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SPECIAL MEETING

THIS MEETING OF THE BOARD OF ESTIMATES WAS CALLED TO RECEIVE THE REPORT BY THE CITY ON THE ADOPTION OF THE FISCAL YEAR 2014 OPERATING AND CAPITAL BUDGET ORDINANCE AND TO CERTIFY THE REAL AND PERSONAL PROPERTY TAX RATE FOR FISCAL YEAR 2014.

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Bernard C. "Jack" Young, President
Stephanie Rawlings-Blake, Mayor
Joan M. Pratt, Comptroller and Secretary
George A. Nilson, City Solicitor
Alfred H. Foxx, Director of Public Works
David E. Ralph, Deputy City Solicitor
Ben Meli, Deputy Director of Public Works
Bernice H. Taylor, Deputy Comptroller and Clerk

President: "Good evening, the special meeting of the Board of Estimates is now called to order. Oh, I should read the date, June 17th, 2013 Board of Estimates is now called to order. Before we proceed, I would like to give you a sense of how the meeting will flow. First, we will receive the report by the City Council on the Adoption of the Fiscal Year 2014, Operating, and Capital Budget Ordinance. Second, the Board will adopt and certify the Real and Personal Property Tax Rate for Fiscal Year 2014. At this time, I would like to recognize members of the City Council who have joined me here today. Councilwoman Mary Pat Clarke, Councilman Bill Henry, Councilwoman Helen Holton the Chair of the Budget Committee, Councilman Curran, Councilman Welch, Councilman Kraft and Councilman Cole. Did I miss any elected officials? Okay, I want to thank you all for being here. Who raised their hand up?"

Mayor: "I did."

President: "Oh you're already here Madam Mayor, you and the Comptroller. At this time I would like to recognize Councilwoman

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Helen Holton, Chair of the Budget and Appropriations Committee who will present the adopted Budget to the Board. Pull it down."

Councilwoman Helen Holton: "Thank you Mr. President. Madam Mayor, Madam Comptroller, members of the Board of Estimates. I'd like to thank my colleagues for putting in the time and effort to actively participate in the hearings held regarding the fiscal year 2014 budget. I also want to thank the staff of Council Services that have worked tirelessly and not without notice to get us to this point. The President's staff and the staff of our respective offices understand the demands on our time during budget season and should be commended for staying the course. To them all, on behalf of the Budget and Appropriations Committee thank you. At this time, I present the budget passed by the City Council for fiscal year 2014. Thank you."

President: "Thank you, and Councilwoman Holton I want to thank you for your due diligence on how you handled all of the budget hearings and even Taxpayers' Night. I just want to commend you on a job well done."

Councilwoman Holton: "Thank you. Thank you."

President: "Alright. At this time I'd like to recognize Mr. Harry Black, he's not the Director of Bureau of Budget and Management, but he's the Finance Director for the City of Baltimore."

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Mr. Harry Black: "Good afternoon, President Young, Madam Mayor, other members of the Board, Madam Comptroller. Mr. Kleine is wrapping up a fire arbitration at this time, so that's why he's not here. Fiscal 2014 uh-- budget is a \$3.58 billion dollar budget. The Operating Budget component is \$2.41 billion or 3.8% from fiscal year 2013. General Fund Operating Budget of \$1.57 billion which is \$9 million above fiscal 2013. The Capital Budget is \$1.17 billion and 80% of that will be directed towards Water and Wastewater infrastructure improvements. In terms of general fund positions, they total 10,137 versus 10,146 for fiscal 2013. As we've said before when we introduced the budget, it's all predicated on supporting the Mayor's or the administration's 10 Year Financial Plan. This is year one of that plan and sets the foundation for moving forward which will allow us to cut the Property Tax Rate for homeowners by \$.08 cents adding another \$35 million dollars for capital investments in roads, recreation centers, blight elimination and information technology investments. While also contributing \$38 million dollars to the school modernization program, increasing funding for children's programs, increasing employee pay by 2% contingent on the impending uh-- or the pending uh-- Employee Retirement System Legislation and protecting services from further reductions, and that concludes the summary."

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President: "Thank you. At this time, I would open the floor to the Mayor. Do you have any remarks?"

Mayor: "Thank you very much Mr. President. I want to take a moment. Uh-- Thank you very much Mr. President. I want to take a moment to thank you and the members of the Board of Estimates and the members of the City Council um-- for approving um-- or thank you in advance for approving the fiscal year 2014 budget. Earlier this year we released Change to Grow, a Ten Year Financial Plan for Baltimore. First of its kind, long term fiscal road map to help us achieve our goal of growing Baltimore by 10,000 families over the next decade. The plan includes a bold set of major reforms to fundamentally change the way that the City does business and the Fiscal 2014 budget and its associated reforms mark the first major step towards implementing the Ten Year Financial Plan, and again I want to thank the members of the Council who have worked so hard with me um-- on this plan and being the stewards of uh-- the City's finances that we all know we have been called to be. So implementing this uh-- plan will help eliminate a serious \$750 million dollar structural budget deficit, protecting public safety from budget cuts. We've doubled City finance for school construction, renovation which will help finance our historic \$1.1 billion dollar effort to build 15 new schools and significantly renovate as many as 30 more. It will allow new

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investments in neighborhood infrastructure including repairing the roads and we're building ten recreation centers and providing a funding source for demolition of more than 4,000 vacant structures all while further reducing property tax burden on uh-- City homeowners. The FY 2014 budget closes a \$30 million dollar shortfall while fully funding the City allocation to public schools, hiring hundreds of new police officers and providing funding for street repair and afterschool programs. As I mentioned before, this budget -- this budget cuts taxes for homeowners, yet again over \$2.00 per \$100 of assessed value representing a \$.10 cut over the past two years. The budget also maintains funding for 5,000 youth works summer jobs. I'm very, very proud that we're in the -- in -- the school year has come to a close and we can get these young people to work. It fully funds the Small Business Resource Center and expands the Emerging Technology Center and Incubator Program. Again, I would -- I can't say it enough how grateful I am for the hard work of the Council and the ongoing cooperation in helping implement the reform to the Ten Year Financial Plan starting with this year's budget. You know, I know uh -- I strongly believe that uh-- history will recount the work of this Council as setting Baltimore on a path for growth, uh-- furthering the renaissance we have been experiencing and because of that, I can't say thank you enough to all of the council members. This continued effort

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required tough tradeoffs, none of this is easy, and it also requires major changes to the past practices, but by doing so, we will-- uh-- be able to make small investments that reward the future and help us to get Baltimore growing again. So again, thank you all very much and Mr. President, thank you for the opportunity to make remarks."

President: "Thank you. Comptroller Pratt."

Comptroller: "Yes. Thank you Mr. President. Government works best when as elected officials we collaborate on behalf of our citizens to formulate a budget that meets the needs of our citizens as well as allow, allows government to operate efficiently and effectively. This year's process did not afford the amount of collaboration necessary, as parts of the budget are based on a Ten Year Financial Plan. While I am encouraged about the Ten Year Financial Plan, I am concerned that requiring certain legislation, such as pension reform as a pre-requisite for salary increases that are long overdue is not prudent. We have significant salary compression between managers and supervisors, which must be addressed whether or not we have pension reform. While the budget speaks favorably about having better schools, safer streets and innovative government it falls short in a very vital area which can only result in cost

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savings, improved government efficiency and better internal controls. The City has chosen to outsource part of the audit function instead of adequately funding the Department of Audits as mandated by the Charter. I recognize this budget as in the past while it achieves some of the goals of the administration, which I support. I remain that this process must be collaborative and include elected officials before March of each year, and I would like to thank the Department of Finance and the City Council for all its hard efforts."

President: "Thank you. I would like to begin by recognizing the budgeting tight rope Mayor Rawlings-Blake had to navigate for the fourth year in a row. Madam Mayor, I want to thank you for your balancing act. I know that the City's finances are often at odds with what's in our hearts as elected officials. If we had our way, we would fully fund any and everything that would benefit our constituents and our children, and help to improve our great City but the reality of our finances dictate that we must pick and choose our priorities. I believe that this budget represents your honest attempt and on behalf of our citizens. I would like to say thank you. I would also like to thank Councilwoman Holton who chaired-- who served masterfully as Chairwoman of the Budget and Appropriations Committee. Thank you Councilwoman, and finally I would like to thank members of the public who participated in this year's budget process. We are

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grateful for your participation and believe that your involvement is ultimately represented in today's budget for the upcoming fiscal year and again I'd like to thank my Council colleagues who uh-- attended most of the Council budget hearings and thank you for all that you do on the continual basis. Again thank you very much. I would entertain a Motion to certify the tax --."

Comptroller: "Also I just left out something that is most important. I would also like to thank the Mayor for her efforts in bringing forth a balanced budget. Thank you."

Mayor: "Thank you."

President: "I would entertain a motion to certify the tax rate."

City Solicitor: "Move approval of the acceptance of the budget as submitted by the council and described by the Finance Director and Certify the Tax Rate of \$2.248 dollars for Real Property other than public utility and \$5.62 dollars for Personal Property and Public Utility."

Comptroller: "Second."

City Solicitor: "Real Property."

President: "I have a Motion and second to approve the certification of the fiscal year 2014 Tax Rate at \$2.248 to 100% of assessed value. All those in favor say AYE. All opposed NAY."

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The Motion carries. As there is no further business before the Board--"

City Solicitor: "I'm sorry. That motion doesn't include the \$5.62 also for the Personal Property, correct?"

President: "No, was that supposed to be in there? Okay."

Mayor: "One second."

City Solicitor: "We'll have to redo the motion."

President: "Okay, is that included in that motion?"

City Solicitor: "Yes."

President: "Okay."

City Solicitor: "It was included in the Motion as well."

President: "Okay. All in favor say AYE."

Comptroller: "Aye."

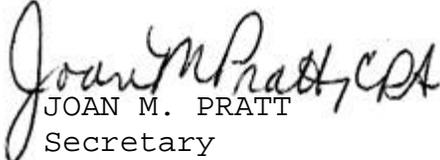
City Solicitor: "Aye."

President: "All opposed NAY. The Motion carries. There being no further business the Board will adjourn until regular scheduled meeting on Wednesday, June 19, 2013. Thank you."

Mayor: "Thank you."

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There being no objections, the Board, UPON MOTION duly made and seconded, adjourned until its next regularly scheduled meeting on Wednesday, June 19, 2013.


JOAN M. PRATT
Secretary