

THE BOARD OF COUNTY COMMISSIONERS OF COLUMBIANA COUNTY, OHIO,
MET IN REGULAR SESSION IN THEIR OFFICE IN THE COURTHOUSE, LISBON, OHIO
ON WEDNESDAY, APRIL 17, 2013 AT 9:00 A.M.

ROLL CALL: MR. HALLECK, MR. HOPPEL, MR. WEIGLE

CLERK: SCHERRY WILSON

PRAYER WAS GIVEN BY MARK WILDS

**Columbiana County Commissioner's Meeting
April 17, 2013**

Holy God, you know all things good for us, and your Spirit leads us in your way. Guide,
we pray, the members of the Columbiana County Commission as they meet this morning.

Open their minds to discern you will and their hearts to consider all the issues coming
before them fairly.

Give them strength and endurance equal to tasks ahead of them.

Grant them mutual respect and patience in the work they have been elected to do.

May the programs and initiatives of our county promote the wellbeing of our neighbors
and build up our sense of community. Amen

Mark Wilds
Minister, New Lisbon Presbyterian Church

RE: MINUTES

Motion by Mr. Hoppel, seconded by, Mr. Weigle to dispense with the reading of the minutes and the bills of the
regular meeting of April 10, 2013 and approve them as written.

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED

RE: TRAVEL

Motion by Mr. Weigle, seconded by Mr. Hoppel to; approve travel as presented:

JUVENILE (1) APRIL 24-26, 2013 DAYTON \$1,096.00 (Barnett)

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED

RE: THEN & NOW BILLS

Motion by Mr. Hoppel, seconded by Mr. Weigle to; approve Then & Now bills as presented:

DEVELOPMENT	PO#458488	METRO HOUSING	\$13,068.79
AUDITOR	PO#458540	WAYNE WALLACE	\$6,045.42
SHERIFF	PO#458411	DRUG TASK FORCE	\$3,162.50
COMMISSIONERS	PO#458619	YORK MAHONING	\$3,080.00
COMMISSIONERS	PO#458617	IRON MOUNTAIN	\$4,719.60
COMMISSIONERS	PO#458612	CITY OF EAST PALESTINE	\$10,000.00
DEVELOPMENT	PO#458630	JOHN WERN	\$8,084.00
DEVELOPMENT	PO#458631	DARRELL HARRISON	\$6,420.00
DEVELOPMENT	PO#458632	DARRELL HARRISON	\$6,200.00

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED

RE: AMENDED CERTIFICATE AND APPROPRIATIONS

Motion by Mr. Weigle, seconded by Mr. Hoppel to; accept as presented by the Office of Budget Commission the Amended Certificate dated April 17, 2013 and the following appropriations:

CERTIFY:

A00-S01 \$9,063.00 N50-N50 \$230,945.50 Y98-Y98 \$11,988.13

APPROPRIATE:

S01-E-1450 \$9,063.00 N50-E-1008 \$230,945.50 Y98-E-2466 \$1,407.68
Y98-E-2460 \$10,580.45 L01-R-2901 \$15,000.00 O62-E-2102 \$132,990.63

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED

RE: PERMISSION TO HUNT ON COUNTY HOME ROAD (Christine & Michael Ecrement)

Motion by Mr. Hoppel, seconded by Mr. Weigle to; give permission to Christine & Michael Ecrement, to hunt on County Home Road.

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED

RE: FUND TRANSFER A00-S01-E-1450 TO N01-N01-R-0600 CAPITAL IMPROVEMENT

Motion by Mr. Weigle seconded by Mr. Hoppel to; approve a fund transfer from A00-S01-E-1450 to N01-N01-R-0600 in the amount of \$9,063.00 for Capital Improvement.

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED

RE: APPROVE ADDENDUM DEPARTMENT OF REHABILITATION, FUNDING

Motion by Mr. Hoppel seconded by Mr. Weigle to; approve an addendum to Ohio Department of rehabilitation and correction probation improvement and incentive funding between the State of Ohio, Department of Rehabilitation and Correction and Columbiana County. Columbiana County has achieved an Incentive Award in the sum of \$29,431.00.

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED

RE: JOURNALIZE COAL MINE PERMIT, ROSEBUD MINING CO.

Motion by Mr. Weigle seconded by Mr. Hoppel to; journalize Coal Mine Application Number – DR-0052-3 and Coal Mine Permit Revision Number – R-0052-55 for Rosebud Mining Co.

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED

RE: ESTABLISH NEW FUND T08, DEVELOPMENT DEPARTMENT

Motion by Mr. Hoppel, seconded by Mr. Weigle to; establish a new fund (T08) and line items for the Development Department's FY'12 Formula Grant.

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED

RE: INVESTMENT ADVISORY BOARD MEETING

Treasurer Linda Bolon called the Investment Advisory Meeting to order

Note that Mr. Dattilio is absent. I did make an attempt to contact him. We will catch him up to date.

Members present: Treasurer Linda Bolon, Commissioners Halleck, Commissioner Hoppel, Commissioner Weigle.

Ms. Bolon: You have before you, a bank reconciliation for December, January, February and March on this; this is all the accounts that we have. We have 20 bank accounts. We have the Accounts as of March and I am not going to go through each of these. As of the end of March we had a total of \$52,848,368.91. You will see that this is broken down according to account. If you do give these financial statements or reports to anyone I would appreciate it if you would redact the account numbers just for security purposes but for purposes of putting the report together it is important that I have those on there to trace it.

Mr. Halleck: I think the Board really should take the position that if someone wants these, they should be referred to your office.

Ms. Bolon: I think that is a great idea.

Mr. Halleck: Is that ok with everyone? That way only one person has the account numbers and if they do get out then they can be revert to Linda.

Ms. Bolon: You will notice on there that we have redeemed warrants that are not posted on the Treasurers side that is rather unusual entry there so I will just point it out to you one time. When the warrants are redeemed at the bank, they then get posted to the Treasurer's side so when you look at that you might say what does that mean, it is an accounting process that is required because of the checks and balances between the Auditor and the Treasurer. The rest of the things on here are reconciling items, dividends, interest, investment fees, gains, losses and the adjusted book balance and of course the bank side where I adjust that so they all do balance to the penny. I am happy to report that everything is back in balance we still do have to make the adjusting entry for the end of the year for the Wesbanco records and then I will be making one posting for the 3 months in 2013. If you go to the spreadsheet attached to the Wesbanco report you will notice that I am making the adjustment showing net interest for each one of these, you will see that as you go through here. If you have any questions later on to make sure how I did this, you can stop and see me. It just simple shows that now we have an adjusting entry of net interest of \$43,203.82 and there you will see that as part of the reconciliation process. It looks a little bit better than it did 3 months ago but we will still make the \$118,779.15 reduction to the General Fund because we need to report that at the end of the year. Questions?

Mr. Halleck: What was the 47 negative number?

Ms. Bolon: That was the negative losses

Mr. Halleck: Let me get this right, the \$118 is the result of interest or fees not being booked? I know you worked very hard on this and I appreciate it but I am confused because I am not as smart as you.

Ms. Bolon: Oh that is on record.

Mr. Halleck: That is ok

Ms. Bolon: This is a complex thing to put together. It is the result of amortization of premium not being booked, accrued interest paid not being booked and realized losses not being booked.

Mr. Halleck: How much was actually lost?

Ms. Bolon: We had a realized loss of \$47,000.00.

Mr. Weigle: The accrued interest paid and the amortization of premium are actually negative numbers?

Ms. Bolon: Those are negative numbers. Accrued interest paid is the interest paid when you purchase something out in the bond market or market that someone else has already held. They had it for a particular

period of time and you are going to buy it at that point and time there could be interest coming to them so when you buy that particular instrument you have to pay them the interest they have coming to them that is what this is called accrued interest paid.

Mr. Weigle: So we would wait a period of time before we recover that?

Ms. Bolon: We would never recover that.

Mr. Weigle: Why would we buy it?

Ms. Bolon: Because at the end of the day you are going to probably earn more money.

Mr. Weigle: We have to wait a long period of time until that matures to make our money back?

Ms. Bolon: Exactly. What happens here, with realized losses we have investments that were called so we have to pay amortization of premiums because we purchased these at high interest rates and you pay in addition to the accrued interest paid you pay a premium for purchasing that particular investment and if it gets called, you still have to pay the premium.

Mr. Hoppel: Who calls that?

Ms. Bolon: The agency, they made a determination that an investment is not holding out there in the market and they will call it back.

Mr. Hoppel: So you don't have control of your investment?

Ms. Bolon: No that is why we use Investment Advisors so they can make that determination. On UACC's they identify callable and no callable which is one of my complaints we didn't have that information on this particular investment company. We didn't know, was it a good investment or not? With an Investment Advisor they make those determinations so that you don't lose money. It is a very long tedious process and you have to analyze each particular investment determining what premiums have to be paid, what accrued interest, what the interest rate is how many times you are going to get paid for the duration of the investment and does it all pay off at the end. If it is callable then you have to assume the risk that it may be called?

Mr. Hoppel: So you're saying the investment advisor, they never lose money?

Ms. Bolon: Oh No

Mr. Hoppel: You said so you don't lose money, that is what the Investment Advisor is supposed to do but...

Ms. Bolon: They do lose money occasionally, especially when you get into these higher risk investments with corporate bonds and corporate debt where it gets called. They should have done an analysis to determine, is that going to be beneficial for us, because if we if you do an analysis and you determine that yes its going to cost us this much up front, there is a risk of it being called that it's still a good investment because we are going to make a great deal more money on it. That analysis needs to be done. And that's one of the requirements in our policy that that be done and that was not done.

Mr. Hoppel: But, the money to be made on investments today is very small.

Ms. Bolon: Very small.

Mr. Hoppel: The opportunity is very small.

Ms. Bolon: Right.

Mr. Hoppel: Do we really even make enough to pay an advisor?

Ms. Bolon: Oh yea, yes we do. Yes we do. The advisor we use for, who is from UACC provides us with a more detailed report, Mr. Hoppel digging into his analysis.

Mr. Hoppel: This is a quarterly investment portfolio.

Mr. Halleck: I'm going to get ahead of something. Of course Linda and I have worked back and forth on this, but I think we're down to one advisor now.

Ms. Bolon: We will be.

Mr. Halleck: I don't want to get ahead of our presentation but I didn't know it that was part of it.

Ms. Bolon: So this particular advisor we entered into a contract a number of years ago when I was here my last term and we at that point in time entered into a personal or professional services agreement. There were only two investment advisors in the state who specialized in public funds management at that time. We brought both

of those people in and they made presentations and I chose this particular advisor because the money is being held here in Columbiana County in the custodial bank in Huntington. Whereas had we gone with the other advisor, they lean more or less toward the broker/dealer hold the paper. So I like the idea of having it here locally. At any point in time it just made a lot more sense to me, so that's why we selected this advisor. This particular gentleman has been in business for 23-25 years. He has worked for the State Treasurers' Office and actually developed the Star Ohio fund. He also does all the training for the State Treasurers' Office and he does the training also for the Auditors' Office.

Mr. Hoppel: What's his name?

Ms. Bolon: His name is Dennis Yacobozzi and its United American Capital Corporation. Each has a flat fee versus basis points. Now we also pay an amount to the bank for the custodial services of holding these investments but he only charges \$2500.00 per month whether he manages \$20 million or \$30 million and this is where some of the questions came into play as to why we would pay for two investment advisors. We are basically paying this gentleman \$2,500.00 a month to manage all of these investment and we were also paying an additional 18 basis points to manage the other 5 million which amounted to a good bit of money. A good test but we were basically paying someone for something that this man would of gave \$2,500.00 for.

Mr. Halleck: If we took 52, 848, what would you say we average if you took a 12 month average? Probably 25 - 30 million? Somebody asked me the other day how much we average in investment.

Ms. Bolon: You are leading into one of my other concerns is that I will be starting to review our cash flow requirements and the balances that are left in these accounts. I find that they need to be reviewed rather quickly because I don't think we have enough invested at any point and time so I will be making sure that some of this money is invested. I am opening a new account with Star Ohio it is called Star Plus, it encourages businesses to become involved in this, it also encourages local banks to become involved in it. We can invest up to \$250,000 per bank; it requires a little bit more work on my part because I will have to keep track of those banks so we don't exceed those limits. I will be setting that up the application is ready to go all I have to do is ship that out. It is a good program; most of the governmental entities are involved in it.

Mr. Weigle: 250 k?

Ms. Bolon: 250 that is the maximum FDIC limitation. We do have one at Huntington Bank that is call MMAS, Max Trust so we will have to coordinate the investments that are at that bank to make sure that the state treasurer does not invest in any of the banks we have and they have a procedure set up, I have already taken a training class on that. We are working on that and that will help to encourage bringing local banks into the area, in addition I plan on moving this money as we phase out the investment with WesBanco and the bank has graciously offered to make us whole for those investments we will be phasing that out and I will be moving that to our custodial bank Huntington we will start to invest in the Star Plus account we will then start to look at some other local banks we are coming up on the time when it is time to do depository agreements and I will be sending out some letters encouraging all our local banks to become involved in perhaps doing some investing.

Mr. Weigle: So this is short term in Max Trust?

Ms. Bolon: Yes

Mr. Weigle: Just till we get out there and figure out where we want to go?

Ms. Bolon: Yes, Exactly

Mr. Halleck: I think the motion will be that we need to cease and with

Ms. Bolon: with WesBanco our contract with First National Community Bank. We need a motion to terminate that contract and also, the bank has agreed to that and has sent us a letter indicating that they wish to terminate the contract also.

Mr. Halleck: Yes we journalized that if you recall, last week but officially I think that the action needs to be taken since this separate.

Mr. Hoppel: I'll make that motion.

Mr. Weigle: Can you do that?

Mr. Hoppel: Because my interest in stock, let Mike make that.

Ms. Bolon: yes let's make that very clear.

Mr. Halleck: I make the motion that we accept the letter as has been journalized with the Board of Commissioners to cease and desist the contract, if we had a contract with First National Community Bank, Commissioner Weigle seconded the motion. Roll call: Commissioner Halleck: Ayes, Commissioner Weigle: Ayes, Commissioner Hoppel: Abstained, Treasurer Bolon: Yes. Motion carried

Ms. Bolon: Back to what I will be doing in the future, I am hoping that is going to help generate some additional money times most definitely not good, hopefully things will start to turn around and we can generate some additional revenue in the future. I will briefly go through the UACC report and you will see that we have numerous fellow agencies that is normally what we get involved in. I have talked to the advisor and he is willing to take a look at corporate debt. It is something that does generate additional revenue but it has to be very closely controlled. I have had training class, I do have that certification to do that, it is permissible, I am not looking at it at this time but down the road we may want to look at some additional avenue to generate additional revenue for the future. You will see that we have federal agency that are identifiable as coupons and callables and there is 6,194,000, in federal agencies under the coupon and then the callable coupon is 15.7 million, then we have another section called federal agency – step-up callables that is another almost half a million dollars that is a grand total of 22,438,987.50 and you will be able to look at your bank reconciliation and see that that figure is in existence. Moving on we also have a second account with UACC and that amount is closer to the back here. They give the interest history that is a much more detailed report that what we received with the other agent, how much interest we received during this first three month period amounts to about \$41,000 then we have realized gains and losses. We have a positive \$118,000 in gains. There are pretty flow charts here to look at and you see what % of portfolio is invested in what. Federal Agency is basically the only thing that this advisor has suggested at this time. The treasury yield curve is going up a bit not much but we can be hopeful. Our second account is the Engineers fund and we have invested there 1.2 million dollars it is separated out so you can see the differences. There is a second analysis on there showing the amount received and it is about \$1,800.00 for the first 3 months. We are not making a lot of money but it is slow, steady and safe that is the important part. I can't emphasis enough how important reconciling the accounts and make sure the treasurer understands and the Board has been explained everything regarding the investments and how they are calculated. Are there any questions? I know there has been a number of comments made, a number of questions that have been asked in the paper, we had several public records requests, there have been things that have happened during the course of my taking office that have surprised me greatly, as I am sure it has been for all of you. This has been very difficult. When we set out to start doing this review we felt it was simply posting errors and the procedures as I have learned from being a former State Auditor is that you do not waltz in and say immediately hire someone to do a special fraud investigation of something unless you believe there is something there. We truly believed and still do that it was posting errors. That being said there have been a number of things that have come to light that have questionable, I think you see in the paper, I've reported that the computer was crashed. So there's been some questions as to what kind of correspondence was lost as a result of that. I have had some questions regarding who tried to obtain access to these bank accounts. I have been working with the bank. I have been working with the State Auditors'. Normally what you do when you come in and you expect there's posting errors you have someone within the organization recreate the records and then the State Auditors' review it. Because if you were just to start with a special investigation, have someone else take control of the records and do that balancing, it would cost you a fortune. And so that's why usually the State Auditors conduct their investigation or their reviews this way when they've got someone else do it and then someone else confirms it. I did immediately turn that over. I've reported it all to you. I've turned the reports over to State Auditors. They've reviewed them, have told me verbally and I'm waiting for the report that they concur with the figures and with what I have reconciled. As things have come to light, as things have been questioned I don't want anyone to think that I was trying to hide anything here it is simply my job to do this. I don't like to see politics get involved in this, I don't like to see any personalities, I don't like to see anything be driven by that I have a job to do I feel I did it to the best of my ability, we are in balance and I feel that we are moving forward positively. With that being said as the questions still continue to arise I want to

make sure that the Board is aware that if you feel a special investigation is warranted at any point and time I fully welcome that and would welcome the help. If you do feel that is necessary I am fully open to it. I just want to thank you for all of your cooperation and understanding during this difficult time and I want to thank the bank for their cooperation in helping us terminate this contract and I look forward to moving forward.

Mr. Halleck: I'll comment first, you weren't here either. Contrary to what people may think when this investigation or problem was brought to my attention as a representative of this Board, it was Linda and her staff that brought this to me we have worked things that you don't read in the newspaper, we talk almost daily on many cases about parts of this and as I said initially this is not about politics it is the people's money, it belongs to the people both democrats and republicans. I don't know what happened you are much better at that then I would be. My feeling was more of disappointment again you don't balance your checkbook for 2 ½ years when you can simply go back one month and figure it out. Hopefully this will bring some conclusion but I think ultimately when we get a report from the audit that is going on now we can take a look at that and see if there is a need for a more intense investigation.

Mr. Weigle: In light of the newspaper article on the hard drive crash, I didn't know about that. Do we have any policies that we are going to put in place to back up any correspondence or information that we receive from our investment counsel or the bank, are we going to try to back that up and keep it near and dear so we can get to it?

Ms. Bolon: I fully intend to. I think that has brought an internal control issue to light and I think the Data Processing Board needs to have a meeting regarding this because when I questioned what were the procedures, how did this happen? At first recognizing these computers are old this computer was there when I was there so the likelihood of this crashing as they get older is something that we need to take into consideration county wide. You need to rotate your computer systems out.

Mr. Hoppel: Wouldn't that be the responsibility of the Treasurer to make sure his stuff was backed up?

Ms. Bolon: Probably but I think he probably assumed it was being backed up on the server. In checking I found out that nothing is being backed up on the server regarding internal memos. It would be simple to be able to pull it from the server. There should be complete documentation in my opinion when something like this occurs that there is a procedure in place as to how it is documented because computers do crash there should be some appropriate back up. I use a drive and back everything up on that and then download it every night before I leave.

Mr. Hoppel: The hard drive that was in the computer when it crashed, where is that at?

Ms. Bolon: I have no idea. I have been trying to find out by checking with our IT person. I understand that the hard drive was taken out of the computer and given to the lady in bookkeeping to look at apparently she has some skills in that, she was not able to recover it she then went to Mr. Wallace our IT person he tried to recover it could not he sent it out to a company named Phoenix at that point I can't get an answer to where it is.

Mr. Hoppel: Phoenix doesn't have it?

Ms. Bolon: I have asked Mr. Wallace to research that and have not received any response. I have since then sent a memo to the Prosecuting Attorney for advice on this since I am not in compliance since I can't pull anything off that computer. At the time when I was told about this computer it was not relevant to me as far as reconciling these records I now see the need to have this information and I see a very serious control weakness in us not documenting that in the IT department. If that happens throughout the county we need to have that corrected immediately.

Mr. Halleck: I have never heard of that happening have you? I have never heard of a hard drive disappearing.

Ms. Bolon: I know. Where that hard drive is I'm not sure and I can't seem to get an answer. But perhaps I can turn that over to you.

Mr. Halleck: I will assist you with that to the extent that I can. Thank you again for your diligence in all of this hopefully we are somewhat back to normal.

Ms. Bolon: Hopefully we are.

Mr. Weigle: Thank you for all your hard work.

Ms. Bolon: Your very welcome That is my job and there is probably no one in this courthouse that would be more happy to have not had this happen but it did issues do happen in counties my experience of being an auditor I have seen things like this happen before.

Motion by Mr. Hoppel to adjourn, seconded by Mr. Weigle all in favor all Ayes, meeting adjourned.

RE: BID OPENING VILLAGE OF NEW WATERFORD WATER CHLORINATION SYSTEM & FILTER REHABILITATION

Motion by Mr. Weigle seconded by Mr. Hoppel to; accept all bids for Village of New Waterford Waste Water Treatment Plant Chlorination System Improvements and Filter Rehabilitation. All bids were opened and referred to Howells & Baird for their recommendation.

Bid Results:

CDBG - B-F-11-1A0-1 PROJECT: #3 - WATER & SEWER FACILITY
VILLAGE OF NEW WATERFORD WASTE WATER TREATMENT PLANT
CHLORINATION SYSTEM IMPROVEMENTS
BIDS DUE: APRIL 17, 2013 - 9:30 A.M.
CDBG FUNDING: \$80,000.00
ENGINEER'S ESTIMATE: \$42,500.00

CDBG - B-F-11-1A0-1 PROJECT: #3 - WATER & SEWER FACILITY
VILLAGE OF NEW WATERFORD WASTE WATER TREATMENT PLANT
FILTER REHABILITATION
BIDS DUE: APRIL 17, 2013 - 9:30 A.M.
CDBG FUNDING: \$80,000.00
ENGINEER'S ESTIMATE: \$29,750.00

ACME PLUMBING
Ray Babik / Scott Hughs
P.O. Box 338
Columbiana, Oh 44408
330-233-1687 Phone
330-482-3970 Fax

\$ 59,971.00

ACME PLUMBING
Ray Babik / Scott Hughs
P.O. Box 338
Columbiana, Oh 44408
330-233-1687 Phone
330-482-3970 Fax

\$ 36,472.04

UTILITY CONTRACTING
P O Box 2367
Youngstown, OH 44509
330-793-6325 Phone
330-793-8793 Fax

\$ 40,157.00

JACK GIBSON CONSTRUCTION COMPANY
2460 Parkman Road NW
Warren, OH 44485
330-394-5280 Phone
330-393-6515 Fax

\$ 33,749.00

LEB CONTRACTING
1203 State Route 170
East Palestine, OH 44413
330-426-1037 Phone
330-426-6341 Fax

\$ 38,662.00

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED

RE: ADJOURN

Motion by Mr. Hoppel, seconded by Mr. Weigle to; adjourn the regular meeting of Wednesday, April 17, 2013 and resume the next meeting on Wednesday, April 24, 2013 at 9:00 A.M. in the Board of Commissioners Meeting Room.

VOTE RESULTED:
AYES: HOPPEL, HALLECK, WEIGLE
NAYES: NONE
MOTION CARRIED