

**DERRY TOWNSHIP
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
600 CLEARWATER ROAD, HERSHEY, PENNSYLVANIA 17033
January 15, 2009
MEETING MINUTES**

CALL TO ORDER

Chairman J. Scot Chadwick called the January 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
August T. (Skip) Memmi, Secretary
Michael H. W. Pries
James Ingalzo

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.
Diana Reed, Diana M. Reed & Associates
Susan Cort, Hershey Area Playhouse

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.

REORGANIZATION OF BOARD

Mr. Pries moved to adopt the following slate of board officers for 2009:

J. Scot Chadwick, Chairman
Todd Pagliarulo, Vice Chairman
August T. (Skip) Memmi, Secretary
James N. Negley, Manager/Treasurer/Assistant Secretary
Barbara Zemlock (Post & Schell), Solicitor
Mr. Ingalzo seconded the motion.

Motion carried, 5-0.

PUBLIC COMMENT

No one came forward.

APPROVAL OF MINUTES

Mr. Ingalzo made a motion to approve the minutes of the December 18, 2008 meeting and Mr. Pagliarulo seconded the motion.

Motion carried, 5-0.

PRESENTATION BY HERSHEY PLAYHOUSE

Ms. Susan Cort spoke to the Board on behalf of the Hershey Area Playhouse. She reported that it has been 10 years since the organizational meeting and the Playhouse is doing well; producing 8-9 shows per season, offering classes in acting, and their production of “The Best Christmas Pageant Ever” in 2008 sold out. However, the 1.2 million dollars raised to pay for the renovations to the barn on Cherry Drive was not enough as the final building cost was 1.6 million. She asked the ICDA for a donation to keep the Hershey Playhouse open while they continue to fundraise and look for grants, etc.

Mr. Memmi asked Barbara Zemlock if it would be possible to extend the Playhouse’s loan and/or reduce the interest rate by allowing them to borrow through the ICDA. Ms. Zemlock will check into it and advise. Mr. Pries suggested a donation as well. Mr. Pagliarulo asked if it would put the taxpayers at risk to have the ICDA take over the loan and Mr. Memmi said that it would not – it would be non-recourse debt. Ms. Cort was told that the Board would have some answers for her at the February meeting.

CONSIDERATION OF TERMINATION AGREEMENT WITH DERRY LODGING

Solicitor Zemlock advised that she accepted the termination agreement as per Derry Lodging’s December letter, but did not originally agree with their terms. Specifically they asked for a decrease in the number of days before the security deposit could be returned and Ms. Zemlock was advised that this would be possible. An agreement has now been reached and the ground lease will be terminated, the security deposit has been returned and there will be no admission of liability on the part of either party to the agreement. Also included is a mutual release between both parties for any and all issues arriving under any ground lease.

Mr. Pagliarulo moved to approve the termination agreement and Mr. Pries seconded the motion.

Motion carried, 5-0.

CONSIDERATION OF INDEMNITY AGREEMENT WITH HE&R

Solicitor Zemlock advised that we consented to the sub-lease of the museum to HE&R pursuant to the building lease with the M.S. Hershey Foundation. The sub-lease indemnity agreement covers the ICDA if anything occurs at the restaurant and we were to be sued. HE&R agrees to defend and indemnify us.

Mr. Memmi moved to approve the indemnity agreement and Mr. Ingalzo seconded the motion.

Motion carried, 5-0.

CONSIDERATION OF BUCHART HORN AGREEMENT FOR THE MUNICIPAL COMPLEX INVOICE

Solicitor Zemlock advised that a draft of this agreement has been sent to Buchart Horn and their council yesterday asked for a bit more time to go over the language of the agreement. It is Ms Zemlock’s understanding that we do have a deal and that Buchart Horn is to make payments within 10 days of the end of the first quarter of their fiscal year. This would be the end of March or beginning of April. The solicitor hopes that within the next month their council will resolve any issues he may have.

UPDATE ON BUCHART HORN INTERMODAL ISSUE

Barbara Zemlock reported that the terms of the grant issue question that Mr. Memmi raised at the last meeting has been under discussion between she and Buchart Horn over the past month. She was advised yesterday that they were in agreement with the last agreement. However, they signed and returned the wrong agreement. She will contact them tomorrow regarding the mix up. There is nothing to be signed tonight. Chairman Chadwick will be available to sign the paperwork when it is ready.

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

Mr. Ingalzo mentioned the roof of the Giant Center and asked Mr. Davies for an update. Mr. Davies reported that Houck Contractors looked at the roof and reported first a bit of delamination of the roof membrane itself (Firestone's warranty will take care of that) and second that the discoloration is a biological agent (mold) and Firestone is disclaiming their obligation under the warranty for that. However, we do have people to help us with this issue. We hope to have this issue resolved sometime this spring.

Mr. Memmi asked if all construction contracts were closed out on this project and Mr. Davies said that they were.

Mr. Davies reported that the pilot payment on the Giant Center was received and the Derry Township School Board has been given an update. The full payment was received for 2008 and it should be the same for 2009.

Mr. Ingalzo reported on the strategic plan for the Township and its progress. He has put a template together of how a final document could look in terms of where we could go in this community and also some lists were generated. Since the last meeting, Mr. Pagliarulo e-mailed Mr. Ingalzo with some valid concerns; one of which is that he does not want to obligate the citizens of Derry Township to any type of debt. He advised that he has seen other local authorities get into trouble and he wants to proceed very cautiously.

Mr. Ingalzo stated that this is not his intent; he wants to look ahead to what **could** be here and think about rezoning ahead of time. He feels that a wise approach to industrial and commercial development, rather than a fragmented approach will be helpful for future growth.

Mr. Memmi added that his understanding is to get input from the community at large as to what some of their goals are for the Township and to look at zoning maps and land usage maps so we'll be ready for smart growth, whether commercial or residential. He feels that we may be at the point of contacting a potential group of people to set up actual dates for discussions to see if there's an interest and see who would facilitate that type of planning event. Mr. Memmi recognizes Mr. Pagliarulo's concern, but it is his understanding that we are focusing on a smart growth pattern and not committing the Authority to anything.

Mr. Ingalzo asked Mr. Davies whether HE&R's strategic 5-year plan could be shared with the Board. Mr. Davies replied that HE&R is in year 3 of their existing 5- year plan and as a Hershey interest group they can work with the ICDA.

Mr. Pries asked Mr. Davies in regard to Chairman Kleisner's report to the community from two years ago, is there any part of that plan that hasn't been made public or is it all out already? Mr. Davies mentioned additions to Hotel Hershey and reinvesting in Hersheypark, but doesn't believe there is anything else that would be a surprise.

Mr. Memmi asked Mr. Davies' opinion regarding when the \$300,000,000 plan was crafted (the Hershey master plan), there were elements such as the eastern and western gateway, etc. which were mentioned that could be part of the information that a strategic planning session would be interested in knowing ahead of time. This would allow them to be aware of zoning changes that could be needed, highway development, water, sewage, electrical services which would be of value to HE&R as well as the other Hershey entities as they look ahead to the next 10-15 years. The community could be advised ahead of time so they will be familiar with the project and all questions could be answered ahead of time. Mr. Memmi added that maybe if the Patt deal had been looked at ahead of time, instead of signing a termination agreement, we would have a new hotel and the school district would be getting \$400,000 per year in tax revenue.

Mr. Pries and Mr. Ingalzo both agreed that paving the way for new projects ahead of time would be extremely helpful.

Mr. Pagliarulo agreed with the strategic plan, but feels that the old township building which has been an eyesore since July of 2007 should be first on the list of priorities.

Mr. Pries asked if the ICDA or the Board of Supervisors would list the property and Mr. Pagliarulo feels that both should be involved. Mr. Memmi believes that the agreement with the Township is null and void, but the Board of Supervisors will have to ask to involve the ICDA. Mr. Chadwick advised finding out where we stand legally before doing anything else.

Mr. Negley advised that the property will need a new appraisal and he will ask for permission at the next Board of Supervisors meeting.

Mr. Memmi suggested the use of a facilitator for the strategic planning session and hopes that the board will continue to move forward with this idea. Mr. Pries suggested using Greenlee since they are already on retainer with the Board, if that is allowed. Mr. Negley will call Greenlee and check with them and advise. If they cannot do it, Mr. Negley advised that the operating budget is very limited at this time – under \$100,000. Mr. Negley will call Greenlee. If they cannot do it, he will call Delta and see how much it would cost. The Board can decide then if the money is worth the effort.

PUBLIC COMMENT

None at this time.

ADJOURNMENT

Chairman Chadwick asked for a motion to adjourn and Mr. Pagliarulo so moved. Mr. Ingalzo seconded the motion. Meeting was unanimously adjourned at 6:40 p.m.

Respectfully submitted by:

James N. Negley
Manager/Treasurer/Assistant Secretary

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