

**DERRY TOWNSHIP
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
600 CLEARWATER ROAD, HERSHEY, PENNSYLVANIA 17033
September 18, 2008
MEETING MINUTES**

CALL TO ORDER

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

PLEDGE OF ALLEGIANCE

All present stood for the Pledge of Allegiance.

ROLL CALL

Members Present:

J. Scot Chadwick, Chairman
Todd Pagliarulo, Vice Chairman
Michael H. W. Pries
James Ingalzo

Members Absent:

August T. (Skip) Memmi, Secretary

Also Present:

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

Public Present:

Bill Davies, H.E. & R.
Tom Fowlston, PNC Bank
Diana Reed, Diana M. Reed & Associates
Frank "Chick" Tulli, Greenlee Partners
Clint Cullison, Greenlee Partners

Chairman Chadwick advised all those present that it is the policy of the Authority to tape all meetings for the purpose of providing accurate minutes.

PUBLIC COMMENT

No one came forward.

APPROVAL OF MINUTES

Mr. Pagliarulo made a motion to approve the August 21, 2008 Derry Township Industrial & Commercial Development Authority Meeting Minutes. Mr. Ingalzo seconded the motion.

Motion carried, 4-0.

UPDATE ON AND CONSIDERATION OF HOTEL TAX RECEIPTS ESCROW AGREEMENT

Chairman Chadwick welcomed Barb Zemlock as Solicitor for the ICDA. Ms. Zemlock turned this item over to Bill Davies. Mr. Davies reported trying to get the third phase of the hotel tax as per the Authority's approval. No additional action is necessary at this time and they have been working with M&T Bank (all the funds are in an escrow account with M&T Bank) on the wording for the final document, which is the escrow agreement. There is one other document to be reviewed which is referenced in the escrow agreement and that is a coordination agreement among the banks and parties for the distribution of the actual funds being raised. There will be some debt service requirements in the month of October, so we are trying diligently to get these agreements finalized and signed off. But the important thing is everything from an approval standpoint is in place based on prior meetings and prior approvals. It's just a matter of dotting the i's and crossing the t's. As you recall, Mr. Davies added, the additional hotel taxes will be used first for museum debt and we do have intermodal debt service due in October with PNC Bank as well as the swap. We'll probably use the funds for those purposes.

Mr. Chadwick asked if there was anything Barb Zemlock wanted to add. Ms. Zemlock stated that she has reviewed the revisions to the escrow agreement and the initial issue was whether we had to take additional action on that. After reviewing the resolution that was passed back in June, the agreement was approved in substantial form. Ms. Zemlock believes that it

can be signed provided that no significant changes are made. If anything significant is changed she will let the Board know. Mr. Chadwick stated that no official action is required from the Board at this point then. Ms. Zemlock said correct. Once she gets the final version and is comfortable that there have been no substantial changes made, she will forward it to the appropriate individuals for signature pursuant to the other agreements and resolution. If the board is comfortable with it, it can be signed off. Mr. Chadwick asked if any board members had questions and, seeing none, thanked Mr. Davies.

UPDATE ON “OLD” MUNICIPAL BUILDING DEVELOPMENT PROJECT AND REQUEST TO EXTEND GROUND LEASE

Solicitor Zemlock advised that she received a phone call late last week from Andy Giorgione stating that they are having a mandatory firm-wide meeting today, and he apologized that no one from their firm can be here tonight. He did discuss information with Ms. Zemlock and told her that there will be a town hall meeting on October 29th at 7:00 at the Derry Township Library. They wanted to have the meeting earlier than this, but because of booking problems with the meeting room they could not. He has a very extensive presentation planned that he thinks the community will be pleased with. They would like another extension to the ground lease and forwarded a seventh amendment to the ground lease, which has been signed by his client. This amendment is identical to what has been signed by the Board in the past. The extension requested is to February 10, 2009. Solicitor Zemlock explained that she has been negotiating back and forth with Mr. Giorgione about some language that caused her some “heartburn”. Because this agreement is the same as others he has signed, he is reluctant to change the language unless our board is adamant that it has to be changed. He is asking the board to approve this extension as is and if there are any concerns; it is contingent on us reaching some sort of resolution within a specified period of time. Solicitor Zemlock was reluctant to go into her concerns at a public session because of attorney/client privilege, but said that she would voice her concerns in a brief executive session if necessary. She also said she could strike the language that she objects to if the rest of the board shares the same issues that she has and extend it without that language.

Chairman Chadwick suggested an executive session tonight, but taking care of some of the other items on the agenda first so other people can go home. All the other Board members agreed.

IDEAS FOR FUTURE ECONOMIC DEVELOPMENT

Mr. Chadwick invited Mr. Tulli from Greenlee Partners to speak next. Mr. Tulli explained that each client with Greenlee has a senior member, a junior member, and a back up partner. In our case Mr. Tulli is our senior member, Clint Cullison is the junior member and Stan Rapp is the back up partner. The three of them work together on ideas and development for the ICDA. Mr. Tulli advised that Chairman Chadwick keeps him abreast of what issues, projects and activities to work on. The last major one was the Legacy Account program, which was a \$750,000,000 ask of the legislature in the June budget period. We asked for the one piece of the gaming money that was not allocated. Much of this money was allocated to Philadelphia and Pittsburgh and nothing in between so the Legacy Project was to help the rest of Pennsylvania. What eventually was passed was a combination of the Legacy Project and a water infrastructure program. There is water infrastructure money available to Derry Township. We should go after this money before other townships and boroughs do.

The second part of that was an \$800,000,000 capital RACP funding so what we got – instead of the \$750,000,000 to work with, split among hospitals, universities and tourism venues, we got 1.5 billion dollars for the whole state for water infrastructure and capital projects. In 2009 and 2010 there will be a lot of competition for money for capital projects in the state, so the ICDA needs to tell Greenlee where their interest is. For example, if the old municipal building property were to need some work on the water and sewage to make it more attractive to develop, Greenlee could help request some of the available monies. The DCED in addition to that has economic development project money beyond RACP structure. Monies are there and available. You have to compete for them and the application process is very important. Mr. Tulli advised that Greenlee has a very good relationship with Secretary Yublonski and will talk to him about the best way to go about this.

Derry Township is already going after what is probably the first Dauphin County gaming money. We were the first applicants for the 743 bridge over the railroad tracks on Park Avenue. Delta Development worked with Greenlee on this project. Mr. Tulli said that Delta Development has a phenomenal grant-writing group, and the ICDA's went in first and received high marks.

There are two bills that Mr. Tulli is working on right now and they are the “Main Street Program” for business and “Elm Street Program” for residential areas. As the downtown area grows, some of this money could be used to hire a “downtown manager” to be in charge of the development of this area only. Gaming monies will keep coming year after year so the board needs to keep their eyes and ears open. Also, Derry Township is contiguous with East Hanover Township, so we get first consideration for these gaming monies from the Hollywood Casino.

Mr. Pries thanked Mr. Tulli and Mr. Cullison for coming and for working with the ICDA. He specified two things he would like to see our board work on in the future; one of these is the “Field of Dreams” project which we had looked into some state monies for about a year ago and secondly a project which Tom Brogan had been working on before he passed away. This second project has to do with our Hershey school hockey teams having to go to a facility in Lebanon County to practice. Mr. Brogan’s goal was a multi-sports complex that would house one or two ice rinks, and indoor and outdoor soccer fields to put us in the same league as Cumberland County where they have hosted up to 100,000 people for soccer tournaments.

Mr. Tulli stated that no formal requests have been made for any funds for the “Field of Dreams” project. Chairman Chadwick recalled that the board had expressed concern to the “Field of Dreams” people about funds to keep this project up once it was complete. Also, Todd Pagliarulo added that the school district owns the land in question, so anything they do would have to be done with the school board’s approval. Chairman Chadwick stated that when the board met with Dr. Brewer, there were many questions on all sides about how this project could work.

Mr. Pagliarulo brought up the Rte. 322/743 project and the bridge project, which is under funded, and there is a problem with utilities. This project will benefit the total community as well as central Pennsylvania once it is underway. We are working with our engineering firm HRG on a final design and we will definitely need additional monies to assist us in that project. Obviously Congressman Holden can be of assistance as well as the gaming. Also when Representative Payne went into office, I think there was about \$25,000,000 initially available. Part of that was used for the museum and part for the intermodal facility (and I know how difficult it is to get that money out of there) but that is in the RACP. Also, for the downtown development, which we are getting many questions on, I think the ICDA

would be more than interested to assist HE&R with the development of that, knowing that Delta and Greenlee is involved. Delta came to Representative Payne for an additional \$25,000,000 and I feel that we'd like to be part and partners with that downtown development. But we need to have some municipal agency to funnel that money through for the development of the downtown. Also, going back to the 322/743 project, Representative Payne also put in "streetscape" money. In 2009, those properties will be vacated (Sorrento's, Northwest). In 2010 it should be cleared and construction will begin. It is imperative that that project goes through, but right now it is under funded. The state has stepped up to the plate and the local Hershey interests are paying their fair share, but there is a delta that we need funding for to assist. Not only building the bridge, but also some other opportunities that we have that will enhance the downtown with Houlihans, Devons coming in, and the museum. This will be critical, and I would like to see us be involved in getting some of that money released as soon as possible.

Mr. Tulli advised that he has met with the county commissioner already and also had a conversation with Congressman Holden's office. The state's gone as far as they can go. The gaming money should take care of the utilities and the rest has been laid out for Congressman Holden. Mr. Tulli also explained that Greenlee is a lobbying firm while Delta Development is a development firm. Greenlee's job is to create and maintain relationships with people in Harrisburg and the surrounding area and they are doing that. Mr. Pagliarulo replied that with the "Elm Street" and "Main Street" projects they need communication in case the ICDA decides to go that route. Whether it is our Township Manager or we bring in someone else, there needs to be a partnership before we go after those monies. Mr. Tulli said that in working with HE&R and the Board of Supervisors, he sees a lot of partnership and cooperation between these groups and the ICDA. Is that the feeling of the Board? Chairman Chadwick answered that it is. Mr. Tulli added that he would keep the Board informed and up to date on these matters.

Mr. Ingalzo thanked Mr. Tulli for coming and giving the presentation since he is the newest board member and this helped him understand the relationship between Greenlee and the ICDA. Mr. Tulli told the Board that he and Clint will keep abreast of the "Elm Street" and "Main Street" projects and that even though there is no money now, there may be within the next month. If not, they will bring it up next session as the Senate is looking toward 2009. Chairman Chadwick advised the Board that he is in touch

with Mr. Tulli almost daily and he is glad to have lobbyists who are local (both Chick Tulli and Stan Rapp are long time Hershey residents) and understand the projects we are working on. Mr. Negley thanked Mr. Tulli for Sarah's assistance with the lobbyist filings. He explained that they couldn't have done it without her.

Mr. Tulli shared an interesting story about an exposé in the Philadelphia Inquirer naming legislators who received more than \$650 in lobbying and entertainment expenses. The reporter's name was Mario Cappabianca and he called Stan Rapp to apologize that Greenlee was the only firm whose clients were named, but it was because they were the only ones who were correctly filing the way the law requires. There were many other lobbying firms who claimed in 2007 they had zero entertaining and lobbying expenses. Greenlee wants to file correctly and make sure their clients are doing the same.

Mr. Pries added one item to his wish list with Mr. Tulli to upgrade the swimming area at the Hershey Recreation Center.

Seeing no other business to go before the board, Chairman Chadwick recessed the meeting at 6:10 p.m. to go into executive session.

At 6:35 p.m. the ICDA Board meeting was resumed.

UPDATE ON "OLD" MUNICIPAL BUILDING DEVELOPMENT PROJECT AND REQUEST TO EXTEND GROUND LEASE (Continued)

Mr. Pries moved to have the ICDA grant a 120-day extension to the Patt group and let the solicitor use her discretion on any language changes that she may deem necessary. Mr. Inganzo seconded the motion.

Motion carried, 3-0. (Mr. Pagliarulo left after the executive session.)

PUBLIC COMMENT

Mr. Davies stayed through the executive session to advise the board that they have reached a settlement with Buchart Horn in regard to the Intermodal project. Mr. Negley has a copy of the letter. Chairman Chadwick thanked Mr. Davies for all his work on this matter.

Mr. Pries asked to bring up an item of new business and inquired of Mr. Negley where the ICDA stands in regard to the \$170,000 outstanding owed to them by Buchart Horn for omissions to this building. Mr. Negley reported that the ICDA invoiced Buchart Horn approximately one and one half months ago for the \$172,000 in design omissions that they admitted to being liable for. Hearing nothing from them, Mr. Negley emailed Bruce Yerger on Tuesday and has yet to receive a response. He will stay on top of this situation and have this money returned to the ICDA and to the Township. Mr. Negley advised that he briefed the solicitor on this situation last week. Solicitor Zemlock mentioned keeping statutes of limitations in mind. Chairman Chadwick said this would be an item for discussion again at the October meeting.

ADJOURNMENT

Chairman Chadwick asked for a motion to adjourn and Mr. Pries so moved. Meeting was unanimously adjourned at 6:45 p.m.

Motion carried, 3-0.

Respectfully submitted by:

James N. Negley
Manager/Treasurer/Assistant Secretary

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