

# TOWNSHIP OF DERRY

## BOARD OF SUPERVISORS MEETING

Tuesday, February 22, 2011  
600 Clearwater Road, Hershey, Pennsylvania 17033

### **CALL TO ORDER**

The February 22, 2011 Township of Derry Board of Supervisors meeting was called to order at 7:00 p.m. by Chairman Abruzzo.

### **ROLL CALL - All present.**

E. Christopher Abruzzo, Chairman  
Sandy A. Ballard  
Kelly C. Fedeli, Vice-Chairman  
Marc A. Moyer, Secretary  
Todd Pagliarulo

### **Also Present:**

Matt Bonanno – HRG, Township Engineer  
Barbara Ellis – Director, Hershey Public Library  
Jill E. Horner – Assistant Township Manager  
Cheryl L. Lontz – Manager of Payroll & Employee Benefits  
Matthew J. Mandia – Director of Parks & Recreation  
James N. Negley - Township Manager/Township Treasurer  
Robert Piccolo – Assistant Director of Public Works  
Edward L. Small – Director of Community Development  
William D. Smith – Chief of Police  
John Yost - Solicitor  
Brenda Van Deursen - Recorder

**Public Present:** Jay Robertson, Matt Weir, Elvira Ebling, Sally Zaino, John Foley, Donna Kreiser, Tom Hoover, Andrew Hoover, Ralph Watters, Rochelle Dourte, Dennis Trout

**Press Present:** Drew Weidman, the Sun

### **Executive Session:**

Chairman Abruzzo announced the Board of Supervisors met in executive session prior to this meeting to discuss land, legal, and personnel issues.

**Chairman Abruzzo advised that all public meetings are recorded for providing accurate minutes.**

### **VISITOR/PUBLIC COMMENT:**

Matt Weir – Church Road – Mr. Weir said at the recent Environmental Action Committee meeting they passed around the Township newsletter. He thanked the Board and the staff for how professionally it was done. The comments were very good and contained good information. Anyone who contacted the staff at Derry Township to have input into the

newsletter was treated very respectfully. It's so easy when you come to a meeting with an agenda to categorize items as large, expensive and important and other items small, insignificant, and expendable. It is a lot of the small things that develop pride in a community. Asst. Manager Jill Horner was instrumental in putting the newsletter together.

**APPROVAL OF MINUTES:**

Chairman Abruzzo called for a motion to approve the Minutes of the February 8, 2011, Board of Supervisors Meeting. Vice-Chairman Fedeli made a motion to approve the Minutes as written. Supervisor Moyer seconded. *The motion carried, 5-0.*

**NEW BUSINESS:**

**A1-29 Consideration of Ordinance No. 606, authorizing and directing the issuance of a Series of General Obligation Bonds, Series 2011 in the aggregate principal amount of \$3,960,000 for the purpose of refunding the Derry Township Municipal Authority Series 2006 Bond.**

James N. Negley - Township Manager/Township Treasurer – The Township has an opportunity to undertake the issuance of General Obligation Bonds for the refunding portion of the Derry Township Municipal Authority's (DTMA) outstanding Guaranteed Sewer Revenue Bonds. It is a Series 2006. In the past several DTMA offers, the Township has served as Bond Guarantor and issuer. Because of the present situation in Dauphin County and Central Pennsylvania, our Finance Team recommends that the refunding bonds be issued by the Township for DTMA. The Township and the Authority would then enter into a Subsidy Agreement for the payment of debt so it would not cost the tax payers.

Lou Verdelli, RBC Capital Markets – Mr. Verdelli said this bond issue is approaching its call date. They reviewed interest rates in the market looking at DTMA issuing their own bonds again and looking at the Township issuing the bonds on behalf of the Authority. They found it will produce a savings of about a quarter of a percent if the Township issues the bonds and enters into the Subsidy Agreement whereby the Authority makes 100% of the debt service payment.

Mr. Verdelli explained that Mr. Watters was working with the DTMA Board to look at budgets, impacts of revenues and expenses with their operations and some of the things happening with customers. They determined it would be an appropriate time to take advantage of not only good interest rates, but of restructuring this 2006 Issue to produce larger amounts of savings in the next few years to deal with some of those budgetary pressures.

The new issue is 5 years longer in term than the current 2006 Bond. They are extending the maturity, but the debt service due at the Authority this year will be \$300,000 lower, \$200,000 lower in 2012, and then \$100,000 each year from 2013 through 2020. At that point the payments will be new payments, but the Authority's overall total debt is dropping down. Several analyses were run to try and minimize the cost. He noted the present value cost is only \$47,000 of additional debt service payment because of how low interest rates are today. The new issue size is \$3,975,000 and the bond rate is 3.47%.

Mr. Verdelli noted the Township's credit rating of AA+ with a positive outlook was an important factor. Derry Township has the second highest credit rating in the state of Pennsylvania.

Mr. Verdelli explained the amount of the financing, how much will be needed to pay off the old 2006 Bonds and the costs of issuance which will be paid by the Authority. The Township is not incurring any costs as a result of undertaking this issuance.

The two main reasons for this recommendation are, first, investors have become reluctant to purchase guaranteed revenue bonds due to the news coverage of the City of Harrisburg not fulfilling its obligations as the guarantor of bonds issued by the Harrisburg Authority, and secondly, DTMA will be able to preserve current funds as opposed to being required to deposit them into a Debt Service Reserve Fund if they issue additional bonds.

Mr. Verdelli said Standard & Poor does a very good job of also commenting on any interest rate swaps the Township may have outstanding. He pointed out that in the Debt Derivative Profile their ranking scale is 1-4, one being the lowest risk. They have assigned a 2 or low credit risk for the Township having one interest rate swap outstanding. They comment on the low degree of involuntary termination risks, highly rated swap counterparty, and the adequate management practices the Township has in place to monitor the one swap.

Supervisor Moyer said his understanding is that by doing this we are in essence going to be paying \$47,000 present value of money in order to lower our debt service \$300,000 the first year, \$200,000 the second year, and \$100,000 for the next eight years. He asked if the Township or DTMA would receive any additional benefit from the restructuring other than paying less in the short term. Mr. Verdelli said the Township is not recognizing any savings because the Authority is making 100% of these payments. The benefits to the Authority are the restructuring of the payments resulting in a significant reduction in their debt service payments over the next ten year and the interest rate is a quarter of a percent lower.

Supervisor Ballard referred to a memo sent to Mr. Negley which indicated there would be no impact to the Township's borrowing capacity because the new bonds will be shown as subsidized debt on our debt statement. Even though we are guaranteeing the debt, it will have no affect on our credit rating or our ability to borrow money in the future. Mr. Verdelli said that was correct. He said the Township's credit rating has stayed the same with the Township issuing debt the last two times on DTMA's behalf. One of the things the Rating Agency asks for is the subsidy agreement to check that the Authority has revenues to pay the debt and it does not impact the Township's debt statement. It is shown as new debt, but is backed out as self-liquidating debt.

Chairman Abruzzo asked Mr. Watters to advise the Board of his position on the restructuring and what the initial savings will do for the Authority and the rate payers.

Mr. Ralph Watters, DTMA – Mr. Watters said the last projection they ran a few weeks ago, the present value cost was over a \$100,000. It is now down to half of what was anticipated. We are trying to proactively think about what is coming in the next couple of years. Construction is a significant source of income for our Township. When developments come into our service area, there is a contribution made from those developers called connection or tapping fees. Because of the economy, that revenue has decreased. We had projects through the approval process ready to be constructed and because of the economy they were pulled and not developed. There are some things going on with our larger industrial customers that may result in reducing the water flow and thus the billings from them. We are trying to not get in a position where we really press our budget.

Chairman Abruzzo said even though we are extending the debt service for five years, there are significant benefits to DTMA and the rate payers to restructure now. We have staved off rate increases to our residents for the last couple of years, but it is getting tougher because we have less and less development in the Township as a result of the bad economy. We don't have increased fees coming into the Authority. This is at least one positive step towards helping to defray any potential rate increase in the next year or two.

Mr. Verdelli said this is the smallest bond issue the Authority has outstanding and it is also the last issue that has a call date for several years. If there is any pressure over the next couple of years, this really is the last chance to take advantage of the market.

**Motion:** A motion made by Supervisor Moyer and seconded by Supervisor Ballard that Ordinance No. 606, authorizing and directing the issuance of a series of General Obligation Bonds in the aggregate principal amount of \$3,975,000, is hereby approved. ***The motion carried, 5-0.***

**B1-2 Consideration of Ordinance No. 607, authorizing and directing the issuance of a Bank Note in the principal amount of \$1,300,000 for the purpose of purchasing Rescue and Pumper Fire Trucks for the Hershey Volunteer Fire Department.**

James N. Negley - Township Manager/Township Treasurer – In September of 2010, the Board approved the purchase of a new Rescue Truck in the amount of \$618,969 and a Pumper in the amount of \$604,313 for the Hershey Volunteer Fire Department. The Rescue is near completion and the Township will be required to pay at the time of delivery. The Pumper is expected to be ready for delivery in July. The amount of the note will be \$1.3 million and it will be structured as a drawdown line of credit which will allow the Township to draw funds as needed and may be prepayable at any time. The Township, through the Hershey Volunteer Fire Department, applied for gaming funds from Dauphin County for these trucks. On February 9, 2011, Mr. Negley was notified that the Township would receive \$595,000 from the gaming funds to apply toward this Note.

Mr. Verdelli explained the flexible line of credit. A proposal was developed for a line of credit where you can access the funds and repay them and you are only charged interest on the amount that's been drawn down. This proposal was submitted to all the banks that have branches in the Township. The proposers were asked to submit a formula that would be a variable rate because one of the other ways to get the lowest interest rate in this market is to have a variable interest rate that will be changing. The banks are much more forgiving as far as prepayments when they are structured as variable. Six banks responded and the best proposal came from Fulton Bank. Their formula was 60% of prime. Right now prime is three and a quarter and 60% of that is a 1.95%, which is what the rate would be today. They have a floor where you can't go below and Fulton's rate was 2% for the first year and will bump up to 2.20% after the first year. They had very low costs in terms of upfront fees when compared to the other five responses and had all the flexibilities that we needed. The loan is spread over 10 years and the requested closing date is March 17<sup>th</sup> so that the funds would be available immediately at that point.

Supervisor Ballard asked if the cost of the financing could be rolled into the grant proposal. Mgr. Negley said it could. She asked when we would receive the gaming funds. Mgr. Negley said we should receive the funds sometime after April. The funds would not be available in

time to pick up the first piece of apparatus, but would be available prior to when we would be required to make any payment on the loan. The cost of the financing and any interest would be pushed into the next grant proposal for the next apparatus.

Chairman Abruzzo said one application was made to the Gaming Board and we received a commitment from them for \$595,000. We weren't expecting to get \$1.3 million dollars in the first attempt, but we did receive more than we thought we would. We will apply again next year and hopefully get the remaining balance. Even if the Township has to provide a small amount of money, it would be well worth it. Supervisor Fedeli added that the Fire Company is in dire need of this equipment. We were very fortunate to get the first grant and are very optimistic we will receive a second grant.

Supervisor Moyer said we achieved a large cost savings by buying the apparatuses now as opposed to later. He is appreciative of the County Commissioner's efforts and their recognition of the uniqueness of Derry Township for the need for state of the art fire equipment because of all the entertainment venues. It not only will protect the health and safety of our citizens, but also those who come to visit Derry Township as well.

**Motion:** A motion made by Supervisor Pagliarulo and seconded by Vice-Chairman Fedeli that Ordinance No. 607, authorizing and directing the issuance of a series Note in the principal amount of \$1,300,000, is hereby approved. *The motion carried, 5-0.*

**C1-3 Resolution No. 1300, approving the Application for County Aid from Dauphin County for the Park Boulevard Relocation and Bridge Replacement Project Preliminary Engineering Phase.**

James N. Negley - Township Manager/Township Treasurer – Mgr. Negley said this resolution requests financial aid from Dauphin County for the Park Boulevard Relocation and Bridge Replacement Project to pay for the preliminary engineering phase. The Township is seeking \$650,000 from the County's Liquid Fuel Funds to pay for the preliminary engineering phase services. It is the Township's understanding the County is agreeable to providing this aid and we are grateful for any assistance we can get from the County on this.

Supervisor Ballard asked for a summary of the Park Boulevard Relocation project. Mgr. Negley said the Township owns two bridges, the Lingle Avenue Bridge and the Park Boulevard Bridge. The Park Boulevard Bridge is the bridge near Chocolate World. It is adequate now, but it will fail in approximately 10 years. We have been saving for this bridge for a number of years in trying to limit the Township's capital exposure. The first phase of any project is a preliminary engineering phase. This is an expensive proposition and would take nearly all the money the Township has saved for this.

Vice-Chairman Fedeli said this project will not only help with the relocation of the bridge but it also will reroute and straighten the "wavy" road that goes around Chocolate World.

Chairman Abruzzo said the County has an interest to help with this project because it may actually create more useable space for the Hershey entities, which would be a good thing. We get the benefit of having a bridge and a safer road placed in the Township for a small commitment on our part. No plans have been approved yet.

Supervisor Ballard added that this will be done only after Lingle and Cocoa are completed.

**Motion:** A motion made by Supervisor Moyer and seconded by Supervisor Ballard that Resolution No. 1300, approval of the Application for County Aid from Dauphin County for the Park Boulevard Relocation and Bridge Replacement Project Preliminary Engineering Phase, is hereby approved. *The motion carried, 5-0.*

**D1-4 Request to hold the 2<sup>nd</sup> Annual Hershey Half Marathon on Sunday, October 16, 2011 at 7:00 a.m.**

William D. Smith – Chief of Police – All events of this nature that require PA state road closures must be approved by the Board of Supervisors. This is the 2<sup>nd</sup> Annual Hershey Marathon Run of 13.1 miles.

Jay Robertson, HE&R – Mr. Robertson said the marathon and the route have changed drastically from last year. The vast majority of the route, 7.2 miles, is directly on HE&R property. He met with the Ministerium twice and their comments were favorable. Changes were made with the race course and the race structure itself in that we will no longer hold to an 18 minute minimum for the race rate. It is now a 14 minute pace. The walkers will begin at 7:00 a.m. and the race starts at 8:00 a.m. due to the daylight time. No strollers are allowed this year.

Vice-Chairman Fedeli thanked Mr. Robertson for meeting with the Ministerium. Supervisor Ballard mentioned because we have to involve some of our police officers and staff time, we will again bill HERCO.

**Motion:** A motion made by Supervisor Pagliarulo and seconded by Supervisor Moyer that the request to hold the 2<sup>nd</sup> Annual Hershey Half Marathon on Sunday, October 16, 2011 starting at 7:00 a.m., is hereby approved. *The motion carried, 5-0.*

**E1-3 Consideration of the acceptance of a substitute form of the security provided for road repair on North Lingle Avenue for the Preliminary/Final Land Development Plan for Eastern Land and Resources Corporation, Plat No. 994.**

Edward L. Small – Director of Community Development – Mr. Small reported this is a request to change the form of the security from a Letter of Credit to cash, which is a very acceptable form of change of security. It involves no release, but it might make them eligible with a more liquid form of security.

**Motion:** A motion made by Supervisor Ballard and seconded by Vice-Chairman Fedeli that the Township hereby authorizes staff to accept replacement security in the form of cash in the amount of the current balance of Letter of Credit No. 3054931, namely, \$36,168.25, to hold in fulfillment of the March 19, 2003 Agreement, provided that the cash is supplied by March 16, 2011, or, in the alternative, staff is authorized to draw the balance of the above Letter of Credit, for the Preliminary/Final Land Development Plan for Eastern Land and Resources Corporation, Plat #994, is hereby approved. *The motion carried, 5-0.*

**F1-4 Authorization to enter into a Partnership in Stewardship Pledge Agreement with the Manada Conservancy.**

Matthew J. Mandia – Director of Parks & Recreation – Mr. Mandia said the Board is being requested to consider entering into the Swatara Greenway Stewardship Program and to also execute a pledge form. This was presented to the Parks & Recreation Advisory Board in which

they recommended approval to entering into this program. Sally Zaino and Rochelle Dourte were present tonight on behalf of the Manada Conservancy.

Mr. Mandia said the Conservancy is requesting the Township become a member of the program to formalize our commitment to the preservation and health of the Swatara Creek. The pledge outlines ways we can continue our efforts of creating and maintaining a healthy streamside buffer along property adjacent to Swatara Creek and its tributaries that the Township owns. It would also be understood that the Township could remove invasive species from these areas if determined necessary. The participation in the program is for three years understanding that there is no permanent commitment and the Township is not forfeiting any property rights or altering any restrictions on their deeds by becoming a partner. As a member, the Township would become an honorary member of The Manada Conservancy and would be recognized for their contribution to the health of the Swatara Creek Watershed and the goal of creating a protected corridor along the Swatara Creek in Dauphin County.

Supervisor Moyer asked if there was any cost to the Township. Mr. Mandia said there was not.

Supervisor Moyer asked if compliance with this agreement would negatively impact our ability to manage our lands. Mr. Mandia said it would not. He has had extensive conversations with the Public Works Dept. and they are on board.

Chairman Abruzzo asked what is meant by evasive species. Mr. Mandia said it is vine-type plants and other species that aren't healthy. Sally Zaino said it is not a requirement to remove the species, just a recommendation to enhance the health of the buffer.

Chairman Abruzzo added that being good stewards of Swatara Creek is consistent with the vision of the Parks and Rec Board.

**Motion:** A motion made by Supervisor Moyer and seconded by Supervisor Pagliarulo that authorization is granted to enter into the Swatara Greenway Stewardship Program by executing the Partner in Stewardship Pledge, is hereby approved. ***The motion carried, 5-0.***

**G1-5 Authorization to advertise an ordinance amending the Township's Motor Vehicle and Traffic Ordinance No. 553, Chapter 210, Article IV, Sections 210-43 and 210-38, restricting Stopping, Standing or Parking on Roadway for Loading or Unloading and Parking Prohibited at all Times - on Homestead Road.**

William D. Smith – Chief of Police - Chief Smith said as a result of modifications to the Derry Township School District, traffic congestion at the complex has increased especially at the start times. This resulted in vehicles stopping along Homestead Road and discharging students. Therefore, students were crossing where they should not have been crossing, which is a safety issue. Currently, Homestead Road is no parking, but you can pull over, stop, and unload. Both the Police Department and the School District officials have discussed this for months to come to the best solution for the safety of the students.

Vice-Chairman Fedeli asked if there is increased enforcement planned for this area now that we will have restrictions and who pays for the signs. Chief Smith said his department would have to enforce the area. We would pay for the signs because it is a Township roadway. He added that the new signs will be placed on the current poles.

**Motion:** A motion made by Supervisor Moyer and seconded by Vice-Chairman Fedeli that authorization to advertise an ordinance amending the Township's Motor Vehicle and Traffic Ordinance No. 553, Chapter 210, Article IV, Sections 210-43, Stopping, standing or parking on roadway for loading or unloading, by establishing this parking restriction on Homestead Road and by removing the current parking restriction located in Section 210-38, Parking Prohibited at all Times in certain location, is hereby approved. *The motion carried, 5-0.*

**H1-5 Authorization to advertise an ordinance amending the Township's Motor Vehicle and Traffic Ordinance No. 553, Chapter 210, Article IV, Sections 210-43 and 210-38, restricting Stopping, Standing or Parking on Roadway for Loading or Unloading - on Meadow Lane from Homestead Road to Para Avenue.**

William D. Smith – Chief of Police – Chief Smith said this is an extenuation of the area that we want to protect in the previous agenda item.

**Motion:** A motion made by Supervisor Ballard and seconded by Chairman Abruzzo that authorization to advertise an ordinance, amending the Township's Motor Vehicle and Traffic Ordinance No. 553, Chapter 210, Article IV, Sections 210-43, Stopping, Standing or Parking on Roadway for Loading or Unloading, by establishing a parking, standing and stopping restriction on Meadow Lane from Homestead Road to Para Avenue, on both sides of the highway, is hereby approved. *The motion carried, 5-0.*

**I1-2 Adoption of Resolution No. 1299 designating the Township of Derry's intent to suspend banners across SR 0422 announcing various events.**

**Motion:** A motion made by Supervisor Pagliarulo and seconded by Supervisor Moyer that Resolution No. 1299 designating the Township of Derry's intent to suspend banners across SR 0422 announcing various events, is hereby approved. *The motion carried, 5-0.*

**CORRESPONDENCE**

No correspondence to report.

**BOARD/COMMITTEE INFORMATION**

Vice-Chairman Fedeli mentioned there are great things happening at the Hershey Library. At no time since she has been on the Board, has the Library been more vital, energetic and creative in terms of providing programs and services to residents. She added this comes at a time when funding especially from the State has never been lower. She commended Ms. Ellis and her staff for thinking outside the box and continuing to be motivated.

**REPORTS**

William D. Smith – Chief of Police – Mr. Smith reported the proceeds from "getting Cocoa out of Jail" went to breast cancer.

Robert Piccolo – Assistant Director of Public Works – No report. Chairman Abruzzo commented on the good job with the most recent snow.

Barbara Ellis – Director, Hershey Public Library – Ms. Ellis said they are excited about the programs occurring at the Library. January and February were focused on the civility theme along with creating kindness. We have a vitalized team group committed in keeping this theme running throughout the year.



Ms. Ellis reported the specs are almost completed for the redesign project and we will soon be ready to make purchases.

Cheryl L. Lontz – Manager of Payroll & Employee Benefits – Ms. Lontz reported the auditors, Hamilton & Musser will be here in mid-May to begin the audit and then again the first week of June to complete the audit.

Matthew J. Mandia – Director of Parks & Recreation – Mr. Mandia announced they are hosting the annual PIAA Swim Meet at the Rec Center this Saturday.

Matt Bonanno – HRG, Township Engineer – Mr. Bonanno reported we have received the federal permit for work on Cocoa Avenue. We also received the two signed easements from the Trust. Once the Township signs off, they will be sent to DEP so they can issue the state permit. Once we receive the state permit, we will be ready to go out to bid.

Supervisor Ballard thanked Mr. Small for the update he gave the Supervisors regarding the properties at 228 & 238 Hockersville Road. She noted the violations and concerns were from 1989 and hopes this gets rectified soon.

Jill E. Horner – Assistant Township Manager – Ms. Horner reported a steady number of residents registered for the rain barrel workshop that will be held at the Library in April.

James N. Negley - Township Manager/Township Treasurer – Mr. Negley reported the passing of one of the Township's employees. Frank Malloy passed away on Saturday morning. He was a long term employee and will be greatly missed.

**APPROVAL OF ACCOUNTS PAYABLE (\$536,821.80) AND PAYROLL (\$288,755.43).**

Vice-Chairman Fedeli moved to approve accounts payable in the amount of \$536,821.80 and payroll in the amount of \$288,755.43. Supervisor Ballard seconded. ***The motion carried, 5-0.***

**VISITOR/PUBLIC COMMENTS**

Chairman Abruzzo acknowledged two scouts who were in the audience.

Andrew Hoover, Jacobs Creek, is with Troop 203 and is working on his Communication Merit badge.

Dillon Gruver is with Troop 200 and is working on his Communication Merit and Citizenship in the Community badges

Supervisor Moyer commended Chief Smith and his department for their diligence in how quickly and responsively they search for missing children.

**ADJOURNMENT**

Chairman Abruzzo adjourned the meeting at 8:25 p.m.

SUBMITTED BY:

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Marc A. Moyer  
Township Secretary

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Brenda Van Deursen  
Recording Secretary