



DAUPHIN COUNTY BOARD OF COMMISSIONERS

WORKSHOP MEETING

JANUARY 13, 2010

10:00 A.M.

MEMBERS PRESENT

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

STAFF PRESENT

Chad Saylor, Chief Clerk; Marie E. Rebeck, Controller; Janis Creason, Treasurer; William Tully, Esq., Solicitor; Gary Serhan, Deputy Controller; David Feidt, Solicitor's Office; Leila Brown, Solicitor's Office; Carolyn Thompson, Court Administrator; Kay Lenge, Personnel; Amy Richards, Commissioners' Office; Randy Baratucci, Director of Purchasing; Garry Esworthy, Risk Manager; Mike Yohe, Director of Budget & Finance; Fred Lighty, Esq., Human Services Director's Office; Mike Pries, Director of Safety & Security; J. Scott Burford, Deputy Chief Clerk; Brenda Hoffer, Commissioners' Office and Richie-Ann Martz, Assistant Chief clerk

GUESTS PRESENT

Emily Opilo and Barbara Zemlock

MINUTES

CALL TO ORDER

Mr. Haste, Chairman of the Board, called the meeting to order at 10:10 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'll take up the meeting minutes at next week's meeting.

PUBLIC PARTICIPATION

Mr. Haste: We are at the point in time in the meeting for public participation. Is there anyone in the audience that would like to address the Board at this time? (There were none.)

DEPARTMENT DIRECTORS/GUESTS

A. Barbara Zemlock, Dauphin County General Authority

1. Update on Authority Matters

Ms. Zemlock: Thank you very much for giving me an opportunity to present to you this morning, on behalf of the Dauphin County General Authority. One of my goals as the Chairman of the Authority is to make sure that the Authority affectively communicates with the other municipalities, the County Commissioners to make sure that we are all moving forward in a direction that benefits the community as a whole, even though we are a totally independent and separate body. The fact of the matter is what we do does impact Dauphin County and its residents. We think it is important to have input from the Commissioners, as well as other municipalities.

I don't intend to be long today. I just wanted to give you an overview, in terms of where we are, on some of the projects; some of the good things that have happened in 2009, because we did have very good exciting things happen, and some of our challenges and goals for 2010.

Just flipping through the presentation I provided, I'm not going to go through our projects. You do know what the six projects are that we have. In terms of the outstanding bond debt, it's always sort of interesting to take a look at and put things into perspective. You will see on the Dauphin Highlands our total outstanding debt is a little over \$11 million. Forum Place and I will come back to that a little later in the presentation, but the outstanding debt on the Forum Place is significant at \$131 million. Riverfront Office Center, we are in it \$54 million. The 100 Chestnut Street building we have a payment coming due at the end of this year where at least one series of bonds is going to be paid off, which is always good news. As you know, we recently did a 2009 Refunding so that is fresh debt, relatively speaking, at \$2.9 million.

Mr. Haste: Is the rehab completed?

Ms. Zemlock: No, I understand it is moving forward.

Dauphin County Human Services Building is \$4.8 million. The last one, the Hyatt, is at \$59 million.

2009 was good. The first one that I want to talk about is the Forum Place, because despite the problems that the Forum Place had in the past, I am seeing that it is turning a corner. We had a great event occur at the beginning of the year. We closed on the largest real estate transaction in the Commonwealth of Pennsylvania. It is valued at \$170 million, which is a 25-year master lease with the Commonwealth of Pennsylvania. That, in and of itself, is quite extraordinary. There is 401,000 square feet of office space that is being rented. It is almost at capacity. There is still space on the first floor and a little bit on the 8th Floor. That is actually moving forward very well. You can see from the presentation monthly rent is \$540,000, slightly less than \$6.5 million a year. The money is starting to come in. We are moving forward with that. That is good news for 2009.

The other good news in 2009 was 100 Chestnut Street and the Dauphin County Human Services Building. I don't have to spend much time on that, because you guys were very much involved in helping to secure over a \$500,000 aggregate saving on that bond issue. We did refund outstanding bonds and the debt savings was significant.

Dauphin Highlands, some good things happened there. First, we did, what I would like to call, open lines of communication with Swatara Township. Not that they were closed, but when I came on board I was told of a couple issues that needed to be addressed. We sat down with the commissioners and told them that we want to work with them in every way possible to make sure that what is happening out at the golf course is consistent with the interests of the community. We spent quite a bit of time working with them on their zoning. As you know, they are redoing their zoning. We have retained NAI-CIR to assist us with that. It has been a very active and open process. It is hard to say what is going to happen down the road with Dauphin Highlands. We do own the golf course and it is our intent to operate that golf course as effectively and as efficiently as we can. It is an excellent golf course. It is one of the best public golf courses, in my humble opinion, in the area. We do want to maintain that. We started a marketing initiative. We introduced in 2009 a fun little concept called "Nine and Dine" where on Friday nights you could come out to the golf course play nine holes and have dinner for \$75. We have put in place a corporate membership for under \$4,000 where you get four passes to golf any time I think Monday through Thursday and you get a discount on the weekend. We also have hole sponsorships. We also looked at cutting budgets. There are good marketing initiatives that we've put in place in 2009 and we are going to continue with that in 2010.

The other very positive thing that we did this year, as you know, was we frequently assist community projects where we are able by serving as a conduit financier. This year we served as a financing authority for Pinnacle Health on a significant bond issue

of \$93 million, which allowed them to refund certain outstanding debt and to engage in capital improvements.

Looking back on 2009, this was my first year there; to say that it was extraordinarily busy would be an understatement. I had a lot of catching up to do and quite frankly still do. It was a fun 2009 and looking forward to the challenges.

I have a slide here called “the bad”. The only thing that I would characterize as bad is unfortunately the school pool. As you know we have School I and School Pool II. They are very large pools of bonds, which allowed us to lend money to school districts to engage in capital projects. School Pool I is closed. School Pool II is closed. Because of market conditions, School Pool III is not viable at this juncture. We are hoping that if there is a turn in the economy at some point that we can pursue a School Pool III. At this point that is not feasible. Not only did the community benefit, the school districts benefit from these School Pools, but so did the Authority, because it did provide some revenue to us that we would not otherwise have.

I’m not going to characterize anything that is occurring as the “ugly”, because I haven’t been there long enough, plus I’m a very optimistic person. Let me tell you the challenges. Of course Dauphin Highlands continues to be a challenge. Our revenues are not yet sufficient to cover expenses and we continue to subsidize the golf course. The Dauphin County General Authority does. We are committed to doing that. The challenge, again, for 2010 will be to work on a marketing plan to allow us to move forward and hopefully start generating sufficient funds to compete in this bad economy along with some of the other golf courses out there. Dauphin Highlands will continue to be a challenge.

The Hyatt is a very big challenge for us. There are revenue shortfalls. Occupancy is down at the Hyatt. We are trying to take steps to avoid any sort of receivership, but Hyatt is going to be a challenge for 2010.

2010 Goals – I promise you that the Authority isn’t a ship just streaming along. We do have goals in place. The first one is the Forum Place. We are in the process of a condominium project, which will separate the parking revenues from the office space revenue. That is not a novel concept, but that is something that is out there. What that will do down the road, if we are able to refinance the bonds or ever find a buyer, it will assist us in providing alternative funding streams. We are going to make efforts to find a buyer for the Forum Place. That option is always on the table and open. In the absence of a buyer - accountability. You all know the Forum Place is currently under a receivership. We, even though a lot of aspects of the Forum Place are out of our hands, do obtain monthly reports. We have been scouring them and it is our intent to make sure that we watch the monies and where they are going. Another goal for 2010, we keep coming back to the Dauphin Highlands, because it is such an important part of our community. We want to engage in an aggressive market plan to generate revenue. This will be the 15th anniversary of Dauphin Highlands. That anniversary is going to be the centerpiece of our marketing campaign, hopefully to generate some interest. Of

course, continue to explore potential buyers. But I come back to that option needs to be consistent with the interests of the community. Other goals for 2010 for the Authority, Hyatt, we are trying to put together a meeting with individuals out in Pittsburgh to talk about the current situation and what we can do. The Dauphin County General Authority, itself, is looking at retaining a financial advisor to assist us locally, not just project-by-project, with the exception of say conduit financing. We really don't have any bond projects moving forward, so we are looking for an advisor that can provide us with some advice. A very critical goal for 2010 is the Riverfront Office Center. PennDOT is a significant lessee there. I think it is approximately 64% space they occupy. Our lease with them expires in 2011. We need to secure that lease renewal with PennDOT. Are there any questions?

Mr. Hartwick: First of all a very concise, efficient and competent presentation. I expect nothing less from you. The one question that kept recurring throughout this related to Dauphin Highlands, as being the most active golfer, we've talked a couple years ago and I know there are challenges with the renovations to the upstairs of that facility, from an asbestos issue to some other concerns, I thought there was a time where we had gotten close with potentially an individual who would be a primary caterer to that location and maybe the caterer kicking in a significant amount of the capital improvements that were necessary to renovate that and enter into a long term arrangement for them to be able to utilize the revenue to be able to pay off some of those capital improvements. Is that something the Authority has completely turned off or is it something that you are still willing to consider? You are talking about marketing - this could be used for weddings, special occasions. That would be an unbelievable place to host those kinds of events. Absent the renovations to the upstairs, I don't think you have the facilities to do it.

Ms. Zemlock: I don't disagree. That is something that we are willing to continue to explore. One thing that we have done is we do have the pavilion there. I agree that ideally the upper part of the clubhouse would be the more ideal location for weddings and what have you, but we are going to make the facilities available for weddings. Those steps are already being implemented for 2010 to do that. Because of costs, we are not in a position, ourselves, to renovate the upstairs, but that is not an item that's off the table.

Mr. Hartwick: Finding those private partners who would be willing to put a significant amount of their own dollars into that renovation could certainly assist with the General Authority offsetting any costs you have with the remediation and renovations.

Ms. Zemlock: Being very candid, we are fairly open-minded with suggestions. Any suggestions are welcome.

Mr. Hartwick: Initially some of the thoughts at that time were the attempt to put the golf course on the market, which I know that is still the case, even though you are working closely with Swatara Township, why would you put in additional money into the course and the facilities if in fact you have huge debt service. Why would you add to that? I

think the idea was turned off and I'm not sure how, in detail, it was explored. It just would be something good to sit down and talk about and reconvene those folks that were engaged.

Ms. Zemlock: One point you make is well taken, which is we really do not want to expand the debt on the golf course. That is a problem for us currently. If we had private individuals that are willing to come in and assist, that is an option.

Mr. Hartwick: Let's follow up and explore that a little bit further.

Ms. Zemlock: Thank you for your time. If you have any questions or issues arise, as you know, I am always approachable. I will do what I can to get you an answer.

PERSONNEL

Ms. Lengle: Do you have any questions on the Salary Board items? (There were none.) Are there any questions on the Personnel Packet? (There were none.) I would like to request a vote for Change #6 today, due to the effective date.

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick that the Board approve Change #6 in the Personnel Packet.

Question: Mr. Haste – Aye; Mr. DiFrancesco – Aye; and Mr. Hartwick – Aye; motion carried.

Mr. DiFrancesco: Just for the record, I did give the green light for those JPO positions to move ahead. I think you will be seeing those in our next Packet. I met with the Judges this morning and got a good presentation. Actually the philosophy of trying to keep kids in the community, Commissioner Hartwick has been pushing real hard and it is working well. While the caseloads, which was my concern, is way down the number of contacts for each JPO, with their case files, is way up. We feel that is having a very strong impact on keeping kids out of placement. At this morning's meeting I was presented with a spreadsheet that showed at this point \$1.8 million savings in the Children & Youth budget by not sending kids off to placement. So, we are doing very well. The community-based programs are working very well. Again, they don't want to see any backsliding. They feel that by filling just the vacancies we have, not asking for more, but by keeping us at full contingent is saving us a lot more money in the long run.

Mr. Hartwick: I agree.

PURCHASE ORDERS

Mr. Baratucci: You should have all received your Packet in a timely fashion yesterday. We have one item, on Page 6 that I understand Mr. Saylor had sent you an email about possibly approving it today. It is the multi-function unit for the Courts. They are replacing the current units that are there as they die out with a better unit that was

recommended by IT. This will be the next one that we are replacing. It is for Judge Clark's area. It is through Capital Business Systems and they will go ahead and get one there as soon as possible and then follow up with the purchase order next week. There is one item that was showing an over budget, but that has been taken care of as of this morning.

Mr. Haste: The only request is for the Capital Business Systems?

Mr. Baratucci: Yes, just the one item on Page 6.

It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco that the Board approve the item for Capital Business Systems listed on Page 6 for Judge Clark's Office.

Question: Mr. Haste – Aye; Mr. DiFrancesco – Aye; and Mr. Hartwick – Aye; motion carried.

TRAINING PACKET

Mr. Saylor: Item #16, I was told that we can save some money by getting the registration in early. So, I'm asking for approval on that.

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick that the Board approve Item #16 in the Training Packet.

Question: Mr. Haste – Aye; Mr. DiFrancesco – Aye; and Mr. Hartwick – Aye; motion carried.

ITEMS FOR DISCUSSION

- A. Resolution #2-2010 – First National Bank Business Resolution of Authority and Signature Card Agreement. (*****A VOTE IS REQUESTED 1/13/10*****)

Mr. Haste: We have Item A, which is Resolution that Mr. Yohe needs for the bank.

It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco that the Board approve Item A listed above under Items for Discussion.

Question: Mr. Haste – Aye; Mr. DiFrancesco – Aye; and Mr. Hartwick – Aye; motion carried.

SOLICITOR'S REPORT – WILLIAM TULLY, ESQ.

Mr. Tully: I have no changes to the report, but happy to answer any questions you might have. (There were none.)

CHIEF CLERK'S REPORT – CHAD SAYLOR

Mr. Saylor: I also have nothing to report.

COMMISSIONERS' COMMENTS

(There were none.)

PUBLIC PARTICIPATION

Mr. Haste: We are again at the point in time in the meeting for public participation. Is there anyone in the audience that would like to address the Board at this time? (There were none.)

ADJOURNMENT

There being no further business, it was moved by Mr. Hartwick and seconded by Mr. DiFrancesco that the Board adjourn.

Question: Mr. Haste – Aye; Mr. DiFrancesco – Aye; and Mr. Hartwick – Aye; motion carried.

Respectfully submitted,

Chad Saylor, Chief Clerk

Transcribed by: Richie-Ann Martz