



DAUPHIN COUNTY BOARD OF COMMISSIONERS

WORKSHOP MEETING

JUNE 15, 2011
10:00 A.M.

MEMBERS PRESENT

Jeff Haste, Chairman
Mike Pries, Vice Chairman
George P. Hartwick, III, Secretary

STAFF PRESENT

Laura E. Evans, Esq., Chief Clerk; Marie E. Rebeck, Controller; Janis Creason, Treasurer; Fred Lighty, Esq., Human Services Director's Office; Steve Libhart, Director of EMA; August Memmi, Director of Community & Economic Development; J. Scott Burford, Deputy Chief Clerk; Amy Richards, Commissioners' Office; Mike Madden, Prison; Dave Schreiber, Human Resources; Kay Lengle, Human Resources; Gary Serhan, Deputy Controller; Leila Brown, Solicitor's Office; Bree Thomas; Commissioners' Office; Joshua Eisner, Commissioners' Office; Randy Baratucci, Director of Purchasing; Tom Guenther, Director of IT; Doug Boswell, Tax Assessment; Mike Yohe, Director of Budget & Finance; Julie Mackey, Commissioners' Office; Abby Gabner, Commissioners' Office; Brenda Hoffer, Commissioners' Office and Richie-Ann Martz, Assistant Chief Clerk

GUESTS PRESENT

Charles B. Zwally, Esq., Jay Wenger, Julia Novack, Bob'Donnell, John Espenshade, Eric Veronikis, Chris Cekot, Bill Cluck, Matt Miller, Mark Stewart, Esq., WHTM, WHP, Jim Pianka, Mike Miller, Esq. and Erica Moffitt

MINUTES

CALL TO ORDER

Mr. Haste, Chairman of the Board, called the meeting to order at 10:06 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 a series of meeting minutes that we'll take up 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? (There was none.)

DEPARTMENT DIRECTORS/GUESTS

A. Daniel Malpezzi, Esq., McNees Wallace & Nurick

1. Resolution #16-2011 authorizing Pinnacle Health System Bond Financing through the Dauphin County General Authority

Mr. Malpezzi: With me this morning is Bill Pugh. Bill is the Senior Vice President and Chief Financial Officer of Pinnacle Health System. Before you this morning is a Resolution with respect to a financing in the maximum principal amount of \$100 million through the Dauphin County General Authority for Pinnacle Health System and its affiliates.

The purpose of the financing is two-fold. It is to refund a Series of 2009B Revenue Note that was issued through the Dauphin County General Authority in August 2009. That component is \$70 million. There is a \$30 million new money component that will finance various capital improvements at the Harrisburg Hospital Campus and the Community General Osteopathic Hospital Campus. Bill can speak more specifically to those if you would like more detail.

This morning the Dauphin County General Authority approved the financing, adopted its formal bond resolution. The Authority conducted a TEFRA Hearing at which there was no community attendance or public comment. The minutes of that TEFRA Hearing, I believe, have been transmitted by the Authority to the Commissioners this morning. It should be attached to your resolution or if not it will be when you sign it.

The Resolution before you serves two purposes. It is the approval of the highest elected official of the County in which Pinnacle is located. That is required under the Tax Equity and Fiscal Responsibility Act, aka, TEFRA. Also, it is defining that the services rendered at Pinnacle Health System serves is essentially necessary for the public benefit and welfare of the citizens of Dauphin County. That approval is required under the Municipalities Authorities Act, which is the Statute under which the Authority is organized. The County's approval is not a guarantee. It does not, in any way, obligate the County or the Authority with respect to the bonds. These are revenue bonds payable solely from the revenues paid by Pinnacle Health System under the loan agreement with the Authority. I would ask for favorable consideration of the Resolution. I'm happy to answer any questions. Mr. Pugh would also be happy to answer any questions.

Mr. Haste: We do have the minutes. The hearing opened at 8:00 a.m. and closed at 8:40 a.m. with no comments. Are there any questions?

Mr. Hartwick: Could you describe a little bit about the project for the record?

Mr. Pugh: For the new money?

Mr. Hartwick: Yes.

Mr. Pugh: The \$70 million that we borrowed with the 2009B loan was primarily dedicated to the expansion and renovation of the Harrisburg Hospital Emergency Department and the construction of the Cancer Center Medical Sciences Pavilion at the Community General Hospital Campus. Both of those projects are nearing completion. The Cancer Center opened in May. The Emergency Department will be finally completed in October of this year. Some of the proceeds from the new money issue will go to finish those two projects. About \$6 million of the \$30 million is dedicated to wrapping up costs on those two projects. The rest of it is a combination of various projects. At Community General, we have a roof on one of the wings that needs replaced. We have renovation projects to the Central Sterile Supply Department, the Lab Department expansion and the Pharmacy. There is renovation and expansion projects within the Hospital. At the Harrisburg Hospital our surgical services area and the O.R. suite there is a project there that actually started last year. We'll get reimbursements for some of the funds that are expended and then to complete that project. We have a women and babies' project for the Women and Babies' Service at Harrisburg Hospital. We have a new dialysis unit that we are doing. The \$30 million is about 70% long-term assets—renovation and expansion of services within the two campuses. The balance is IT and other major medical equipment.

It was moved by Mr. Hartwick and seconded by Mr. Pries that the Board adopt Resolution #16-2011, captioned as follows:

RESOLUTION APPROVING THE FINANCING OF CERTAIN PINNACLE HEALTH SYSTEM HEALTH CARE FACILITIES LOCATED IN DAUPHIN COUNTY, PENNSYLVANIA, DECLARING THAT IT IS DESIRABLE FOR THE HEALTH, SAFETY AND WELFARE OF THE

PEOPLE IN THE AREA TO BE SERVED BY SUCH FACILITIES TO HAVE SUCH FACILITIES PROVIDED BY, OR FINANCED THROUGH, THE DAUPHIN COUNTY GENERAL AUTHORITY.

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

HUMAN RESOURCE

Ms. Lengle: Do you have any questions on the Salary Board item or any items in the Personnel Packet? (There was none.) I don't have any changes.

PURCHASE ORDERS

Mr. Baratucci: I have nothing to add to the Packet. It is a very small Packet this week. It is there for your review and approval next week, unless you have any questions.

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

TRAINING PACKET

Mr. Haste: Do we need to take action on #7 or can that wait until next week?

Ms. Evans: That can wait.

ITEMS FOR DISCUSSION

A. Purchase of Service Per Diem Rates between Children & Youth and:

1. Hansel and Gretel Day Care Center
2. Bethany Christian Services of Western PA

B. Polystyrene Foam Collection Site and Pick-up Agreement between Dauphin County and Dart Container Corporation of Pennsylvania. (A Vote is Requested 6/15/11**)**

Mr. Haste: We have Items A and B listed on the Agenda. Are there any questions? (There was none.)

Item B, I asked Kelly why we needed to move quickly on this. If we take action this week we will be the very first municipal entity on the East Coast to begin to recycle Styrofoam. It has been a successful program on the West Coast. Kelly has been working with them for some time now to put up a facility and have a collection process in place to recycle Styrofoam in Dauphin County. This Agreement will do that. We have a provider that will be bringing a trailer there much like we do with the electronics. This is a good program for folks that are concerned about the environment and what it does to our carbon footprint as we dispose of it now. I would ask for an affirmative vote on Item B.

Mr. Hartwick: I had asked yesterday a couple questions. One of them was the cost to dispose of the Styrofoam. I was assured that there would be no cost to the County. It was a company that is going to be there to pick up when the bins become full. Besides the actual cost of the people that are at the facility, there is not going to be any additional costs. It is good that we are taking the initiative to do it. There certainly doesn't seem to be a whole lot of a downside to removing it in the appropriate way and recycling.

It was moved by Mr. Hartwick and seconded by Mr. Pries that the Board become the first Polystyrene Foam Collection Site on the East Coast and to approve the Agreement between the County and Dart Container Corporation of Pennsylvania.

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

SOLICITOR'S REPORT – FRED LIGHTY, ESQ.

Mr. Lighty: The Solicitor's Report is in your Packet. I would be happy to answer any questions on it. All of those items should be ready to go next week. (There was none.)

CHIEF CLERK'S REPORT – LAURA E. EVANS, ESQ.

Ms. Evans: Dauphin County is celebrating the annual Ride to Work Day on June 20th; which will start off at 7:30 a.m. in front of the Dauphin County Administration Building. Donations will help raise money for the local "Feel Your Boobies" Foundation. The motorcyclists will enjoy a scenic ride after work to the Colonial Lounge in Lower Paxton Township.

COMMISSIONERS' COMMENTS

Mr. Pries: I just want to again remind everyone and the media present that June 26 is the date for the police dispatch transition changeover from the City of Harrisburg to the County of Dauphin.

Mr. Hartwick: You'll see all of the Human Services contracts listed on the Solicitor's Report. We are attempting to do a summary of all of those contracts to make available to the Commissioners. Of course, all of these contracts are contingent upon State Budget approval and potentially the signatures we provide today, depending upon the outcome of the State budget process could be required again depending upon the actual funding that is allotted. We need to get these in place so we don't interrupt service despite the State budget process.

Mr. Haste: That's what happened in the past.

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? (There was none.)

RECESS

Mr. Haste: I will recess this meeting until 1:00 p.m. today.

RECONVENE

The meeting reconvened at 1:02 p.m.

PRESENTATION - ACT 47

Mr. Haste: We have reconvened the meeting for a presentation from the Act 47 Team.

Ms. Novack: The City cannot continue “business as usual” and still provide for the health, welfare and safety of its residents. The City must contain fast growing employee compensation by voiding the extensions made by the previous Mayor immediately prior to his leaving office. The City must negotiate appropriate contracts with the bargaining units that freeze wages, restructure health benefits and reduce overtime pay. It also needs to freeze wages and restructure health benefits for non-bargaining unit personnel.

For a period of three-years contributions towards health insurance and other concessions and efficiencies can be achieved through restructuring schedules that are currently mandated by the union contracts. The operating plan calls for a net reduction of 19 positions in the City’s complemented employees and eliminates the park ranger programs; there are 3 FTEs there. There are five firefighter positions that are being eliminated, but I want to stress in that, there is no reduction of service that is associated with those net reductions of five firefighters. The plan calls for a change in the schedule. Harrisburg firefighters currently have a 42 hour work week dictated in their contract. It is very unusual in fire service to see that number. Typically you see 48 to 56 hours a week contracts. We proposed moving to a 48 hour week contract. Different schedule structure that allows for the same level of coverage, but in a more efficient way so you can reduce the headcount by five and have no change in the number of firefighters that are on duty at anytime in the City. The other pieces of the operating side call for better coordination and collaboration between the various elected officials within the City, some sharing of staff, and also looking to a public/private partnership for recreation services. The City would still be owner of the assets in the parks, but would be programming those assets through a non-profit that they would provide support to. In a nutshell that is the operating side.

The unique situation in Harrisburg is obviously the debt related to the Harrisburg Authority’s default on the RRF. It has been a very complicated process. It is a

complicated scenario that the City finds itself in, but essentially the City has been in default since somewhere around 2009. As you all well know, because as second signers on those Notes, the County has made payments on some bonds and another party, Assured Guaranty, has also been making payments. There is somewhere in the neighborhood of \$75 million that is owed by the City to the County and Assured today for the guarantees that have been made.

In addition, we've talked about a number of \$310 million for the total debt associated with the RRF. The plan calls for the sale or lease of parking assets and the sale of the Resource Recovery Facility in order to close this gap and ultimately strand about \$26 million that the City would then refinance and that becomes part of how they deal with the debt. The deal has only been made possible, because Dauphin County and Assured Guaranty has been willing to agree to certain concessions. Notably of the \$75 million that is outstanding that are owed to the County and to Assured, the County has indicated a willingness, as well as Assured to waive the penalties and interest fees that have been accumulating since the initial default. For the County that is somewhere in the neighborhood of almost \$2 million. Assured has agreed to look at accelerating the payments on the bonds. We've talked about a number of \$65 million in negative arbitrage that they have essentially said they are willing to deal with, with their bondholders and the City will not have to be responsible for that as it looks to resolve the debt gap. \$26 million is new debt that the City would refinance and a loss of revenue from the sale or lease of the parking garage assets, we figured the City needs to net approximately \$100 million from the parking assets in order to make this deal work and make the \$26 million number real. The debt service on that and the loss of revenue associated with no longer having control of the parking assets leaves about a \$2.5 million gap for the City to close. One of the things we have tried very hard to do in our plan was to maintain services for the people of Harrisburg to keep what I call the cost of government neutral for the residents so avoiding tax increases at all costs. When you get to this point in the plan we've tried hard to stay with those premises and we really do not wish to see significant cuts in the City's public safety budget; which is where you would have to go. There are two solutions to solving that \$2.5 million gap. One of them is made possible, because the County has indicated a willingness to support the City's application to the Gaming Funds. Right now there is about \$13 million that is distributed by a citizens' commission throughout Dauphin County and we have asked Harrisburg to be making application to that process for \$2 million a year over the next five years. That would provide the funding necessary to maintain the current levels of public safety staffing that the City has today. Without that \$2 million you would see significant cuts in public safety. There is still a gap there that we close with a .8 mil increase in the property taxes for the residents of Harrisburg. It seems contradictory to what I said in terms of trying to maintain the tax rate and not increasing the cost of government for the people of Harrisburg. That is allowed to be possible, however, because of this whole arrangement through the sale of the RRF to Lancaster County and agreement, again, by the County to allow their tipping fees paid to the RRF to increase over time. The City's would decrease over time from its current \$205 per ton to a \$90 per ton level. This nets the residents of Harrisburg, each homeowner, about \$120 a year. The tax increase of .8 mils has an impact to the median home in the

City of Harrisburg of about \$50 a year. Over time you will see that the cost of government does stay neutral, if not actually improve, for the residents of Harrisburg. The service levels have maintained the same and the City is able to fulfill its obligations under the plan. In a nutshell that's what the 417 pages talk about. There is a lot of detail and other initiatives, but that is a quick summary. We would be happy to invite any questions that you may have.

Mr. Haste: I know Mr. Zwally is going to ask some questions to clarify what's in and what's not in the plan or what you are or are not perceiving from the County. Some of it is not real concrete so we want to make sure we are on the same page.

Ms. Novack: Thank you!

Mr. Haste: First off, I would like to say unfortunately time...people forget the situation the County was in back in 2004. We were not as bad, but similar. The County faced these issues we had in 2003 we were not going to make payroll in October. We had to restructure debt that year. We took a hard look at what had to be done here. We raised taxes. We eliminated positions, starting with management positions. We ended up selling assets. We sold our nursing home. We sold the Veterans Building. We had to go through this. People try to forget that. At no time did we really look for someone else to bail us out. I think a key part of your plan if people really get past all the hype and the rhetoric and the finger pointing, your plan puts a lot of meat on the same thing that was put on by the Cincinnati firm that was hired by the City in the early part of 2009. Similar to the core of what was in the Kovath report, again the structure of the core is still the same. You've put a lot of meat and more detail into it, but the solution is still the solution that everybody has been saying and people want to try to ignore and try to find another magical bullet out of it. You've put a lot to that. One thing and again I raised this issue before when you keep talking about the revenue loss for the parking garages, the lease or sale, the thing that is never mentioned that I think has to be put on and considered is capital improvements. They talk about this money that they are going to lose this year, next year and maybe two years from now, but their own report says that they have to make major capital improvements to I believe at least two facilities. That is not addressed. So, that money isn't really going to be there in two or three years whenever they tackle this, because they have not put any money aside. I've seen no indication that they are ready and if things continue the way they are I don't know how they are going to borrow that money to make those capital improvements. One thing about the proposals I've seen that are on the table they do address capital improvements. That number even though as we talk that is a real number today, the loss of those revenues. Three years from now I don't know if it is a real number and actually the problem is worse if not addressed. The other thing is one of the points we have tried to make for over two years in dealing with this was the residents of the City, the taxpayers of the City. I think your plan, what you have put here, actually puts people first. One of the things I've heard people say is that some wanted to keep parking over people. This puts the residents first because, just using your own numbers, their tipping fee goes down about \$100. These are all averages. Some will find an exception to the rule somewhere as people like to do, but it saves them \$120 on

tipping fees, now their taxes go up \$50, so to the residents or taxpayers, the person we are trying to protect, they get a positive cash flow, small, but it is a positive cash flow. I think we shouldn't lose sight of that. This is really a good plan for residents. It makes those that govern their job difficult, as ours was and I don't know that it has gotten much easier as well. I do want to thank you for taking a look at that. I know Chuck has a list. We wanted to clarify what is in and what you are expecting of us.

Mr. Zwally: You probably have seen enough of me any way, but I'm sorry about the obstruction here. There are a couple of quick technical items, which I would like to raise and no need to do anything other than to note that we will be providing you with a letter by Friday on these items. They had to do with information in the report concerning the County's, the debt that the City owes to the County.

The first has to do with the table in the Executive Summary, Page 2, and you list there the debt obligations of the City to the County related to the RRF. I know that is based upon data we gave you. I just wanted to note that more recently, in fact on May 27; the County was required to make a Swap Cap Payment to the Trustee in the amount of \$541,089.65. As I said I'll indicate this to you formally. We thought that should be noted since it is effective as of the date of the report. We will provide that to you.

In addition, I have some comments on the table which is found on Page 380 of the report. It indicates the debt service payments required with respect to the RRF for the period 2011 to 2015. This is just a clarification. It wouldn't require any change. The County's PNC Note is listed there. As I think we all realize that is not an obligation of the Authority or of the City. It is the County's obligation, which was incurred in order for the County to meet the guarantee payment required in December of 2010. I'm not sure it would be appropriate to list it there and also as you note in the text, but which is not reflected in the table, in the year 2013 that Note becomes due and so the full amount would be due in the year 2013. I don't think any change is noted there. We will put you on notice on those comments. I should note also that unfortunately there is also a payment due today on the County's guarantee. We'll reference that to you, but since it is following the date of the plan I don't think any action is required. I think we all realize that this is a moving target. The costs keep accruing and growing larger the longer this matter is unresolved.

The Commissioners have asked me to list for you and for the benefit of the others here some of the requirements. I call them contributions or financial risks, which would be assumed by Dauphin County under the debt solution of the plan.

Mr. Haste: I want to make sure you are on the same page.

Mr. Zwally: I did make reference to some of them, but I thought a complete list would be helpful. First is the amount of interest and collection expenses; which the County agrees to waive or forgive in the amount of \$1,906,377. Those amounts would not have to be paid to the County and would not be required to resolve the RRF debt obligations. That amount is reflected in your table on Page 2 of the Executive Summary. Two,

Dauphin County and Assured will guarantee and insure the \$26 million Restructuring Loan of the City. This will allow the City to obtain reasonable borrowing costs. Assured and the County will waive their fees with respect to the enhancement of that restructuring debt. Item three has to do with the obligations which the County will be required to enter into in connection with the sale of the RRF to Lancaster County Solid Waste Management Authority. There are a number of these. As you mentioned Julia, the first is that the County tipping fee will increase from \$72 per ton to \$90 per ton. That will permit the reduction in the City's tipping fee which is reflected in your plan from \$205 to \$90 per ton at which point there will be parity between the City and the County rates. Second, the County will lose approximately \$640,000 per year in administrative fee revenue, which is a condition of the Lancaster sale. Third, the County would be required to guarantee tipping fee revenues under a put or pay disposal agreement with the Lancaster Authority. That would be for a term of 20 years. The amount of that obligation is not known obviously, but it is real and it may occur depending upon what happens to the municipal waste flow over the next 20 years. The County will be responsible for all off-site ash disposal costs of approximately \$2.3 million per year. That cost level will probably escalate over the 20 year period and that will be an obligation which the County will have to assume for the 20 year period of the agreement with the Lancaster County Authority. The County and Assured will also assume the risk of subordinated debt to be issued by the Lancaster Authority in order to increase the purchase price and provide sufficient funds to satisfy all of the outstanding RRF debt. The County's share of that subordinated debt is anticipated to be approximately \$1.5 million. The revenues available to satisfy that debt will be limited and the recovery and payment of that debt will be uncertain at best, in which case a County guarantee would be called upon. In addition to all of those, which are assumed Julia you have no argument with those items. In addition to that of course, is you mentioned the plan requests Dauphin County to provide gaming fund grants to the City in the amount of \$2 million annually for a period of five years for a total of \$10 million. The County at this point has not necessarily committed to that, but certainly there is no prohibition from the City applying for those grants just as any other municipality in Dauphin County can do. That is a summary of the County's obligations. Commissioners, are there any other questions? I would be happy to respond.

Mr. Haste: That is what is anticipated.

Ms. Novack: It is.

Mr. Haste: Did we miss anything?

Ms. Novack: I don't believe so.

Mr. Haste: I believe that totals about \$62 million.

Mr. Zwally: We have looked at those obligations on the part of the County. Over the 20 year period of the Lancaster contract, the cash out obligations, this is cash out of the pockets of Dauphin County; the total cost would be over \$62 million. That does not

include the requirements of the put or pay contract, which at this point in time we cannot assess. It does not include the credit risk on the City's \$26 million and it doesn't include the \$10 million of gaming revenues covered by the anticipated grant.

I would like to make one other comment if I may. There have been reports and questions asked if number 1 why is the County talking to a Lancaster Authority. There have been issues raised about should the City be selling this valuable asset, which is the RRF. I think it is important for everyone to understand that the RRF has value only because of the County direction of municipal waste thru flow control. I believe that an appraiser retained by the Authority concluded that without flow control the value of the RRF would be either negative or zero. Why do we work with Lancaster? We've worked with Lancaster because we need to enhance to the extent we can the value of the RRF so that upon its sale it can help satisfy these debt obligations. Quite frankly, it has been the hard work of the County, which has enabled us to, at this point in time, at least look at an offer of \$124 million, which is a substantial increase over a prior offer from the Lancaster Authority. This is the kind of work that's got to be done we think by all of the parties. We would be very anxious to continue this hard work and to work with the other parties in trying to resolve all of these issues.

Mr. Haste: In a broader picture, I think it takes the whole management of waste flow to a regional level that it's not been before. I think there is a lot of benefit in two sizeable Central Pennsylvania counties working together and having a plan. I had conversations with their commissioners. They have a very good operational plant. They seem to know what they are doing. The thing they like about our side of it is our recycling. We don't get much credit around here, but we really are ahead of the game on recycling. They like what we have done. We have been able to look at the recyclables as a commodity and start to deal with that. They want to partner. If we could take the best practices that they have and the best practices that we have and move that into the two county region, I think it goes very well for Central Pennsylvania, as well as for this Commonwealth. It shows local government is stepping forward and being creative and doing things. This gives an opportunity that's not been given to us before. In time the economies of scales of the two working together I think works to our benefit. It wouldn't be immediate, but it does work that way in time.

Mr. Pries: You had mentioned a put or pay contract, could you give a definition of that for me and others who may not be aware of what that is?

Mr. Zwally: The disposal agreement with Lancaster as indicated in their proposal will have to be a put or pay whereby Dauphin County will guarantee a certain level of waste flow annually. To the extent that the waste flow would dip under that level, Dauphin County would have to pay the difference from its general revenues. It would be a guaranteed level of revenues for the Lancaster Authority. It is not an unusual provision in some of these waste flow contracts.

Mr. Hartwick: One of the things that struck me. I read through most of the report was the number of initiatives that were mentioned previously by management partners and

now by the Act 47 Team related to internal City functions and operations. The idea of the City taking on some of these initiatives concurrently with the overall Act 47 plan there is nothing to preclude them from acting on a number of these internal initiatives and recommendations as we are going through the process of talking about a comprehensive recovery plan. Administratively Council wise there is a significant number of changes internally, structurally when we are talking about housing economic development other internal City operations, police fire and the like. Had they made any progress or have they been waiting really to the outcome of this report? In the management partners report and this report a lot of the things that had been mentioned are extremely similar and have been mentioned prior to this report.

Ms. Novack: There is a real mix. One of the things that we tried to understand as we were looking at operations was what had been done and what hadn't been done. We tried not to just reiterate the initiatives. If there was some things that had not proceeded that we believe were important in terms of operational efficiencies then we included specific initiatives. The difference between the EIP report and the recovery plan is the EIP report is full of good recommendations for how to do things better and differently. They are worthy of consideration. Recovery plan becomes policy. It becomes an ordinance of the City for the City to enact, not to consider. So, there are certain operational changes that we felt were important enough to erase that level of policy and include in this plan.

Mr. Hartwick: This clearly, if you take a look at win by win, waiting more is only costing money from the debt side. Waiting is only costing more money from the operation side and waiting is only costing internally the City to the October deadline to not be able to meet their payroll. If you want to meet payroll through the end of the year, implementation is required. I think that is a concern. As an elected official wants to be proactive you'd want to act on these concerns to alleviate that year's concern to be able to address those issues that you can now and obviously deal with the entire debt recovery issue through the Act 47 process, because it is a much larger problem. I just want to know that the debt recovery piece is a large portion of this, but there are significant efficiencies and government operational changes that can be made without a significant amount of internal turmoil by both Council and the Mayor in the establishment and daily operations of running the City. I am suggesting for those not to be waited on. Quite frankly, getting ahead of the game and starting the implementation process prior to the debt recovery plan or the implementation of any of that portion. We are aware of the timelines. Could you do that from a public perspective as well? Timelines for consideration from City Council, what happens through that process, must for the public record.

Ms. Novack: The plan, we as Coordinators, will be accepting public comment until June 28th. We have a public hearing that evening at John Harris High School. We are already receiving emails through the list that we have set up. We are getting some input there, which we will consider. After that date, June 28th, the Coordinator has ten days to revise the plan. If there are suggestions we feel we need to tweak some things within the report, correct some numbers as Mr. Zwally pointed out, we will have an

opportunity to do that and then present to the Council the final plan that they would consider. That date is July 8th that we would be giving them the final plan. From that point they technically have until July 23rd to act on the recovery plan. There is a summer change in the meeting schedule that happens on the 19th of July. We've actually suggested that they consider this on July 12th. That is kind of the target date. That could change. If that doesn't work for them and they want to take the time. They have that time and we will certainly work with them. Like we would recognize the urgency of getting about the business of dealing with the immediate shortfall of cash on the short term, preparing an implementation plan that kind of triages all these things and say okay here are the things that we need to move forward on operationally with the debt and all of that going forward. The adoption process requires just because as I mentioned it becomes an Ordinance of the City, it becomes policy. It has to be approved by the City Council and signed by the Mayor. If for some reason the Council would approve the plan and the Mayor would veto it then the Council could override that and it would then become an ordinance of the City and would be implemented. If the Council does not approve the plan, the Mayor cannot impose this recovery plan. The Mayor would have 14 days then to prepare an alternative plan for consideration by the City and by DCED.

Mr. Hartwick: That would all have to be worked through the coordinator and through the committee?

Ms. Novack: Through DCED.

Mr. Hartwick: Through DCED and Act 47 Committee. It's not like they come up with a separate plan outside of communicating directly with this group?

Mr. Haste: I don't know if that is clear.

Ms. Novack: It goes to DCED.

Mr. Hartwick: It is important for us to know the process issues, because we have dealt with delay after delay. We know how much it costs the incinerator in millions of dollars and not necessarily taking those actions. The debt load from what we had talked about went from \$288 to \$310. Quite frankly, we are looking at about a million and a half dollars a month at minimal with taking no action and no action seems to be what has occurred. It is still costing additional monies the longer that we wait. I'm interested in seeing the process and understanding when a decision is required to be made.

Mr. O'Donnell: I can build on the timeline that Julia had indicated should the plan not be accepted by the City then the Mayor has, as indicated, 14 days to prepare an alternative plan. That is within the Mayor's domain to prepare that plan. It does not necessarily need to parallel the plan the coordinator's have put together, however, once she has prepared it, it then is subject to a public hearing within ten days and then Council must enact it by ordinance. Assuming they do it is submitted to the Secretary of DCED who then must determine whether the alternative plan would address the fiscal distressed

condition that exists. If the Secretary agrees that is the case, then the City is charged with implementing the plan. If he disagrees then we invoke the provisions of the Act that deal with sanctions are then invoked by the Secretary.

Mr. Hartwick: I don't need you to go through the sanction process, but...

Mr. O'Donnell: Sanctions are withholding State dollars that would flow to the City. We have never encountered that situation. We had 25 municipalities that have gone through this process to date. It has always been the coordinator's plan albeit with some degree of tweaking in many instances as was indicated between the proposed plan and the final plan. It has always been the coordinator's plan that has been acted to date.

Mr. Hartwick: I want to remind the folks that we've seen a lot about who is enduring pain and who is not. I want to also state that even through today, the County has met its fiscal obligations through the second guarantor of those notes and has obviously allowed this facility to continue to operate and generate revenue. Absent that revenue we would be in a different situation. Continue to meet those obligations has been something the County has done throughout this process.

Mr. Pries: You had a thankless job here. No matter what you did somebody wasn't going to be happy. I think you have already seen over the last 24 hours, which particular entity is the unhappiest. I do disagree with you on one thing. I think you said the other day that this was 417 pages of easy reading. No, it wasn't. I personally first became aware of how much this was more than just a Dauphin County or City issue as a Derry Township Supervisor early last year. When Standard and Poors came to visit Derry Township we were looking to go from an AA+ rating to AAA. The only other township within the Commonwealth of Pennsylvania that had such a rating is Lower Merion Township in Philadelphia. We met with the folks from Standard and Poors. It was a good meeting. We had representatives from the \$8.5 billion Hershey Trust, Hershey Entertainment and Resorts, the Hershey Company and the Hershey Medical Center -- all excellent economic engine drivers. We wanted to go to an AAA bond rating. We felt very comfortable about that. We thought that are chances were excellent. Thirty days later we got a "Dear John" letter from Standard and Poors commenting on how well things are within the Township lines in Derry and how the economic engine drivers are in great shape and are in great shape for the future, however, due to the County's potential exposure to at the time \$288 million in incinerator debt at what which we were responsible at the time for \$144 million of, we were turned down. That was the first time that I as an elected official thirteen miles down the road saw how big of a deal this was. Fast forward to today, you are here with us and you are meeting with us, you rolled out this plan. I believe, unlike some others, that there is a lot of pain that the County is being asked to undertake here. When I was appointed as a Dauphin County Commissioner approximately nine and half months ago, I took an oath to represent all 268,000 residents of Dauphin County and I realize that the City of Harrisburg is a very vibrant and important part of Dauphin County. I also know that the residents and elected officials throughout the rest of the County, from the northern end to the southern end and all points in-between want their wishes to be

represented by this full Board. As the newest Commissioner, I've had an opportunity to see things from a fresh new perspective. One glaring issue that I think has gone on for far too long and needs resolved immediately is Dauphin County and City Council must communicate in a much more cooperative and effective manner beginning today. Over the past several months, Dauphin County, the Mayor's Office and the Harrisburg Police Department have met numerous times on the police dispatch transition issue. We've had a lot of meetings and a lot of discussions and as a result of those meetings and discussions we've come to an agreement that on June 26, 2011 the County is going to take over the operation of the police dispatch unit for Harrisburg. That is a result of communicating with one another in a joint cooperative manner for the good of the County and the good of the citizens of the City of Harrisburg. City Hall is physically located less than 100 yards to my right from where we are sitting right now. Yet, it might as well be a million miles away. The lack of communication that takes place from City Council to the Dauphin County Commissioners is unbelievable. Right after my appointment, I sent a letter to each member of City Council asking to meet and to discuss issues of importance. One member responded. I met with one member in the last nine months and that was Councilwoman Patty Kim. She took the time to meet with me. I get more information on what City Council is thinking from reading Pennlive.com and reading the Patriot-News and checking out various blogs than I do from them themselves. Council members, I ask each and every one of them, pick up the phone, do what is right, let's show some leadership, let's get down to the basics and work together on these critical problems that we face together. Lastly, I personally believe that failure to act will negatively impact this entire region for a generation or more to come. From this moment forward, let's collectively together look at this for what it really is, it is a most unique opportunity for us as Dauphin County Commissioners and the members of City Council on behalf of all the residents of Dauphin County. We must work together and do the right thing and that is finding a solution that ensures the economic success of the capital region for decades to come. If we don't we are making a big mistake. We have a great opportunity here. You got leaders here at the County that are willing and anxious to work with the City, but as my colleague, the Chairman of the Board, has said on numerous occasions, who do we meet with or who do we talk with. We are here. We are publicly again stating that we are ready to talk and are ready to communicate. We are ready to work for the betterment of the community and the County as a whole, but it takes two to tango and we are putting the offer out there again.

Mr. Haste: Again, I would just like to say thank you. We stand ready. It appears to be a moving target. It has been going on. At times you have seen my level of frustration, because it seems like I have been at this forever. It started sometime in 2008. We actually put pen to paper in early 2009. It just seems to not get there. The sooner we can get to whatever the decision is, we get there and get moving the better this region is. As Commissioner Hartwick said, each month we delay it only adds to the problem. We said that before. Unfortunately, you can't rewrite time, but if parties had been willing to try to solve this in early 2009 that \$26 million would not be there. If you look back in time, that's really the cost of sitting here from April 2009 to now has been that additional \$26 million. Again, I want to thank the team for what is not an easy job. Contrary to

what people think, if I had the chance to write this, believe me it would have been different. I do think it is shared pain. It is not going to be an easy sale for us. I've already had phone calls today from residents around the County saying no way to this deal. I think whatever the deal finally is there is going to be a fair amount of people unhappy. Again, contrary to what others may think, I think there has been a fair amount of leadership trying to get this there. Unfortunately, you've got to have willing participants and until this point there haven't been. I think you have come a long way in getting us there. I want to again thank you for that. We stand ready as this moves forward to work with you as we have done to this point and hopefully we can get it done.

Ms. Novack: Thank you very much. Thanks for the opportunity to be here. We'll look forward to Mr. Zwally's correspondence later this week. If there is anything that comes up we will be back in touch with you. Thank you very much.

ADJOURNMENT

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

Respectfully submitted,

Laura E. Evans, Esq.
Chief Clerk

Transcribed by: Richie-Ann Martz