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SCRANTON CITY COUNCIL MEETING
PUBLIC HEARING

IN RE: FILE OF COUNCIL NO. 40, 2008
AUTHORIZING THE LEASE OF CERTAIN REAL PROPERTY TO
THE REDEVELOPMENT AUTHORITY OF THE CITY OF
SCRANTON, PENNSYLVANIA (THE "AUTHORITY") PURSUANT
TO A LEASE AGREEMENT; AUTHORIZING AND DIRECTING
THE INCURRENCE OF LEASE RENTAL DEBT IN THE
MAXIMUM PRINCIPAL AMOUNT OF SIX MILLION ONE
HUNDRED THOUSAND DOLLARS (\$6,100,000), PURSUANT
TO THE ACT OF THE GENERAL ASSEMBLY OF THE
COMMONWEALTH OF PENNSYLVANIA, 53 PA.C.S, CHAPTERS
80-82, AS AMENDED, KNOWN AS THE LOCAL GOVERNMENT
UNIT DEBT ACT; DETERMINING THAT SUCH DEBT SHALL
BE INCURRED UNDER THE DEBT ACT AS LEASE RENTAL
DEBT TO BE EVIDENCED BY A CERTAIN SUBLEASE AND
GUARANTY AGREEMENT OF THE CITY SECURING A
GUARANTEED LEASE REVENUE BOND TO BE EXECUTED BY
THE AUTHORITY TO FINANCE A PROJECT FOR THE
AUTHORITY CONSISTING OF ALL OR ANY OF THE
FOLLOWING: (1) ACQUIRING THE AUTHORITY'S
LEASEHOLD INTEREST IN SUCH REAL PROPERTY SUBJECT
TO THE LEASE AGREEMENT FROM THE CITY AND IN
CONNECTION THEREWITH CURRENTLY REFUNDING THE

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SEWER AUTHORITY OF THE CITY OF SCRANTON,
PENNSYLVANIA'S GUARANTEED LEASE REVENUE NOTES,
SERIES OF 2005; AND (2) PAYING THE COSTS AND
EXPENSES OF FINANCING SUCH PROJECT; BRIEFLY
DESCRIBING SUCH PROJECT FOR WHICH SUCH DEBT IS TO
BE INCURRED; DECLARING THE GUARANTY OF SAID
AUTHORITY'S GUARANTEED LEASE REVENUE BONDS TO BE
A PROJECT OF THE CITY FOR WHICH LEASE RENTAL DEBT
IS TO BE INCURRED; AUTHORIZING CERTAIN CITY
OFFICERS TO PREPARE, CERTIFY AND FILE WITH THE
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
THE DEBT STATEMENT REQUIRED BY SECTION 8110 OF
THE LOCAL GOVERNMENT UNIT DEBT ACT AND
AUTHORIZING THE PREPARATION OF A DEBT STATEMENT
AND BORROWING BASE CERTIFICATE; APPROVING THE
FORM OF, AND AUTHORIZING, SUBJECT TO CERTAIN
CONDITIONS, EXECUTION AND DELIVERY OF THE
AFORESAID LEASE AGREEMENT AND SUBLEASE AND
GUARANTY AGREEMENT; SPECIFYING THE AMOUNT OF THE
GUARANTY OBLIGATION OF THE CITY PURSUANT TO SUCH
SUBLEASE AND GUARANTY AGREEMENT AND THE SOURCES
OF PAYMENT OF SUCH GUARANTY OBLIGATION; REPEALING
INCONSISTENT PRIOR ORDINANCES; SETTING FORTH
CERTAIN CONDITIONS TO THE EXECUTION AND DELIVERY
OF THE AFORESAID LEASE AGREEMENT AND SUBLEASE AND

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1 GUARANTY AGREEMENT; AUTHORIZING THE PROPER
2 OFFICERS OF THE CITY TO TAKE ALL REQUIRED,
3 NECESSARY OR DESIRABLE RELATED ACTION IN
4 CONNECTION WITH SUCH PROJECT AND THE EXECUTION
5 AND DELIVERY OF THE LEASE AGREEMENT AND SUBLEASE
6 AND GUARANTY AGREEMENT; APPROVING THE FORM AND
7 DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT
8 AND AN OFFICIAL STATEMENT WITH REGARD TO THE
9 GUARANTEED LEASE REVENUE BONDS; APPOINTING
10 VARIOUS PROFESSIONALS; PROVIDING FOR THE
11 EFFECTIVENESS OF THIS ORDINANCE; AND DECLARING
12 SAID PROJECT DESIRABLE FOR THE HEALTH, SAFETY AND
13 WELFARE OF THE RESIDENTS OF THE CITY.
14

15 HELD:

16
17 Tuesday, September 30, 2008
18

19 LOCATION:

20 Council Chambers
21 Scranton City Hall
22 340 North Washington Avenue
23 Scranton, Pennsylvania
24

25 AMELIA NICOL - COURT REPORTER

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1 CITY OF SCRANTON COUNCIL:
2
3 MR. ROBERT MCGOFF, PRESIDENT
4
5 MS. JUDY GATELLI, VICE-PRESIDENT
6
7 MS. JANET E. EVANS
8
9 MS. SHERRY FANUCCI
10
11 MR. WILLIAM COURTRIGHT
12
13 MS. KAY GARVEY, CITY CLERK
14
15 MR. NEIL COOLICAN, ASSISTANT CITY CLERK
16
17 MR. AMIL MINORA, SOLICITOR
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1 MR. MCGOFF: I'd like to call
2 this public hearing to order.

3 Roll call, please.
4 MR. COOLICAN: Mrs. Evans.
5 MS. EVANS: Here.
6 MR. COOLICAN: Mrs. Gatelli.
7 MS. GATELLI: Here.
8 MR. COOLICAN: Ms. Fanucci.
9 MS. FANUCCI: Here.
10 MR. COOLICAN: Mr. Courtright.
11 MR. COURTRIGHT: Here.
12 MR. COOLICAN: Mr. McGoff.
13 MR. MCGOFF: Here. Notice is
14 hereby given that the Scranton City
15 Council will hold a public hearing on
16 Tuesday, September 30, 2008, at 6 p.m.
17 in Council Chambers.
18 The purpose of the said public
19 hearing is to hear testimony and
20 discuss the following:
21 FILE OF COUNCIL NO. 40, 2008 -
22 AUTHORIZING THE LEASE OF CERTAIN REAL
23 PROPERTY TO THE REDEVELOPMENT
24 AUTHORITY OF THE CITY OF SCRANTON,
25 PENNSYLVANIA (THE "AUTHORITY")

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1 PURSUANT TO A LEASE AGREEMENT;
2 AUTHORIZING AND DIRECTING THE
3 INCURRENCE OF LEASE RENTAL DEBT IN THE
4 MAXIMUM PRINCIPAL AMOUNT OF SIX
5 MILLION ONE HUNDRED THOUSAND DOLLARS
6 (\$6,100,000), PURSUANT TO THE ACT OF
7 THE GENERAL ASSEMBLY OF THE
8 COMMONWEALTH OF PENNSYLVANIA, 53
9 PA.C.S, CHAPTERS 80-82, AS AMENDED,
10 KNOWN AS THE LOCAL GOVERNMENT UNIT
11 DEBT ACT; DETERMINING THAT SUCH DEBT
12 SHALL BE INCURRED UNDER THE DEBT ACT
13 AS LEASE RENTAL DEBT TO BE EVIDENCED
14 BY A CERTAIN SUBLEASE AND GUARANTY
15 AGREEMENT OF THE CITY SECURING A
16 GUARANTEED LEASE REVENUE BOND TO BE
17 EXECUTED BY THE AUTHORITY TO FINANCE A
18 PROJECT FOR THE AUTHORITY CONSISTING
19 OF ALL OR ANY OF THE FOLLOWING: (1)
20 ACQUIRING THE AUTHORITY'S LEASEHOLD
21 INTEREST IN SUCH REAL PROPERTY SUBJECT
22 TO THE LEASE AGREEMENT FROM THE CITY
23 AND IN CONNECTION THEREWITH CURRENTLY
24 REFUNDING THE SEWER AUTHORITY OF THE
25 CITY OF SCRANTON, PENNSYLVANIA'S

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1 GUARANTEED LEASE REVENUE NOTES, SERIES
2 OF 2005; AND (2) PAYING THE COSTS AND
3 EXPENSES OF FINANCING SUCH PROJECT;
4 BRIEFLY DESCRIBING SUCH PROJECT FOR

5 WHICH SUCH DEBT IS TO BE INCURRED;
6 DECLARING THE GUARANTY OF SAID
7 AUTHORITY'S GUARANTEED LEASE REVENUE
8 BONDS TO BE A PROJECT OF THE CITY FOR
9 WHICH LEASE RENTAL DEBT IS TO BE
10 INCURRED; AUTHORIZING CERTAIN CITY
11 OFFICERS TO PREPARE, CERTIFY AND FILE
12 WITH THE DEPARTMENT OF COMMUNITY AND
13 ECONOMIC DEVELOPMENT THE DEBT
14 STATEMENT REQUIRED BY SECTION 8110 OF
15 THE LOCAL GOVERNMENT UNIT DEBT ACT AND
16 AUTHORIZING THE PREPARATION OF A DEBT
17 STATEMENT AND BORROWING BASE
18 CERTIFICATE; APPROVING THE FORM OF,
19 AND AUTHORIZING, SUBJECT TO CERTAIN
20 CONDITIONS, EXECUTION AND DELIVERY OF
21 THE AFORESAID LEASE AGREEMENT AND
22 SUBLEASE AND GUARANTY AGREEMENT;
23 SPECIFYING THE AMOUNT OF THE GUARANTY
24 OBLIGATION OF THE CITY PURSUANT TO
25 SUCH SUBLEASE AND GUARANTY AGREEMENT

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1 AND THE SOURCES OF PAYMENT OF SUCH
2 GUARANTY OBLIGATION; REPEALING
3 INCONSISTENT PRIOR ORDINANCES; SETTING
4 FORTH CERTAIN CONDITIONS TO THE
5 EXECUTION AND DELIVERY OF THE
6 AFORESAID LEASE AGREEMENT AND SUBLEASE
7 AND GUARANTY AGREEMENT; AUTHORIZING
8 THE PROPER OFFICERS OF THE CITY TO
9 TAKE ALL REQUIRED, NECESSARY OR
10 DESIRABLE RELATED ACTION IN
11 CONNECTION WITH SUCH PROJECT AND THE
12 EXECUTION AND DELIVERY OF THE LEASE
13 AGREEMENT AND SUBLEASE AND GUARANTY
14 AGREEMENT; APPROVING THE FORM AND
15 DISTRIBUTION OF A PRELIMINARY OFFICIAL
16 STATEMENT AND AN OFFICIAL STATEMENT
17 WITH REGARD TO THE GUARANTEED LEASE
18 REVENUE BONDS; APPOINTING VARIOUS
19 PROFESSIONALS; PROVIDING FOR THE
20 EFFECTIVENESS OF THIS ORDINANCE; AND
21 DECLARING SAID PROJECT DESIRABLE FOR
22 THE HEALTH, SAFETY AND WELFARE OF THE
23 RESIDENTS OF THE CITY.

24 A full copy of the legislation
25 has been read into record and we'll

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1 now hear public comment.
2 Andy Sbaraglia.
3 MR. SBARAGLIA: Andy Sbaraglia.
4 I asked quite awhile ago what is the
5 Pennsylvania Economy League thinking
6 about doing this. I assume you all

7 got letters back telling you neither
8 approved or disapproved of it. Since
9 I got no answer, obviously we got
10 nothing from them.

11 Okay. Let's get back to actually
12 who done it. Tell me, why can't the
13 city borrow the money in their own
14 name and pay off this debt. Why does
15 all this subterfuge go in from one
16 authority back to another authority
17 for another authority. And what about
18 the letter for credit. You stayed
19 pretty mum on it. Is there a letter
20 of credit attached to this? Obviously
21 we are not going to get any answer at
22 all. So it's actually a done deal.

23 MS. FANUCCI: It's public
24 comment, correct? Right? We're not
25 doing question and answer. We're

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1 doing public comment. So we'll answer
2 you after you are done. Make your
3 comments, please.

4 MR. SBARAGLIA: Well, there isn't
5 too much comment because that should
6 be the only person making out on this,
7 this bank obviously. We lost money
8 when we first did the deal. The bank
9 paid money on it, the -- paid money on
10 it, the citizens of this -- Scranton
11 did not. Now, we are doing it again.
12 We are losing more money. Even if you
13 said is -- or refinancing. There's a
14 cost associated with refinancing.
15 We're not getting that refinancing for
16 free. We're paying an extra amount of
17 money. We've been paying an extra
18 amount of money. Now we have even
19 another problem. Exactly who is going
20 to payoff the debt to the Scranton
21 Redevelopment Authority? How much are
22 we going to be billed? Are we going
23 to be billed the exact cost in a note
24 or are they going to tack on a fee?
25 All these things are not here.

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1 They're not known at least to the
2 citizens. Since I'm now privy to
3 their back rooms, I don't know what's
4 done there. All I know is this. It's
5 not a good idea to be subterfuge for
6 anything. Either you borrow it -- you
7 borrow it out front, you pay it off,
8 we bite the bullet. It's done, it's

9 done, and it's finish. Then we payoff
10 the note, whatever it is. But at
11 least you know what is going on. If
12 there's a letter of credit attached to
13 this, you never know what is going on.
14 I thank you.
15 MR. MCGOFF: Thank you, Mr.
16 Sbaraglia.
17 Ozzie Quinn? Dave Laske.
18 MR. LASKE: Are you talking about
19 the six million dollar loan?
20 MR. MCGOFF: Excuse me?
21 MR. LASKE: Are you referring to
22 the six million dollar loan. That's
23 the reason I'm here.
24 MS. FANUCCI: Yeah. Come on up.
25 MR. LASKE: I won't take up too

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1 much of your time. Dave Laske from
2 North Scranton. I just want to tell
3 you that I just disapprove of
4 borrowing anymore money due to the
5 financial conditions of the city. But
6 I know my words won't have any meaning
7 whatsoever, because I feel as though
8 you've already made up your mind and
9 you're going to go through with it.
10 You're going to put the taxpayers
11 farther in debt. You have no mercy.
12 I know people that their children had
13 to move in so they didn't lose their
14 house. You people can be cocky,
15 you're still making money. Us old
16 timers made our money years ago.
17 We're just living on the interest.
18 Now I have one more thing to say.
19 You have a skunk problem in Scranton.
20 I'm a licensed trapper.
21 MR. MCGOFF: We're on -- this is
22 a public hearing on borrowing. That
23 would be later.
24 MR. LASKE: I'll come back. I
25 was going to get an early quit.

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1 MR. MCGOFF: Thank you. Bill
2 Jacobite.
3 May I ask you whose camera?
4 UNIDENTIFIED AUDIENCE VOICE:
5 It's an audio record.
6 MS. FANUCCI: For?
7 UNIDENTIFIED AUDIENCE VOICE: I'm
8 recording the hearing.
9 MR. MCGOFF: Please take it
10 behind the --

11 MS. FANUCCI: It has to be behind
12 the median, that's all. Just so you
13 know.

14 MR. MCGOFF: Thank you.

15 MS. FANUCCI: Actually you are
16 probably better off being closer to a
17 speaker anyway. There's a speaker
18 over there and there's a speaker over
19 here.

20 MR. JACOWITZ: Bill Jacowitz,
21 South Scranton. I realized what I'm
22 going to say tonight is not going to
23 hurt any matters, it's not going to
24 change anybody's opinions, it's not
25 going to change anybody's mind. I'm

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1 pretty sure the vote will be three to
2 two, three votes in favor of bailing
3 out Doherty and two votes against the
4 citizens. The only thing that I want
5 to make known is, you know, the
6 unemployment right now is up to 6.7
7 percent. It's risen again. By the
8 end of the year, I predict the
9 unemployment rate will be seven
10 percent. The people cannot afford
11 this. I mean, you can call it
12 financing, refinancing, you can call
13 it borrowing, you can call it anything
14 you want to call it. The fact of the
15 matter is, the money has to be paid
16 back. The only way the money is going
17 to be paid back is through tax money
18 because the city has no way of
19 creating any revenue whatsoever that I
20 know of. Maybe somebody can enlighten
21 me later on about revenue, every
22 avenues we have other than taxes to
23 raise money. But, again, like I said,
24 unemployment rate is going to be 6.7,
25 it's going to be higher. Okay.

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1 Last week we were informed by
2 Councilwoman Fanucci that the police
3 unions and the fire unions are
4 responsible for the recovery plan not
5 being implemented. Now, if that is
6 true, if Mrs. Fanucci is true and this
7 is the reason why we have to borrow
8 another 6.1 million dollars, I
9 strongly suggest that the City of
10 Scranton no longer have a full-time
11 fire department and police department
12 because we cannot afford to pay for

13 it. The majority of the communities
14 in this area have part-time police and
15 part-time fire. So if the firemen and
16 policemen are responsible for all the
17 problems in the 98 point million debt
18 and 300 million dollar long term debt,
19 then I really think that someone
20 should make a motion this evening to
21 disband our full-time fire
22 department -- our full-time police
23 department and go strictly volunteer
24 police and fire like the rest of the
25 communities in this area.

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1 MR. MCGOFF: Faith Franus.
2 MS. FRANUS: Faith Franus. I
3 would just like you to answer this
4 accurately before we -- you said you
5 would answer these questions after we
6 talk, right?
7 MR. MCGOFF: I'm sure the people
8 will speak on it when it comes up on
9 the agenda, yes.
10 MS. FRANUS: Okay. I was just
11 wondering what will happen because of
12 the economy the way it is with this
13 bail out process taking place with all
14 the banks, what would happen, for
15 example, PNC when the man came for the
16 caucus, that public caucus that time a
17 couple weeks ago. It wasn't filmed
18 but it was here. I don't remember his
19 name from PNC Bank, he seemed pretty
20 fine with the loan. But I wonder how
21 he would feel now considering all the
22 banks are going under. So is it
23 possible that if PNC does not give the
24 city the loan, the city -- my question
25 is, will the city go bankrupt because

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1 of this and what will happen then? I
2 mean, that may be the likelihood now
3 because of the situation with the city
4 in the event -- the country being the
5 shape it's in and the year after, bank
6 closing. So it's a concern. And
7 basically we come here to all these
8 public hearings for the last four
9 years and nothing we say, the public,
10 the people that you're supposed to be
11 representing matters and you say all
12 the same people come up, all the same
13 people. It doesn't really matter. We
14 talk to many people, too, just like

15 you do and they're certainly behind
16 us. They just can't all get here.
17 But it doesn't mean they don't feel
18 the same way we do. And I'm sure many
19 asked say three-fourths if not more do
20 not want this borrowing to take place
21 because it affects their livelihood.
22 The average person in the city can't
23 afford this borrowing. If you had
24 this in these previous budgets that
25 you had offered to you -- council

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1 people, if you followed them with no
2 tax increases and you kept along with
3 Mayor Doherty to hire people with
4 outrageous wages, but you didn't care,
5 because you didn't do his work under
6 any costs of the people you're
7 supposed to be representing. You're
8 not doing your job, Mrs. Fanucci, Mr.
9 McGoff, Mrs. Gatelli for the people,
10 and we will see tonight that your yes
11 vote for this borrowing. I mean, why
12 do we come is beyond us. But we come
13 because it's the right thing to do,
14 because we're doing the right thing
15 hoping that you will do the right
16 thing for once in your life. Mrs.
17 Evans and Mr. Courtright always do.
18 You three --

19 MR. MCGOFF: Are you still
20 speaking on the borrowing?

21 MS. FRANUS: I'm speaking on the
22 borrowing.

23 MR. MCGOFF: Okay.

24 MS. FRANUS: In the fact that you
25 will vote yes.

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1 MS. FANUCCI: It was in the
2 budget, Faith. You know that. So, I
3 mean, it's not like --

4 MS. FRANUS: This is not -- just
5 refinancing. You'll be paying more --
6 I know it's in the budget. It's
7 December 15th of 5A has to be paid.
8 It's in the budget.

9 MS. FANUCCI: Correct.

10 MR. FRANUS: Yes. But when you
11 refinance, you pay more than what you
12 had. If I had to get my house fixed,
13 I go to the bank and refinance. I'm
14 asking for more money over a longer
15 period of time. That's borrowing
16 money.

17 MR. MCGOFF: Thank you.
18 MS. FRANUS: I have to pay that
19 back, right? I mean, Judy wants to
20 claim that that's not borrowing but
21 we're not stupid.
22 Basically I'm asking you to
23 please vote no but that will never
24 happen. It's fruitless.
25 MR. MCGOFF: Thank you.

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1 MS. FRANUS: What did you say --
2 is there a time limit on this?
3 MR. MCGOFF: I thought you were
4 finished.
5 MS. FRANUS: No, I wasn't.
6 MR. MCGOFF: You said it was
7 fruitless. I thought you were
8 finished.
9 MR. FRANUS: No. You wish but --
10 basically I wish you would start
11 representing the people that you're
12 supposed to be and not the mayor. For
13 once in four years, possibly, I doubt
14 it and we'll see. Thank you.
15 MR. MCGOFF: Thank you, Mrs.
16 Franus. Sam Patilla.
17 MR. PATILLA: Good evening, Mr.
18 Courtright, Miss Evans. We're here to
19 speak on my objection to that loan.
20 Now, the House has done a great
21 service for the residents of this
22 country by voting down that bail out
23 and if one loses the Doherty policy of
24 borrowing to payoff past debts and
25 other loans, you know, they run hand

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1 in hand with one another. You know,
2 this country wouldn't be in the
3 position that it's in right now if it
4 wasn't for the policies of the Doherty
5 administration, the Rendell
6 administration and the Bush
7 administration.
8 Now, this 6.5 million, the first
9 question like I addressed last week,
10 the first problem I have with this is
11 that it's a balloon payment. The city
12 should never have entered into any
13 agreement that required a loan payment
14 of any sort. It should have been a
15 fixed rate and so many years,
16 whatever, everything is nice and
17 packaged together.
18 Second problem I have with this

19 is the fact that since I've relocated
20 to Scranton, every time a payment is
21 due, it's two or three months before
22 that payment is due that it's brought
23 before city council. You know, why is
24 financial planning would dictate that
25 these situations come up nine,

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1 ten months in advance so we stay ahead
2 of the ball game. You know, just like
3 going back to the house here when they
4 rejected this bail out program. If
5 this loan is rejected which we all
6 know the other speakers have already
7 spoken on it, we know it's not going
8 to be rejected. But if this loan is
9 rejected, Scranton is not going to
10 die, okay. We can't get any broke
11 than you already are if you are broke.
12 You can't get any water out of a rock
13 if it sinks. So if there is nothing
14 there that is going to happen to
15 Scranton if this loan isn't approved.
16 If the city -- Doherty administration
17 -- not the city, the Doherty
18 administration is forced to finally
19 stand up on its tooth and deal with
20 the responsibilities of the mayor, of
21 the administration that they were
22 elected to do which they failed to do
23 since he has been in office and his
24 hand picked cronies have been in their
25 positions, we can finally start back

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1 in the road to recovery. Okay. I'm
2 for the bailout, 100 percent being
3 disapproved because it's not going to
4 hurt Main Street America like they
5 want people to believe. You're not
6 going to get any more jobs if the
7 financial institutions are giving that
8 money. The work of finance aren't
9 going to stop lending money. The
10 foreign counties aren't going to stop
11 lending money to America because if
12 they do, American stops giving them
13 foreign aid. So it's crock, okay.
14 What is going to happen here just like
15 this loan gets refused, financial
16 stability is going to be put into
17 play, because people are finally going
18 to have to stand up like men and women
19 and face their obligations honestly
20 and truthfully. You can't hide behind

21 a loan. You can't hind behind false
22 policies, okay. This country is in
23 the position it is right now because
24 the same principles that Doherty has
25 been applying to the City of Scranton

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1 for the last six plus years,
2 borrowing, borrowing, borrowing, and
3 it being pumped up by city council and
4 your veterans. It's a sham. It's
5 been proven as a sham on a national
6 level and it will be proven as a sham
7 on a local level if you -- one of you
8 stand up like a man and say no, enough
9 is enough. All right. It doesn't
10 make any sense whether you like the
11 people that come to the City of
12 Scranton, it doesn't make any sense
13 whether these meetings are televised
14 live or not, because there are other
15 outlets to get the message across.
16 People feel this every day, what are
17 they going to do. They can feel it
18 everyday. A bill comes in the mail,
19 they feel it everyday that they've got
20 to pay a trash bill or a tax bill or a
21 service bill. We feel it everyday.
22 We don't need television to tell us.
23 We don't need newspapers to tell us
24 that we're have a problem --

25 MR. MCGOFF: Mr. Patilla, we're

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1 not here to speak about television.
2 MR. PATILLA: I'm speaking about
3 that 6.1 million loan because that
4 directly affects everything else.
5 That's it. It affects all of us in
6 this city when you sit back and allow
7 that man to continue to borrow and
8 borrow and borrow on top of other
9 loans. It affects every aspect of
10 this city on the economic and
11 financial front. It's not just that
12 one area that this affects especially
13 if you allow him to sub circumvent
14 city council by giving him authority
15 to the --

16 MR. MCGOFF: Thank you, Mr.
17 Patilla.

18 MR. PATILLA: To the powering
19 authority, to the public -- to the
20 sewer authority, to all these other
21 authorities and you run your
22 dedication and your responsibilities

23 to the taxpayers of this city.
24 MR. MCGOFF: Thank you.
25 MR. PATILLA: Thank you for

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1 putting the alarm on me. Because I'm
2 a black man, you rang the bell --
3 MR. MCGOFF: Excuse me. That's
4 unnecessary. You're out of order.
5 Please leave.

6 MS. FANUCCI: The camera is why
7 television it is a good thing. This
8 is one of the reasons why I'm glad we
9 have TV in these corridors. It's
10 ridiculous.

11 MR. MCGOFF: Ray Shumacher. Mr.
12 Quinn.

13 MR. QUINN: Ozzie Quinn,
14 Taxpayer's Association. In regards to
15 this 6.1 million dollar loan, the
16 Taxpayer's Association is obviously
17 against that because of the debt
18 that's in the city. Two years ago you
19 we went for saving -- a person from
20 PNC Bank that tried to sell a
21 44 million dollar loan, he was here,
22 selling the 6.1 million loan and that
23 was two years ago, and the budget then
24 it was 74 million dollars and now it's
25 10 million dollars higher and you're

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1 still borrowing the money. I don't
2 understand it. So you settled for 15
3 million two years ago and now what
4 last week with the amortization where
5 it goes from 6.1 million, it goes up
6 to 21 million. It's unbelievable. I
7 just want to read a little about Mrs.
8 Evans in 2006 and how it seems like it
9 happens -- it's happening right now.
10 This is from the 2006 minutes. Mrs.
11 Evans, she says, "Well, as chairman of
12 this committee, once again I will not
13 recommend such borrowing. Borrowing
14 has been the pattern for four years.
15 It has solved nothing. To the
16 contrary, it created a massive debt
17 and each year other council members,
18 myself, uninvited, gave the mayor the
19 amount the money he requested for
20 borrowing to address the deficits.
21 Nevertheless, nothing changed. No,
22 I'm sorry, I retract that statement.
23 Much has changed. Our debt has gone
24 to an unmanageable, unreasonable level

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for the city this size with a

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1 population and demographics of this
2 city when you look at a 23 percent
3 population who is living below the
4 poverty level, a higher than average
5 senior population. God forgive anyone
6 who's been involved in this borrowing
7 all these years because it has solved
8 nothing. The only thing that has
9 happened, I said as the debt grows and
10 the mayor walks out of his office and
11 continues to spend more and more each
12 year, so nothing has been solved in
13 all these years by permitting him to
14 borrow all the time. Now, the time
15 has arrived, it's do or die, now or
16 never stop the debt increase. Begin
17 to pay down the Doherty debt. As far
18 as the mayor is concerned, well, the
19 situation should be handled by the
20 mayor because he's in charge of the
21 city, not city council should be -- we
22 are not responsible to fix this. He's
23 the responsible party because he
24 created this. Now, if I were mayor, I
25 would have sat down and negotiated

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1 some of the contracts. Wow, this
2 seems like its yesterday. It seems
3 like today. Had I seen the mayor, had
4 I'd been there, there would have been
5 far less spending, there would have
6 been far less borrowing. Yes,
7 refinancing the old debt but there
8 would have been the constant pattern
9 of borrow -- squander, borrow, spend,
10 squander and the more the operation,
11 raises in new jobs -- " and so and so
12 on.

13 That obviously scares me. It
14 seems like it's happening right now,
15 you know. The same thing over and
16 over and over again. We're not going
17 to get out of this debt. And
18 44 million dollars, you asked two
19 years ago for 44 million dollars.
20 Thank God it was turned down. But you
21 give him 15 million and then he
22 increased the budget in two years, 10
23 million. My God, we'll never get out
24 of the debt. Come on, look out for
25 the taxpayers. Enough is enough.

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1 MR. MCGOFF: Thank you, Mr.
2 Quinn.
3 MS. SCHUMACHER: Marie
4 Schumacher. You sound as if you have
5 a cold, Mr. McGoff. Do you?
6 MR. MCGOFF: Yes, I do.
7 MS. SCHUMACHER: Are you
8 contagious?
9 MR. MCGOFF: Excuse me?
10 MS. SCHUMACHER: Are you
11 contagious?
12 MR. MCGOFF: Not usually.
13 MS. SCHUMACHER: Okay. Then may
14 I approach? 7C on tonight's agenda,
15 the borrowing of 6.1 million dollars,
16 I've just distributed to you a packet
17 of financial statements. The top two
18 pages are excerpt from the
19 controller's reports. One is for
20 calendar year, 2007, which must be
21 used unfortunately as yet no audit
22 report available for 2007. And the
23 other is from the August 2008 report.
24 The other two pages are excerpt from
25 the 2005-2006 financial report of the

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1 city. All four pages show the
2 statement of operating surplus or
3 deficit. In this case all four years
4 show operating surpluses, 644,631.28
5 in 2005; six million, seven hundred
6 and ten thousand, ten dollars and 72
7 cents in 2006; four million, four
8 hundred and forty-six thousand, six
9 hundred, 59 dollars and twenty-one
10 cents in 2007. These three-year
11 surpluses total 11 million, eight
12 hundred and one thousand, three
13 hundred and one dollars.
14 The top sheet shows revenues are
15 ahead of expenses through August,
16 2008, in the amount of seven million,
17 six hundred and seventy-nine thousand,
18 seven hundred and sixty-five dollars
19 and seven cents. If that ratio holds
20 to the end of the year, the four
21 surpluses will total 19 million, four
22 hundred and eighty-one thousand,
23 sixty-six dollars. So why on earth do
24 we need to borrow 6.1 million dollars?
25 Why would this city want to pay

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1 interest on 6.1 million dollars for

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18 years. Let's pay the loan from the surplus which you will note doesn't seem to speculate about additional millions that may come to the city if the Single Tax Office ever gets their accounts straight. I urge you to vote against this increased borrowing. The financials appear to show that we have enough money to payoff that loan and I believe that's what we should do and start paying down our debt.

Thank you very much.

MR. MCGOFF: Thank you, Mrs. Schumacher.

Any other speakers?

I hereby declare this public hearing closed.

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C E R T I F I C A T I O N

I HERBY CERTIFY that the proceedings and evidence are contained fully and accurately in the notes taken by me at the hearing of the above-captioned matter and that the foregoing is a true and correct transcript to the best of my ability.

Amelia Nicol
Official Court Reporter