



## **DAUPHIN COUNTY BOARD OF COMMISSIONERS**

### **Legislative Meeting**

**Wednesday, January 24, 2007 (10:00am)**

#### **MEMBERS PRESENT**

Jeff Haste, Chairman  
Dominic D. DiFrancesco, II, Vice Chairman  
George P. Hartwick, III, Secretary

#### **STAFF PRESENT**

Fred Lighty, Esq., Solicitor's Office; Chad Saylor, Chief Clerk; Marie Rebeck, Controller; Bob Dick, Treasurer; Gary Serhan, Controller's Office; Randy Baratucci, Director of Purchasing; Mike Yohe, Budget Director; Diane McNaughton, Press Secretary; Scott Burford, Deputy Chief Clerk; Dave Schreiber, Personnel; Brooke Beard, Personnel; Sharon Chapman, Human Services; Elke Moyer, Human Services; Kelly Wolf, Solid Waste Manager; Leila McAdoo, Solicitor's Office; Julia Nace, Assistant Chief Clerk; Richie Martz, Commissioners' Office; Lena Martinez Fure, Commissioners' Office; Kacey Truax, Commissioners' Office; Jena Wolgemuth, Commissioners' Office; Gertrude Farling, Controller's Office; Deb Lisi, Controller's Office; John Goshert, CID Director; Dan Robinson, Director of Economic Development and Jack Harlacker, EMA.

#### **GUESTS PRESENT**

Leo Daly, James Zamdell, Jason Heath, Bob Stout, Susan Jacobs, Brad DeLancey, Garry Lenton, Robin Clark, Derrick James, DaJaunn Green, Scott Wertz, Paul Stauder, Andrew Giorgione, Jay Wenger, Dan Lispi, Tom Smida, Chuck Zwally and Mr. Losty.

#### **MINUTES**

#### **CALL TO ORDER**

Mr. Haste, Chairman of the Board, called the meeting to order at 10:00 a.m.

## **MOMENT OF SILENCE**

Everyone observed a moment of silence.

## **PLEDGE OF ALLEGIANCE**

Everyone stood for the Pledge of Allegiance.

## **APPROVAL OF MINUTES**

**It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick that the Board approve the Minutes of the January 10, 2007 Legislative Meeting and the January 17, 2007 Workshop Meeting; motion carried.**

**It was moved by Ms. Rebuck and seconded by Mr. DiFrancesco that the Board approve the Minutes of the January 10, 2007 Salary Board Meeting; motion carried.**

## **EXECUTIVE SESSIONS HELD BETWEEN MEETINGS**

Mr. Saylor: There were no Executive Sessions held between meetings.

## **PUBLIC PARTICIPATION**

Mr. Haste: We are at the point in time for public participation. Is there anyone in the audience that would like to address the Board?

Mr. Daly: Commissioners, my name is Leo Daly. I am with the law firm of Grogan Graffam. I represent Zampell Refractories, a company that was involved in the Incinerator Project. As I understand on the Agenda today is a proposal for a SWAP. We believe what we have to say and what we will request is related to that SWAP. Jim Zampell, who runs Zampell Refractories, is here with me. The work was done out of his Philadelphia Office. The work that they did was right. They lined the burners. They are used to fire. As I have indicated they did the work on the burners and these are the burners that are working right now. The two of them that allowed this project to limp forward. They, however, are owed over \$530,000. They have been unpaid. You are being asked today to guarantee a SWAP, which will generate funds for the Authority ostensibly to move forward and ostensibly we hope to create a mechanism for treating those who are involved fairly. That is what we believe the vote on this represents, an opportunity to correct some past mistakes. I think it is an understatement to say that things have gone wrong on the project. I have been looking at some of the newspaper articles and they are replete with instances of what has not gone right. I suspect the County has been drawn into this beyond what they expected. Zampell was the sub-contractor to Barlow and State law requires bonds or surety on a public project. Our investigations indicate that it appears there were no bonds and no sufficient surety for payments such as Zampell Refractories, who do good work that get the project going.

On top of that, it appears that there weren't a lot of controls in place. Things such as requiring certification that a sub-contractor would be paid before retainage is released. We think for the Authority to be able to keep our good work and for us to be unpaid amounts to something that came to unjust enrichment. The incinerator is not operating fully, but our work that was well done allows it to at least operate as it is. They get the clear benefit, the Authority does, of our work. Without our work the future repairs that they have talked about and have been in the press and what I suspect will be talked about today by the Covanta representatives would be much more costly. In light of the fact that there is no bonds for this project that we are aware of, that there is no apparent surety to protect subsidiaries, it is now appropriate obviously to go forward and try to repair this, but to do so in a matter that gives fundamental fairness to all those who have been involved. We are not asking you for a ruling and we are not asking you for an indication that we should be paid money. What we are asking you is and what we are saying is enough mistakes have already occurred. What the Authority is coming in front of you for is your guarantee, the County's guarantee on Bonds as we understand it so that they can accomplish a SWAP, a device that will allow the generation of funds that hopefully will give this project new life, the ability to move forward and operate as it should. The people that did good work, expended their labor and materials shouldn't be left behind. That is our point. We are unpaid. We have talked to the Authority, just recently and we have not received a positive response, but it is our view and we believe it is appropriate to raise it here that a mechanism should be put in place by the Authority to make sure that those that did good work get paid. This is our proposal that you table the request on the guarantee to allow sufficient time for those who haven't been paid and to give an incentive to the Authority to deal fairly with those who haven't been paid before they move forward on this next phase of attempting to make a project that has been replete with mistakes right. If you feel today that you have to grant the guarantee, we ask that you do so, but place a condition on the Authority that they do put in place a mechanism for those who have done good work to get paid. That is our proposal and our request. I have with me Jim Zampell, whose company did the work and if the Commissioners would like to hear from him he can give his comments on how it impacted his business and nature of his business and those sorts of things. If you have any questions of us, we would be happy to answer them.

Mr. DiFrancesco: The only question I would have and I don't know if it is appropriate to answer in a public setting or not, but what is your understanding of your circumstance with the Authority in terms of payment? Is it that it would be delayed or that it would not be coming?

Mr. Daly: We have not received a positive response. From what I gather payment may not be coming.

Mr. DiFrancesco: Do you have business cards or something that we may have? (Mr. Daly gave his business cards to the Commissioners.)

Mr. Daly: If there is anything in particular that you would like to hear from Mr. Zampell? Again, we believe before you give your good guarantee that you put in place something that requires condition, requires this Authority to treat the folks that did good work fairly.

Mr. Hartwick: I guess the only question I have would be for Andy, but do we know of any other companies that are in a similar position to yours?

Mr. Daly: We suspect there are. In fact, we know there are.

Mr. Hartwick: It would be nice if I could have a listing of those.

Mr. Daly: That is something that I think the Authority is in a better position to give you. Again, as we suspect this funding is to maybe finally make this work. The folks that have gotten you this far shouldn't be left behind.

## **DEPARTMENT DIRECTORS/GUESTS**

### A. Commissioners

1. Presentation of a proclamation honoring National Mentoring Month.  
Attendees: Northern Dauphin County YMCA; Community Action Commission; and the Greater Harrisburg Youth for Christ.  
Michelle Horst, DC C&Y Agency
2. Craig Webb Memorial presentation - Robert Stout, Firefighter;  
Scott Wertz, EMS; Willie Holland and Carl Weidensaul, policemen.

Mr. DiFrancesco: Good morning everybody and thank you for the full house that sits before us. It is an opportunity today, once again, for the Board of Commissioners to highlight actually several people, normally three, this year four. These are four individuals who have played a very important integral role in protecting the safety and security of our community. It was about two years ago that a good friend of mine, Craig Webb, had passed away at a very, very early age, I believe Craig was 42. I can't remember his exact age, but I know that it was just a bit older than I was. We had gone to High School together and the legacy left behind by Mr. Webb was one of true community involvement. He served communities in the capacities of police, fire and EMS. He was very active in making certain that as the emergency management systems struggled under the burden of financing, he was an active proponent of trying to assist them. He was actively involved in trying to reconstitute the County EMS Council which in fact has been very, very successful. Unfortunately, in the heart of all that he passed away from a heart attack. I wanted to make and this Board wanted to make sure that this legacy was not forgotten, because his life basically was representative of so many other individuals who give voluntarily, tirelessly back to the community putting their lives on the line every single day. To roll out of bed at 3:00 in the morning when it is ice cold outside and the rest of us are nice and warm in our beds to go save some bodies' life, whatever it might be, the stories are endless, but we wanted to make sure that legacy was not forgotten. We wanted to use it as an opportunity to highlight those that continue to serve or those that have served with the

same distinction. This morning, we are able to sit here and present the second round of the Craig Webb Memorial Award winners for the prior year. With that I have a number of Proclamations to read and because they are very different I'm going to read each one of them. We have a number of honorees in the room and also family members of those honorees. I will ask the individuals to stand after I read the Proclamations so each person in the room will understand who we are honoring this morning.

(Mr. DiFrancesco read the Proclamation for Robert Stout.)

Office of County Commissioner  
**Dauphin County, Pennsylvania**

## Proclamation

*We, the Dauphin County Board of Commissioners, take great pride and pleasure in joining the countless friends, family members, the firefighter community and the community at large in congratulating Robert Stout of Halifax Township on receiving the Craig Webb Memorial award for 2006;*

*Whereas, Mr. Stout began his career as a firefighter in 1991 as a junior firefighter with the Halifax and Community Fire Company and within 2 years was promoted to the rank of Lieutenant;*

*Whereas, in 1994 the Halifax and Community Fire Company merged with the Powells Valley Fire Company to form the Halifax Fire Department, where he continued to serve as Lieutenant and Trustee until 1999 when he became Assistant Chief;*

*Whereas, recognizing his incomparable abilities, Halifax Fire Department made him Chief of the Department in 2005, a position which he still holds;*

*Whereas, when he is not battling fires, you can find him working at Dauphin County EMA, at the Halifax Police Department, or as deputy EMC for Halifax Borough and Township;*

*Whereas, in what little spare time he has, he enjoys spending time with his beautiful wife Kim, and his two children Jessica and Matthew, all of whom are active the community;*

*Therefore, we join the 253,300 residents of Dauphin County in congratulating Robert Stout as he receives the Craig Webb Memorial award for a lifetime of hard work and public service to Dauphin County; we applaud his devotion to personal excellence, professional achievement and community service; we wish him continued health, happiness and success in the years to come; and in grateful recognition of his exemplary life and extraordinary professionalism, we proudly declare January 27, 2007 as "Robert Stout Day" in Dauphin County.*

(Mr. Stout stood and applause was given.)

I had the opportunity to spend a little time with the Chief a little earlier this year during the tornado. He is an excellent leader. He commanded a very uncomfortable situation very well for a number of days. You did a great job and you continue doing a great job. It is a real honor for us to honor you today.

Mr. DiFrancesco: Moving forward to the first Police recipient. We actually have two. I'm sad to say that both of these individuals have passed away, but I believe we might

have some family members in the audience. Once I read the Proclamations I will ask them to rise as well.

(Mr. DiFrancesco read the Proclamation for Willie Holland)

Office of County Commissioner  
**Dauphin County, Pennsylvania**

## Proclamation

*We, the Dauphin County Board of Commissioners, take great pride and pleasure in joining the countless friends, family members, the law enforcement community and the community at large in honoring Willie J. Holland on receiving the Craig Webb Memorial award for 2006;*

*Whereas, Willie began his law enforcement career with the Harrisburg Bureau of Police in 1972 and during his 26 year tenure, he became a legend in the midstate world of undercover work;*

*Whereas, criminals would shudder at the mention of his name, while local residents and law enforcement would sing his praises;*

*Whereas, Willie was truly dedicated to doing whatever it took to stop criminal activity in the city, he had no problem arresting anyone, but treated everyone with respect regardless;*

*Whereas, Willie served as Detective and was assigned to the Organized Crime and Vice Control Unit, the drug enforcement component of the Harrisburg Police, until his retirement in 1998;*

*Whereas, he was a devoted husband to his lovely wife Donna and a dedicated father and grandfather to his children and grandchildren until his abrupt passing on September 18, 2006;*

*Therefore, we join the 253,300 residents of Dauphin County in honoring Willie J. Holland as he receives the Craig Webb Memorial award for a lifetime of hard work and public service to Dauphin County; we applaud his unwavering devotion to personal excellence, professional achievement and community service; and in grateful recognition of his exemplary life and extraordinary professionalism, we proudly declare January 29, 2007 as "Willie J. Holland Day" in Dauphin County.*

Mr. DiFrancesco: I understand his mother, wife and brother are here. Everybody that is associated with Mr. Holland if you could rise.

(The family stood and applause was given.)

Mr. DiFrancesco: This year was an unusual year because the police chiefs identified two individuals that they wanted to honor and this would be the second.

(Mr. DiFrancesco read the Proclamation for Carl Weidensaul.)

Office of County Commissioner

## Dauphin County, Pennsylvania

### Proclamation

*We, the Dauphin County Board of Commissioners, take great pride and pleasure in joining the countless friends, family members, the law enforcement community and the community at large in honoring Carl Weidensaul on receiving the Craig Webb Memorial award for 2006;*

*Whereas, Carl began his law enforcement career with the Harrisburg City Police Department in 1965, before moving to the Lower Paxton Township Police Department in 1970 where during his tenure, he became an outstanding asset to the force;*

*Whereas, Carl served as Detective and was assigned to the Patrol and Criminal Investigations Division as the evidence technician and property manager, until his retirement in 1998;*

*Whereas, Detective Weidensaul was one of the original detectives assigned to the Dauphin County We-Team, a specialty unit that is called upon to process major crime scenes throughout Dauphin and Cumberland Counties;*

*Whereas, he was a devoted husband to his lovely wife Mary Jane and a dedicated father to son, Todd until his abrupt end;*

*Therefore, we join the 253,300 residents of Dauphin County in honoring Carl Weidensaul as he receives the Craig Webb Memorial award for a lifetime of hard work and public service to Dauphin County; we applaud his unwavering devotion to personal excellence, professional achievement and community service; and in grateful recognition of his exemplary life and extraordinary professionalism, we proudly declare January 30, 2007 as "Carl Weidensaul Day" in Dauphin County.*

Mr. DiFrancesco: I believe there are no family members present. If that is not true, please rise. His wife is unable to attend and his son is currently serving in the US Army in Turkey.

(Applause was given.)

Mr. DiFrancesco: And finally we move onto the EMS Provider of the year.

(Mr. DiFrancesco read the Proclamation for Scott Wertz.)

## Office of County Commissioner Dauphin County, Pennsylvania

### Proclamation

*We, the Dauphin County Board of Commissioners, take great pride and pleasure in joining the countless friends, family members, the emergency services community and the community at large in congratulating Scott A. Wertz of Carlisle on receiving the Craig Webb Memorial award for 2006;*

*Whereas, Mr. Wertz began his career in the emergency services community after completing his accreditation with the Harrisburg Area Community College Paramedic Institute and Harrisburg Hospital;*

*Whereas, Scott joined the Lykens and Wiconisco Fire Companies Ambulance Association in 1987 and was promoted to EMS Chief in 1988;*

*Whereas, after his involvement as a volunteer EMT in rural Upper Dauphin County, Scott developed the desire to become a Paramedic;*

*Whereas, through the years, Scott has served UDCEs Medic 6 in Elizbethville, Life Team EMS in Harrisburg, Hershey Fire Company Medic 4, the Polyclinic Medical Center Medic 5 and he currently serves as the Paramedic Supervisor for University EMS at the Milton Hershey Medical Center;*

*Whereas, in what little spare time he has, he enjoys spending time with his beautiful wife Abigail, and his children;*

*Therefore, we join the 253,300 residents of Dauphin County in congratulating Scott A. Wertz as he receives the Craig Webb Memorial award for a lifetime of hard work and public service to Dauphin County; we applaud his devotion to personal excellence, professional achievement and community service; we wish him continued health, happiness and success in the years to come; and in grateful recognition of his exemplary life and extraordinary professionalism, we proudly declare January 28, 2007 as "Scott A. Wertz Day" in Dauphin County.*

Mr. DiFrancesco: With us is Brad DeLancey. Is anyone from the family here?

Mr. Wertz: My wife Abigail is here.

(Applause was given.)

Mr. DiFrancesco: You have heard me say many times that these gentlemen and the people they serve with are really unsung heroes. We see the lights, hear the sirens, we see the smoke, we see the crash, we gawk at the scenes, but these people put their lives on the line every single day. It is truly an honor for this Board to take a moment to recognize their extraordinary work, but also honor all the people, the colleagues, all the people that back them up and serve side-by-side with them. With that I would ask if any other Commissioner would have a comment before we bring them up.

Mr. Haste: The only thing I would add to it is that it is public servants, like the ones that we just recognized, that actually makes our community a great place to work and live. I'm glad that a year ago Nick saw the need to start this award so that we can continue to recognize great public servants. Thank you very much.

Mr. DiFrancesco: If everyone could come up front, we would like to take pictures.

(Pictures were taken and applause was given.)

Mr. DiFrancesco: The award will continue to hang in its place in the Lobby at the Emergency Management Center and certainly we would invite folks to come out and take a look. We decided to hang it in the EMA Building because often times our public servants come in there for meetings so it is shared with all the companies throughout the County. Thank you all for coming out today.

Mr. Hartwick: I believe it is my turn now. For those of you who know I'm never lost for words, but I don't want to get too close to you today, I'm feeling a little under the weather but I didn't want to miss this opportunity to honor my friends and to honor people in the community and Nick talked about heroes in the area of public service and law enforcement and EMT. I have made it a very special point in my career to figure out a way to try to provide opportunities for our young people in the community, in Steelton throughout Dauphin County. To show them that there is something else out there in the world besides what they see in front of their doorstep every day. We have some individuals who are with us today that make it a point to provide countless hours, time and effort to actually provide a positive role model for some of our kids who have absolutely no structure. They come from a position where it is no fault of their own and are looking for an opportunity to believe in God, to believe in a positive role model to believe in something else besides what they see and also to get a little bit of advice on tough love. It is not always about being someone's friend. I said that over and over, we have too many parents today that try to be their children's best friend, rather than trying to raise them to be responsible young adults. They also have a sense of tough love in them, deep rooted commitment in their own faith and the belief that it is okay again to try to give kids dreams. One of the things that is missing from a lot of youth today is actually the idea that I have something else to look forward, something else that I want to achieve. There is something else in life that I can actually be if I put the effort into it and it is going to take a considerable amount of work. If in fact there are no dreams we risk seeing what we see in the City of Harrisburg streets every day, individuals who are angry, who have been through no fault of their own left abandoned or have no parents or are a single parent household that is often times dysfunctional and they think they might not live there long. Ultimately without those dreams, without those hopes, without those goals they become very dangerous individuals on the streets of our community. People are taking each other's life as a result and we see that lack of hope turning into a real tragedy in many cases in the City of Harrisburg. The individuals that we want to address today have worked and continue to work to provide that sense of hope, that belief in God, the belief that there is opportunity. You are going to hear a lot about the Dauphin County Commissioners trying to provide opportunities for kids from the resurrection of the police athletic league to a series of community meetings. We are going to try to figure out a way to begin to redefine what a family is and advising neighbors that it is all right to look out for each other, put responsibility back on people to make a difference in their own lives and stop saying are you tired, it is about time we have our community wake up especially when it comes to our kids. With that I will honor mentors in our community today.

(Mr. Hartwick read the Proclamation.)

Office of County Commissioner  
Dauphin County, Pennsylvania

## Proclamation

*We, the Dauphin County Board of Commissioners, are delighted to join the community at large in recognizing local mentoring programs and the extraordinary people who devote themselves, heart and soul, to young people in need, including mentors in the Northern Dauphin YMCA Mentoring Program, the Community Action Commission's Across Ages Program, Big Brothers/Big Sisters, and the Greater Harrisburg Youth for Christ;*

*Whereas, mentors engage today's youth, who may be struggling with academic, behavioral, and social challenges, and give them love, stability, strength and hope;*

*Whereas, we commemorate the selfless mentors across Dauphin County who volunteer their time to make positive changes in the lives of hundreds of young men and women, so that they might have a happier, healthier and brighter future;*

*Whereas, young adults who participate in these mentoring programs generally are more likely to attain a successful, promising adulthood;*

*Whereas, by acting as a caring role model and friend, mentors help eliminate violence, crime, drug and alcohol dependency, and unemployment in Dauphin County and surrounding areas, making the world a safer, warmer place;*

*Whereas, friends are made, one-on-one, without regard to age, race or social status;*

*Therefore, we are truly grateful for the unselfish mentors who open their boundless hearts to at-risk youth; we urge everyone to consider becoming a mentor in order to create hope today for a better tomorrow; and in honor of "National Mentoring Month" and the county's beloved mentors, we do hereby proudly declare January 24, 2007 as "Mentors Mean the World to Us Day" in Dauphin County.*

(Mr. Hartwick introduced the individuals that do this on a daily basis. Susan Jacobs from the Northern Dauphin County YMCA and Community Action Commission, Davis Program, Robin Clark and Derrick James, Dajaunn Green. We also have Chuck from Youth for Christ with us today.)

(Applause was given.)

Mr. Haste: I have said before I think one of the greatest gifts someone can give is a part of yourself to better someone else and my hats off to all people that have done that. Thank you.

Mr. DiFrancesco: Just to keep adding the same message over and over again as we reach out to seek to find the answers to community problems, government may be able to stop an individual crisis, but it can't change a life. It is people with the community that change lives. These are the individuals who stand up and take these rolls and love kids and are willing to invest their time and effort Those are the people that will change this community. It is not us sitting up here. With that, I just want to thank each and everyone of you and likewise thank every single individual that comes through your programs and takes the time, which is not always fun and games, to invest some time in

the lives of people and give them an opportunity to break whatever it is that they are dealing with, break out and become all that they can be. We thank you for that very much.

(Applause was given and pictures were taken.)

- B Representatives of the Harrisburg Authority; Covanta Energy and the County:  
Andrew Giorgione, Esq., Klett, Rooney, Lieber, Scherling; Dan Lispi, City of Harrisburg;  
Tom Smida, Esq., Mette, Evans & Woodside; and Jay Wenger, Susquehanna Group  
Advisors
- 1. Discussion of the current operating status of the Harrisburg Waste to  
Energy Facility and SWAP Transaction – Resolution No. 3-2007.

Mr. Haste: On Item B, we are going to split the presentation so Andy if you want to bring your group forward first, then we will have Mette, Evans and Jay talk afterwards. Andy, you go over the need for this and why we are doing it.

Mr. Giorgione: Actually I put together a little bit of an Agenda to sort of walk through it. So, I'll talk about that briefly and you can tell me if the way we are proceeding is okay. We are here to talk about a new SWAP transaction related to the 2003 Resource Recovery Bonds. On December 22<sup>nd</sup>, the Harrisburg Authority approved the SWAP transaction. Now it is being submitted to you for purposes of the guarantee. We have representatives from the Harrisburg Authority that are here, representatives of Covanta Energy, who is the contractor running the facility, representatives of RBC, who is SWAP Provider and of course the County's representatives, your financial advisor and special counsel. What we proposed doing was to give you a project update first and then have representatives of Covanta talk about their efforts the last three plus weeks at the facility and then have representatives of RBC, Jim Losty, come up and talk about the SWAP transactions and then finish with an explanation of the guarantee and then Tom Smida, Jay Wenger and myself if you want to talk about that. Is that okay to proceed in that manner?

Mr. Haste: Yes.

Mr. Giorgione: I'm going to ask Paul Stauder and Dan Lispi to come up and give a project update.

Mr. Lispi: Thank you for the opportunity to come before you today. Obviously it is not a happy circumstance that we find ourselves in. The failure of Barlow Projects to complete the construction of the facility has resulted in an inability of the units at the facility to operate in a consistent and reliable fashion. It has been determined that capital needs to be raised to address the deficiencies at the plant and that will enable the units to run reliably and generate the revenue that they were intended to do. The facility unit's present condition will not be able to do that without the additional capital invested into the plant. If that money is not invested in the plant, the plant will fall short of revenue and place in jeopardy the ability of the Authority to make debt service payments. There could be a problem in revenues meeting the required levels to pay

those debt service payments which would trigger a financial deficit for the City and also threaten the guarantees placed on the Bonds by both the City and the County. It is a very severe situation at this point. We have determined that our best information available to us at this time is that we need to raise at least \$14 million to correct the problems. That estimate is not based on final design and engineering or from price contracts, but the estimate does contain a significant contingency of over 30% that would cover unforeseen circumstances. That is the basic summary of why we are here and what we are trying to achieve. Paul Stauder from Covanta is with me here and I would ask him to give you an update on what they have been doing since January 2<sup>nd</sup>, when they were engaged by the Authority to be the contractor to operate the facility. I would be happy to answer any questions after that.

Mr. Stauder: I appreciate your time in having us explain the operation of the plant so far, since Covanta has entered into a short term interim agreement with the Authority to operate the plant that commenced on January 2<sup>nd</sup>. The Agreement is a cost reimbursement agreement with a scope of work of operating the plant for the Authority and all the construction needs that need to be completed and working towards a long term agreement that will be beneficial for the City, the County and will be something Covanta is interested entering into, because this is part of our business. We are the country's largest waste energy operator/owner. We have 31 plants, including one as close as Lancaster County. We have been involved directly in the construction of 21 plants, all successfully. All of our plants run up to design standards and are the top in the industry. We look forward to the challenge of turning the Harrisburg plant around and from the first day on site we brought in numerous resources from all over the country and as you probably read in the paper we have had quite a few challenges. The plant was basically turned off for ten days, shut down and left as was. We had quite a task of both getting the right staff in place and preparing the plant to be run as best it could in its condition of non-complete construction. We've interviewed 27 folks who were interested in taking positions at the plant and we hired a third of them. We have been successful in bringing up two of the operational boilers. The third was not completed from original construction. We've also brought up the turbine generator and sent steam into the steam line. To date, we have been able to have 8,000 tons delivered, around \$430,000 in revenues from waste deliveries and steam sold of about 5,000 pounds and have been successful in putting 1400 megawatt hours into the grid, all of which is a significant difference from the operations in the prior months. At this point, we continue to look to every revenue stream that we can enhance and start up to try to make the plant as successful as possible at the same time we are working diligently on creating the construction plan that will be submitted on February 15<sup>th</sup> that will have a scope and schedule and cost of the plan to be completed to where we believe it will run at design levels consistently for years to come. That is the current status of the project and I'm happy to answer other questions you may have at any time in the future.

Mr. Haste: Paul, I will ask three. Now that you have been there, can this plant become profitable? If so, what is still needed? What would be the timeframe?

Mr. Stauder: Right now we believe the plant can become profitable and as I mentioned Covanta is working towards that with the idea that we wish to make this successful and be a part of that success under a long term agreement. We are analyzing whether a long term agreement would mean an outright acquisition, a long term lease or a service agreement with the Authority. At least two of the three scenarios we believe success can be achieved. There will be a number of different issues that we will have to look at and see how we can restructure certain aspects of the agreements in the overall deal so that it is successful for both the County and the City and Covanta, but we believe we can get there and can make that happen.

Mr. Haste: Your Lancaster plant is profitable, correct?

Mr. Stauder: Very profitable. We do not own that plant. It is owned by the Lancaster Solid Waste Authority, but they are very happy with it. In fact, it is public information that they have willingly entered into an extensive agreement with Covanta back in November at their option.

Mr. Haste: Timeframe?

Mr. Stauder: Timeframe, that's going to be finalized on February 15<sup>th</sup>, but to give you and I don't like to throw out estimates because it is a scary task to live up to, but we believe that we will get it up to 100% in the range of six to nine months. We are shooting to do that sooner. That is why this SWAP agreement that Andy mentioned is important because that includes there being some kind of delay when funding comes through. If we can accelerate funding we can shorten that time if we can get the money earlier. As you folks are smart individuals, you realize the quicker we can get the plant up to design loads the quicker we can generate more revenues to help offset the debt service.

Mr. DiFrancesco: What I am hearing is that we won't have an idea of the actual cost and what it is going to take until February 15<sup>th</sup>. Is that correct?

Mr. Stauder: That is correct. As part of our interim agreement we set that in our schedule.

Mr. DiFrancesco: Okay and with the February 15<sup>th</sup> report would you be satisfied that that information will be solid information that you can live with as opposed to a "we think this might work" approach?

Mr. Stauder: No, this would be definitive data with engineering quotes and back-up to support the schedule of the cost.

Mr. DiFrancesco: Can you give us some sense of what resources you bring to the table in terms of the retro-fit or the completion of the work? Would that be done with internal assets or would it be done by parties with whom you've had relationships with and done work with in the past? Obviously everything that could have gone wrong has gone

wrong with this project. We need some assurances that when the next team comes on to finish the project that in fact there won't be surprises but that it will be done right and you have the capability of doing it. I know you have a tremendous track record and I don't in any way intend to question that, I just need to know how this project will move forward because the county is taking a huge risk here.

Mr. Stauder: We will be using internal resources for overall project management and a significant amount of the engineering and analysis of the project including, boiler computer analysis, turbine generator analysis, material handling analysis and design, but at the same time we will be contracting with third parties who specialize in those areas. Those will be contractors that we have used for years and we have confidence in. We have a confidence qualified list of vendors.

Mr. DiFrancesco: One of the concerns and again because I don't understand all of the technology, as I understand the technology at this point is relatively new, that may or may not be the case, you can speak to that much more intelligently. How familiar are you with this technology? Are there in fact contractors out there that will understand it and be able to come in and make the plant work?

Mr. Stauder: That is a fair question. There are quite a few different technologies in this plant from its complexity. The core technology is the boiler technology which was fairly new to us. However most boilers are stoker inclined grade systems. This happens to be an air stoker system which was new to Covanta, however we operate about 7 different technologies and it has similarities to the other ones enough that we were quickly able to figure out how to operate it in the most effective manner. In fact we now have proven that and we are operating it successfully right now, the boilers that we have up. That is not a concern to us at this point. It was when we first came in.

Mr. Haste: It was, but then you were able to put those fears to rest?

Mr. Stauder: That is correct. The problems where other technology steps up is with material handling where you have a pneumatic conveying system that is not the optimal design nor is it the right size to convey the ash of 3 boilers. That needs to be changed. That we are familiar with. The technology is not uncommon as specifically used in Europe, not used as much in the United States, but we prefer screw conveyers. They have to be sized right for one. That is not an issue. We know what that problem is and we are already working on pricing and design work at this point.

Mr. DiFrancesco: The capacity or sort of the infrastructure that is in place can be retrofitted to get you to where you need to be in terms of the capacity to move the ash?

Mr. Stauder: Absolutely.

Mr. DiFrancesco: The facility is built big enough that you can put the bigger unit in or the different technology? There is no limitation there?

Mr. Stauder: Yes. That is correct.

Mr. DiFrancesco: I understand that you have been having success even with the facility as it sits. Can you give us some sense of why now you have been successful as the plan sits with all its limitations, why have you been more successful coming in? Is it your experience or your understanding of how the process works?

Mr. Stauder: Without sounding like I am biased towards Covanta, I believe we are the best operators of waste energy facilities in the world. We do have a significant amount of experience, much more so than prior folks who have been on-site. I am not here to put those folks down. That is in the past. We were brought in to do this task and we have stepped up and we have been successful and that is what we do. Our track record speaks for itself.

Mr. DiFrancesco: The reason for my question really wasn't to highlight the prior group, but was really more to figure out if the plant can't operate efficiently or was it not being operated efficiently. Obviously there is a major difference between those two issues. It sounds like you have had a lot more success since you have taken it over than what was being done then. It is not a matter of the plant having a limitation other than the things we have already talked about, like the ability to move the ash.

Mr. Stauder: It is a little bit of both. It is both, and experience from the operator. I have a report that we put together that I would be happy to forward on to you that details some of the aspects of what we have found. We have come across some deficiencies that are not normal. That when quickly remedied we were able to solve problems that existed. Just to give you a few examples. They did not have the proper grounding of electrical boxes, even the generator was not properly grounded. There was a turbo generator extraction oil line that had been covered off with a cardboard piece that is usually put on the turbine for shipping. It was never removed when installed. The plant was run at different bed thicknesses of waste on the grates to the point where it would either slow up the operation or clog up the hoppers. When you have folks who are conscientiously watching those aspects of the plant and are knowledgeable of what happens when you are not, you can run the plant better. We have also fixed the control problems with the turbo generator that had been plaguing the plant. It is a number of fixes from both experience and just bringing in resources from Covanta. It is a combination of what you may have thought the problems were.

Mr. DiFrancesco: In terms of being able to give us an expectation of how much it is going to cost, can you do that today or do we have to wait until the Feb. 15<sup>th</sup> report to get a better feel for that?

Mr. Stauder: It is a sensitive topic and I'd rather wait until we finish our analysis to be sure. I think there are too many numbers that have been put out there for too long.

Mr. DiFrancesco: I agree with you 100%. In terms of the operation of the plant those are all of the questions I have right now.

Mr. Hartwick: I just have a couple comments, not one specific question. I may not be as politically correct, but first of all I think this has been the most challenging decision this Board has faced since I have become Commissioner. It is something that our options are very few on. I will talk about procedure and some other things later in this process. The track record certainly doesn't make us very excited about taking on this new endeavor, but I will say that in my few meetings with Covanta I have had more answers given directly to me. I would have more confidence in someone's ability to manage the plant and to define the issues. Having an honest conversation is refreshing in this particular engagement.

The main question I have and we talked about this, Nick did indirectly, we are talking about a \$14 million swap transaction today and you said there have been a lot of numbers that have been thrown across the board. If after February 15<sup>th</sup> that report comes back with a substantially higher number, where are we going to get those resources?

Mr. Stauder: Covanta has been very open about how we might be able to reach a long-term agreement. We have, prior to having that agreement finalized and presented for proposal and consideration, considered from the outset that Covanta would be willing to make an initial investment in the project in a form that would benefit the Authority, the City and the County. We have recently put that in a letter that we would be willing to fund the remaining construction costs as part of a long-term agreement so that no further funding requirements would be needed by the County, the City or the Authority.

Mr. Hartwick: I have a number of other concerns, but I directly asked you a number of them related to the operations I am pretty confident I have received responses. There are a number of other questions that I have for the financing team, but no more on operations. Thanks.

Mr. Stauder: Thank you for your time.

Mr. Haste: Thank you.

Mr. Giorgione: Commissioners Mr. Stauder has issued a letter to the Authority with regard to the commitment of funds to the facility to complete the plan as part of a long-term agreement. He has that letter with him so I will get you copies of those. Paul is going to bring them up now so you have it in writing in front of you.

A little bit of follow-up before we switch gears and Mr. Losty addresses the swap transaction. Covanta will be presenting a monthly report to the Harrisburg Authority on operations and its efforts at the plant. We will continue to make sure you continue to get copies of those and your entire team. I think when you see that report, Paul somewhat glossed over the facts a little bit, but it took them a little bit of time to get Unit #2 up and then Unit #1 came up. I think Unit #2 came up on January 7, 2007 and Unit #1 came up January 12, 2007. Steam and electricity started being sold on the 15<sup>th</sup> and 16<sup>th</sup>. When

you see the report the amount of revenue that they generated really in one solid week of processing trash and selling steam and electricity, with just two units is pretty impressive. They have been doing a good job at the facility. Paul's commitment is obvious too, he flew back from Florida last night in order to be here for the meeting. They are very much committed to this project. With that I will turn this over to Mr. Losty to talk about the swap transaction.

Mr. Losty: Good morning. Again my name is Jim Losty from RBC who has served as the underwriter and swap provider on previous swaps that the county was involved with and guaranteed for the resource recovery facility. Just to give you a minute or two of background on the county guaranteed debt. The original debt when it was issued in 2003 was issued in a variable rate mode, which meant that the interest rate changed every 7 days. At that time short-term variable rates were very low in the 1-2% range. During the first 2.5 years of construction that rate remained in a variable rate mode. The life of that 2.5 year construction period averaged about 2.25%. It was a very low cost to fund during the construction period. In June of 2006 a swap that had been done previous to that went into effect that locked at an interest rate on that \$96 million county guaranteed debt that for a period of 5 years and that rate is locked in at 3.35%. Where we stand today is that in 2011 those bonds, the existing swap will fall off, and those bonds will revert to a variable rate mode if nothing else is done at this point. Since 2003 when the bonds were reissued we have monitored the interest rate commissions and have suggested a couple of times during the process that swaps be put on and swaps be taken off.

In the fall of this year when we saw long-term interest rates start to decline again we contacted the Authority and said that interest rate exposure that is currently in place on those bonds, after 2011 to 2033, a 22 year period, that interest rate exposure can be hedged through an interest rate swap that then were very low long-term interest rates. Somewhere in the 3.5 to 3.75% range so the Authority was given the idea that a long-term fixed rate could be locked in at 3.50-3.75% for the remaining life of the bonds and take away any further interest rate risk. There were some discussions held in November on that. At the same time the Authority was considering alternatives to raise funds for the additional cost needed to complete the retro-fit and the cost of money that some of those alternatives was very high. The Authority came back to us and said is there a way to include in the swap, to basically increase the interest rate from that 3.50 or 3.75% that I quoted, increase that to a level that could generate what we call an off-market swap. An interest rate higher than current markets and it is so high that we as a counter party are willing to pay a significant up-front premium for that, where dollar for dollar every base point of interest rate that goes up is worth "X" number of dollars. After examining and reviewing it for a few weeks the Authority said if we need to raise \$14 million could we do that through the swap? We went back and analyzed it from our internal credit standpoint and said yes we can do that, it will result in a significantly higher interest rate beginning in 2011 and it would have to be guaranteed by a strong counter-party like the county, but yes, we could do that.

So that is the proposal that I think is on the table today. This is an opportunity to use a swap transaction to really accomplish two things. We can lock in an interest rate after 2011. Interest rates that are low they are not as low today as they were in November. Rates have gone up within the last 60 days by about 30 basis points. This accomplishes two things, locking in an interest rate and if the Authority chooses this to be the most viable way to raise the funds necessary to complete the retro-fit we can additionally accomplish that by increasing the interest rate on the swap from that 3.50-3.75% range to about 5.50-5.75% is effectively where the rate would be in order to generate \$14 million. It is really a two part swap. To raise money it is crucial that the county understand that it is being used as the borrowing mechanism here too. It is being done in an off-market manner to garner a higher interest rate to raise money. The payments on that swap do not begin until 2011, which is an additional advantage for the Authority to give some more breathing room here to complete the retro-fit and get it up and running actually before the payment obligations kick-in in 2011. That is the concept that has been presented and I am certainly happy to answer any questions on that you might have.

Mr. Haste: One of the concerns I have heard raised, if you could address this would be, that this swap is market sensitive. There is a possibility that if you go to market we wouldn't realize the necessary funds anyhow. Can you address that?

Mr. Losty: Well it's really a causation thing. If the direction is given we want to raise \$14 million then what is an interest rate that will generate \$14 million? What is the interest rate as we sit here today and what will it be tomorrow? It will vary every day as the swap market changes. As I said back in November the rate rather than being between 5.50-5.75% would have been 5.25-5.50% because of that. There is not a point where an increase in interest rates will not allow the \$14 million to be raised, it will, but it will just result in a higher debt service and a higher interest rate on the swap.

Mr. Haste: If we were to move forward, and this is another of the concerns I have heard raised, and markets were to change where it was in the Authorities best interest to refinance this, does this keep that from happening?

Mr. Losty: No. A swap transaction at any time from the time you enter into it to the time it is either paid off or you choose to terminate it always has a cost or a benefit associated with it with regard to terminating it. In this particular case since so much money is being borrowed through the swap up front in order for that swap to be able to be terminated and have no cost associated with terminating it interest rates would have to go up very significantly from here to the date you chose to terminate it. At any day between now and the date of final maturity it is the county and the Authority's option to terminate the swap. That is based on market conditions on that day compared to what they were when the swap was put on.

Mr. DiFrancesco: So what potential liability will the county be taking on in backing this agreement and how does it play out over time?

Mr. Losty: In order for the swap transaction to proceed from our standpoint from a credit perspective, we are basically the lender here and we need the county's guarantee. The county is guaranteeing the debt service payments associated with a swap at whatever that final rate ends up being, whether it is 5.5%, it is the debt service that is associated with a \$96 million swap at 5.5%. You are already guaranteeing the debt service on those bonds per the agreement of 2003. Currently, whatever that interest rate is on those bonds you are guaranteeing today because of the swap that is in place between now and 2011 that rate is 3.35%. Remember if we don't do anything now that rate in 2011 goes away and whatever the variable rates are at that time is what you will be guaranteeing. Variable rates have averaged in recent years something in the 3-3.5% range, but there is no limit to how high they could be. If their rates are higher than that, that's what the county's guarantee is. Entering into the swap and taking this as an off-market swap and taking this \$14 million we now have much more certainty with regard to what you're guaranteeing because we can run the debt service numbers at 5.5% and show you exactly what the debt service is. In round numbers if you assume the 3.50%, let's say is the average rate, without the money being taken up front, without the \$14 million at 3.50% and through it, it is 5.50% so it is 2% in additional interest in a year on \$96 million, which is about \$1.8 million a year in additional debt service. That is an approximation of what it would be.

Mr. DiFrancesco: Okay, then the other distinction between this and the original one is that we are in the third guarantee position and on this we would be asked to be the second?

Mr. Losty: At this point the way this swap is structured is the Authority and the county are the only parties to it.

Mr. DiFrancesco: Okay, now how does that change the original agreement since this agreement would supersede the original agreement where we would be in the third position behind the city.

Mr. Losty: That is more of a bond counsel question I think in terms of the City. I'll turn that to you.

Mr. Giorgione: I think the way you would analyze it is as it relates to the debt service required on the entire \$96 million you still would have the City's guarantee in front of you. As it relates solely to the swap payments related to this swap transaction you now would actually be in second place.

Mr. DiFrancesco: So how does this actually impact...I'm trying to think of the transaction now and who is getting paid off and how it would impact the agreements. This is obviously a complicated deal and I'm trying to remember what money and what borrowing would still be in place.

Mr. Losty: It is something that is not crystal clear. It would depend upon interest rates at that time. Remember that the underlying bond that you are entering into this swap with

is a variable rate. The City guarantee is in place on those bonds in front of you. If we get out to 2011 and variable rates are 3.5%, the average, the City is guaranteeing the 3.5% and their guarantee is still in place for that. The swap at 5.5%, that differential at 3.5-5.5%...

Mr. DiFrancesco: So roughly the \$1.8 million.

Mr. Losty: Right.

Mr. DiFrancesco: But the original is still in place? That would not change at all? The City would still have that obligation first?

Mr. Losty: Right. Additionally the way a swap works is it is just a netting of the two rates. If short-term rates are 3.5%, the swap is 5.5%, then the differential there of 2% is what is not guaranteed. If we got out to 2011 and short-term rates were 4.5% or 5.5%, and it is still the 5.5% that you have locked into, the difference between 4.5 and 5.5, so it would be half that. Also if variable rates went down below 3.5% it would be less. You are capped at the 5.5% and the City guaranteed portion is just the difference between short-term rates and 5.5%.

Mr. Giorgione: Just so we are clear we are talking about the guarantee now also. If the Authority is generating sufficient revenues and it is satisfying the debt obviously the guarantee is not in play.

Mr. Haste: I was looking for Paul. Were these numbers factored into your plan or will they be? When I ask the question could the plant be profitable with these numbers and this additional debt factored into that?

Mr. Stauder: No, we are still working the analysis of a long-term deal, but... (Mr. Stauder moved from the rear of the room to the microphone.) This additional swap funding will certainly be analyzed in the long-term deal. That is our goal as we continue to put that together.

Mr. DiFrancesco: The original bond issue, the efficiency of the plant had to be at what percentage? 90% in order to pay the original debt?

Mr. Giorgione: The performance guarantee in the original contracts was operating at 90% of availability. That was one of the critical performance guarantees. One of the functions that is looked at in the industry when you operate the plant.

Mr. Hartwick: Where are we at now?

Mr. Giorgione: I would have to ask Paul to address that.

Mr. Stauder: On an overall point basis without the third boiler up we are obviously well below that. Of the two boilers that we have been running, one of the two has had a

pretty high viability, up in the range of 90%. The other one has been a little bit more challenging but we are slowly getting ahead of the problems to bring it up to that level. All three boilers will take that time that I mentioned in terms of getting this up to the 90%+ availability. Our company runs our mass burn boilers, which this plant is one of, at an average of 92% availability. We have done that for many years in a row.

Mr. Hartwick: That's why we are going to need enough money to fix them all completely.

Mr. Stauder: That is exactly right.

Mr. DiFrancesco: You have already answered that you believe you wouldn't get to the \$14 million, expectations that we can get to the \$14 million in the information that is being provided that the 150 basis points to whatever. You don't feel that it would take...

Mr. Losty: That really is just a mathematical calculation. We know how many basis points it takes to raise \$14 million and it is just added to whatever the current market is at that time.

Mr. DiFrancesco: Okay so that is a definite? That is not market sensitive. This could get kind of complicated in my mind and it may be complicated to ask, should the incinerator be sold, obviously there is a difference in the cash flow that it is bringing in and its profitability and the fact that it sold at an overall loss because the debt is so high. What is the impact on these agreements if the plant is sold?

Mr. Giorgione: Obviously the intent if we did a sale of the plant with Covanta would be to try and satisfy all the existing debt. That may be a difficult transaction to put together. If a number came up that was short of all the debt, which right now is in the \$228 million range off the top of my head, if it came in at a number, which for the sake of this discussion, came in at \$175 or \$180 million and the Authority elected to accept that. Obviously they would have to satisfy the outstanding debt that would exist. As it relates to the guarantee, which I think is the important part of the question; the bonds would then be satisfied based upon their priority. We were just talking about this the other day a little bit with the financial advisor and as I recall the priorities the 98 age, which would be about \$11 million, would be the first priority. They would have to be paid off first. Then the 2003 D, E and F, which you guaranteed would then be paid off second. They were about \$96 million and then it would go to the 2003 A, B and C. Then it would go to the 2002's.

Mr. DiFrancesco: So you are saying basically we would be about \$110 million into a deal? I am talking the original bonds because I'm sure the swap is done differently. To make it very simple the only way you have to correct me is if you think it is going to take a lot more than that, but if we generate \$110 or \$120 million off of a sale then the County's portion would be bought out and we would be safe. It wouldn't require the entire \$220 million.

Mr. Giorgione: Correct.

Mr. DiFrancesco: Now, how is the swap impacted?

Mr. Losty: The swap transaction would similarly have to be terminated at the time of the sale. So if interest rates are where they are today, when you entered into it, the cost of terminating that swap would be \$14 million plus the cost of putting it in place to begin with so that would be added to the number you just calculated, \$110-\$120 million.

Mr. Giorgione: But that wouldn't change the priorities again. Because the swap is related to the 2003 D and that is what you guaranteed it would all be part of that transaction. So you are correct you have to put the \$14 on top of the \$96 and now you are \$110 plus the existing \$11, you are at about \$121 million.

Mr. DiFrancesco: What agreements are in place or need to be put in place with the Authority on the county's behalf that for instance, if it sold, the obligation of that swap would be, or is that automatically a given?

Mr. Giorgione: Through the trust indentures and existing documents.

Mr. DiFrancesco: So that would all be in place if that sold? The swap would be dealt with by the Authority?

Mr. Giorgione: Yes.

Mr. Hartwick: May I ask one follow-up to that? I think one of the reasons initially the county was involved was because of the potential financial impact to the City if this project failed. Because as goes the City, so does a big portion of the region. This project has been the albatross since 1983 and prior to this with the financial stability of the overall well-being of the City of Harrisburg. There has been no other project that has been as challenging financially and has been the ring around the neck of the City of Harrisburg besides the incinerator. I think the county understands that failure in this case is resulting in bankruptcy to the City and significant issues that are going to be impacting the region. I think that is the reason the county accepted to be involved in the first place. The issue is even if in a case of a sale, Nick has gone down this and is worried about the county's best interests, how could the Authority and it may sound like a dumb question, but how could the Authority absorb significant millions of dollars of loss in the case of any kind of sale? I need to understand that in order to get my mind around that.

Mr. Giorgione: Obviously that is a great question and as Paul had indicated earlier they are looking at three options; a sale, a lease and some sort of long-term operating arrangement. Then he said at this time two of them looked pretty good. Obviously the sale being the most challenging of the three. How you put together a deal that tries to satisfy most if not all of that debt. That makes it challenging. Are there ways to do it or are there ways to push some of that debt out so that it doesn't impact the Authority and of course the City and hopefully not the county, immediately? Yes there are, but it is a

real challenging deal. I think you also recognize that there are a lot of lease transactions going on now that sort of act like a sale, but they are not. They are long term arrangements where you can satisfy debt and do some things. It's structured in such a long-term, but it is not a sale because at the end of the lease the original owner then becomes the owner again. That is a way to try and deal with some of these issues where you own the facility at some time in the future, and have some debt still related to it.

Mr. Hartwick: This leads me to a follow-up question. In that facility, say all the upgrades were made and it's able to operate at 98%+ capacity, which needs to be able to happen in order to pay your debt service and make it profitable for Covanta, how long can this facility last operating at that level?

Mr. Giorgione: I think that is a better question for Paul to answer, but I will tell you that the original bonds were issued at 30 years and we are into year 1, so the intent was it would at least be 30. I think Paul could take that better.

Mr. Stauder: That is a fair question and we get that question asked quite a bit from a lot of different clients across the country. As Andrew said most debt you see at about 30 years, but these waste energy plants are built similar to the old fashion coal plants. They are hardy, strong structures and under the right maintenance and operations there is no reason they can't last for 50+ years. That is what our goal is as a company. Maintain and continue to operate them for many years to come.

Mr. DiFrancesco: If I could take off on that, this obviously was terrifying. This article was terrifying to somebody who is backing just some of the debt that is hanging out there. When I hear that we have \$100+ million worth of infrastructure sitting out there uncovered and unprotected what does that mean to this plant right now, even in the short-term as this equipment sits there unprotected? As the article mentioned, and I don't know if it was playing it up and dramatizing it, but when you have these intense burners changing the integrity of the steel, this could have a lifelong impact. Again, is that something we have to wait to find out in your review or is that something you can address now?

Mr. Stauder: Boilers are typically enclosed in the northeast. You are absolutely right. I have to apologize I only read part of the article while I was traveling yesterday so I didn't get to see the pictures.

Mr. DiFrancesco: You are probably better off not reading it.

Mr. Stauder: In any event we were quite surprised when we showed up in November for our first visit to see that the new unit was not enclosed. That is a common situation for boilers in the south, such as in Florida. The heat is what you want to try and retain inside the building to make sure that pipes and controls don't freeze up. The rain and whatnot won't essentially hurt the boiler if it has been finished. The insulation and lagging on that boiler was not finished. That is our biggest concern on that boiler along

with some of the platforms that you read about in the article that weren't done so that there is the correct access to different parts of the boiler so that it is maintained and cleaned out from time to time. All those items can be fixed. All those items will be priced in to our remaining construction and also prioritized on a level of what is most important for availability in the short and long-term. The enclosure is definitely longer-term and farther down the priority list. It is important. Over time leaving that boiler exposed like that will cause problems.

Mr. DiFrancesco: The question that needs to be asked and hasn't been yet is as Commissioner Hartwick mentioned this project can't fail. From the City's point of view this project cannot fail. Why is this one being handled differently from the prior agreement? Why is the City not still in that second position because it doesn't make sense?

Mr. Giorgione: I think the instructions from the Authority were to proceed to the county for a guarantee on the basis that the indications were from City Council that they weren't willing to give a guarantee.

Mr. DiFrancesco: Not having access to the City Council meetings and not understanding exactly the dynamics in place, the alternative to not doing this is to have a plant sit there, languish and die while there is in the City's case \$228 million worth of debt sitting out there and the only way to pay it is with trash going through the incinerator. Can you give us some insight as to why they would say they are not doing it? Even from the county's perspective and this is not our direct responsibility, although it is certainly our indirect responsibility, we are sitting here taking full responsibility and I am just a little confused on the dynamics here. It seems like the deal should have gone down the same road the last one went down. Again the last one, the county's involvement in the deal was about economics. It was about the county having great financial standing and therefore we can get you a better rating on your bonds. We did that in order to step up to the plate. Now it seems like we are being put square in the middle of making the plant work and taking full responsibility in terms of being in the second position.

Mr. Hartwick: Can I comment on top of that? This deal doesn't make me feel comfortable at all, but it would make me feel more comfortable if City Council would have neglected the financial responsibility due to the financial shape of the City. Because quite frankly that is what this vote is about. Either they would support this and realize that this is the only alternative or else they would go bankrupt. They could play politics or do whatever they choose to do with it. If they in fact would like to take care of the obligations associated with it, it would then be their responsibility to come to the county understanding the ramifications. It would be a lot easier if they would have taken the process to City Council rather than to the Dauphin County Board of Commissioners. Quite frankly, it is their responsibility that they chose not to address or to do something else with it. We have to face a difficult choice, but procedurally that is the way it should have went.

Mr. Giorgione: I am not sitting here today saying that I met with all of the members of City Council individually or in a group and they said they wouldn't do it. I think the Authority got many indications, particularly through the City budget process, where you might have read that Council was considering not funding the operations of the plant, which of course caused the Authority to go out and start bringing operators in preparing for the fact that come January 1 they might not have any employees. Then of course the agreement was reached with Covanta and they started at the plant. I think there is another function here too, that was one of timing. Today is a lost day for us and that is why we continue to move aggressively to try to put pieces of this project together financially to get all the burners operating, to get all the revenue we can in this plant. This is to make sure the debt service is satisfied. We spent a lot of time working with Barlow, the former contractor, to try to complete this plant. Maybe nurturing is the wrong word, but to try to help them raise funds to help them do what they need to do to complete this thing. It was promises after promises that were broken. The operations weren't terribly good. We finally made a lot of significant decisions at the end of the year to bring in a new contractor, take control of this plant, and work to get our own financing done to get the plant done. All I can say is there were just indications from City Council that they weren't prepared to do it. I think timing was a big factor and so the steps weren't taken. Certainly I can tell you that if the county supports this guarantee and we go forward if indications from Council are true, they are willing to step forward. I think the Authority would direct us then to go to them and slide that guarantee in between to make sure that the City remains in second place. As I indicated the Authority's instruction was to come here.

Mr. DiFrancesco: I still think, and this is open for discussion, that we have an obligation at this point, now that it is before us, to correspond in some manner to the City directly and express our questions to them. Ultimately, as I and Commissioner Hartwick have said, to do nothing is not an option. To do nothing is to say that the City is agreeing to fail. I can't think that anybody in elected office, representing their constituents, would agree to that. Some step has to be taken in order to resolve the issues. Nobody, absolutely nobody, involved in this deal is happy with the way it went down. It has been one disaster after another. The bottom line is it can be fixed. We finally have a strong player at the table who for the first time, as Commissioner Hartwick had mentioned, the very first time throughout this entire process that I actually have confidence in somebody that they can turn this around and make it work. Now is not a time to be shying away and talking about the past. We can talk about the past after we save the issue. Then we can point fingers all we want. Right now it is a matter of getting the job done. I am sitting here at a loss trying to understand why we are in a position of having to save the say as opposed to before it was a nice because the entire county benefited under the prior agreement. We were able, through those agreements, to lock in rates for the municipalities in terms of the fees that they were paid, stabilizing the rates that the taxpayers had to pay for their trash disposal. There was a nice agreement there where everybody got a little something for the benefit. It really was a win-win all the way around. My next question is what happens to those agreements now? Now that the financial picture is changing what happens to those guarantees that we gave back through the Solid Waste plan to the municipalities in terms of future operation, whether

it is Authority owned or sold? How long was that agreement for? Was that a 10 year agreement or was it the life of the...

Mr. Giorgione: I think as I recall the County agreements were 20 years with two or three 5's on the back. I believe that was the term. Actually by this transaction or anything that has occurred nothing changes with regard to those agreements. You still have an agreement with the Harrisburg Authority. That rate is still locked in. The Authority is not sitting here today asking you to raise the rate or do anything with it.

Mr. DiFrancesco: There is no contemplation that would ever happen? The last thing I want to do is go back to the residents of this county and tell them that the rules have changed.

Mr. Giorgione: I think your direction is clear on that point. I think the Authority understands that completely.

Mr. Hartwick: We can't say rates will never change. We need to adjust them accordingly in order to meet the debt service and the revenue that needs to be generated in order to operate the facility. You can't make that claim.

Mr. DiFrancesco: All I am saying is that there is an agreement in place and that was the benefit that came to the taxpayers outside of the City. The City taxpayers benefited greatly simply because of the financial stability that the deal brought and so forth.

Mr. Giorgione: There are a lot of different revenue streams.

Mr. DiFrancesco: I think at this point we have a responsibility to correspond back and get more questions answered in terms of Council and the Mayor and where we stand. With that I don't really have any more questions for this team.

Mr. Giorgione: I am going to ask your financial advisor and special council to come up.

Mr. Smida: Good morning Commissioners, my name is Tom Smida and this is my partner, Chuck Zwally and we are from Mette, Evans, and Woodside. We served as the county's main council in connection with the review of the interest rate management plan and the guarantee obligation that you have been asked to consider. To my left is Jay Wenger from Susquehanna Advisors who served as the county's independent financial advisor in connection with this matter. The swap and guarantee that the county has to consider, under the laws of the Commonwealth Act 23 require the preparation of an interest rate management plan to ensure that the county undertakes these obligations in compliance with the law and the conditions and requirements of the act. One of those conditions is that the plan contains certain provisions regarding exposure and discussion and analysis of the various types of risk involved to the county, as the guarantor, as well as, to provide certain information. All of which are set forth in the interest rate management plan that is still a continuing source of negotiation, but for the most part has been finalized. Jay is here this morning to discuss with you the financial

dimensions of it and after he is done we will talk to you about the efforts that we have taken over the course of the last several days in particular connection with the documents that I have handed out to you, which are the forms with the authorizing resolution, an affirmation and supplement of the reimbursement agreement, as well as an affirmation and supplement of the guarantee agreement that the county has been asked to consider.

Mr. Wenger: Jay Wenger, Susquehanna Group Advisors, we have in what is a nearly final, but still draft form, interest rate management plan, which is very similar to plans that you have seen in the past in prior interest rate swap transactions. The substance of this document that is germane to this conversation is what are the proposed payments under the off-market swap that was presented to you earlier by Jim Losty? Again, in order to generate \$14 million plus or minus in proceeds the rate is going to be somewhere in the 5.5-5.6 range, which is considerably off where if you were doing a straight fixed-rate swap the rate would be. In order to generate cash we have to raise the rate. You have asked I think if not all the correct and very thoughtful questions so I will try not to belabor this. One of the issues here though that I think we have identified is you are in a difficult spot in that if you don't provide the guarantee in this transaction, or if somebody doesn't, the ability of the Authority to operate its facility at a meaningful cash flow level is pretty close to nil. So the Authority has come to you asking for a guarantee in order to create those proceeds. Their alternative is to basically borrow the money from somebody somehow. The net difference is they need \$14 million plus or minus of proceed. The good news that we have heard today is that Covanta, as the new operator, has agreed to come in and in some capacity fund any increment over \$14 million that may be required, once they do their final study and report by February 15, 2007, I believe was the date that was given.

From our perspective of representing you it is comforting to know that somebody is not coming back to you in three months, six months or nine months and saying \$14 million wasn't enough we need "x" above the \$14 and by the way, we'd like you to guarantee that as well. That is new news to us and we are very pleased to hear that.

Again, you have asked all the right questions so I won't try to belabor this and I don't mean to be too brief and not present this transaction to you, but you have asked the questions. I think the essence of this is that the Authority is very pressed for funds to continue the work that Covanta is trying to do. So from their perspective this is an urgent matter. I understand from your perspective that due diligence takes its course. We are here to assist you in that matter. You have been given a resolution to consider as part of the guarantee proceedings, which you may or may not want to consider today. I will forward to Chad, for distribution this afternoon, what I think will be a final version of the interest rate management plan. We can proceed or to proceed at your pace. I am happy to answer any questions, but I think you have asked all the right questions thus far.

Mr. DiFrancesco: Take me through, for the record, assuming that the transaction that is in place right now, not the swap, the county's backing in the third position, assuming the

deal would go south, the Authorities resources would be impacted, at that point, what is the county's liability in actual terms? I know we are responsible for the entire \$96 million, but how would this actually play out assuming that the City claims bankruptcy and also assuming that somebody does step in to bring the City back up and assuming that they don't. What I am getting at is by default of the first two positions, does that automatically mean that the county is responsible for the remaining multimillion dollars left on the fund? Or is it just a timed issue of having to cover it from year to year until the City's budget comes back online and they would then begin to budget for this again?

Mr. Zwally: It is basically an annual obligation. If there are insufficient funds from operations to pay debt service then there will be a call on the debt service reserve fund to pay that debt, which may or may not be sufficient. An insufficiency in the debt service reserve fund is covered by the guarantees. At the time of that deficiency a notice would go out to the guarantors and the City would be required initially to step up and fund the debt service reserve to bring it back up to its required level. Of course if the plant is not operating at the levels sufficient to produce annual revenues this would be an annual occasion. If the City fails to provide sufficient funds to meet the debt service reserve deficiencies then the county would be required to do that.

Mr. DiFrancesco: Right, now under what circumstances would they be not able? By choice or would it simply be that they are in a bankrupt position? If they would choose just not to budget that money, what would happen?

Mr. Zwally: It would require an appropriation by the City to pay the funds. There are documents in place that if the City failed then either the trustee or you as the guarantor or any combination could take action against the City to enforce the obligations. That action could take the form of an equity action, which would ask for an injunction to require officials of City, whether it is City Council, the Mayor, or both of them, to take the necessary actions to appropriate the funds and if necessary increase taxes to provide the funds to meet the guaranteed requirement.

Mr. DiFrancesco: So as we sit today the county has a fair amount of insulation around it really serving as the last option?

Mr. Zwally: It does but I don't want to mislead you about the option of it being adequate in the effect that in any litigation as you well know defenses could be proffered, delays obviously occur and while that is happening and until events would take place that would cause the City or require the City, through a final order of decree, to take the steps to fund, you would have to fund. It could even get to the point where the City officials might be under risk of civil contempt.

Mr. DiFrancesco: Carrying that logic forward, if they simply have the money and are not appropriating it and go through those legal channels that you just mentioned could the county not do the same thing? Not that we would do that, but just for instance.

Mr. Zwally: If games are being played then this obviously is a disaster scenario. I don't know that any municipality can afford to take those steps. It would probably ultimately mean a bankruptcy in the case of the City.

Mr. DiFrancesco: Ultimately what we have shown, especially through the county's operation, is a very strong responsibility to meet our obligations and do things in a very up front manner. I am just trying to point out that the difference between the second and third position is huge.

Mr. Zwally: That is correct. Of course that is why they wanted your guarantee in the first place. That is why it was of value to them.

Mr. Wenger: Excuse me Commissioner; I think it is also important to point out to you that the same priority exists at present with respect to the swap transactions that are put in place.

Mr. Zwally: The ones in place today.

Mr. DiFrancesco: You are talking about the third position?

Mr. Wenger: Yes.

Mr. DiFrancesco: Right, exactly. That is again why I raised the issue of why is this different now? Certainly the county should be corresponding with the City to find out a little bit more specifically exactly what is going on in the minds of City Council and the Mayor. The other question I have is what input as we take on more obligation or what leverage do we have as the county body with the Authority in terms of if the deal should come up to sell the plant for whatever reason, that in fact our interests are being protected?

Mr. Zwally: I think you have to understand that under the proposal before you the Authority is the primary obligor and you will be the guarantor. The fact of the matter is that most of the funds of the Authority are pledged to its existing projects, whether it is water, sewer or the resource recovery facility. So those funds would not be available to support this obligation. They could do it only from surplus funds. For that reason we have requested the Authority to accept an agreement with respect to this arrangement to in effect create sort of a lock box of their surplus funds that will be held and cannot be disbursed as needed for the facility or otherwise without the approval of the county. So that there would at least be some funds there that are available to secure this swap obligation. I have to tell you that there probably will never be sufficient surplus funds available in this arrangement to adequately cover the obligation, which means you are almost first in line on this one.

I think you also need to understand in regard to some of the discussion earlier that by entering into the swap you are reducing your risk on the initial swap and of course

reducing City Council's risk in that initial swap, but you are increasing your risk overall by the second swap and you are there pretty much standing alone.

One final point on the facility, I think it is probably unlikely, but it could occur where your bonds would be taken out because basically all the bonds of the facility are pledged to the facility. They would all have to be released or satisfied, all of them, before the facility could be sold. If a sale price would cover only your bonds, in their priority, there would have to be some arrangement to take out those other bonds. Somebody could step up and refund them and make them a general obligation to the City or some other such fashion, but they couldn't just be sitting there. You can't sell the facility out from under any of those bonds.

Mr. DiFrancesco: Just to be clear because that might be counter to the understanding that I had in the prior line of questioning. You are saying that in fact if a transaction took place that covered the first and second series and gets us in, that in fact it wouldn't be that simple if we...

Mr. Zwally: No, because nobody is going to buy and still have their receipts there to pledge to cover the remaining bonds. If they buy it they will want a clear title.

Mr. DiFrancesco: Does that mean the money is locked up or that it would be distributed evenly across the bond holders that are in place?

Mr. Zwally: If there is a sale that means there would be adequate funds to satisfy all of the bonds. If the sale price is less than enough to cover all the bonds then you would have to do something in terms of restructuring or refinancing the remaining bonds.

Mr. DiFrancesco: Okay.

Mr. Haste: The City could restructure and pay for their bond.

Mr. Zwally: They could, yes.

Mr. DiFrancesco: You raise another issue that I really had not thought of, but when you talk about the lock box, is it a guarantee and I don't want to assume this, that all revenue generated at the incinerator would in fact stay with the incinerator or are you saying that the revenue generated at the incinerator could be used for obligations other than that?

Mr. Zwally: Certainly in the situation of the incinerator we are just hopeful there are sufficient funds there to cover all the obligations. We don't anticipate any real surplus funds at least for some significant period of time.

Mr. DiFrancesco: Is there anything in any agreement that covers surplus funds from the incinerator should they take place? What happens to that revenue?

Mr. Zwally: Yes we have an arrangement which we set up under the initial financing that would secure those for the benefit of the guarantors.

Mr. Hartwick: There most likely won't be any surplus funds. Covanta coming in to try and operate would obviously try to maximize their ability to try to profit from the facility and pay off the debt obligations through any long-termed structured arrangement with the City. That is why they get in the door or not.

Mr. Haste: I will just throw this out there because I think everyone has tiptoed around it. I don't know, but Andy may be the best one to deal with this. Could someone clearly state for the record what happens if we take no action? Everybody says that is not an option. That is an option. What if we chose to take no action and Council continued on their past practice and took no action?

Mr. Zwally: I am not an expert in this, but I think you all do understand the bottom line. The bottom line is and I think we have all seen enough, Andy can certainly correct me if I am wrong, but there is no way this facility in it's current condition can operate at a level necessary to meet debt service. So if no action is taken to improve the facility to get it to a point where it hopefully can meet debt service there is going to be an ultimate default. At this point the default would have to be pretty substantial.

Mr. Hartwick: That is why requiring a vote from City Council taking that action would be very easy to move then to the county. I am prepared and I will state this for the record not that I want to do it, but I am prepared because of the alternative to support this swap transaction. If in fact City Council denies their obligation to take care of the City's responsibility.

Mr. Zwally: Unfortunately Commissioner it is not something that we can recommend or not recommend.

Mr. Hartwick: I understand.

Mr. Zwally: I think we have done, from our point of view, just about everything we can to supply you with what is available about City Council's action.

Mr. Saylor: Commissioners let's not stop at default. Let's for purposes of clarification of the record, if the Authority is not able to make the payments, then what? I think I heard Mr. Lispi say that could happen as early as November of this year.

Mr. Lispi: Correct.

Mr. Zwally: In my discussion with the Commissioner we covered what would happen in the event of such a default. There would be a draw on the debt service reserve fund; there would then be an obligation of the City to fund that deficiency. If the City failed then the County would be asked to fund that deficiency. That would be an annual

requirement. If this facility is not built up to speed there is going to be a substantial deficiency in the debt service reserve fund every year.

Mr. Haste: Chuck remembers this quite well; this was the issue that made him famous back year's ago.

Mr. Zwally: It's infamous, perhaps.

Mr. Haste: But let's not forget for those who are out there dealing with this, Act 101 replaced the responsibility of flow control on the county. We could sit here and say we are not responsible and we are not involved, but if this facility were to go under we still have an obligation to arrange flow control for every municipality in this county. So even if flow control, Chuck and I were staff members at the time, if you remember the direction at that was not to have the City as a partner. That meant that the Northern Dauphin Landfill became our partner. In my experience in the past they weren't a good partner. One of the reasons when I came on the Board and this issue was facing us the landfill was closing, there was a way for us to help that community and keep the landfill and the trucks out of northern Dauphin County. We had another municipality who was looking to make a facility that would not only deal with our trash, but would be a little more responsible than just landfilling it. That would be a facility that produced steam; it would save some landfill space and do other things. It was in a municipality that was ready for trash. They had a facility that had been around for a while, they wanted to make it profitable and they were eager to do it. There is a way for us to become a partner with a responsible partner and someone who was trying to be real as opposed to a partner that was partial to a community that did not want it. You would be hard pressed to find any one in northern Dauphin County who liked the landfill or who would want the landfill reopened.

If we don't take action the other option is we could help that other landfill reopen and I don't think that is what any of us want to do. Once we got involved in the first issue in trying to make that happen. To make sure that the landfill stayed closed, to help a municipality that wanted to have a proper center and someone who would offer steam and electricity to our grid for our community to use. I don't watch too many movies, but I did watch one recently, I think it was called The Guardian, this somewhat reminds me of that. The Guardian is about the Coast Guard and recovering swimmers. In a way, that is what we did when we jumped into the pool we decided to be that Coast Guard recovery swimmer. The problem is we are in a situation now where we can't stop in the middle of the pool and say the load is too heavy because if we do everyone is going to drown. That is going to affect every other municipality in this county. We have now whether it has gone the way we wanted to or not we now have an obligation and the longer we sit here and make no decision, the better we can ensure that in fact we are going to drown. As I understand it we are losing revenue close to \$1 million a month. No action means we are going to continue to cost the Authority and eventually the taxpayers \$1 million a month. Now we have heard everything and we can put this off and go out of schedule because this would be a voting week and next week during the Workshop Meeting would be a non-voting week. If we would vote it next week and I would encourage you

to communicate with the City, they would then have one week to fulfill their obligation to the taxpayers. This isn't about a brawl between the Mayor and City Council; this is about keeping the facility so that the entire community has a responsible place to put their trash in a facility that is not as adverse to the community as the northern Dauphin facility was. I would hope that City Council will take a hard look at their role in continuing to be a partner in this. If they choose to give us some indication by next week that would be great. But one way or another next week whatever is placed before us and whatever circumstances are there will tell us who will be a partner in the process.

Any other questions?

Mr. DiFrancesco: The only other thing that I would add to that is if in fact this is going to move forward and be voted on next Wednesday I will state two things in my opinion have to happen for me to vote yes on this in that time frame. I'm not saying that within a longer time frame I will be, but two things have to happen. One, we are still obligating someone in the dark in terms of the report won't be back until February 15, 2007 and we are taking action on the \$14 million deal now. One of the problems that have plagued this project is we constantly move forward based on half-hearted information that has failed at every turn. Therefore I want to know a solid projection on what it is going to take or a definite guarantee. I will sit down with the folks from Covanta and see exactly how solid that is. I want to be absolutely certain that in fact the \$14 million obligation that we move forward with would get the job done along with the additional resources that they would bring to the table. That is number one. The other thing is that I absolutely need to hear from City Council because I think it is irresponsible of us to take action without them giving us some formal feedback in terms of them meeting their obligations. While I agree with everything you said in terms of the reasons for using the incinerator it is a much better plan and I agree with you that certain problems at the plant would open the door for DEP, which we are all very concerned about opening up the landfill in the northern end. None of us want that. To sit here and look at this individual financial transaction that the county is about to assume and take on more responsibility than what we actually have right now I would agree with you that this would be a no brainer in terms of has City Council already spoken and said that they were not going to accept their responsibility, then it does fall on us and we have to step up and be the responsible party. To not give them the opportunity to officially speak, I know we have heard them communicate and we've heard what Dan has to say, but without giving them the right to act within their authority as elected officials is irresponsible, I believe. While I understand that time is of the essence we certainly did not create this problem. We tried all along the way to push, urge or cajole them into finally getting it right and yet that never happened. Knowing that hind site is 20/20 I really try not to be too harsh on anyone involved with the project, but the bottom line is there have been red flags from day one on this project. Red flags should have been identified and dealt with from day one. Some of the assurances that we had been given that everything is going to be just fine had no foundation and no basis. To come to this point now it is not the right time to say our back is against the wall. There are things that have to happen before we take this vote. If we are willing to stick to that schedule to do it next Wednesday then those things better happen over the next 7 days. I am not

saying I wouldn't vote on it before February 15<sup>th</sup> when we have more information and while Council has been given plenty of time to get involved, but at this point Council hasn't been given any opportunity to get involved to the best of my knowledge formally. Even if the issue would have been pushed to them, bringing it up at a meeting and forcing the issue where they have to say no they are not going to do it. Then I agree with Commissioner Hartwick that is a whole different story. Now we are sitting here as the last resort, to take on this obligation and to do what is responsible for the citizens of this county.

There is no question that this plant benefits the citizens of this county from top to bottom. I'll take it one step further; this is not just a Harrisburg City issue. Certainly financially it impacts the City more than any other, but this is an issue that is far beyond the financial difficulties that the City is facing right now. It is a much better option. We, as a Board, will continue to fight adamantly to make sure that the landfill in the northern end does not get opened because it is a bad thing for that part of the county. I think it is a bad location for a landfill. The infrastructure is not in place to make it happen. I say that specifically on the record for DEP because again I am concerned that they are going to make a very bad choice. This issue needs to be separated from that issue. There are a lot of other options besides that northern end landfill in terms of the flow of garbage. I agree that this is a very difficult decision. It is not one that any of us really enjoy being in a position to make. I still think we have an obligation to do it in a proper fashion and I think pushing it to next Wednesday is going to be a little ambitious, but if we can get the information out there that is fine. Unless we can get those two points addressed then I am a no vote at this point.

Mr. Hartwick: What is the Sunshine Law requirement in order to advertise an emergency meeting?

Mr. Lighty: An emergency meeting requires 24 hours notice.

Mr. Hartwick: I think from now until next Wednesday City Council has an opportunity to, if they want to address the issue.

Mr. Haste: They met last night.

Mr. Hartwick: To call an emergency meeting to address it and take care of their obligations.

Mr. DiFrancesco: I would hope that they would address this prior to next Wednesday with all the concerns that Commissioner Haste and Commissioner Hartwick have expressed in terms of what every day costs us in terms of dollars. We want to move on this responsibly and quickly.

Mr. Giorgione: If I could just address the timing issue. City Council met in Legislative session last night. That means their next Legislative session won't be for two weeks.

Mr. Hartwick: Could they call an emergency meeting?

Mr. Giorgione: They could. I can tell you in my experience they don't necessarily do that. What I will do is report back to the Authority and by your instruction submit something to City Council for their consideration. Then we can gauge their interest hopefully by next week. Of course it will be unofficial. As an alternative as I had indicated before what I would ask is that if you are willing to proceed to vote and we will seek the City guarantee and slide it in between yours. It doesn't have to go in any particular order. If the City guarantee doesn't come forward you know we sought it and you know what happened. I would ask that you consider that for next week if they won't hold a special meeting. Thank you.

Mr. Haste: Thank you.

### **SALARY BOARD**

A complete set of Salary Board meeting minutes is on file in the Chief Clerk's office.

### **PERSONNEL**

Ms. Beard: There was an addendum to last week's Workshop Packet for the Deputy Court Administration full-time Administrative Assistant I position.

Mr. Haste: Why are we doing this one now instead of at the window?

Mr. DiFrancesco: Chad are you aware?

Mr. Saylor: I am. I am trying to remember.

Mr. Hartwick: This should be tabled for next week.

Mr. Saylor: They are posting it, not filling it. That's what it was.

Mr. Haste: Any other questions?

Mr. Hartwick: No.

Ms. Beard: There were no other changes to last week's packet other than that.

Mr. Haste: Is there a motion to approve the Personnel Packet as amended?

**It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick to approve the Personnel Packet as amended. All were in favor; motion carries.**

## **PURCHASE ORDERS**

Mr. Baratucci: Commissioners there were no changes from the packet last week except that all the budget issues were resolved. Commissioner Hartwick did have a question about the retro fees and I think they were answered through email. Unless you have any other questions the packet is there for your approval.

Mr. Haste: Is there a motion to approve the Purchase Order packet?

**It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco to approve the Purchase Order packet as presented. All were in favor; motion carries.**

## **REPORT FROM BUDGET & FINANCE – MIKE YOHE, BUDGET DIRECTOR**

Mr. Yohe: Commissioners I've got two items on the agenda today. I'll take the investment report first.

### B. Investment Report

#### **Report from the Office of Budget & Finance January 24, 2007**

- **January 12, 2007** transferred **\$6,378,587.08** to the **Payables** account from the County's Concentration account for checks issued that week. (Includes a \$5.4 million check to Motorola for the radio project)
- **January 19, 2007** transferred **\$7,952,267.18** to the **Payables** account and **\$1,670,322.55** to the **Payroll** account from the County's Concentration account for checks issued that week.
- **Total Term Investments – N/A**
- **Balance today in INVEST account \$132,947.23 rate 5.180%**
- **Balance today in Community Banks investment account \$14,700,598.30 rate 5.370%** (This rate equals today's Community Banks 91-day TBill rate of 4.970% plus 40 basis points)
- **Balance today in Graystone Bank investment account \$10,727,288.63 rate 5.650%** (This rate equals last month's average 1-month LIBOR rate of 5.350% plus 30 basis points)
- **Balance today in Commerce Bank investment account \$27,680,948.56 rate 5.445%** (This rate equals today's 91-day T-Bill rate of 4.995% plus 45 basis points)
- **Balance today in Sovereign Bank investment account \$117,268.36 rate 5.320%** (This rate equals today's 1-month LIBOR rate of 5.320% plus 0 basis points)

**No T.R.A.N. Line of Credit required for 2007.**

Mr. DiFrancesco: Are we communicating with Graystone? Right now they have elected to cap the amount in the bank. Is that changing at all or do we revisit that ever?

Mr. Yohe: When they set that cap it was agreed through February. Now they will revisit it with the RFP that was sent out. My feeling is after talking to Doug is that I wouldn't expect it to go up. It didn't seem like that was a business decision that they wanted to make. I wouldn't be surprised if they came in at 10.

- A. Approval of Budget Amendment reports for the 4<sup>th</sup> quarter calendar budget ending December 31, 2006 and second quarter 2006/07 fiscal budget report ending December 31, 2006.

Mr. Yohe: The second item on the agenda is the quarterly budget amendments. These are for the fourth quarter of 2006. They are the final amendments for the calendar year funds. They are the 6 month or half year amendments for the fiscal year funds that started on July 1. I distributed these two weeks ago or so. I am here to answer any questions.

**It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco to approve the Budget Amendment Reports for the Fourth Quarter Calendar Budget Ending December 31, 2006 and Second Quarter 2006/2007 Fiscal Budget Report Ending December 31, 2006. All were in favor; motion carries.**

**REPORT FROM CHIEF CLERK/CHIEF OF STAFF – CHAD SAYLOR**

There was no report this week.

**SOLICITOR'S REPORT—FRED LIGHTLY, ESQ.**

Mr. Lighty: Good afternoon Commissioners, the items appearing under 14 in your agenda have been reviewed by the Solicitor's Office and they are ready for Board action. That is all I have.

**MATTERS REQUIRING BOARD ACTION**

Ms. Rebeck: I would like to point out that Item E is a Retirement Board Item for action by the Retirement Board only.

Mr. Haste: Is there anything else? (There was none.) Is there a motion to approve Items A through AA, minus E?

**It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco to approve Matters Requiring Board Action Items A-AA, minus Item E. All were in favor; motion carries.**

- A. Training Packet
- B. Approval of FY05/06 per diem rates between Children & Youth Agency and:
  - 1. Universal Health Services Recovery d/b/a The Keystone Center  
Adolescent Treatment \$285.00/day
- C. Real Estate Tax Refunds/Exonerations:
  - 1. Refund of real estates taxes to the CCO Mortgage Corporation in the amt. of \$369.99 for payment on an incorrect tax parcel #130590270000000.
  - 2. Exoneration of 2006 tax liability for the Harrisburg University, property ID #03-001-072-000-0000 in the amt. of \$8,319.00.
  - 3. Refund to Marianne F. Reider, Steelton Borough Tax Collector, the amt. of \$425.26 for a check she received for non-sufficient funds.
- D. Acceptance of preliminary non-binding proposal with Commerce Bank for development of a Dauphin County owned vacant site at 28<sup>th</sup> & Paxton Street, Harrisburg, parcel A, 1.5 acres.
- E. Asset/Liability Consulting Services Agreement between Dauphin County and Pierce Park Group for Dauphin County's Retirement Plan for investment management consulting services.
- F. Approval of Lease Agreement between Dauphin County and Lamar Advertising Company (formerly Whiteco Outdoor Advertising) for billboard along PA Route 230 in Londonderry Township. (Parks & Recreation)
- G. Approval of Service Agreement between Schaffner Youth Center and Berkshire Systems Group, Inc., for a fire alarm service system and sprinkler inspection package.
- H. Medicaid Waiver Grant Agreement between Dauphin County Area Agency on Aging and the PA Dept. of Aging.
- I. Purchase of Service Agreements for FY06/07 between Children & Youth Agency and:
  - 1. Little Treasures Early Childhood Center, Inc.
  - 2. Pressley Ridge, Inc.
  - 3. Universal Health Services Recovery-Keystone, Inc.
- J. Adoption Assistance Agreement #2006-38.
- K. Mental Health Purchase of Service Agreements for FY06/07 between Mental Health/ Mental Retardation and:
  - 1. Jan Gaspich
  - 2. Pennsylvania State University
- L. Amendment #1 to FY05/06 Purchase of Service Agreement between Mental Health/ Mental Retardation and Northwestern Human Services of the Susquehanna Valley t/d/b/a Susquehanna Development Services.

- M. 2007/2008 Emergency Shelter Grant Application by Mental Health/Mental Retardation submitted to the PA Dept. of Community & Economic Development.
- N. Homeless Management Information System (HMIS) Agreement between Dauphin County Human Services Director's Office and The Delta Community, Inc.
- O. Geographic Information System Technology License Agreement between Information Technology and Rothplan, LLC.
- P. Contract between Dauphin County Weatherization and PPL for the Winter Relief Assistance Program (WRAP Services) in the amount of \$75,000.00 beginning January 1, 2007 through December 31, 2007.
- Q. Approval of the 2006 Dauphin County Liquid Fuels Tax Fund to be submitted to the PA Dept. of Transportation.
- R. Family Center Grant Application – Human Services Director's Office.
- S. Satisfaction Pieces with the following individuals:
  - 1. Christopher Mehaffie & Kristine Kreiser on property located at 2639 Canby Street, Harrisburg, PA.
  - 2. Marjory E. Knapp on property located at 1 Harris Drive, Harrisburg, PA.
- T. Approval for Renewal of Standard Uniform Rental Service Agreement between Dauphin County and Cintas.
- U. Approval of ThyssenKrupp Elevator Maintenance Agreement for Emergency Management Agency facility at 911 Gibson Boulevard.
- V. Approval of Full Service Maintenance Agreement between Dauphin County Parks & Recreation and Comarco for two (2) Emergency Call Box Units.
- W. Approval to maintain reduced compromise figure of \$204,000 for the Tax Assessment Appeal Settlement of Robert and Susan Goduto, 401 North Hanover Street, South Hanover Township, Tax Parcel Number 56-012-024
- X. Approval to contribute the County's *pro rata* share for appraisal services and trial costs needed to ascertain the true value of properties located at:
  - 1. 417 Walnut Street, Owner: PA Chamber of Bus. & Industry, Tax Parcel No. 09-001-008 (\$700)
  - 2. Dayton Parts, LLC, 1300 North Cameron Street, Tax Parcel No. 07-055-030 (\$1,040)
  - 3. Metal Industries of CA, 1517 Route 209, Millersburg, Tax Parcel No. 65-034-019, 6-032-070 and 015 (\$1,240)
  - 4. Ritescreen Company, 4314 US Route 209, Tax Parcel No. 66-012-028 (\$1,280)
  - 5. MI Windows & Doors, Inc., 760 West Market Street, Gratz, Tax Parcel No. 27-007-036 and 058 (\$1,280)
- Y. Approval of proposed Stipulation of Settlement for the following properties:

1. Karen & Robert Klock, Two Smokehouse Lane, South Hanover Township, Tax Parcel No. 56-003-044
  2. Harrisburg Comfort Inn, (Crown Am. Hotels), 4021 Union Deposit Rd., Tax Parcel No. 35-075-043
  3. Willow Associates (Willow Garden Apts.) 550 Willow Street, Highspire, Tax Parcel No. 30-13-004
  4. Pennsylvania State University, 1010 North Seventh Street, Tax Parcel No. 07-102-007
- Z.. Memorandum of Lease with Derry Township for certain tract of ground in the Township which tract shall be used for the installation of all radio equipment associated with the cell tower. (Emergency Management Agency)
- AA. Clarification to Controller's Office to pay settlement figure of \$115,857.25 plus Attorney's fees and interest to Buchanan Ingersol & Rooney P.C.

### **FORMER BUSINESS**

There was none.

### **NEW BUSINESS**

There was none.

### **COMMISSIONERS' DISCUSSION & ACTIONS**

Mr. Haste: Any other items to be brought up by Board members? (There were none.)

### **CORRESPONDENCE**

Mr. Haste: Items listed as correspondence for the Board will be handled by the staff appropriately.

- A. Received from the PA Dept. of Auditor General's Office an amended financial report of Dauphin County's Children & Youth Services report for July 1, 2003 through June 30, 2004
- B. Notification from Pennoni Associates, Inc. indicating the Milton Hershey School intends to submit an application to DEP for a Floodway Encroachment Permit for a utility line stream crossing for the Health Center at the Milton Hershey School.
- C. Notification from Raudenbush Engineering, Inc. indicating they intend to submit an application to DEP for a General NPDES Permit for stormwater discharges associated with construction activities for the Grace United Methodist Church, Derry Township, Dauphin County.
- D. Notification from Alpha Consulting Engineers, Inc., on behalf of Select Medical, indicating they intend to submit an application to DEP for a NPDES General

Permit for stormwater discharges associated with construction activities for the Villa Teresa Parking extension, Lower Paxton Township.

- E. Notification from Advantage Engineering indicating they intend to submit an application to DEP for a joint permit for the Blue Mountain Commons, retail development, 2300 Linglestown Road, Harrisburg, Susquehanna Township, Dauphin County.
- F. Notification from Brinjac Engineering indicating that the Wiconisco Township Supervisors intend to submit a renewal application to DEP for a NPDES permit for the Wiconisco Township Wastewater Treatment Plant, Wiconisco Township, Dauphin County.
- G. Notification from Navarro & Wright Consulting Engineers, Inc., indicating that ABBCO Real Properties intends to submit an application to DEP for a NPDES Permit for stormwater discharges associated with construction activities for a development of an existing 4.66 acre tract currently occupied by the existing Middletown Plaza Shopping Center, Middletown Borough, Dauphin County.
- H. Notification from Nissley Poultry indicating they intend to submit an application to DEP for a NPDES permit for a concentrated animal feeding operation located at 1965 Pecks Road, Middletown, Londonderry Township, Dauphin County.
- I. Received the 2006 Calendar Year Agency Summary Report of Food Distribution from the PA Dept. of Agriculture.

## **PUBLIC PARTICIPATION**

There was none.

## **ADJOURNMENT**

Mr. Haste: Reminder we have Retirement Board that we will move directly into after adjournment. Is there a motion to adjourn?

**It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco to adjourn the meeting; motion carries. Meeting adjourned.**

Respectfully submitted,

Chad Saylor, Chief Clerk

Transcribed by: J. Wolgemuth