

**DERRY TOWNSHIP
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
600 CLEARWATER ROAD, HERSHEY, PENNSYLVANIA 17033
November 29, 2007
MEETING MINUTES**

CALL TO ORDER

Chairman Scot Chadwick called the November meeting of the Derry Township Industrial & Commercial Development Authority to order at 5:30 p.m.

PLEDGE OF ALLEGIANCE

All present stood for the Pledge of Allegiance.

ROLL CALL

Members Present:

J. Scot Chadwick, Chairman
August T. Memmi, Secretary
Todd Pagliarulo, Vice Chairman
Michael Pries

Members Absent:

Richard Lenker, Jr.

Also Present:

Joseph Caraciolo, Foreman & Foreman, P.C.
James N. Negley, Manager/Treasurer/Asst. Secretary
Marie Sirkot, Administrative Assistant
Brenda Van Deursen, Stenographer

Public Present:

Dave Lavery, HE&R
Dave Boyer, Buchart Horn
Becky Delia, PNC
Bruce Yerger, Buchart Horn
Bill Davies, HE&R
Lou Verdelli, RBC

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

Mr. Memmi moved and Mr. Pagliarulo seconded the approval of the minutes of the October 18, 2007 meeting.

Motion carried, 4-0.

“OLD” MUNICIPAL BUILDING DEVELOPMENT PROJECT (CONSIDERATION OF GROUND LEASE EXTENSION WITH DERRY LODGING)

Solicitor Joseph Caraciolo reported the ground lease for this project expires 11/30/07 and certain conditions according to the lease have not been met. In order to avoid having the lease expire, the ground lease needs to be amended to set the expiration time for March 31, 2008 with delivery time of April 10, 2008.

Mr. Pagliarulo moved and Mr. Memmi seconded to authorize the amendment of the ground lease with Derry Lodging.

Motion carried, 4-0.

Mr. Memmi announced that earlier today, Mr. Verdelli had been monitoring variable rates on behalf of the Township, ICDA, and HE&R. He indicated Mr. Verdelli is starting to see significant increases in the interest rates of our loans for the Intermodal Center and the Museum project. Mr. Memmi suggested the Board consider swapping them to a fixed rate instrument instead of the variable rate they are paying now.

Bill Davies, HE&R explained there are two projects based on variable rate debt. First, the Museum project that is currently under construction. It is a \$9 million dollar facility, which was funded by PNC Bank. The second is the Intermodal that has two pieces of debt that again is funded by PNC Bank.

Mr. Davies explained there is an opportunity to lock in the perspective swap, which will fix the interest rate over the long term. This will reduce the risk for the Authority and for the credit providers as well as for the Foundation, Museum, HE&R, and the Township. The rate today from the Museum

perspective to lock in around July 1 is 4.28%. The parking garage perspective would be anywhere between 4.18 and 4.21%. Mr. Davies indicated they are evaluating the steps and approval necessary to lock in these rates.

Lou Verdelli, RBC – Mr. Verdelli said he spoke to Donna Kreiser, Buchanan Ingersoll, Bond Council on the Intermodal financing as well as Bond Council on the Museum financing. He had asked her what formal authorization would be needed in order to actually consummate a transaction. She indicated the authority would need to give a verbal non-binding authorization to the team and start-off paperwork completed to officially lock in a rate. He suggested a special meeting to accelerate the preparations to get the locked-in market rate.

Mr. Verdelli explained because the Township guarantees the payments on the Intermodal and Museum projects, they would have to adopt an ordinance guaranteeing the swap payments and adopt this interest rate management plan. Mr. Verdelli shared that by locking in the rate, it might possibly mitigate some risk to the Township.

Mr. Memmi asked if this should be in separate motions so that language can be added to the Museum piece and make it contingent upon approval of the Foundation Board to move forward.

Solicitor Caraciolo said it would have to be advertised. Chairman Chadwick asked the Board if they had any comment and then asked for any public comment. No one came forward.

Mr. Memmi shared that no one received this information prior to coming to the meeting. It was very important to bring it to the Board's attention this evening because of the way the markets are reacting; our advisors thought it was very important to bring it to the Board's attention this evening.

Mr. Memmi moved and Mr. Pagliarulo seconded for Derry Township Industrial and Commercial Development Authority to permit the financial team to begin the process of putting together a SWAP proposal for the Museum contingent upon the Foundation Board reviewing and agreeing this is a good idea and bringing it back to ICDA as they deem appropriate whether it be by special meeting or for the regular meeting on December 20th.

Motion carried, 4-0.

Mr. Memmi moved and Mr. Pagliarulo seconded that Derry Township Industrial and Commercial Development Authority permit the financial team to move forward to provide the proper documentation and appropriate paperwork necessary to engage in the swap for both the 2004 and 2006 finances for the Intermodal facility and allow them to prepare the management plan that will be necessary to take forward to the Board of Supervisors and the Industrial & Commercial Development Authority for approval whether it be by special meeting or by the regular meeting and also to go to the Board of Supervisors for their meeting of December 18th.

Motion carried, 4-0.

There was discussion regarding time involved for advertising. Mr. Memmi suggested advertising in the Patriot News, which could be done in a matter of a few days. The solicitor stated that the publication needs to be in a paper of general circulation within the community. He believes The Patriot News would qualify.

Mr. Pagliarulo moved and Mr. Pries seconded to have a special meeting for the purposes outlined above on Thursday, December 6, 2007 at 5:00 p.m.

Motion carried, 4-0.

Mr. Negley asked Mr. Verdelli to request in writing for this to be put on the Agenda for the Board of Supervisors meeting by 9:00 a.m. tomorrow.

Mr. Memmi thanked Lou Verdelli, Becky Delia, and Bill Davies for their work in such little time. He also thanked the Board for spending the time for discussion. Chairman Chadwick thanked them as well for being proactive in looking out for their interest.

INTERMODAL TRANSPORTATION FACILITY PROJECT

Dave Boyer of Buchart Horn reported the project is 100% complete and 96% of the costs paid out. Mr. Boyer said the bus station and bridge are very close to completion. He shared the work will begin Monday, December 3rd on Park Blvd. and Ridge Road intersection and take a few weeks to complete. He said they are currently investigating a fire protection-piping leak.

He mentioned the Department of Labor certification has been granted. Application for supplemental funding goes through the Department of Transportation for the release process. They anticipate the grant document for \$415,000 likely to be approved in the next 3 weeks and the \$250,000 shortly thereafter.

Mr. Memmi mentioned that CAT is looking towards the latter part of December to begin using the facility. Manager Negley said CAT and COLT are anxious to do so, but still waiting for authorization to proceed, and it is approximately 4 weeks out yet.

Mr. Memmi asked Dave Lavery, HE&R if we are still within the budgetary restraints. Mr. Lavery said that they are.

PUBLIC COMMENT

No public comment.

ADJOURNMENT

Chairman Chadwick asked for a motion to adjourn. Mr. Pagliarulo moved and Mr. Pries seconded the motion.

Motion carried, 4-0.

Meeting adjourned at 6:10 p.m.

Approved:

James N. Negley
Manager/Treasurer/Assistant Secretary

bvd