

**CITY OF MCKEESPORT**  
**WORKSHOP MEETING**

**MONDAY**

**6:30 P.M.**

**MAY 4, 2022**

The Work Session portion of the Council Meeting was called to order on the above-stated date by President of Council Richard Dellapenna.

**Secretary James read the following proposed Bills:**

**Bill #26** - Introduced by Brian Evans – A Resolution of the City of McKeesport, Allegheny County, Pennsylvania, Adopting the 2022 Edition of the Emergency Operations Plan in Relation to the Pennsylvania Emergency Management Services Code.

Mayor Cherepko said this document is the new edition dealing with emergencies.

President Dellapenna asked for questions or comments and there were none.

**Bill #27** –Introduced by Jill Lape – A Resolution of the City of McKeesport, Allegheny County, Pennsylvania, Authorizing the Proper City Officials to Enter Into a Document Management Agreement with Ford Office Technologies for a Period of Sixty (60) Months.

Mayor Cherepko said Ford has been our company we have been using now for about 3 or 4 years, they have been able to come in, it's actually a savings, so we are going to upgrade our equipment, new printers and everything, copies, and we are actually going to have a lower payment so that's good, the savings is about \$300-\$400 each month.

President Dellapenna said thank you Mayor.

**Bill #28** –Introduced by Jim Barry – A Resolution of the City of McKeesport, Allegheny County, Pennsylvania, Awarding the Bid for the 2022 Renzie Park Improvements Project to Kucich Construction, Inc., and Authorizing the Proper City Officials to Execute all Documents Necessary to Enter Into an Agreement with Kucich Construction, Inc. for an Amount Not to Exceed \$175,000.00 for the 2022 Renzie Park Improvements Project.

Mayor Cherepko said Kucich Construction was the winning bidder. This will be, once again we are very grateful for RAD. RAD Capital Projects the award this year

was \$250,000, plus we are doing another \$25,000 that we received a Grant from Senator Brewster. So, this will be covered by a Grant. This will cover the bandshell upgrades to the Lions Bandshell. Obviously, that's an incredible asset to the City, a destination point for people from other communities as well, so we want to make sure we get that upgraded, bathrooms and all. Also, we will upgrade there's some cosmetic work over at the concession stand over at the Brewster Field that we named after Jamie, so this will cover improvements to both of those facilities, new roofs, bathrooms, everything. The bathrooms in the bandshell are something we have been getting complaints about for quite some time. So, it's a much needed improvement.

Mr. Maglicco said we will have a few more items to get to that \$235,000 for you guys next month, there's a few things at the hockey facility we are going to upgrade a couple new improvements, small sections, that we will take care of.

President Dellapenna said thank you and asked for questions but there were none.

**Bill #29** – Introduced by Timothy Brown – A Resolution of the City of McKeesport, Allegheny County, Pennsylvania, Authorizing the Proper City Officials to Enter Into an Agreement with Ace Pyro, LLC for the Purpose of Providing the Fireworks Displays at Renziehausen Park for July 4<sup>th</sup> (Independence Day), August 9<sup>th</sup> (International Village), September 5<sup>th</sup> (Labor Day) and TBA (Patriot's Day).

Mayor Cherepko said we did up the amount, this is the one bid that is always backwards, we give them a number and they tell us what kind of show they can put on, so we did increase the amount. We were at \$21,000 for all the shows for quite some time it was like \$10,000 for July 4<sup>th</sup>, \$5,000 for International Village, and then \$3,000 for the other two adding to \$21,000, so we upped it to like \$25,000 or \$26,000. What was it Tom, I can't remember?

Tom Maglicco said \$26,000.

Mayor Cherepko said so that gives us an additional \$5,000 to play with just that. Obviously, the cost of everything is going up. Pyro, who has been doing our shows for a few years now, they were the only bidder. So, I am sure they will put on a good display for us.

President Dellapenna said thank you Mayor and asked for any questions but there were none.

**Bill #30** –Introduced by Keith Soles – A Resolution of the City of McKeesport, Allegheny County, Pennsylvania, Approving a Reverse Subdivision Request from Ray and Diane McAraw to Combine Lot & Blocks 555-H-024 and 555-H-018. The Combined Parcel will Become Lot & Block 555-H-024, 400 Long Road, McKeesport. The Property Exists in a C-3 Zoning District.

Mayor Cherepko said this is the old property where the Century 21 building was, down next to Wilson Baum. We did demolish that structure and it was purchased through VPRC and they are just doing a reverse subdivision. They are looking to put a building up so we will have new construction of some sort of building going up in that particular area if all goes as planned.

President Dellapenna said thank you Mayor and asked for questions but there were none.

**Bill #31** –Introduced by Timothy Brown – A Resolution of the City of McKeesport, Allegheny County, Pennsylvania, Approving a Conditional Use Request from Nicholas Kasyn d/b/a Kasyn Cycle Worx to Operate a Motorcycle Repair Shop at 528 Eden Park Boulevard, McKeesport, PA 15132 (Lot & Block 464-S-191). The Property Exists in a C-3 Zoning District.

Mayor Cherepko said this is the old Indutex, down next to Mellon's Pub. That building was purchased. Kasyn Cycle is a business that came into town a few years ago, they were located on West 5<sup>th</sup> Avenue down in the 10<sup>th</sup> Ward area, they were off the back, not on the main drag, their shop was in the back so you really didn't see it. It was where the old Stop Signs used to be. You turned down that hill and that's where they were at so they are going to be relocating, they were granted with conditions, to operate in the Indutex building. So, we will have a new business in that Indutex building along Eden Park that has been vacant for quite some time now, quite a few years now.

President Dellapenna said thank you Mayor and asked for questions but there were none.

**Bill #32** –Introduced by Jim Barry – An Ordinance of the City of McKeesport, Allegheny County, Pennsylvania, Authorizing the Incurring of Non-Electoral Debt

by the City of McKeesport, County of Allegheny, Commonwealth of Pennsylvania, for the Purpose of Financing the Costs of a Refunding Project; Finding a Sale by Negotiation to be in the Best Interest of the City; Accepting a proposal for the Purchase of the Bonds; Authorizing the Incurring of Non-Electoral Debt by the Issuance of the City of McKeesport, General Obligation Bonds, Series of 2022, Directing the Filing of the Necessary Documents with the Department of Community and Economic Development; Appointing a Paying Agent, Registrar, Sinking Fund Depository and Escrow Agent; Describing the Bonds, Including Method of Payment, Manner of Exchange and Transfer, and Manner of Execution and Authentication; Pledging the Full Faith, Credit and Taxing Power of the City for Payment of the Bonds; Providing for Redemption of the Bonds; Establishing a Sinking Fund; Appropriating the Money Received from the Sale of the Bonds; Setting Forth the Maturities of the Bonds; Providing a Project Cost and Realistic Useful Life; Ratifying the Advertisement of a Legal Notice and Authorizing Publication of a Notice of Enactment; Appointing Bond Counsel; Authorizing Appropriate Officers to Take All Necessary Action in Connection with the Issuance of the Bonds; Authorizing the Payment of all Expenses Incurred; Approving the Issuance of an Official Statement; Specifying Allowable Investments; Setting Forth Authorization of Officers; Establishing the Form of the Bonds; Creating a Clearing Account; Establishing Compliance with SEC Rule 15c2-12; Covenanting a Continuing Disclosure Undertaking; Authorizing Purchase of Municipal Bond Insurance; Setting Forth Severability Provisions; Repealing All Inconsistent Ordinances; and Setting Forth an Effective Date.

Mayor Cherepko said we are going to get through the rest of this Agenda and then I am going to bring up a couple gentlemen to speak in regard to this. But just a brief summary. You know this is refinancing the debt with the Bonds. We did it years ago and we are really coming to a point where a lot of your debt service payments are backloaded so we are coming to a point in a couple years where our debt service payments would be going up drastically. It would be absolutely crippling to the City. We talk all the time how you know we don't just focus on today or tomorrow or this year or next year. This is an absolute win for the City. This is putting a plan in place to really put the City on much more stable ground, financially, for many years to come. Without question not just because it was a need in the next few years but to be able to pull this off, this Bond Team, it's very, very critical that we make this happen. I can't applaud them enough for

their efforts because it is not easy to make these types of deals happen, especially in a condition like McKeesport is in, with different obstacles and challenges we face in regard to finances. It was just a few years ago that we were on the brink of Act 47 and here we are in much more financial stable ground still trying to find solutions but it's important. It's unbelievable that we were able to make this happen and I will let them talk more about it later but these are the types of strategies and thoughts that go into as we say all the time, we are not just worried about survival, this is about putting our City in a much better place for many years at this point and I will let them explain a little bit after this. Let's just get through these next two items and if you guys have any questions and then they can take the remaining time.

President Dellapenna said thank you Mayor.

**Bill #33** –Introduced by Jill Lape – A Resolution of the City of McKeesport, Allegheny County, Pennsylvania, Authorizing the Proper City Officials to Request Funding Through the Allegheny County Economic Development Department for Act 152 Funds for the McKeesport Rising: Cultural and Educational Sector Enhancement Project in the Amount of \$250,000.

Mayor Cherepko said in essence this is the funds that was added, County Council through real estate transactions, the Grants that you could apply for up to \$250,000. We are still focusing to count on the extension of the Cultural and Educational Sector but also because of the major development of the millions of dollars being put into the Old Centennial School. So, a lot of these demolitions will be that we put in for are on Manor, Flagler, a couple on Willow, Beach, we are really just trying to expand the Cultural and Educational Sector. These types of demolition Grants they don't want to just see you are tearing down homes. They want to see a part of a development. So, this will continue our efforts and this just allows us to apply for that Grant money.

President Dellapenna said thank you Mayor and asked for questions on Bill 33 but there were none.

**Bill #34** –Introduced by Brian Evans – A Resolution of the City of McKeesport, Allegheny County, Pennsylvania, Establishing the Mayor's Non-Profit Relief Fund to Provide Grants to Non-Profit Organizations with Small Operating Budgets Servicing the City of McKeesport to Help Them Recover and Resume Providing

their Essential Services to the Residents of the City After the Devastating Socio-Economic Impacts of the COVID-19 Pandemic.

Mayor Cherepko said this is what I talked about last month. I think this is going to be an opportunity for us to identify some lower budget type non-profits.

Obviously, we have many in the City. We are looking to do like \$5,000, maybe upwards of \$10,000, depending on if someone has a facility that maybe needs some work but we are looking to go no more than \$200,000 at this time but I think with that we should get upwards of 30 or more Grants given out. Nothing against, I know everyone is struggling, I know times are tough, I understand that but I am thinking more of the smaller type entities, you know the ones that are out here doing things. I mean also the Salvation Army, things like that, Little Tigers, Anna Middleton, Noah's Ark, McKeesport NAACP, Men of Valor, things like that, these are the types of things I am looking for. I am not looking for someone that has a half million or million dollar budget. I just think we don't have enough funds for that but if we could focus on there's a big list and if you have any in minds we can reach out as well. But I think this will be a little shot in the arm for them so to say. It wouldn't be as much to someone with those big budgets but to these smaller it can make a big world of difference and with the American Rescue Plan Money the strings are tight with that as well. So, if they want to use it for operating because they were just not able to do as many fundraising efforts and things like that, they can do it. So, I do appreciate your support on that.

President Dellapenna said thank you Mayor and asked for questions on Bill 34 but there were none.

President Dellapenna then asked for Council Reports.

### **Council Reports**

Ms. Nesbit – I just wanted to make the community aware that the LIHEAP crisis program ends May 20<sup>th</sup>, that's the emergency heating program where you could have your furnace cleaned and tuned if you meet the income guidelines.

Weatherization lasts all year long but the clean and tune program ends May 20<sup>th</sup>. That is something new where they could just get the furnace cleaned and tuned and if it needs to be replaced it would be replaced at that time.

Also, the NAACP is having their Annual Pancake Breakfast on Saturday from 8-12, so we look forward to seeing everyone there.

President Dellapenna said thank you Ms. Nesbit.

Mr. Evans – nothing.

Mr. Barry – yea, I have a couple things. First of all, Sue Fletcher, who was a long-time teacher at McKeesport Area School District and her husband, they both were, she's the Board President of Camp Soles which used to be part of the Y when the Y was still in existence here in McKeesport. She reached out to me last week asking if I would make an announcement because they are in dire need of Summer Camp Counselors and leadership positions there for the Summer Camp they are running now. They are also going to provide some scholarship opportunities for young people, not only from McKeesport but from the entire Mon Valley to attend this Camp at no cost. But they are looking for young people ages 18-22, and there are internship positions available too for kids that are in college. So, she wanted me to ask about that.

The second thing I just wanted to mention to everyone is the LaRosa Youth Club will be having a benefit concert on Saturday, May 21<sup>st</sup> in Hunker, PA which is just outside of New Stanton. The band featured there will be Chris Higbee and his band, a local musician, very good, and we are going to have Fat Mat Barbeque, it's a veteran owned barbeque place and Helltown Brewing is also a sponsor, but tables are available and individual tickets, anyone could see me if they are interested. That's going to be our primary fundraiser we use to utilize scholarships for summer camp day camp kids so we are hoping to raise some money and basically celebrate our one year in operation which has been very successful.

President Dellapenna said thank you Mr. Barry.

Mr. Soles – nothing

Mr. Brown – nothing, Mr. President, sir

Ms. Lape – nothing.

Mayor Cherepko said we will keep the meeting open. John McShane is going to be coming up. This is a Bond Team, just so you are aware, this is not someone who just came into the picture. These gentlemen have been working with the City and the finances for over 20 years, around 20 years, so they understand the

ins and outs of the City's financial situation probably more than anyone. So, I will turn it over to John McShane.

Mr. McShane said thanks Mayor. The hardest part of these is listening to Annette go through the Ordinance because it doesn't, we do this every day and you go through that and you are like what are you hearing, what are you reading, and hopefully when we get through this presentation it will put it down and you will understand what you are about to enact tonight. The Mayor is right we have been working on this specific transaction literally since we started in 2005 to issue the debt. In 2005 the City issued about \$30 million dollars' worth of debt to fund its pension, to do some capital improvements and to refinance some old debt. Since then, a couple good things have happened and a couple bad things have happened obviously. In the mid-2010 time we actually some of the bond holders came back and offered to sell their bonds back to the City which was a very good thing, at less than par, and the City took advantage of that and reduced their debt. At the same time, I think the City sold some lines to the Authority and was able to use some more money to reduce their debt so they brought that \$30 million dollars down to roughly about 15-16 at that time. Since then, the City has been doing very well making step payments. Obviously, they sold the Authority and received those funds and it helped bridge the gap because the one thing we have always wanted to do is we know the City is on the verge of taking something bad that COVID has given to it and made the best of it whether it's through COVID funds or just everything that you have enacted over the last two years. Everything from 2010 through 2022 today has helped put yourself in the position where now you are able to take some higher interest loans off the market, they are bond issued but let's just assume they are loans. We are going to take those off the market and reduce the interest rate to a lower rate. We are going to use some cash funds you have available to help get that 15 million down to something closer to 11 or 12, at a lower rate, and what's that going to do to you, it's going to put a budgeted payment in place that's going to remain the same and constant for the life of the issue at that lower rate. When it's all said and done, I hate to cut to the chase, what's the big benefit of this, when you take all that math and the lower interest cost, the cash you put in, the net-net of it is we expect you to save well over \$2 million dollars of real funds in total payments which currently it's about 2.7, the market obviously changes daily, but let's just assume it's going to be at least over 2 million that's going to go back into the budget and you will



not have to use to pay bond holders. It's your money. Now if you paid attention to the capital markets and what's going on with mortgages and the Federal Reserve, there was actually a second rate increase today for 50 base points at the short-term rate. We had all that built into the numbers into this transaction, it was very well documents it was going to happen so we built it into anything that already happened today was shown in the numbers included in that 2.7 million. We are not locking rates today but we just want to give good estimates and those are already, so don't worry that oh my gosh the FED increased rates today and they are not in here, it's in the current proposal. So, what the, if you want to turn to page 1, we went through the Market Update, currently under their refunding you have about 12.15 million outstanding at rates ranging from 5-6%. Our goal is to lower that cost. You also have a Capital Lease you entered into a couple years ago we are also going to, because it is easy to through another piece into this at zero cost, so we are going to lower that cost as well, include that. We are not going to change anything on that, just leave it the same and try to lower the interest rate on that piece as well so we will take off your debt, we will take off your Capital Lease, combine them into one and have one singular payment instead of having multiple entitles that you owe money to and we will send that off as a Bond issue. The goal of this is obviously to lower the interest cost, but more importantly is to come up with an annual payment and I said that is so important because if you turn to the second page and I want to apologize because of the way this printed out, I can't read it, but you don't need to read it, the most important part of this is on the very top right corner there's a green graph and there's also a gray graph beside it. The gray graph represents your payment stream over the next 15 years. So, if you think about your payments that you owe the bond holders, your debt service, it remains constant for the next four years then it starts to ramp up to higher levels to an extremely high level in 2030 and remains sort of at those levels for the next 5 years. It wasn't that this was the way it was structured, it wasn't structured with these increased payments. What actually ended up happening is when those bond holders came to the City in the late 2000's and offered for you to buy them back at less than you sold to them, they were the bonds that were in the short end and they went away so you didn't have to make payments on them and now these are the bonds that are left. So, we always knew that because you had such a good opportunity in 2010, we would have to problem solve in the future and that's what is going to happen here. We

are going to solve that problem of your debt service going up and oh great we are going to lower your interest costs as well and that is what this transaction accomplished. That box at the bottom, again these numbers are hard to see, but we will go through column by column, the first column is the Series A of 2005, you owe that currently today, the second column is the Series B of 2005, you owe that today, the Lease is in column three for a total payment stream today it's about, you have a half payment left this year for 462, then it's about 924, you can see how that ramps up and it would be very problematic to yourselves or future Boards later on or Council, what we are going to replace that with is the next two columns you can see the dates but new amortization 2022 labeled. Your new payment is going to remain at what you are currently budgeting. So, with the lower interest rates we are going to give you a payment that is the exact same as what you are currently budgeted without having to worry about increases going up. Once we issue this, everything is completely locked in, nothing changes, only you will have the opportunity to change it in the future so the bond holders can't come back to you and say oh we want to do this or that, only you have the opportunity to refinance it if rates go lower. So, you will lock in the rates today and hopefully in the future, if rates are lower, you will have the opportunity to do this again. Highlighted at the very bottom this is today's rates if you were doing this today, savings, cash flow-savings would be up 2.7 million. That alone would be enough to do the transaction. That's a tremendous amount of savings for such a small transaction. Most entities would do a transaction if they could save 2% so if they issued 10 million and they could save \$200,000, they would do the transaction, obviously this is 20% of that deal, it's an unbelievable amount of savings. We are just so fortunate because of everything that you as Council, that the Administration and the Mayor have done in the past three years specifically have finally allowed us to get a buy-in from everyone, from the bond insurance company to potential bond holders, that we can go up and actually lock-in rates. You wouldn't be in this position a year ago, two years ago, and five years ago, so this is a position that you built with everything you have done. You can see everything come to fruition hopefully when we lock in rates within the next couple of weeks. That's sort of how easily I can break it down. Hopefully I was able to make it sound a little bit better than the Ordinance. I would be glad to offer any questions. Also with me tonight is Ron Brown. Ron Brown is Bond Counsel for the transaction. His job is to prepare that Ordinance and make sure

that everything is filed correctly with the State, make sure that everything is done completely necessary for the bond holders and that everything fits the legal parameters that need to be completed by a City.

Mayor Cherepko said thank you John. If you look at, I mean I know you guys are not looking at the numbers, but just to put it into perspective some of those payments were roughly 900,000 and some a year. You know in four years from now that would triple our debt service would be 2.7 million would be our payment in up to 14 and 1.5 million, 1.4 for years and then up over 2 million for 2-1/2 times for multiple years. It was just something the City could not handle so with the fact that we are not only able to save the 2.7 as John said, which is 20% of the total transaction, which is incredible, but I think the most, even equally important is the fact that we will now know exactly where our payment is. It's the same payment we have now and we will be able to maintain that for well into the future.

Jim Barry said I like the predictability of it. I know up-front we are going to payment a little bit more these next couple years but that going away, that uncertainty around that bond every year, is just, it kills us, especially when you are trying to budget. So, I think this is a great move. I think that it is forward looking. I think this is going to be good for the City for the long-term too.

Mayor Cherepko said appreciate it.

President Dellapenna asked if anyone had any questions and there were none at which time everyone thanked Mr. McShane.

**ADJOURNMENT:**

President Dellapenna said that concludes the Work Session portion of the meeting.

Respectfully submitted,

Annette James  
City Clerk and Clerk of Council

APPROVED:

Richard Dellapenna  
President of Council

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