



DAUPHIN COUNTY BOARD OF COMMISSIONERS

Commissioners' Legislative Meeting

Wednesday, September 12, 2007 (10:00AM)

MEMBERS PRESENT

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

STAFF PRESENT

Chad Saylor, Chief Clerk; Bill Tully, Esq., Solicitor; Marie Rebeck, Controller; Bob Dick, Treasurer; Steve Suknaic, Director of Juvenile Probation; Jeff Patton, Juvenile Probation; Randy Baratucci, Director of Purchasing; Dan Robinson, Director of Economic Development; Guy Beneventano, Esq., Solicitor's Office; Mike Pries, Security Director; Edgar Cohen, Director of Maintenance Facilities; Kim Robison, Director of Domestic Relations; Carolyn Thompson, Court Administrator; Kay Lingle, Personnel Office; Leila McAdoo, Solicitor's Office; Kacey Truax, Commissioners' Office; Brenda Hoffer, Commissioners' Office; Richie Martz, Assistant Chief Clerk; Kelly Wolf, Solid Waste Manager; Gary Serhan, Controller's Office; Mike Yohe, Budget and Finance Director; Scott Burford, Deputy Chief Clerk; Bill Strumke, Intern Solicitor's Office and Jena Wolgemuth, Commissioners' Office.

GUESTS PRESENT

Chris Markley, Fred Fetters, Dan Malpezzi, Katelyn Smith, Channel 8 Camera Crew, Jim Pianka, Reverend Alvin Q. Taylor, Garry Lenton, Dave Twaddell, Matt Kirk, John Durbin, Janine Miller, Rev. Richard Dowhower, Roy Chris, Jr., Mr. Lett, William Cluck, Royce Morris, Erica Bryce, Paul Bachman, Jim Jones, Bruce Barnes, Michele Jones and Reginald A. Guy, Jr.

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

Mr. Haste: We have the August 15, 2007 Legislative Meeting minutes, the August 22, 2007 Workshop and the August 29, 2007 Legislative Meeting minutes. Is there a motion to approve?

It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco to approve the August 15, 2007 Legislative Meeting minutes, the August 22, 2007 Workshop and the August 29, 2007 Legislative Meeting minutes. All were in favor; motion carries.

Mr. Haste: We also have the August 15, 2007 and August 29, 2007 Salary Board Meeting minutes. The Salary Board consists of the three Commissioners and the Controller. Is there a motion to approve?

It was moved by Mr. DiFrancesco and seconded by Ms. Rebeck to approve the August 15, 2007 and August 29, 2007 Salary Board Meeting minutes. All were in favor; motion carries.

EXECUTIVE SESSIONS HELD BETWEEN MEETINGS

Mr. Saylor: Commissioners as you know we met twice in Executive Session, once on the 5th of September to discuss litigation and again this morning to discuss matters of litigation.

PUBLIC PARTICIPATION

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

Mr. Cluck: Does that include the plan on the incinerator?

Mr. Haste: Pardon?

Mr. Cluck: Does that include the plan for the incinerator?

Mr. Hartwick: The resolution.

Mr. Saylor: You may speak on whatever you like.

Mr. Haste: We don't have a plan.

Mr. Cluck: Oh, I thought I read in the newspaper that there is a plan.

Mr. Haste: Don't believe everything you read in the paper.

Mr. Cluck: Commissioners I am William Cluck. I am an environmental attorney and I believe I am the sole citizen representative on your county Solid Waste Advisory Committee. I don't know if what I read in the paper today is true or not. I do know that the SWAC has not received any information in over a year with respect to the finances or the plan for the incinerator. Here are my questions. I asked them 6 weeks ago when I was up here before you about guaranteeing the loan. Here are my comments for the record.

How much will Dauphin County municipalities pay per ton to process their waste at the Harrisburg Incinerator, whoever's plan to finance the completion of construction as it goes forward.

Second, will the County continue to collect the \$4.95 county administrative fee which two Pennsylvania courts have struck down as part of the guaranty as part of the loan to Covanta?

Third, I still see no conditions or discussion anywhere of a root cause analysis as to why the retrofit of the incinerator failed.

Fourth, I see that City Council placed a number of conditions on their guaranty and I have seen no discussion on whether the County—whether you disagree about the dollar amounts, at least the conditions suggested in the resolutions passed by City Council will they be agreed to? Whatever the plan is that you are considering for the secondary guaranty will any of those funds reimburse or pay back the CIT loan. I believe the City Council resolutions expressly prohibit that.

Lastly, good luck and happy New Year.

Mr. Haste: Is there anyone else who would like to address the Board at this time? Please come up.

Mr. Dowhower: My name is Richard Dowhower I am from Messiah Lutheran Church at 6th and Forster Sts. I am here representing the Coalition of Clergy Urban Affairs Task Force. I last appeared before you in July. I am here to urge you to support the efforts to

restore a number of things to the incinerator package. I believe that and have a strong suspicion that one of the things that went wrong with the Barlow phase of this project was that they tried to do it on the cheap and failing to put in enough money to build support and protection left the citizens in a \$90 million hole. Please protect the citizens this time around. Please restore the contingency monies and the four point program, which we urged the Mayor to endorse. Namely as the owners authorized representative, the website on public health issues, the women in minorities opportunities and the fourth being the citizens oversight committee. Please protect the citizens this time. We don't need a repeat of the Barlow episode and debacle.

Mr. Haste: Is there anybody else who would like to address the Board at this time?
(There was none.)

DEPARTMENT DIRECTORS/GUESTS

- A. Fred Fetters, Chief Financial Officer, Pinnacle and Daniel Malpezzi, Counsel to Pinnacle
 - 1. Dauphin County General Authority/Pinnacle Health System

Mr. Malpezzi: Good morning Commissioners. I am Dan Malpezzi with McNees Wallace and Nurick. We represent Pinnacle Health System and are members of the obligated group before you. You should have before you, I believe, a draft of TEFRA approval resolution. I think everyone has one. This is a resolution that we would ask the final action be taken at the next meeting on September 19, 2007. The approval of the County is required under the Tax Equity and Fiscal Reform act of the tax code with respect to a new bond issue that will be undertaken by the Dauphin County General Authority on behalf of Pinnacle Health System. The other members of the obligated group are Pinnacle Health Hospital and Pinnacle Health Medical Services. The County approval is only for purposes of satisfying the requirements of the revenue code of having the bonds issued on a tax-exempt basis and approval of the Municipal Authorities Act. There is no County guaranty. This resolution is not an obligation at all of the County.

Mr. Hartwick: I'm glad you made that clear.

Mr. Malpezzi: Yes, I thought that was appropriate. The bonds will be issued in a maximum principal amount of \$70 million. This is for two purposes. The first purpose is refunding approximately \$48 million of Pinnacle's 1997 Bonds and there is a new money component which they are still in the process of sizing, which will roughly be the difference between the maximum principal amount and the \$48 million that is needed to refund the 1997 bonds. The TEFRA hearing on this is scheduled for next Wednesday at 8:30 am in the office of the Dauphin County General Authority. After which we will appear before you again and ask that the resolution be adopted.

That is it, I'd be happy to answer any questions that you might have.

Mr. Hartwick: Just let us know if there are any comments at the hearing.

Mr. Malpezzi: Yes, we certainly will.

Mr. Haste: Thank you.

B. Charles B. Zwally, Esq.

1. Resolution #24-2007
2. City of Harrisburg Ordinances (Bill #23-2007 and Bill #24-2007)

Mr. Zwally: Good morning gentlemen, I am Chuck Zwally with Mette Evans and Woodside. We are special counsel to the County in connection with the Harrisburg Authority Resource Recovery Facility and the Retrofit project. With me is Jay Wenger of Susquehanna Group Advisors who has been acting as your financial advisors with respect to this matter. I thought it might be helpful even though the Commissioners certainly are fully aware of the history for me to review it briefly before we present our recommendations this morning.

As you know back in December of last year representatives of the Harrisburg Authority advised the County that they would require additional funds in order to complete the retrofit project and at that time they requested Dauphin County guaranty a \$12 million loan for that purpose. At that time we asked the representatives to outline the purposes of the funds to provide budgets and to provide other financial data to support the requests. Shortly thereafter the request was revised upward of \$14 million. We also had the assistance of the County's consulting engineer to review the estimates. It soon became apparent that those requests were not going to be sufficient. The County made it really clear in that early stage that we would consider only a comprehensive plan that would clearly cover the estimated cost to complete the facility and to provide sufficient working capital for it to continue operations during the period of construction. That has been a consistent position of this County since that time.

In approximately February of this year the contractor, Covanta, was retained by the Authority. At that point in time they prepared and presented construction estimates indicating that the construction cost itself would be approximately \$25,500,000. Again we requested the comprehensive plan.

At the end of May the Authority, to its credit, presented this Board with contracts that they had executed and negotiated with Covanta providing for management and operation of the facility and providing for construction management. At that point in time, to their credit, they did present to us what appeared to be a comprehensive plan. The plan was reviewed by the County and it was also submitted to City Council.

On July 3, 2007 City Council took action which rejected that recovery plan in part. Principally by rejection the plan increases the City's waste billable fees and authorized a City guaranty that would be secondary to the primary guaranty of the County. That of course was not acceptable to Dauphin County.

On July 11, 2007 this Board adopted Resolution #16-2007 where you indicated again that you would consider a secondary guaranty but there first had to be the approval of a comprehensive recovery plan by both the Authority and the City and that your guaranty would be secondary to a primary guaranty by the City.

In August City Council adopted two ordinances in which they approved debt first to complete construction in the amount of \$25,500,000, which remains the estimated cost of construction but the proposed contingency for the construction was eliminated by City Council's action. They also approved a working capital loan of \$11,577,670. Originally back in May the working capital loan was estimated to be \$15 million by the authority. The action of the City did not match the recommendation by the Authority. To our knowledge the Authority has not acted upon the action taken by City Council. We have reviewed these matters at this point in time. It is our general view that the action by City Council does not meet your requirements of a comprehensive plan and Jay Wenger is going to go over with you a report which he has prepared comparing what we believe to be required with the action taken by City Council.

Mr. Wenger: Good morning and thank you. You have in front of you a bullet point outline of the proposed funding analysis as has been presented to us. The numbers we have been working with and from through this whole process are numbers presented by the Authority and its financial advisor and Covanta providing input into those operating numbers and capital numbers. Any numbers we present aren't numbers that we have engineered or reengineered. We are really taking the information they give us and distilling it to highlighted points.

As Chuck mentioned the construction cost number that we have been working with is \$25.5 million to refurbish the plant, again based on the numbers presented by Covanta in February of this year. That is not a guaranteed max price contract and that is not a number based on bids received. That is purely an estimate based on their experience in the marketplace and does not include a contingency. So this discussion of whether or not there should be a contingency comes down to everybody's comfort level with not having a contingency for a project that is not yet bid or is predicated on a guaranteed max price contract.

Mr. Zwally: Excuse me. I would like to mention that the County's consulting engineer has recommended very strongly that there should be a contingency for a project of this scope and type.

Mr. Wenger: It is very typical to have a contingency for projects like this. It would be atypical not to have one.

Second page reviews the working capital structurally. What we have asked for from the beginning is, in the comprehensive plan, that the working capital loan cover the expenses outlined by the Authority that are due by the Authority to vendors and the City and the County, as well as debt service payments. Some of which have been made by the City in 2007 and projected debt service payments for the balance of 2007 and 2008.

Then also the transaction costs associated with whatever loans are issued to remedy the cash shortfalls and the capital issues.

Again, just in summary what City Council had approved earlier this year is \$11.577 million. The following page then for your benefit gives you some sense of what, let's call it 5:00pm yesterday, is required under the working capital loan. As contrasted with what City Council had approved earlier this year. Some numbers are still consistent for example the \$3.3 million owed to Covanta has not changed. The big changes are really accrued deficits and debt service payments as has been commonly offered in these discussions. The plant loses in the neighborhood of \$1 million a month because of the deficiency in the operating capacity. So every month that this gets delayed you can in very simple numbers add \$1 million. If you recall back in May I think the number was \$15 million and we are now up to about \$23 million based on yesterday's numbers. The Authority has said to us that this is still a working process that they are reviewing the expenses. This number could change again today and most likely will. This is a detailed listing of the line items that were originally provided for in what was the \$15 million and what was approved by City Council and what is required today or as of yesterday if you will with the same line items to be paid, just different dollar amounts for some of those. The big ones are the deficits accrued for 2007 and 2008. Again I actually have an email of 10 am this morning saying they are still working on the expenses. I would expect this to be revised. I just don't know which way.

Mr. Hartwick: One question please. This is called a working capital loan?

Mr. Wenger: Yes sir.

Mr. Hartwick: With that plan it provides zero working capital for 2007 and 2008?

Mr. Wenger: Under what City Council had approved that is correct. You could look at it and say they must plan to deal with it some other way. That is possible, but that has not been represented to us.

Mr. Hartwick: Which clearly shows that the County has had a consistent message that we need a plan that addresses those deficits as we move forward.

Mr. Wenger: We believe our requests and conditions have not changed from day one.

Mr. Hartwick: Thank you.

Mr. Wenger: The next page we thought it would be helpful to convert this to user fees or tax bills. Under the County plan which would cover all the operating shortfalls and presumably cover all of the necessary improvements to the plant under Covanta's cost estimates. There would not be a millage increase required for City residents. It would require however, under what the Authority had proposed in the aggregate about a \$5.8 million increase in user fees to the Authority and to City residents that translates to on a monthly basis about a \$17.83 increase, annually that's about \$170. I'm sorry the current

fee is \$17.83 it increases to \$32. The monthly increase is about \$14, I misspoke. Thank you. Annually it is about \$170.

The next page then is under the City plan. The City had voted no for the rate increase. In their ordinances approving loans had expressly prohibited any debt restructuring. The Authority's plan to us has different versions, but ultimately contemplates debt restructuring so we don't have operating deficits going forward. In order to meet our conditions of it the revenue has to meet the expenses. If you assume that there is no increase, an insufficient working capital to meet the 2008 operating expenses and debt service and no debt restructuring that translates to about 8.5 mills that would be required to fund it on the City's part in order for revenue to meet expenses. Again, that would be a combination of project revenues and millage increase to cover shortfalls. In very simple math if you have a property assessed at \$100,000, 8.5 mills is \$850. That is not to suggest that everyone's property is \$100,000 or that is the average, but that is nice simple math. I know that is hitting the highlights but we were asked to look at where we are today and review what all this means and what some of the differences are. As we see it those are the salient points as the numbers were presented yesterday. Any questions?

Mr. DiFrancesco: Just to be clear, looking at the projections of City Council's plan as George mentioned it doesn't include operating capital going forward, but if I'm reading this right, does it also not cut obligations that are already owed?

Mr. Wenger: They did not include obligations already owed in the working capital loans. The one assumption is that they intend to meet those some other way. They are not included in the working capital loan.

Mr. Haste: We have no idea how they plan to meet those.

Mr. Wenger: It has not been expressed to us that they plan to deal with those expenses in any other way. They just are not included in the financing plan as we have seen it.

Mr. Haste: I think the thing that needs to be made clear, and we have said this before, we don't want to continue the band-aid approach that this facility has had for decades. The irony of this is the City came to us and asked us to help them and since then they have decided to take shots at us. That's an odd way to ask someone to help you. In doing so we have said we will do it as long as it is done right and not go back to that band-aid approach. If I understand correctly, and this is what I have understood all along, if we were to rubber stamp Council's proposal we know that they cannot make payments this year. Is that correct?

Mr. Wenger: There is some chance that they can get through 2007. As we understand it would be very tight and it would be conditioned upon certain events occurring.

Mr. Haste: They would pay all the bills that they...

Mr. Wenger: I can't really answer what the City budget is. We have heard different things said like they would have to cut services. I cannot sit here and represent to you I know the City's budget well enough to answer that question.

Mr. Haste: Let me ask another one. If they start construction right away the plant construction is finished when? End of March?

Mr. Wenger: They are currently representing a 13 month construction timeframe. If you recall there were different priority levels of projects within the \$25.5. I believe they would say to you that the third boiler would be online much earlier than the end of the 13 months. That is probably a 90-120 day construction timeframe to get it tested and online. There are a series of projects just beyond the refurbishment to boiler 3 that will continue for a 13 month construction timeframe. What we have been working with is trying to ensure that we have enough working capital to get through the construction period. Presumably starting in 2009 the plant would be self-sufficient assuming a rate increase and a debt restructuring.

Mr. Haste: Until that additional revenue is available by way of the third burner being up and running, how do they pay the debt in the meantime?

Mr. Wenger: Assuming that the loans aren't approved and the project doesn't start it is very likely and reasonable to assume that 2008 will be close to a mirror image of 2007. They are dealing with the same set of facts which is only 2 boilers working. As complicated as the technology is in a resource recovery facility the basic business model is, you collect trash, you burn it and you have expenses to do that. That is a pretty basic model.

Mr. Haste: So if the revenue doesn't come from the burner...

Mr. Wenger: Then there are shortfalls in 2008.

Mr. Haste: The taxpayers pay for it in some way.

Mr. Wenger: Yes. If the working capital loan isn't put into place then there has to be a tax levy to meet those obligations.

Mr. Haste: Right. According to your documents as we sit here now that is \$850 per \$100,000 assessed home.

Mr. Wenger: Yes.

Mr. Haste: Does that also assume fees go up or is that minus the tonnage fees going up?

Mr. Wenger: I think that number, and I apologize for not being able to answer that with 100% certainty, but I think that number assumes a rate increase because that has been the assumption all along.

Mr. Haste: But no action has been taken?

Mr. Wenger: Action has been taken by City Council. They voted down the rate increase. The Authority had proposed a rate increase to City Council and it was voted down.

Mr. Haste: So really what we are saying is taxes will go up plus a rate increase will go up?

Mr. Wenger: Or a combination of one or the other. Yes.

Mr. Haste: And if there is no working capital that is guaranteed.

Mr. Wenger: If there is no working capital it would fall back on City Council to pay those taxes.

Mr. Haste: Having working capital only brings those numbers down.

Mr. Wenger: It brings the tax increase down. That is correct, yes.

Mr. Haste: Which is what we said two months ago.

Mr. Wenger: That is correct, yes.

Mr. Hartwick: \$2 million ago.

Mr. Haste: Yes. The frustrating thing from my standpoint is we started this 10 months ago.

Mr. Wenger: We were first approached in December of 2006.

Mr. Haste: And we still do not have a plan that meets...

Mr. Wenger: We don't have a plan that everybody has agreed to. That is correct.

Mr. Haste: It is hard for me to understand how you would...if you were a business person and you were going to expand and you were going to borrow money for construction and you know that revenues would be down most of those folks in that time also borrow money to meet working capital. This is so you can pay your employees and pay your vendors until the revenue is there to offset it. The plan before us doesn't do that. Or if they know it is a 10 month plan, they fund it for 5 months and I don't know what happens in the next 5 other than shifting it to the taxpayers. Again, the people start to question where this Board's obligations are. We are trying to protect the taxpayers

and not get into all of the political football that is going on. The irony is when I sit and hear all of these discussions I have heard no one yet talk about the interest of the taxpayers. We keep saying we want the taxpayers protected and the best plan for them, but I have not seen that or heard that approach yet. I won't vote for anything short of that.

Mr. DiFrancesco: I know the answers to these but I am going to ask them in a public forum. Is there, I won't say any question about these numbers because certainly you can always question on the margin, but for the most part the numbers that we are working with in terms of what is owed in the past and what is owed going forward has there been a question about what those numbers should be? The plan that I am looking at right here the only difference between what we are saying the numbers should be in the City Council's plans are the fact that they cut out obligations and didn't acknowledge that obligations are going to be there. Is anybody questioning the foundation of the information that we put together 6 months ago?

Mr. Wenger: To the best of my knowledge nobody is questioning the veracity of the line items. There has been some exception taken as to whether or not the line items ought to be met as part of the working capital loan.

Mr. Haste: In our plans, if they aren't please tell us how they are. We would be foolish to back that. It's like when your dad co-signed your first car loan. We would be foolish to sit here and co-sign a loan that we know can't be paid unless someone comes up with a plan and says here is how we are going to pay it.

Mr. Hartwick: Quite frankly we are okay with borrowing less as long as there is a revenue stream dedicated to meet the obligations. The idea of us borrowing less is a good idea for this Board quite frankly.

Mr. Haste: As long as there is a plan to show how you are going to pay your bills.

Mr. DiFrancesco: Right.

Mr. Hartwick: But the obligation is to supply the revenues necessary to pay the debt service and the future costs going forward also need to be part of the comprehensive plan.

Mr. Wenger: Going back, not to get too far off the current topic, but by way of expenses your engineer has also suggested that there should be some contingency line item in the capital loan. Whether it is \$2.5 million or \$2 million I think that is subject to some...

Mr. Haste: And you would hope that would never have to be used.

Mr. Wenger: Exactly.

Mr. Haste: On the other hand I sit on HATS and part of this is concrete and steel that is going to be done and there isn't a single project that has gone through HATS on PennDOT right now that has come in on target. They are just not coming in on target. To sit here and not plan for that is just foolish.

Mr. Hartwick: Unless we, I will give a shout-out to my friends in the building trades, contract with competent individuals in the beginning of this project to be able to enter into project labor agreements to hold both parties accountable to be able to see this project through with competent folks who are able to get the job done on time and under budget we wouldn't be in the current situation, but that is a discussion for another day.

Mr. Wenger: Any other questions on what we have presented this morning?

Mr. Hartwick: The rumor mill and this "political football" thing is getting old, quite frankly. This is an election year and things get tenuous even closer to an election. I will mention that. We don't want a plan that is irresponsible that is going to get everybody past the election. We want a comprehensive plan that is going to occur once in front of this Board of County Commissioners to be able to try and put this Authority in a position to be able to turn some cash flow and to actually have an opportunity to succeed. Anything less than that is something that we are not willing to consider.

I wanted to say also today that this resolution is again, not the Mayor's plan, it is the professionals who have brought forward a responsible plan based upon the actual numbers that actually allow us today not to create a plan. This is not a plan. I will be very clear with this. It is not a plan. This is a resolution that defines the outline of what we feel the responsible revenue needs to be generated in order to meet the obligations and to see this facility move forward. This is an outline and an update in a resolution form that we had already addressed on July 11th, just a couple million dollars later.

Mr. Zwally: Would you like me to address the resolution at this point in time?

Mr. Haste: Sure.

Mr. Zwally: Let me first explain that we have prepared a resolution which is recommended action for the Board. Let me say that this is no more than simply a follow-up to the action that you took on July 11, 2007 where you laid out very generally what your requirements were for providing a guaranty to get this project going. What we are doing here is simply setting forth certain concepts that would be a part of that comprehensive plan. This is for the guidance of both the Authority and the City. It is not a plan as Commissioner Hartwick said. The responsibility for a plan we think falls first squarely on the Authority and the first action on that plan needs to be taken by City Council and then it would be appropriate for this County to consider it a second guarantor.

Let me also address the question of why the working capital loan is so critical particularly to a guarantor. Under this type of financing there are priorities under the

indenture in terms of how funds earned by the facility, called receipts and revenues, are to be applied. They must first be applied to operating expenses before they can be applied to debt service. So that if we have a situation where there is insufficient working capital, even to get you through this year or get you through 2008 during the period of construction, operating expenses are going to be paid first. What happens is that the debt service bills will become due, there will be insufficient funds to pay them and the guarantees will be in play with the City first being required to respond. If the City doesn't respond the County will have to respond. It absolutely makes no sense for you to extend a secondary guaranty on a plan which is insufficient to carry this project through the construction period. It is pretty basic that the construction needs to be completed. When the construction is completed you need to have sufficient working capital to operate and to pay debt service.

Again the resolution that we are presenting to you speaks of conscience. I think it would be a mistake to be hung up on numbers. Frankly the operating numbers from this facility that we are getting tend to change and are more fluid certainly than they should be. Unfortunately we are in a position that we have to take what numbers are given to us by the Authority and by their contractor Covanta. That is what we are operating on. We have no other way to operate. We are not in a position at this point in time to conduct a full audit of the facility. That is one of our biggest concerns here, these numbers. Hopefully they will get nailed down. The numbers that we are outlining in this resolution are here basically for demonstration or example purposes only. The important thing that we are presenting to you are the concepts. With that I will proceed with outlining the resolution.

Paragraph #1 of the resolution simply refers back to your action on July 11, 2007 in resolution #16-2007.

Paragraph #2 indicates that the County desires to outline for the benefit and guidance of the Authority and the City the essential requirements of a comprehensive financial recovery plan. These pretty much follow what was outlined in Jay's presentation.

Paragraph A, the County will approve a secondary guaranty of an Authority loan from Covanta for construction advances in the amount of \$25.5 million plus an adequate contingency in the amount of \$2.5 million or such other amount as Covanta and the County's consulting engineer deems sufficient.

Paragraph B, this County will approve a secondary guaranty of an Authority loan to provide working capital to the facility in an amount to cover the receipts and revenues to provide sufficient funding to meet the cash requirements of the facility through the completion of the retro-fit project which the County estimates to be by the end of the 2008 calendar year.

Paragraph C simply sets forth in the sub-paragraph what we see as the requirements to be covered by the working capital loan. One, all operating expenses of the facility currently outstanding and through the calendar year 2008. Two, debt service payments

of the facility required on November 1 and December 1 of this year and for the calendar year 2008. Three, payment in full of all county system fees together with interest thereon which fees have been collected by the Authority as agent for the County in which the Authority has failed to remit. Four, necessary costs and expenses of the working capital loan including reasonable fees of the lender, the Authority's financial advisors and Note Counsel and expenses of the County's professional advisors.

The City shall acknowledge responsibility for the increased trash disposal fees approved by the Authority to become effective no later than January 1, 2008 or shall make other provisions for providing equivalent funds to the Facility in 2008 and subsequent years.

Paragraph E, the Authority and the City shall agree to such other terms and conditions consistent with discussions we have had among counsel and acceptable to your advisors.

Paragraph three, the County simply urges the Authority and the City to act as soon as possible. The Authority has estimated that as Jay indicated the facility loss is at approximately \$1 million per month. The \$23 million that we are projecting as necessary for the working capital loan is now substantially higher than it would have been months ago and of course if immediate action is not taken it may well be higher.

Four, upon delivery of the secondary guarantee on this refinancing the County expects the Authority and the City to acknowledge that the County will not be requested to participate in any new or additional financing with respect to the facility. We obviously would consider that a restructuring or refinancing of debt which has previously been guaranteed by the County. As we have made clear we would like to do this in a comprehensive manner and we would like to be able to tell the County taxpayer's that this is the end of the road. We think that is only reasonable at this point in time.

I would like to end that by indicating that prior to this meeting myself, Jay and other of your advisors met with the two new members of the Harrisburg Authority Board. I think it was a very constructive meeting. There was some concern about you taking action today. We tried to make it clear and I think the concern was expressed that it appears the parties are not working together and that we are adopting a plan in competition. We tried to make it clear that this is not a plan. This is simply what we expect to see satisfied by a plan. It is not our responsibility to do a plan. The plan has got to come from the Authority. They are the owner of the facility. It has got to be adopted by the City and then it is up for adoption by the County.

Mr. Haste: And it has to be responsible.

Mr. Zwally: It has got to be comprehensive and responsible. As Commissioner Hartwick pointed out we'd love to see a lower level of the cash working capital loan. That is less risk for the County in terms of its guarantee. We've got to see where the funds that aren't being covered by the cash working capital loan are going to come from. It has to

be a realistic source otherwise nobody is being served by the action that is being taken. To summarize, we offered purposely to their special counsel to work with the Authority and their advisors in terms of developing a plan. They indicated that they hoped to have something available within a week. I think that is very aggressive. As you know they have been on board for a fairly short period of time. We indicated that we would make our offices available to them to assist them in doing that and that this Board of Commissioners would certainly welcome any plan that they come up with. Frankly, if they find a perspective that is different than we've taken or that is different than this resolution and we consider it to be realistic and comprehensive I think we would be happy to recommend it and you would be happy to adopt it.

At this point in time I would be happy to respond to any questions, but the resolution is before you.

Mr. DiFrancesco: Unless there are other questions by the Board at this point I would like to make a motion to formally vote down the City Council ordinances that were presented to us for all of the reasons that were mentioned at this meeting that they do not adequately answer the questions that we have asked for nor do they appropriately overcome all the challenges before us with the Harrisburg Incinerator. To get it started I would like to make a motion.

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick to vote down the ordinances presented by City Council regarding the Harrisburg Incinerator.

Mr. Haste: Any discussion? One reason I think this is important and I thank Commissioner DiFrancesco for putting this forward is I think it is clear that we need to say if we were to approve this what we would be saying to the taxpayers is we are willing to increase our debt and only delay default. Because the plan that is before us does not have the funds to make payments that are due, you can debate it whether it's the end of 2007 or beginning of 2008, it is clear that come 2008 there are no funds to pay the bills. All we would be saying to the taxpayers is that we would be willing to increase our debt and not have a plan in which to pay it back. I think that is a foolish move.

All those in favor say aye.

All were in favor—motion carries.

It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco to adopt Resolution #24-2007 regarding the Harrisburg Incinerator. All were in favor; motion carries.

Mr. Haste: Thank you for all of your hard work. I'm sure you will have a bit more work between now and next week.

Mr. Zwally: I'm afraid you are right Commissioner.

SALARY BOARD

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

PERSONNEL

Mr. Haste: Any changes to the Personnel Packet?

Ms. Lengle: Yes, I have an addendum, a new hire. Also in the original transaction listing I gave you I am pulling New Hire #15.

Mr. Saylor: May I make a comment, Commissioners in the addendum I just learned this morning that Amy Richards who is expected to start on the 20th, under her current contract she has to give 30 days notice. She was originally trying to get out from underneath that with a 2-3 week notice, but she was unable to. So we need to change her start date again to the 28th of September.

Ms. Lengle: Alright.

Mr. Haste: Any other changes?

Ms. Lengle: No.

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

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

PURCHASE ORDERS

Mr. Baratucci: Commissioners the only change from last week is I added that item that I brought to you that wasn't included in the packet. You will find it on page #6. It is the case file folders for the DA. That item is added to the packet. The budget issues were resolved. The packet stands there ready for your approval unless you have any questions.

Mr. Haste: Any questions of Randy? (There were none.)

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

REPORT FROM BUDGET & FINANCE – MIKE YOHE, BUDGET DIRECTOR

**Report from the Office of Budget & Finance
September 12, 2007**

- **August 31, 2007** transferred **\$12,406,130.63** to the **Payables** account and **\$1,663,094.48** to the **Payroll** account from the County's Concentration account for checks issued that week.
- **September 7, 2007** transferred **\$38,564.99** to the **Payables** account from the County's Concentration account for checks issued that week.
- **Total Term Investments – N/A**
- **Balance today in INVEST account \$137,599.80 rate 5.030%**
- **Balance today in Community Banks investment account \$23,000,617.22 rate 5.250%**
(This rate equals today's Community Banks 90-day TBill rate of 4.960% plus 29 basis points)
- **Balance today in Sovereign Bank investment account \$69,000,293.88 rate 5.300%** (This rate is fixed for the month of September)
- **Balance today in PNC Bank investment account \$1,487.38 rate 5.100%** (This rate equals today's Fed Funds rate of 5.250% minus 15 basis points)
- **Balance today in Graystone Bank investment account \$1,440.35 rate 4.920%** (This rate equals last month's average 1-month LIBOR rate of 5.320% minus 40 basis points)
- **Balance today in Commerce Bank investment account \$1,001.18 rate 3.600%** (This rate equals today's 90-day T-Bill rate of 4.350% minus 75 basis points)

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

Mr. Yohe: You notice the rates on there. This is the first month of this new RFP term that we started. These are the new rates.

Mr. DiFrancesco: I have to ask you a question and I don't know if I am not clicking this morning or what. What breakdown is the money invested on? Nothing adds up quite right to the 25-25-50.

Mr. Yohe: PNC doesn't want their share. Basically it is Community Banks and Sovereign. Sovereign gets 75% and Community gets 25% that is what we are looking at.

Mr. DiFrancesco: Okay, I got it.

Mr. Yohe: All indications show that rates are going down. I am going to be looking into maybe locking some money up. That RFP allowed us to lock some up. I think for the first time in 3-4 years now is the time to do it.

REPORT FROM CHIEF CLERK/CHIEF OF STAFF – CHAD SAYLOR

Mr. Saylor: Commissioners I have nothing unless there are any questions of me.

SOLICITOR’S REPORT – BILL TULLY, ESQ., SOLICITOR

Mr. Tully: All matters on the report are ready for action, I’d be happy to answer any questions.

Mr. Haste: Any questions for Bill?

Mr. Hartwick: We are taking the third option under the SWAP?

Mr. Haste: Yes.

Mr. Hartwick: Okay, I just wanted to be clear.

MATTERS REQUIRING BOARD ACTION

Mr. Haste: We have Matters Requiring Board Action Items A through Z. Are there any that need to be pulled out separately? Is there a motion to approve Items A through Z?

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick to approve Matters Requiring Board Action Items A through Z. All were in favor; motion carries.

- A. Training Packet.
- B. Refund of 2006 and 2007 real Estate Taxes for the following:
 - 1. Hershey Foods Corporation, c/o Joseph Cottonaro, Parcel #24-023-010 in the amount of \$3,452.12.
 - 2. Metec Associates Limited and Partnership, c/o Joseph Cottonaro, Parcel #24-023-077 in the amount of \$32,205.89.
- C. Purchase of Service Per Diem Rates for Children and Youth for FY 2007/08:
 - 1. George Junior Republic of PA
 - 2. White Deer Run, Inc. dba Cove PREP
 - 3. Family Care Services, Inc.
 - 4. Hempfield Behavioral Health, Inc.
- D. Satisfaction Piece for Ayoade and Abisola Adelanwa for property located at 2350 Berryhill Street, Harrisburg, PA 17104 (\$4,366.00)
- E. Subordination Agreement for Rodney J. Sheehan for property located at 520 Main Street, Steelton, PA 17113.
- F. Corporate Class Preferred Rate Agreement between Dauphin County and Penrac, Inc., “Enterprise” Rentals.

- G. Equipment Lease Contracts:
1. No. 21 between Hewlett Packard Financial Services and Dauphin County for 55 personal computers and 3 laptops. Lease term is 36 months, for \$6,001.65 paid quarterly.
 2. No. 22 between Hewlett Packard Financial Services and Dauphin County for 92 personal computers for various County Departments. Lease term is 36 months for \$7,571.02 paid quarterly.
- H. Household Hazardous Waste Disposal Agreement between Dauphin County Department of Solid Waste Management & Recycling and Curbside, Inc., costs not to exceed \$80,000.
- I. Personal Services Agreement between Dauphin County and Dorothy Romberger. Romberger to instruct Sheriff's Office staff in handling and conduct in Sheriff's sales. Compensation: prior services in anticipation of agreement, one lump sum of \$3,200.00; subsequent rate of \$25.00 p/h, not to exceed \$200 per day.
- J. Proposed Stipulation of Settlement for the Assessment Appeal of Kohl's Pennsylvania, Inc. Unit No. 7, Paxton Towne Centre, Tax Parcel No. 35-043-170.
- K. Contribute County's *pro rata* share of \$359.00 for appraisal services and trial costs needed to ascertain the true value of Ajazuddin Ajazuddin for property located at 5906 Eshenaur Drive, Tax Parcel No. 35-003-047.
- L. Department of Environmental Protection (DEP) Grant Agreement Environmental Stewardship and Watershed Protection Grant Program between Dauphin County and the Commonwealth of Pennsylvania DEP. Grant not to exceed \$37,500.00 with a term of 36 months effective upon execution.
- M. Agreement for Janitorial Services between Dauphin County on behalf of the Court Administrators Department and Michelle Underkoffler, Contractor. Contractor to provide janitorial services at 2125 Paxton Church Road, Harrisburg, PA 17110, currently occupied by Magisterial District Justice Raymond F. Shugars, for \$150.00 per month.
- N. Health Coverage Renewal Plan between Dauphin County and Highmark Blue Shield, effective 1/1/08 – 12/31/08.
- O. Proposal from G.R. Sponaugle Services to replace two (2) Aurora Horizontal Split Case Heating Pumps with new similar pumps in the Dauphin County Courthouse. Base Price \$22,584.00.
- P. Maintenance Proposal from G.R. Sponaugle Services to provide HVAC preventive maintenance service for all Courthouse HVAC units, 8/1/07 through 12/31/07, effective annually unless either party gives 30-day written notice. The cost is \$7,500 per five months.
- Q. Standby Bond Purchase Agreement to support Series 2007 Bonds for \$16.7 million for the EMA Radio Project Phase 2 borrowing.
- R. Purchase of Service Agreements between Children and Youth and:
1. Aerotek, Inc.
 2. Mary C. Telesford
 3. York County Youth Development Center

4. Bethanna, Inc.
 5. The Bradley Center, Inc.
 6. Keystone Community Resources, Inc.
 7. Philhaven
- S. Purchase of Service Agreement Amendment #1 between Children and Youth and Hempfield Behavioral Health, Inc.
 - T. Adoption Assistance Agreement 2007-14 with Children and Youth.
 - U. MH Purchase of Service Agreement between MH/MR and Melissa Moore Anderson, PT.
 - V. Medicaid Waiver Service Agreements between MH/MR and Melissa Moore Anderson, PT.
 - W. Medical Assistance Transportation Program (MATP) Assurance of Compliance.
 - X. Highway Safety Project Grant in the amount of \$32,060.00 from the State and Community Highway Safety Program.
 - Y. Amendment to Master Lease Agreement between the County and the County IDA for the Veterans' Building.
 - Z. Ordinance #2-2007 – Swaptions Agreement.

FORMER BUSINESS

There was none.

NEW BUSINESS

There was none.

COMMISSIONERS' DISCUSSION & ACTIONS

Mr. Haste: Are there any items to be brought up by the Board?

Mr. DiFrancesco: I just want to once again take an opportunity to thank the folks that were celebrated yesterday. The Department of Children and Youth and the Department of Juvenile Probation had an employee recognition awards ceremony yesterday. It was an opportunity to basically say a big thank you to those people in this community who serve very hard every day in very challenging situations to protect the children and really to protect the families of our community. It is a job that obviously doesn't end when they clock out. They take a lot of the baggage home with them that they see throughout the day. I just wanted to once again congratulate them and thank them for the effort that they put forward every day for Dauphin County.

Mr. Haste: Anything else by the Board?

Mr. Hartwick: No.

CORRESPONDENCE

Mr. Haste: We have correspondence that has been received by the Board this week Items A through C that will be handled by the staff accordingly.

- A. Notification from HRG, Inc. advising that Susquehanna Township is applying to DEP for a National Pollutant Discharge Elimination System General Permit for stormwater discharges associated with the Kohn Road Roadway Reconstruction Project.
- B. Receipt of Sewage Planning Documents from Navarro & Wright for the Chelsey Falls Subdivision, a 35-unit single family subdivision in Lower Paxton Township.
- C. Notification from Girl Scouts in the Heart of Pennsylvania advising that they are applying to DEP for the renewal of a "NPDES" Permit for the Wastewater Treatment System at Camp Small Valley in Jefferson Township.

PUBLIC PARTICIPATION

Mr. Haste: It is again time for public participation, is there anyone in the audience that would like to address the Board at this time?

Mr. Cluck: A couple of quick items regarding Item H on your agenda, the Household Hazardous Waste Disposal Agreement. Just a heads up I read recently the new energy efficient light bulbs have a higher mercury content and that residents should be informed that eventually when they do wear out they should be disposed of through hazardous waste programs rather than incinerated at the Incinerator. You may want to mention that to your Solid Waste Department. That is a good opportunity to educate the public.

Resolution #24 I think we have a violation of the Sunshine Act. I believe as a member of the public I have the opportunity for meaningful public participation and I still haven't seen a copy of this resolution that you enacted today. My comments would be how much are the rate payers of Dauphin County municipalities going to pay?

Mr. Haste: I think you heard in there it is not addressed. We are waiting for a plan from the Authority. The Authority has passed one and City Council voted it down, it is not there. We don't have it and we don't set that. We wait for them to give us a plan. So it is not there.

Mr. Cluck: For the Authority to give you a plan, not City Council.

Mr. Haste: Correct, that's what I said.

Mr. Cluck: I guess it has been 10 months, well we knew in January of 2006 that the project wasn't going to work. I respect all three of you and think that you have done a terrific job. I think it is time for somebody and I don't care if it is this Board, the new Authority, I don't care if it's the Mayor or City Council, get in a room and talk to each other and get this solved. I have had it. I think I speak for most of the taxpayers. No

more pointing fingers. Every year is an election year. Work for the people. This project has been a debacle. It is a lack of leadership and a lack of oversight. It is too many sweetheart deals and too much pay to play. We have to stop this.

Mr. Haste: Anybody else?

Ms. Miller: My name is Jeanine Miller and I live in Susquehanna Township. I have lived in my home there for 36 years. I know George and Jeff, but I never met that gentleman.

Mr. Saylor: Excuse me ma'am we are having trouble hearing you, why don't you sit here.

Ms. Miller: My name is Jeanine Miller and I live in Susquehanna Township. I have lived in my home there for 36 years. I have no mortgage, no credit card debt and I have an automobile that is fully paid. I'm on the list for sale of my property and I am very upset. I'm trying to control myself because such a dirty trick was played on me.

In 2001 I had a reverse mortgage in process and I only needed a little more time until it was completed. It took a long time to process the paperwork because nobody in Dauphin County and the banking department and the Sheriff's Department, nobody knew what I was talking about when I told them about a reverse mortgage at that time. Today it is very popular. Time ran out and it got closer and closer for the tax sale. I depended on that to pay off my taxes and get back on my feet. I cared for my husband, mother and step-father in my home for many years and I wasn't able to go to work. They all died and I am left alone. I feel I have been really injured.

I made four attempts to the Director of the Tax Claim Bureau to talk to him about getting an extension of time and to explain to him why I needed it. It was to close the reverse mortgage I was working on. He wouldn't come out to see me. I never met the man face-to-face. The first time I went in there was a clerk in the office and I told her why I was there. I was requesting an extension of time. She said we don't give extensions of time and I said what do you mean it's in the law? If I have a legitimate reason for wanting to have an extension of time I should be considered for it. I said don't you have an application or anything for me to put in my information? She said we don't do extensions of time.

Now it is printed all over the different forms in this county that you can go to ask for an extension of time even up to 12 months. I wouldn't have needed that. I only needed about 2 more months for the paperwork to clear and then I would be able to pay my taxes. I went everywhere. I came back to his office four times and four times he refused to see me. He hid. He was in his office but the girls would come out with a different excuse every time. The last time that they said something I had gone to the District Attorney's office. I called one of the Judges I know personally and I told him what was happening and I said I am so upset I am almost hysterical. He said you go back to him and tell him you need an extension of time. He will probably ask you to give him \$50 towards it and then you have up to a year.

I went back across the street, that's when it was in the old building and went upstairs to the office and there were three men standing there and a woman. I looked up at the clock and it was about 20 minutes before 4:00pm. I told them what I wanted. This woman left the counter and walked back through the office turned to the left, went through a door and was there for at least a minute or two. She came back out and she said he left for the day. I looked up at the clock. This was the day before the tax sale. I said he left for the day? The day before the tax sale? Isn't that important to him? She said I don't know he's just not here. She was lying and she knew that I knew she was lying. She got jittery. So I walked out of there and....I am just confused. It was so traumatic I couldn't....in other words I didn't get an extension of time and my friends were urging me. They said you have to save your house. I said I know I do but how do I go about it? They said you have to declare bankruptcy. I said what? I'm not bankrupt. They said you have to do it if you want to save your house. So my friend gave me the name of Dorothy Mott who is a bankruptcy lawyer. She got all of the paperwork and went down to the Courthouse or to wherever she came to get me in under bankruptcy.

That is the worst thing in the world that could have happened to me. I was so humiliated. I wondered what was going on and why that man wouldn't come out to see me. It is written in all the laws. I have all the documents that said that and I would like to know how he gets away with this. The senior citizens that are living mainly on their social security have a hard enough time living on what they get let alone having these horrendous school taxes that they have to keep paying for. I am 78 years old and I am still getting bills for school taxes for what? Isn't there an age where you stop paying those taxes? They put me out on the street. That is why you have street people all over, their property was taken away from them.

The Constitution of Pennsylvania says the citizens have a right to protect their property and reputation. That law that, I can't cite it, the one they put in the newspaper with the rules. This one. It tells you right in there that you can get an extension of time.

People know me from being in politics. I have run for office several times. I like politics. I think it is fun. I am eager to work with it, but I have been hit several times in politics with people lying about me. This is my opinion. I am very smart. I just happen to be blessed that way. I am a paralegal. I got my certificate. I have two. I did all the hours that were needed to get my certificate and then I took a post-graduate for legal analysis, preparation of briefs, memorandums and letters.

Mr. Haste: Jeanine, we are trying to track down some folks. I see Bob Burns is here from Aging.

Ms. Miller: What?

Mr. Haste: I said I see Bob Burns is here from Aging and we are also trying to track down Tax Assessment. If you stay here when the meeting is over we will have them come right in here and see if we can't get this resolved.

Ms. Miller: Just let me say this. All those years, it was 6 years; I wasn't able to pay a penny on my taxes because my social security was so low I barely had money to live on. That accumulated and now they have me down for I think it is \$26,000 because all of those years have accumulated. I am eligible for a \$500 rebate and I think it went up a little bit, but I lost that because I had no money to pay the taxes to get the rebate. I am asking you would you please help me get this stopped.

I am out of bankruptcy now. I don't have a mortgage payment. I don't have a car payment. All those payments are open to me, I have some cash now and I can work with it. I can put \$500 down if you would approve helping me to not have my house sold. I don't know where I'm going to go if it is sold.

Mr. Haste: Jeanine we are going to have someone from Tax Assessment come up and Bob is here. Bill will you stay?

Mr. Tully: Yes.

Mr. Haste: Jeanine you stay right here and we will have them come in here and see what we can do. Alright?

Ms. Miller: Yes. Thank you for listening.

Mr. Haste: Is there anyone else who would like to address the Board? (There was none.)

ADJOURNMENT

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick to adjourn the meeting. All were in favor; meeting adjourned.

Respectfully submitted,

Chad Saylor, Chief Clerk

Transcribed by: J. Wolgemuth