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The Mayor, the Council, and the Banks, sermon and
correspondence, 1979.

The Mayor, The Council and the Banks
Daniel Jeremy Silver
January 7, 1978

It was a dark night when fire broke out in Chelm. The flames reached to the sky. Before the Chelmites succeeded in putting out the fire it had consumed a block of buildings on one side of the market square. When, after many hours of fighting the fire, the citizens of Chelm finally were able to rest from their labours the rabbi climbed up on an overturned cart in the marketplace and began to address the people. "My friends, this was truly a miracle sent from heaven." Even in that city, famous for foolish wisdom, there were murmurs of puzzlement at this declaration. "True, the flames were a gift from heaven. Had it not been for them we could not have seen how to put out the fire."

A few weeks ago when we talked about Cleveland and its many problems, I suggested that Cleveland had become the Chelm of American folklore. I keep picking up Chelm-like vibrations both in the media and in our conversation. The day after the midnight session of the City Council when no plan to repay the fourteen million dollars of debt that the city owed the banks could be agreed on and default loomed; I overheard a conversation in which one of our wise men said to another: "At least now we know how bad things are."

What has happened to Cleveland is not unique. To be sure, many of the chief actors here have acted as buffoons and have turned a fiscal crises into an attention-getting civic melodrama; but the problems we face afflict all the older urban centers of the United States. All these cities have been living beyond their means. Over the last decade prices have bounded ahead. Municipal employees have won sizable raises and major increases in pension benefits, health and medical insurance and overtime. All the while mayors and council leaders, concerned primarily with re-election, have chosen not to bite the bullet. Instead of telling the people the truth and working to tailor ex-

penditures to income and to find ways to increase income, including new taxes; these leaders have resorted to financial slight-of-hand. Monies were borrowed. Monies were transferred. Grant monies were used for non-grant purposes. Community after community tried to paper over the short fall by devising ever more ingenious funding schemes which served only to delay the inevitable.

Detroit, Pittsburgh, Rochester, Buffalo, Philadelphia and Baltimore and, of course, New York City, share Cleveland's problems. As we know from our household budgets, prices have doubled over the last ten years. In most cities the cost of government has quadrupled. Where our personal income has ~~probably~~ increased over the decade, many cities have found that their tax base actually was reduced. The middle class continued its exodus to suburbia. Blacks have fled as well as whites. It is a class flight, not a racial flight. Over the decade an increasing percentage of the remaining population of the cities was non-productive, a client population dependent upon public welfare and governmental services of all kinds. Over half of the population of the City of Cleveland today is over fifty-five years of age. Seventy-five thousand industrial jobs have been lost. Thirty percent of the retail businesses which opened their doors within the city limits have closed since 1968. Over the decade three residences were abandoned every day.

Greater need. Fewer resources. Less community control over its expenses. Some years ago the safety forces managed to pass a charter amendment requiring that they be the highest-paid police and fire force in the State. The short fall was increasingly made up by monies from Washington. Today, for every dollar spent from locally-raised taxes, an additional sixty cents is spent ^{from} ~~for~~ monies allocated by the Federal government. Unfortunately, these sums depend on grant applications being approved; they are not assured; nor are they always available for the purposes that the City believes are most urgent.

During this difficult decade the elected leaders of America's cities, almost to a man, chose not to submit additional tax levies to the electorate. Any incumbent who did was immediately challenged by a no-increase-in-taxes candidate. In Cleveland only one tax levy was submitted to a vote. During his second term Carl Stokes put a levy on the ballot. It failed. Stokes had been elected on a no-new-taxes promise. There had been no long-term preparation of the community. It was a Chelm episode from start to finish. In order to assure that a school levy would not be submitted the same year, the mayor, before the vote, reduced the millage available to the city by transferring some of it to the school system. Only in Chelm!

The way to be re-elected is to promise more efficient services and no new taxes. Whether the mayor was Stokes or Perk or Kucinich that was the platform which was offered to the electorate. Yet, it was patently evident that the City lacked the income necessary to sustain the current levels of expenditure. So, for a decade there has been no increase in the income tax rate and since the housing pool was old and continued to deteriorate, real estate assessments did not go up significantly. Powerful municipal employee unions fought every attempt at wage restraint and have shown little willingness to increase levels of productivity. Political hacks continued to be appointed to critical tasks.

No practical measures were taken to deal with the final crises; but in typical Chelm fashion, long studies were published about the issues and social concerns which had precipitated the crises: the emergence of the central city as a community of client people; the growing cost and complexity of welfare services; the flight to the sun belt of industry which, having taken every advantage possible of the parent city, now found it desirable to relocate where there was non-unionized or cheaper labor and tax inducements ^{OFFERED} by ~~eager~~ city fathers, eager for municipal growth; the continuing deterioration of municipal assets; water reservoirs and sewage treatment plants which had constant need of costly replacement. These issues were discussed,

but no one led. Plans but no action. It is a cruel fact, but true, that in the final analysis the most serious problem which faced our cities has been the default of the elected leaders. There are always remedies, but, first, citizens must understand the issues. But instead of speaking the unvarnished truth about the city's fiscal problems, most mayors chose to ask their fiscal managers to do some elegant bookkeeping which would allow them to do business as usual.

For years New York City maintained a range of services far greater than those available in any other city and did so by going to the banks and borrowing on its assets. When there was no money to repay the loans, they were rolled over or the city initiated a new borrowing. Ultimately, there was no longer any realistic prospect of ever repaying the loans. By 1975 when New York, essentially, went into default; fifteen percent of all the income available to the city was needed to pay the interest those loans required.

Cleveland chose another way. Cleveland chose to borrow from itself. Cleveland chose to borrow from its future. It did so by floating notes, presumed designed to provide the capital necessary for major improvements at the water works and the sewage treatment system. These projects being delayed and monies sitting in escrow were transferred to the City's operating budget. The City simply wrote an L O. U. to itself. Of course, it would cost more some day to make the improvements which could not be delayed forever, but that was a problem which someone else would have to face. The City took this approach with the full knowledge that there were no readily available sources of income with which to repay what ultimately became more than forty millions of dollars of borrowing from various capital improvement funds.

When it seemed imprudent or inadvisable to divert further monies in this manner, the City simply ate its young, that is to say, the City sold some of its assets.

In 1975 Mayor Perk sold the sewer system to the County for thirty million dollars. These millions were quickly used up by the City which continued to spend at the then current level of expenditures. Two years later, when more monies were needed, Perk began the famous or infamous, call it what you will, series of negotiations which looked to the sale of the Municipal Electric Light Plant.

Two good friends from Chelm met in Warsaw. After exchanging greetings one reached into his pocket and took out a letter. "I have just received the most beautiful letter from my wife. Let me show it to you." The other began to read: "Dear Husband, our tubercular son died. I was weakened by nursing him and am now incapacitated. The money that you left has been used up for doctor bills. I cannot go out into the market to work and there is no money in the house for food. Your loving wife."

"What is so beautiful about this letter?"

"Oh," said the husband, "look at the beauty of the script. Her Hebrew letters are magnificent."

Our mayors became fascinated with the intricate complexity of their manipulations. They were mesmerized by the slight-of-hand with which accountants built their fiscal house of cards and somehow lost sight of the real problems which the figures masked. When the first cold wind blew the whole insubstantial edifice collapsed as it was inevitable that it should.

How long would ~~the~~ other communities sit idly by and watch the water system on which their survival depends deteriorate to the point of undependability? The repairs and replacements for which the notes had been floated were urgently needed.

As long as Cleveland had the one Republican mayor of a major city during the incumbency of a beleaguered Republican president, the City received ~~a rather large~~ ^{more than its} ~~share~~ of the Federal funds available to cities; but there was no reason to believe

that this situation would continue; and it did not. Nor was there any reason to believe that entitlement grants could continue to be diverted from neighborhood block grants to snow plows simply because somebody in Cleveland decided that was where the monies were needed. The day came when the Federal government began to run into its own budgetary problems and the life-saving flow of funds began to be cut back.

The people in the money market are no fools. They quickly recognized that Cleveland was not using the monies received from the sale of notes for the purposes for which they had been floated. The word of the City became suspect. The credit rating of the City slipped and then ceased altogether. We elected a new mayor who proceeded to alienate, within his first months in office, nearly every group in the city. Ultimately, particularly in financial matters, no mayor can go it alone. Whatever his private thoughts about the banking community, the business community, labor, the suburbs or the blacks, he must work with all of these groups. Kucinich chose to go it alone and the City almost ceased to operate during a long and bitter recall campaign.

Crisis was inevitable. The default of December fifteenth led to two proposals which the Council and the Mayor agreed to submit to the people. One would mandate an increase from one percent to one and a half percent in the income tax rate. The second is a proposal to sell the Municipal Electric Light Plant. The proposal to increase the tax rate by half a percent at least has the virtue of catching in its net many of us who work in the city, though we do not live there. That is, it has the virtue that some of us who take advantage of the city are included among those who will pay the additional cost. But clearly, it is at best a short term palliative. It will raise annually thirty-seven or thirty-eight million dollars. If it passes on the twenty-seventh of February, and there is no guarantee that it will, additional monies on the order of twenty-six or twenty-seven million dollars will be available for nineteen ^{twenty-nine} ~~eight~~ operations.

I spent a good bit of time this week trying to find out precisely what the dollar deficit anticipated in the operating budget of the City would be. I found you cannot ask such a simple question. The answer seems to be ^{that} the City anticipates expenditures of about one hundred and forty million dollars and a deficit of about ten million dollars; that is, if the City will not have to repay monies borrowed from the capital funds; (let us pray that the reservoir doesn't slip into the mud and that the sewer system has no major breakdowns); that is, if the City does not have to grant the safety forces sizable pay increases; that is, if the City is able to provide essential services with some reduction in the labor force; that is, if Federal funding is available at about the present rate. If these conditions are met those who know suggest that there will be a short fall of about eight to ten million dollars. The new tax rate will balance such a budget.

Of course, there is no reason to believe that Cleveland will escape all these emergencies; but, at least for the next year, and perhaps a second year, a half of a percent increase in income tax will keep the budget in balance. But, ~~shamefully~~, given the inflationary era in which we live, this increase ^{soon} will be eaten up. Past debts will have to be paid. Capital projects cannot be delayed forever. Many services cannot be cut back. Decent wages must be paid. Clearly, other solutions must be found. You cannot go back to the City's citizens every two or three years for another addition to income tax. No mayor can go back to these folk ^{AGAIN AND AGAIN} and no mayor should. They are the poorest. Seventy-five percent are on fixed incomes of less than ten thousand dollars a year. How do you expect these people to continue paying for the problems our whole society has dumped upon the center cities? Other solutions must be found.

The second proposal seems a long-term solution - a pot of gold. There is a Municipal Electric Light Plant. Two years ago Mayor Perk was offered one hundred and fifty-eight million by the Cleveland Electric Illuminating Company for that ^{Facility} ~~light plant~~;

so let us sell the light plant. One hundred and fifty-eight million dollars can go a long way. The City owes forty million dollars to various capital funds; fourteen million dollars to the banks; five million dollars to employee pension programs; and who knows how much more; but one hundred and fifty-eight million will take care of it all and there will be some left to invest at interest.

Unfortunately, as with most pots of gold, this solution is more mirage than miracle. The sale which CEI offered the City did not ~~include~~^{provide} an immediate payment of one hundred and fifty-eight million dollars. CEI offered to buy the electrical works for thirty-eight million dollars down and four million to be paid annually for the next thirty years.

Even thirty-eight million dollars added to the new income tax would go a long way towards solving the immediate problems of the city; but there is a catch here, too. The law requires that all indebtedness of a utility be repaid to creditors before any money is returned to the owner of the utility. It is estimated that Muny Light owes the bondholders and others between twenty-eight and thirty million. So, Cleveland would receive between ten and eight million ~~dollars~~ dollars the first year and then four million dollars a year for thirty years.

Even that sounds like useful money, although matched against a budget of one hundred and forty million dollars it is no longer a panacea. But, even here the figures are not what they seem. Immediately upon the acquisition of Cleveland's utility by the Cleveland Electric Illuminating, the City's bill for street lighting and for lighting City Hall, the airport and its other facilities, would be raised substantially. CEI's rates are much higher than the rates being paid by the City to Muny. Not only will the City incur higher costs, but its citizens who paid originally for the light plant will incur higher utility costs. The law allows Cleveland Electric Illuminating Co.

to go to the Public Utilities Commission and submit for a rate increase based on their increased capital investment. I cannot tell you precisely how much money ultimately would be realized from this sale by the City, but I suspect, the conventional wisdom to the contrary, that it is quite modest.

There are those who understand this, though most in Cleveland seem not to, who nevertheless argue that ~~the plant~~, the light plant should be sold. Their argument is that the Municipal Electric Light Plant has been a drain on the City treasury. During the mid-seventies the light plant operated at a deficit of between eight to ten million dollars. It no longer generates electricity. At least we will no longer have this drain on the City's treasury.

Here again, the evidence is Chelmsish, enigmatic. In a submission developed by the First Boston Co. on behalf of the City of Cleveland, part of an attempt to consolidate and handle the City's debts, a report was included by a firm of engineers who said that for the last eighteen months, on a cash flow basis, the Municipal Electric Light ^{Plant} ~~Company~~ ^a made little money, some nine hundred thousand dollars. The problem here is that this report failed to include the cost of repairs, replacement and deterioration, all things which must be considered in a budget. Yet, the suggestion remains that since the closedown of the generating facility three years ago and since CEI was enjoined from selling energy to the City at emergency rates; the City's utility has been operating as a distribution center and at close to a break-even point.

If this be so, I must ask why is there ~~is~~ ^{is} an unconscionable rush to sell the light plant for monies which really will not help the City in any significant fashion? This is an interesting question and goes to the heart of what our attitude might be towards the second submission to the voters on February 27,

I confess that until this week I accepted the conventional wisdom that the light plant was a drain, so if we can get any money for it, sell. The City cannot handle anything as complex as a utility anyway. It was best to hand it over to a private utility and be done with it. But during this past week I did a good bit of research and what I found has made me cautious of the conventional wisdom. It made me feel that we ought not jump too fast. I came away thinking of the Yiddish saw, hop nicht, don't be in too much of a rush.

I discovered that there are in Ohio some eighty and a few municipal light facilities and rural electric cooperatives and that few of these eighty plants generate electricity. Most of them simply distribute electricity and most are financial assets to the community which owns them.

I discovered that in the electrical utility world, which is an arcane world, there are companies which generate electricity, others which transmit electricity, and others which distribute electricity. There are, of course, utilities which serve all of these functions. I had assumed that because the Municipal Light Plant is a small unit, completely surrounded by Cleveland Electric Illuminating, that once Muni ceased to generate power it had to buy all ^{its} ~~the~~ power from CEI; and I could not understand, therefore, how the City's rates could be a yardstick for what CEI charged. It seemed self-evident that Muni had to charge more than it paid to the company from which it bought ~~the~~ electricity. It turns out that public policy has mandated an electrical grid throughout the United States and all electrical utilities now interconnect. It turns out that it is common practice for utilities to buy power from generating sources which are sometimes states away from where ~~the~~ power will be distributed. This energy is then passed over the transmission lines of intervening companies. The verb used is to wheel electric current. So the City could buy/has bought current from the hydro-electric generators in the Niagara area and has wheeled this energy over other companies' transmission

lines before it arrives here for retail distribution. Hydro-electric power can be bought more cheaply than steam-generated power; thus, it is feasible for the Municipal Light Plant to buy power more cheaply than CEI can produce it and distribute that power to the community.

It is not completely pie in the sky for the City to expect that, in time, the Municipal Light Plant might be a significant asset rather than a liability. When we read last week that the law director and some of the councilmen in University Heights, angered by what they felt was an arbitrary street light contract presented to them by CEI, proposed to establish University Heights' own utility, our first reaction was to dismiss this as futile anger. It turns out that such a program is feasible and, of course, the investor-owned utilities are much opposed to it.

I ask myself, since it may be possible for the Municipal Light Plant to become a moneymaker; and since, in any case, little is gained by selling it precipitously; why the haste? Why make this sale part of the solution of a fiscal crisis to which it seems to be irrelevant? Are there other issues involved?

I have almost an instinctive negative reaction to whatever Mayor Kucinich proposes. He is his own worst argument, but you must look at the issue and not at the person who is trying to involve his individuality with the issue. The issue is not Kucinich's early nineteenth-century populism or his considerable ego. The issue is an anti-trust suit. In 1975, during the Perk Administration, the City of Cleveland introduced an anti-trust action against the Cleveland Electric Illuminating Co., the Duquesne Power and Light Co., the Pennsylvania Power Co., and Toledo Edison and a consortium which they had formed called CAPCO which they organized to pool their resources to create new generating capacity, including the Besse-Davis and the Perry Nuclear Power Plants. These large investor-owned utilities routinely transmit electricity between each other and now began to pool their resources to build generating and transmission

facilities. The City charged that these five companies, collectively and individually, had conspired to put an end to the local municipal and rural cooperative electrical utilities which exist in their areas of operation in order to gain a total monopoly on the area.

Here the issue becomes complex. Clearly, anybody can bring a frivolous suit; and clearly, the three hundred and thirty million dollars in damages which the City of Cleveland asked was a number picked out of the air; but the suit seems to be more than frivolous and with some real potential cost, both monetary and in terms of public relations, to CEI. The basis for that statement is a long report by the Licensing Board of the Nuclear Regulatory Agency, a group charged with writing up the licenses which govern the distribution of power from nuclear reactors. When CAPCO asked for permission to operate the Besse-Davis and Perry Nuclear Plants, they had to go to this Board. At that time the City petitioned to become a party to this licensing procedure and after investigation the Licensing Board accepted most of the charges which the City had stipulated against CAPCO and CEI in its anti-trust suit.

In the early 1960's the City asked that the Cleveland Electric Illuminating Co. allow a permanent interconnect to be built between its generating facility and Municipal Light Plant's generating plant. This request for a reserve source of emergency power was denied, though it was to the public's benefit and a matter of public policy that one be established.

The City charged, and the Licensing Board stipulated, that in those areas in which Muny Light and CEI competed for customers, CEI offered to potential customers plant rewiring and improved level of electrical services, advantages it did not make to potential customers elsewhere in its service area.

There is the charge that twice in the early 1970's the Municipal Electric Light ~~Company~~^{Plant} was able to buy cheap power elsewhere and CEI refused to wheel that power to it.

There is the charge that when the emergency interconnect finally was established, CEI operated the interconnect procedures during a December 1972 emergency in such a way as to damage the operation of the Municipal Light Plant.

There is the charge that it has been a matter of CEI corporate policy to take over the Painesville and Cleveland Plants and that CEI's marketing and transmission decisions have been taken with this policy in mind.

There is the charge that when the Municipal Light applied for membership in CAPCO it was arbitrarily denied membership; and that when it applied again to CAPCO for the purpose of drawing energy from the new nuclear power facilities, CEI responded by saying that the application would not even be considered unless the City dropped all existing anti-trust charges. This reply was described in the license report "as an outrageous affront to the policies underlying the anti-trust laws."

I am not a lawyer, but, to an untrained layman, these charges seem serious. At the very least they suggest that the Cleveland Electric Illuminating Co. is not eager to buy a deteriorated plant simply to have another old facility on its hands. The suggestion intrudes that an investor-owned utility, already buffeted by the public's unhappiness over constantly-rising charges, does not want another, possibly court-sustained, attack on its corporate purposes. Then there is the matter of potential damages.

Since Cleveland will not solve its economic problems by a quick sale of Muny Light, there would seem to be some good reasons to allow the suit to go forward. The case will become moot if ^a ~~the~~ ^{to CEI} sale is approved. One thing is certain: there needs to be far more public debate of the issue than there has been until now. I find when I discuss this issue most people simply have accepted the conventional wisdom; sell it, get the money and get out. They are, frankly, surprised that there is another side to the argument.

~~However~~, Cleveland must be required to do much better in terms of fiscal management and public administration than it has done. The last several administrations and this one have been inadequate in terms of management. A city today is an intricate, expensive, large-scale organization. At the same time it must be accepted that the City cannot be expected to pay its own way. The City has been made to accept most of the human problems of the area, and the area has not been willing to pay its share/our share of the cost. For decades the State has taxed away more money from the City than it has returned. For decades productive and employed people have moved out and returned little of their success.

The City cannot be expected to pay its own way. A banker's procedure which would simply cut the City's budget to what the City can raise on its own would be, I submit, an immoral procedure. The City cannot be expected to meet its welfare and human needs out of its own income - and should not be.

We need structural changes. We need county government. We need regional government. We need a taxing system which takes from us monies which will go to the community which has the most desperate need - the City. We need to restructure ~~tax-~~ ~~ation~~ procedures in Columbus so that rural areas do not continue to receive a disproportionate share of the State's income at a time when the most desperate need is in the impacted urban centers. We need a more certain form of Federal financing. Federal financing, generally, is stipulated for a particular purpose and cities must compete for such entitlement. This makes these monies dependent on political pressure and procedural delays and often provides money for purposes which are not of top priority.

Yes, there needs to be competent fiscal management. Cleveland's finances have been run a'la Chelm. New managers should be brought in, but that will not solve the problem. The problem is structural. The problem is that we are in the city, but not of the city. The problem is that Cleveland is one county, a region, not just the

gerrymandered area which is governed by Mayor Kucinich. Until we find some way to recognize this truth, fiscally as well as theoretically, any attempt to make the City live within a budget dependent upon what it can raise from its own people is bound to fail.

It can be done. It can be done by cutting off basic services, but it would be immoral to do so. You and I can do without public welfare. Many in the City can not. We have adequate police and fire security, city folk ought not be asked to do without. In the years ahead Cleveland's population will continue to age. Increasingly, the City's population will be a client population. Its housing stock will continue to deteriorate. Its plant and facilities, already old, will grow older. The needs are monumental. The conclusion is inescapable that purely administrative changes will not meet the problem. It is not a question of this or that commission set up by the State or anyone else to oversee the finances of the City. New fiscal procedures must be introduced; but the problem will remain. We are of Cleveland, but we are parasites who do not pay our dues. We have designed communities to provide us the services that we need at the level we expect, but we have not been willing to pay the cost for the rejected, the other Cleveland, the Cleveland we do not see and do not want to see and certainly do not want our rabbi reminding us of.

I do not want to live in Chelm, and I do not think you want to live in Chelm; but we do. We will continue to be in Chelm, a city of corporate bungling and foolish wisdom, until we bestir ourselves and begin to shape those long-range structural changes which will see that our tax dollars not only provide recreation centers for our children, safe streets for our families, a responsive police force for our needs, but decency and hope for all.

January 9, 1978

Mr. William B. Norris
Hahn, Loeser, Freedheim, Dean & Wellman
800 National City E. 6th Bldg.
Cleveland, Ohio 44114

Dear ^{Karl} Bob:

I am enclosing a copy of my lecture last Sunday and I want to thank you for your help and for the material you made available. I have arranged with Daryl Holland of the Plain Dealer for some coverage of this material over the next weekend. I hope it will be effective.

I would be pleased to have your reactions to the piece. With all good wishes and many thanks I remain

Sincerely,

Daniel Jeremy Silver

DJS:mp

Encl.

January 9, 1978

Mr. William A. Lowry
Hahn, Loeser, Freedheim, Dean & Wellman
800 National City E. 6th Building
Cleveland, Ohio 44114

Dear Bill:

I am enclosing a copy of my Sunday lecture. I am deeply grateful to you for the material you made available to me and for the help that you offered. I would be pleased to have any suggestions as to the presentation and as to my logic.

I have arranged with Daryl Holland of the Plain Dealer for some publicity on this material over the weekend. I do not know what he will do with it, but perhaps we will get some of it aired. The subject drew a big congregation and there was a lot of useful discussion. Thanks again.

Sincerely,

Daniel Jeremy Silver

DJS:mp

Encl.

January 9, 1978

Mr. Jack M. Schulman, Law Director
City of Cleveland
Room 106, City Hall
601 Lakeside Avenue
Cleveland, Ohio 44114

Dear Jack:

I am enclosing a copy of my lecture of last Sunday. There are some things that I know you will not agree with, but I have tried to open up an issue and to call the shots as I see them.

You were most helpful and I am deeply appreciative. I hope I may call on you for information and background as the debate continues.

With all good wishes and many thanks I remain

Sincerely,

Daniel Jeremy Silver

DJS:mp

Encl.

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Re: City of Cleveland v. The Cleveland Electric Illuminating
Company, et al., Case No. C75-560

Gentlemen:

Enclosed please find copies of our Application for Limited Discovery and Interrogatories and Production Requests which we have filed today with the Court in accordance with the Court's Orders of September 7, 1978 and October 19, 1978. As indicated in the Application, we are asking Defendants, by way of this letter, to agree to the requests we have made in our Application. We trust you will comply with this request in the same spirit we have recently complied with the requests made of us by various defense counsel for additional discovery.

The discovery we seek is vital to our case preparation and presentation. As indicated in our Application and Memorandum, we have reviewed our files and we have determined that we are not seeking any information or data which is already in our possession. Of course, if you become aware that we have overlooked any documents which have already been produced which would obviate the need for the production we seek, we would request that you give us notice of this. We have also determined that we know of no other way to obtain the information we seek. Based on past experience, we believe that most of the information and data we seek is readily available to you.

In reviewing our requests, you will note that many relate to CAPCO. If CAPCO or any other single entity can supply the information we seek and if counsel for each Defendant will represent that the information so supplied is fully responsive to our requests as regards that Defendant, it will not be necessary for each of the Defendants to respond to each of the requests where such multiple responses would be duplicative.

Hahn, Loeser, Freedheim, Dean & Wellman

John Lansdale, Esq.
Carl L. Steinhouse, Esq.
Paul M. Smart, Esq.
Joseph A. Rieser, Jr., Esq.

January 2, 1979
Page Two

We will cooperate with you in trying to simplify our requests or making our requests easier to respond to, consistent with our need for information and data. Accordingly, we seek the information and data requested by January 15, 1979, in light of the pending trial date. We would hope that without waiting for January 15, 1979, you would produce as many materials and supply as many answers as possible as soon as possible with the remaining material and answers to become available no later than January 15, 1979. As in the past, Plaintiff will pay reproduction costs associated with our requests.

We would hope to hear from you favorably by Thursday, January 4, 1979 so that we could then obtain the Court's approval of any procedure which we are able to agree upon. Thank you for your cooperation.

Sincerely yours,

Brad Norris

William B. Norris

WBN:mmm
Enclosures

cc: All other counsel of record

Your TEMPLE Calendar — Clip and Save

SUN	MON	TUES	WED	THURS	FRI	SAT
31 SERVICES 10:30 a.m. The Temple Branch Rabbi Silver will speak on THE YEAR IN REVIEW 8th Hanukkah Candle	JANUARY 1	2 No TWA Activities Fellowship & Study Group Rabbi Stephen Klein 10:45 a.m. - Branch Mr. & Mrs. Club Board Meeting - 8:00 p.m.	3	4	5 Services - 5:30 p.m. The Temple Chapel FIRST FRIDAY THE NEW CLEVELAND OPERA COMPANY 8:15 p.m. - Branch	6 Shabbat Services 9:45 a.m. - Branch School Resumes
7 SERVICES 10:30 a.m. The Temple Branch Rabbi Silver will speak on THE MAYOR, THE COUNCIL AND THE BANKS School Resumes 3rd Grade Retreat	8	9 TWA Activities 10:00 a.m. - Branch Fellowship & Study Group Rabbi Stephen Klein 10:45 a.m. - Branch LUNCH WITH THE RABBI Commerce Club 12:00 - 1:30 p.m. Temple Board Meeting 8:00 p.m. - Branch	10 Midweek Classes Resume	11	12 <i>Shabbat Subsidiary</i> Services - 5:30 p.m. The Temple Chapel	13 Shabbat Services 9:45 a.m. - Branch <i>Club</i> MR. & MRS. CLUB DISCO SOIREE 9:00 p.m. - Branch
14 SERVICES 10:30 a.m. The Temple Branch Rabbi Silver will speak <i>YES, THERE ARE Jews in China</i>	15	16 TWA Activities 10:00 a.m. - Branch Fellowship & Study Group Rabbi Stephen Klein 10:45 a.m. - Branch Religious School Board Meeting 8:15 p.m. - Branch	17 TWA Board Meeting 10:00 a.m. - Branch TMC Board Meeting 8:00 p.m. - Branch	18	19 Services - 5:30 p.m. The Temple Chapel	20 Shabbat Services 9:45 a.m. - Branch TMC AT - HOME DINNERS
21 SERVICES 10:30 a.m. The Temple Branch Rabbi Silver will speak 4th Grade Retreat	22	23 TWA Activities 10:00 a.m. - Branch Fellowship & Study Group Rabbi Stephen Klein 10:45 a.m. - Branch	24	25	26 Services - 5:30 p.m. The Temple Chapel MR. & MRS. CLUB SHABBAT DINNER 6:00 p.m. - Branch	27 Shabbat Services 9:45 a.m. - Branch

One bank night, for bank with Cham - Out of ^{Thursday} January
Corporate banking and financial services, Plans no other business
to do. Before the new organization is ready to begin
of business in the middle of the month of January will be needed at
least to be ready. As the organization is not yet ready
There ^{part} is no business to be done in the middle of the month

my first, the new organization is not yet ready
to begin business -

Even in the middle of the month of January
There is no business to be done in the middle of the month, now
because the new organization is not yet ready to begin business
to be done in the middle of the month

a very large organization is not yet ready to begin business -
My 2 reports on the organization is not yet ready to begin business
city but the organization is not yet ready to begin business

My 2 reports on the organization is not yet ready to begin business
There is no business to be done in the middle of the month
because the new organization is not yet ready to begin business

As the organization is not yet ready to begin business
There is no business to be done in the middle of the month
because the new organization is not yet ready to begin business

The former
~~the~~ 4 ~~are~~ older than represent ~~the~~
subject for
survey as we do ~~not~~ have back and
impression
~~of~~ "Yule full with Tennessee"

Wall has more money from us by the

Price 1-10 25 1965

Julia sent - including from household & others with her 3 or

The city's top hand has been released —

\log_{10} length of the whole worm to

the cause of car accident ~~insurance~~ ~~from~~
related ~~with~~ ~~the~~ ~~car~~

40 ~~was~~ ~~the~~ ~~sample~~ ~~given~~ ~~of~~
 the ~~piece~~ / ~~the~~ ~~right~~ ~~to~~ ~~have~~
 on ~~the~~ ~~range~~ ~~is~~ ~~the~~ ~~new~~
 here - a ~~factory~~ ~~for~~

100 early, midday

24 the new case Sect. not in the section

~ 10 year 30% of the value because of cancelled bonds paid off
and the fact that it needs to be replaced by new bonds

re presentation for approval of Council 2007

The ~~temperature~~ ~~of~~ ~~the~~ ~~air~~ ~~at~~ ~~5000~~ ~~feet~~

The Cub's
Cush. base 4x

\approx City's hourly average temp has been $\frac{1}{2}$ - 1 inch

my own - to send the whole to you as you wish

46 pages in notes types - 600 to 650 words

It had had as long after receiving M. E. as
~~months~~ ^{years} for the

Washburn & Co

2. Conclusions

In honor

I have been thinking of you very much lately
 and wondering how you are getting on.
 I hope you are well and happy.
 I have been very busy lately but
 I will try to write to you more often.
 I am your affectionate friend,
 John Doe

Charles' name is spelled as Charles

and the relation of range of rising costs || the market

of the sea and the atmosphere

cat's population from about a half a dozen (1)

the subject of ~~business~~ ^{business} ~~and~~ ^{and} ~~the~~ ^{the} ~~need~~ ^{need}

Los Angeles 7
 From 10 to 12 days to Los Angeles

presence of open spaces and trap collection 11 The

Incubating period of the embryo from a merged

enclosed letter // is valid and complete -

$\frac{1}{2}$ lb. of salt against 1 lb. water

negotiated an unforced union - where
just price was partially guaranteed by the
unforced fact on the union, supplies 1
Freedom Funds

40% of Chandler Super Market represent
seller union was from Washington
which was used as a test case for
Washington's purpose - to show that
not is enough for Chandler purpose

SNOW PLANS

on April 2nd

Fixed Capital in the area

Fixed Responsibility in

the large city area - NYC had to maintain
a full range of services - keep the unemployed happy - to
not run the by business from the banks - to be
business after to cover the cost of the united business.
and the united business account to be

the united business account to be
the united business account to be

in 1975, NYC was united to be 1975.
the united business account to be
the united business account to be

NYC business from the banks

Considered " " ^{the} ~~strong~~ features - - Considered

didn't into the monetary system but not and matter previously

to some measure for expected some pressure a it under

7 some system - - The program projected some

delays - and the number some transferred to

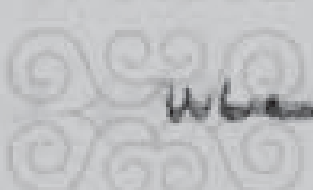
the Department Budget - needed Consider security

100's to itself - One another stand 2 lines

some indicate over 60%

also possible - with very

WRHS



The ^{small} ~~little~~ eye -

would be make sure they records and make sure

But for the moment to city's forced even you added

quite good - There still no need to have two

When have some small enough strong

to capital jobs to full ^{from} ~~operating~~ operating ~~should~~ should

on not want money to ~~conclude~~ conclude ~~the~~ the ~~operation~~

The city simply not have to do.

in 1970. Many full and the other

4 301

In 1979 he began his new farm operation
to the north of the MSP

The 16 between Cocacod & Bada - in carrying:

The ^{free} conduct, now more — than ever
 required must be a total

"I just received a most beautiful letter from 3 weeks - See you tomorrow!"

The first round, my dear friend, I am really sure
did not miss a. Every few hours right?
By, I feel sure I am confident to last.
Now many your left, as given to I count
much, we have no money for present.

"N.I." is multiplied constant as later

" Fresh, at the mouth of the river
in the valley "

Don't let it go, let it go, let it go
 Traveler in the great world of - after
 all the time for the world - W.D.

Could not expect the balance sheet nearly as good - and
ultimately, the paper must be good -

(5)

The calculation accounts out with pretty good
and the whole system is worked out
definitely and intelligibly

and the balance sheet is balanced and

based on simple arithmetic - 1-11

and the only thing is a matter of a few days

to get the account properly given - "balanced sheet"

Now find the balance sheet and the
account to spend for capital expenditure

proportion - 1/1 No debt and profit for day

proportion - 1/1 No debt and profit for day

and the balance sheet is balanced

It did not take long for the very many

managers to be able to see the

balance sheet and the very many

credit was 6-1 placed in it

There were the issues of a new administration -
the day arrives at once - average population value

after little before they had been known - T
presented new results that the
value might be put in a state of the country as
known
day might even reach -

The city came to the city and the city
defunct - - and every local organization was
born in the city to be responsible to the city and the city

in April 29 as a first step toward the city
and the city
and the city

1) the city came to the city and the city
and the city

2) the city came to the city and the city

Library

It is a library and the city and the city

1/27, the city and the city and the city 374

0 the city and the city and the city

and the city and the city and the city
and the city and the city and the city

By ~~study~~, to 27 m. which is a common depth can
be seen 2 m. and 4 '27' water column to change to
140 m.
bottom on ~~bottom~~ - ~~bottom~~ but the
lighter material, found of day is not sent to study and
none ~~which would have been~~ from ~~from~~, so that
the only most not only to ~~the~~ ~~the~~ all ~~at~~ ~~the~~ ~~the~~
from it.

But we covered up the whole thing
and kept it secret from the public
and the press and the people -
the whole thing was kept hidden -

[illegible]

To my appendix to be the same, ~~some~~
more than the 1-10-10 of our very hand considered
which is result of the direct importance just
in effect & 250 note very in effect no in year
there is some no great admission for D.K. - to be
100 year - effect to be recovered now of an admission
having a Temple TANTRUM then a right of a boy at...

but it seems to be such at some time - and the
paper must be with to be more a minute
low to be seen

70 minutes is needed to be needed in mean
150 minutes - imposed 35m and 4m x 30y or more -
The copy needed in mean 35m - according to low;
the relative low barriers must first be seen when
the time = 25m - The copy is to be seen when
now and 4m / 4m .

Not all of 10m in 4m / 4m or more
will be profit - The copy is still needed and
will be needed in mean 35m - and will be
needed in mean 35m - By the
needed in mean 35m - By the
needed in mean 35m - By the

rule of law.

Came and for Owen visited the site
City of Victoria - 16 Nov. There too saw halibut - 3 or 4 ft.
STANDS OPEN ON THE SHORES

When he returns to take his friends &
I don't unnecessarily disturb people. Since you
can't handle money on the street, it would
even be possible to keep the store open

Now also argument is that to help
should be need not to have to have argument
in ~~the~~ the more our a point is made - at
low cost both money, reduced to the - 24
has been a very large - other in the

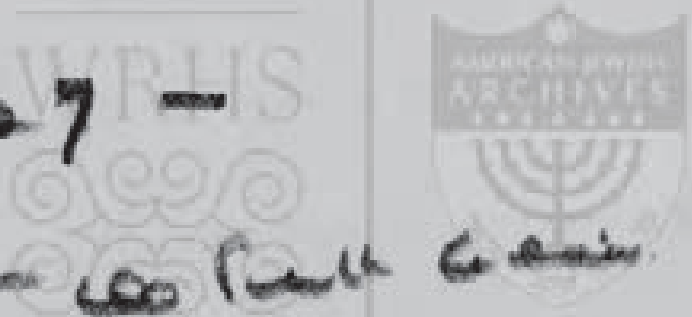
budget

budget
can do more
agreement still - mid 70's
at least 7-10 M/Yr.
note as discussed with
of the debt consolidation
10 million, the plan has been profitable -

we can really - Canada
help me doing more
- But can't see
prepared for subsequent
into - And - look
proliferate -

2 hrs see report - Sunday last night of the TO
municipal council election - which was a
profit for the corporation - at a low price which
went to the city as a subsidy
and U.H. saw director - supported at a cost
of \$100,000 - a subsidy that
substantially covered the cost of the
election.

The two families, which he met with
the intention of, must have been
disposed to have nothing on their side -
and which to make connections with the
city in Feb 27 -



in 1973 - to Paul Green - found on
and - found a letter in the New York
Library - a letter dated Jan 23/74
a letter for the corporation of the city to
WOLF.

Just say by the shadowy person from NY Company -
had not yet categorically refused to release the
person and through there as necessary should be

also required possible activities was, under

which being due to the recent New York
filed in 1975 against Col. - The District Court
in the 331 in the District Court
by Col.

Not a person

Know with WRHS
could - 1. WRHS
of a kind - but the rule was not given
one with a name - while until Feb 6 -
a number Federal Security Procedures before
the NC Registrar of the - effort substituted
most of the city's power.

Butt to come see brought by the City
General Col. and Yalder report committee
and utilize / Obo Ed.
a committee to meet / Sam Power
received but cancelled
/ Rayman
/ Ted Ed
/ generally power & matter

notes - The following procedures were used in
conjunction (copy) requested permission by ABC
to operate DAVIS Base
Nuclear Power Plant -
Heavy

2 line road to Adams report, that would
find that all the companies in CAPCO had engaged
in violation of both procedures against the road
newly added power plants had not meet
that was more (over 10 in 100)

Specifically that COI is a rule 60, created
intentional under COI (requirement of power grid) only
if ROP and rule to COI rule - 2 required
Days to call for ^{start} 1978

That COI procedure found missing & added
the added source to plants, how in which
removed & not - but not to call added
potential source being at time

That COI is 1973 & 1974 - 1978
refused to cancel power provided by
not enough of power - caused it to
be a way to do so.

not allow the eyes - clearance beginning - on level of
some of the ends - to be checked on some other real
series events.

The idea of most series with real character and
1 at the end of the series - 6 1/2 % or less in total;
but not a long time interval - The day long
selection request was made regarding person
Charles to remain present from after 1
point to next series - The idea and the entire
idea was made in the beginning - at the same time as
most series which are typical in series;
by himself and just then the idea to have
it at the same time as made for
that series

I only sent it to him - But
and long -

January 18, 1979

Mr. Phillip Cherry
2303 Bellfield Road
Cleveland, Ohio 44118

Dear Mr. Cherry:

Some bigot is writing under your name and I simply
wanted to inform you of the fact. I am sure you will
want to investigate.

Sincerely,

Daniel Jeremy Silver

DJS:mp

From the desk of—

RABBI DANIEL JEREMY SILVER

include in letter - make

copy



Dear Rabbi Silver,

Given the fact that a disproportionate number of Jews hold prominent positions in Cleveland's city administration and given that Jews defeated Ed Feighan (who emphasized neighborhoods) according to "Bob" Weisman and given the Jewish propensity for flight when a "Black" moves in one might reconsider his slurs against Chelm and the Polish community.

Philip Cherry

January 18, 1979

Mr. William P. Gibbons
McCarthy, Lebit, Crystal, Kleinman &
Gibbons Co.
900 Illuminating Bldg.
Cleveland, Ohio 44113

Dear Mr. Gibbons:

Thank you for your kind note. I am enclosing copies of the two lectures so that you can have the complete text. I appreciate your writing to me.

Sincerely,

Daniel Jeremy Silver

DJS:mp
Encl.

McCarthy, Lebit, Crystal, Kleinman & Gibbons Co. L.P.A.

A PROFESSIONAL CORPORATION

ATTORNEYS AND COUNSELORS AT LAW

900 ILLUMINATING BUILDING

55 PUBLIC SQUARE

CLEVELAND, OHIO 44113

AREA CODE 216 696-1422

DANIEL R. MCCARTHY
EDWARD A. LEBIT
LARRY CRYSTAL
LEONARD L. KLEINMAN
WILLIAM P. GIBBONS
C. TIMOTHY MURPHY, JR.
ELDON R. MYERS
PHILIP C. FURBER
DALE J. LOTNERO
STEWART I. MANDEL
SHELDON M. SAGER

January 17, 1979

IN REPLY REFER TO
FILE _____

Rabbi Abba Hillel Silver
The Temple
University Circle & Silver Park
Cleveland, Ohio 44106

Dear Rabbi Silver:

I have to take a moment to compliment you in having properly identified the groups responsible for the demise of this community.

A community leadership which devotes significant amounts of money to propagandizing the cultural virtues of the city while wholly failing to provide basic human needs such as medical services, safety, and education to a large part of our community justifies the chastising which you have given them.

So long as our political, business, financial, and legal leadership continue to conduct itself in the this manner, I believe that religious leaders, such as yourself, have the obligation to speak out on the community problems. Bishop Hicky and the other Christian leaders should have your courage.

Best regards.

Sincerely,

William P. Gibbons
William P. Gibbons

WPG:kl

January 18, 1979

Mr. Gerald H. Gordon
Sun Newspapers
5510 Cloverleaf Parkway
Cleveland, Ohio 44125

Dear Mr. Gordon:

Thank you for your kind note and the two pieces enclosed. I thought you might be interested in the full text of my lectures on Cleveland. I hope some day our paths will cross. With all good wishes I remain

Sincerely,

Daniel Jeremy Silver

DJS:mp

Encl.



SUN NEWSPAPERS

5510 CLOVERLEAF PARKWAY • CLEVELAND, OHIO 44125
216/524-0830

Sun Press
Sun Messenger
Chagrin Valley Herald Sun
Solon Herald Sun
23811 Chagrin Boulevard
Beachwood, Ohio 44122
444-6700

Lakewood Sun Post
Sun Herald
4707 Great Northern Boulevard
North Olmsted, Ohio 44070
777-3800

News Sun
B Berea Commons
Berea, Ohio 44017
826-4460

Parma Sun Post
West Side Sun News
Sun Courier
Southeast Sun
5510 Cloverleaf Parkway
Cleveland, Ohio 44125
524-0830

Brunswick Sun Times
Strongsville - North Royalton Sun Star
811 Pearl Road
Brunswick, Ohio 44212
225-8110

January 15, 1979

Rabbi Daniel J. Silver
The Temple
University Circle at
Silver Park
Cleveland, Ohio 44106

Dear Rabbi Silver:

I read the Plain Dealer article on your sermon. I wish
I could have heard it.

Enclosed is a copy of a letter that was published in the
January 9, 1977 Sunday Plain Dealer Magazine. Also,
I am enclosing an article I wrote that appeared in all
12 of our Sun Newspapers. I think this might be of some
interest to you as was the article on your sermon interesting
to me.

Very best wishes,

Gerald H. Gordon
Gerald H. Gordon
General Manager

GHG/tg

Enclosures

Vertical growth important

Your "Final Bicentennial Report 2076" (Sunday Plain Dealer Magazine, Dec. 12) was interesting and well written.

As an urbanologist, I would like to make a few comments on the past, present and future of Northeastern Ohio.

In my opinion our problems emanate from: 1. a lack of vertical economic growth; 2. Erieview, the urban renewal project, was put in the wrong physical location. This has caused a 25-50 year setback for revitalizing downtown; 3. the political and economic power brokers over the past 50 years have consciously or unconsciously fragmented the communities within Northeastern Ohio.

Instead of having regional pride and coalescing, it seems we have a high level of antagonism between the individual communities.

In my opinion we should face up to the next 100 years by:

1. Making an all-out effort to bring vertical economic growth to Northeastern Ohio;
2. Switch the major emphasis from Erieview to redeveloping downtown along Euclid and Prospect and W. 3d St. to take advantage of the rapid transit and the existing retail area;
3. Cite the Union Club as being a health hazard to Northeastern Ohio and throw out the old guard.

Gerald H. Gordon
North Olmsted

The 'first' wasn't first

In the article, "Call Us Salespersons . . ." (Sunday Plain Dealer Magazine, Dec. 12) the author says Ms. Charlene Smith was the first female sales representative selling pharmaceuticals in this area. This was four years ago.

I would like to correct your information. I started with USV Pharmaceutical Corp. in 1971 and transferred to Ayerst Pharmaceutical Corp. in 1974. As far as I know, I was the first female sales representative for a pharmaceutical company in the Cleveland area.

Ms. Ellen J. Marasko Barrett
Mentor-on-the-Lake

The criminal's cop-out

In regard to Richard C. Widman's story, "The Chair" (Sunday Plain Dealer Magazine, Dec. 5), I felt the trend toward sympathy for the convict in the article. Conditions may be lousy, but by justice Willie Bell was convicted for taking another's life. Be it one or one thousand, it's one in the same, in my opinion.

The article was all too sad and made me feel queasy seeing the picture of the "Old Thunderbolt." Because I am against the taking of another life, I am also against the barbaric retribution of capital punishment by execution, be it firing squad, hanging or the chair.

Maybe Widman's portrayal of the sad situation was trying to scare future murderers from the same situation. But reading and seeing ("They" say seeing is believing) are not one in the same, and I am doubtful if it would have an effect on a potential murder.

I feel a more solid and logical approach to the crime rate in general would be:

Person indicted for crimes on first offenses should be required by the judge to visit an inmate who has either been indicted for the same or similar offense to hear and maybe see what exactly is in store for the offender, be the crime DWI, theft or any number of criminal offenses.

Of course, this is not a conclusive deterrent from crime, due to the fact that many commit crimes repeatedly for the security of prison. They are beyond help. But seeing the inmate yearning for his freedom may make the offender think twice.

As far as Willie Bell goes, death row is death row; someone convicted of uncomprehensible horror. And he is paying for his crime. There should be no complaints as to conditions stated. Thousands of families all over the world live in conditions quite similar to his, if not worse.

Two wrongs do not make a right. Execution is a cop-out for the criminal. Once he's dead, his suffering has ended. But not his family's, and, least of all, the victim's survivors'.

Gayle Cuccarese
Parma

TV appearances arranged

By Caren Goldman

I think the idea of being on television and being seen by thousands of viewers, including mother, father, Aunt Jane and the neighbor you can stand, appeals to some vain, deep seated emotion in most of us.

I remember my television debut quite well. I, along with 12 other Brownies was part of the participating audience for the Merry Mailman which was broadcast in New York City during the early 1950s. We got to say, "Yea," and on cue, and I left totally disgusted. All of the characters I had adored in my living room were nothing more than hand puppets.

The moral of that experience was that reality strikes a very hard blow and even Brownies are safe from its impact.

I stayed away from similar govt appearances on the tube for many years after, even though when I'd say prayers at night I'd include my lusty desire to be a Mouseketeer and ride into the horizon with either Spotted Marty or do a solo tap dance while playing the accordion to the beat of Chubby O'Brien's drums.

Since God struck the next blow by answering my prayers, I had to wait until I was in college to appear on television again. This time it was the time — nationwide TV — the one and only GE College Bowl.

Ohio Wesleyan University was about to be retired as all-time champion. It was tense and we really sweated. I waited for that last question that would clinch the silver bowl. Alan Lu asked it. We won! OWU was the winner! And I, along with all the members of the studio audience, frantically jumped up and down cheering, waving, and clawing those in the way of the camera as it panned over. I got home and my mother said I was natural. When I told her it made up for past injustices, she didn't understand.

Years passed before my next came at a live television appearance. I was co-director of an art gallery here. A local television host invited us to

EDITOR'S NOTE: In last week's Service Desk we misplaced a telephone number and a dues note in the column that ran with the story about control groups. The chart should read Overeaters Anonymous, 961-1111. Contributions accepted.

January 18, 1979

Rev. A. Houston Bowers
Euclid Avenue Christian Church
Mayfield Road at Yellowstone
Cleveland, Ohio 44121

Dear Rev. Bowers:

Thank you for your kind note. I am enclosing a copy of the two lectures I gave on Cleveland for your information. With all good wishes I remain

Sincerely,

Daniel Jeremy Silver

DJS:mp

Encl.



MAYFIELD ROAD AT YELLOWSTONE
CLEVELAND HEIGHTS, OHIO 44121

Euclid Avenue Christian Church

Founded 1843

A. Houston Bowers
Pastor

Herbert L. Linsky
Associate Pastor

Joy E. Lawrence
Organist-Director of Music

1/16

Rabbi Silver -

Hats-off to you for the
sermon which inspired
the article in the Sunday P.R.
Your remarks are "on target"
for me!

Haakon Bauman

January 18, 1979

Mrs. Sima Greenstein
3609 Pennington Road
Cleveland, Ohio 44120

Dear Mrs. Greenstein:

Thank you for your kind note. It was deeply appreciated.



Sincerely,

Daniel Jeremy Silver

DJS:mp

Jan 11th/79

Bravo! I am delighted
with your article Rabbi Silver.
It is just what Cleveland needed.

Sincerely,
Sime Greenstein

3609 Pennington Rd,
Shaker Hts, Ohio 44120.



From the desk of:

RABBI STEPHEN A. KLEIN

Jan. 13, '79

Dear Rabbi Silver,

Attached is a receipt for my tuition for the Spring 79 term, in pursuit of my Master's of Human Services at John Carroll University.



Slone

ck 1015
1/18/79

January 22, 1979

Mrs. Rosalind B. Hall
2330 Euclid Hts. Blvd., #208
Cleveland, Ohio 44106

Dear Mrs. Hall:

Thank you for your kind note. I had read the Saturday
Review piece by Hechinger. He is an old friend.
Many thanks.



Sincerely,

Daniel Jeremy Silver

DJS:mp

2330 Leduc Hl. Blvd #208

Cleveland Heights O. 44106

January 16, 1978

Ruthi Atta Hillel Silver

13800 Fairhill Rd.

Cleveland, Ohio

Dear Ruthi Silver:

Congratulations on your masterful and keen analysis of Cleveland's predicament. It was particularly notable for its lack of name-calling and its emphasis on the process of what needs to be done.

Not second to the city's financial straits is the terrible condition of the public schools. I would like to refer you to an indictment of large city schools in the Jan. 20th Saturday Review "Schoolyard Blues: The Decline of Public Education."

Sincerely yours,

Rosalind B. Hall (Mrs.)

January 22, 1979

Mrs. Daniel Panek
6517 Osmond Ct.
Cleveland, Ohio 44105

Dear Mrs. Panek:

Thank you for your kind note. The whole purpose of the lecture is, as you indicate, to raise up a debate. Our city prefers to deal with things anonymously and without anyone putting themselves on the line. Some day that will change, but I expect things will first have to get much worse. In any case, many thanks.

Sincerely,

Daniel Jeremy Silver

DJS:mp

65170 smond ct.
Cleveland, Ohio
44105

Jan - 18 - 1979

Dear Rabbi Daniel Silver,

Your diagnosis of Cleveland's cancer is true. It took wisdom + courage on your part, Rabbi, to permit its publishing. But, I am shocked that to this day no statements have been issued by any group, business, political or others. I made some calls to inquire if statements would be forthcoming. + nothing! Sunday. I expected static to hit the fan, pro or con. Nothing! & here are the prolific "letters to the editor" contributors? It's a hopeless situation. We can't pray away our problems. First, we had better examine

our conscience & look into our hearts.

God Bless you & Thank
you & keep you & yours
in His care.

Sincerely yours,
Mrs. Daniel Panch

P.S. I do believe, Dr. White
the brain surgeon is the
perfect choice for the first
prayer meeting. Bless You.

From the desk of—

RABBI DANIEL JEREMY SILVER

~~RECEIVED~~

Abe ZAKEN

Pol

AKHON BENSON JUNIOR

44 EAST EXCHANGE

44328



sent
1/22/79

26

9 C 1 49,



City of Cleveland

DENNIS J. KUCINICH, MAYOR

DEPARTMENT OF LAW
JACK M. SCHULMAN
DIRECTOR

January 12, 1979

ROOM 106 • CITY HALL
CLEVELAND, OHIO 44114
(216) 664-2800

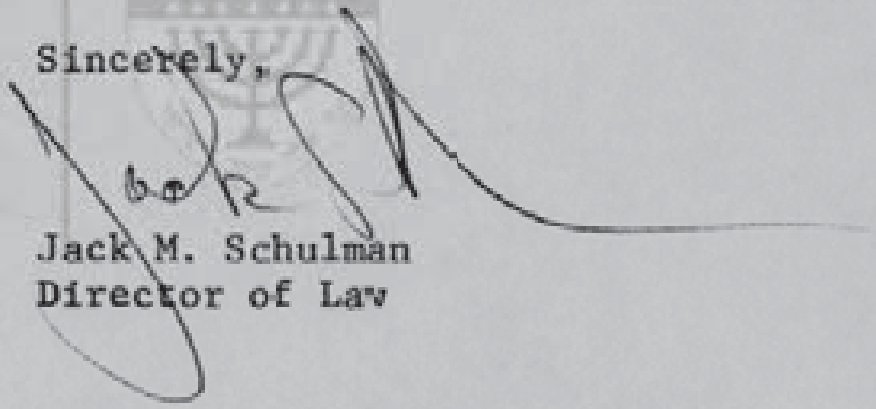
Rabbi Daniel Jeremy Silver
The Temple
University Circle at Silver Park
Cleveland, Ohio 44106

Dear Rabbi Silver:

Try as I may, I can find nothing in your sermon with which I do not agree. I am very gratified by your objectivity.

If there is any way in which I can be helpful to you in the future, please do not hesitate to ask.

Sincerely,


Jack M. Schulman
Director of Law

JMS:bb

January 24, 1979

Mrs. David Bernstein
2791 Chesterton Road
Cleveland, Ohio 44122

Dear Boots:

Thank you for your kind note. I am glad you found my
words appropriate.



Sincerely,

Daniel Jeremy Silver

DJS:mp

January 23, 1979

Mrs. David Bernstein
2791 Chesterton Road
Shaker Heights, Ohio 44122

Dear Dan,

Congratulations on your
statements about Cleveland
and its problems. (My Dad
would have loved that
reference to Chelms!)
We need leaders like
you -- It gives us hope
for our city!

Sincerely,
Boots and David
Bernstein

January 22, 1979

Mr. I. Oscar Weissman
12700 Lake Avenue
Cleveland, Ohio 44107

Dear Dr. Weissman:

I am pleased to enclose, as per your request, copies
of my two lectures on Cleveland. I hope you will find
them of interest.



Sincerely,

Daniel Jeremy Silver

DJS:mp
Encl.

I. Oscar Weissman, M.D.
12700 Lake Avenue
Lakewood, Ohio 44107

1/20/79

Dear Rabbi Ailon,

On the repeat today of your t.v.
Program with Herb Kamm, he mentioned
two memoranda you have written on the
situation in Cleveland.

If they are available, I would
very much appreciate copies.

Your comments were most
appropriate and forthright.

Very sincerely
I. Oscar Weissman

January 23, 1979

Mr. Lewis C. Williams
Smith, Barney, Harris, Upham
Bond Court #1512
1300 E. 9th St.
Cleveland, Ohio 44114

Dear Lew:

One good article deserves another. I am enclosing two lectures I gave recently at The Temple on our city.

Incidentally, I find the Smith, Barney challenge for a more centralized power in the mayor to be a compelling idea.

Sincerely,

Daniel Jeremy Silver

DJS:mp
Encl.

From the desk of

LEWIS C. WILLIAMS

HERE IS AN INDEPENDENT UNEMOTIONAL
LOOK AT THE CLEVELAND PROBLEM.
IT'S A REMINDER OF RECENT ATTEMPTS
TO REDUCE THE SIZE OF COUNCIL
AND ESTABLISH A FOUR YEAR MAYOR'S
TERM.



Smith Barney, Harris Upham & Co.
Incorporated

Release date: January 16, 1979

WHAT'S REALLY WRONG IN CLEVELAND?

Sylvan G. Feldstein
(212) 399-6512

SPECIAL NOTE:

*In our General Obligation Reviews, the SBHU Fixed-Income Research Department has generally recognized the role that governmental structures play influencing municipal debt policies. In our opinion the ongoing financial crisis in Cleveland provides an excellent opportunity for analyzing a municipal bond credit from this perspective. This essay supplements our earlier General Obligation Review on Cleveland, in which we suspended our credit rankings on the city's bonds.**

INTRODUCTION:

While New York City, Detroit, Boston, and Cleveland all have similar crisis-prone financial problems only in Cleveland was the municipal government paralyzed and unable to avoid defaulting on December 15th on a relatively small \$15.5 million note loan. (New York City's "default" in December, 1975 was on \$2.419 billion in notes.) Other than Cleveland no other major city in recent memory has presented the public with such macabre scenes as the elected president of the school board being arrested for improper conduct, the local electric utility sending U.S. marshals to attach city assets so as to assure payment of its bills, and part-time city councilmen defiantly boycotting council meetings called by the mayor to deal with urgent city business. While much attention has been paid to the combative personalities of the mayor and city council president, as well as the day-to-day verbal posturings of the various political actors at city hall, and in the organized labor and business establishments, Cleveland defaulted on its notes primarily for one reason. Its mayor lacked the institutional resources to be an effective chief executive who could manage political conflict.

*Previous General Obligation Secondary Market Review: Vol. 1, No. 5 dated 8/9/78.

This study is not a complete analysis of every material fact respecting any company, industry or security. Opinions expressed are subject to change without notice. Statements of fact have been obtained from sources considered reliable but no representation is made as to their completeness or accuracy. This Firm or persons associated with it may at any time be long or short any securities mentioned in the study and may from time to time sell or buy such securities. This Firm or one of its affiliates may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any company mentioned in the study.

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RESTRICTIVE POWERS:

Because of restrictive Ohio State laws and the city's own 1913 charter, in actual practice policy making in Cleveland city government resembles government by mob caucus. At times the mayor is nothing more than a figurehead of power and executive leadership. In fact, the members of the city's school board have terms of office twice as long as that of the mayor's. Cleveland's mayor lacks the traditional big-city "carrots and sticks" of unlimited four year terms of office, extensive appointment and removal powers in the bureaucracies, and strong taxation and budget powers; all of which are used by effective mayors to reward friends and intimidate enemies. Since at least 1970 Cleveland has had operating budget deficits; caused by a declining population, stagnant economic resources, and the inability of city hall to bring the budget in line with its limited revenue resources. Unlike nearby Detroit and Pittsburgh (which have had even more serious economic and budgetary problems) Cleveland took the easiest political course of action by paying-off last year's budget deficit with this year's borrowed monies. As a consequence, Cleveland in 1978 budgeted \$28.9MM for paying interest and principal on its bonds, and also was required to retire \$40.00MM in notes. With a General Fund budget of \$147.0MM in 1978, and without a new bond sale, voluntary roll-over agreements by the noteholders, or default, Cleveland would have had to use 27% of its General Fund revenues for the retirement of its notes.

While Cleveland's current mayor (Dennis Kucinich) was elected in a citywide election in November, 1977 with 93,172 votes, he has been frustrated in many of his policies by a largely part-time city council in which the average councilman was elected by about 2,500 votes. The council president, when in 1975 he last had a contest in his ward, was elected to public office with only 3,665 votes. In strong mayoral cities such as New York, Detroit, Chicago, and Boston recalcitrance en masse by similar part-time politicians is unheard of. In Cleveland, because of the weakness of the mayor's office, it is an acceptable norm.

TWO YEAR TERM OF OFFICE:

A major weakness of Cleveland's mayor is that each term of office is for only two years. This hardly provides the incumbent with sufficient time to establish his own policies and to develop a citywide constituency before he must focus on re-election strategies. The shortness of his term serves as an open invitation for political opposition as his potential rivals can count on the mayor constantly having to divert his energy and resources to re-election concerns, while they can hope that they will not have to face punishment by the incumbent if he loses the election. Additionally, unlike other large cities, Cleveland has a unique recall mechanism which allows his opponents to force him to undergo the pressures of electoral approval even during his two year term. The current mayor survived one such recall vote in August, 1978 by a slim margin of a little over 300 votes.

LIMITED APPOINTMENT AND REMOVAL POWERS:

Another limitation of the mayor's power is that he has no control over many of the city's essential services or over who provides them to Cleveland's residents. The school system is entirely independent of city hall with its own governing body of seven members who are

elected every four years. Mass transit, sewage operations, port development, and welfare are all either county or special district functions. While the city finances the costs of its municipal court system, the mayor has no judicial appointment powers, and court administration is entirely in the hands of an elected clerk. Also, even in the ten city departments that are nominally under the mayor's control (such as police and fire), he faces well-entrenched bureaucracies supported by twenty-four public employee unions, and a civil service commission that restricts his managerial powers as well.

LIMITED TAXING POWERS:

Because of restrictive state laws the mayor must seek electoral approvals for increased property and personal income taxes that are above state allowed levels. These requirements no doubt greatly weaken the mayor's ability to deal quickly and effectively with budgetary problems as they occur. In order to balance the city's 1979 budget the city electorate will vote this February 27th to increase the personal income tax from 1% to 1 1/2% of income. The mayor's powers are further weakened by his having to obtain city council approval before a tax resolution even can be placed on the ballot. The February vote authorization was only approved by the city council after much rancorous politicking and bickering with the mayor. As a contrast, in New York City stringent opposition en masse to the mayor's revenue programs by local legislators would be discouraged by that mayor's ability to punish his enemies through his extensive appointment powers and his control of city programs and services. While as a result of the recent Jarvis-Gann initiative in California many communities are embracing the belief that more curbs on local taxing powers are desirable, Cleveland shows the potential negative results of such restrictions. Only in the crisis environment that exists in Cleveland today is it generally agreed that increased taxes are necessary. It is far from certain, however, that even with coaxing by politicians and the mass media the electorate will approve the tax increase on February 27th. It is because of these tax restrictions that at times government in Cleveland (as well as in other areas of Ohio) most nearly resembles policy making by mob caucus.

FEDERAL AND STATE SUPPORT?

Still another weakness of Cleveland which further compounds the basic institutional weaknesses of the mayor is that the city, as the result of its declining population, is losing its political influence as well. The population declined from 914,808 residents in 1950 to an estimated 638,793 in 1975. Currently, out of a twenty-three member Ohio Congressional delegation, only two members have predominately Cleveland-based constituencies; whereas, the Congressional delegation from New York City totals eighteen members. Possibly, this difference was an important factor in Washington's refusal to help Cleveland avoid its note default in December though it was stated by a Treasury Department spokesman at the time that unlike New York City's budgetary problems, Cleveland's were "local" in nature.

On the state level the situation is much the same for Cleveland. Out of ninety-nine state assemblymen and thirty-three state senators only six assemblymen and two senators are predominately from the city. With a new population census coming up in 1980, and with the legal mandate of "one man-one vote" in legislative redistricting, Cleveland's representation on the federal and state levels can be expected to be reduced even further.

WHERE DO WE GO FROM HERE?

What does all of this mean for Cleveland? Will the politics of the eighties in Cleveland be comparable to those of the seventies? If the city's 1913 charter is not rewritten to strengthen the institutional powers of the mayor by reducing the number of other elected public offices (and thereby reducing potential rivals to the mayor), by increasing the mayor's term of office to four years without a political recall mechanism, and by extending his appointment and removal powers to include more of the city's bureaucracies, it is doubtful that Cleveland will ever really be able to manage its political conflicts in a reasonable manner. This is particularly so if the city has to cope with continued economic and revenue problems (which we expect). Other governing bodies contemplating weakening the institutional powers of their own chief executives, such as Cleveland already has done, may well look to this city to see what they can expect. Cleveland's ongoing political saga may be a lesson well worth pondering.

Data Sources:

1. Selected back issues of the Cleveland Plain Dealer.
2. Phone interviews with the City's Acting Budget Administrator (1/2/79; and 1/8/79).
3. Phone interviews with the Executive Director of the Ohio Municipal League (12/29/78; and 1/3/79).
4. Preliminary Official Statement (Proof #5) for \$25.165MM City of Cleveland Limited Tax Bond Anticipation Note Sale of July, 1978 (Dtd.: 6/21/78).

January 23, 1979

Mr. Harold F. Levinson
537 Overwood Road
Akron, Ohio 44313

Dear Mr. Levinson:

I appreciate your kind note and the general agreement with my position. My purpose was not to go into the economics of tier pricing. It was simply to indicate how a citizen of Cleveland on Social Security would view tax abatement. I think this position will become clearer if you read the two lectures which I enclose. They were given to my congregation over the last couple of months.

In brief, I believe in terms of the region any of these proposals are desirable, but . . .

Sincerely,

Daniel Jeremy Silver

DJS:mp
Encl.

Harold F. Levinson
537 Overwood Rd.
Akron, Oh. 44313
1 21 79

Rabbi Daniel J. Silver
The Temple
Cleveland, Oh.

Dear Rabbi:

I heard this evening your dialogue [redacted] on Public TV and felt it was a constructive and stimulating development of Cleveland's problems, which as you note is similar to much of the Eastern corridors problems in urban decay. I agree with you a master plan or metropolitan plan is needed to pull the inner city out of its dilemma. I agree with you on all moral issues.

There is one point, perhaps minor, with I disagree with you and want to note to you, as it is an economic issue, my field, although that is not why I am writing. That is the question of tier pricing or different level pricing, in the instant you used it, although you might not identify it with this terminology. A brief explanation.

You state private (and perhaps selfish) interests want to built in Cleveland but want as an incentive lower taxation rates. You went on to say this is immoral because it then puts greater burden or load on the rest of the citizens of Cleveland who are basically poor and ill able to stand this shift of burden from the rich to them, the poor.

This is basically, I think poor economic theory, at least in an unrefined sense. This is similar to a poor person saying: "why should I pay 15¢ for mailing a letter when a corporation, using franking privileges, and second class privileges, zip coding procedures, etc. being able to mail correspondence for 9¢" Similarly we might and often hear the same complaint in freight tariffs with a shipper stating "Why should I pay \$300 a ton to ship my product when shipper X is shipping his product for \$100 a ton.

The above are examples of tier pricing (often by other terms depending upon who wrote the text) but they all illustrate the same principle: In both the above cases the complaining party is better off, not worse off with the second shipper getting the lower rate. In the post office the second class or large shipper mail would disappear if rates were raised,

Harold F. Levinson
537 Overwood Rd.
Akron, Oh. 44313

Page Two
Rabbi Silver:

or at any rate would tend to diminish in volume. But at the same time the expenses of the post office would not decrease. Thus the post office would, if they cut second class mail, have diminished income but virtually the same expenses. Result First class mail costs would rise from 15¢ to 16¢. This is what actually is happening to some aspects of their traffic, losing out to Bell System, TV, newspaper supplements etc.

We have the same issue in freight traffic. If the \$100 a ton tariff is raised in certain items to aid the \$300 a ton shipper we find the \$100 shipper will stop shipping or reduce shipping with the freight line having almost the same overhead, especially in highly fixed costs operations like river transportation or RR transportation (not air or motor freight which are more variable cost operations). Thus we find historically (often) the \$300 a ton shipper is being helped by the \$100 a ton shipper, assuming the cost is fixed and the stuff would not move if the price is raised. This is true in much low priced commodities.

Let us come to Cleveland with a project. The projects like the World Hdqtrs for the Standard Oil Project should get, I would argue, tax abatement if in return they would build a viable project. In the first place such a project would not be expensive or suck up large amounts of city funds. Projects like these do not require large tax dollars in respect to police and fire protection. They do not require an army of social workers, health clinics, arson squads,; on the whole they are self policed and maintained and are more or less completely viable. I believe this is true historically speaking. Tax dollars are drained and heavily used in large urban areas in taking care of citizens and should not be confused, as I think you have done, in taking care of large construction projects which historically have caused very little costs to the city. I refer to such projects as the Merchandise Mart in Chicago or the Radio City Complex in N.Y. Also in direct contrast to Urban citizens who drain tax dollars in heavy police and fire and health costs these projects give vast amounts of tax dollars to the

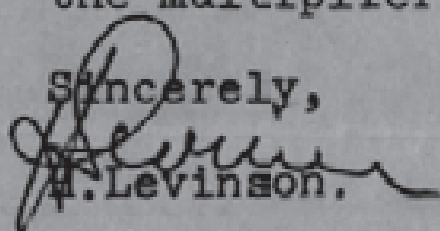
Harold F. Levinson
537 Overwood Rd.
Akron, Oh. 44313

Page three
Rabbi Silver:

immediate community in what is called the multiplier effect. That is, they are a positive factor rather than a negative factor such as urban citizens (in an economic sense-not human) For instance. Mr. X an accountant in the building buys a suit downtown, the salesman who sells clothing buys lunch downtown, and the barber who cuts the chef's hair buys something else. Most theorists place the multiplier effect as about 1C/1 That is, for every dollar of payroll \$10 in immediate sales result in the cycle within a short time. Remember all these sales pay taxes to the city both in the citizens tax return and in other taxes such as sales tax, amusement tax etc. This is a vastly different calculus than the economic picture in the urban group who basically absorb tax dollars and generate very little.

Therefore, as you might infer I reject as bad economics your theory that giving the large Real Estate Project a tax shelter hurts the poor. I submit it does nothing to hurt the poor but like most two tier pricing it tends to subsidize them. I think our embattled Kucinich in raising taxes to the poor may be finally getting the point. The extra money the Standard Oil project might have poured into Cleveland's economy might have averted the need to further hurt the poor. Ironically even raising taxes will not solve the problem as the tax base shrinks without the multiplier effect of business base.

Sincerely,


H. Levinson.

January 22, 1979

Mrs. Hyatt Reitman
18501 Shaker Blvd.
Cleveland, Ohio 44122

Dear Clemmy:

Thank you for your kind note. I am delighted you were able to watch the Kamm interview and found it effective. See you soon.



Sincerely,

Daniel Jeremy Silver

DJS:mp

MRS. HYATT REITMAN
18501 SHAKER BOULEVARD
CLEVELAND, OHIO 44122

Jan. 20, 1979

Dear Rabbi Dan,

Hi and I saw your
interview with Herb Kamm
and thought it was excellent.

Your ideas expressed very
clearly the core of the
problem. Something for
everybody to think about.
Best wishes to you

and Adelle in which
It joins me.

Fondly,

Clemmy





January 22, 1979

Mrs. Harold Thorman
13710 Shaker Blvd.
Cleveland, Ohio 44120

Dear Sophie:

Thank you for the kind note. I am glad that you were able to watch the program and that you found it of interest.



Sincerely,

Daniel Jeremy Silver

DJS:mp



MRS. HAROLD THORMAN
13710 SHAKER BLVD.
CLEVELAND, OHIO 44120

Dear Rabbi Dan: I just want you
to know what a thrill I get out
of hearing you are Kamm Carvers
not that I don't otherwise -
you are positively marvelous

I only hope everyone had the
chance to Test you -
you were and are great. Keep
it up - We need you -

Best of everything

Soph T —

January 22, 1979

Mrs. d'Alte Welch
2298 Coventry Road
Cleveland, Ohio 44118

Dear Ann:

Thank you for your kind note. I am glad that you were able to watch the program and I appreciate the sentiments of your letter. With all good wishes I remain

Sincerely,

Daniel Jeremy Silver

DJS:mp

Mrs. d'Alte Welch

2298 Coventry Road
Cleveland Heights, Ohio 44118

Jan. 18, 1979

Dear Ralfi Silver:

Tonight I just happened to see and hear you on "Kamm's Corner," TV-25. What an exciting accident!

I have long been an admirer of yours, although from a respectful distance. Tonight, as so many times, you were right on target. The unavoidable thought ~~are~~ we suburbanites view with concern, and considerable embarrassment, the plight of the City of Cleveland is that a way must be found to initiate a regional-type government.

The thinking you expressed tonight was clearly the result of deep concern and knowledge. The one point which you did not make, probably for reasons of tact and diplomacy,

is how limited the city is in its quality of leadership. It needs to be able to tap the reservoir of talent which resides in the sixty-one surrounding municipalities. Why should "experts" have to come in from Columbus to solve our local problems of which they have little knowledge?

I know that we suburbanites are reluctant to give up our more responsive local governments. If, however, we could keep them and at the same time become part of a county-wide government, we just might approve it at the ballot box. Is it not possible that a group of persons knowledgeable in such matters could delineate what powers need to be given over to a regional government and which ones could remain with local autonomies? I realize that such a task is fraught

Mrs. d'Alté Welch
2298 Coventry Road
Cleveland Heights, Ohio 44118

with problems, nor would the result
nor remain static, but isn't it
possible? Or am I just being naïve?

I do think that Greater
Clevelanders are at this time
concerned and thoughtful enough to
be willing to consider taking some
forward steps.

Thank you for your leadership
as expressed tonight.

Sincerely yours,

Ann G. Welch.

Vladimir Berzonsky
963 John Glenn Dr.
Seven Hills, O. 44131
Jan. 21, 1979

Dear Dan,

Thank you for the enlightening and, indeed, entertaining sermons on Cleveland. Our family read them at the dinner table and enjoyed them immensely. Can you visualize ~~what~~ a cartoonist could do with our mayor at the "Chelm?" Beneath the comedic aspects, however, I am grateful for having learned something of the intricacies of transferring electric power from one major source to another.

May the Lord bless your day. Hopefully we shall be together next Monday.

Appreciatively,

Vlad

January 24, 1979

Mr. Irvin A. Leonard
1700 Union Commerce Building
Cleveland, Ohio 44115

Dear Irvin:

Thank you for sending the Growth Association material. I always appreciate such assistance. In this case Lathe and some of his staff had been out to see me on Monday and when they made the appointment I asked them for these facts. They are full of assumptions, but interesting.

As always,

Daniel Jeremy Silver

DJS:mp

IRVIN A. LEONARD

1700 UNION COMMERCE BUILDING

CLEVELAND, OHIO 44115

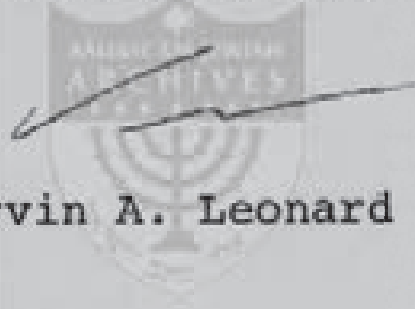
January 23, 1979

Rabbi Daniel J. Silver
The Temple
26000 Shaker Boulevard
Beachwood, Ohio 44122

Dear Dan:

In case you did not receive a copy, I enclose the
Growth Association's analysis of Cleveland's current financial
position.

With best wishes,



Irvin A. Leonard

January 26, 1979

Mr. Louis N. Gross
The L. N. Gross Company
701 Beta Drive
Mayfield Village, Ohio 44143

Dear Luke:

Thank you for the figures from the Growth Association. I had already seen them. I must say they include a number of assumptions which are not always to the benefit of the City. The outstanding debt of Muny Light is reduced by the amount owed to the City which makes it seem as if the CEI sale brings in some millions of dollars which, in fact, will not be available nor is there any discussion of possible annual profit of Muny operations.

I know that you are one of the prayer breakfast speakers. I am glad prayer is again playing such a central role in your life. See you at tennis.

Sincerely,

Daniel Jeremy Silver

DJS:mp

The
L.N. Gross Company



Makers of Bradley Knitwear
General Offices: 701 Beta Drive • (216) 461-1130
Mayfield Village, Ohio 44143

New York Office
1359 Broadway
N.Y., N.Y. 10018
(212) 736-3150

January 24, 1979

Dear Dan,

Just on the chance you aren't
on this Growth Association mailing list,
I'm sending you the enclosed Analysis.

I think it gives general information
the whole financial situation, and specifically,
it points out to what extent the sale
of Murray Light could help relieve those
problems.

Best regards—

Luke

**Greater
Cleveland
Growth
Association**

690 Union Commerce Building, Cleveland, Ohio 44115 Telephone 216/621-3300 TLX 980356

January 16, 1979

TO: All Members of the Greater Cleveland Growth Association

FROM: John H. Lathe, Jr., President

SUBJECT: Growth Association Staff Analysis on Current Cleveland
Financial Position

Recently, you have read or heard many conflicting reports describing Cleveland's financial condition. The Growth Association's Governmental Affairs Division has been very concerned about the substantial amount of erroneous information that has been disseminated and asked our staff to study the situation carefully and develop a report.

The staff of the Growth Association, working in concert with multiple experts in the Cleveland financial community, has developed this comprehensive report which provides as accurate a description as possible of the current financial crisis.

We are sending you this information because we believe it should be available to our entire membership. It is vitally important in evaluating the scope of the total financial problem facing the City at this time.

John

SUMMARY OF GROWTH ASSOCIATION STAFF ANALYSIS OF CURRENT CLEVELAND FINANCIAL POSITION

This summarizes an analysis of Cleveland's current fiscal crisis which is attached. You will see that based, on a recent Ernst & Ernst study and the public statements of Mayor Kucinich, Cleveland will be compelled, before the end of 1979, to meet the following matured debts.

1979 operating deficit (after giving effect to job and purchase eliminations totalling \$18,955,000)	\$26,288,000
Short term debt, including \$15,000,000 notes defaulted December 15, 1978	\$40,000,000
Misspent bond funds, not restored	<u>\$23,948,000</u> *
Total	<u>\$90,236,000</u>

* \$40,000,000 identified by Mayor on December 12, 1978 less \$15,052,000 which would be restored by capital expenditures included in 1979 operations projected by Ernst & Ernst report of December 13, 1978.

Assuming the ability of the City to rollover \$25,000,000 of short term debt, held by it, the portions of the foregoing debt which require cash payment in 1979 are the forecasted operating deficit, the defaulted short term notes and restoration of the balance of the misspent bonds which aggregate:

\$65,236,000

The two sources for the payment of these debts which will be submitted, to the voters on February 27, 1978, are: .50% increase in the City income tax and the sale of the Municipal Light System. If approved, and if Muny Light sale can be accomplished with a minimum downpayment of \$40,000,000, these sources will produce the following amounts:

Nine months additional income collections at .50%	\$24,600,000
Net cash received by City from \$40,000,000 downpayment for Muny Light after deduction of: (a) \$6,500,000 publicly held Muny Light Revenue Bonds; (b) \$6,000,000 to repay estimated advances from City's Sinking Fund to cover Muny Light operating deficits; and (c) \$3,000,000 to cover amounts owed by Muny Light to outside creditors (as distinguished from bookkeeping debts owed to miscellaneous City accounts)	<u>\$24,500,000</u> **
	<u>\$49,100,000</u>

** Existing claims of CEI, which after payment of Federal Judgment total about \$6,000,000, will be paid over a period of 30 years at annually reviewable rates of interest not exceeding 8% per annum. Sale to CEI would produce estimated annual increase in tax receipts: (a) \$500,000 to City of Cleveland; (b) \$2,000,000 to Cleveland School District; (c) \$400,000 to County and other Municipal Subdivisions; and additional payments of purchase price money will be \$4,000,000 per annum for approximately 30 years.

It is apparent that both the increase in the income tax and the sale of Muny Light are essential and that even if both are available in 1979 other new funding must be found to place City on sound financial basis. Also, the Ernst & Ernst report shows that the City will be completely out of operating funds by about March 1, 1979 with an operating deficit projected by the end of March of \$11,111,000. No funds sufficient to meet this problem are likely to become available unless both the tax increase and Muny Light sale occur.

GROWTH ASSOCIATION STAFF ANALYSIS OF CURRENT CLEVELAND
FINANCIAL POSITION.

In this period of Cleveland's financial crisis it is important that, to the extent that the facts can be identified, all of us should understand the nature and character of the City's financial problems and the adequacy or inadequacy of the solutions advanced by Cleveland's City government. In his television speech on Channel 3, on December 12, Mayor Kucinich confirmed that both the accounting firm of Price Waterhouse and the State Auditor had determined "that the City's books and financial records were in such bad shape that they weren't auditable". We are, therefore, forced to other sources of information.

We do know that the City owes at least \$80,000,000 in short and long term debt which is already due and payable or will become so in 1979. \$40,000,000 is an improper diversion from the City's bond funds, which must be repaid and \$40,000,000 is in short term notes, \$15,000,000 of which has been in default since December 15, 1978. We also know that the City has no present sources of funds for the payment of this \$80,000,000. These facts were disclosed in Mayor Kucinich's television speech on December 12th.

In that speech the Mayor said "The total funds missing from our bond accounts is \$40 million as of the end of November" and that "we must replace \$40 million of misspent bond proceeds". Mayor Kucinich explained, in his speech that this \$40,000,000 shortage had been created because the City had diverted money obtained for capital improvements, for which bonds had been sold, to pay operating expenses for the payment of which current receipts were insufficient.

The Mayor also identified the \$40,000,000 of short term notes. He stated the need to "redeem all the City's outstanding short term debt" which he stated "aggregated \$40 million dollars". This short term debt consists of the \$15,000,000 in notes on which the City defaulted payment on December 15, 1978, described by Mayor Kucinich in his December 12th speech as "owed to Cleveland banks for money

borrowed several years ago for various capital improvement purposes" and approximately \$25,000,000 in similar notes which mature in 1979 and are held by the City of Cleveland in anticipation of the sale of capital improvement bonds.

The \$80,000,000 deficit outlined above is applicable only to funds originally obtained to finance capital improvements. Even more important to the present financial health of the City is the condition of its operating funds.

These operating funds have never been fully and publicly dealt with by the Mayor or other administration spokesmen. Explanation of the condition of the operating funds can best be found in a report, dated December 13, 1978, furnished by the accounting firm of Ernst & Ernst to the City's Director of Finance, Joseph Tegreene. The Ernst & Ernst report was prepared for the information of the City and local banks who hold most of the \$15,000,000 of notes on which the City defaulted on December 15th. With Mr. Tegreene's consent, a copy of the report has been furnished to the Growth Association.

The Ernst & Ernst report discloses the 1979 Projected Receipts and Disbursements for the City's Unsegregated Treasury Account. This Account includes all City operations with the exception of the following Segregated Accounts: the Airport, Muny Light, the Department of Public Utilities - Division of Water and Heat; the Sinking Fund; and federal funds included in Community Block Grants and CETA Grants.

Because the Ernst & Ernst report is the only available analysis of the projected financial results of the City's 1979 operations, we have used this report as a basis for preparing a summary projecting cash receipts and disbursements in and from the City's Unsegregated Treasury Account in 1979. A copy of that summary is attached for your information.

When operations for the entire year 1979 are considered, the summary shows that, if present operations continue, the cash coming into the Account will fall short of meeting operating expenses by \$45,343,000. This deficit may be reduced to \$26,288,000 only if the assumptions, on which the Ernst & Ernst report is based, are actually fulfilled by the City.

The Ernst & Ernst report assumes that in 1979, the City will reduce its level of expenditures from the Account by \$18,955,000. These reductions as proposed by the Kucinich administration to Ernst & Ernst in the forepart of December, 1978 consist of:

Elimination of capital improvements authorized by Council but not under contract	\$ 4,800,000
Elimination of 260 jobs by attrition	3,900,000
Lay-off on February 1, 1979 of 400 employees	7,380,000
Lay-off on April 1, 1979 of Street Dept. employees	1,700,000
Elimination of material (asphalt, etc.) purchases and budget cuts in Street Dept.	<u>1,135,000</u>
Total Operating Eliminations	<u>\$18,955,000</u>

It is clear that reduction of the 1979 operating deficit from \$45,353,000 to \$26,288,000 will rest entirely on Mayor Kucinich's willingness and ability actually to accomplish such major reductions in City services.

In summary, the City of Cleveland will face a total of matured or maturing obligations in 1979 of:

Restoration of Misspent Bond Funds not provided in 1979 disbursements	\$ 23,948,000 *
Short term notes including Bank loans defaulted on 12/15/78	\$ 40,000,000
Operating deficit Unsegregated Treasury Account	<u>\$ 26,288,000</u>
	\$ 90,236,000

* This figure is the balance of the \$40,000,000 of misspent bond funds reduced by \$16,052,000 which is the dollar value of capital expenditures included in the 1979 disbursements projected to be made by the Ernst & Ernst report, after taking into account the Mayor's projected reductions of \$18,955,000 in the current level of City disbursements. Since these expenditures were originally intended to be financed from the misspent bond funds, if they are actually made and paid for in 1979, without further diversion from remaining bond funds, their payment would amount to a pro-tanto replacement of the misspent bond funds.

If the Mayor's proposals to eliminate jobs and other disbursements are not carried out, there must be added the amount of such eliminations, \$18,955,000 less the amount of capital improvements, \$4,800,000, included therein because the amount of such capital improvements, if made, would constitute an additional pro-tanto replacement of missing bond funds -	<u>\$ 14,155,000</u>
	<u>\$104,391,000</u>

While the City must find funds ultimately to pay all of the obligations which will have matured in 1979, final payment of all of this debt need not necessarily be achieved in 1979. However, all must be paid eventually and payment cannot be made without substantial new sources of City revenue including additional taxes.

In his December 12th television address, Mayor Kucinich's proposal to handle the \$80,000,000 of bond account diversions and short term notes was that:

"We will attempt to market a \$90 million bond issue in March. \$40 million of this would go to redeem all of the City's outstanding short term debt, \$40 million would go to replace the previously misspent bond funds and \$10 would go for new capital spending xx"

It is difficult to understand how such a bond issue could be sold until and unless the City's current operations are brought under a sound program of fiscal control and management. Nor is such a sale likely until Cleveland has, in place, sufficient tax revenues to pay the bonds. Not until this has been accomplished can Moody's and Standard & Poor's Cleveland ratings be restored or the financial market be expected to accept Cleveland securities. It is also important to understand that the Mayor's plan to replace misspent bond funds with another bond issue would put the City in the position of borrowing and paying interest on \$80,000,000 (\$40,000,000 twice) to pay for only \$40,000,000 of improvements. This cannot be done without a change in State law to authorize it.

It is true that, under a sound fiscal program, bond holders and taxpayers might be willing to withhold action for a time, to permit the replacement of the \$40,000,000 of misspent bond funds later in 1979, and payment of at least a major part of the \$40,000,000 in short term notes might be extended beyond 1979. The debts represented by \$40,000,000 of missing bond funds and approximately \$25,000,000 of the City's short term notes are owed to the City itself. As a result, unless action is instituted by bond holders or taxpayers, the City may not be under immediate pressure for the final liquidation of these amounts, provided the City can put in place now a sound fiscal program which will disclose how, when and by what means this liquidation can be accomplished.

It would seem reasonable to conclude that any such fiscal program would, at a minimum, include the putting in place of tax sources adequate to pay off.

the entire \$80,000,000 of note and bond fund debt over a reasonable period of time and the availability of new funds in 1979 sufficient:

(a) To pay the defaulted short term debt of;	\$15,000,000
(b) To restore the balance of misspent bond funds; and,	\$23,948,000
(c) To pay the minimum forecasted deficiencies in operating funds projected in the Unsegregated Treasury Account.	<u>\$26,288,000</u>
Total	<u>\$65,236,000</u>

Note: On December 22, 1978 the City Council determined that "the City of Cleveland is confronted with a financial crisis which requires the infusion into the 1979 budget and appropriation ordinance of additional moneys in an amount not less than 60 million dollars."

An increase in the City's income tax and the potential sale of the Muny Light plant provide the only presently known available sources of new revenues which can be expected to make a sufficiently substantial contribution to the relief of the City's present financial crisis to provide the base for a workable financial plan for the City's relief.

The Ernst & Ernst report of December 13, 1978, forecasts Cleveland's 1979 income tax receipts, at the existing 1% rate, to be \$65,600,000. It is expected that if the increase in the income tax rate to 1-1/2% be approved by the voters at the end of February, the 1979 collection on account of the increase will not exceed 3/4 (9 months) of what would be the resulting annual increase. It can, therefor, be expected that additional income tax receipts in 1979 could be estimated at \$24,600,000 (3/4 of \$32,800,000). Clearly this sum would not be sufficient, standing alone, to cover the minimum operating deficit of \$26,288,000 projected in the City's Unsegregated Treasury Account.

It would provide no funds in 1979 to pay the \$15,000,000 in short term notes, on which the City has been in default since December 15, 1978 or to replace the balance of misspent bonds which, after 1979 disbursements, will still total \$23,948,000. For funds to cover these obligations, a sale of the Muny Light System is the only presently available source. Even such a sale would only partially do the job.

Under the resolution to sell the City's Municipal light system which will be submitted to the voters, a cash downpayment of a minimum of \$40,000,000 is required. Although The Illuminating Company has withdrawn its offer to buy the system on the terms agreed to by the Council during the Perk administration, it is to those terms which one must look in appraising the results of a sale.

Mayor Kucinich said, in his television speech of December 12th, "In any case, the sale of Muny to CEI nets almost no cash to the City and is a very bad bargain". The Mayor's statement was simply not correct.

The facts about the allocation of the funds to be received by the City in payment for the purchase of Muny Light are:

(A) There are presently outstanding \$10,500,000 of Muny Light Revenue Bonds, secured by liens on the Muny Light System. \$6,500,000 of this debt is publicly held with \$4,000,000 held by the City. Although the entire \$10,500,000 of this debt must be paid from the downpayment of the purchase price and the liens released in order to pass title to the purchaser, the \$4,000,000 paid to the City will go directly into City funds and is not a deduction from the City's cash receipts from the downpayment. The City also has outstanding approximately \$4,600,000 in General Obligation Bonds which were originally issued to provide funds for capital construction of its street lighting system. Payment of these bonds is not tied to Muny Light or its revenues but is a general obligation of the City, payable from general tax revenues. \$828,000 of these bonds mature in

annual installments, through 1983, and bear interest at the rate of 4-3/4%. The balance mature in annual installments extending through 1994 and bear interest at the rate of 4-5/8%. There is no legal requirement that these bonds be paid from the Muny Light purchase price and, in the light of current interest rates on similar bonds of a least 10% per annum, it would be fiscally irresponsible to prepay or retire these bonds. Therefore, no part of the purchase price need or should be used to pay these bonds. The exact amount which the City owes on account of Muny Light operations, to creditors, other than amounts owed other City accounts, from which funds have been transferred to bolster Muny's operating deficits, is not exactly determinable from available sources. We know that \$860,000, principal and interest is owed to East Ohio Gas Co. and that approximately \$800,000 is owed for coal. It would seem reasonable to assume that the total of the claims of such outside creditors would not exceed \$3,000,000. Whatever is the City's debt to CEI, on account of Muny operations will be paid over a 30 year period, as later explained, and need not be deducted from the purchase price downpayment. All other obligations of Muny Light are owed by the City to itself. They represent funds drawn from various city accounts to pay obligations which Muny Light earnings were insufficient to pay. These simply represent losses which Muny operations have already produced. Except for funds withdrawn from the Sinking Fund, there is no legal obligation for their repayment. The last independent audit of the finances of Muny Light was made by Peat, Marwick, Mitchell & Co. This audit showed withdrawals from the Sinking Fund to pay Muny Light obligations totalled \$5,181,218 at December 31, 1977. It seems fair to assume that by December 31, 1978 funds from the Sinking Fund used to pay Muny Light obligations totalled \$6,000,000. The need to restore the Sinking Fund, like the restoration of misspent bond funds, and the need to cover the City's projected

1979 operating deficit is simply another part of the City's serious financial problem for the solution of which increase in the income tax, sale of Muny Light and provision of sound fiscal management are essential. However, in order to be conservative this analysis contemplates the repayment to the Sinking Fund of \$6,000,000 out of the purchase price downpayment. In summary: of the downpayment of \$40,000,000 there will be available to Cleveland to meet its 1979 cash requirements, the sum of \$24,500,000, i.e. \$40,000,000 less \$6,500,000 to retire Muny Light Revenue Bonds, \$3,000,000 to pay outside creditors and \$6,000,000 to replace withdrawals from the Sinking Fund.

(B) Under the terms of the Muny Light sale previously approved by Council, The Illuminating Co. agreed to fund all debt of Muny Light to it over a 30 year period at an annual interest rate of 3/4% over prime but which never should exceed 8%. The interest rate was to be redetermined, within such limitations annually. Thus, although the Muny Light System, despite the City's payment in 1978 of the Federal Court judgment, still owes The Illuminating Co. approximately \$6,000,000 (Common Pleas Judgments of approximately \$3,000,000 and unpaid power rentals of approximately \$3,000,000) no part of this debt would be deducted from the cash downpayment if the original contract terms were followed.

(C) The previously approved Muny Light sale also provided for the annual payment to the City of \$4,000,000 for a period of approximately 30 years. Such payments, if actually included in a contract for sale, would be available for the City for providing services which the continuing expense of retaining the Muny Light System have prevented. It is also estimated that the sale would result in annual increases in tax receipts of \$500,000 to the City of Cleveland, \$2,000,000 to the Cleveland School District and \$400,000 to the County and other taxing districts.

It appears from the foregoing analysis that if the voters, in February, approve (1) the increase in the City income tax and (2) the sale of Muny Light System; and if The Illuminating Co. will purchase the Muny Light System on the terms originally agreed to modified by a \$2,000,000 increase in the downpayment to a total of \$40,000,000; and (3) if the City Administration will, in fact, effect personnel lay-offs and service cuts to an aggregate of \$18,955,000; then the following results could be expected:

<u>Minimum City 1979 Cash Requirements</u>		<u>1979 New Cash Proceeds</u>	
Forecasted operating deficit	\$26,288,000	9 months additional income tax collections	\$24,600,000
Defaulted short term notes	\$15,000,000	Gross receipts to City from Muny Light sale	<u>\$24,500,000</u>
Misspent bond funds not restored	<u>\$23,948,000</u>	Total	\$49,100,000
Total	\$65,236,000		

The foregoing analysis also discloses that even if the income tax be increased, the Muny Light System be sold and the City fully accomplish its projected personnel lay-off and service cuts, the City will fall short of having on-hand sufficient cash in 1979 to meet its minimum 1979 cash requirements by the sum of \$16,136,000. The land sales proposed by the Administration and approved by the Council and the early payment of the RTA debt aggregate only approximately \$5,400,000 and clearly are insufficient to close the above deficit gap. Again it must be emphasized that successful long term planning for Cleveland requires the infusion of new money from the credit market and that it is unlikely that this infusion can be accomplished without the occurrence of all three of the proposed increase in the income tax, sale of the Muny Light System and the accomplishment of very substantial reductions in the City level of operating expenses.

A further acute and primary financial problem and one for which no solution is presently available, is also disclosed in the attached summary of the Ernst & Ernst report of December 13, 1978. This problem is that even with the elimination, commencing January 1st, of jobs by attrition and the lay-off of 400 personnel which Mayor Kucinich has now publicly confirmed, the City will run out of money in its Unsegregated Treasury Account on or about March 1, 1979. Since the Ernst & Ernst projections show that by the end of March the City's Unsegregated Treasury Account, even assuming that 400 employees had been laid off on February 1st, would have had a 1979 operating deficit of \$11,111,000, the land sales of approximately \$3,700,000 and the early payment of the RTA debt of \$1,700,000 will not solve this cash flow problem.

New money has to come into the fund by March 1, 1979 or the City can no longer function. The question which faces Cleveland's total community is: Can the money be found under the situation which now prevails? An affirmative answer clearly depends upon voter approval of both the increase in the income tax and the sale of Muny Light.

Cleveland securities are not publicly marketable under present conditions. Cleveland banks can hardly be expected to advance new funds or rollover defaulted notes when Mayor Kucinich continues publicly to oppose sale of Muny Light without which a 1979 year end balance of operating funds cannot be achieved. The Mayor's failure to be frank with the public about the true reasons which compel reductions in City jobs and services which appear in the Ernst & Ernst report, makes it most difficult for money sources to have confidence in the ability of the Kucinich Administration to provide sound fiscal management for the City. Further, it is difficult to believe that, in the face of divided City leadership, the voters will approve either the absolutely essential increase in the income tax or the

equally necessary sale of Muny Light, let alone approve both. However, if both are approved and if adequate financial controls and programming can be assured, the availability of new income tax money after 1979 could well be sufficient inducement to attract the financing required.

All of the people in the entire Cleveland community, confronted with the Ernst & Ernst report and the reactions of Mayor Kucinich to problems it poses, must recognize that Cleveland faces a serious and abnormal emergency, which the City Administration may well be unable to solve without outside help and guidance. The emergency can be successfully met only by emergency measures.

The preservation of essential governmental services is far more important to the entire Cleveland community than are the political objectives of any public official. Cleveland must find the way, and find it now, to provide:

1. The necessary increase in its income tax;
2. Elimination of the continual drain of Muny Light on the City's finances; and
3. The installation of competent and responsible management of its financial affairs.

GREATER CLEVELAND GROWTH ASSOCIATION ANALYSIS

PROJECTED RECEIPTS AND DISBURSEMENTS SUMMARY --
UNSEGREGATED TREASURY ACCOUNT OF THE CITY OF
CLEVELAND (In Thousands - \$000s) FOR THE YEAR
ENDING DECEMBER 31, 1979 DERIVED FROM ERNST &
ERST REPORT DATED DECEMBER 13, 1978.

	January	February	March	April	May	June	July	August	September	October	November	December	Total Projected Receipts (Disbursements)
Beginning projected cash and invest- ments balance--Unsegregated Treasury Account	\$15,202	\$10,528	\$ 2,399	\$(25,343)	\$(27,354)	\$(31,500)	\$(38,637)	\$(45,860)	\$(52,789)	\$(47,522)	\$(67,484)	\$(67,549)	N/A
Total excess projected receipts (disbursements) per December projection	(3,789)	(6,428)	(11,111)	(460)	(2,228)	(5,602)	2,090	(1,925)	6,763	(4,024)	1,456	(1,030)	\$(26,288)
Adjustments related to operations:													
Elimination of Capital Improvements	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(440)	(4,840)
Elimination of employee attrition adjustment	(390)	(389)	(366)	(265)	(403)	(280)	(272)	(294)	(267)	(402)	(275)	(297)	(3,500)
Elimination of February 1, 1979 Selected Layoffs		(818)	(770)	(557)	(847)	(588)	(573)	(618)	(362)	(845)	(579)	(623)	(7,380)
Elimination of April 1, 1979 Streets Division Layoffs				(235)	(173)	(173)	(173)	(258)	(172)	(172)	(172)	(172)	(1,700)
Elimination of other disburse- ments--Streets Division	(95)	(94)	(95)	(94)	(95)	(94)	(95)	(94)	(95)	(94)	(95)	(95)	(1,135)
Total adjustments related to operations	(885)	(1,701)	(1,631)	(1,551)	(1,918)	(1,535)	(1,513)	(1,664)	(1,496)	(1,913)	(1,521)	(1,627)	(18,755)
Total excess projected receipts (disbursements) per December projection after adjustments related to operations	(4,674)	(8,129)	(12,742)	(2,011)	(4,146)	(7,137)	577	(3,589)	5,267	(5,937)	(65)	(2,657)	(45,143)
Adjustments related to notes payable:													
Payments of notes payable maturing:													
12/15/78			(15,000)										(15,000)
7/06/79							(7,800)						(7,800)
8/31/79								(3,340)					(3,340)
10/05/79										(14,025)			(14,025)
Total adjustments related to notes payable			(15,000)				(7,800)	(3,340)		(14,025)			(40,165)
Total excess projected receipts (disbursements) per December projection after adjustments related to operations and notes payable	(4,674)	(8,129)	(27,742)	(2,011)	(4,146)	(7,137)	(7,223)	(6,929)	5,267	(19,962)	(65)	(2,657)	\$(85,408)
Adjusted ending cash and investments balance--Unsegregated Treasury Account	\$10,528	\$ 2,399	\$(25,343)	\$(27,354)	\$(31,500)	\$(38,637)	\$(45,860)	\$(52,789)	\$(47,522)	\$(67,484)	\$(67,549)	\$(70,206)	N/A

Note: This schedule adjusts the City of Cleveland's December 1978 projections
to exclude the projected financial impact of actions contemplated by the
City to reduce or defer disbursements during 1979.

111 Greencrest Terrace
Akron, Ohio, 44313

The Temple

Gentlemen

Please send me a copy of
Rabbi Silver's lectures pertaining
to Cleveland's problems

Thank you

Herman Gelbert

sent
2/5/79

February 10, 1979

Mr. R. T. Jarmusch, President
The Interior Steel Equipment Co.
2352 E. 69th St.
Cleveland, Ohio 44104

Dear Mr. Jarmusch:

I have returned to my desk from a brief vacation and want to thank you for your kind note. The lectures on Cleveland have gotten broad distribution and excellent response. I hope our paths cross in the near future so that we have a chance to share our concerns about the City.

Sincerely,

Daniel Jeremy Silver

DJS:mp

THE Interior
STEEL EQUIPMENT CO.

2352 E. 69th ST. CLEVELAND, O. 44104
AREA CODE 216/881-0100

January 29, 1979

Rabbi Daniel Jeremy Silver
The Temple
University Circle at Silver Park
Cleveland, Ohio 44106

Dear Rabbi Silver:

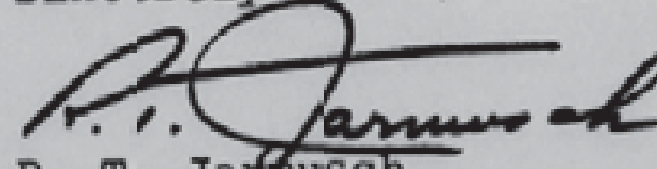
Your secretary was kind enough to send me copies of your sermons on Cleveland---November 26th and January 7th.

They are profound and so well done that I have taken the liberty to reproduce them to send to a number of professional and business associates who are deeply concerned with Cleveland.

I watched your television interview by Herb Kamm and thought you did a magnificent job in handling him.

Your wise and profound sermons and views truly reflect a deep experience and great intellect. Cleveland is blessed to have your courageous leadership.

Sincerely yours,



R. T. Jarmusch
President

RTJ:sz

February 10, 1979

Mr. Lester J. Kern
1420 Richmond Road, Apt. N5
Cleveland, Ohio 44124

Dear Mr. Kern:

Thank you for your kind note. I am glad you appreciated my material. I am enclosing copies of the two lectures I have given on Cleveland and hope you will find them of interest.

New York had books but, as you know, books can hide as much as they reveal. I recently read an arresting piece in Commentary discussing precisely this point - New York's fiscal management. It seems that New York's present claim to a balanced budget is more a result of the auditor's art than the reflex of the actual situation.

With all good wishes I remain

Sincerely,

Daniel Jeremy Silver

DJS:mp

Encl.

AMERICAN JEWISH
ARCHIVES



Lester J. Kern
1420 Richmond Road, Apt. N5, Cleveland, Ohio 44124

Tuesday

Dear Dr. Silver: I have your card advising that my father's name will be read at memorial services. Regret that ~~that~~ I will be unable to attend but want to thank The Temple for notifying me annually.

My father was not active in religious matters but revered Rabbi Silver and The Temple; he had a steadfast faith in God and used to give some meaningful examples.

I saw the TV program in which you appeared recently on Channel 25. You certainly make this complex economic subject more intelligible;

was particularly interested to know how variable the actual City debt can be, depending I guess, on whose figures are used.

You did not mention Mr Felix Rohatyn, Chmn. N.A.C., when that agency was assigned to solve the NYC financial crisis; he is or has been an admirable job and I believe he recently made some remarks about Cleveland's situation.

Some of the NYC debt figures were as nefarious as ours.

Thought of my performance outstanding in this new media format which is typical.

All best wishes,

Sincerely,

Leif K.

February 10, 1979

Mr. Richard H. Hahn
2870 Huntington Road
Cleveland, Ohio 44120

Dear Mr. Hahn:

Thank you for your kind letter of January 24. I have been out of the city for a few weeks so please forgive the delay in responding to it.

I am enclosing copies of my two lectures on Cleveland as per your request. The idea of merging the county and city government without including the other units is an intriguing one which I have, frankly, not examined.

I reciprocate your hope that our paths will cross in the near future.

Sincerely,

Daniel Jeremy Silver

DJS:mp

Encl.

Richard H. Hahn
2870 Huntington Road
Shaker Heights, OH 44120

January 24, 1979

Rabbi Daniel J. Silver
The Temple
University Circle at Silver Park
Cleveland, OH 44118

Dear Rabbi Silver:

I watched your interview on television with Herb Kamm and was even more impressed with your articulation of Cleveland's problems than came through in the newspaper report in The Plain Dealer on January 21. I would appreciate your sending me copies of the two papers which Herb praised in his remarks.

As a lawyer with experience in local governmental affairs in Virginia, I have spent a good deal of time thinking about the way that regional services might be provided by formal and quasi-formal government units. This suggests the proposition that one may still maintain a substantial amount of participation in the democratic process by the voters of Cleveland if there were to be a merger of only the governments of Cuyahoga County and the City of Cleveland, the leadership of which would be selected by all residents of the county. This would mean that voters in the other 62 political jurisdictions in Cuyahoga County would continue to elect their respective governments while the combined government for Cuyahoga County and the City would be selected by Cuyahoga County voters.

In substance, that type of regionalization would acknowledge that the city is the core of the county and that services already being provided by the county are now largely for the benefit of the citizens of the City of Cleveland.

Rabbi Daniel J. Silver
January 24, 1979
Page 2

It would be unrealistic to suppose that there will not be many in Cleveland who would argue that this is just a way to take the government away from them and give it to citizens of the county. That is, of course, the core; but it is also giving it to people who work as well as to those who live in Cleveland.

My wife is a big fan of Adele. I hope our respective paths will cross.

Very truly yours,

Richard H. Hahn

Richard H. Hahn

RHH/kmj



January 29, 1979

Mr. Richard H. Hahn
2870 Huntington Road
Cleveland, Ohio 44120

Dear Mr. Hahn:

Thank you for your letter of January 24. Rabbi Silver is out of the country and will read your letter upon his return. In the meantime I am sending a copy of the two lectures referred to.

Sincerely,

Marie Pluth
Secretary To Rabbi Daniel Silver

mp

Encl.

February 12, 1979

Mr. David Ralph Hertz
13800 Shaker Blvd.
Cleveland, Ohio 44120

Dear David:

As per your request I am enclosing copies of my lectures on Cleveland. Please feel free to do with them as you will. I am delighted ~~thatee~~ that the Plain Dealer is finally allowing some of this material to appear in print.


Sincerely,

Daniel Jeremy Silver

DJS:mp

Encl.



איחוד
ליהדות
מתקדמת
באמריקה

Union of American Hebrew Congregations

PATRON OF HEBREW UNION COLLEGE — JEWISH INSTITUTE OF RELIGION
838 FIFTH AVENUE, NEW YORK, N.Y. 10021 (212) 249-0100 CABLES: UNIONUAHC

February 20, 1979

Albert Vorspan
Vice-President

Rabbi Daniel J. Silver
The Temple
University Circle at
Silver Park
Cleveland, Ohio 44106

Dear Dan:

Your sermon on Chelm in Cleveland,
reprinted in the February 11 bul-
letin, was the first thing I've
read that made some sense out of
the Cleveland mess.

Many thanks and warm regards.

Cordially,

Albert Vorspan

AV:rh