

## **APRIL 7, 2014 COUNCIL MEETING MINUTES**

**The April 7, 2014 Council Meeting was called to order at 7:40 P.M. in the Council Chambers at the Municipal Building.**

### **APPROVAL OF AGENDA ITEMS**

**Mayor DeLuca – Good Evening. We will call this meeting to order. We have one minor change to the Agenda under Motion the Resolution should read Motion to Appoint not Motion to Approve. O.K. the rest of the Agenda will stand as presented. Will you please stand for the Pledge of Allegiance?**

### **ROLL CALL**

**Mr. Underwood  
Mayor DeLuca  
Dr. Kincaid  
Mrs. Kuhn  
Mr. Palumbo – Absent**

**Also present were Manager Rayan, Secretary WPCD Sepesy, Engineer Minsterman, Controller Futules, Finance Director Schrecengost, Director WPCD O’Grady.**

### **CITIZENS TO ADDRESS COUNCIL**

**Mayor DeLuca – Mr. Gula**

**Mr. Gula – Good Evening – I am going to read a statement – Good Evening my name is Joe Gula and I am here tonight to give Penn Hills a chance to do the right thing in a recent case involving my mother, Elizabeth Gula’s home. On November 7, 2013 the Water Pollution Control Department was called to 5831 Saltsburg Road because approximately 3-4 inches of sewage completely covered the basement of the residence home and was spewing from the drains in the garage, laundry room and shower stall. At that time WPCD investigated the cause and admitted that the blockage or restriction in**

**the main line was a direct result of stalactites forming in the main sewer line. One would think this would be enough evidence for Penn Hills to pay the property damages which were incurred in the amount of \$25,000.00. However, this was not the case instead despite Moe Rayan's stating that Penn Hills wanted to do the right thing Penn Hills through their insurance company and third party claims administrator denied the claim. They did this by misrepresenting the facts by falsifying public documents, furthermore Penn Hills continues to hide behind the Pennsylvania Political Sub-Division Tort Act by stating "we are unable to attribute the problem to something Penn Hills did or did not do and our denial of the claim must be maintained." Contrary to the townships most recent contentions above and by quoting the townships third party claims administrator in her first reply on the same subject "since the loss involves a Municipal entity the provisions of the Political Sub-Division Tort Act imply. It is important to inform you that the relevant provisions of the PSTCA state that the only way a Government entity can be held liable for an incident is if they have PRIOR in capital letters notice of a problem then fail to make corrective actions in a timely period." I contend that the township did have prior notification as required by the PA Municipal Tort Act. From the townships own records these notifications were given on December 11, 2003 and September 28, 2012 and were consistent in character to the restrictions which occurred on November 7, 2013. Both previous occasions the WPCD choose not to investigate the cause of each incident. I also contend that these stalactites do not form overnight or even in a few months time they take years to form. Additionally I will also claim that the township knows that there is a problem with this section of the sewer line and in an attempt to remedy the issues they recently installed a new drainage issue both upstream and downstream for the residents in an attempt to keep the storm water from entering the sewer system. As for my statement of the township misrepresenting the facts during the very first go around with this so called independent third party administrator the township prepared a memorandum which could not be justified in any manner through the townships public records. Then in turn the claims adjuster denied the claim then in turn when she denied the claim she did it basically from the memorandum or from word. When I contested the adjusters first reply, the adjuster on the**

**second reply “We have since learned that not all the statements submitted to us were accurate”. Regarding my claim of falsification of public documents my name and cell phone number appeared on previous work complaints from September 28, 2012. At that time that the document was supposedly written no one in Penn Hills was aware of me or my phone number. Therefore, one can only draw the conclusion that it was written, changed or rewritten when I was asked to receive this documentation. Last week my Mother and Sister made a visit to Representative Tony DeLuca’s Office with all the documentation in hand. His advice to them following his review of the documentation was to sue both Penn Hills and the insurance company. I am pleading to you to do what is right, why should a 79 year old widow on a fixed income have to absorb the cost of a problem that was undeniably caused by a blockage or restriction in the township’s main sewer line. In closing I am fully prepared to take the issue to the next level and continue until all avenues are exhausted. Obviously this would not be my first choice and would like your commitment to reflect on the statements I made tonight and review previous documentation and then get back to me. Thank you.**

**Mayor DeLuca – Tom is there any way you can give Mayor & Council the documentations of the residency for that.**

**Mr. Gula – I have six full copies of all the documentations and correspondence and letters. I do not have any copies of the claim itself showing the property damage, all the justifications for that. That claim alone is 115 pages.**

**Moe Rayan – we have a copy of it in the office.**

**Mayor DeLuca – If we could just see the back up.**

**Mr. Gula – I will give you a copy. This is all the correspondence back and forth.**

**Tom O’Grady – what occurred was in 2013 Mr. Gula’s Mother had a back-up in her house. There was a blockage in our main line and the house did get flooded. We had two previous complaints from this**

**address in our records. One was from September of 2012 and when our personnel responded there was no back up at that time. We and what our personnel recall is that it was the following day that they were called in to check the complaint. And then from our records in 2003 there was a back-up where the notations indicate that we flushed the main line and there was no back-up. That is the terminology we use. We use open main line when there is a back-up and flushed main line if they found no blockage when they flushed it. We can only report what we see at the time that we are there and we cannot report anything otherwise.**

**Mr. Gula – o.k. back to what Tom said. I do disagree on the 2012 thing the department came out the same day. It was later on in the afternoon. I do agree about what he said about the 2003 blockage, the thing is Mayor is right now Penn Hills is hiding behind the Tort Act obviously the blockage in the sewer line caused the damage. There is no doubt. It did \$25,000 worth of damage to the home. What's happening is that Penn Hills is saying we don't want to pay because we didn't know that there was an issue but Pennsylvania Tort Act does not have to find cause just notification and the notification was given two times prior.**

**Mayor DeLuca – o.k. then we will look into this and we will get back to you.**

**Mr. Gula – and when can I expect that. Do you have any kind of time line for that?**

**Mayor DeLuca – if you can give us two weeks we should be able to get back to you.**

**Mr. Gula – so basically I should be able to hear from you before the next Council Meeting.**

**Mayor DeLuca – yes.**

**Mr. Gula – o.k. thank you very much.**

**Moe Rayan – excuse me Mayor but before we move on to the next subject, Mr. Gula made accusation here towards public employees accusing them of falsification. I don't think this is correct. I think Mr. Gula if you have any evidence of falsification you may want to present that to us because now you are accusing public employees of falsifying records and those public employees are sitting right here. Chris is the individual that has taken your complaints since back in 2003. So you need to present some evidence of falsification. You are accusing my staff of falsifying records and I don't think that is right without evidence. Thank you.**

**Tom O'Grady – you also claimed that we fabricated the claim from 2012.**

**Mr. Gula – no that is not the case. I said that misleading facts were sent to the third party adjuster.**

**Mayor DeLuca – whoever responded back to him with misinformation or something like that that you got from the third party,**

**Mr. Gula – actually the third party adjuster in her final denial made the statement**

**Mayor DeLuca – that is what I want to find out Moe is why the third party adjuster would respond back to one of our residents like that.**

**Moe Rayan – Tom you spoke with the adjuster can you expand on that please.**

**Tom O'Grady – I believe that she did not understand that in 2012 when we went out we found no backup at all. There was no backup so we couldn't say whether the backup was in the house or in the main. That is what is confused here.**

**Mr. Gula – o.k. what confused her was in the memorandum of 12-13-2013 from Cynthia Carson to Monica Phillips. She stated that a review of our Water Pollution Control Departments records indicate**

**that there have been two previous backups at 5831 Saltsburg Road in the sewer laterals. There is no documentation that supports that statement.**

**Tom O'Grady – what we term it is when our people go out and checked the main if we find if it is not in the main we term it a home owners or classify it as a home owners issue. That is what we gave to Cynthia and Cynthia just assumed that it meant it was in the laterals. It was just the terminology but it doesn't make the facts any different.**

**Mr. Gula – well it does make the facts different because basically you are hiding behind the Pennsylvania Tort Act.**

**Tom O'Grady – nobody intentionally hid anything.**

**Mr. Gula – well regardless I mean I have been denied twice and it has been based on the Pennsylvania Tort Act and in the adjuster's first denial she stated exactly what is written here. As you know the previous backups were in your laterals.**

**Tom O'Grady – o.k. so she reevaluated it. She actually interviewed my personnel and came to the same conclusion.**

**Mayor DeLuca – what we have to do is I would like to set up a meeting with whoever the adjuster was. Let me know what time that meeting is and I will come up here so we can talk to them and find out what is going on with the claim.**

**Moe Rayan – o.k. I will.**

**Mayor DeLuca – unfortunately you know the Pennsylvania Tort Act and I can tell you I lost \$10,000.00 from a sewer backup and if that is the first time you put a claim in and I tell the residents all the time if you have a sewer backup you have to call the Department of Sanitation to make sure to come out and examine it so it is on record that the house did have a backup so when it does happen again you know the first time they will deny the claim.**

**Mr. Gula – well that occurred on two previous occasions Mayor.**

**Mayor DeLuca – well that is what I want to find out. My understanding is if it happened two times before they should be paying the claim.**

**Mr. Gula – that is correct. As to your comment Moe about the falsification of documents my phone number and my name ended up on a document that no one knew anything about and in a Court of Law I will swear that was the case and if I told you right now that phone number didn't even exist in 2012, what would you say to that?**

**Tom O'Grady – so you are claiming, who made that call then?**

**Mr. Gula – my sister made the call. O.K. so we are filling in documents after the fact I don't know what else you are doing.**

**Mayor DeLuca - let me just say with the regulatory agencies that we go through I highly doubt that there are no records that would be falsified after what Penn Hills went through. But we will find out and talk to the adjuster and find out what is going on. I will look through your e-mails and I will pass them out to Council and we will get back to you in two weeks.**

**Mr. Gula – thank you Mayor.**

## **MOTION**

**Mayor DeLuca – do I have a motion to Appoint Maher Duessel to the Certified Public Accountants.**

**Dr. Kincaid made a motion to appoint Maher Duessel, Certified Public Accountants to be appointed Auditors for Years 2014, 2015 and 2016 for The Municipality of Penn Hills.**

**Mr. Underwood seconded the motion.**

**There being no further discussion the motion was approved by a 4-0 vote.**

### **APPROVAL OF MINUTES**

**Mr. Underwood made a motion to approve the Minutes of March 17, 2014.**

**Dr. Kincaid seconded the motion.**

**There being no further discussion the motion was approved by a 4-0 vote.**

### **EXPENDITURES**

**Dr. Kincaid made a motion to approve the Expenditures of April 7, 2014. Journal Vouchers – 0 - \$0.00, C.D. Requisitions – 7 - \$28,282.78, Master 27298-27494 - \$1,129,310.13 making a grand total of \$1,157,592.91.**

**Mr. Underwood seconded the motion.**

**Mrs. Kuhn abstained from Check #27429 for \$200.00 to Don Kuhn Auto Body and Check No. 27478 for \$600.00 to Don Kuhn Auto Body and yes to all others.**

**There being no further discussion the motion was approved by a 4-0 vote.**

### **ORDINANCE 2563 OF 2014**

**Mayor DeLuca – o.k. before we make a motion on the next Ordinance I am going to have Chris Shelby come before Council.**

**Chris Shelby – I have a hand out. Well thanks for having me. My name is Chris Shelby with Piper-Jaffray and I know that our appearance tonight has been preceded with I hope an ongoing updates with the various debts of the Municipality and there have been three**

issues that we have been tracking that are very relevant this year. Two of them at this point have now reached a point where they provide significant savings and as a result we wanted to obviously see if you would like to move on those two and the two issues that now generate significant savings through refunding and the savings are a direct result of the interest rates now being significantly lower than at the time at which they were issued. It is the Series B 2009 and the Series of 2005 which was a taxable issue that was done by the Municipality for the funding of the Pension Account. There is one other issue that you could have outstanding that could be called this year. We don't think it generates enough savings to bring into this meeting but it is certainly one that we will continue to monitor for savings purposes later in the year and that would be the Series A of 2009. So anyways what I handed out to you is really up to the moment results of the market if we were able to refund these bonds actually today because these interest rates are current as of today. We are suggesting if you pass the Resolution that that Resolution and Parameters Resolution tonight that we would go into the market this Wednesday and actually execute this bond issue and like we have done in the past what Bond Counsel will be presenting is the Parameters Resolution which includes an Ordinance to assume the debt for the refunding of the existing bonds that we are talking about and also setting a minimum level of savings which is something that we have done together in the past. To make sure that no refunding will be executed or even authorized without a minimum level of savings being realized by The Municipality given that this is Monday and we hope to go to Market by Wednesday with this bond issue unless there is some catastrophe in the market we would expect to be really close to the numbers that we will be going over with you right now in terms of the savings results. The first issue in going through the package I handed out is the Refunding of the Series of 2009 B. We have on page one a name for the Refunding and that would be the Series A of 2014 which would refund the 2009 B. 2009 B issue just from a perspective of looking at a little bit of the history is one that you have never advanced refunded and therefore you retain the right to refund even the new issue at any time after it has been issued without having to be within 90 days of the call redemption date. We felt that was very very important to try to maintain that liquidity if you

**will have that ability to refund at any time if at any time from this day forward you felt as if you needed to restructure your debt you would like to be able to do that on a tax exempt basis and that is because you would have and retained the advanced refunding status going forward again meaning you can refund at anytime on the tax exempt basis but that means that this refunding had to be done on a current basis and current being basically a defined term means that you are refunding the 2009 B Bonds within 90 days of their stated call date. Their stated call date is August 1 of this year 2014 so ninety days prior is May 1 and with that we would not close this bond issue until May 1 or May 2 or thereafter. That way you have satisfied the Federal requirements for the definition of a current refunding and then moving forward with this new bond issue you will be able to refund it at anytime. Now naturally we will watch it over that period of time but at the same time it gives you tremendous leverage with regard to restructuring of your debt if 2-1/2 years from now you find you may have some reason to have to restructure your debt or for whatever reason so we wanted to keep that ability here and that is something we have been trying to do with this bond issue that is being accomplished. On page 2 this is just the sources it uses for the accomplishment of refunding the current refunding of the 2009 B Bonds. I hope it looks very similar to everything we have done in the past. You have the bond proceeds and this is all estimated at this time but you can rest assured it will be fairly close if we get this done on Wednesday. Par amount of the new bonds is \$7,865,000.00, that net premium just means that would be a slight premium generated in today's market, maybe not Wednesday but maybe a small premium generated in the way the bonds were priced giving you a total proceeds under sources of \$7,872,000. And down to uses of that \$7,872,000 the SLGS Purchases that stands for State and Local Government Series specific series issued by the Federal Government by the US Treasury for the purpose of refunding those are direct obligations of the US Government and those would be acquired with \$7.2 million of the proceeds of this bond issue and that acquisition will be put into your escrow and pledged to the payoff of the 2009 B Bonds once and for all they are gone. So they are off your books and what would replace them would be this new bond issue. The cost of issuance estimated here and estimated means they are very close to**

being accurate at this point, that includes the rating, legal, printing, paying agent, escrow trustee, etc. just the normal categorical things, nothing new is brought to the table for this bond issue just standard stuff. I will back up because I said the rating price is included there. The rating has been completed with Standard Poor's, it should be noted that it should be highly noted by this Council that you have achieved a AA- Rating with the categorically defined as stable and they do give categorical ratings with a notation to anybody receiving a rating review and that puts you into a AA category regardless of the minus being in the AA category categorically is huge, it is a tremendous reflection on yourselves as a credit, it is a tremendous reflection on your improvement as a credit and it is a great reflection on the lower cost of doing a refunding issue and also probably doing that refunding issue now for the first time without the utilization of municipal bond insurance which is a policy you have always bought in the past to buy that AA rating and attach it to your debt. You don't have to do that this time we are not incorporating municipal bond insurance for the first time so you have not only the interest rates savings that can be enjoyed by coming out as a AA category but also through removal of some other costs that are associated with the financing. You should really be congratulated on that that puts you in almost a bit of a stratosphere with regards of today's credit ratings and so forth and it reflects tremendously upon management of the Municipality. That is important because that is something that just happened and I think it is pretty exciting to hear that everything is going in that direction. O.K. going down to the bottom where it says Additional Proceeds we are still on page 2. Those are the actual cash savings of this refunding and that is the cash that can be extracted and that is generated through the interest rate reduction in the new bond issue. That is today and it really is today. Those are using today's interest rates in the market as an AA credit exactly as you are. By Wednesday that is going to change, it might change a tiny bit better; a tiny bit worse it is a phenomenal number it is 8% savings. That percent being a percent of the Par Amount of bonds that are being refunded. So it is a huge number. The old bench mark has always been 2%. I think in our Parameters Resolution there is a reference to a 4% minimum savings to even achieve to complete this refunding. I think two days from now we don't have to worry too much

**about any significant change of what these numbers are. The next page, page 3 is just for your knowledge to know that when we refund and you extract those savings as cash that the new annual debt service is over an identical period of time and that is an identical amount in essence. If you look at the prior debt service which is in the second column from the left the refunding debt service in the third column the annual savings is almost negligible a little up, a little down it is insignificant. It is just a balancing act going through the debt service. You will see even over the life of the bond issue you do have a \$1,762 of additional savings but this is just to prove to you that your debt service is equal to your old and that at the bottom you can see the extraction of the cash is your cash savings. You now are looking at virtually a new debt service that mirrors your old. One last thing I want to say about that cash is that is taken as cash in closing that money would come to you on the closing date you would direct it into a capital account of the Municipality a few strings attached to it, that is it needs to be and must be used for capital purposes of the Municipality and it is expected to be essentially expended within a three year period so within 36 months of the closing date you should expect to have expended those funds. It should be your reasonable expectation for them to have been expended. That is the General Obligation Issue. Just wanted to show you the cash is the cash, the new debt service mirrors the old and that is where you are. The other Bond Issue if we could move on is on Page 4 is the Series B of 2014 and this refunds your 2005 Pension Bonds that you issued. They were a taxable Bond Issue because by law you are not permitted to issue Pension Obligation Bonds on a tax exempt basis. They can be issued on a taxable basis and those funds in 2005 were borrowed and deposited into the Pension account to help bring it up on an actuarially basis so you have been paying for those as a debt service item. Going to page 5 it shows that the pension bond in order to refund and this is an Advance Refunding we are actual refunding this in advance of its stated call date but that doesn't matter because it is a taxable bond you can do advance refunding over and over and over again because they are not subject to the tax exempt restrictions of one advance refunding. So even though you advance this if you have an opportunity to do it again down the road and interest rates change again you can do it again. With that you have a \$7,235,000.00 bond issue under**

**sources and uses we are going to take \$7,126,863.00 of that and deposit it and purchase State and Local Government Securities again which will be placed in an irrevocable escrow held by your escrow trustee and that will be a sufficient deposit with its earnings to pay off all of the 2005 Bonds. Cost of issuance are estimated again and inclusive of all categories related to the bond issue and additional proceeds well that was a big savings number on the prior page here it is a rounding number, it would be cashed received but it obviously is an insignificant number, it is a rounding number because it is under \$5,000.00. So the next page shows you essentially how the savings can be realized on the refunding of the Pension Obligation 2005 Series. We have on Page 6 we have the prior debt service column second in from the left and the refunding debt service column right beside it and to the right of that it is probably easier to look at the Annual Savings Column. We are trying to take the reduction, the value of the debt service interest rate reduction as quickly as possible to be received by the Municipality as quickly as it can be and be realized by you as quickly as it can be. So we have done this rather than taking cash which means you really can't use it the same way. We are going to use it for debt service reduction which now becomes more of an operating cost reduction to the Municipality. Right now we are taking the savings as quickly as we can achieve it. Due to the structure of debt we can only achieve so much savings because there is only so much debt service to be reduced and we can only really reduce principal portion of the obligation rather than the interest portion of the obligation. So in the savings column for this Year 2014 Fiscal Year 2014 we are right now in contemplating a \$247,000 reduction. So you have already budgeted for your full payment in this year because it was an obligation that you budgeted for. That obligation for this year will be reduced by \$247,000. Then next year 2015 if you look in the Annual Savings Column we are going to achieve the balance of the savings and that is estimated now at \$307,000 so we are taking all that we can in this calendar year but at least you know the rest of it is coming right away so when you are doing your budgeting for 2015 it will be there. Now these numbers will be very specific once we get the bond issue done on Wednesday. It will be very specific so that from a budgeting prospective everything these are all fixed rate bonds so there is nothing left to the imagination. Once the bond refunding is**

**accomplished it is completed. So at the bottom of that page Net Present Value Savings right now are at \$550,000. That pretty much completes it. We certainly I think that we recommend that this be undertaken at this point in time we have a lot of peaks and valleys in interest rates. One of the things we wanted to do and have advised the Municipality is hold off until you could make this particularly the General Obligation 2009 B a current refunding so that you maintain that advance refunding status. With regard again to the Pension Bonds the advance refunding status is not a significant factor since it is a taxable issue. So with that if you have any questions I am here to answer and I will let you know that Chuck Brodbeck from Cohen and Grigsby as your Bond Counsel does have the Debt Resolution which has parameters established in it and the authority I believe as it has been given in the past to Mayor Deluca to approve and authorize a Bond Purchase Agreement when one is delivered to him that meets minimally with the parameters set forth in the Resolution and hopefully very close to what we have just discussed tonight.**

**Mrs. Kuhn – Chris, very nice presentation and very easy to follow. Just to give a brief review so that I understand correctly what I have taken from your presentation. If that our first Bond Refunding of the Series A of 2014 that is going to be cash in hand for the Municipality of \$553,148.59 is that correct?**

**Chris Shelby – that will be correct but subject to the market.**

**Mrs. Kuhn – right, I realize it could fluctuate this way or that way but that is actually cash in hand that we will receive and we have what did you say we have three years to spend that, is that correct?**

**Chris Shelby – I will ask Counsel but there is a reasonable expectation that you would expend it for capital purposes which could include improvements to the Municipal Building which could include paving roads, which include a variety of capital purposes of the Municipality.**

**Mrs. Kuhn – going over the time frame there is no additional years on this, is that correct? We are at the end of 8-1-2027 and that would be the same as what we were so there is not any extension to that correct?**

**Chris Shelby – absolutely no extension whatsoever or annual increase.**

**Mrs. Kuhn – Series B 2014 although we don't have a lot of actual cash coming in I think it is we are figuring within whatever the market would do in two days \$1,815.80 correct?**

**Chris Shelby – right.**

**Mrs. Kuhn – but, by doing that our savings for 2014 that we don't have to pay back is the \$247,705.08 and being that we already budgeted that Moe then that means that we have that extra for this 2014 Budget, correct.**

**Moe Rayan – that would be correct.**

**Mrs. Kuhn – in the next year the \$307,730.60 then we would not have to budget that for a payment in the 2015 Budget, is that correct?**

**Moe Rayan – correct.**

**Mrs. Kuhn – and we are at the right again the same year so there is nothing added.**

**Chris Shelby – identical so that is why I put the prior refunding debt services side by side so you could see that they meet on the same date.**

**Mrs. Kuhn – very nicely presented Chris and you explained it so very easily. Thank you so much.**

**Chris Shelby - Thank you. Everyone tells me I talk too much.**

**Moe Rayan – excuse me Mayor I just have a question to Bond Counsel. On the debt service reduction those the \$247,000 that money would remain in the budget itself and that could be utilized for any projects or anything other than the pension if Council wishes to move forward with that as far as the bond, correct?**

**Chuck Brodbeck - that is correct. (Inaudible)**

**Moe Rayan – the bond proceed will be the \$100 and some thousand that we have to make a payment, it is on June 1, correct?**

**Chuck Brodbeck – (Inaudible)**

**Moe Rayan – thank you.**

**Mayor DeLuca – thanks Chris.**

#### **ORDINANCE NO. 2563 OF 2014**

**Mrs. Kuhn made a motion to approve Ordinance No. 2563 of 2014 authorizing the incurring of nonelectoral debt for the purpose of providing funds for a refunding project and financing certain capital improvements, by the issuance of general obligation bonds in the aggregate principal amount not to exceed \$18,000,000; finding a sale by negotiation to be in the best interest of the Municipality; providing for maturities, interest rates and redemption features; covenanting to pay debt service; pledging full faith, credit and taxing power for the payment of the bonds; appointing a paying agent, registrar and sinking fund depository; establishing a sinking fund; appropriating the bond proceeds; accepting a proposal; ratifying prior advertisement and directing further advertisement; authorizing payment of expenses; ratifying the preliminary official statement; authorizing approval of the final official statement, authorizing the opening of the clearing fund; adopting a form of bond, authorizing the execution and delivery of a disclosure agreement and repealing inconsistent ordinances.**

**Mr. Brodbeck - Thank you. First I wanted to mention that if we need it for the local government publication I am not sure it is in the Ordinance we will probably put a not to exceed 6% interest rate even though obviously the rates that Chris are showing are much less. But this is a Parameters Resolution. Ultimately the key here is as Chris mentioned earlier that your savings will be at least 4% which he expects to substantially succeed. Second thing is I wanted to note that the Resolution contemplates optional redemption or mandatory sinking fund redemption is ultimately reflected in the proposal which Chris is going to submit presumably later this week. It is likely but I don't think you know until the sale occurs that there will optional redemption will be allowed after five years for the A Bonds but not for the B bonds. The B bonds being taxable typically the buyers of taxable bonds don't want them to be pre-payable. So redemption provisions aren't known but they will be reflected in the proposal. Third I wanted to mention that the Resolution allows for bond insurance because we didn't know whether that was a possibility but again on what Chris said congratulations on your AA- rating and then finally because the 09 bonds were what were called Bank Qualified bonds which makes them more markable to banking institutions and similar institutions we are able to continue the bank qualification for the A's that are allocable to that so that helps the sale of these bonds and to the extent that the savings are generating the \$500+ thousand that goes toward you have a \$10,000,000 limit for bank qualified bonds so you will get entire bank qualification for the A bonds but I just wanted to make that clear because it is a commitment by the Municipality not to issue more than \$10,000,000 of new money bonds through the rest of the year and I just wanted to make that clear. I don't think there is any anticipated borrowing but I wanted to make those points.**

**Moe Rayan – we are trying to lower the bonds.**

**Dr. Kincaid seconded the motion.**

**Ed Zullo – 113 Elizabeth Drive – so are we borrowing another \$18,000,000 or are we just paying off an old \$18,000,000?**

**Moe Rayan – paying off an old \$18,000,000.**

**Ed Zullo – o.k. so**

**Moe Rayan – you are borrowing \$18,000,000 to pay it off just like refinancing your house at a lower interest rate and keeping the proceeds.**

**Ed Zullo – and then we are going to use the extra money that we saved to pave some roads?**

**Mayor DeLuca – yes we have to use it for Capital Projects.**

**Ed Zullo – 113 Elizabeth Drive is where I live. Pave Elizabeth Drive. Thank you.**

**Mrs. Kuhn – I just want to congratulate Mayor and Council and the Manager, Ed and all the staff that worked so hard to get our rating up to that AA- because that is something to be proud of especially in these times so congratulations to everyone involved.**

**Moe Rayan – thank you Mrs. Kuhn.**

**Mayor Deluca – Chris there aren't too many Municipalities that have the AA?**

**Chris Shelby – no.**

**Mayor DeLuca – Actually I just heard that the County just got AA.**

**Chris Shelby – (inaudible)**

**There being no further discussion the motion was approved by a 4-0 vote.**

## **RESOLUTIONS**

**Mr. Underwood made a motion to approve Resolution No. 2014-020 exercising the option to extend The Contract with McVay Plumbing Company, Inc. until December 31, 2014.**

**Dr. Kincaid seconded the motion.**

**There being no further discussion the motion was approved by a 4-0 vote.**

**Dr. Kincaid made a motion to approve Resolution No. 2014-021 awarding a Contract to Soli Construction, Inc. in the amount of \$777,777.00 for Contract A of Phase VI 2014 Sewer Repairs Contracts.**

**Mr. Underwood seconded the motion.**

**There being no further discussion the motion was approved by a 4-0 vote.**

**Mr. Underwood made a motion to approve Resolution No. 2014-022 awarding a Contract to State Pipe Services, Inc. in the amount of \$872,530.00 for Contract B of Phase VI 2014 Sewer Repairs Contract.**

**Dr. Kincaid seconded the motion.**

**There being no further discussion the motion was approved by a 4-0 vote.**

**Mr. Underwood made a motion to approve Resolution No. 2014-023 awarding a Contract to Levine Engineering, LLC., for Engineering Services for The Thompson Run Interceptor protection and Stream Alignment Project in The Total Amount of \$52,000.00.**

**Dr. Kincaid seconded the motion.**

**Mrs. Kuhn – I see the memo from Gerry Nosal stating that the engineering company that is receiving this tonight if we vote on it is not the lowest bidder but I see in his information**

**Mayor DeLuca – yes I just asked Moe about that.**

**Mrs. Kuhn – o.k. right.**

**Mayor DeLuca – the memo that he put out it is under professional services and they received different bids so actually it didn't have to be advertised, they could have just took proposals and selected which one.**

**Mrs. Kuhn – but the information even though he wasn't the lowest bid from what the background of it is it is saying that his bid was the lowest bid. The lowest bidder for Engineering had the highest overall for the construction cost. So if we would have gone for the lowest bid for the Engineering it would have cost us more for construction cost, is that correct?**

**Moe Rayan – yes it is correct but however of course we don't know what the construction cost, the reason why we picked this particular engineering firm it was in regards to the concept that was presented to us in line to what we had in mind and presented to the DEP in our original scope of work to obtain the Grant so the others some of them didn't have the experience to do what we wanted them to do and did not present the concept and/or the scope of work that we desired and previously we submitted to the DEP. That is why we selected that particular firm.**

**Mrs. Kuhn – right and Gerry's memo he does have that this is the best concept plan and that the road proposal realigns the stream back to its original alignment and that is basically what the Municipality had in mind.**

**Moe Rayan – and as submitted to the DEP. Yes that is correct and the others they just wanted to rock line the existing protection to the stream itself versus the realignment and what was desired from the very beginning to convince the DEP for a Grant Approval.**

**Mrs. Kuhn – right, so with all those reasons I see no problem with this and I think that really we always make the bid on the most responsible bidder not necessarily the lowest bidder. So in this case I think with all the background information this is the most responsible bidder.**

**Moe Rayan – correct.**

**Mrs. Kuhn – thank you.**

**There being no further discussion the motion was approved by a 4-0 vote.**

## **REPORTS**

**Mrs. Kuhn – I just want to say that I did attend the Seven Springs Conference Agenda and I would like to say that I think that the meetings that were held this year were more informational than most that I have ever attended before. We did have one meeting with Steven Zapalla who had brought to our attention questions on bullying which is a very serious problem but also on Autism and some of the things that he presented I thought were very thoughtful and I would like Moe if I don't know if our Chief has received this information but they have presented to the State, I think it is Representative Costa, that the license for people who have Autism and are drivers if they would be able to have that on the license so that when someone is pulled over often the Officers think that they aren't paying attention or they are being rude or what have you when in reality it is they don't understand thoroughly what the Officer is doing so they are trying to have that on the license that the person does have Autism. So anything that we could do to support that I think would be in a very good favor and we also had a meeting with ALCOSAN, Arleta and John Schombert and I understand Moe that John Schombert reported back**

**to you that he did have discussions with your Deputy Mayor and I did present Penn Hill's arguments on regionalization which we are not in favor of so that was very well taken and then we also did have one on the Volunteer Fire Department that I did get a great deal of literature that I will present to you once I get it all together. But it was very worthwhile and the panel at the end when they have the Congressman and our State Representative was there as well it was a very nice time when you can present your needs of the Municipality to the higher elected officials. So it was very rewarding and a lot of information was retained.**

**Mayor DeLuca – with that we will go into an Executive Session to discuss Personnel Matters.**

**ADJOURNMENT**

**Mayor DeLuca – entertained motion to adjourn.**

**Dr. Kincaid made a motion to adjourn.**

**Mr. Underwood seconded the motion.**

**The meeting was adjourned at 8:40 P.M.**

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**DATE**

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**MAUREEN M. SORCE  
MANAGER'S SECRETARY**