DAUPHIN COUNTY BOARD OF COMMISSIONERS

WORKSHOP MEETING

APRIL 16, 2014
10:00 A.M.

MEMBERS PRESENT

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

STAFF PRESENT

Chad Saylor, Chief Clerk; Marie E. Rebuck, Controller; Janis Creason, Treasurer; Joseph A. Curcillo, Ill, Esq., Solicitor; Steve Libhart, Director of EMA; Jeff Enders, EMA; Fred Lighty, Esq., Solicitor's Office; Amy Harinath, Press Secretary; August Memmi, Director of Community & Economic Development; Dave Schreiber, Human Resources; Bobby Sisock, Court Administration; Randy Baratucci, Director of Purchasing; Mike Yohe, Director of Budget & Finance; J. Scott Burford, Deputy Chief Clerk; Leila Brown, Solicitor's Office; Kay Lengle, Human Resources; Gerald Feaser, Jr., Director of Registration & Elections; Brandon Freistat, EMA; Emily Fagan, EMA; Thomas Pottiger, EMA; Keith Kepler, Director of Solid Waste; Melody Osborn, Commissioners' Office and Richie-Ann Martz, Assistant Chief Clerk

GUESTS PRESENT

Barb Miller, WGAL, James Roxbury, John Hewlett, Lou Verdelli and Duane Good

MINUTES

CALL TO ORDER

Mr. Haste, Chairman of the Board, called the meeting to order at 10:08 a.m.
MOMENT OF SILENCE

Everyone observed a moment of silence.

PLEDGE OF ALLEGIANCE

Everyone stood for the Pledge of Allegiance.

APPROVAL OF MINUTES

There are several sets of Meeting Minutes that will be considered at next week’s Legislative Meeting.

EXECUTIVE SESSIONS HELD BETWEEN MEETINGS

Mr. Saylor reported that there were no Executive Sessions held between meetings.

PUBLIC PARTICIPATION

There was none.

DEPARTMENT DIRECTORS/GUESTS

A. Dauphin County Commissioners
   1. Proclamation – County Government Month

Mr. Haste stated that counties across the Commonwealth will be celebrating over the next couple weeks.

Mr. Haste read the following Proclamation:

Office of County Commissioners
Dauphin County, Pennsylvania

Proclamation

We, the Dauphin County Board of Commissioners are honored to join counties across the state and around the nation, along with the 40 municipalities that make up Dauphin County, in recognizing April, 2014 as National County Government Month;

Whereas, the National Association of Counties first celebrated National County Government Week in 1991 to raise awareness and understanding about the roles and responsibilities of the nation’s counties;

Whereas, the nation’s 3,069 counties provide a variety of essential public services to communities, serving more than 300 million Americans;

Whereas, counties build infrastructure, maintain roads and bridges, provide health care, administer justice, keep communities safe, run elections, manage waste, keep records and much more;
Whereas, Dauphin County is doing its part by charting the course for a resilient and cost-effective county government that meets the challenges of a diverse and changing population;

Therefore, we join the 268,000 residents of Dauphin County in honoring the conscientious and committed employees and volunteers that make our county run so efficiently every day and in encouraging employees, students and residents to learn more about their county government; and in grateful recognition thereof, we do hereby proclaim April of 2014 to be “National County Government Month” in Dauphin County.

He thanked the employees and volunteers who carry out the services. He also thanked the municipalities that the County partners with to help carry out the services.

B. Dauphin County Commissioners

1. Emergency Management Agency – Proclamation for National Public Safety Telecommunicators Week and Awards

Mr. Pries stated that this is always an important meeting for me when we recognize our telecommunicators who have delivered babies or have saved a life. They handle the 9-1-1 calls when people are at a bad time. The telecommunicators handle the calls with professionalism and they serve as a life line for those callers until help is on the way.

Mr. Pries read the following Proclamation:

**Office of County Commissioners**
Dauphin County, Pennsylvania

**Proclamation**

We, the Dauphin County Board of Commissioners, take immense pride and pleasure in commending the extraordinary composure, compassion and expertise of our exceedingly valuable - but often unrecognized - public safety telecommunicators during the week of April 13th to April 19th, 2014;

Whereas, since 1991, during the second week of April, we have recognized the men and women who serve as public safety telecommunicators, and although they are often invisible at the scene of an emergency, they have directly contributed to saving life and property in Dauphin County;

Whereas, 48 full-time and seven part-time public safety telecommunicators operate the only recognized Public Safety Answering Point in Dauphin County;

Whereas, these skillful and expertly trained telecommunicators offer callers life-saving medical instructions 24 hours a day, 7 days a week, and dispatch the fire, police, and medical units urgently needed in an emergency;

Whereas, in 2013, Dauphin County’s telecommunicators answered more than 400,000 9-1-1 calls, ranging from victims of natural disasters to witnesses of horrifying accidents and crimes, each time patiently assisting terrified callers and providing rapid response to get the care needed during a great time of distress;

Therefore, in grateful tribute to the life-saving aid offered by the calm, competent and reassuring voice at the other end of every 9-1-1 call, we join the 268,000 residents of Dauphin County in proclaiming the week of April 13th to April 19th, 2014 as “Public Safety Telecommunicators Week,” we proudly honor and thank our county telecommunicators for being skilled, poised and eager to offer critical aid each and every time an emergency occurs.
(Mr. Pries presented the Proclamation to Mr. Libhart.)

He presented Certificates to the following:

**Kelly Cunningham (was not present)** – She was hired on July 5, 1999 and is currently an Assistant Supervisor on the D Platoon. She is also a trainer and is a member of the International Academies of Emergency Dispatch (IAED) Police Council of Standards. She received a Stork Pin on January 28, 2014. She helped deliver a baby girl over the phone.

Mr. Libhart indicated that verification of certain elements is done to make sure the individuals qualify. There are about two deliveries a year where the telecommunicators are on the call, usually with the assistance of the spouse. It is not easy to qualify.

**Tom Pottiger** – He was hired on April 17, 1989 and is currently an Assistant Supervisor on the D Platoon. He is also the fire chief at Halifax Fire Department. He received his Lifesaver Pin on March 20, 2014; a female was trapped in a structure fire.

Mr. Pottiger mentioned that it is hard to imagine that a simple call can take so much out of you. There was a structure fire. He was in contact with a person that was trapped inside the building. He talked to her and helped her get to a safer place in the building. He said there was no sweeter sound than the glass breaking. He knew that the firefighters had got into the building.

Mr. Haste asked if he knew that the woman survived.

Mr. Pottiger stated that he didn’t know for about 5 to 10 minutes until they got her into the ambulance.

Mr. Pries stated that he would not be able to do that. Mr. Pottiger had to talk to the woman and keep her relaxed. He didn’t know if they would be able to get to her in time.

**Emily Fagan** – Emily was hired on May 21, 2007 and is currently a trainer on the E Platoon. She is also a certified CPR instructor. She received a Lifesaver Pin for two occasions. One was on February 9, 2014 when a female was choking, she provided Heimlich instructions. The other was on February 3, 2014 when a male was in cardiac arrest, she provided CPR instructions.

Ms. Fagan stated that a woman had called indicating that her mother was choking. The procedure she was using was not productive. She walked her through the Heimlich maneuver and the woman starting breathing. She was very surprised that she was getting recognized.

Mr. Pries indicated that these individuals help save lives. They don’t know who these people are, but when they pick up that call they are ready to assist.
Brandon Freistat – Brandon was hired on September 17, 2007 and is currently a trainer on the C Platoon. He is also a lieutenant at the Fairview Township Fire Company. He received a stork pin in 2013 for delivering a baby boy. He assisted a female that was involved in a crash until help arrived.

Mr. Freistat stated that it was just a normal. It was woman who was trapped inside her car. She knew that the car was upside down and that she was heading eastbound. With the technology that is available, he was able to track her within a certain mile marker through her cellphone. He told her to turn her four-ways on so the fire company could find her. Someone did stop to help and he was able to get an exact mile marker. He did not know the extent of her injuries, but she knew that someone was coming to help her.

Mr. Pries stated that the County telecommunicators are the best in the State. You have a first class operation. She could have been there for a long time without the new technology.

Mr. Haste thanked all the telecommunicators and asked that the ones recognized today go back to the office and extend his thank you and appreciation for the job that they do. Approximately 82% of the calls you get come from cellphones on a system that was to be funded by landlines. The County is running out of dollars to run this system. The Legislature doesn’t understand that we need to keep up with the technology. If you didn’t have the technology that woman could have been out there for a long time.

Mr. Hartwick thanked the telecommunicators for their service. Being a telecommunicator or volunteering with a fire department is something that you grow up with. It is a reflection of the way you live your life. That level of commitment that you provide in helping others is very special. You take great pride in the job that you do. This Board is very grateful for your service. It is a special calling. The Legislature doesn’t know how to operate a 9-1-1 center. This affects the senior citizens because they are the ones that have most of the landlines. The seniors would be funding the 9-1-1 center and also paying more taxes, because property taxes would have to be increased in order to fund the 9-1-1 center if the Legislature doesn’t step up to the plate. The folks sitting in the Capitol need to wake up.

Mr. Pries indicated that the cost to the County budget in 2007 was $600. This year it is $3 million and next year it will be over $5 million. The Legislature needs to fix that law. It is outdated. Commissioner Haste is the President of CCAP and he is pushing to make this a number one priority.

C. Jay Wenger, Susquehanna Group Advisors

1. Financial Presentation

Mr. Hewlett indicated that Jay was delayed at a General Authority Meeting. The current non-electoral debt outstanding is approximately $108 million. The County has two
Swaps outstanding. The total on these two Swaps is $34 million. RBC is the County-party on both of those. In addition to the non-electoral debt there is $233 million of lease rental debt, of which approximately $165 million is self-liquidating. One component of the not self-liquidating portion of the lease rental debt is the County’s guarantee of the Lancaster County Solid Waste Management Authority Debt, the $24 million piece. It is a fixed rate debt. The County’s portion of that is 4%. The opportunity that we are looking at relates to the 4% fixed interest rate on the County’s portion of that debt. The opportunity is a fixed receiver swaption, which could potentially be executed in order to potentially convert the fixed rate obligation to a floating interest rate and to also receive a cash payment upfront. Some history – the County previously entered into three fixed receiver swaptions back in 2007. The County received in excess of $1 million upfront for those three swaptions and they expired in 2012 without being exercised. After the $1 million received upfront there was no additional cash transferred or exchanged between the County and the County-party. On the current opportunity, since the fixed receiver swaption would convert the debt from a fixed rate to a floating rate by selling an option to a qualified swap counter-party for the right to commence swap payments in exchange for a cash payment today, the terms would be subject to negotiation, but the proposed terms at this point would be an exercise date in either three or four years. The counter-party would have the option to effectively commence payments in 2017 or 2018. They would have the option to exercise on only one day. It is a European-style option. It would expire on the day after they choose not to exercise if they choose to exercise it would commence. If exercised the County would begin receiving a fixed rate under the swap of no less than 4% and the County would pay a floating rate index. As of right now it is structured as three month LIBOR. The fixed rate that it receives under the swap, the 4%, would effectively cancel out the 4% it owes on the debt. It would convert the rate on the debt to a floating rate equal to three month LIBOR. In exchange for selling this swaption to the counter-party, the County would receive an upfront payment as recently as two months ago the payment was in excess of $1.75 million. Based on current market conditions rates have come down. The 10-year Treasury rate was down from as high as 3% earlier this year down to a 2.62%. That number would be lower. He doesn’t recommend executing the trade at this point. Regardless of whether or not the swaption is exercised, the County would keep the upfront payment, if it is exercised on the exercise date, payments would commence, if not exercised the County is released from all further obligations. The three month LIBOR is currently .23%. Essentially if this trade were in place today, if it was exercised and effective the County’s interest cost associated with the $24 million would be .23% versus the 4% fixed that it is paying. That would result in a $900,000 annual savings to the County in terms of the debt service costs on that debt. Looking in longer term averages, the 20 year average of three month LIBOR is .330%, which is below the fixed rate that it would receive. That 70 basis point reduction in the interest cost of that debt amounts to about $170,000 annually in savings. Obviously there are risks associated with such a swap. The main risk is that it is a floating rate debt. That risk is offset in part by the interest rates are investments. The County’s interest income on its investments, given that short-term rates are so low, is down from where it had been three or four years ago. He wouldn’t recommend a significant portion or percentage of debt in a floating rate interest rate mode. The interest rate risk so long as it is on a
relatively small percentage of debt can be used as an effective tool to match your assets and liabilities. The chart in the packet shows the mechanics. The left hand side is the fixed rate that the County is currently paying on its bonds. That is not affected by the swaption. If it is exercised then the exchange of payments is made between the swap counter-party and the County. History – the swap agreements that the County has entered into all of them have been terminated. The total net benefit of all the terminated swaps to date is in excess of $5.5 million. There are two outstanding swaps as mentioned. Payments have not yet commenced under these swaps. The current termination value of both of these swaps is right around zero. As rates have come down it is going negative slightly, but back when the 10-year Treasury was at 3% there was a slightly positive mark, meaning that the County could terminate and receive a payment for those swaptions. He asked if the Board had any questions.

Mr. Hartwick indicated that this has been something that has been talked about, both in the Senate and House, related to these financial options. So far, with understanding, the County’s positive benefit for this County has been $5.5 million. I want to be very clear that there are four different risk categories. He asked if he could provide a short summary of what those current risks are and the predicted movement of what is being suggested the Board to act on today.

Mr. Hewlett stated that the first is the interest rate risk. You are going from a known interest rate of 4%. It could be exercised or it may not be. If it is exercised, you would have interest rate risk, meaning that the County would no longer be paying 4%, you would be paying a floating rate interest rate that would reset on a short-term basis, whether that is weekly, monthly or quarterly.

Mr. Hartwick stated that the County moved a while ago when it had a lot of variable rate debt to a position where the County picked up a significant amount of fixed income debt because of lower fixed income rates that allowed the County to reduce its risk and capture what it thought was a good position in the market.

Mr. Haste stated that if it was exercised, the rate that the County would pay would be the rate on either April 15, 2017 or April 15, 2018.

Mr. Hewlett stated that would be the rate the County received. That would be set. What is being set today or when exercised, if the County chose to move forward, would be the fixed rate that it receives. That fixed rate would be set at 4% or potentially higher, but no lower than 4%, which is the rate that the County is paying on the debt. What would not be set is the rate that the County is paying, the floating rate index. It resets on a short-term basis.

Mr. Hartwick asked if he could define the termination risk.

Mr. Hewlett stated that the termination risk is the risk associated with the County having to terminate the swaption at some point in time when it has a negative value to the County. That would mainly happen if the County would be downgraded below a certain
threshold level. It comes down to either a default under the agreement by either party or a credit event, such as a rating downgrade. Usually the rating downgrade triggers are either below the BBB category. The termination risk comes about if the negative mark to market on the swaption is $1 million. That is a value that you basically carry forward in your audit going forward. If you would have to terminate based on a credit event you would be forced to pay that amount. That is a function of where interest rates are at the time that the termination event would happen.

Mr. Hartwick asked about counter-party risk.

Mr. Hewlett stated that counter-party risk is related to the termination risk in that essentially the counter-party defaults on an agreement.

Mr. Hartwick asked what the changes are of that happening.

Mr. Hewlett stated that based on the credit ratings of the counter-party that the County is currently set up with, RBC, it is very unlikely. Nothing is guaranteed, but at this point you are only allowed to enter into a swap contract with a counter-party rated at least A or higher. The County’s current counter-party is rated AA. The County could transfer the swap to another counter-party if the current counter-party failed to perform.

Mr. Hartwick asked what the event risk is.

Mr. Hewlett stated that the event risk is basically a catch all for all other risks. An example would if the market collapsed, like after 9/11. Tax exempt rates spiked up to 7% for a period of three or four weeks. The market failed to perform. It is beyond anyone’s control.

Mr. Hartwick indicated that you mentioned that a couple months ago, based upon the interest rates, it was in a better position for the County’s ability to capture the initial upfront payment than it is today. He asked what the upfront payment would be if it exercised today.

Mr. Hewlett indicated that it is lower than the $1.75 million. A lot of it depends on whether it is a four-year option or a three-year option. He believes that if the County did the three-year option at a 4% the upfront payment would be closer to $1.3 million. It would not be recommended to execute the option.

Mr. Hartwick asked about the four-year option.

Mr. Hewlett indicated that it would be slightly higher than that, but it would still be below the $1.75 million upfront.

**HUMAN RESOURCES**

Mr. Saylor mentioned that the hiring window is coming up in May.
Ms. Lengle asked if there were any questions on either the Salary Board Packet or the Personnel Packet. There was none.

The Personnel Packet and the Salary Board Packet will be considered at next week’s Legislative Meeting.

**PURCHASE ORDERS**

Mr. Baratucci reported that there are some budget adjustments that need to be made prior to next week.

He also mentioned the items that are listed for discussion and approval for the Duke Street Bridge are part of the emergency situation from a few weeks ago. These issues do not need to go through the Purchase Order cycle.

The Purchase Order Packet will be considered at next week’s Legislative Meeting.

**TRAINING PACKET**

Mr. Saylor indicated that Items #1 and #2 need a vote.

**It was moved by Mr. Hartwick and seconded by Mr. Pries that the Board approve Items #1 and #2 of the Training Packet.**

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

**ITEMS FOR DISCUSSION**

A. Municipal Supplemental Engineering Agreement between PennDOT, through Dauphin County, and Herbert, Rowland & Grubic, Inc. for preliminary engineering and final design of Bridge #32 (Duke Street Bridge). (***A Vote is Requested 4/16/14***)

B. Acceptance of low quote received from Protection Services, Inc. for ATON Plan and protective fencing (Duke Street Bridge). (***A Vote is Requested 4/16/14***)

C. Agreement between Dauphin County and Protection Services, Inc. for ATON and Protective Fencing (Duke Street Bridge). (***A Vote is Requested 4/16/14***)

**It was moved by Mr. Pries and seconded by Mr. Hartwick that the Board approve Items A, B and C listed above under Items for Discussion.**

**Question:** Mr. Haste – Aye; Mr. Pries – Aye and Mr. Hartwick – Aye; motion carried.
SOLICITOR’S REPORT – JOSEPH A. CURCILLO, III, ESQ.

Mr. Curcillo indicated that the documents listed on the Solicitor’s Report are currently being reviewed and will be ready for consideration at next week’s Legislative Meeting.

CHIEF CLERK’S REPORT – CHAD SAYLOR

Mr. Saylor indicated that he has nothing to report unless the Commissioners have questions. (There were no questions.)

COMMISSIONERS’ COMMENTS

Mr. Pries mentioned the untimely death of Mario Acevedo. Mario was a devoted husband and father or two children, ages 7 and 3. He worked in the Security Department and Domestic Relations. He was 34 years old. He had the nicest smile and he did a fantastic job for the County. He will be sorely missed by his family, friends and co-workers.

Mr. Hartwick stated that the State of the County Address is next week.

He thanked his colleagues around the State for his receipt of the Governor’s Excellence Award, as well as his family.

He also mentioned the passing of Eugenia Smith. She was a woman who had a good heart. She was a great servant to the public. She was a voice of reason on City Council. She was an advocate for the people without a voice.

PUBLIC PARTICIPATION

There was none.

ADJOURNMENT

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

Transcribed by: Richie-Ann Martz