

Present: Harry Faulk, Interim Borough Manager
Pat Campbell, Police Chief
Ray Bodnar, Mayor
David Cannon, Code Enforcement
Bob Bicsey, Public Works

- I. Call to order at 6:07pm by Council President Mr. Lloyd
- II. Pledge of Allegiance led by Councilman Mr. Ballas
- III. Preliminary Announcements - None
- IV. Roll Call
 - Councilman Ballas Present
 - Councilman Shields Present
 - Councilman Votedian Present
 - Councilman Brennan Present
 - Council President Pro-Tem Falce Present
 - Council Vice-President Inglis Present
 - Council President Lloyd Present

- V. Public Comments on Agenda Items
 - 1. Mr. Lloyd advised that comments will be taken before the end of the meeting.

Mr. Lloyd stated the reason for the meeting is to discuss layoffs at the advise of the Borough Solicitor and our checkbook. On January 15, 2014 it was discussed that the balance was \$15,000 at the end of the month. The anticipated revenue is coming in. typically a municipality receives a tax anticipation note every year to get you through until the tax revenues come in. We were advised in November of 2013 that the borough would have a tough time getting a TAN due to the missing audits. Mr. Faulk stated that twelve banks have denied our TAN. Mr. Lloyd stated that there were two plans ready. One was to go to the private sector that was advertised and we have received some interest. Plan B is to pass our tax ordinance, and have our tax bills out two months in advance along with calling our corporate businesses to pay their taxes early. We will have enough money to prevent layoffs with these two plans.

Mayor Bodnar stated that we are in this situation because the previous manager did not make the necessary payments on the retirement funds and do the audits and therefore we have lost over \$360,000 in money from RAD. A budget was passed on Dec 31, 2013 that I authored. I felt that with that budget that we will be ok along as everyone pulls the wagon. We want our tax bills out as soon as possible. Tonight we have an opportunity to receive money to prevent layoffs. I didn't know that the former manager didn't do the audits and we have to accept responsibility for this. I was in his office everyday and saw what he was doing, that is why I backed him. He suddenly resigned on June 17, 2013 and I didn't expect this. I want everyone to

know this. The plans I presented to council had a ½ mill increase and the other had a ½ mill decrease. Just today I understand that we may have a private lender that will fund this borough with \$500,000 that we need to get to April. Council passed a budget after 12/31/13 with a 1mill increase. I wrote up a veto of the plan that was presented and passed it to council. Now that we have the money in place, I don't want layoffs. I want to be sure that we progress or else I will file a veto of the budget as it stands. There is no reason in the world that we can't accept this \$500,000 without a tax increase. Therefore I am against the 911 project. We have the best dispatch in the area. I understand that there is a duplication of services. With this money, there is not a necessity for any layoff of any employee in the borough. Council has the power, I don't. Council hire, fires, suspends. We have the best town around. If anyone has questions about my budget with a decrease in the millage, please see me.

Mr. Lloyd stressed that we are here to prevent layoffs. Everyone has been in the office to work together.

Gene Doyle stated that council asked every employee for a pay freeze and everyone approved it however council rejected it. Mr. Lloyd stated that it wouldn't have resolved this issue. This is a cash flow issue. We appreciated everyone jester however this is a short-term problem not a long-term issue.

Mike Valiska stated that it would have saved \$10,000 every payroll. Mr. Lloyd advised that Mr. Valiska was out of order.

Harry Faulk stated that we currently have a fund balance of \$392,000. After today's payroll we will have \$298,000. February's payroll is \$140,000 each will leave the Borough with \$18,000 at the end of Feb. That is not including any revenue that is approx. \$300,000 and bills are an average of \$200,000 to \$300,000 with no layoffs.

Mr. Lloyd stated that we would run out of money. Council is not getting paid. Chief Campbell escorted a person from the audience out of Council Chambers per request of Mr. Lloyd due to arguing with the Council President over Council receiving their pay and laying off police officers. Mr. Lloyd states council will not take a salary until July.

Mr. Lloyd believes that we won't have to do layoffs due to the recent offer of a private lender to fund the Borough with a TAN.

Mr. Shields would like to make a motion to scratch the motion to layoff personnel in due to TAN we are about to receive. Seconded by Councilman Ballas.

Roll Call Vote:

Mr. Ballas: Yes

Mr. Sheilds: Yes

Mr. Votedian: Yes

Mr. Brennan: Yes

Mr. Falce: Yes

Mr. Inglis: Yes

Mr. Lloyd: Yes

Peggy Vakerak: Believes the deferred compensation is the council's way of getting around this and Council needs to answer questions. Asked if anyone knows if there have been any charges against the former Borough Manager for any illegal activity.

Mayor Bodnar stated that there is an active investigation going on right now. No one knows of any charges as of yet.

Councilman Falce stated that it is out of our hands right now. Council wants to know too. We are just like everyone else. Council wants to know what happened and why.

Peggy Vakerak understands that and stated that nobody understands what is going on and everyone deserves answers. Council is not getting paid until July and Council wants to get rid of 10 salaries. Also, if you choose to lay off officers, I want council to come live on my street on 14th Ave. where the last big arrest was.

The Mayor stated that there would be no layoffs.

Councilman Lloyd stated that we have had four meetings thus far and the public will know next week that we will get the TAN from. We are trying to be transparent and showing the numbers. This meeting was called yesterday due to finances. The other meetings were advertised publicly in the Daily News.

A citizen asked why was the taxes not raised for the library fund when everyone else raised their taxes?

Councilman Lloyd stated because passed a balanced budget.

Brian Versetti asked who is handling the investigation.

Police Chief Campbell stated the Allegheny County District Attorney.

Nick Havilla asked about why a forensic audit was not done and Rich Votedian asked about doing a forensic audit and the President of Council shot it down.

Councilman Shields stated that it couldn't be done because we don't have the paperwork done. No one voted it down.

Nick Havilla stated that there was a motion on the floor.

Councilman Votedian stated that he brought it up when Matt Galla left and he wanted to make a motion however everyone laughed at me.

Mr. Faulk replied that Hoseck and Spect have send information over in order to get the audit started. Missy is reconciling the accounts. We should have them in here sometime in February. Mr. Havilla stated that is what the citizens want to hear.

Councilman Votedian would like to see the minutes from July 2013 concerning starting the audits when Mr. Galla left.

A resident asked if council has the responsibility to make sure the audits were done and wasn't Mr. Galla bonded? Councilman Lloyd replied yes we should and Mr. Galla was not bonded. Councilman Falce replied that Mr. Galla was advised to get bonded, and no one saw the paper showing that he was bonded. Council has to take blame. The money was in the budget, and council didn't double check. The Resident also asked why did it take so long to advertise for outside money. Council President Lloyd stated it was decided on this past Monday night. We had hoped that the previous interim manager would get a tax anticipation loan. Mayor Bodnar stated that Mr. Faulk had called 12 banks and everyone turned us down. It was advised to us that we can ask for private money and that is what we decided to do. Mr. Lloyd said that there would be no layoffs if we receive a loan. Mr. Faulk stated that we have enough money for payroll on Feb 14, 2014. The lender must provide the money by February 20, 2014 to ensure that Feb 28TH payroll is paid.

A resident asked how much money would it cost to transition over to 911. Mr. Lloyd stated about \$100,000. We will lease the equipment to help keep the cost down. We had an effective meeting today with 911. The savings of switching to 911 will save millions of dollars over the next ten years that we invest in our infrastructure and parks. We don't have the money to build a backup system when the radio system is down.

Mike Valiska stated that the borough manager was paid \$147,430 in 2011, \$146,146.00 in 2012 and for half of 2013 made 67,419 according to your budget draft. Why was he paid so much? Mr. Lloyd stated we used that draft for budget purposes and it could be part of the investigation. Mr. Falce stated that we never saw that sheet until Mr. Faulk did that sheet this year for budget purposes. Mr. Lloyd stated that we are going to have a CPA oversee the finances this year.

VI. Items for Consideration

1. Motion to layoff 10 police officers and 6 public works employees for an indefinite period due to the Borough Inability to secure a tax anticipation loan. The layoffs would be consistent with and in respect of out labor contracts. The layoffs to be effective starting Monday, February 3, 2014.
Motion was scratched.
2. Motion to enter into a deferred compensation agreement between the Borough of Munhall and Employees that are willing to accept deferred compensation.

Motioned: Falce

Second: Shields

Passed

VII. Other Business -none

VIII. Adjournment

Motion: Shields

Second: Ballas

Passed at 6:53pm