

COMMITTEE OF THE WHOLE – 7:00 PM
MAY 21, 2008

R31

Recommends Lehigh County Commissioners Reconsider Funding for Safe Streets Program

Mr. D'Amore said this is matching funding for police officers, which has been rejected twice by the County Commissioners by a margin of 5-4.

Mr. Schweyer said this resolution is a result of the Commissioners' decision to pass the Safe Streets Initiative, except for a million dollar funding, which is the equivalent of telling everyone it's a great idea, just find somebody else to pay for it. One of the reasons why the Commissioners decided not to fund this is because they do not believe it's a part of the core of the function of County government. He argues that both the federal and state government have offered municipalities, not just the City of Allentown, throughout the Commonwealth of Pennsylvania, funding for additional police officers. In this year's budget, a proposal by Governor Rendell, there are additional police officers that the state will be funding for the City of Allentown. This is not the first time that a government is recognizing the problems of crime in our communities and looking for creative ways and most effective ways to fight crime. More boots on the street is the biggest deterrent for crime and also the best way that we have of investigating crimes that have already happened and apprehending thugs. It's a no brainer. It's as easy as it comes for a County government. In conversations he's had with the Cunningham administration, clearly they have the funding for it. They're not going to raise real estate taxes to pay for it. The last component of this that he'd like to address is a misnomer. That this funding was specifically going to be used to provide the City of Allentown with cops. That's not true. It was going to be used by a number of municipalities across Lehigh County, including boroughs and townships as well who have demonstrated a need for additional police officers. A million dollars is not going to solve all of our problems. Lehigh County has a responsibility to understand that #1, they have to be part of the problem, and #2, they are housed in the City of Allentown. The County prison, Courthouse and Government Center are here. They are part of the solution as well. He applauds County Executive Cunningham for putting forth this proposal. He thanks the 4 Commissioners who voted in favor of it. This resolution is a specific request for them to reconsider. One of the biggest frustrations we have is a belief that crime in Lehigh County comes from the City of Allentown. Crime knows no boundaries. It affects the whole County and all the surrounding municipalities.

Mr. Guridy said he also took the opportunity to speak to Commissioner Percy. He does not support it. He wholeheartedly supports this.

Ms. Eichenwald said she supports this resolution. Decisions sometimes are made based on political expediency rather than the best interest of the County. It's within the purview of County government to provide us with additional police security, and they should also be concerned about public safety in the urban, as well as the rural environments. The only thing we can do, is to pass this resolution. She thanked Mr. Schweyer for bringing this to the table.

Mr. Howells said he wholeheartedly supports this resolution. There's no doubt, the County has the money, and a lot of that money comes from City taxpayers. He thanked Mr. Cunningham for offering this small token of financial aid to us. We need more police in the City. The few we would get from the County's money would be swallowed up in no time at all.

Mr. Donovan said sometimes cities like ours find it difficult to be the regional hub and provide support services to individuals who come in and out of the City. He also doesn't like comments like we should fend for ourselves or any derogatory statements. He does feel there's a sense of regional responsibility that people in a region should recognize the need for close cooperation, and sometimes costs need to be shared. He thanks Mr. Cunningham for attempting to do that. By making a commitment to help the communities in Lehigh County to support their police makes a strong statement that we're in this together. For the Commissioners to vote 5-4 saying they'll give us a dollar is a slap in the face.

Mr. D'Amore said this resolution is part of an ongoing lobbying effort. It was shocking to all of us that the initiative failed. The ultimate insult was that they funded it at \$1. He will not rest until this measure is passed. This is something the City residents of Allentown will get for the tax money they pay. This is not a freebie. The citizens of Allentown contribute heavily to the tax rolls of the County. These are also matching funds. Any municipality is eligible to compete for this money if they have a paid police force. This is a short sighted response on the part of 5 of the Commissioners. Public safety is a regional concern. They use the excuse that this is not a core County function. Farmland preservation is not a core County function.

Ernie Atiyeh, 1909 East Congress Street, said he was at the Commissioner's meeting and spoke in favor of the Safe Streets Program. The 4 Commissioners that voted for this were Democrats; the 5 who voted against it are Republican. That is political. You're not going to find something more important than public safety. The reason they put the \$1 figure on it was to keep it alive. We need the residents from around the County to come out and support this.

Chief MacLean said he thanked Mr. Schweyer for proposing this resolution. He is 110% behind this. There were chiefs and representatives at the meeting from almost every department in the County in support of this. We need to tell them we're in favor of this also.

Mr. D'Amore said this is not a partisan issue. The District Attorney, Jim Martin, a Republican, is very much in support of this measure.

Mr. Donovan and Mr. Guridy moved to forward R31, favorably, 7-0.

COUNCIL MEETING - 7:30 PM MAY 21, 2008

1. Invocation: Jeanette Eichenwald

2. Pledge to the Flag

3. Roll Call

Mr. Donovan, Ms. Eichenwald, Mr. Guridy, Mr. Howells, Mr. Phillips, Mr. Schweyer and Mr. D'Amore.

4. Courtesy of the Floor

Mr. Hershman said anything that's donated or sold, or leased for more than 5 years, Council must vote on.

Mr. D'Amore concurred. Even if it's a minor easement, we should have to approve it.

Mr. Hershman said he's heard there's a reduction on permit fees, or they were reduced, for the Trexler Middle School project. He doesn't see in any ordinance where someone can reduce fees based on project costs. The alteration fee was \$30,000, but if you refer to Article 395, it should be \$15 per each \$1,000. It should be \$47,000, not \$30,000. If it includes the new addition with the existing conditions, it should be \$77,000. We could use this additional revenue for police officers. If there is a policy of reducing permit fees, we should ask the Controller to continue a review of the permit fees.

Mr. D'Amore said the Controller has the opportunity to investigate whatever he feels is appropriate. He believes the Mayor has the opportunity to waive fees and use his executive discretion to do that.

Attorney Burianek said he would have to investigate the AIM regulation and the applicable ordinance, but we are dealing with another public body, basically a unity of taxpayers. It's a question of charging a fee that Allentown taxpayers are going to put into one pocket and take out of the other. He believes there may be authority for that.

Mr. Phillips said the fees are not charged to the school, they're charged to the contractor.

Attorney Burianek said most contracts provide for a pass through where the municipality ends up paying those fees. When you're dealing with a smaller job, the contractor is not going to bother because it's such a small amount.

Francis Dougherty said he can't speak to the easement of land. Todd Collins had been the lead with the Administration and the school district in helping them in the planning for the major renovations, starting with Trexler, which is the smallest of the renovations that are planned, to the value of \$10 million. The total fee as proposed by Butz totaled over \$161,000. The school district asked us to take a look at that, which has all the built-in permit fees from the contractor. What we basically looked at was the section of their proposal dealing with interior renovations. We did not address any of the mechanical, plumbing or electrical or new construction permits that are needed within the system. Just looking at the interior renovations – what we did was a valued engineer project with them from our vantage point of knowledge and expertise of building code people and said look, you don't need this or that. That was a total of \$29,000, which in effect, doesn't have to be part of the proposal. It's not the money that

was going to come to us, but it was built into, and we were able identify it from the contractor's perspective. They built this in when they didn't have to. With Ms. Eichenwald's help in talking with the school district, they were able to forge and say this is what we can save you. With her help, the school district relieved fees we were paying them on a yearly basis for the use of their facilities for part of our recreation program. This was a partnership we have always talked about. It's the model for how we should go forward when they bring the other projects, a more expensive project and renovations. Todd is getting that information together for Mr. Hershman. He'll make sure Council gets copies of all that also.

Mr. Howells said whatever fees would have been charged to the contractor, the taxpayers would have paid it anyway.

Mr. Donovan said Mr. Hershman asked about easements. The answer given at that time was no transaction actually occurred, so no vote was needed.

Mr. Dougherty said from the Mayor's perspective, he was under the assumption from the City Solicitor that he did not need to go to Council to sign over an easement.

Mr. Donovan asked if the transaction has occurred?

Mr. Dougherty said he doesn't know.

Ms. Eichenwald said she's happy Mr. Dougherty provided an answer to Mr. Hershman. There are 3 taxing bodies on the citizens of Allentown. The City, County and the school district. Earlier we talked about the County's responsibility for us in providing more police forces. We also, as a City, have responsibility to work with the school district. It's just and fair that we sit down with the school district and talk about which of these fees are applicable in which we can be partners.

Attorney Burianek said 3 meetings ago, he informed Rich Young that Council approval would be necessary, but it's his understanding that this transaction really isn't ripe to be completed yet. When it does come before Council – the reason the County is here tonight is because they want to start construction yesterday. He doesn't know whether that was conveyed to the Mayor.

Mr. Hershman said we have a law. Article 395 sets fees. He reads no where in City or state law where the Mayor has executive authority to waive fees. Council passed the ordinance; Council can amend the ordinance by waiving those fees, not the Mayor. What's next real estate taxes? Everything he requested is under the Freedom of Information Act. The Controller should audit them. The way he looks at the project cost, they exceed the cost as provided by the ordinance. The cost is \$5 million and alteration fees are \$15 for every \$1,000, it should be more than \$30,000. Something is wrong somewhere.

Mr. D'Amore said as far as waiving of the fees – part of discretion in an executive role is to collect or choose to waive. The Controller's duty is to provide oversight and analysis. If we find fees are being waived via an executive in a manner that is arbitrary or shows favoritism – he's not saying any of that has happened – then it is incumbent upon this Council to take action.

Paulette Hunter said the minutes aren't clear about what she stated. Her statement wasn't clear.

5. Approval of Minutes: April 16th and May 7th

Ms. Hunter referred to the minutes of May 7th, page 4. It should say she was here about full day kindergarten and she had been to the Allentown School Board several times about full day kindergarten. The Pennsylvania Budget Secretary came to Allentown to give a briefing to them about what's going on at the state level and indicated to them that there was no full day kindergarten in the Lehigh Valley. That means the Allentown School District did not have a full day kindergarten. Because of our demographics, the children that go to our school would benefit our children to have a full day kindergarten. The Allentown School District indicated to her the reason for no full day kindergarten was the cost and lack of building space. She asked them to please consider talking with the Allentown School District and see if there's any building available for them to use. She spoke to the superintendent a couple of months ago, and she said they started some full day kindergarten, but she's sure they'll need more.

The minutes were amended to reflect Ms. Hunter's request by common consent.

Mr. Guridy also requested the minutes be amended in his statements during the Committee of the Whole meeting on May 7th during Ms. Marin's confirmation hearing.

The minutes were amended by common consent.

6. Old Business:

Mr. Phillips suggested revisiting the lockbox for savings.

Larry Hilliard said we have the whole \$10 million because we have the other \$5 million in Risk Management. There's no specific number, so he responded to (inaudible). In 2007, we would have earned \$325,000 to \$350,000 on the loan. The interest on that would have been – the net cost to the City was about \$266,000 for the year. The interest would be half of \$325,000. \$325,000 would be on the whole \$10 million. We pay out on the full \$10 million – he thinks it's \$591,000. The net on the whole \$5 million would be half of \$266,000 - \$133,000.

Mr. Phillips said he noticed the walkway to the parking ramp is not being used. It's closed. Why?

Mr. Hilliard said the Parking Authority, as well as Mr. Donovan – the original engineering for that was discovered to be faulty during a wind storm while it was under construction. For safety purposes, they've gone back to the engineers to redesign it and sometime by July the new design and new material, which are on order, are supposed to be here. It's a safety issue. It wasn't structurally appropriate. Until they can put the covering over it, that's considered wind proof, hopefully it will be open in the next couple of months. By July it will be reengineered, redesigned fabricated covering will be installed.

Mr. Dougherty said they changed contractors as well.

Mr. Phillips said there are no ADA issues?

Mr. Hilliard said they didn't mention that in any of the board meetings.

Mr. Phillips said he heard rumblings that there are some ADA issues and it needs to be redesigned and reconstructed..

Mr. Hilliard said they have a board meeting on Thursday. They can take it up then. Up till now, the Parking Authority presented it as a design problem related to the wind and its structural safety.

Mr. Dougherty said last week he asked Tamara for an update so he could have Mike Moore send out an all users email to the City employees giving them the status because everyone is anxious. That's the message he got back from her.

Mr. Hilliard said every time they've been told the issue is a design problem with the structural integrity and the wind.

Mr. Donovan said what he heard was that it was not anticipated that the wind tunnel effects around the buildings, therefore, it was not equipped to handle (inaudible). We could criticize that. Certainly it should have been anticipated, but he guesses it was not. He knows that often the case with certain building constructions. He assumes the Parking Authority is responsible for that.

Mr. Hilliard said yes.

Mr. Dougherty said he was glad it was discovered without people using it.

Mr. Guridy said he also wondered who was paying for it.

Mr. Hilliard said they have claims against the engineer. He doesn't know where the litigation stands on that.

Mr. Phillips said back to the lockbox and the 33K. The interest money (inaudible).

Mr. Hilliard said the interest on that is in the revenue line, the General Fund, offsetting the expense line.

Mr. Phillips said the last time they spoke, he talked to him about some properties that are being converted. Did you get any answers?

Mr. Dougherty said he believes Ken Bennington got the answers and it was forwarded to Council.

Mr. D'Amore said he knows Ken Bennington had been working on it. He's not aware of getting a list.

7. Communications

Mr. Donovan said this is National EMS Week. He had the pleasure to visit with the EMS crew and paramedics. He also met Randy Mantooth, who was the star in Emergency. He came to Allentown at the request of Lehigh Valley Trauma Unit to visit with paramedics and EMS staff. The Mayor also proclaimed this as EMS Week.

Mr. D'Amore said sometimes our EMS service sometimes gets forgotten in our list of first responders. We have a tremendous police, fire and EMS as well. It's good to honor them.

Mr. Howells said he wanted to clarify something about our ambulance. It's always noted in The Morning Call incorrectly that nobody has had an ambulance service for 30 years. The Allentown Police ambulance was created in 1899. The Allentown Police Department ran the ambulance all those years. We also had 2 other ambulance services – Sacred Heart Hospital and Allentown Hospital had their own ambulance service as well. In 1958, Allentown Hospital got out of the service. They gave us their ambulance, which was a Ford station wagon. The following year Sacred Heart gave us their ambulance, which was a converted hearse. The Allentown Police ambulance was running that service for many, many years. At one point it was transferred to the Fire Department and then it came back to the Police Department, and that's where it is. In 1984, there was \$300,000 in state grant money to the Health Department that had an ambulance service.

Mr. D'Amore said he was reminded we have paramedics not EMT's. The paramedics are better trained. We have better trained professionals on those ambulances.

8. REPORTS FROM COMMITTEES:

COMMITTEE OF THE WHOLE – Council President D'Amore: The Committee of the Whole met tonight.

ADMINISTRATION – Chairperson Donovan: The Committee met on May 14th at 6:00 PM and forwarded items on tonight's agenda; the next meeting is scheduled for May 28th at 7:00 PM.

COMMUNITY AND ECONOMIC DEVELOPMENT – Chairperson Schweyer: The Committee has not met since the last Council meeting; we have a St. Luke's Hospital tour scheduled for May 28th at 5:00 PM; and on June 11th we will meet at St. Luke's Neighborhood Center and take a guided tour of 7th Street with Mr. Lewnes.

PUBLIC WORKS – Chairperson Gurdy: The Committee has not met since the last Council meeting. The next meeting has not yet been scheduled. They will be discussing the traffic study on the 16th and Chew Street stop sign.

PUBLIC SAFETY -Chairperson Howells: The Committee met this evening. We have one bill on tonight's agenda.

APPOINTMENTS - Chairperson D'Amore: The Committee met and referred some appointments on tonight's agenda.

LEGAL AND LEGISLATIVE – Chairperson Phillips: The Committee has not met since the last Council meeting; a future meeting has not yet been scheduled.

RULES AND CHAMBERS – Chairperson D'Amore: The Committee has not met since the last Council meeting; a future meeting is not yet scheduled.

OTHER COMMITTEE REPORTS

AEDC - Mr. Donovan said AEDC is searching for a new director.

Arts Commission – Mr. Donovan said there is no report.

Connect the Parks – No Meeting since the last Council Meeting

Lehigh County COG – Met April 29th

Pension Board: There was a meeting yesterday.....

Presales Inspection Meeting: May 5th, 5:30, in the 5th Floor Conference Room; organizational meeting; June 25th, first meeting

Blighted Property Review Board: Next meeting is scheduled for June 9th.

Council Reform – Committee members have been selected, information is being compiled so they can hit the ground running, and a meeting will be scheduled in the near future.

Human Relations: Ms. Eichenwald said the commission met on May 14th. It's following up on the presentation given by Kari Holmes. It was discussed at the meeting. She was given a fair hearing. They also met with the Police Chief, and we are conversant with the issues.

Lehigh Valley Planning Commission Report – meets the last Thursday of every month

CONTROLLER'S REPORT

No report.

9. ORDINANCES FOR FINAL PASSAGE:

Bill 31

Introduced by the Administration: Amending the 2008 General Fund Budget to provide for a supplemental appropriation of \$10,000 from the Commonwealth of Pennsylvania, DCED grant from State Representative Jennifer L. Mann to the Communications Bureau of the Police Department to provide for CCTV Security cameras and related equipment at the Communication Center.

Mr. Howells said Bill 31 was forwarded favorably, 3-0.

Bill 31 was adopted, 7 Yeas and 0 Nays.

Bill 32

Introduced by the Administration: Amends the General Fund by reorganizing the Department of Finance to eliminate the Executive Secretary, 7(N); creating a new position of Finance Manager, 16(N), and eliminating the Office Manager position in Community and Economic Development (N).

Mr. Donovan said Bill 32 was forwarded favorably, 2-1. It will end up producing savings for the City. The ordinance shows the salary impacts of the budget, but it does not show account numbers nor the various benefit costs that the City incurs. Mr. Hilliard has provided a backup document for the committee but was not available to the public. A proposed amendment would be that the backup document would be attached to the ordinance.

Mr. Donovan and Mr. Howells moved to amend Bill 32 by adding the supporting document, which consists of a spreadsheet documenting the various amounts of money involved with this ordinance, be attached. The amendment to Bill 32 was approved, 7 Yeas and 0 Nays.

Mr. Hershman said with this amendment, there has to be a cost. What is the cost?

Mr. D'Amore said there's actually a cost savings.

Mr. Hershman said this doesn't fully fund the program.

Mr. D'Amore said you're saying the amendment is deficient because . . . the total overall savings is \$32,885.

Mr. Hilliard said on an annual basis about \$32,000/\$33,000 and then for 7/12 of that this year – the document he presented, he believes they're amending, shows the cost by program, as well as it's supplementing one that was in a horizontal format, instead of vertical, which had the same numbers but by individual. It didn't have the account numbers.

Mr. Donovan said he's confused by Mr. Hershman's question.

Mr. Hershman said GF-37 is not totally funded. When he was on Council, they always had line items on the costs, salaries, benefits and if they transferred money to fully fund it. He doesn't know if these 2 positions are fully funded.

Mr. Donovan said to answer your question, are the costs delineated? His understanding is they delineated those costs, but the spreadsheet was not attached to the document.

Mr. Hilliard said there are actually 2 spreadsheets. The most recent one has by program and Account, 02. The Solicitor opined that the original amendment (inaudible). It may not be in the format that has been presented in the past, but as long as it meets the requirements . . .

Ms. Eichenwald asked when you listed these salary ranges, does that include benefits?

Mr. Hilliard said wages if Account 02; FICA is Account 12; Pension is Account 14 and Insurance Employee Group is Account 16. There are wages and 3 separate overhead accounts that go with each one.

Mr. Donovan said we have an increase in costs in the Finance and Budget Administration. There is a reduction in costs as a result of changes in personnel from one group to another in Human Resources. There are further reductions in Community Development to do with permanent wages and various benefits. You can see an increase in a different account in Community Development. This document does not show the net savings, but there are net savings for this fiscal year.

Mr. Hershman said you're showing what the total savings would be with all these amendments. We have a program budget. In a program budget, you've got to fully fund that program. GF-37 is not fully funded by that example. There's a position eliminated on GF-21. You have to amend GF-37 properly. The way he looks at it, you're short. You're only saving \$23,587, but you're creating a new position, with benefits, and you're increasing the salary of another person. That page is not properly funded. GF-131 is not properly funded because that's another program. You cannot take money from other programs to fund a program without amending it properly.

Mr. D'Amore said there are 2 issues here. One is the issue of the spreadsheet in order. He believes it is in order. There were no objections from Council.

Mr. Hershman said he's not challenging the spreadsheet. He's challenging the amendments.

Mr. Donovan said we identified the General Fund. We provided the necessary information. Section Five says that a transfer to amend the General Fund for a period of 7 months is attached. Why is that not a proper funding of an account? He does not understand why that is not a proper funding of an account?

Mr. Hershman said because you're not funding it properly. You have to amend it by program. You're short money. You only have \$23,587.

Mr. Donovan said so you would like to see a separate amendment for each one?

Mr. Hershman said that's correct.

Mr. Donovan asked the City Solicitor if that is necessary?

Attorney Burianek said it is not necessary. It's one ordinance as it's drafted. It's specific enough about which positions are in which programs.

Mr. Donovan asked which accounts?

Attorney Burianek said during budget time Council will make amendments and they will initiate them also. They will direct the finance director to adjust the accounts accordingly. There's enough specificity that you are designating which positions are being changed, in which programs. You have the numbers there, and basically the finance director is the one that is going to . . .

Mr. Donovan said he believes the Administration Committee made its case in the proper accounts and numbers. The Solicitor said what we are doing is appropriate.

Mr. Hershman said under your administration of City Council you don't do things properly. The public is not made aware of amendments, and he thinks it's required prior to a meeting. This amendment, which is not an amendment, is not funded. We never authorized like this on Council. We paid the bill as we went along. You're not properly funding these positions.

Attorney Burianek said he doesn't think the whole document has to be read unless it was an actual change to the ordinance.

The amendment to Bill 32 was approved, 7 Yeas and 0 Nays.

Ms. Eichenwald asked what will the qualifications of the finance manager be?

Mr. Hilliard said significant experience in producing municipal budgets, and doing municipal type activities. It's not necessarily someone who comes from . . . someone with a good understanding of municipal budgeting, ordinance, regulations, etc.

Ms. Eichenwald asked if there's any educational requirements?

Mr. Hilliard said an accounting degree or equivalent experience. The person they have in mind for this has more than 15 years experience in municipal government. They don't choose to be identified until this job is filled. Ms. Eichenwald asked what's the reasoning behind upgrading the positions – the budget coordinator and the business development liaison?

Mr. Hilliard said that's a combination of duties between 2 offices. The budget coordinator – we need somebody with more knowledge of working with Eden and the mechanics of our system. Somebody who knows the City's mechanics.

Ms. Eichenwald said what's she asking is are you looking to assign more responsibility to the position, and are you also looking for someone who has greater qualifications?

Mr. Hilliard said not necessarily someone with degrees, but somebody with much more . . . the incumbent has less than 3 years, and he's moving on. He doesn't want to replace that position with somebody who doesn't have knowledge of the City's system and policies and procedures.

Ms. Eichenwald asked if this person will have increased responsibility?

Mr. Hilliard said yes.

Ms. Eichenwald said there's a big leap.

Mr. Hilliard said they have relied on the bureaus to input and manipulate data, and we get a lot of errors. They're not trained in the mechanics of Eden and budgeting. He wants somebody who really understands it and can see if something goes through and recognizes the numbers if they're right and wrong. Good skills, manipulating spreadsheets, loading. They tried to put somebody with a more academic background in there, but now we're going to put somebody with more technical background. It's a better match of skills.

Ms. Eichenwald said she's not questioning. She's only exercising her fiduciary responsibility. When she sees an increase of a position from an 8 to 14.

Mr. Hilliard said in January of 2006, when 2 of them entered, they were brand new, one day apart. He filled an existing position. The position that is an 8, he didn't know anything. What the grade should be, what the person was doing. He was here a whole day when the position was filled. Now we've had 2-1/2 years of experience putting budgets together and trying to put monthly reports together. He's doing a lot of mechanical work himself manipulating forms. He's spending 4 days putting the monthly reports together. He needs somebody with technical skills in the system to work with that and not somebody that's a more personal relationship type work. He needs hard core technical systems work. It can modify the 4th floor. The original 8 is not necessarily a good number. That was a guess when 2 of them arrived one day apart. He didn't know what number to put in.

Mr. Phillips said you're talking about 2 different positions. You're talking about the 13 and 14. She's talking about the (inaudible).

Mr. Hilliard said in the finance job, the person that was in there on the same day arrived, the 8 was a guess. Now we're looking at 13 or 14.

Ms. Eichenwald said her question is predicated on the idea that this is not to give someone a raise to increase responsibilities

Mr. Dougherty said this is not about personality. It's about responsibilities and duties we have seen over the last 2 years about filling the gaps and identifying the right individuals to fill those gaps. Business development liaison – he did forward to Council the actual job description. It is different from the predecessor who was in this position in that the academic requirements have increased. They're looking for at least an educated, more of an advanced degree. We're looking for someone with a common degree of sophistication in looking at the markets and identifying family sustaining jobs in those industries we need to bring here. That's what this new job description is predicated on.

Mr. Hilliard said they're will be a term finance department organization. This is 3 or 4 positions out of 40. It's reorganizing. This is just a little cubicle area in there.

Mr. Dougherty said for historical accuracy it's important to point out that under previous Administrations when they asked for cuts across the board from the various bureaus and departments, there was resistance for the finance director back then who voluntarily cut her own staff, and we inherited the carnage.

Mr. Gurdy said he thinks the position was part time before.

Mr. Dougherty said financially it was shared in the first quarter. In the 2nd or half year, it was not.

Mr. Gurdy said we're going to fund the position completely now?

Mr. Dougherty said yes.

Mr. Gurdy asked who was providing the services of the position when the person had it?

Mr. Hilliard said his budget person picked minor parts of those duties. In the real estate and rent area – there's a lack of anyone else to handle it.

Mr. Gurdy asked what position provides for the brownfield developments. What was the name of that position?

Mr. Dougherty said real estate development specialist, which itself had to be redefined because we're running out of brownfields. Those that are left don't have much appeal to developers out there. That's had to be reinvented.

Mr. Gurdy said that position is needed.

Mr. Dougherty said absolutely. Recruitment is key.

Mr. Gurdy said he knows at one point the person was brought in as the real estate specialist, and she was also doing a lot of business development. It's been like that. He refers people to that person.

Mr. Dougherty said the individual has stepped up and a cross fertilization is going on, which he thinks is beneficial to all.

Mr. Hershman said the reason he's asking those questions is because he doesn't think they're following Article 130.07.

Bill 32 was adopted, as amended, 6 Yeas and 1 Nay (Phillips).

Bill 33

Introduced by Council and the Administration: Refunding of Second Series of 1997 Bonds and 1998 Bonds

Mr. Donovan said Bill 33 was forwarded favorably, 2-1. It produces savings for the City to reduce the need to bond for additional capital projects as a result of those savings. There's no new money in this refinancing. The committee recommended 2% of the bonds for minimum savings. They've also asked for specific projects to be identified. The Administration has done so. We'll track that. As a result of the ways the bonds have traditionally gone through the legal process, we have a short amendment.

Scott Scherer said the report provided a good summary. What we are looking to do is a conventional bond refinancing where we are not lengthening or shortening the debt. It's basically matching maturity by maturity. It is not considered any kind of restructuring. This is a true refinancing. The existing debt we are refinancing on average has an average interest rate of about 5%. We are converting that through the markets at roughly 3.5% or 4%. We are

reducing the average interest rate by about one full percent, and that's what's going to resolve in the debt service savings. Most of which will be realized in the current calendar year. The balance will be realized in 2009 calendar year. We will be competitively bidding this through an internet auction. We will be opening a bidding procedure, basically a 15 minute window, to allow investment bankers from around the nation, to bid on the bonds on June 3rd. If there is a favorable vote tonight, we have to go through the waiting period. June 3rd would be the actual bid date. We will then know what the actual interest rates are at that time. Right now, minute by minute and hour by hour, the interest rate savings are fluctuating just based on the market. They can range anywhere from savings of \$400,000 up to \$600,000. These are net savings after all issuance costs are paid. The figure that was set in the ordinance is at a dollar amount of \$350,000, which is basically equivalent to about 2% savings, which is a general rule of thumb for this kind of transaction. If the transaction would have been completed today, the interest rates would have been locked in. The savings would have exceeded that. It would be somewhere above \$450,000 and \$500,000. There are some interest rate risks between now and June 3rd. If we do feel the potential savings – that target would not be reached, we would not even go ahead with the sale. We would postpone it until we know we would get a savings amount above that target.

Michael Vin, Financial Solutions, said today Moody's upgraded the City's bond rating from BAA2 to BAA1 in anticipation of this transaction and the fiscal responsibility the City has shown over the last 1-1/2 years. That should lower the cost as well because now in the current environment they're looking at the insurer bond ratings which many of them have failed. They're also looking deeper into the actual underlying rating of just the City. He thinks it's a good testament to the City's financial position that it is moving in this positive direction, and it's going to save the City dollars.

Mr. Donovan and Mr. Howells moved to amend Bill 33 as follows:

1. The maximum aggregate principal amounts of the Bonds to be issued are amended and/or inserted in the caption and Sections 1, 2 and 3 of the Ordinance as follows:

General Obligation Bonds Series of 2008	\$7,560,000
Guaranteed Sewer Revenue Bonds Series of 2008	\$7,125,000
Guaranteed Water Revenue Bonds Series of 2008	\$4,955,000

2. The dated date of the Bonds, July 1, 2008, and the semi-annual payments dates, February 15 and August 15 commencing August 15, 2008 were inserted in Section 6, Section 17(e) and 21(e) of the Ordinance, and in the form of the Bonds and the required transfer dates from the Revenue Funds to the Sinking Fund for debt service payments were inserted.

3. The purchase price for the Bonds of not less than 95% or more than 112% of the principal amount of the Bonds together with any accrued interest and amendments to escrow provisions were inserted.

4. The maximum aggregate debt service schedules for the three (3) Series of 2008 Bonds were inserted as Schedules "A-1", "A-2" and "A-3".

5. The mandatory redemption provisions were inserted in Schedule "B" and in the forms of the Bonds.

6. The optional redemption provisions were inserted from Schedule "C" and the forms of the Bonds.

7. The required savings level of \$350,000 was inserted.

8. The substantial forms of Escrow Agreement and Call Instructions were added.

Ms. Eichenwald questioned the \$350,000. What percentage does that represent?

Mr. Scherer said approximately 2%.

Ms. Eichenwald said she has a problem with that. At the committee meeting, she heard Mr. Hilliard say 3%. She is concerned about that. You mentioned that if we put up the bonds, and we're not satisfied with what the auction brings, we can withdraw that and put it on another day.

Mr. Scherer said that's correct. We have bid parameters set up so that the bids could be rejected and we could go out another day. If we try to do something after June 5th, then we will need to go through the process all over again – have the first reading, etc. We have a short window to reject it.

Ms. Eichenwald said she has grave concerns about locking us into 2%. Today, it would have been about 2.5%. Mr. Hilliard talked about 3%. She has strong objections of locking a bid to that \$350,000. Even though she absolutely 100% agrees that we should be refinancing, she could be forced to vote against it. For her, it has to be 2.5% or 3% range.

Mr. Donovan said Ms. Eichenwald shows good wisdom in trying to get the most dollars we can. He would love to be able to specify 2.5%, but he would be very concerned if we missed a deal that would be 2.49%. Having been through this professionally, these are all tight schedules. Does he want savings at 2.01%? Of course not. Can he predict what's going to happen in the next 2 weeks? No. It would have been nice if we had done this 2 months ago, but we didn't. He's willing to go ahead with 2% under the assumption that the markets will hold, and we'll rely on advisers to say whether we should go ahead or not. He would not want to kiss \$350,000 good bye because we raised the level too high in the ordinance. He understands her concern, but he would go for the 2%.

Ms. Eichenwald said she doesn't want to lose an opportunity to save \$350,000, but she views it from a totally different point of view. It perhaps comes from her experience of being a business woman and wanting to maximize her profit. She doesn't want to sell us short. She thinks if we would have another go at it, we would have an opportunity and how sad it would be to let it go for 2% when we could maximize potential earnings.

Mr. Guridy asked who is the legal counsel for this bond?

Kevin Reid, King Spry, said his firm represents the counsel.

Mr. Guridy said as you reviewed this, does it follow all the legality of the bond?

Attorney Reid said absolutely. The ordinance is designed specifically to comply with the local government (inaudible).

Mr. Guridy said we were told before if we would have done it today, it would have been 2.5% and now it's 2%.

Attorney Reid said it's the call of Council to set the required savings. You've heard the recommendation. The language in the ordinance says -- at least Mr. Donovan is correct – that would be the floor.

Mr. Guridy said that doesn't mean when you take it to the market it will be 2%? It could be between 2% and 4%.

Attorney Reid said it will be as high as it possibly is with the auction in a competitive sales situation. We ran the numbers. Yields are extremely well on the long end, and he believes we're under 3.7% now going out 10 years. You would have been well above the 2% threshold. It would have been an additional \$100,000. The problem is when you do an auction, do you subject yourself to interest free risks? It fluctuates on a minute by minute basis. Some Council members have voiced that if we get to that point, and we have all the legalities, instead of getting 2.5% savings, you actually earned 2.49% if you don't set the threshold low enough. We're going to try to get as much money for the City as possible for this bid.

Mr. Guridy said let's say it would be 2%. Would the \$350,000 give the 2% or less?

Mr. Scherer said it is 2% -- the rules on this to use the percentage based on the amount of bonds being refunded. The \$350,000 is a little bit more than 2%. It's maybe 2.1% or 2.05%. The whole finance team debated over what to do. Whether to do a percentage, do a dollar amount, and then there are different conventions if you would do a percentage – is it on the new bonds or on the old bonds. They took that out of the playing field and said let's just pick a dollar amount of \$350,000, which is just a hair over 2%.

Mr. Guridy said that would be the floor. It actually could be more than 2% depending on what the market is that day.

Mr. Scherer said if you did it today, it would be about \$450,000 to \$500,000. That is the floor. That is net savings after all issuance costs. The main points to a competitive sale is that you are getting market rate at that time. No one can predict what the market is going to do tomorrow morning, 2 or 4 weeks from now. The market is too unpredictable. It's always easy in hindsight to go back and say if we would have done it 14 or 32 days ago, we would have done better. That is one of the strong selling points of a competitive sale. Based on the day you take the bid you know you're getting market rates at that time.

Mr. Guridy said rates went down recently. Are we supposed to get a better rate?

Mr. Scherer said no, even though your's is a fairly short transaction, he's using a 10 year transaction with a weighted average life of about 6-1/2 to 7 years. What the Fed controls is the overnight lending. What we're seeing now is sort of an idea called compression. Once the Fed starts to reduce the short term interest rate substantially, you actually see a negative reaction where some of these short term and mid term rates actually start jumping up a little bit. That's called the compression effect. We're actually seeing some of those rates already starting to increase a little bit. The Fed controls it different than the bond market in the City. They do have some correlation, but there are substantial differences.

Mr. Guridy said let's say we don't pass this today. What do we lose?

Mr. Scherer you're adding additional risks. If this is not approved this evening, than we'd have to go through the whole process again, and that would take whatever the normal protocols – 30 days or so, about a month. After that another 10 day week and after the ordinance is adopted. We may have a month and half to 2 month delay. You would be adding to the interest free risk.

Mr. Guridy asked if the transaction cost is affected by it?

Mr. Scherer said the transaction cost would not be affected. There would be new advertising that would be required. There would be some additional advertising fees, not substantial. Maybe a couple of thousand.

Mr. Guridy said your costs – someone is paying you – we are. What is the ballpark figure?

Mr. Scherer said if the transaction does not get completed successfully, we do not get paid. We only get paid upon a successful completion on the transaction. If we would try it on June 3rd and we would not hit the target, and you would say we don't ever want to attempt it again, we would not get paid. We would not send you a bill.

Mr. Hilliard said there are some costs. The fees that Standard and Poor's . . .

Mr. Scherer said the 2 credit rating agencies would be the ones who get paid, because they've done all the work, and they're going to be releasing a rating. Their policy is to get paid regardless. The other professionals involved only get paid upon successful completion.

Mr. Guridy asked what's the cost of the rating agencies?

Mr. Scherer said the 2 combined somewhere a little under \$20,000 - \$50,000.

Mr. Vin said it's actually a little less. Like \$12,000 for S&P and \$6,600 for Moody's.

Mr. Guridy said if we don't pass it, then we go back and put up a different rating.

Mr. Vin said he doesn't think they'd put up their previous rating because it's based on 07 numbers, but they would still bill you.

Mr. Hilliard said they're giving us a preferred customer status, so they dropped their price.

Ms. Eichenwald said she doesn't want to hold up the sale. She's very disappointed that the number that was put in on the amendment was \$350,000. If we go into it on June 3rd, and for some reason, we all know how the market fluctuates, if that's a bad day, Council has to understand that you're giving your permission to let it go at 2%. As she said at the committee meeting, the financial institutions only get paid if they sell this change in interest rate, if they refinance the bonds. It is in their best interest to have City Council go for the lower number. If you go for the higher

number, and something happens on June 3rd, it locks the market. That's it. They sell it, pay the large fee, and we wind up with a much smaller income. You leave no choice but to vote for it.

Mr. Donovan said there's an old adage he used to say. When you hold out for higher price, 40% of nothing is nothing, such that 3% of nothing is nothing also. Having 2% there is valid. He's worried there's a bird in hand rather than 2 in the bush only because of his prior experience for exchange trading, the lesson he learned and advised business customers is don't try to guess the market, do your hedge, get it done, and go on with your business. Here in the City we'll be able to save the taxpayers at least \$350,000, in which we could use some much needed street improvements that have been identified and documented as well as Water and Sewer capital improvements. Normally, we would have the higher interest on the existing bond, plus go out and bond again, which would be an additional cost. He respects that it would be great, and he's certainly hoping that the market stays favorable for us, but he doesn't want to miss an opportunity.

The amendment to Bill 33 was approved, 5 Yeas and 1 Nay (Phillips, Eichenwald)

Mr. Gurdy said let's say \$350,000 may not be the correct number. He heard before it was going to be used for capital projects, and he thinks he mentioned street projects, etc. He'd rather pay down debt. He doesn't know how needy these other projects are. He doesn't even know what they are. He would like to have had an opportunity to know what they are.

Mr. D'Amore said the discussion of priorities and prioritizing capital projects is exactly that. It is a discussion. When the savings are realized, the savings will be placed in the unappropriated balance of the General, Water and Sewer Funds. At that time City Council will have an opportunity to allocate that money as we see fit. The discussions on capital projects was important.

Mr. Gurdy said you're saying that is not part of the bill?

Mr. D'Amore said no.

Mr. Donovan said the discussions in the Administration Committee about the savings, we asked immediately, long before the committee meeting, what are these funds going to be used for. What they did not want to do, as Mr. Hoffman, the Controller, has identified, we don't not want those funds put in operating use. We have been very, very specific about asking the Administration for very specific recommendations on their part, on how they're using the funds. There was spirited discussions in a variety of ways on how those funds could be used. In such a way, the Administration recommended the items he mentioned earlier. At the committee meeting, they did discuss the issue in what way do we make sure that whatever is planned gets done so the cash doesn't sit there as window dressing in the unappropriated balance. We will reap \$350,000, at least savings, and then we will have an opportunity to either go along with the Administration's recommendations, which he feels are sound, or have a discussion in 6 months.

Mr. Gurdy asked if anyone feels \$350,000 savings is not appropriate?

Mr. Phillips said he thinks the cost is prohibitive. We should get a larger return on the bonds.

Mr. Gurdy asked what the cost is?

Mr. Scherer said \$650,000.

Ms. Eichenwald said it was over \$200,000 for the insurance and \$200,000 for . . .

Mr. Hilliard said the insurance can be looked at as part of the interest rate, not the bond.

Ms. Eichenwald said but it was \$400,000.

Mr. D'Amore said that sounds about right.

Ms. Eichenwald said the reason she's disappointed with the \$250,000 is because you're locking yourselves in to a lower possibility of maximizing our profit. This is cutting it off at 2%. Our financial people make \$200,000 when they sell it. If they don't sell it, they make no money. She's not willing to settle.

Mr. Donovan said if we don't do this, we give up. He doesn't care what the professionals make as long as it's reasonable within their profession. If we don't do this, we lose \$350,000, which he doesn't want to lose for the City. He would love to make \$600,000, but look at it this way. They would still be paying – they're not on a percentage or commission base. They are on a performance basis. He believes sometimes there's a moral hazard that agents will try to do a deal in order for them to get paid. He understands that. What we have is an opportunity for at least \$350,000 he does not want to avoid. You have to look at the incremental benefits of the City. Yes, we will pay something out, but we will get \$350,000 back. He thinks that has merit. He thinks it's the wrong approach to say I'm not going to take \$350,000 because we're paying these people "x". He would love to get \$400,000 - \$800,000 back. They'd still get \$400,000. We're not saying we're locking ourselves into \$350,000. What we're saying is it's at least \$350,000. We make it better or we'll walk away. He doesn't want to bet on where the market is in the fall. With a national election going on, he doesn't want to predict that. For a standard business for a community trying to save money, he doesn't think we should be dickering about 2% or 2.5%.

Mr. Gurdy said 2% of \$100 isn't much, but 2% of a couple of million dollars is a lot of money. He's trying to figure out why we settled for 2%.

Mr. Scherer said for this kind of transaction – this is what's called a current period refunding – where we are basically beyond the call date of the bonds for their repayment date of the bonds we're funding, or we're within 90 days. This is current refunding as opposed to an advanced refunding which is a different type of transaction. We need to keep that in perspective. We also need to take into consideration the weighted average life of this transaction. It has about a 6-1/2 to 7 year weighted average life. The final term is 10 years. That's another key consideration. To put that in perspective, typically, for a current period refunding – he represents lots of local governments across the state. His firm represents thousands and thousands of local governments across the nation. We are the largest, and ranked the number 1 financial adviser in the nation. For current year refunding, the majority of the clients actually take the vote that they will accept what the market bears on that day. What happens after you reach the call date, or you're past the call date of the bond refunding, every day that goes on the savings actually diminish everyday. That's a current refunding. We are now at that point where we are beyond the call date or we are approaching the call date. The call date on the 1998 bonds is July 18th of this year. If we would wait and the interest rates stay the same – if we wait a year and the interest rates stay the same the savings will absolutely be lower because you have less time on your side. The cost will be the same, but the savings will be lower. That's typically where the votes for the boards out there – school board, city, whatever, take what the market will bear that day. No one is in the business of predicting interest rate risks or predicting the market. That's a current year refund. We set the target at 2%, or equivalent to \$350,000. They sort of set the benchmark a little bit higher than that just weighing in the costs and everything else. An advance refunding, that's not what this is, if we were doing this transaction, it would be a year before the call date of the old bonds, and this would be a 20 year transaction, or a longer type transaction. That is when they advise their clients to go for 3% net savings. The 3% savings threshold is a recommended threshold for a different kind of transaction. Not only the kind of refunding it is but the term and the final maturity note. Based on this structure, it was their recommendation to go with the 2%. As far as how the costs weigh into that, the professional costs are roughly \$200,000. Of that \$200,000 of professional costs, we have right now estimated the underwriter's commission, or the bank that will buy the bonds that can be competitively bid. We do not know what that is right now. That is one of the benefits of doing the competitive auction. As you know you're going to get a low bond commission. We have that estimated at \$100,000. That fee is based on the size of the transaction. We're going to bid – open up to the entire nation. More likely the lowest commission will be the selected underwriter. Of that \$200,000 of professional fees, \$100,000 will be bid out, the other \$100,000 is comprised of 7 or 8 different professionals. Some of which are in this room and some are not, and some others. That's the professional fees/costs. \$200,000 of that, approximately \$100,000 we have estimated to bid out at the time of the sale, right now it's expected for June 3rd, and the rest are a separate party involved. The other \$200,000 that's being discussed as far as cost – he believes Mr. Hilliard made a remark about that – that they do not consider professional costs because that is actually built into the rate. The City would be purchasing – actually the underwriter would choose whether they want to buy the bond insurance. Right now we have bond insurance estimated at a little over \$200,000. That's what's producing the \$200,000 of our premium that's paid by the City. It was producing roughly a 3.75% interest rate. The buyer of the bond doesn't want to see the bond insurance, they want to see that AAA credit rating, as well as the good underlying credit rating of the City. If we would wipe away that bond insurance, they wouldn't even opt for that for the underwriters to choose. That would be a \$200,000 cost off the table, the interest rate would probably be 4.25% to 4.5%. The bond insurance is not technically a professional cost. That is what's considered embedded into the rate. We could not even offer bond insurance, but he can pretty much guarantee that the rate is going to be substantially higher and the savings are going to be substantially less if we would not offer insurance. As far as when we're talking about costs, that's one thing the overall team has been scrutinizing over. Making sure it falls well within the lines of this kind of transaction. \$200,000 is considered true professional costs; \$100,000 of that will be bid out; the other \$100,000 is made up of various professionals.

\$200,000 and change, insurance premium, you've got to look at that as far as the interest rate. We went out and solicited proposals for bond insurance companies. They went out to the 2 main bond insurance companies. That's your guarantee. You have the one premium from FSA. He thinks we're expected to get the other one from Assured in the near future that he'll receive prior to the bid date. We do not select them. We let the underwriters choose which one they want to use, or maybe they don't want to use any. We do that for all of our transactions. They let the bidders choose what the market is demanding at that time.

Mr. Vin said in other words if FSA or Assured or just the underlying (inaudible) with no insurance, whatever gets the City the best rate and the most savings is going to be awarded at that particular time. It is at the bidder's option, if they can offer the City 4.25% with no insurance, but 3.75% with insurance, the cost of the insurance is going to be factored into the net savings and whatever is lowest for the City at that particular time is going to be awarded. It is at the bidder's option to allow them separate ways to do the competitive bid sale in order to get the best price for the City.

Mr. Scherer said he wanted to make this point on the costs. They do presentations at the League of Cities, GFOA, townships, conferences, and government agencies. They all have these general rules of thumbs for advisory boards and administration of governments they represent. Typically, you're going to see the 2% threshold, or even less, for a current year refunding, and a 3% savings threshold for an advanced refunding opportunity. There are definitely distinction – our team worked together and decided on – again, based on the market, based on this kind of transaction. No one in this room is trying to bet on where the market is going to be, whether it's tomorrow or 6 months from now. It's too unpredictable.

Mr. Guridy asked if it was him who advised them for the bond refinancing in January?

Mr. Scherer said yes. There was an education process, not only with Council but with the Administration. It's been in the works for over 5 months. What they did not want to do is rush this through without the due diligence and without the proper education. This transaction is 100 degrees different than the transaction the City entered into last year.

Mr. Guridy said there is more of a money opportunity because.

Mr. Scherer said it's 20/20. Tomorrow it could be \$650,000, and we could all be geniuses for waiting.

Ms. Eichenwald said her problem is if it was 2.5% today, it doesn't make sense to her to settle for 2%. Is there a way we could compromise at 2.25%?

Mr. Scherer said over the last 5 months or so, since we've been in these discussions, savings have gone down to 0. There's a lot of market fluctuations out there. There have been times when it's been negative. Just recently, 2 months or so ago, a lot of numbers were flying around.

Mr. Howells said why can't we negotiate the higher rate?

Ms. Eichenwald said at least to equal the cost.

Mr. Vin said those are totally estimated.

Mr. Scherer said we have not seen a number for the insurance bid, and that's in there. As far as the other professional fees (inaudible). As far as the underwriter's commission, which is the largest one in that group, outside of the bond insurance, that they're going to bid out. We either know what they are or they have not seen numbers in there. They're not going to be buried in that. As far as the legality of (inaudible) he would refer to the bond counsel on any legal issues with changing that amendment.

Mr. Vin said as he indicated before, it's Council's prerogative to set the savings level. If in fact, there's Council's prerogative to set the savings level at a different level, we will amend the ordinance. There is also a concept here with regards to the Solicitor, the Solicitor would have to opine with respect to how the appropriate protocol with respect to procedurally the amendments. From a bond counsel's standpoint whatever number is decided by Council – there's been a recommendation and you have to weigh that in the conversation.

Mr. Hilliard said because you're going to have insurance, no insurance, you may get a small fluctuation depending on the dollar figure.

Mr. Schweyer said at the risk of putting it at a painful figure by July 15th we will have reached a point where the entire type of refinancing will put us – we'll actually start losing. In 2 months, that would give you a window of 2 months to come back and hope for the best. This whole process took us 5 months.

Mr. Scherer said it's a little less than 2 months because you have to go by the settlement, not so much the sale, where you operate the settlement. Right now, settlement is for July 1st. We're only a half a month from that turning point.

Mr. Schweyer said if we were to start the whole process over again, there's no way, in your professional judgement, that we can turn that around?

Mr. Scherer said with the ordinance reading, the time between, and the 10 day waiting period after the adoption of the ordinance will definitely take us past the July 15th date.

Mr. Schweyer said so this is our chance?

Mr. Scherer said he would say so.

Mr. Schweyer said we need to make this number attainable, or miss our window.

Mr. Donovan said if we miss this opportunity, he wants to be held responsible. Just because we think we can get more and all we're doing is setting a floor. He does not want to settle for \$350,000, but if it comes in at \$390,000, we give up that. He wishes they could get more money, but the reality is this is a normal process of setting a floor and doing a deal communities do all the time. He hopes we can move forward on this and get on to other things. We have clearly seen in the last 3 years the result of a variety of sound financial practices, many of which people disagree with. The 2 groups he trusts after working his background -- S&P and Moody's does not upgrade easily. We see it in this community. We have been able to get on a more solid financial footing with outside independent entities because of the good things we do. If we avoid saving \$350,000 to better manage the City, he thinks that's a mistake only because we hope we can get more. He respects the desire to get more, but he thinks we should stick with the \$350,000, go ahead and keep managing the City as best we can.

Mr. Howells said trying to determine the best time to do this is very difficult. After listening to his colleagues pros and cons on the subject, he's decided to vote for it.

Mr. Gurdy said he wouldn't fault anybody for trying to get more money.

Mr. Hoffman said the issue of the cost of bond issues – bond insurance is a substitute for interest rates. You have an insured bond where you pay insurance on, and you have an uninsured bond which sells at a higher rate. Once you add the cost of insurance, now they get closer and someone makes a decision which is cheaper for the City. If he splits that out and took a look at the transaction which based on the latest numbers he got, the cost was estimated to be about \$212,000. Then the issue comes up of the bidding. Where are you going to do it? You have the proverbial yield machine at work. Everybody works on it, they've all invested in the transaction and something's occurring, it's going to go. What the City needs to do to protect themselves against the yield machine is that you set a minimum, and that's what you've done. If on that day, and the market goes complete, you won't get stuck where you paid the professionals \$212,000 and we only got \$100. The idea of putting a minimum there is to protect yourself against the transaction occurring (inaudible). Nobody can predict interest rates. The way the deal was structured, hopefully your concerns are rested on the use of the funds. He thinks they're covered there. The way it's structured to him, the way the minimum is set, it seems to make sense to him. It seems like the transaction is worth trying and you have a minimum to protect yourself and that's negotiable. This structure he would feel comfortable working with.

Mr. Gurdy asked Mr. Hoffman what would he recommend as . . . it sounds like your saying the 2%, the \$350,000, is what you would go for. Wouldn't you want to get a little bit more?

Mr. Hoffman said he would. The market will tell you what's available the day you sell the bonds. It doesn't matter what he wants. He would like the stock market to be way higher because then he wouldn't be here. It's subject to fluctuations in the market. If you wait a month, it could be different. It may be higher or lower. Does he think the 2% is a reasonable minimum? Yes.

Mr. Gurdy asked what do you base that on?

Mr. Hoffman said what Scott said the other night. That other municipalities have set minimums for a refunding saving. It's the same issue. We're going to pay them so much; how much we do get to keep. The 3% is for a longer term refunding.

Ms. Eichenwald said she will vote for it because she wants the City to have that profit. She will vote yes.

Bill 33 was adopted, as amended, 6 Yeas and 1 Nay (Phillips).

10. ORDINANCES FOR INTRODUCTION:

Bill 35

Amending the 2008 General Fund Budget to provide for a supplemental appropriation of \$15,000 - \$10,000 from Muhlenberg College and \$5,000 from Cedar Crest College to the Police Department to provide for a Crisis Negotiation Phone for the Emergency Response Team

Bill 35 was referred to Public Safety.

Bill 36

Amending the 2008 General Fund Budget to provide for a supplemental appropriation of \$40,000; to provide for the receipt of a matching grant from the Pennsylvania Department of Conservation and Natural Resources *for the support of a Aquatic Feasibility Study within the parks of the City of Allentown.*

Bill 36 was referred to Community Development.

Bill 37

Amending the Zoning Code, Article 1301-1331 of the Codified Ordinances of the City of Allentown by limiting yard sales to four per calendar year.

(We might think about this referral to the commissions.... Peter wanted to chat about the issue and if any changes are made, we will have to reintroduce and send a new bill to the commissions.)

Bill 37 was referred to Community Development, Planning Commission and Lehigh Valley Planning Commission.

Bill 38

Amending the 2008 General Fund Budget to provide for a supplemental appropriation of \$75,000 from the Pennsylvania Department of Education for repairs to the Allentown Public Library

Bill 38 was referred to Administration.

Bill 39

Amending the 2008 General Fund Budget to provide for a supplemental appropriation of Two Hundred Seventy Five Thousand (\$275,000) Dollars in Elm Street Residential Reinvestment Grant funding from the Pennsylvania Department of Community and Economic Development for Elm Street Program designs and activity implementation in Old Allentown.

Bill 39 was referred to Community Development.

11. CONSENT AGENDA:

CA1

Certificates of Appropriateness: 211 North 11th Street; 232 North Poplar Street; 42 North 16th Street

CA1 was approved, 7 Yeas and 0 Nays.

CA2

Reappointment of Hugh J. Gallagher to the Ethics Board

CA2 was approved, 6 Yeas and 1 Nay (Phillips).

R34

Appointment of Joan Nyemscek

Mr. Donovan requested the appointments be voted on individually.

R34 was approved, 6 Yeas and 1 Nay (Phillips).

R35

Appointment of David Edinger

R35 was approved, 6 Yeas and 1 Nay (Phillips).

R36

Appointment of Hector Rivera

R36 was approved, 6 Yeas and 1 Nay (Phillips).

12. **RESOLUTIONS ON SECOND READING:**

R31

Recommends Lehigh County Commissioners Reconsider Funding for Safe Streets Program

R31 was approved, 7 Yeas and 0 Nays.

13. **NEW RESOLUTIONS:**

R32

Introduced by the Administration: Authorizes the Mayor to enter into a 25 year lease with Lehigh County for the Comfort Station subterranean space.

Mr. Donovan said this was discussed at the last Administration Committee meeting. Mr. Solt made a presentation on it. One issue that surfaced was the potential risk for sound as result of putting a generating unit and backup electricity below 7th Street, and there would be exhaust pipes coming from the backup generator.

Glenn Solt said we are placing a new 9-1-1 Center on the southeast corner of 7th and Hamilton Streets. They couldn't put it on the roof because of the requirements. There was discussion about sound and having testing when no events were occurring. Construction will not last more than two months. It will start immediately and have no impact on traffic. The area is for the most part is gated. There will be grates and exhaust pipes. Ken Zimmerman is their engineer on the project. This generator runs with natural gas. The exhaust is harmless.

Mr. Howells asked how do you get in there now?

Mr. Solt said right now there's a 2' x 2' hatch. They just climb down a ladder.

Mr. Howells said some of the equipment and furnishings that are down there might be able to be auctioned off.

Mr. Solt said it's been pretty well gutted.

Mr. Donovan asked about the sound issue. They also need to test it once a week.

Ken Zimmerman, engineer, said there will be 2 generators positioned in the comfort station on the south. Each generator will have an exhaust stack coming up through the plaza level which they're going to enclose with a decorative kiosk type of arrangement. It will protect it from being touched, abused, and it will be more aesthetic. The stack will rise 11' above grade and turn and discharge at a 45 degree angle. The International Mechanical Code says it should be 7' above the sidewalk. Because it's in the plaza, they took another 50%, making 10' or 11', to discharge it safely. The generators they specified and are installing are designed for quiet operation; they're natural gas engines, which means they run quieter than a diesel engine. The outside housing is 10' long, 4' high, and 3' wide. They're manufactured by Generac. During their weekly self-test, they result in sound levels comparable to a car idling in a driveway. That measures about 66 decibels. They're 6.8 liter engines. The same as an SUV vehicle. The radiator is going to discharge into a new area way they're going to build. They're splitting the sound into 3 different components. Accoustically, it's not going to be any more objectionable than the trucks that go through 7th Street.

Mr. Donovan asked if the unit will be underneath the grate or will it be away from the grate?

Mr. Solt said there are walls between the units (inaudible).

Mr. Guridy asked exactly where is it going to be located?

Mr. Guridy was shown a diagram.

Mr. Guridy said sometimes we used that space for events.

Mr. Zimmerman said unless there was a total downtown power failure and we were running the generators for any extended period – the test period is weekly and only a half hour at most. The kiosk is going to be cylindrical, 2' round pole.

Mr. Howells said he wouldn't mind going in there to see what it looks like.

Mr. Donovan asked if there are any advantages to any acoustic protection . . .

Mr. Zimmerman said the areaways are going to be open to the elements. If it was determined after the installation that we would have to look at some more material, it would be just as easy then as it is now.

Mr. Schweyer asked who's going to maintain it?

Mr. Solt said (inaudible).

Mr. Guridy said when it was built, it was built for the County.

Mr. Schweyer said earlier they voted on a resolution calling for the Commissioners to reconsider funding for community policing. We feel governmental cooperation is paramount to the overall quality of life. He requested Mr. Solt express to the Commissioners that we are acting in good faith and governmental cooperation in hoping they will also act in good faith.

R32 was approved, 7 Yeas and 0 Nays.

R33

Introduced by the Administration: Authorizes Mayor to Sign an Agreement for Electronic Access to PennDOT Grant System: DOT Grants

R33 was referred to Public Safety.

14. NEW BUSINESS:

Mr. Donovan said he will be out of town on June 4th. His son is graduating.

Mr. Schweyer said at the last Council meeting they were notified there was an accident at 16th and Chew Streets involving a Lanta bus. The bus was pulled off to the side and was rear ended.

Mr. D'Amore suggested getting a copy of the report and submitting it to the Public Works Committee.

Mr. Dougherty said the Administration and Public Works Director are prepared to come before the committee with a report on 16th and Chew Streets.

Mr. Phillips said a car struck the light standard at 6th and Turner Streets. It hasn't been replaced.

15. GOOD AND WELFARE:

Mr. Schweyer said Allentown lost a very important figure last Tuesday. Mr. Martin Ritter past away. He started the Allentown Fair.

16. ADJOURN:

The meeting was adjourned at 10:40 PM.

Michael P. Hanlon
City Clerk