

LOWER PAXTON TOWNSHIP  
BOARD OF SUPERVISORS

Minutes of Workshop November 19, 2013

A budget workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 6:05 p.m. by Chairman William B. Hawk, on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Supervisors present in addition to Mr. Hawk were: William C. Seeds, Sr., William L. Hornung, Gary A. Crissman, and David B. Blain.

Also in attendance was George Wolfe, Township Manager; Brian Luetchford, Parks and Recreation Director; Tom George, John Dougherty, Sandra Pahl, and Denise Hussar, Friendship Center Operating Board; Watson Fisher and Ted Robertson, SWAN.

**Pledge of Allegiance**

Mr. Seeds led in the recitation of the Pledge of Allegiance.

**Public Comment**

Mr. Hawk noted that Public Comment will be deferred until the 7:30 p.m. business meeting.

Continued review of Friendship Center Operating Fund cash flow

Mr. Wolfe noted during the last workshop session, the Board requested him to look at the potential to smooth the outstanding debt service for the Friendship Center (FC). He provided two scenarios for the inter-fund loan.

Mr. Wolfe noted at the beginning of next year the outstanding debt at the FC will be \$4,188,436. He noted that the annual principal and interest will fluctuate from \$396,000 to \$402,000 through to 2021. He noted after 2021, it decreases to about \$250,000 through to 2025. He explained if you were to extend the debt service out to a total of a 20-year debt service from today's date through 2031, eight additional years of debt would produce an annual payment of \$231,000, assuming an additional 1% interest charged by Lower Paxton Township to the FC Operating Fund for loan servicing. He noted that extending the debt out 25 years through to 2038, an additional 13 years from the current debt, produces an annual debt service payment of \$190,000 at that same 1% rate of interest.

Mr. Wolfe noted if you look at the second page of the analysis, the typical debt service schedule shows both the 20 year and the 25 year debt. He noted for the 20 year debt, going from

the existing termination date of 2025 through to 2033, the total debt service payments will increase from \$4,188,439 to \$4,622,974, an increase of \$434,535. He noted if you extend out to 2038, the principal and interest that you pay will increase to \$4,735,521 an increase in total debt service over the period of \$547,082. He noted that he has included charts showing the change in debt service for the best case scenario. He noted that the existing debt service factored into the existing conditions, using the Ballard King option and Brailsford and Dunlavey Options show that in 2016, the FC potentially could operate in the black, and applying it to the existing debt service shows that in 2016 the FC could be in the black of \$21,592 and again in the black in 2017 of \$58,639.

Mr. Blain questioned where he factored the... Mr. Wolfe noted that he did not factor it into this one, as this is where we left off after the last workshop meeting, discussing the options by the consultants and included them in the best case analysis for the FC. Mr. Blain noted that this is the one that we have seen before so the debt service will be the old debt service. Mr. Wolfe noted that it is shown under operating expenditures and in 2014, it is budgeted at \$397,254. He noted that it is the combined interest and principal. He noted that the number carries through per the debt service schedule that we have \$402,743 in 2015 and he added borrowing to implement the recommendations of Brailsford and Dunlavey for Options 1 and 5 that produces an additional annual debt service of \$25,000 producing a debt service of \$560,750.

Mr. Wolfe noted that smoothing the debt service to \$231,000 on an annual payment through to year 2033, a ten year issuance of debt underwritten by Lower Paxton Township produces, in the best case scenario, implementing the Brailsford and Dunlavey Options 1, 5, and 6, as well as the Ballard King option for on-line registration, reduces the debt service payment to \$231,000 in 2015 but adding in the additional debt service for Options 1 and 5 takes it to \$258,924 in 2015, 2016 and 2017. He noted that it produces an annual cash flow in the positive beginning in 2015, extending to 2016 and 2017 as far as the analysis goes. He noted that the FC would be in the black from \$135,000 to \$225,000.

Mr. Blain questioned why Mr. Wolfe only used the best case scenario. He questioned why he did not use the more realistic case. Mr. Wolfe answered that he could do that but he did not know what the Board was looking for. He explained if we take the less aggressive scenario and factor it in the numbers would go down. He thought the Board was looking to see where it could potentially be at the best case.

Mr. Crissman noted that looking at 2014 budget showing the debt service at \$397,000 and looking at the potential debt service smoothing, for 20 years it would reduce it to \$231,000 for a reduction of \$166,000 out of the 2014 budget or if you went to the 25 year option, it would be \$190,000 which would be a reduction of \$207,000.

Mr. Blain noted that Mr. Wolfe factored the debt at 20 years, the debt is \$231,000, but he questioned what interest rate he used. Mr. Wolfe answered 1%, noting that it is not a rewriting of the existing debt, it is taking the existing debt with its existing interest and extending it out and adding an additional 1% on top of that for Township services. Mr. Blain stated that was fair.

Mr. Blain noted if we were to implement all those changes and everything went pretty smooth, the FC would be in the black in 2016 and close to breaking even in 2015. Mr. Wolfe noted that the FC would not be in the positive until 2015. He noted in 2014, there is a deficit of \$40,750. He noted in 2015, it would be in the black at \$136,218. Mr. Blain noted with the positive cash flow you start to build positive cash into the future that can be paid back to the Township for any Township cash that has been put into it.

Mr. Crissman noted if more money came in, you could pay it off like you would do for a home mortgage, pay on the principal. Mr. Wolfe noted that we are doing two things here, in this analysis, we are implementing the recommendations from Brailsford and Dunlavy and Ballard King, and smoothing the debt. He noted if you don't smooth the debt you are in the red. He noted if you smooth the debt but you don't implement the recommendations, you are in the red. He noted that you have to do both.

Mr. Blain noted that you would not have to do all four recommendations for Brailsford and Dunlavy but you have to do some of them. He noted that adding on line registration from the Ballard King report is a slam dunk, easy to do and what you get in return for the investment is big number. He noted that options 5 and 6, if you didn't want to invest the money into Option 5 for the build out you would not have to do it. He noted that Option 6 may not be necessary to do. Mr. Luetchford noted that Option 6 is the premium membership. Mr. Blain noted that it makes sense to him to do it as there is no investment. He noted that there is a small investment for the online registration noting that there is a small investment on the build out for the social hall area. He noted that Option 5, the \$16,000 represents how much is the debt, about \$200,000. He noted that 20 years is consistent with the current bond structure that you have. Mr. Crissman noted that the only reason he would give some consideration to go to 25 years is in light of the operating budget from year to year, which is better, 20 or 25 years, in order to be a goal that is

achievable. He noted that he does not want to create a problem if the other five years will provide assistance of meeting that goal every year and actually making money to pay it off sooner.

Mr. Blain noted if you implement the recommendations and they go as plan there is no reason why you wouldn't want to do 20 years because you show positive cash. He noted if you just restructuring debt internally what is not to say that you can't do it again in the future.

Mr. Seeds noted that this is the best case scenario. Mr. Seeds questioned if there is any money for capital improvements. Mr. Wolfe noted for the next six years, the Board took out the bond so the debt service payment is paying for it as you included it in your borrowing. He noted that the Board borrowed \$1 million and you need \$170,000 annually; it is 5.8 years of debt service payments to take care of the capital expenditures as long as you use the \$1 million that you borrow for the items in the capital plan. Mr. Seeds noted after the six years... Mr. Wolfe noted that you will need \$170,000 per year. Mr. Seeds noted that we need to look at that six years from now. Mr. Blain noted with cash reserves building up you will be able to take some of that cash and put it back towards improvements.

Mr. Blain noted if you do this, refinance the debt internally, make it a 20 year term note, and build the options into the plan, all of which are revenue generating options, then you are making the decision that you will run the FC more like a business and it means that you will have to take those options seriously and drive the results home to make it happen. He noted that you need to put the right people in place to ensure that you can get the return in the investment for those options.

Mr. Seeds stated that he is not sure that Option 1 is the right thing to do, taking away the pool tables. He noted that it takes the FC away from being a family place when those kinds of changes are made. He suggested that the Board needs to give that more thought. He noted that he would like to hear from the FCOB and others. Mr. Blain noted that he is not saying that you pick any of those options, but if you choose to go this route, you have made a decision to run this as a business and if you are going to do that and invest money in the infrastructure to do this, then you better drive it home. He noted that you need the right people in place on the FCOB and in management to make it happen. He noted that now you are saying that you will be competitive as a business, offering premium memberships or doing different build outs. Mr. Seeds noted if we ran government like a business we would have zero taxes, getting something

back for everything that we provide. He noted that in a sense, we do that, but people are still taxed regardless if they use the service or not.

Ms. Prahl noted that there was discussion at the FCOB meeting last night and Mr. Dougherty will speak to that. She noted after he is done speaking she would provide her opinion for Option 1.

Mr. John Dougherty thanked the Board for allowing the FCOB to provide some input. He noted that the FCOB met last night and discussed the current status of the various options that have been floated, such as selling the asset, bringing in someone to manage or lease it, or maintaining the current operating structure. He noted that it was a consensus opinion that the Township should maintain the current operational structure of the facility. He noted that it is a hybrid facility, a fitness center that is also a community center and while it does compete with other facilities in the area there is a community aspect to it. He noted there is a concern if others were brought in to run the FC using a for-profit model as opposed to a community model you will lose some of the community aspects of the center, such as the theme parties, breast cancer awareness events, Christmas Tree Lighting, and Jingle Bell Hop. He noted if it becomes a for-profit model then there is a risk that the things that are not generating profit could be eliminated and abrogate what the original intention was for the Friendship Center.

Mr. Dougherty noted that the FCOB recognizes if the Board decides to maintain the traditional model; it must be run in a fiscally responsible manner and as a business. He stated that he has been looking at the numbers and it seems clear that the most immediate way to address the shortfall is to extend and smooth out the debt for 20 or 25 years. He noted if that is done, then it would help to eliminate the budget shortfall.

Mr. Dougherty noted that the issues in regards to the Brailsford and Dunlavey Report Options 1, 5 and 6 and the Ballard King suggestions, the FCOB has reviewed the reports and his feeling is that it needs to look at the big picture first and decide which course it wants to go down before deciding if it wants to implement some or all of the options. He noted that the FCOB discussed those ideas but it also has some other ideas as well and it received feedback from the community on some things that it thought might be helpful. He talked about getting some focus groups together to find out how we can make the FC more attractive to people, especially families as they are what the FC is all about. He noted that memberships have gone up, but families are what we are trying to attract. He noted that he hopes that the memberships go up in

the upcoming year as the economy starts turning around. He noted that the FCOB wants to focus on getting those families back.

Mr. Dougherty noted that the FC has many events and some portions of the FC are not necessarily generated towards making a profit, for example the Senior Center. He noted that it is a wonderful resource for seniors in the community but it costs the FC to maintain it. He asked the Board to consider extracting that portion from the FC budget and putting it in the GF. He noted if the Board decides that it wants to maintain the current operational structure, the FCOB would be more than happy to come back and address all the options and some other options to make it more economically feasible.

Mr. Hawk noted that the first question is should the Township be in this business to begin with. He noted that he does not want it to become a financial loadstone getting the Township into a deeper financial situation. He noted that he does not want it to become a Harrisburg Incinerator. Mr. Dougherty noted that the FCOB has that in mind. He noted that the FCOB thinks that it can compete as a business, since it is one of the few facilities that cater to families. He noted that many of the surrounding fitness centers are not necessarily family oriented. He explained that his kids learned to swim at the FC and that is the FC's niche as well as providing a great place for seniors with the insurance memberships. He suggested, by tweaking it we can come up with goals to have it running in the black in the next couple of years.

Mr. Dougherty noted that the FCOB has been talking for months about some other approaches, involving the Community Engaging Committee to help with the Capital Fund, by possibly implementing naming rights and things like that.

Mr. Seeds questioned if the FCOB had an opinion on the proposed options. Mr. Dougherty noted that the approach taken at last night's meeting was to look at the big picture for how to proceed, and once those questions were answered, then the FCOB would start to look at the options to see what is feasible and how it can implement them and possibly come up with some other ideas. Mr. Seeds questioned if the FCOB is waiting to see if the Board wants to get someone to run the facility. Mr. Dougherty answered that there are three options under consideration by the Board and once the FCOB knows what the choice will be for how to proceed long term then it would take a look at the options and provide a recommendation to the Board.

Mr. Seeds noted that he is not promoting to have someone else run the facility at this point but you make a good point about the Christmas Tree lighting and those kinds of events. He

suggested that other organizations would probably want to do the same things. Mr. Dougherty noted that it is possible but if you shift into a for-profit model, then those non profit generating events could be gone. He noted that was the concern that the FCOB stressed.

Mr. Hornung noted that he was very encouraged with what Mr. Dougherty had to say and is in favor of the Township continuing to operate the FC, however, it is like if you own your home and you can't afford the mortgage and spread the debt; it does not necessarily fix the problem. He noted that he has been frustrated for some time over some of the operations that go on and not necessarily the manager or the people but more concerned about looking from the outside at the structure of the whole thing. He suggested that it does not facilitate new ideas or the trial or error of willing to make a mistake or take a risk. He noted that too many times in government it has been his experience that they are not risk takers and if we are going to run it like a business you have to take risks. He noted if you are afraid to fail then we won't get anywhere. He noted that he would like to feel more comfortable that there will be more communications, more efforts in the area of taking risks, to try something new, rather than just sitting around and talking about it which frustrates him. He noted that we jump to get a consultant who tells us what to do rather than noting that the people who work it in many instances have the solutions but because of fear of retribution or other things, they don't speak up. He noted that he does not know what the answers are but he doesn't feel that all the information and effort is going into making things happen in a timely fashion. He noted that he wanted to do this two years ago and if we would have we would probably be further along than we are now.

Mr. Dougherty noted that he agrees that we need to be more aggressive and find out what families want and cater to them. He noted that in talking to parents and people in his neighborhood he has questioned them as to why they don't go to the FC. He explained that he has gotten a lot of feedback on that. He noted that he wants to know why someone cancels their membership and how can we change the FC to make it better. He noted that we need to find out how we can make ourselves competitive noting that some of the problems were due to the recession, as people had to make cuts. Mr. Hornung noted that you go to Costco's and the people are having no problems spending \$1,200 for a flat screen TV but when it comes to spending money on the FC for a \$600 membership, something that is much healthier than sitting and watching TV, that is not the case. He noted if you can't provide the value people will find something else to spend it on so we have to make sure we are giving a value.

Mr. Hornung questioned what kind of commitment the members of the Operating Board are willing to make. Mr. Dougherty answered that the FCOB is focused on this and in the time that he has been on the Board he has seen a lot of changes. He noted that Ms. Wuestner has been very involved with marketing on Facebook and Twitter and the Central Pennsylvania Parent Magazine, doing some things that were never considered before. He noted that we need to avail ourselves of the 21<sup>st</sup> Century technology and market the FC. He noted that the Jingle Bell Hop that is coming up is a sponsored activity and should have TV coverage noting that the FC needs to market itself in this way. He noted that many families are concerned that the FC might not be around so the Board needs to make a decision for which way it is going to go and once it decides the course it is going to take we need to hit it aggressively 100% and start building up the membership base to where it was years ago.

Mr. Hawk suggested that it will result in a closer relationship between the FCOB and the Board of Supervisors, meeting on a regular basis to know who is doing what. He noted that it is good to provide a feel-good activity but it has to be fiscally sound since that is the Board's charge to operate government in a responsible way.

Mr. Seeds noted that he like Mr. Dougherty's remarks and thanked him for doing what he is doing but he questioned what Mr. Dougherty's response was to Mr. Hawk's comment about should government be in this business. Mr. Dougherty noted that 13 years ago when the Board decided there was a need to build it... Mr. Seeds noted that at that time there was a need for it.

Mr. Hornung questioned who the FC is competing against. Mr. Dougherty answered other fitness centers. Mr. Hornung suggested that is not true, as they don't focus on families. He noted that people think he competes against Home Depot; he doesn't, as they are like the surgeon and he is the general practitioner. He noted that they have their niche and he has his and we avoid getting into each others niches. He noted that he does what he does very well and as a result Home Depot's business grows and so does his. He noted if he is competing against anyone it is himself. He noted that you watch what goes on within your four walls and you won't have to worry about what is going on outside. He noted that he does not think the FC is competing against Platinum or the other ones; they go after the single person or the couple that have no children and they do it well and he never wants to compete against them. He noted that it is a cut throat business and that is where government should stay out of business. He noted that CASA is out there and questioned if the Township is competing against them, no, it has a relationship with CASA. He has heard that the FC has not hurt the other fitness centers as it has helped them

since many people come to us as a family. He noted that he has a problem with the competition issue.

Mr. Hornung noted that the Board has made the decision to be in the business of operating a fitness center and he does not want to rehash it. He noted that we don't have many options other than to keep operating it, running it and getting it right. He noted the longer we keep dragging on making decisions the longer it will take to turn it around. He questioned how many memberships we are losing every day and how much money are we losing. He noted that he is in favor of keeping the FC and he questioned if we even need to vote on it. Mr. Wolfe noted that you don't need to, it belongs to the Township, but what you need to do is to adopt a budget and right now the budget before the Board is in the negative; it can be in the negative since it is an enterprise fund. He noted that you have looked at four options for facility change and you have also looked at the potential to smooth the debt as a remedy to the current budget situation. He questioned how you want to adopt the budget.

Mr. Hornung noted that he wants to adopt the budget with these options and if someone comes up with a better option, we can swap it out. Mr. Blain noted that we don't have to adopt the budget with the options; all you have to do is adopt a budget by smoothing the debt to 20 years. He noted that the options are not factored into the 2014 budget.

Mr. Hornung noted that some of the options could be done in 2014, such as the premium membership, but he does not want to adopt the 2014 budget without including the start of some of those options. Mr. Wolfe noted if you adopt the budget and smooth the debt you will need to determine if it is for 20 or 25 years. Mr. Crissman noted that we need to decide if we are going to remove from the FC Operating Budget, the senior center expenses.

Mr. Seeds questioned if Mr. Dougherty agrees with whom we are competing with. Mr. Dougherty noted that we are a hybrid facility; a not-for-profit and are not competing with the LA Fitness and Golds Gym. He noted from personal experience there are moms and dads out there that are going to Golds Gym because it is convenient and it could be cheaper and they have babysitting. He noted that the FCOB needs to reach out to those people and tell them that they will get more value for their money by coming to the FC. He questioned if people will be able to teach their kids how to swim at Golds Gym or LA Fitness or play basketball or work out on the machines. He noted that we need to emphasize that you get more value at the FC because of the hybrid nature of the facility, a community, with kids and seniors. He noted that it is a gathering place for events.

Ms. Prah noted that is why she is urging the Board members to be careful with Option 1 because Brailsford said that it is only going to impact adults and seniors. She noted that it has nothing in there for families. She noted that we can't compete with LA Fitness for adults with a \$10 a month membership. She noted that option one is going after adults and seniors but we are taking away the community part of the building. She explained that tomorrow she will bring her 8-year old grandson to the FC and he will want to swim and play pool. She noted if they don't want to swim what does a child do. She noted that he will be playing pool for an hour and it is a wonderful attraction. She noted when we move the wall forward, we will not have the area for the birthday parties or whatever and you will be going after adult which we say is not our niche. She noted that we must think what we can do to bring families together.

Ms. Adrienne Madden noted that she is member of the FC and swim team parent so she lives at the FC. She noted that she is there every day at 6:30 a.m. five days a week and has been doing that for years. She noted that she is also a member of Platinum, Jewish Community Center (JCC) and Colonial Country Club. She noted if you move the wall, she would not need to come to the FC anymore. She noted that the whole reason that she comes is when the kids swim it is a community place. She noted that we are there because of our kids. She noted that when she wants to work out she goes to Platinum as the FC can't compete with Platinum and don't try.

Mr. Hawk noted that he and his wife owned Hawk Gallery and he did not compete with the AC Moore's and Ben Franklin's stores, we tried to make our niche the best we could.

Mr. Rodger Lavigne noted if you look at what the JCC, East Shore YMCA and Central Penn and see what they are doing; look at how they are modeled, noting that they are similar to the FC. He noted that there are three other organizations that are similar family facilities.

Ms. Madden noted that the JCC and East Shore Y are more family oriented and we have families similar to our whose kids do swim but are also willing to drive a little farther but the longer the ambiguity for the future of the FC goes on, just for our family, and our team, we want to do more to help the FC. She noted that she could go to other pools and as a team we talked about it but the preference is to stay at the FC as it is convenient for us noting that we have families that swim with their kids at 5:30 in the morning for practice. She noted that they don't want to drive to Harrisburg but they will because it is part of what they do, so the preference is to stay but as we try to grow our team and talk about ways to market the team when we have those conversations, we talk about how can we market the team and also market the FC. She noted that when we make plans to create new events and think outside the box we think if we did an

event, like an invitational, noting that she just went to one at Big Springs, and there were hundreds of kids and hundreds of families and they make thousands of dollars but it is not just that. She noted that it opens up the whole facility to people who have never been to the FC and don't know that it exists. She noted that all of a sudden you have all of these families coming into the FC that we love and they get to see why we love it. She noted that it provides free advertising to the Township because we are trying to market out team and also market where we swim. She noted that she joins the FC every year because of our team so we pay a \$400 membership for six months and we have memberships all over town but she wants to make sure that the FC is vibrant. She noted that the team is willing to do whatever it can to make sure that it stays there but we are also willing to think outside the box going into the New Year and we want to meet with anyone who is responsible for the FC to say what we can do as a team to help you.

Mr. Hawk noted that he appreciated what Ms. Madden stated. He noted that it is time to slap leather and that means to get off our duff and do something.

Mr. Seeds noted that Ms. Madden mentioned the Central Penn and the YMCA and he questioned what their debt would be. He questioned if they had a mortgage, noting that Central Penn may be subsidized through the doctors and the YMCA does not have the salary issue that the FC has. He noted that it is hard to look at those things and compare.

Mr. Crissman noted that the discussion with the FCOB centered on which direction the Board would go and if the Board decided to continue to operate it, for the FCOB to come back with additional suggestions. He noted that the FCOB talked about considering operating and opening the FC on Sunday mornings to generate more revenue. He noted that they have discussed tiered memberships for people who are only interested in using the fitness center that there would be a membership fee for that, or for just using the natatorium. He noted that they want to focus on the things they felt were necessary for this decision. He noted that the FCOB would be ready to come back with additional recommendations. He noted that Mr. Dougherty did an excellent job in explaining what he needed to get across at this meeting.

Mr. Tom George suggested that one of the most important things that we are facing at this time is the renewal of a lot of membership, and with the information that has been run in The Patriot News and throughout the community there is a question mark in the membership's mind if they should renew their membership or will the FC go down the drain. He noted that a positive note that could provide some assurance on that, if that could be done, would be the most important thing that could be done as soon as the Board would see right to do it. He noted that

the other item that the FCOB discussed last night would come back in writing for the Board's approval before anything else would be changed. He noted that it is important to operate like a business, and we will have to find ways to improve everything across the board, not just one thing, but the sooner we can get the positive word out to the community, then we will stop this bit of losing memberships because there is a question in people's mind. He noted that some families are looking at their budgets to find something to cut out and with what is hanging over our head that will happen a lot more. He noted that we are already losing memberships.

Mr. Hawk noted that there is no one else who offers all the things that the FC does. Mr. George suggested that you have to take a look at some of the positive things, noting if it would not have been for the current Board, that facility would not have been put there, and it would not have been operating for the numbers of years that it has. He noted that you need to look at how many families have benefited from the FC. He explained that it is all positive things, and he knows what it is like to catch hell as he was on the school board for 36 years.

Mr. Hornung noted that when the FCOB submits something to the Board for approval he finds that the FCOB tries to second guess what the Supervisors would approve and not approve. He noted that he has a problem with that. He noted if the FCOB is not willing to take some risk, even if you fail and it costs the Township \$30,000 for instance, if you did the tier membership and lost that amount of funds, good, great, he is not happy with the loss, but he is glad that you tried it. He noted that is the problem that he struggles with. He noted if you are trying to guess what we are going to approve and not approve, he does not know how to fix that but it will not doom this project. He noted that the FCOB may only seek certain approvals over certain limits or outside surface conditions, and it may operate within those limits since it is held accountable for a budget, but if its try different things and fails, noting that he tried to sell outdoor plants, fountains and water gardens, but it lost him \$10,000 if not more; however, he ended up doing propane and now he sells over \$250,000 each year just for propane. He noted that one paid for the other one but he couldn't have got there unless he spent it, tried it experienced some failure. He noted if we are going to operate like a business we must try some things even though it may mean that we will fail.

Mr. Hornung questioned how do we move forward and are the other Board members in favor of lowering the debt service. Mr. Blain noted that Mr. Hornung is in favor of smoothing the debt service, moving forward with the operation as is and implementing the options but he doesn't want to do anything else at this point like investigate other options. Mr. Hornung stated

that he thinks we should investigate other options, as he wants to take risks. Mr. Blain suggested that he was talking about discussing a lease of the area with the YMCA and getting a proposal from them or something of that nature. Mr. Hornung noted that he does not want to do that.

Mr. Blain noted that the options are doable and we could pick three or four of those options and if we drive to make it happen we can get the FC to be a viable resource and it could work but he strongly believes that what needs to happen is that the BOS needs to get out of the way of the FCOB and let them run it. He noted when a business is not running well change is needed. He stated that there needs to be business acumen on the FCOB, if you are going to turn over the reigns to the FCOB to let them run it, then you need to look at the structure of the FCOB as to whom is on it and put people on the FCOB who can make the business decisions that need to be made. He noted that you are making decisions to make the FC profitable and run it like a business, and that is not to say that you can't do the community things. He noted that the Christmas Tree lighting is good marketing; however you have a history of losses and deficits and in every business that he has ever worked with, when you have a history of deficits, the first thing that is reviewed is who is running the show and do we have to make changes. He noted that you may need to make the FCOB smaller, a five member board, and the Board of Supervisors may need to appoint five-member Board that it feels confident that has the right business acumen to run it and make it happen. He noted that the FCOB will have the responsibility to run it.

Mr. Hawk noted that we need to make the FC fiscally responsible.

Mr. Seeds noted that people do not need to be fearful, as there will be a place for them to go to and it will not close.

Mr. George noted that there are many families who are going through rough times right now and he keeps coming back to one example that he is very familiar with. He noted last week at his church there were 130 families that came for food and it has been as high as 140 families. He noted that several years ago it was narrowed down to certain zip codes so that we wouldn't have people from outside our area. He noted that there are a lot of people experiencing hard times and many people are too proud to admit it. Mr. Crissman noted that the FCOB has scholarship money that provides people in need who apply to the FC.

Mr. Crissman noted that he concurs that we should continue to operate the FC but the only issue that he has is how long the debt should be smooth, 20 or 25 years. Mr. Hornung

noted that he did not want to discuss that until the Board is in agreement to continue the FC operations. Mr. Crissman noted that needs to be discussed in a future discussion.

Mr. Seeds questioned if anyone wanted to talk to a third party about running the FC. Mr. Blain noted if you are going to go through the process you might as well look at other options. He noted that you should go to the YMCA and talk to them, but the fact is from a business perspective, the Township has an asset that does not cash flow. He noted that the FC is not in a good state or negotiating position as it doesn't have a revenue stream that cash flows.

Mr. Seeds questioned if the Board should talk to the YMCA and do smoothing at the same time. Mr. Blain answered that the smoothing thing does not really matter. He noted that it is all internal as all you are doing is an internal smoothing of debt. He noted that you are not going out to finance debt. Mr. Seeds noted if someone else would lease the facility they would be expected to pay the amount of the bond issue for years, so it does matter. Mr. Blain questioned how you can look at this and not compare it to something else. He noted that we are saying now that we will not compare it to anything else but just run with it. He noted if you do the things we talked about you can make it work, but you are not taking advantage of other opportunities now. He noted that the Township is in a difficult negotiating situation because you do not have positive cash flow so what are you negotiating.

Mr. Seeds noted if we have gone down the road this far, the only thing that concerns him is what Mr. George said about people not renewing their membership. He suggested that we should take it that far, as it won't cost us anything to go talk to other people. Mr. Hornung, Mr. Hawk, and Mr. Crissman disagreed. Mr. Seeds questioned what it would cost. Mr. Hawk noted that it will cost you the impression in the press as to what are we are going to do resulting in people holding off on renewing their memberships. Mr. Seeds noted if they think someone else will run the FC...Mr. Crissman noted that we are coming to the end of the calendar year where the majority of memberships are ready for renewal. Mr. Seeds questioned if people will not renew their membership if other people run the FC. Mr. Dougherty answered that it is already happening. Ms. Hussar noted that we are losing membership now because people are afraid that the FC will not be open.

Mr. Hornung noted if you want to go to the YMCA, you don't have an option to turn it around. It will kill all the memberships and you will end up with a building with very low memberships and negotiating with a very negative position so it doesn't seem to make any sense.

He noted once you decide to talk to the YMCA you will kill the FC. He noted that the members from the FCOB nodded their heads in agreement. He suggested that it would be a final decision.

Mr. Hawk noted if you go to the YMCA you will delay the decision for months until you come to some kind of an agreement. Mr. Crissman noted if we can reach an agreement.

Mr. Blain noted that he is leaning more towards staying with what we have, and moving forward but, if we are going to do that we better put the right people in charge of running it. He noted unless you go out and investigate it how do you now know that you will get a really nice package deal from the YMCA as they can bring resources to the table.

Mr. Hawk noted if the people think they have been through the wringer on this whole thing, so have we.

Mr. Rodger Lavigne noted that he goes to the FC five days a week, Monday through Thursday and Sundays and the word is out in the FC and everyone is talking about it. He noted that members are very concerned and the Board needs to do something to reassure the members as people are talking about it being sold, closing, and it has been discussed in the paper. He noted that he is trying to drive it home to the Board that everyday that this is not resolved, the FC is losing members. He noted that we are losing families.

Mr. Blain noted that the press is here and obviously the Board is not interested in selling the asset and the Board is not going to shut the building down, but it does not mean that it doesn't make sense to investigate other option to have another entity run it. He noted that it stays viable and open with the YMCA running it. He noted that you can put that in the press now that the Board has already made the decision not to sell it and will not shut it down. Mr. Hornung noted if you say that we are going to look at possibly having the YMCA run it, you still have that ambiguity and you will lose memberships because people won't know if there memberships will be any good. He noted that the they will questioned if the YMCA will honor it and you will go through all those scenarios so we are still going to be in the same situation as if you go down the road of ambiguity.

Mr. Blain noted that we should make the decision tonight to accept the budget with the debt being smoothed and move forward with what we currently have. Mr. Seeds noted if we do that we also need to separate out the senior costs because that has been a burden on the FC for years. He noted that we need to find other monies for that. Mr. Crissman noted if this is what we are going to do for 2014, then we remove the senior costs, and the number for debt service has to be based upon 20 or 25 years of smoothing.

Mr. Hawk noted that the Board has a public meeting coming up in 15 minutes and he stated that he needs to bring this meeting to an end. Mr. Hornung questioned if Mr. Wolfe was looking for the approval of the FC budget tonight. Mr. Wolfe noted that he needs to know what numbers to put in to have a document to present to the Board for adoption. Mr. Hawk noted that he is not in favor of 25 years but he is only one.

Mr. Crissman questioned if there is a consensus that the Board will move forward and maintain the FC. Mr. Hornung made a motion that the Board will smooth out the debt service on the 20 year level, maintain operation of the FC and implement some cost savings ideas to be determined that will assure it that by 2016 the FC is in the black. Mr. Blain questioned who will implement the cost savings. Mr. Hornung noted that it will be the FCOB. Mr. Blain questioned what the structure of the FCOB will be. Mr. Hornung added to the motion that the structure of the FCOB will be reviewed to increase the business acumen on the Board itself. Mr. Crissman noted that the senior expenses must be removed from the FC operating budget. Mr. Crissman seconded the motion. Mr. Blain noted that the only amendment to that that he has is that the FCOB makeup should be made up of five members appointed by the Board of Supervisors to change the structure to be... Mr. Hornung noted that he did not know if he was in favor of five as sometimes you can go with more, especially with business people as you get more people in the business that may have less time to be on a board. He noted that he was on the Board for the Bethesda Mission and there were 25 people on the board and they did not all show up as their lives were very busy so he is not convinced that a five member board might be the right number. Mr. Hawk suggested that we will simply say that we will restructure the FCOB. Mr. Crissman noted that we can do that at a future meeting. Mr. Crissman noted that that amendment should be removed at this time as we still have the main amendment on the floor that was seconded.

Mr. Hawk called for a voice vote, and a unanimous vote followed.

Mr. Crissman requested the press to please put in tomorrow's PennLive Paper an article announcing to the community that this is what we are doing to reassure the community that it is moving forward under the auspices of the Township. He noted that it will allow the FC to get back into full operation without people asking what is going to happen.

Mr. Hornung wanted to thank the FCOB that has been operating the FC for all their work. He noted that they did it for free and if you go out to look at the amount of volunteers that Lower Paxton Township has it is encouraging and because of that we have a community that has some of the lowest taxes. He noted that people don't realize that only 5% of the real estate tax goes to

the Township. Mr. Luetchford noted that he supervises 50 or more volunteers yearly. He noted if you look at what our fire companies do, and if we had to pay for it, it would be huge. He noted that the FCOB did an awesome job and it is difficult.

Mr. Crissman noted that he has a vested interest on the FCOB side of the table and he would like to thank to each and everyone who serves on the FCOB who work tirelessly by providing much time and effort. He thanked Mr. Dougherty for his presentation tonight and Mr. Luetchford and his staff.

#### Adjournment

Mr. Crissman made a motion to adjourn the meeting. Mr. Blain seconded the meeting and the meeting adjourned at 7:20 p.m.

Respectfully submitted,

Maureen Heberle  
Recording Secretary

Approved by,

Gary A. Crissman  
Township Secretary