

**SPECIAL JOINT SESSION OF THE
STEELTON PENNSYLVANIA BOROUGH COUNCIL AND WATER AUTHORITY MINUTES
October 2, 2019**

PRESENT:

Brian Proctor, Council President and Authority Member
Michael Segina, Council Vice-President and Authority Member
Keontay Hodge, Council President Pro-Tem
Natashia Woods, Council Member
Allan Ausman, Chairman of Steelton Borough Authority
Ryan Maxwell, Vice Chair of Steelton Borough Authority
Kathleen Handley, Steelton Borough Authority Member
Maria Marcinko, Steelton Borough Mayor
Douglas Brown, Borough Manager and Authority Secretary
Dave Wion, Solicitor – Steelton Borough Council
Michael Solomon, Solicitor – Steelton Borough Water Authority
Ed Ellinger, Herbert, Rowland and Grubic, Inc., Borough and Authority Engineer
Kathy Pape, McNees, Wallace and Nurick, Specialty Legal Counsel
Ade Bakare, McNees, Wallace and Nurick, Special Legal Counsel
Tim Horstman, Special Legal Counsel, Susquehanna Group Advisors, Inc.
Jay Wenger, Susquehanna Group Advisors, Inc.

ABSENT WITH CAUSE:

Dennis Heefner, Council Member
Kathy Kratzer, Council Member
William Krovic, Council Member
Thomastine Leggett-Robinson, Executive Assistant

Council President Proctor called the Joint Meeting of the Steelton Borough Council and Water Authority was called to order at 6:11 p.m. The Pledge of Allegiance was led by Water Authority Chair Ausman. A Moment of Silent Meditation was led by Mayor Marcinko.

After review of the Water Authority August 12, 2019 Meeting Minutes, one error was cited. Mr. Proctor was recorded as present instead of absent. *Mr. Segina moved and Ms. Hadley seconded the motion that the minutes be accepted with correction. The motion passed by a unanimous vote of the Water Authority.*

Mr. Bakare presented information regarding the contract Guaranteed Energy Savings Contract between the Borough, Water Authority and Constellation Energy. He explained that in 2011, Constellation Energy, Steelton Borough, and the Water Authority made three agreements: 1) a guaranteed energy savings contract, 2) a lease with the option to purchase, and 3) a cooperation agreement between the Borough Council and the Water Authority. The agreements involved lighting improvements in the Borough Council Building, insulation,

thermostats, and a 10-year lease with the option to purchase motors at the Water Treatment Plant. The agreement also was for Constellation to install and monitor the energy savings made by the installation of products. The savings on the products was guaranteed by the contractor. If there was no energy savings, the contractor would have to pay for the difference between the projected savings and the actual energy cost. Termination of Guaranteed Energy Savings Contract (ESCO) between the Steelton Borough, Water Authority and Constellation Energy with the recommendation because some of the assets and equipment that were installed were water related assets. The motors that were installed at the pumps at the treatment plant are going to PA American when the Authority closes on the transaction. In order to consummate the transaction and transfer the assets the Energy Savings Contract there has to be a clean break from that contract. The savings has been realized during the term of the contract and the guarantee has never been invoked, and it is unlikely that it will be invoked in the future. In addition, Constellation is receiving an estimated \$3,000.00 administrative fee, per year, to monitor the energy savings. Terminating the contract will result in saving that \$3,000.00. If the Borough and Authority terminate the contract Constellation is paid for all fees incurred to date. At this time, all fees have been paid. Mr. Wion suggested that the Council and Authority conduct individual votes. Ms. Hodge asked whether the persons who hold positions on both boards will vote twice. Mr. Wion stated that they will vote in their capacity on both boards.

Mr. Proctor moved and Ms. Maxwell seconded the motion that the Water Authority Contract for Guaranteed Energy Savings be terminated. The motion passed by a unanimous vote of the Authority.

Mr. Segina moved and Ms. Woods seconded the motion that the Steelton Borough Contract for Guaranteed Energy Savings be terminated. The motion passed by a unanimous vote of the Council.

Mr. Bakare presented, to the Council, information regarding the lease with the option to purchase the ESCO equipment with the Municipal Capital Corporation. The cost at the time of purchase was approximately \$500,000.00. An American Recovery Re-Investment Act for covered \$249,998.00 and the balance of \$ 254, 723.00 was funded through the lease. The lease was held by the Municipal Capital Corporation. The Borough has been making quarterly payments on the lease. There are seven payments remaining on the lease, which total \$ 52, 944.00. By using the option to purchase immediately, the debt will be cleared at a cost of \$61,031.68. It is recommended that Council purchases the equipment so that it can be passed on to PA American without encumbrance. *Mr. Segina moved that Steelton Borough exercise the option to purchase ESCO equipment under the Lease Agreement between the Borough and Municipal Capital Corporation for a cost of \$ 61.031.68. Ms. Woods seconded the motion which passed by a unanimous vote of the Council.*

Mr. Wenger presented information regarding paying off all debt of the Water Authority and the Borough, and termination of the Water Authority itself. All such debts will be paid off at the closing of the purchase of the water system by PA America. The payments on bonds cannot be paid off until their call dates (2020, 2022). Payments for those two bonds will be placed in escrow until they can be paid. The note for Fire equipment will also be paid off. Therefore, all

Borough debt will be paid off at the time of the sale. Ms. Maxwell asked for the total amount of the proceeds. Mr. Wenger stated that there should be approximately \$ 4.5-5.5 million net proceeds when all debt and transaction cost for both the Water Authority and the Borough are paid off. Mr. Brown added that by removing the debt, the Borough is removing approximately \$ 500,000.00 of General Fund debt service payments that are made every year for the next ten years. Mr. Wenger reminded the Boards that the projected results of the sale included the reduction of real estate millage and lower sewer customer fees. Ms. Maxwell requested that upon receipt of the final numbers that Mr. Brown ensure it be reflected in the minutes of this meeting. Mr. Wion clarified that only the Council will vote on passing the Resolution and that it should be by a roll call vote.

Mr. Segina moved that Resolution 2019-R-31, Authorizing the Defeasance to Maturity of all obligation issued by the Borough of Steelton to Fund Projects Related to the Water System Owned by the Steelton Borough Authority; Authorizing and Directing the Steelton Borough Authority to Terminate its Existence; Authorizing All Action Relating to the Defeasance to Maturity of the Borough Obligations Related to the Water System and the Termination of the Steelton Borough Authority; Authorizing Prepayment of Certain Other Obligations of the Borough; Authorizing Incidental Action to be Taken by the Proper Officers of the Borough; and Stating the Effective Date. Ms. Hodge seconded the motion. A roll call vote was taken with the following results:

Natashia Woods – Yes

Keontay Hodge – Yes

Mike Segina – Yes

Brian Proctor – Yes

The motion passed by a unanimous vote of the Council.

Mr. Bakare explained that the Hoffer Street Pumping Station sits on Borough property. There is a water line that runs through that property and PA American has requested an easement on that property to be transferred to the Water Authority to ease access the water line. Mr. Ausman noted that the document references a September date. Mr. Bakare stated that the date will be changed to reflect the actual date the Resolution is passed. Mr. Ausman asked if there was a deed or legal description. Mr. Bakare explained that it is a deed to transfer the property from the Borough to the Authority. It is part of a larger transaction. At the closing, there is an assignment of easements that assigns all of the Authority's easements to PA American. The Borough will still own the property, but is authorizing PA American to use the property to assess the water line.

Mr. Segina moved that Council approve Resolution 2019-R-32 Authorizing a Deed of Easement PIN/MAP #57-013-035 to Steelton Borough Authority. Ms. Woods seconded the motion which was passed by a unanimous vote of the Council.

Mr. Bakare explained the Use of Data Agreement and Shut-Off Agreement that were prepared to facilitate post- water sales sewer operations. The Use of Data Agreement allows the Borough to receive metering information from the PA American Water System so that the Borough can use the data to bill for sewage service. The Shut-Off Agreement gives the Borough the option to contact PA American and request that a customer be shut-off for being delinquent paying a

sewer bill. It is an on-going agreement that carries a fee for the service. It is an “at-will” agreement where the \$30.00 fee for termination of water, if and when the Borough decides to use it to shut-off customers. Mr. Segina stated that the agreements are not costing the Borough anything at this time. The agreements are set in place for use should the Borough determine to use shut-off as a method to deal with delinquent sewer customers. At this time, the details of how to work with the sewer system has not been finalized.

Mr. Segina moved that Council approve the Usage Data Agreement and Shut-off Agreements. The motion was seconded by Ms. Hodge. The motion passed by a unanimous vote of the Council.

Mr. Bakare clarified the statement made by Mr. Segina. He stated that once the Usage Date Agreement is signed, the Borough will have to pay PA American \$.05 per unit for the data. The cost for the data will be approximately \$125.00 per month. The Shut-off Agreement will not cost the Borough unless it decides to use the service.

Mr. Segina moved that the President of the Steelton Borough Council be authorized to execute the Agreements. Ms. Hodge seconded the motion which passed by a unanimous vote of the Council.

Mr. Segina moved that Council approve the engagement of McNees, Wallace and Nurick develop Usage Data and Shut-off Agreements. He further moved that McNees, Wallace and Nurick be authorized to execute the Shut-off Agreement and serve as Manager/Consultants to take necessary action to execute The Agreement. Ms. Hodge seconded the motion which was passed by a unanimous vote of the Council.

Mr. Solomon discussed the prepayment of PennVest loans.

In the discussion about Resolution -2019-AR-05, Ms. Maxwell requested clarification that the termination of the Authority will not be affective until the closing date of October 9, 2019.

Ms. Maxwell moved that the Steelton Borough Water Authority accept Resolution 2019-AR-05 Approving Prepayment of PennVest loans and the Termination of the Steelton Borough Authority in Accordance with the Directions of the Borough of Steelton. Mr. Proctor seconded the motion. A roll call vote was made with the following results:

Mike Segina – Aye

Brian Proctor – Aye

Ryan Maxwell – Aye

Kathleen Handley – Aye

Alan Ausman – Aye

The motion passed by a unanimous vote of the Steelton Borough Water Authority.

Mr. Wion asked for clarification of a section of Resolution 2019-R-31. He asked whether or not the Authority would technically exist until the defeasance of all Borough obligation, which will not occur for several years. The delay in total payoff would be caused by the bonds, which cannot be paid off until their call date. Mr. Wenger responded that once the money is in escrow and the indentures are paid-off, the Authority does not have to function. Mr. Horseman added that once the debts are established and funded the Authority is no longer needed. Mr. Wion

then re-stated the explanation to state that the Authority does not need to exist once the funding of the defeasance is available. Mr. Horseman replied that it is Borough debt that is being paid-off, not Authority debt. All the Authority debt will be paid off at the closing.

Mr. Segina moved and Ms. Hodge seconded the motion that Council instruct Herbert, Rowland and Grubic, Inc. to prepare a proposal to conduct a Sewer Rate Study to be presented at the October 21, 2019 Council Meeting. The motion passed by a unanimous vote of the Council.

Mr. Segina informed the Council and the Authority that in preparing the 2020 Budget, the Finance Committee did not include the 2mil debt service tax. This will allow the residents to receive a 6.25% tax decrease in property taxes.

At 6:50 p.m. Ms. Hodge moved that Council move into Executive Session to discuss police personnel issues.

Mr. Segina thanked persons who served on the Water Authority for their years of service and the time spent.

Mr. Segina moved that the Steelton Borough Water Authority Meeting be adjourned at 6:51 p.m. The motion was seconded by Mr. Proctor and passed by a unanimous vote of the Steelton Borough Water Authority.

Mr. Segina moved and Ms. Hodge seconded the motion that the Council moved into Executive Session at 6:51 p.m. The motion passed by a unanimous vote of the Council.

The Council returned to regular session at 7:08 p.m.

Ms. Hodge moved that Council accept a settlement agreement with Troy Elhadj. The motion was seconded by Mr. Segina and passed by a unanimous vote of the Council.

Mr. Segina moved and Ms. Woods seconded the motion that the Steelton Borough Council Meeting be adjourned at 7:08 p.m. The motion passed by a unanimous vote of the Council.

Respectfully Submitted,

Douglas Brown, Secretary

Steelton Borough Council Agenda
October 7, 2019

Call Meeting to Order: President Proctor

Pledge of Allegiance: President Proctor

Moment of Silence:

Approval of minutes from previous meeting: September 16, 2019
September 24, 2019

Public Comment on Agenda Items only:

Presentation:

Randy Watts, HRG Engineer September Engineer's Report

Communication:

Osman Environmental Solutions, LLC Notification of Hempt Bros.
Application to PA DEP to Change
Volatile Organic Compound (VOC)
Emissions Limits for Existing Hot
Mix Asphalt Plant.

PA Department of Environmental Protection Letter of Notification regarding
Hempt Bros. Application to Renew
NPDES Permit.

Dauphin County Office of CED Announcement of the newly passed
Commercial Property Assessed
Clean Energy Financing Act (C-
PACE).

PA EPA Bureau of Clean Water Annual Municipal Separate Storm
Sewer System (MS4) Status Report

HRG Construction Job Conference
Meeting Agenda – 2019 Paving
Project

Dauphin County Department of Public Safety Copy of Letter Recommending
Conner Higgins be Appointed as the

	Emergency Municipal Coordinator for Steelton Borough.
PennDot Local Technical Assistance Program	Moving Forward Newsletter
PennDOT	Technical Information Sheet #195 – Posting & Bonding Procedures for Municipal Highways.
Governor Tom Wolf	Invitation and Application to Attend the 93 rd Annual PA Governor’s Occupational Safety & Health Conference. October 28-29, 2019.
PA American Water	Invitation to Steelton Community Leaders Meeting – October 10, 2019.
Unfinished Business:	
Mr. Wion	Approval of Resolution R-2019-____ Appointing US Bank as Trustee and Adopting Trust Agreement for Steelton Borough Non-Uniform Employee Pension Plan
Mr. Wion	Approval of Resolution R-2019-____ Appointing US Bank as Trustee and Adopting Trust Agreement for Steelton Borough Police Employee Pension Plan
New Business:	
Mr. Brown	Approval of 2020 Minimum Municipal Obligation for Steelton Borough Non-Uniform Pension Plan
Mr. Brown	Approval of Contractor to Appraise 110-112 Front Street.

Mr. Brown

Approval to Contract with Gary
Templin Excavating & Trucking
Company for Snow Removal.

Public Comments:

Council Concerns:

Executive Session: To discuss non-uniform employee personnel issues.

Other Business:

Mr. Brown

Acceptance of Resignation of Garrett
Williamson Effective
October 16, 2019

Mr. Brown

Acceptance of Police Department
Temporary Clerical Position and
Responsibilities.

Adjournment: