

**TOWN OF GEORGETOWN  
TOWN COUNCIL MEETING MINUTES**

**Meeting Date:** Wednesday, August 10, 2011  
**Location:** Town Hall, 39 The Circle, Georgetown, DE  
**Time:** 7:00 P.M. Regular Meeting

**PRESENT:**

Brian Pettyjohn, Mayor  
Steve M Hartstein, Ward One  
Sue H Barlow, Ward Two  
Bob Ricker, Ward Three  
Annie Besche-Martin, Ward Four

**STAFF PRESENT:**

Eugene S Dvornick Jr, Town Manager  
Angela Townsend, Town Clerk  
Bill Bradley, Director of Public Works

**6:45 P.M. Public Hearing**

**RE-FINANCING OF GENERAL OBLIGATION BONDS**

Up to \$7,500,000 maximum principal amount of the Town's general obligation bonds (the "Bonds") in order to: (i) currently refund certain prior indebtedness of the Town consisting of its (a) Sewer System Bonds, Series of 1984, (b) General Obligation Refunding Bonds, Series of 2003, and (c) General Obligation Note, Series of 2009; and (ii) pay the costs of issuing the Bonds.

Brian Bradley, Royal Bank of Canada: \$7,205,000 of 2 bonds (\$6,880,000 General Obligation Bonds, Series A of 2011 (Tax-Exempt) and \$325,000 General Obligation Bonds, Series B of 2011 (Taxable). Purpose was the re-financing – Prior Aggregate Debt Service \$8,781,913.23 and New Aggregate Debt Service \$8,315,870.14, Cash Flow Savings \$466,043.09. Closing on the re-financing is August 17, 2011. The Bonds have an A2 rating. \$466,043.09 is net the \$123,561.46 re-financing costs.

No further comments.

**COMMITMENT TO FUND THE GENERAL OBLIGATION NOTE IN THE AMOUNT OF \$500,000**

Up to \$500,000 maximum principal amount of the Town's general obligation revenue anticipation note (the "Note") in order to: (i) finance a portion of the costs associated with the construction and renovations to a Town-owned building located at 123 Market Street, Georgetown, Delaware; and (ii) pay the costs of issuing the Note.

Silvia Shin, Saul Ewing, Bond Counsel: This is a short term taxable loan to help jump start the renovations until the actual money is received. The term of the note is 12 months, with a variable rate. The note shall be with M & T in the form of a line of credit with weekly draws.

Mayor Pettyjohn: Are we going to attempt to recover from the Insurance Company the cost of interest with this loan?

Town Manager: Yes we are.

Councilman Ricker: Do we have an estimate for the renovations on this property?

Town Manager: Yes we do. Construction Unlimited, Inc - \$378,461.66, Wilson Construction - Co, Inc \$307,590.00, and Royal Plus Inc. - \$276,477.82. Given the significant difference between Royal Plus and Construction Unlimited reconciliation between the two was preformed and a comparison line by line, identified several items (walls, windows, rooms) that Royal Plus had missed, in addition Royal Plus did not redo their estimate.

Councilman Ricker: What is the estimated monthly income to the Town that we are losing?

Town Manager: On a monthly basis \$2,729.91.

Mayor Pettyjohn: Are we going to attempt to recover this lost revenue also?

Town Manager: Yes we are.

Councilman Ricker: For Mr Fuqua, Where do we stand with the legal action with the Insurance Company?

Jim Fuqua, Town Solicitor: We are still trying to arrange for a meeting with the representatives and attorneys from the Insurance Company.

Councilman Hartstein: Is there a current lease on the building right now?

Town Manager: Yes, Sergovic & Carmean, and they have expressed interest in relocating back to the property once it is renovated.

Public Comment:

Tony Semeraro, 4 Cranberry Ct: Question involves the insurance status, is it the situation where we are going to put forth money to rebuild this structure while awaiting a legal settlement from the insurance company?

Jim Fuqua: Yes, That is basically correct.

Tony Semeraro: And we do not have a guarantee of re-imburement from insurance company?

Jim Fuqua: Correct, we have no guarantee of being re-imbursed.

Tony Semeraro: We have a problem with the insurance arrangements; we are on the hook to repair this facility, with no guarantee of re-imburement. It sounds like the construction costs are roughly \$300,000 which represents 10 years worth of rent plus the cost of interest, the Town already has \$450,000 invested and another \$300,000. I am wondering if an assessment has ever been done on this property at today's values after renovation. My question to Council is to consider if there is no legal problem with letting the existing lease expire, since the tenant has relocated for 14 months that perhaps we should sell the property as is, so we don't incur another \$300,000 into a \$450,000 property that we will probably never see the \$750,000 back on.

Wayne Ellingsworth, 107 Burton St: Was there a lease and did the lease include a requirement of the leaser to insure the property while they were in the building?

Jim Fuqua: The property was insured with another insurance company. A new broker became involved and a new insurance company was obtained, so this property was being changed to another insurance company. The broker was notified that this property was to be included on the long list of town property, during that year the broker left, and the second year which was a renewal year a new broker took over, then the fire occurred, when the fire occurred the insurer which is Philadelphia Insurance Company indicated that this property was not on their list of covered properties. And it appears that the first broker failed to notify Philadelphia Insurance Company that this was a covered property. Philadelphia Insurance Company is basically saying we did not insure this property, the first broker is saying he may have made a mistake, but the year the fire took place was not a covered year, it was the renewal year and it should have been picked up by the second broker. Now obviously the next step would be litigation with all the parties, but to further confuse the situation there is another claim against allegedly the person that caused the fire which we believe to be due to electrical work done there, so that's another insurance company involved. Philadelphia Insurance Company and the second broker have indicated a willingness to sit down and try to resolve this by payments to the Town to cover this and then go against the third party.

Wayne Ellingsworth: The United States is broke, the State of Delaware very shortly and many others states are or will be broke, school districts before the end of this year are going to find out that they are broke, sewer and water districts including your own are broke, why is the Town trying to rebuilt something that we will never get our money out of? It would cost the Town more money than the property is worth. If you care anything about your Town you need to start to save some money and start to make some reasonable decisions.

Linda Dennis, 4 Huckleberry: Is the original plan for the use of this building abandoned, it will never to be a Town Hall, is that correct?

Town Manager At the current time that is correct.

Linda Dennis: Will the rent on this building go higher?

Town Manager: The rent increases at 2½% on an annual basis.

Linda Dennis: I ask that you consider this very seriously before you make a decision.

No further comments.....

Public Comment Closed 7:14pm

### 7:15 P.M. REGULAR MEETING

**1. PLEDGE OF ALLEGIANCE**

Mayor Pettyjohn led the Pledge of Allegiance.

**2. INVOCATION**

Mayor Pettyjohn led the invocation.

**3. ADOPTION OF AGENDA**

Motion by Councilman Ricker, seconded by Councilman Besche-Martin, to adopt the agenda as amended. **APPROVED (unanimous).**

**4. APPROVAL OF JULY 27, 2011 TOWN COUNCIL MINUTES**

Motion by Councilman Besche-Martin, seconded by Councilman Hartstein, to approve the minutes as presented. **APPROVED (unanimous). Abstained: Barlow**

**5. RE-FINANCING OF GENERAL OBLIGATION BONDS**

Re-finance \$7,205,000 and to refund certain prior indebtedness consisting of (a) Sewer System Bonds, Series of 1984, (b) General Obligation Refunding Bonds, Series of 2003, and (c) General Obligation Note, Series of 2009 (the "Prior Indebtedness"); and (ii) pay the costs of issuance of the Bonds, with a Cash Flow Savings of \$466,043.09.

Silvia Shin, Saul Ewing: Presented Council with an overview of the proposed resolution, line item by line item.

Motion by Councilman Ricker, seconded by Councilman Barlow, to authorize the Mayor and the Town Manager to move forward with Resolution #2011-8 Refinancing of General Obligation Bonds. **APPROVED (unanimous).**

**"Resolution #2011-8 is incorporated as part of the minutes."**

**5A. RESOLUTION 2011-7 GENERAL OBLIGATION NOTE FOR \$500,000 TERMS RESOLUTION**

Up to \$500,000 maximum principal amount of the Town's general obligation revenue anticipation note (the "Note") in order to: (i) finance a portion of the costs associated with the construction and renovations to a Town-owned building located at 123 Market Street, Georgetown, Delaware; and (ii) pay the costs of issuing the Note.

Silvia Shin: presented Council with an overview of the proposed resolution.

Councilman Ricker: I can't vote for this until we receive the insurance money.

Councilman Hartstein: I agree.

Motion by Councilman Barlow, seconded by Councilman Besche-Martin, to table Resolution 2011-7 General Obligation Note for \$500,000 Terms Resolution until we hear from the Philadelphia Insurance Company. **APPROVED (unanimous).**

**6. COMMITMENT TO FUND THE GENERAL OBLIGATION NOTE IN THE AMOUNT OF \$500,000**

Up to \$500,000 maximum principal amount of the Town's general obligation revenue anticipation note (the "Note") in order to: (i) finance a portion of the costs associated with the construction and renovations to a Town-owned building located at 123 Market Street, Georgetown, Delaware; and (ii) pay the costs of issuing the Note.

<u>Quotes:</u>	Construction Unlimited, Inc	\$378,461.66
	Wilson Construction Co, Inc	\$307,590.00
	Royal Plus Inc.	\$276,477.82

With a \$100,000.00 difference between Royal Plus and Construction Unlimited, Inc. a spreadsheet was provided with the breakdown of the difference per item explaining the difference.

Motion by Councilman Barlow, seconded by Councilman Besche-Martin, to also table this item at this time. **APPROVED (unanimous).**

**7. DEPARTMENTAL REPORTS  
A. GENE DVORNICK – TOWN MANAGER**

**Park Use Agreements**

The Town has been reviewing our various parks and equipment in place at each. Currently, we have three that are not owned by the Town; however, we maintain the equipment and provide lawn mowing: North Bedford Street (Georgetown Presbyterian); Grace Church Park (Grace Church); and Kimmey Park (Interfaith Housing). We are drafting formal agreements with each which will outline responsibilities, signage, and insurance coverage. Once prepared, these agreements will be on a future Town Council Agenda.

**Storm Drain Pipe Replacement**

The Town is working with Davis, Bowen & Friedel in seeking funding assistance from DNREC through the Division of Soil & Water Conservation Drainage Program. This is related to failing storm drainage piping located on Franklin Street and Robinson Street (Ward 3). The project will replace the existing piping with in-kind piping and help eliminate the sinkholes there are present on both streets. Total funding request is estimated at \$40,000.

**Service Line and Main Replacement Project**

The Town has received a proposal from the Town's Engineer (Davis, Bowen & Friedel) for services related the service line and main replacement project, totaling \$323,000, the breakdown is as follows:

Preliminary Engineering	\$ 15,000.00
Survey & Mapping	\$ 75,000.00
Engineering Design & Permitting	\$ 100,000.00
Construction Administration	\$ 60,000.00
Resident Project Representative	\$ 73,000.00
	<u>\$ 323,000.00</u>

Funding for this is covered under Drinking Water State Revolving Fund (DWSRF) as part of the \$2,199,410 loan.

Motion by Councilman Ricker, seconded by Councilman Barlow, to authorize the Town Manger to sign the Engineering Agreement. **APPROVED (unanimous).**

### **FY 2011 Audit**

The Town met with our auditors on Tuesday, August 9<sup>th</sup> to review the draft audit report. Our comments, for inclusion in the audit have been supplied and we anticipate receipt of the final audit report by the end of this week.

### **Yard Waste Alternatives**

As requested by Council, we have reviewed several alternatives with respect to handling yard waste (see handout):

- Provided by Waste Industries
  - Two (2) and four (4) times per year
- Town Public Works Pick Up – Waste Industries Disposal
  - Weekly, Bi-Weekly, Once a Month, Bi-Monthly, Quarterly
- Town Public Works Pick Up – Transported to a Recycler
  - Weekly, Bi-Weekly, Once a Month, Bi-Monthly, Quarterly
- Resident selection of service provider

Council asked for time to review these alternatives, and revisit at a later time.

### **Miscellaneous**

East Market Street

- Waiting on placement of meter and pedestal
- Upcoming Events:
  - Charter Review Committee Meeting
    - Town Hall, Thursday, August 11, 5:30 PM
    - Town Hall, Thursday, August 18, 5:30 PM
    - Town Hall, Monday, August 22, 5:30 PM

## **B. BILL BRADLEY – DIRECTOR OF PUBLIC WORKS**

I have handed out a list of streets that are in need of repairs with the estimate cost of each repair. We are in the process of trying to seek funding and have no promises on being able to complete any or all of these projects at this time. North King Street is sidewalk and curbing, North Bedford Street is from water leaks and all the patching is like speed bumps, East Market Street is the same, Wagamon Ave is at the entrance to Cinderberry from Front Street, Parsons Lane is along side of the Little League Fields, and Margaret Street is the worse street we have in Town from Edwards Street to James Street, this is for phase one of the total project.

We have repaired Franklin Street from a cave in that appears to have been a bad sub-base and we are working with the Soil Conservation to replace some drainage pipes in this area also.

The Lynch Lane water tower has been repainted due to cracking and peeling, this work is all part of our contract with Utility Services. We are averaging around 800,000 gallons of water per day at this time and we are not experiencing any troubles with the wells from the drought. We are up to 30 water leaks so far this year.

We are spraying the weeds that are growing in the street and sidewalk areas so we should have the streets swept and cleaned back up soon.

We have been assisting the Sewer Department with the infiltration problems they have been finding manholes that are paved over or just can't open or leaks that needs to be sealed.

We have been having a problem with someone jumping the fence at the shop and stealing brass and metals from the trucks this is the third time we have been hit. At this time we are installing cameras that video day and night and hoping to catch them.

8. **PUBLIC COMMENT**

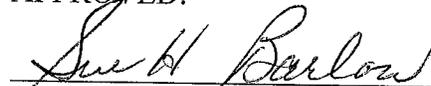
Tony Semeraro: Asked if the Town could contact Norfolk-Southern about repairing the crossing at Ingramtown Road and South King Street, and inquired as to the status of the demolition of the two properties located at 111 and 115 East Pine Street.

Mayor Pettyjohn asked the Town Clerk to contact the interested parties involved with the demolition on East Pine Street and have them appear at the next Town Council meeting.

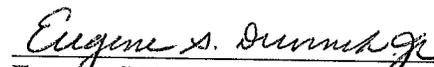
9. **ADJOURNMENT**

Motion by Councilman Ricker, seconded by Councilman Barlow, to adjourn at 7:46p.m. **APPROVED (unanimous).**

APPROVED:

  
Sue H Barlow, Secretary

ATTEST:

  
Eugene S Dvornick Jr, Town Manager