARDSTOWN

Resolution adopting and approving the execution of a Municipal Aid Co-op Program Contract between the Incorporated City and the Commonwealth of Kentucky, Transportation Cabinet, Department of Rural and Municipal Aid for the fiscal year beginning July 1, 2017, as provided in the Kentucky Revised Statutes and accepting all streets referred to therein as being streets which are a part of the Incorporated City.

Be it resolved by the Legislative Body of the Incorporated City that:

The Legislative Body of the Incorporated City does hereby accept all streets referred to in said Contract as being city streets which are a part of the Incorporated City; and The Legislative Body of the Incorporated City does hereby ratify and adopt all statements, representations, warranties, covenants, and agreements contained in said Contract and does hereby accept said Contract and by such acceptance agrees to all the terms and conditions therein stated; and The Chief Executive Officer of the said Incorporated City is hereby authorized and directed to sign said Contract as set forth on behalf of the Legislative Body of BARDSTOWN , and the City Clerk of BARDSTOWN is hereby authorized and directed to certify thereto.

The vote taken on said Resolution, the result being as follows:

AYES	NAYS
Councilman Buckman	
Councilman Copeland	
Councilman Dones	
Councilman Kelley	
Councilman Sheckles	
Councilman Williams — absent	

COMMONWEALTH OF KENTUCKY, INCORPORATED CITY OF BARDSTOWN

THE MOTION TO APPROVE THE MUNICIPAL ROAD AID COOPERATIVE PROGRAM AGREEMENT EARLIER IN THE MEETING ALSO PROVIDES APPROVAL FOR THE EXECUTION OF RESOLUTION 2017-09. CITY CLERK RILEY WILL EXECUTE THE RESOLUTION TO REFLECT THE VOTE OF THE PROGRAM AGREEMENT.

ANNOUNCEMENTS

Councilman Sheckles shared his experience at the recent Kentucky League of Cities (KLC) Annual Convention. Councilman Copeland suggested the City request KLC to provide training to the Councilmen on topics such as drug prevention, ethics and legislative updates. She also reminded the Council of the Purple Purse Challenge to provide awareness for Domestic Violence.

Mayor Heaton reported that Senator Higdon and State Representative McCoy know where the City of Bardstown stands on the pension reform issue.

EXECUTIVE SESSION

COUNCILMAN BUCKMAN MOVED TO GO INTO EXECUTIVE SESSION PURSUANT TO KRS 61.810(1)(G) DISCUSSIONS BETWEEN A PUBLIC AGENCY AND A REPRESENTATIVE OF A BUSINESS ENTITY AND DISCUSSIONS CONCERNING A SPECIFIC PROPOSAL, IF OPEN DISCUSSIONS WOULD JEOPARDIZE THE SITING, RETENTION, EXPANSION, OR UPGRADING OF THE BUSINESS. THE MOTION WAS DULY SECONDED BY COUNCILMAN COPELAND AND CARRIED BY A VOTE OF 4 TO 0. Time was 7:30pm.

Councilman Dones recused himself prior to the start of the Executive Session.

All attendees left the Council Chambers except for City Attorney Butler and City Clerk Riley.

COUNCILMAN KELLEY MOVED TO COME OUT OF THE EXECUTIVE SESSION AND CONTINUE WITH THE REGULAR MEETING AT 8:32pm. THE MOTION WAS DULY SECONDED BY COUNCILMAN BUCKMAN AND CARRIED BY A VOTE OF 4 TO 0.

The minutes will reflect that no action was taken during the Executive Session.

Attorney Jeff McKenzie explained that his client, SPI, was considering a distillery in Bardstown. He asked that the Council approve the Inducement Resolution for the Industrial Revenue Bond he presented.

RESOLUTION 2017-08 KENTUCKY OWL, LLC – INDUSTRIAL REVENUE BOND.

Read aloud by City Attorney Butler.

R2017-08

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BARDSTOWN, KENTUCKY (THE “CITY”) AUTHORIZING THE EXECUTION OF A MEMORANDUM

OF AGREEMENT BETWEEN THE CITY AND KENTUCKY OWL, LLC, RELATING TO THE ACQUISITION, CONSTRUCTION, EQUIPPING AND INSTALLATION OF A DISTILLERY, BOTTLING CENTER, AND WAREHOUSES AND BARRELS THEREIN TO BE LOCATED IN THE CITY; AGREEING TO UNDERTAKE THE ISSUANCE OF INDUSTRIAL BUILDING REVENUE BONDS AT THE APPROPRIATE TIME TO PAY THE COSTS OF ACQUIRING, CONSTRUCTING, EQUIPPING AND INSTALLING SAID FACILITIES; AND TAKING OTHER PRELIMINARY ACTION.

WHEREAS, Kentucky Owl RE, LLC (the “Company”), is a Delaware limited liability company duly organized and in good standing under the laws of the State of Delaware and qualified to do business in the Commonwealth of Kentucky (the “Commonwealth”); and

WHEREAS, the Company proposes to undertake an industrial building project, within the meaning of the Industrial Buildings for Cities and Counties Act, as amended, Sections 103.200 to 103.285 of the Kentucky Revised Statutes (the “Act”), consisting of: (i) the acquisition of real estate, construction, equipping and installation of a distillery, bottling center, warehouses and barrels therein, and all other related facilities to be located on East John Rowan Boulevard, Highway 245, in Bardstown, Nelson County, Kentucky; (ii) the reimbursement to the Company for costs already incurred and paid with respect to the construction of the project; and (iii) the payment of certain costs of issuance (the Project and the payment of costs of issuance, collectively the “Project”); all in furtherance of the purposes of the Act and the public benefit of the residents and inhabitants of the City; and

WHEREAS, the City (the “Issuer”) is authorized by the Act to issue its industrial building revenue bonds (the “Bonds”) for the purpose of defraying the cost of the Project; discussions have occurred between the Company and the Issuer incident to the issuance of the Bonds by the Issuer; the Issuer has agreed with the Company to issue the Bonds based upon compliance by the Company with certain conditions, requirements, and obligations, and subject to the approval by the Issuer of the terms of all agreements, ordinances, and other documents required incident to the Bonds issue; and the Issuer has authorized the Company to proceed with the Project, subject to reimbursement of the initial costs of the Project from the proceeds of the Bonds, when, as, and if issued; and

WHEREAS, based upon an estimate of the costs of the Project, the Issuer proposes to issue the Bonds in an amount not to exceed ONE HUNDRED FORTY-NINE MILLION, SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$149,750,000.00), such Bonds to be delivered by the Issuer to pay the costs of the Project, together with costs incident to the authorization and issuance of the Bonds, but with such contributions from the Company as may be necessary; and

WHEREAS, the Issuer proposes to enter into at the appropriate time a lease agreement with the Company (the “Lease Agreement”) with respect to the Project, whereby the Company will covenant and agree to make rental payments sufficient to provide for payment of principal of, premium, if any, and interest on the Bonds as the same become due and payable and any other costs of the Issuer incurred in connection with the issuance of the Bonds and the Project; the liability of the Company under this instrument or any other instrument related to the issuance of the Bonds shall be limited to its interest in the Project to be financed thereby and no other party shall have the right to obtain payment from the Company or from any assets of the Company other than such Project; and

WHEREAS, the undertaking of the Project by the Company will promote economic development of the Commonwealth and the City, will encourage the increase of industry, and will improve the economic welfare of the inhabitants of the City; and

WHEREAS, it is deemed necessary and advisable that a Memorandum of Agreement between the Issuer and the Company be executed setting forth the agreements of the parties with respect to the financing of the Project, the issuance of the Bonds to defray the costs thereof, and the payments by the Company with respect to the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE ISSUER AS FOLLOWS:

SECTION I. It is hereby found, determined, and declared that the recitals set forth in the preamble to this Resolution, which are incorporated in this Section by reference, are true and correct.

SECTION II. The Project is intended to accomplish the public purposes of the Act by promoting the economic development of the Commonwealth and the Issuer, and encouraging the increase of industry.

SECTION III. The Issuer hereby undertakes to issue the Bonds in a principal amount not to exceed ONE HUNDRED FORTY-NINE MILLION, SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$149,750,000.00) to finance or reimburse the Company for the certain costs relating to the Project, for a term of 30 years. The issuance of the Bonds shall be conditioned upon the negotiation of acceptable terms with the purchase of the Bonds and the execution of an acceptable Lease Agreement between the Issuer and the Company.

SECTION IV. The Company has represented that it will have sufficient financial resources to finance the Project and to place in operation and continue to operate, maintain and insure the Project throughout the term of the Bond issue, meeting when due the obligations of the proposed Lease Agreement; and sufficient safeguards will be

provided in the Lease Agreement to insure that all money provided from the proceeds of the sale of the Bonds will be expended by way of direct expenditure or reimbursement, solely and only for the purposes of the Project.

SECTION V. The Mayor of the City of Bardstown (“Mayor”) is hereby authorized and directed to execute, and the City Clerk of the Issuer is hereby authorized and directed to attest, a Memorandum of Agreement between the Issuer and the Company setting forth their preliminary agreements respecting the Bonds and the financing of the Project in the form that is to be attached hereto as Exhibit A.

SECTION VI. THE BONDS SHALL NOT BE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER, THE COMMONWEALTH OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE COMMONWEALTH BUT SHALL BE PAYABLE SOLELY FROM THE LEASE PAYMENTS TO BE MADE BY THE COMPANY TO THE ISSUER PURSUANT TO THE LEASE AND ANY SECURITY MORTGAGED AND PLEDGED THEREFOR, WHICH COLLATERAL SECURITY MAY INCLUDE THE PROJECT.

SECTION VII. In order to induce the acquisition, construction, equipping and installation of the Project in the City with the resultant public benefits which will flow therefrom, it is deemed necessary and advisable that the Memorandum of Agreement hereinafter referred to be approved and executed for and on behalf of the Issuer. Accordingly, the Memorandum of Agreement by and between the Company and the Issuer substantially in the form and with the contents set forth in Exhibit A attached hereto and incorporated herein by reference is hereby approved and the Mayor is hereby authorized and directed to execute and deliver said Memorandum of Agreement.

SECTION VIII. The Issuer assumes no responsibility for the acquisition, construction, equipping, installation or operation of the Project, all of which shall be the sole responsibility of the Company.

SECTION IX. The Company has requested, and the Issuer hereby approves, the employment of Bingham Greenebaum Doll LLP as “Bond Counsel.” Bond Counsel is authorized and directed to take any other legal action necessary or appropriate in connection with the issuance of the Bonds. The City Attorney is authorized and directed to assist Bond Counsel in any appropriate manner.

SECTION X. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement therein contained against any past, present or future officer, member, employee or agent of the Issuer, as such, either directly or through the Issuer, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees or agents as such shall be expressly waived and released as a condition of and consideration for the adoption of this Resolution and the issuance of the Bonds.

SECTION XI. This Resolution and Memorandum of Agreement approved hereby constitute the present official intent of the Issuer to issue the Bonds at a later date.

SECTION XII. No City funds shall be expended on the Project, except such as are derived from Bond proceeds.

SECTION XIII. This Resolution shall be in full force and effect upon its adoption.

UPON MOTION BY COUNCILMAN BUCKMAN, DULY SECONDED BY COUNCILMAN KELLEY, RESOLUTION 2017-08 KENTUCKY OWL, LLC – INDUSTRIAL REVENUE BOND WAS APPROVED. MOTION CARRIED 4 TO 0.

Councilman Dones returned to the meeting at 8:44pm.

ADJOURNMENT

COUNCILMAN SHECKLES MOVED TO ADJOURN THE MEETING AT 8:45pm. THE MOTION WAS DULY SECONDED BY COUNCILMAN DONES AND CARRIED BY A VOTE OF 5 TO 0.

CITY OF BARDSTOWN

J. Richard Heaton, Mayor

ATTEST:

Mary Riley, City Clerk