

**DERRY TOWNSHIP
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
600 CLEARWATER ROAD, HERSHEY, PENNSYLVANIA 17033
MEETING MINUTES
September 20, 2012**

CALL TO ORDER

Chairman James Ingalzo called the September 20, 2012 meeting of the Derry Township Industrial & Commercial Development Authority to order at 6:00 p.m.

PLEDGE OF ALLEGIANCE

All present stood for the Pledge of Allegiance.

ROLL CALL

Members Present:

Domenick Argento
Justin Engle
John Foley
James Ingalzo, Chairman

Members Absent:

Chris Abruzzo

Also Present:

James N. Negley, Manager, Assistant Treasurer, Assistant Secretary
Marie Sirkot, Administrative Assistant
Barbara Zemlock, Solicitor, Post & Schell
Ardith Yahner, Stenographer

Public Present:

Mike Klinepeter, Pyramid Construction
Diana Reed, Diana Reed and Associates
David Rodney, Pyramid Construction
Timothy Shuey, Pyramid Construction
Rodney Sonderman, Hershey Volunteer Fire Dept.
Diane Tokarsky, Attorney, McNees Wallace & Nurick

Chairman Ingalzo advised that it is the policy of the Authority to tape all public meetings for the purpose of providing accurate minutes.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

Mr. Foley made a motion to approve the minutes from the May 17, 2012 meeting.
Mr. Argento seconded the motion. **Motion carried, 4-0.**

UPDATE OF HERSHEY VOLUNTEER FIRE DEPARTMENT PROJECT

Rodney Sonderman, Assistant Chief of the Hershey Volunteer Fire Dept. introduced the following attendees: Diane Tokarsky, legal counsel, McNees, Wallace & Nurick; Mike Klinepeter, Pyramid Construction; David Rodney, Pyramid Construction; and Tim Shuey, Pyramid Construction. Mr. Sonderman reported slow progress, but they are moving forward and the site is definitely Caracas Avenue. The Cagnoli property is under contract. However, financing has not yet been secured. HVFD asked the Hershey Trust for property to the east and west of the current fire station. The Trust also agreed to add the property north along the alley. This additional property will allow for much needed parking space.

A Capital Campaign committee has been put together with Pete Gurt and Ray Brace as co-chairmen. The first meeting will take place on October 10. Additional RACP funding may be available. One area that the Fire Dept. will need assistance is with the paperwork for the RACP. Matt Tunnell has agreed to be a consultant, but cannot create the needed documents. Therefore, the Fire Dept. will need to secure someone who can help them with the documentation and paperwork.

Chairman Inganzo asked for questions or comments from the Board members.

Mr. Foley told the Board that he spoke with Solicitor Zemlock and asked her to get in touch with Ms. Tokarsky regarding this project. There will be a financing component and the Board of Supervisors is aware of this. Mr. Foley believes they are looking to the ICDA to be the conduit and/or facilitator for this project. The ICDA and the Fire Dept. need to formulate the appropriate structure to facilitate that. Mr. Foley has asked both counsels for recommendations so that both parties know what they should be doing to move ahead with the project.

Chairman Inganzo agreed that a working relationship must be developed to allow the Fire Dept. to meet its goals. The Board of Supervisors would have to approve any ICDA financing.

Chairman Inganzo asked whether appraisals have been done on the two Cagnoli properties. Mr. Sonderman replied they have been appraised at \$425,000 for both of the properties. The Fire Dept. has put down a \$40,000 deposit with a November 23 date for contract closing. Mr. Engle asked how much of the \$40,000 is non-refundable. Ms. Tokarsky replied that all of the deposit is non-refundable. There are some contingencies. Council has approached The Hershey Company who has been in touch with The Hershey Trust. Their consent is needed under old deeds.

Solicitor Zemlock thought that the ICDA was simply to be the applicant on the RACP grant and help facilitate the application process. If there is an expectation or desire that the ICDA be involved in additional financing, Solicitor Zemlock is not clear on what exactly the Fire Dept. would like them to do.

Ms. Tokarsky replied that the Fire Dept. knows what funds are available through the RACP and what the funds can and cannot be used for. The RACP funds can be used for the land acquisition. At that time the Fire Dept. has the option of how to finance their project. They can go to a local bank and use the ICDA as a conduit to make the RACP grant application, or explore bond financing to see what that cost would be. Solicitor Zemlock replied the ICDA would be as supportive as possible within its limitations.

Ms. Tokarsky advised that Pyramid Construction has done schematics so that the fund raising committee can actually show prospective donors what the finished project will look like. Also, there has been discussion regarding relief association funds and whether any of that money can be used for this project. Finally, it will be a matter of whether it is cheaper to finance through the bank or the ICDA.

Solicitor Zemlock asked whether the ICDA should create another resolution to include additional, potential RACP dollars. Ms. Tokarsky replied that additional RACP funds would require another resolution because the resolution must be in place before money can be spent against the fund.

Mr. Argento inquired about the status of the additional RACP funds and brought up the legislation in Harrisburg to eliminate old grants. Should this legislation pass, will this affect the money promised to the Fire Dept.? Mr. Sonderman replied they have inquired several times this year and the money is still there for them.

When asked by Mr. Engle what the project budget is, Mr. Sonderman replied the construction budget is \$5,400,000. The Cagnoli property cost is \$800,000. To date, \$27,000 has been spent on the fund raising package paid for by the Fire Dept. Mr. Engle asked what happens if this project goes over budget? What would the ICDA's responsibility be, since the control of the project is in the hands of the Fire Dept.?

Solicitor Zemlock replied the ICDA Board has policy decisions to make. There is a concern with conduit financing, as there is no revenue stream. The Authority has to determine what it can do if it is asked to be the financier of some or the entire project. Depending on what is requested, the ICDA may not be able to do it. If the ICDA is asked to issue a bond or a note and there is no type of collateral or guarantee backing the debt service payments, the Authority may not be able to provide financing.

Chairman Ingalzo asked whether there would be a problem using RACP funds because the price asked for the Cagnoli property is so much higher than the appraised value. Ms. Tokarsky said they probably would not fund beyond the appraised value. The Fire Dept. has to have financing in advance and then ask for reimbursement. The existing firehouse is valued at \$1.5 million and is unencumbered.

Mr. Foley added that there would not be a request for any note or bond issuance by the Township unless there is a corresponding contractual commitment from capable donors. There is one firm commitment at this time.

Mr. Engle advised he still has many questions and is not sure that everything can be accomplished within the time available. He asked whether the 5.4 million budget includes a contingency. Ms. Tokarsky assured the Board that the Fire Dept. will not ask for the ICDA's help without having firm numbers to show them. If the Fire Dept. needs the assistance of the ICDA, we will provide those numbers.

Chairman Ingalzo asked Mr. Sonderman how the Fire Dept. would meet the financial obligations of the loan if they purchase the Cagnoli property at a price of \$800,000 and only receive \$425,000 from RACP. Mr. Sonderman replied that they could most likely use the PA Firemen's Relief Association as a vehicle to borrow against. This relief association is funded by a tax on non-PA insurance companies. This money is then distributed to fire companies by population. Hershey Fire Company gets about \$300,000 per year. The fund is restricted as to what it can be used for and has not been used in a long while. Mr. Foley explained that in the event of catastrophic loss, such as a firefighter dying, this fund provides money to the family for burial expenses and other expenses until their insurance funds become available.

Mr. Engle suggested a consultant would be a good idea—someone to coordinate all parts of the process. Ms. Tokarsky suggested Matt Tunnell. Mr. Argento mentioned Rick Drayer as well.

Chairman Ingalzo thanked the Fire Dept. and associates for coming. He advised that the ICDA would help in whatever way possible.

At 6:50 p.m., Chairman Ingalzo adjourned the meeting so the Board could go into Executive Session to discuss legal matters relating to the municipal bond industry settlement.

The ICDA Board Meeting reconvened at 7:25 p.m.

CONSIDERATION OF ATTORNEY GENERAL SETTLEMENT RELATING TO MUNICIPAL BOND INDUSTRY (ZEMLOCK)

After some discussion it was decided that this settlement could be approved, contingent on pending review by ICDA legal counsel. Motion to approve by Mr. Engle, seconded by Mr. Argento. **Motion carried, 4-0.**

OTHER BUSINESS TO COME BEFORE THE BOARD

No other business to discuss.

PUBLIC COMMENT

No public comment.

ADJOURNMENT

Mr. Foley made a motion to adjourn the meeting. Mr. Argento seconded the motion. **Motion carried, 4-0.**

Chairman Ingalzo adjourned the meeting at 7:30 p.m.

Respectfully submitted by:

James N. Negley, Manager/Assistant Treasurer/Assistant Secretary