A regular meeting of the Northampton County Council was held on the above date with the following present: John Cusick, President; Margaret L. Ferraro, Vice President; Thomas H. Dietrich; Bruce A. Gilbert; Kenneth M. Kraft; Lamont G. McClure, Jr.; Scott Parsons; Barbara A. Thierry; Robert F. Werner; Frank E. Flisser, Clerk to Council, and Philip D. Lauer, Solicitor to Council.

Prayer

Mr. Cusick led County Council in prayer to open the meeting.

Pledge of Allegiance

Mr. Cusick led County Council in the pledge of allegiance.

Approval of the Minutes

Mr. McClure made the following motion:

Be It Moved By the Northampton County Council that the minutes of the June 7, 2012 meeting shall be approved.

Mr. Kraft seconded the motion.

The minutes were approved by voice acclamation, with Mrs. Thierry abstaining.

Courtesy of the Floor

Mr. Steve Barron, Northampton County Controller - stated Eckert Seamans had agreed to allow him to look at their records and to begin the process of putting the Gracedale issue to rest.

Confirmation of Appointments

Mr. Kraft introduced the following resolution:
R. 47C2012  RESOLVED, by the Northampton County Council that the following individuals shall be confirmed in their appointments as indicated hereafter:

AREA AGENCY ON AGING
ADVISORY COUNCIL

Appointment:  Term to Expire: 7/1/14
Reverend Nevin L. Kershner
17 Green Meadow Lane
Pen Argyl PA 18072

RETIREMENT BOARD

Appointment:  Term to Expire: 12/31/12
John D. Weaver, LCSW, BCD, ACSW
Retired Employee
4635 Hillview Drive
Nazareth PA 18064-8531

As there were no questions or comments, Mr. Cusick called for the vote.


The resolution was adopted by a vote of 9-0.

County Executive Report

Mr. Stoffa advised the County was going to start a Citizens Academy consisting of 25 people to attend sessions to learn about County government. He further advised it would educate people about County government and may be helpful in getting people to join the authorities, boards or commissions.

Mr. Stoffa stated the Courthouse experienced a bomb scare this afternoon that resulted in the building being vacated and services being down for approximately two hours.
In answer to Mr. Cusick’s question as to whether the process had begun to replace Director of Corrections Mr. Robert Meyers when he retired, Mr. Stoffa advised they have interviewed five people, including some from out of County. He further advised he should be presenting his recommendation shortly.

In response to Mr. Cusick’s question as to what was the status of the West Easton Treatment Center, Mr. Stoffa stated the facility was close to completion and the Certificate of Occupancy had been issued.

Mr. McClure advised a discussion was held yesterday regarding the disbanding of the wound care unit at Gracedale and he just wanted to express his concern and that he felt it would be a mistake.

Consideration of the Swaption Resolutions: a. Option 3; b. Option 3A

Mr. Cusick stated at the request of Mr. McClure, two resolutions, which were previously considered at the March 1, 2012 County Council meeting, were added to the agenda for this meeting.

Mr. McClure introduced the following resolutions:

Option 3

WHEREAS, on June 17, 2004, the then Northampton County Council adopted Resolution Number 34-04, which approved the Swaption transaction, with an exercise date of October 1, 2012; and

WHEREAS, on February 16, 2012, Scott Shearer presented County Council with a financial analysis (a copy of which is attached hereto and labeled as Exhibit “A”) for terminating the Swaption; and

WHEREAS, Option #3 appears to be the best available option: (1) to avoid a tax increase in the 2013 budget, (2) to avoid having the County’s excellent bond rating from being negatively impacted, (3) to ensure that the County continues to have the ability to assist Gracedale through its important period of transition and (4) to ensure that the County has the necessary
resources to achieve the County Executive’s ambitious goals in the coming years.

NOW, THEREFORE, BE IT RESOLVED by the Northampton County Council that it is the consensus of the Northampton County Council that Option #3, as set forth in Exhibit “A”, together with the payment of $10 million to reduce the present value of the cost of the transaction, is the best option for terminating the Swaption agreement. Further, the Northampton County Council directs the County Executive and his staff to immediately begin to implement the Swaption termination using Option #3, as set forth in Exhibit “A”, together with the payment of $10 million to reduce the present value of the cost of the transaction.

Option 3A

WHEREAS, on June 17, 2004, the then Northampton County Council adopted Resolution Number 34-04, which approved the Swaption transaction, with an exercise date of October 1, 2012; and

WHEREAS, on February 16, 2012, Scott Shearer presented County Council with a financial analysis (a copy of which is attached hereto and labeled as Exhibit “A”) for terminating the Swaption; and

WHEREAS, Option #3 appears to be the best available option: (1) to avoid a tax increase in the 2013 budget, (2) to avoid having the County’s excellent bond rating from being negatively impacted, (3) to ensure that the County continues to have the ability to assist Gracedale through its important period of transition and (4) to ensure that the County has the necessary resources to achieve the County Executive’s ambitious goals in the coming years.

NOW, THEREFORE, BE IT RESOLVED by the Northampton County Council that it is the consensus of the Northampton County Council that Option #3, as set forth in Exhibit “A”, together with the payment of $10 million to reduce the present value of the cost of the transaction, is the best option for terminating the Swaption agreement. Further, the Northampton County Council directs the County Executive and his staff to immediately begin to implement the Swaption termination using Option #3, as set forth in Exhibit “A”, together with the payment of $10 million to reduce the present value of the cost of the transaction.
Mr. McClure advised he was bringing these resolutions back because the Swaption termination fee had risen above $25 million and he did not think there was a consensus to terminate it at above $25 million and to avoid facing financial and budgetary problems in the future.

Mr. Parsons stated he would also like to introduce a resolution presenting another option that would allow the Swaption to be terminated tomorrow. He further stated $18 million would be put toward the Swaption that was now at $27,275,000 with the balance being borrowed with taxable municipal bonds. He noted this option would not increase the County’s debt service, but would provide exact figures for the County.

In answer to Mr. McClure’s question as to what were the numbers that would accompany this proposal, Mr. Robert Fuller, owner, Capital Markets Management LLC, advised it was an option that was presented in April, which was better now because interest rates had improved.

In response to Mr. McClure’s question as to what the present value cost of this option, Mr. Fuller stated Mr. Gary Pulcini, President, VALCO Capital Ltd, had not put a present value on it, but it listed the total debt service by year until 2030. He further stated the difference between the two options of going with a taxable fixed rate municipal bond and allowing a portion of the Swaption to go live was just under $13 million in favor of the taxable municipal bond fixed rate option.

In answer to Mr. McClure’s question as to how the $18 million figure was arrived at, Mr. Parsons replied it was a number he felt everyone could be agreeable to as it would keep $7 million in the fund balance and the debt ceiling would not go up.

Mr. Fuller advised their charge as financial advisors was to try and eliminate not just the Swaption risk, but the risk of variable rate debt along with preserving as much County cash as possible. He further advised they could go as low as they wanted to on the County’s fund balance to get out of this, but it would increase the bonding amount. He noted they elected to try and keep the debt service flat, which they have done.

In response to Mr. McClure’s statement this was not an option they would have recommended the last time they were here so he wondered what changed, Mr. Fuller stated when they
realized they were not going to get the number to terminate the Swaption below $25 million, they began to look at options to fund it. He further stated taxable fixed rate municipal bonds fit the constraint set in eliminating the Swaption completely, fixed the debt and kept the debt service the same.

In answer to Mr. McClure’s question as to how the taxes affected the bonds, Mr. Fuller advised the investment income from a tax exempt bond was deductible at the Federal level, usually at the State level and sometimes at both the State and Federal levels. He further advised investors in municipal bonds reflect the tax advantages to them so those rates were always lower. He noted the taxable municipal bonds evolved at a time when municipalities wanted to do things that were not eligible for tax exempt proceeds.

In response to Mr. McClure’s question as to what made taxable bonds interesting to investors, Mr. Fuller stated that it was a municipal bond, which was generally deemed to be a very safe market, the credit ratings were generally higher and defaults, when they occurred in the municipal markets, tend to recover not only principle, but interest.

In answer to Mr. McClure’s question as to what changed their mind about going to taxable bonds other than the Swaption going up, Mr. Fuller advised they saw no opportunity to terminate the Swaption within the existing authority of $25 million.

Mr. Parsons stated he called Mr. Pulcini telling him it was time for this thing to end and to show him other options. He further stated after some discussions, he felt this was the right option.

In response to Mr. Dietrich’s question as to what was the overall cost of this option, Mr. Fuller advised he had the information that was previously provided in April, however, fixed rates were lower now so what savings there were then were actually greater now. He further advised in order to maintain the Swaption, the Pennsylvania Debt Act required the County to have a variable rate debt to match against a synthetic fixed rate instrument (the Swaption). Therefore, if the Swaption went live on October 1st, the Pennsylvania Debt Act essentially required the County to have a debt to “tie it” to so the County would have to do a variable rate debt.
Mr. Fuller stated nearly all variable rate debt came with the obligation to have an irrevocable Letter of Credit in place to present to the investors that hold it. He further stated if the County made that choice, it would be $13 million more expensive.

In answer to Mr. Dietrich’s question as to what the actual final value overall to the County would be, Mr. Fuller advised it would be $118 million versus $131 million.

Mr. Gilbert stated the biggest problem with Option 3 was it was not terminating the Swaption and was extending the problem the County got itself into in the first place. He further stated there was no obligation on the part of Bank of America to allow the County to only retain half the Swaption and at this time, he believed they would just let it go live. He noted Mr. Parson’s option guaranteed the Swaption would be terminated with $18 million of the $25 million that was put aside with the balance being financed through bonds creating a savings of $13 million.

In response to Mr. Dietrich’s comment that he wanted the final numbers even if they were estimated, Mr. Fuller advised there would be $13 million less in total debt service for cash outflows from the County to various financial interests by doing a fixed rate debt now as opposed to allowing the Swaption to go live and that was if they believed the interest rate assumptions used in allowing the Swaption to go live with a variable rate instrument against it and a Letter of Credit delivered the expected cost of capital.

Mr. Fuller stated the cost of capital in the fixed rate deal was known, noting if it was done soon, it was an all in interest rate of 3.03% between now and 2030. He further stated what they analyzed on the Letter of Credit side with short term interest rates very low and a known fixed rate to be paid to the Bank of America of 4.91%, the County started out with a higher interest rate and then had to add the cost of the Letter of Credit and remarketing fee.

In answer to Mr. McClure’s question as to why the County was paying the full $27,275,000 because he thought that number was negotiable, Mr. Fuller advised this figure was arrived at after deducting $625,000. He further advised Mr. Pulcini and he looked at their constraints and worked to get out of this as swiftly and leanly as possible while preserving the County’s debt service and fund balance.
In response to Mr. McClure’s question as to whether this was their level best advice to them based just on finances as to what they should do, Mr. Fuller replied it was.

As there were no further questions or comments, Mr. Cusick called for the vote on the first resolution (Option 3):


The resolution failed by a vote of 2-7.

Mr. Cusick called for the vote on the second resolution (Option 3A):


The resolution failed by a vote of 4-5.

Mr. Cusick called for the vote on the following resolution presented by Mr. Parsons:

R. 48-2012 WHEREAS, on June 17, 2004, the then Northampton County Council adopted Resolution Number 34-04, which approved the Swaption transaction, with an exercise date of October 1, 2012; and

NOW, THEREFORE, BE IT RESOLVED by the Northampton County Council that it is the consensus of the Northampton County Council that it is in the best interest of the County of Northampton to fully terminate the Swaption prior to the exercise date. Further, the Northampton County Council directs the County Executive and his staff to immediately begin to implement the full and complete termination of the Swaption, at a termination price of $27,275,000.00, with an intent to permanently finance the termination price with $18 million from the County’s fund balance and the remainder to be reimbursed from a future borrowing. The County Executive is hereby authorized to execute all documentation and agreements required as part of such termination.

Mr. McClure stated he did not feel this was the best thing to do because there was no negotiation on the Swaption value, the
County was still paying $18 million out of the fund balance and the County’s financial advisors were now advising to buy out with taxable bonds when they were unequivocally opposed to doing so just a few short months ago because the County would have to pay a higher interest rate.

Mr. Cusick advised he was not thrilled with the option being provided, but ultimately it preserved $7 million and that would leave the unaudited fund balance above $21 million based on the information Mr. Doran Hamann, Acting Director of Fiscal Affairs, presented.

Mr. Werner stated Mr. Gilbert, Mr. Parsons and he were active participants in the Swaption termination process and even though it was not the best solution, it was time for it to end.


The resolution was adopted by a vote of 7-2.

Based on the passage of the resolution, Mr. Cusick introduced the following resolution which would repeal the resolution authorizing the $25 million payout, which was adopted on March 1, 2012:

R. 49-2012 WHEREAS, at the meeting held March 1, 2012, the Northampton County Council adopted resolution No. 14-2012 in which it voted to fully terminate the Swaption prior to the exercise date. Resolution No. 14-2012 reads fully as indicated hereafter:

"WHEREAS, on June 17, 2004, the then Northampton County Council adopted Resolution Number 34-04, which approved the Swaption transaction, with an exercise date of October 1, 2012; and

WHEREAS, on January 5, 2012, Gary Pulcini, VALCO Capital, Ltd., and Robert Fuller, Capital Markets Management, L.L.C., presented a recommendation to the County of Northampton that full and complete termination of the Swaption was in the best interest of the County of Northampton; and
WHEREAS, the full and complete termination of the Swaption: (1) would not decrease the County’s debt capacity nor would it raise the County’s debt service, (2) would help to preserve the County’s financial flexibility and (3) would reduce financial volatility.

NOW, THEREFORE, BE IT RESOLVED by the Northampton County Council that it is the consensus of the Northampton County Council that it is in the best interest of the County of Northampton to fully terminate the Swaption prior to the exercise date.

Further, the Northampton County Council directs the County Executive and his staff to immediately begin to implement the full and complete termination of the Swaption.”

NOW, THEREFORE, BE IT RESOLVED By the Northampton County Council that resolution No. 14-2012 is hereby repealed this 21st day of June 2012.

As there were no questions or comments, Mr. Cusick called for the vote.


The resolution was adopted by a vote of 9-0.

Consideration of the Parks Division Personnel Requests – Wayne A. Grube Memorial Park: Seasonal Summer Grass Cutter PT Park Attendant (Summer)

Mr. Cusick advised the Personnel Committee met yesterday to review seasonal personnel requests to staff the Wayne A. Grube Memorial Park.

Mr. Kraft introduced the following resolutions:

R. 50-2012 RESOLVED, by the Northampton County Council that the part-time position (.50 full-time equivalent - 2 headcount, 32 hours per week total) of Seasonal Summer Grass Cutter, pay grade CS-06, salary $8.7098/hr., shall be created in
R 51-2012 RESOLVED, By the Northampton County Council that the part-time position (3.00 full-time equivalent – 6 headcount, 20 hours per week each) of Park Attendant (summer), pay grade CS-06, salary $8.7098/hr., shall be created in the Parks Division, Department of Public Works, effective this 21st day of June 2012.

As there were no questions or comments, Mr. Cusick called for the vote.


The resolutions were adopted by a vote of 8-1.


Mr. Cusick introduced the following resolution:

Temporary Medical Staffing – Gracedale

R. 52-2012 WHEREAS, Northampton County Administrative Code Article XIII Procurement and Disposition of County Property, Section 13.16 Contracts and Agreements c. (1) requires approval of County Council for "...any contract exceeding $100,000, which was awarded using the Competitive Negotiation, Negotiation After Competitive Sealed Bidding, and Non-Competitive Negotiation source selection methods. For contracts with renewal clauses, the entire potential payout if all renewal clauses are exercised under the terms of the contract must be considered when determining if Council approval is necessary"; and
WHEREAS, on June 8, 2012, the Northampton County Council received a request from the County Executive for County Council to adopt a resolution approving five year contracts, which total an estimated $1,500,000 per year based on actual 2011 expenditures, with Cambridge Medical Staffing, Inc., General Healthcare Resources, Inc., Healthskil/People 2.0, Medical Staffing Network and Professional Healthcare Associates dba Nurstat Staffing for temporary medical staffing services at Gracedale.

NOW, THEREFORE, BE IT RESOLVED that the Northampton County Council does hereby concur with the recommendation of the County Executive to award contracts to Cambridge Medical Staffing, Inc., General Healthcare Resources, Inc., Healthskil/People 2.0, Medical Staffing Network and Professional Healthcare Associates dba Nurstat Staffing for temporary medical staffing services at Gracedale, as set forth in the attached documentation.

Mr. Gilbert stated when this was discussed yesterday, it was brought out that the Administration at Gracedale were trying to be as frugal as they could be without jeopardizing the quality of care of the residents and he was very impressed by their presentation so he would certainly support this resolution.

Mr. Cusick advised one of the notes in the Executive Summary was the need to reduce the use of nursing and labor pools and he felt this was a step in the right direction.

Mr. Dietrich stated when the County initiated the hiring freeze a few years ago, it forced Gracedale to utilize the nursing pool more so he was glad that they were taking these steps.

As there were no further questions or comments, Mr. Cusick called for the vote.


Mr. Cusick introduced the following resolution:

R. 53-2012 \textit{WHEREAS}, Northampton County Administrative Code Article XIII Procurement and Disposition of County Property, Section 13.16 Contracts and Agreements c. (1) requires approval of County Council for "...any contract exceeding $100,000, which was awarded using the Competitive Negotiation, Negotiation After Competitive Sealed Bidding, and Non-Competitive Negotiation source selection methods. For contracts with renewal clauses, the entire potential payout if all renewal clauses are exercised under the terms of the contract must be considered when determining if Council approval is necessary"; and

\textit{WHEREAS}, on June 13, 2012, the Northampton County Council received a request from the County Executive for County Council to adopt a resolution approving a four year contract totaling $418,584.54 with Borton Lawson for preliminary engineering, final design and construction consulting services for Bridge No. 102.

\textit{NOW, THEREFORE, BE IT RESOLVED} that the Northampton County Council does hereby concur with the recommendation of the County Executive to award contracts to Borton Lawson for preliminary engineering, final design and construction consulting services for Bridge No. 102, as set forth in the attached documentation.

As there were no questions or comments, Mr. Cusick called for the vote.


The resolution was adopted by a vote of 9-0.
Mr. Cusick introduced the following resolution:

R. 54-2012  WHEREAS, Northampton County Administrative Code Article XIII Procurement and Disposition of County Property, Section 13.16 Contracts and Agreements c. (1) requires approval of County Council for "...any contract exceeding $100,000, which was awarded using the Competitive Negotiation, Negotiation After Competitive Sealed Bidding, and

Non-Competitive Negotiation source selection methods. For contracts with renewal clauses, the entire potential payout if all renewal clauses are exercised under the terms of the contract must be considered when determining if Council approval is necessary"; and

WHEREAS, on June 13, 2012, the Northampton County Council received a request from the County Executive for County Council to adopt a resolution approving a contract totaling $171,430.10 with InterAct Public Safety for the replacement of Computer Aided Dispatch Servers.

NOW, THEREFORE, BE IT RESOLVED that the Northampton County Council does hereby concur with the recommendation of the County Executive to award a contract to InterAct Public Safety for the replacement of Computer Aided Dispatch Servers, as set forth in the attached documentation.

As there were no questions or comments, Mr. Cusick called for the vote.


The resolution was adopted by a vote of 9-0.

ACS Government Systems, Inc.

Mr. Cusick introduced the following resolution:
R. 55-2012 WHEREAS, resolution No. 173 of 2007, adopted on the 13th day of December, approved a contract with ACS for information services outsourcing services; and

WHEREAS, on June 15, 2012, the County Executive submitted a request for County Council to approve an amendment to Section 4.B, I.4 of the original contract to increase the annual volume for procurement of hardware threshold from $850,000 to $1.5 million and the maximum value from $5.1 million to $9 million. The County uses ACS Global reseller/partner status for the most cost effective procurement of hardware; and

WHEREAS, this amendment does not change the base services fee structure payable to ACS as stated in the contract.

NOW, THEREFORE, BE IT RESOLVED that the Northampton County Council does hereby concur with the recommendation of the County Executive, as set forth in the attached documentation, to approve an amendment to Section 4.B, I.4 of the original contract to increase the annual volume for procurement of hardware threshold from $850,000 to $1.5 million and the maximum value from $5.1 million to $9 million.

As there were no questions or comments, Mr. Cusick called for the vote.


The resolution was adopted by a vote of 9-0.

Economic Development Committee Report

Mrs. Ferraro advised the Economic Development Committee met earlier this evening and a presentation was given regarding the Route 33 Interchange. She further advised the project was being divided into four quadrants and the completion target date was December 2013.
Mrs. Ferraro stated the one quadrant that backed up to the railroad would be for warehousing and the rest would be neighborhood-commercial, such as gas stations. She further stated Palmer Township would be voting on some of the issues surrounding this project at their June 26, 2012 meeting.

Mrs. Ferraro advised Palmer Township had also created a Neighborhood Improvement District, which was very different than the Neighborhood Improvement Zone. She further advised an authority had been created and would ensure that all risks fell back on the Charles Chrin Companies.

In answer to Mr. Cusick’s question as to whether there were plans for Mr. Don Cunningham, new President and Chief Executive Officer for the Lehigh Valley Economic Development Corporation, to attend a meeting, Mrs. Ferraro replied there were.

Finance Committee Report

Mr. Cusick stated the Finance Committee met yesterday to review the outside Independent Audit, which was generally positive, but there were a few areas that had to be addressed.

Council Clerk Report

Mr. Flisser advised the meetings for July would be held on July 5, 2012 and July 19, 2012.

Adjournment

Mr. McClure made a motion to adjourn.

Mr. Cusick seconded the motion.

The motion passed by acclamation.

Frank E. Flisser
Clerk to Council