

**MINUTES
FORD CITY BOROUGH COUNCIL
SPECIAL MEETING
LOCATION - FORD CITY BOROUGH OFFICE
10-21-2004**

CALL TO ORDER Council President Steve Kozuch called the meeting to order at 5:04 p.m.

AUDIO TAPED Council President Kozuch informed everyone the meeting is being audio taped.

ROLL CALL Terry Tokarek, Homer Pendleton, Steve Kozuch, and Tim Malec were present. John Rudosky and Dan Cousins was absent.

ATTENDANCE Bob Cain - Eljer, Jim Kutsch - Eljer, Joe Estermyer, Susan Thompson and Solicitor Frank Allan Wolfe were also present.

ELJER Kutsch explained Eljer will be moving out of their building located on 2nd Avenue next to the building owned by Ford City Equipment. They are moving everything from Plant #1 to Plant #2.

Kutsch explained they will continue to use the dock space at the south end of Plant #1.

Kutsch explained they are planning to demolish the building and clean up the property.

Kutsch stated they have a written proposal from Mr. Tische - Ford City Equipment requesting to purchase the building from Eljer.

Kutsch explained he has already approached the County about their plans and now they here to explain to the Borough their plans.

Solicitor stated this may be discussed in open session.

Pendleton stated he would prefer the building be torn down and asked if Eljer would consider donating the property to the Borough?

Kutsch explained that is why they were here to discuss options of what to do.

A lengthy discussion followed.

Eljer will provide council with a plot of the property.

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APPROVED ON

1-11-2005
IRS - OFFER IN COMPROMISE

Kutsch explained donating the property to the Borough has just been discussed at this meeting and that he must present to them the suggestion of donating the property to the Borough.

Joe Estermyer explained the amount due to the IRS at this time is in the amount of \$410,000.00. This increases about 1% per month.

Estermyer explained the IRS will take no collection action, however, they will be placing liens against Borough property.

A discussion to place concerning what the IRS will be placing liens on.

Estermyer stated the IRS would probably accept a large down payment and then allow the Borough to make monthly payments.

Estermyer stated if any Borough Land is sold the IRS must be paid first.

Estermyer explained the IRS will not give him an amount they will accept, the Borough must make an offer until it is accepted.

Estermyer suggested making an offer in the amount of \$100,000 and if it is accepted there will be a 90 day period of time to make the payment. It takes a minimum of six months for the IRS to accept or reject the offer.

A discussion took place concerning what amount to offer the IRS.

Solicitor Wolfe stated case against Western Surety is ongoing. The attorney for Western Surety would like to do some discovery. The District Attorney's office gave all the documents away and the exhibits from the trial are gone.

Estermyer explained he has some documents and his work papers were give to an IRS representative in Monroeville.

Pendleton make a motion to authorize Joe Estermyer to increase the Offer in Compromise to the IRS in the amount of \$100,000. Seconded by Malec. Motion Carried. 4-0 Unanimous

Estermyer asked if anything is being done about updating the property values? These property values will be needed to complete the information to submit to the IRS.

Pendleton stated he will be meeting with Industrial Appraisal concerning the amount it will cost the Borough to update the property values.

Councilman Tokarek asked that the agenda items requiring a vote be discussed now because he must leave the meeting at 6:30 p.m.

Council President Kozuch agreed to change the agenda items around as long as there are no objections. Nobody objected.

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~~TRIP TO HARRISBURG~~

APPROVED ON
1-11-2005

Pendleton made a motion to authorize reimbursement for mileage, meals, and lodging to Homer Pendleton and John Rudosky who will be traveling to Harrisburg next week to meet with State Officials to encourage them to release grand funding,

they must car pool to reduce expenses.
Seconded by Malec. Motion Carried. 4-0 Unanimous

EMPLOYEE APPRECIATION

Pendleton made a motion to spend a maximum of \$1000.00 for an Employee Appreciation Day to be held on Friday, December 17, 2004 at the S.C.U. Club. Seconded by Tokarek. Motion Carried. 4-0 Unanimous

BON FIRE

Pendleton made a motion to grant the request of the Ford City Football Club to hold a Bon Fire on Thursday, October 28, 2004 immediately following the Halloween Parade at the 3rd Avenue location near the Borough Garage and the event must be coordinated with the Police & Fire Departments and clean the area of debris. Seconded by Tokarek. Motion Carried. 4-0 Unanimous

JOHN B. FORD STATUE

Pendleton made a motion to place an additional eight hour shift, to be filled by a part-time police officer, for Thursday, October 21, 2004 and Friday, October 22, 2004 to protect the John B. Ford Statue. Seconded by Malec. Motion Carried. 4-0 Unanimous

AUDIT BOROUGH & GFCCDC

Susan Thompson stated she was asked to determine the reporting requirements of the CDC. Thompson explained she submitted to council a letter dated 10-18-2004 concerning the CDC. (Letter Attached)

Thompson stated the Borough should bring the CDC, as a component part of the Borough, under the Borough for reporting purposes.

Solicitor Wolfe stated Ford City Borough has no debt obligation to Merchant's Bank. Wolfe explained there is no obligation for the Borough to pay any monies, the obligation is completely on the CDC. The CDC signed the notes.

Thompson stated the collateral property is property owned by the Borough. Also, the Borough signed the mortgage.

Wolfe stated under the Uniform Debt Act that is not a debt. A debt is an obligation to pay money.

Thompson asked Wolfe, if the mortgage is defaulted on at the CDC level the Borough would not have to pay the cash equivalent? Wolfe answered correct.

Thompson explained the CDC is a component part of the Borough and an audit of the CDC should be done. At this time there is no accounting for the grant disbursements. The accounting for the grants should be done under the Borough.

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Thompson explained under the GASB - Governmental Accounting Standards Board, that require the non-profit CDC's be included as component unit of the government entity.

Council President Kozuch explained he is working with Senator White's office and

representatives from Armstrong County to be able to have the audits completed using additional grant funding.

Thompson explained the Borough reports the revenues from the grants, which flow directly to the CDC. The revenue levels of the Borough are correctly reported. The disbursements are not being reported.

This will just be an additional part of the audit and will increase the amount of the Borough Audit price by approximately \$3,000 to \$5,000. This is a result of the new compliance reporting requirements.

Council President Kozuch explained that if the grant money comes through to complete the audits, the audit money should go to the CDC.

Thompson explained governmental accounting is controlled by the General Office of Accounting, which is a federal organization. They have a standards board which issues Governmental Accounting Standards. These standards are to be complied with for full audit disclosures. At this time, Pennsylvania audit reporting does not require full audit disclosure.

Thompson explained any auditor will require full audit disclosures because it is a requirement for compliance.

ADJOURNMENT

Tokarek made a motion, at 6:24 p.m., to adjourn the meeting. Seconded by Pendleton. Motion Carried. 4-0 Unanimous

Lisa Bittner
Borough Secretary

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