

COMMISSIONERS' RESOLUTION NO. R-01-19

A RESOLUTION RECOGNIZING ARNOLD SIMPSON FOR HIS YEARS OF PUBLIC AND PRIVATE SERVICE TO THE CITY OF COVINGTON AND ITS RESIDENTS.

* * * *

WHEREAS: Arnold Simpson has given of his time and talent to Covington over decades of service on the state and local levels, in the public and private sectors, and through elected and appointed office; and

WHEREAS: Arnold Simpson was Covington City Manager from 1986 to 1990, Assistant City Manager from 1984 to 1986, and one of Covington's Solicitors for nearly two decades, making thousands of decisions that improved people's lives and strengthened the foundations of our City; and

WHEREAS: Arnold Simpson served with distinction in the Kentucky House of Representatives for almost a quarter of a century, winning his first election in 1994 and 11 elections after that, his standing in his Covington district being so high that only once as an incumbent did he face a challenger; and

WHEREAS: Arnold Simpson served on a number of powerful House committees, through which he advocated fiercely for Covington and other urban areas, winning frequent statewide "Friend of Cities" awards; and

WHEREAS: Arnold Simpson is a civic leader of high energy, serving on so many regional boards and community organizations that we cannot list them all; and

WHEREAS: Arnold Simpson is a practicing attorney who in 2009 was named Outstanding Lawyer of the Year by the Kentucky Bar Association; and

WHEREAS: Arnold Simpson is a graduate of Holmes High School, and he and his wife, Jo Ann, raised three children in the Old Seminary Square neighborhood in a house they restored; and

And WHEREAS: Arnold Simpson retired from the General Assembly this past year, giving him more time to watch his beloved tropical fish and perhaps re-discover the jump shot he displayed as a founder of the Sunday morning John G. Carlisle Basketball League.

NOW THEREFORE,
BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE
CITY OF COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the Board of Commissioners express appreciation for the service and contributions of Arnold Simpson to our City, and urge all residents of Covington to do likewise.

MAYOR

ATTEST:

CITY CLERK

PASSED: _____

COMMISSIONERS' ORDER NO. _____

**AN ORDER ACCEPTING THE RESIGNATION OF FRANK E. WARNOCK,
ASSISTANT CITY MANAGER, EFFECTIVE JANUARY 31, 2019.**

* * * *

**NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF
COVINGTON, KENTON COUNTY, KENTUCKY:**

Section 1

That the Board of Commissioners hereby accepts the resignation of Frank W. Warnock, Assistant City Manager, effective January 31, 2019. The Board wishes to thank Frank for his many years of service to the City and its residents.

Section 2

That this order shall take effect and be in full force when passed and recorded according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____

COMMISSIONERS' ORDER NO. _____

AN ORDER ACCEPTING THE RESIGNATION OF OFFICER ANDREW LUCAS OF THE COVINGTON POLICE DEPARTMENT, EFFECTIVE JANUARY 1, 2019.

* * * *

NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the Board of Commissioners hereby accepts the resignation of Officer Andrew Lucas of the Covington Police Department, effective January 1, 2019.

Section 2

That this order shall take effect and be in full force when passed and recorded according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____

COMMISSIONERS' ORDER NO. _____

AN ORDER AUTHORIZING THE MAYOR TO EXECUTE RENEWAL CONTRACTS WITH WESLEY COOK AND DAVID FINAN, JR. AS PATROL OFFICERS GRADE VI IN THE COVINGTON POLICE DEPARTMENT.

* * * *

NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the Board of Commissioners hereby authorize the Mayor to execute renewal contracts with Wesley Cook and David Finan, Jr. as Patrol Officers Grade VI in the Covington Police Department.

Section 2

That this order shall take effect and be in full force when passed and recorded according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____

COMMISSIONERS' ORDER NO. _____

AN ORDER APPROVING THE PUBLICATION OF A REQUEST FOR QUALIFICATIONS FOR AN ADVANCED LIFE SUPPORT MEDICAL DIRECTOR.

* * * *

WHEREAS, the Covington Fire Department is required by state law and applicable administrative regulations to utilize a Physician Medical Director to oversee and advise on Emergency Medical Services Operations; and

WHEREAS, the issuance of an RFQ will allow the Fire Department to update its contract for the Physician Medical Services in accordance with state law; and

WHEREAS, competitive negotiation is permitted pursuant to KRS 45A.380(3), as the contract is for the services of a licensed professional, and competition is not feasible.

NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the Board of Commissioners hereby authorizes the publication of a request for qualifications for an Advanced Life Support Physician Medical Director.

Section 2

That this order shall take effect and be in full force when passed and recorded according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____

COMMISSIONERS' ORDER NO. _____

AN ORDER APPROVING THE EMPLOYMENT OF MEGANNE
ROBINSON AS GRANT WRITER, EFFECTIVE FEBRUARY 1, 2019.

* * * *

NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF
COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the Board of Commissioners hereby approves the employment of Meganne
Robinson as Grant Writer, effective February 1, 2019.

Section 2

That this order shall take effect and be in full force when passed and recorded
according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____

COMMISSIONERS' ORDER NO. _____

AN ORDER ACCEPTING THE RESIGNATIONS OF ERIN SMILEY, RECREATION PROGRAM COORDINATOR, EFFECTIVE DECEMBER 21, 2018, AND CINDY SWEGLES, PART-TIME RECREATION ASSISTANT, EFFECTIVE DECEMBER 28, 2018.

* * * *

NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the Board of Commissioners hereby accept the resignations of Erin Smiley, Recreation Program Coordinator, effective December 21, 2018, and Cindy Swegles, part-time Recreation Assistant, effective December 28, 2018.

Section 2

That this order shall take effect and be in full force when passed and recorded according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____

COMMISSIONERS' ORDER NO. _____

AN ORDER AUTHORIZING THE MAYOR TO EXECUTE A CONSENT TO ASSIGNMENT OF THE SOFTWARE AGREEMENT WITH TYLER TECHNOLOGIES.

* * * *

WHEREAS, in 2015, the City of Covington merged its dispatch services with Kenton County and

WHEREAS, at that time, all software and licenses relating to the City's previous dispatch systems were assigned to Kenton County, with the exception of the City's agreement with New World Technologies, now known as Tyler Technologies due to a corporate merger; and

WHEREAS, in order to continue the dispatch services, an assignment of the Tyler Technologies license from Covington to Kenton County is necessary.

NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the Board of Commissioners hereby authorizes the Mayor to execute a consent to assignment of the software agreement with Tyler Technologies.

Section 2

That this order shall take effect and be in full force when passed and recorded according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____



CONSENT TO ASSIGNMENT

This Consent to Assignment ("Consent") is made as of the last signature date set forth below ("Consent Effective Date") by and among Tyler Technologies, Inc., a corporation in good standing under the laws of Delaware, with offices at One Tyler Drive, Yarmouth, ME 04096 ("Tyler"), and the City of Covington, with offices at 20 West Pike Street, Covington, KY 41011 ("Covington") and Kenton County, with offices at 303 Court Street, Covington, KY 41011 (the "Client").

WHEREAS, Covington selected New World Systems Corporation ("New World") to provide certain software and related services pursuant to a Standard Software License and Services Agreement effective May 31, 2011 (the "Agreement");

WHEREAS, on November 16, 2015, New World merged with and into Tyler, with Tyler being the surviving entity (the "Merger");

WHEREAS, Covington wishes to assign to the Client, and the Client wishes to assume, the rights and obligations of Covington under the Agreement, and Tyler is willing to consent to such assignment, subject to the terms and conditions of this Consent;

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained, the parties agree as follows:

A. Tyler as Successor-in-Interest to New World.

1. Effective as of the Merger, Tyler became the successor-in-interest to New World and assumed all rights and obligations of New World under the Agreement.
2. All references in the Agreement to "New World," "NWS," or other similar naming conventions shall now be understood to refer to Tyler.
3. Until further notified by Tyler, the location of payments as set forth in the Agreement remains unchanged. Where Customer is required to provide notice under the Agreement, that notice shall be provided to:

Tyler Technologies, Inc.
One Tyler Drive
Yarmouth, ME 04096
Attention: Chief Legal Officer

B. Assignment by Covington to the Client

1. As of the Consent Effective Date, Covington assigns to Client all of its rights and obligations under the Agreement.
2. Client acknowledges the foregoing assignment and expressly assumes, and agrees to abide by, all of the terms, conditions, obligations, and duties of Covington under the Agreement, regardless of when the same arose or were incurred, together with all outstanding and future obligations of any kind whatsoever related thereto.
3. All references in the Agreement to "Customer" or other similar naming conventions shall now be understood to refer to the Client.

C. General

1. All terms and conditions of the Agreement are hereby ratified by Tyler and the Client, and shall remain in full force and effect as hereby amended.
2. Each party represents that the person signing on its behalf is an authorized signatory, and that by such signature, each party is bound hereby.

IN WITNESS WHEREOF, the parties hereto have executed this Consent as of the dates set forth below.

Tyler Technologies, Inc.

City of Covington, KY

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

City of Covington
20 West Pike Street
Covington, KY 41011
Attention: City Manager

Kenton County, KY

By:  _____

Name: Kris A. Koochhelmann

Title: Kenton County Judge Executive

Date: 01/10/19

Address for Notices:

Kenton County Fiscal Court
303 Court Street
Covington, KY 41011
Attention: Judge Executive

COMMISSIONERS' ORDER NO. _____

AN ORDER ACKNOWLEDGING RECEIPT OF OATH AFFIDAVITS FOR
NEWLY ELECTED MEMBERS OF THE BOARD OF COMMISSIONERS BY
THE CITY CLERK.

* * * *

NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF
COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the Board of Commissioners hereby acknowledges receipt of Oath Affidavits
for newly elected Members of the Board of Commissioners by the City Clerk.

Section 2

That this order shall take effect and be in full force when passed and recorded
according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____

COMMISSIONERS' ORDER NO. _____

AN ORDER APPROVING THE ELECTION OF COMMISSIONER
MICHELLE WILLIAMS AS MAYOR PRO TEM.

* * * *

NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF
COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the Board of Commissioners hereby approves the election of Commissioner
Michelle Williams as Mayor Pro Tem.

Section 2

That this order shall take effect and be in full force when passed and recorded
according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____

COMMISSIONERS' ORDER NO. _____

AN ORDER APPROVING THE APPOINTMENTS OF THE MAYOR AND
COMMISSIONERS TO VARIOUS BOARDS.

* * * *

NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY
OF COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the following Board appointments are approved:

OKI –

PDS –

NKADD –

Southbank Partners -

Section 2

That this order shall take effect and be in full force when passed and recorded
according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____

COMMISSIONERS' ORDER NO. _____

AN ORDER APPROVING A SECTION 108 LOAN POOL PROGRAM FOR QUALIFIED BUSINESS LOANS AND ADOPTING POLICY GUIDELINES AND UNDERWRITING CRITERIA.

* * * *

WHEREAS, the Section 108 Loan Guarantee program is a Community Development Block Grant (CDBG) Program overseen by the Department of Housing and Urban Development (HUD) which provides community business partners with access to loans to spur economic growth and jump-start community revitalization efforts; and

WHEREAS, the City has been approved for a Section 108 loan pool through HUD, and now plans to offer the loan pool to applicants via a competitive loan application program; and

WHEREAS, in accordance with HUD recommendations and requirements, City staff developed a set of guidelines and underwriting criteria by which applications can be evaluated; and

WHEREAS, City staff recommend that the City move forward with the Section 108 Program and formally adopt the proposed guidelines.

NOW THEREFORE,
BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF
COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the Board of Commissioners hereby approves the Section 108 Loan Pool Program for Qualified Business Loans and adopts the Section 108 Loan Pool Policy Guidelines and Underwriting Criteria which are attached hereto as Exhibit A.

Section 2

That this order shall take effect and be in full force when passed and recorded according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____



Department of Economic Development

Memorandum

To: Mayor and City Commissioners

From: Loan Committee

Date: January 15, 2019

Re: Requested Revisions to the Section 108 Loan Guidelines

At the City Caucus meeting on Tuesday, January 8th, City Commission reviewed the Section 108 Loan Fund Guidelines and requested three revisions:

1. Clarify the eligible user types to include service, hospitality, and manufacturing users;
2. Give preference for hiring Covington residents; and
3. Monitor the company's performance for hiring Covington residents.

City Staff has revised the program guidelines to address each concern. The revisions can be found in the program guidelines on the page number and subsection listed below (additions and changes are underlined):

1. Eligible user types – page 2 under “Eligible Applicants.”
2. Hiring Covington residents – page 4 under “Hiring.”
3. Monitoring resident hiring – page 10 under “Supervision and Reporting.”

City of Covington

Section 108 Loan Program Guidelines

I. Mission Statement and Program Objectives

The mission of the City of Covington Section 108 Loan Program is to enable the City, existing businesses, and real estate development professionals to support business ventures that will create jobs, increase the City's payroll tax revenue necessary for quality City services, revitalize neighborhoods, and enhance the overall quality of life for all City of Covington residents.

The objectives of the program are to:

- Create new jobs.
- Provide financing, subordinated if necessary, to eligible borrowers to fill a financing gap beyond the amount of private participation and equity investment that can be raised.
- Provide long-term, fixed financing at interest rates lower than conventional financing.

II. Program Requirements

A. Guidelines

The City of Covington Section 108 Loan Program will follow the Housing and Urban Development (HUD)¹ and the Small Business Administration (SBA)² guidelines for eligibility and underwriting criteria.

B. National Objectives

Activities must meet the following CDBG Program National Objective benefitting low- and moderate-income persons:

- **Low/Mod-Income Jobs:** activity creates or retains permanent jobs, at least 51% of which, on a full time equivalent (FTE) basis, are either held by L/M income persons or considered to be available to L/M income persons.

C. City of Covington Commission Approval

Notwithstanding the foregoing, the Board of Commissioners may authorize loan terms and conditions which do not meet all requirements of these program guidelines so long

¹ <https://www.hudexchange.info/resource/5284/section-108-underwriting-guidelines-for-incomeproducing-projects/>

² <https://www.federalreserve.gov/boarddocs/srletters/2010/sr1017a1.pdf>

as such terms and conditions are thoroughly reviewed by City staff and there are specific findings recorded in appropriate legislation documenting that it is necessary to amend the terms and conditions, one or more community goals will be met by the amendment, and it is in the City's best interest to allow a deviation from the typical guideline policy requirements.

III. Application and Loan Underwriting

A. Program Details

1. Eligibility

a) Area:

City of Covington Legal Boundaries.

b) Eligible Applicants

Private, for-profit businesses that have been engaged in industrial, manufacturing, retail, service, hospitality, distribution, or other commercial activities for at least two years and are able to demonstrate sufficient profitability. An applicant must be a sole proprietorship, an incorporated business, a partnership with or other legally organized business registered with the Commonwealth of Kentucky.

2. Loan Amount and Required Owner's Equity

The recommended maximum loan amount for any given project is forty percent (40%) of the total project cost or up to \$1,000,000, whichever is lower. One full time equivalent job is to be created for every \$35,000 lent.

An applicant must commit a minimum of ten percent (10%) of the total project cost. The applicant will be required to provide proof of equity availability.³

The recommended levels of participation for the project funding are: 50% from a senior lender (bank, SBA, or independent institutional lender) 40% from the Covington Section 108 Loan Program and 10% from owner equity.

3. Rate

The Section 108 loan interest rate will be based on credit and market conditions at the time of the application.

³ Equity can be demonstrated by:

- "A copy of a check or wire transfer along with evidence that the check or wire was processed showing the funds were moved into the borrower's account or escrow;
- A copy of the statements of account for the account from which the funds are being withdrawn for each of the two most recent months prior to disbursement showing that the funds were available; and
- A subsequent statement of the borrower's account showing that the funds were deposited or a copy of an escrow settlement statement showing the use of the cash"

4. Eligible Uses

- a) Working capital for labor and moving costs associated with the expansion or relocation of a project, inventory financing, receivable financing, training and marketing financing. Working capital expenses will only be considered in conjunction with the total project and it will not be financed independently.
- b) Renovation and new construction of commercial/industrial buildings.
- c) Acquisition of commercial/industrial land and buildings.
- d) Acquisition and installation of machinery and equipment.
- e) Refinancing of existing debt to an independent institutional lender and part of a new project creating new job opportunities.
- f) Utility and road infrastructure improvements.

Funds cannot be used to reimburse project costs incurred prior a signed agreement with the City of Covington and HUD approval.

5. Terms

- a) Working Capital⁴ – up to a maximum of ten (10) years.
- b) Machinery and Equipment – up to a maximum economic life of the machinery and equipment or up to a maximum of twenty (20) years, whichever is less.
- c) Renovation – up to a maximum of twenty (20) years for owner-occupied businesses.
- d) Acquisition of land, buildings or new construction – Up to twenty (20) years.

6. Job Creation and Retention

The Section 108 Loan Program is funded with Community Development Block Grant funds and is thus required to follow these general rules regarding job creation and retention:

- a) Jobs that are not held (filled) by L/M income persons may be claimed to be “available to” L/M income persons only when both of the following are met:
 - i. Neither special skills that can only be acquired with substantial (i.e., one year or more) training or work experience nor education beyond high school is a prerequisite to fill such jobs (or the business nevertheless agrees to hire unqualified persons and train them); and
 - ii. The grantee and/or the assisted business takes actions to ensure that L/M income persons receive “first consideration” for filling such jobs.
- b) Actions to ensure L/M income persons receive “first consideration” shall include:

4 - Working capital, also known as net working capital, is the difference between a company's current assets, like cash, accounts receivable (customers' unpaid bills) and inventories of raw materials and finished goods, and its current liabilities, like accounts payable.

- i. The business must use a hiring practice that under usual circumstances would result in over 51% of L/M income persons interviewed for applicable jobs being hired,
 - ii. The business must seriously consider a sufficient number of L/M income job applicants to give reasonable opportunity to fill the position with such a person, and
 - iii. The distance from residence and availability of transportation to the job site must be reasonable before a particular L/M income person may be considered a serious applicant for the job.
 - iv. Where required, borrowers and future tenants shall enter into a "First Source Agreement" with the local workforce organization for the hiring of employees, for assuring that a best faith effort will be made to hire a minimum of 51% of the new hires from the low and moderate-income labor pool.
- c) In order to consider jobs retained as a result of CDBG assistance, there must be clear and objective evidence that permanent jobs will be lost without CDBG assistance. For these purposes, "clear and objective" evidence that jobs will be lost would include:
- i. Evidence that the business has issued a notice to affected employees or made a public announcement to that effect, or
 - ii. Analysis of relevant financial records, which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.
- d) To meet the L/M income jobs standard, 51% or more of the retained jobs must be either:
- i. Known to be held by L/M income persons at the time CDBG assistance is provided, and/or
 - ii. For jobs not known to be held by L/M income persons, reasonably expected to "turn over" to L/M income persons within two years.
- e) Applicants, only those applicants proposing to create new jobs will be considered for funding under the Section 108 Loan Program
- f) The job creation period begins with the issuance of a certificate of occupancy, the end of a renovation project, or when all funds are disbursed, whichever is first.
- g) The period to create the new jobs will be from one (1) to three (3) years. If the City considers that additional time is necessary, it will request the approval from City Commission.

7. Hiring

Each company must submit a hiring plan and agrees to use best efforts to fill the new jobs created in connection with the project with employees residing within the City boundaries. The City will refer each

company to the Covington Kentucky Career Center for open positions and qualified applicants.

8. Underwriting

In considering an application for a Section 108 loan, the following procedure is used for all applicants:

a) *Financial Analysis*

Site Visitation – A site meeting between the applicant at its location will occur early in the process to gain insight into the business, answer the applicant's questions and request any needed information. The meeting should take place prior to submission of an application for helping the applicant meet Section 108 Guidelines or to discourage applicants who cannot meet such guidelines.

Business History – An evaluation will review how long the applicant has been in business and the type of goods or services provided by the applicant. It is critical to analyze the request in respect to the specific type of industry. Not all industries have the same financing needs and payment terms to suppliers, and from customers. The balance sheet and operating ratios vary considerably from industry to industry.

Resume – Resumes will be analyzed. The resumes will provide insight into the background and qualifications of the principals and key management personnel. Previous experience will be evaluated in consideration of the proposed activity.

Project Description – The applicant is required to provide a detailed description of the proposed project including:

- Benefits to be derived by the applicant.
- The impact the project will have in creating new jobs within HUD guidelines.
- A detailed breakdown of the use of the requested loan proceeds.
- Management and control.

Financial Statements – Historical financial statements and tax returns are required, including affiliate businesses when appropriate. If the most recent annual statement is more than two months old, an interim statement of less than 30 days is also required. Statement analysis should include:

- Trend analysis.
- Ability to repay debt – both short and long term.
- Comparison to peer group companies as provided by the Robert Morris Association studies or other similar companies within the City's existing loan portfolio. Any

significant variation from the industry comparison is discussed with the applicant to ascertain the reasons for the variance.

- Adequacy of working capital.

Projected Financial Statements – Business financial statements are required, which include 3 years of balance sheets, operating statements, projections (next three fiscal years for businesses, 10-year cash flow projection with all project assumptions), and a reconciliation of the net worth/capital section of the balance sheet. The projections must include the impact of the proposed financing and the underlying assumptions used to create the projections:

- Compare to the Robert Morris Association industry statement studies.
- Examine the probability of achievement given the underlying assumptions.
- Determine if projected cash flow will service proposed debt.

Personal Financial Statements – These are required from everyone having ten (10) percent or more ownership of the business along with personal tax returns. Personal guarantees may be required from principals of the applicant.

b) *Financial Ratios*

Loan to Value Target:

- Land and building: 80%
- Used machinery and equipment: 80%
- New Machinery and equipment: 90%
- Receivables: 70%
- Inventory: 50%

Debt service coverage ratio: 1.20 - 1.00

c) *Appraisal*

Appraisal reports will be required for projects involving acquisition and construction. The City will request from the applicant a copy of the appraisal ordered by the participating lender (bank, SBA, or independent institutional lender). If there is not participation of another lender, the City will provide the applicant a list of City-approved appraisers. The applicant will order the appraisal and provide a copy to the City.

d) *Credit History*

Independent credit investigations are conducted on the applicant and the principals. This includes real estate searches, Uniform Commercial Code (UCC) searches with the Secretary of State and personal credit

reports on the principals. This credit investigation is used, in part, to verify the accuracy of the information provided by the applicant and the principals and to find out if there are any undisclosed judgements, liens, etc. The credit investigation will be processed by the primary lender when participating in the project and by the City when the section 108 loan is the only source of funding.

9. Collateral Evaluation

| Collateral Type | Advance Rates | Value Determined By |
|---|--|---------------------------------|
| <u>Real Estate</u> | | |
| Commercial Owner Occupied | Up to 100% | Appraisal |
| Income producing Non-Owner Occupied | Up to 100% | Appraisal |
| Raw Land | Up to 100% | Appraisal |
| <u>Equipment</u> (includes vehicles) | Up to 80% of Liquidation Appraisal on used and up to 80% of invoice on new equipment. If liquidation appraisal is not available, use 80% of book value | |
| <u>Stock Securities</u> | | |
| Highly Marketable | Up to 80% of good grade listed in the NYSE, American or NASDAQ Exchanges | NY Times or Wall Street Journal |
| Less Marketable | Up to 50% of thinly traded under \$10.00 value listed on an exchange | NY Times or Wall Street Journal |
| <u>US Government or Municipal Securities</u> | | |
| | Up to 80% of listed and traded bonds | NY Times or Wall Street Journal |
| <u>Accounts Receivable</u> | | |
| | Up to 80% of eligible accounts receivable. | Accounting methods |

10. Fees and Costs

- a) *Processing Fee*
A non-refundable fee of \$500 is payable at the time an application is submitted
- b) *Section 108 Loan Fee*
The applicant will pay one percent (1%) of the total Section 108 loan amount due at the time of closing, plus a processing fee of \$5.50 for each payment rolled into the loan.

c) *Other Fees*

The applicant will be responsible for all other fees, including bank/SBA/independent institutional lender fees, appraisal and environmental fees, legal fees from outside firms and the City of Covington Legal Department, and any other applicable fee. Applicants will receive a Good Faith Estimate of the projected City of Covington fees, which may or may not be adjusted at closing.

11. Environmental Assessment

All proposed projects are subject to an environmental review. The environmental submission will be the same as required by the first lender or in compliance with the SBA criteria. For projects that do not require the participation of another lender, the City of Covington will request from the borrower an Environmental I Assessment and if needed, an Environmental II Assessment. The borrower will pay for the environmental assessment(s) and the City of Covington will reimburse the borrower the cost of such assessment(s) with the loan proceeds, at closing.

- Projects that require funding for land and building pursuant to HUD guidelines will be required to have Phase I Environmental Assessment and if applicable, a Phase II Environmental Assessment.
- Projects that require funding for machinery/equipment and working capital pursuant to HUD guidelines are exempt from the Phase I and Phase II Environmental Assessments.

12. Procurement

In accordance with HUD regulations, Section 108 financed projects for private, for-profit businesses are exempt from HUD procurement policies

13. Other Program Information

All Section 108 funded projects are required to comply with federal, state and local statutes, regulations and requirements, including but not limited to the Davis-Bacon Act, Workers Compensation, Section 3 of the Housing and Community Development Act, and insurance requirements.

Section 108 funded activities that result in the displacement of persons or businesses will trigger the Uniform Relocation Act compliance requirements.

B. Program Administration

1. Choosing a Project

a) *Initial Meeting and Site Visitation*

City Staff will meet with the applicant(s) to discuss the project and make a visit to the business and/or site location as necessary. Staff will explain the program and provide the applicants with a checklist of required information. The visit should provide an opportunity for staff

to explain to the applicant if assistance might be available or to discourage applicants who cannot meet Section 108 guidelines.

b) *Preliminary Review of Information*

City staff and the City's consultant, if applicable, will perform a preliminary analysis of the interim financial statements, tax reports, payroll information, debt schedule, business plan, copies of agreements, and any other required documentation. This preliminary review will reveal if (a) the project meets the HUD guidelines and at least one of the national objectives, (b) the applicant has the capacity of paying the debts to a first lender (if applicable) and the Section 108 loan, and (c) the applicant has the capacity of fulfilling all of the requirements of the Section 108 Loan Program. If the preliminary review is positive, the applicant will be allowed to fill out a Loan Application Form.

2. *Seeking Lenders Participation*

After determining that the project and the applicant qualify for the Section 108 Loan Program, City staff and the City's consultant (if applicable) will prepare a Section 108 Loan Package that will include all supportive documentation for underwriting and collateral, and a Project Summary and Analysis. The City and the City's consultant (if applicable) will seek the participation of commercial lenders in the project, as first lenders. The City will send the loan package to the bank(s) of preference of the applicant as well as some of the local, regional, or national commercial banks, and authorized Small Business Administration (SBA) lenders throughout the United States.

The commercial/SBA/independent institutional lender who decides to participate in the project will be required to issue a Letter of Commitment to the applicant. The applicant will be responsible for submitting all of the required documentation requested by the lender to assure private participation.

3. *Obtaining Approval*

City staff will review each application with the required financial information to determine:

- The number of jobs created
- Amount of section 108 loan fund participation necessary
- Amount of commercial or SBA loan match
- Ability of loan applicants to repay the loan
- Collateral or security available
- Trends from business history or market
- Tangible Community Benefit

City staff will review all applications to determine a recommendation to City Commission.

4. **Obtaining City Commission and HUD Approval**
After staff approves a loan application, City staff will seek approval from the City Commission and HUD as follows:

- Regardless of the amount of the loan, the City Commission is the only authority that can provide the City approval. City staff will compile all loan terms in a term sheet for City Commission's review.

City staff will submit the applications to HUD as follows:

- To HUD Louisville Field Office: a Cover Letter describing the project eligibility, the HUD certification Forms signed by the City Manager, the Repayment Schedule and the Project Summary and Analysis.
- To HUD Washington Central Office: Copies of documents submitted to the Louisville Field Office.

5. **Loan Acceptance**

- Upon receipt of HUD approval, evidenced by a Fixed/Variable Note to the City of Covington, City staff will submit the City's loan commitment letter to the borrower.
- The borrower will review the terms and conditions of the City's loan commitment letter and if accepted, will sign the letter and return it to the City by the date indicated.

6. **Closing**

The Department of Economic Development shall close all loans in coordination with HUD's Counsel and the Borrower's Counsel. City staff and the City Solicitor's Office will be responsible for supervising compliance with the loan closing documents.

7. **Servicing**

City staff and the City of Covington Finance Department will carry out loan servicing regarding payments and submission of reports and financial statements.

8. **Supervision and Reporting**

City staff shall review on a yearly basis all financial statements of the borrower, compliance reports and make a field visit to the borrower's location at least once per year. By May 1st of each year, the Company shall submit to the City an annual report documenting the number of full-time employee equivalents at the project site and the number of number of full-time employee equivalents residing within Covington. Borrowers who are in default and cannot be brought into compliance shall be referred to the City Solicitor's Office for corrective action.

9. **Notice of Funding Availability**
Each Fiscal Year, the City of Covington will advertise the City of Covington's Section 108 Loan Program through a Notice of Funding Availability (NOFA) published in a local newspaper and the City's website and social media, and distributed to local economic development organizations.

Contact Information

City of Covington Department of Economic Development
20 W. Pike Street
Covington, Kentucky 41011
Phone: 859.292.2144
Website: www.covingtonky.gov

DRAFT

COMMISSIONERS' ORDINANCE NO. _____

AN ORDINANCE ESTABLISHING THE DATES OF THE REGULAR CAUCUS AND LEGISLATIVE MEETINGS OF THE COVINGTON BOARD OF COMMISSIONERS FOR 2019.

* * * *

NOW THEREFORE,
BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That the dates of the regular Legislative and Caucus meetings of the Board of Commissioners of the City of Covington for 2019 are hereby set as follows:

Caucus Meeting Dates

January 8 & 22
February 5 & 19
March 5 & 19
April 2 & 16
May 7 & 21
June 4 & 18
July 16
August 6 & 20
September 3 & 17
October 8 & 22
November 5 & 19
December 10

Legislative Meeting Dates

January 15 & 29
February 12 & 26
March 12 & 26
April 9 & 23
May 14 & 28
June 11 & 25
July 23
August 13 & 27
September 10
October 1, 15 & 29
November 12 & 26
December 17

Section 2

That the time for all Legislative and Caucus Meetings shall be set at 6:00 p.m.

Section 3

That this ordinance shall take effect and be in full force when passed, published and recorded according to law.

MAYOR

ATTEST:

CITY CLERK

Passed: _____ (Second Reading)

_____ (First Reading)