

**DERRY TOWNSHIP
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
600 CLEARWATER ROAD, HERSHEY, PENNSYLVANIA 17033**

**MEETING MINUTES FOR SPECIAL MEETING
MAY 6, 2010**

CALL TO ORDER

Chairman James Ingalzo called the May 6, 2010 special 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:

Chris Abruzzo
Domenick Argento, Secretary
James Ingalzo, Chairman
Todd Pagliarulo, Vice Chairman
Michael H. W. Pries

Also Present:

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

Public Present:

Matt Bailey, Hershey Volunteer Fire Dept.
Dave Buffington, The Sun
Chris Bushman, Resident
Gary Chubb, Hershey Volunteer Fire Dept.
Paul D. Clark, Resident
John Foley, Hershey Volunteer Fire Dept.
Jeff Gelbaugh
Stephen Gensemer, Hershey Volunteer Fire Dept.
Bill Gladstone, NAI/CIR
Christopher Hamilton, Hershey Volunteer Fire Dept.
Mary Holovack, Diana Reed & Associates
Brian Krause, Resident
Jan Krause, Resident
Pat Leonard, Hershey Volunteer Fire Dept.

Dennis Maloskey, Resident
Michael McCoy, Hershey Volunteer Fire Dept.
John Moore, Hershey Volunteer Fire Dept.
Chuck Mouery, Hershey Volunteer Fire Dept.
Nate Nagy, Hershey Volunteer Fire Dept.
Richard B. Rudisill, Hershey Volunteer Fire Dept.
Ellen Sheffey, Derry Township School District
Justin Shelton, Springwood Hospitality
Scott Sicar, Hershey Volunteer Fire Dept.
Scott Stein, Hershey Volunteer Fire Dept.
David Stough, Hershey Volunteer Fire Dept.
Ed Svirebely, Hershey Volunteer Fire Dept.
Steve Todd, Resident

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

ANNOUNCEMENT OF EXECUTIVE SESSION

Chairman Inganzo announced that the ICDA Board met on April 27th at 8:00 a.m. in executive session to discuss land matters, which will be discussed and acted on this evening.

PUBLIC COMMENT

David Stough, President of the Hershey Fire Department, expressed the Department's interest in the old municipal property. Their current building is 90 years old and has some structural issues, as well as only 11 parking spaces. They are currently using parking spaces behind Sorrento's. However, this parking will be eliminated when the Cocoa Avenue changes are made. There are 82 volunteer members of the Fire Department at this point in time. Mr. Stough referred to the Tochtermann study conducted in 2002-2003, which recommended multiple additional stations for the Fire Department. Also, more recently, Harry Carter came in from New Jersey under a federal grant received by the Fire Department to do a study. Mr. Stough advised that the members of the Fire Department prefer one station as opposed to many. If they were to purchase the Hockersville Rd. property, they could have training facilities on-site as well as bunkrooms and community meeting rooms. Currently, training is done at Harrisburg Area Community College, which takes the firemen and equipment away from Derry Township. Also this location would increase the number of homes within a five-mile radius of the fire station to 97% as opposed to 85% at the current location. Mr. Stough advised that a long range planning committee of experienced fire fighters has been meeting and looking at possible properties for about four years now and none are comparable to the Hockersville Road property.

Mr. Stough pointed out that Derry Township must provide fire protection to the Township and the Fire Department has been providing service under a "gentleman's

agreement". Currently the Fire Company receives about \$200,000 net in Township money.

In January of 2010, the Hershey Trust approached the Fire Department and offered to buy their building for \$500,000 and partner with them to purchase the Hockersville Road property. The Trust has also offered to spearhead a fundraising campaign with a goal of \$5,000,000, which they believe is attainable. The Trust's contribution of \$1,000,000 (in addition to the \$500,000 to purchase the current fire station) would start off the fundraising campaign. Mr. Stough finished by saying he feels this would be a good move for both the Fire Department and the Township and appreciates the ICDA's consideration in this matter.

Mr. Pries thanked Mr. Stough for the work the Hershey Volunteer Fire Dept. does in the Township. He asked whether the financial backing the Trust offered was in written form. Mr. Stough said it is not. Mr. Pries then inquired whether the offer of the Trust and the entities together to kick off the fundraising with \$1,000,000 was in writing. Mr. Stough answered no.

Mr. Pries offered to sit on a committee to look into future funding and other locations for the Fire Department to move to, in case they do not acquire the Hockersville Rd. property. He suggested Fire Department personnel as well as someone from the Township, Hershey Foods, Hershey Partnership, Hershey Trust, Hershey Entertainment & Resorts, the School District, and the Medical Center be involved with this committee. Also, Mr. Pries advised that he is in his fifth year on the Board of Supervisors with over 100 meetings attended and has never heard anyone from the Fire Department talk about the need for a new facility. Mr. Pries said he supports the Fire Department and wants to learn more about their needs so he can be of more help as a board member.

Mr. Stough then advised that the Fire Department does not have a written agreement with the Township either regarding funding and it has been recommended by two different consultants, including one that the Township hired, that an agreement be put in place. That has never happened.

Vice Chairman Pagliarulo stated that recommendation six of the Tochterman report states that an additional station is needed in the southern portion of the Township, which is not adequately protected. This report has been in the Township's hands since 2005.

Mr. Abruzzo, as Board of Supervisors liaison to the Fire Department, has been told 3 or 4 times by members of the Department that they did not want to have a second fire station built and those agreements with surrounding companies more than adequately covered those areas that might be a bit underserved. Mr. Abruzzo and Mr. Stein have discussed some issues relating to the current building, but nothing that indicated they should leave that building completely. There has been discussion about setting aside money each year out of the local services tax to put in a fund for the Fire Department for improvements, and also when the Fire Department needed some new equipment recently and presented this to the Board of Supervisors, they were given the "OK" within 30 days of the request.

Mr. Abruzzo feels that the communication between the Board of Supervisors and the Fire Department has been fairly good and that future communications are needed to pursue the idea of a new Fire Department; perhaps with the Board of Supervisors rather than the ICDA Board. Mr. Abruzzo advised that he is hesitant to make a decision like this based on a verbal promise of funding rather than something in writing.

Mr. Pries inquired as to whether the current fire station facility would be OK if some of the surrounding land (owned by a local family) became available for purchase to expand. Mr. Stough agreed that it would as long as they addressed the parking problem and the structural problems with the building itself.

Mr. Stein, President of the Fire Department, made clear that this is not the first time this has come before the Board of Supervisors and though they may not have been verbal about it at every meeting, some changes do need to be made. This tract of land would enable them to reach all corners of the Township in an easy and quick manner.

Ellen Sheffey, Treasurer of the Derry Township School Board, asked the Board to keep in mind the financial needs of the school district when making their decision tonight. Ellen stated that 85% of the school board's revenue comes from local sources; the majority being property taxes, and a hotel would be a revenue enhancer. Assuming an assessed value of 5.6 million and using the current millage rate of 16.52, a hotel would generate over \$90,000 in new revenue for the school district on an annual basis, which would be welcome news. Ms. Sheffey added that she understands and respects the Board's responsibility to balance the school's needs with those of the community at large, including the Fire Department. She will support whatever decision the ICDA Board makes.

Dennis Maloskey, resident of Derry Township expressed his desire to see the ICDA Board consider what is best for the community; the ICDA is not a financial investment Board. In his opinion another hotel is not a benefit to the community at large and will further tax our existing infrastructure for water as well as have an adverse effect on our current storm water situation. Mr. Maloskey feels that these impacts will far outweigh the \$90,000 generated in new revenue to the Township. Also, the Fire Company provides a community benefit and we want to benefit the residents, not the financial revenue accumulated by outside investors. He asked the Board to consider the residents when making their decision tonight.

APPROVAL OF MINUTES

Mr. Abruzzo made a motion to approve the ICDA Meeting Minutes of April 15, 2010. Mr. Pries seconded the motion. *Motion carried, 5-0.*

PROPOSALS FOR SALE OF OLD TOWNSHIP COMPLEX

Chairman Inganzo recapped some of the comments that were made up to this point in the meeting. He related that he has talked to several people who think there are much better

locations for the Fire Department. He advised the Board to make the best decision for the taxpayers of this community and stated that both proposals have merit in this regard.

Mr. Pries went over some of the figures from an economic impact analysis and then asked if a representative from Springhill Suites was present. Justin Shelton, President of Springwood Hospitality took the microphone. He told Mr. Pries that the planned hotel would be 110-120 rooms. This would be a select service hotel with no restaurant or bar. The hotel would be a national brand and would have no underground parking and would have green space. Currently his company manages a Homewood Suites, a Holiday Inn Express, a Comfort Inn and Suites and is now building a Country Inn and Suites on Route 39. To Mr. Shelton's knowledge they will not be asking for variances to the property if purchased, other than using the vacant lots for green space.

Mr. Shelton told the Board that his firm is prepared to do a traffic study. Mr. Pries asked if he was prepared to make a better/safer intersection at Mill Street and Hockersville Roads and whether he was aware of the flooding problem at Mill Street and Areba. Mr. Shelton replied that he was not aware of the flooding issues.

Vice Chairman Pagliarulo asked Chairman Ingalzo if the Board was voting tonight to accept one of these two proposals and Chairman Ingalzo answered yes.

Mr. Pries requested an executive session to get some legal questions answered before continuing, whereas Vice Chairman Pagliarulo felt that transparency would be best and the Board should keep going until they possibly needed legal advice and then Ms. Zemlock could advise and go into executive session if necessary. Chairman Ingalzo agreed with Mr. Pagliarulo and reminded everyone that these are letters of intent only and there is a due diligence time after which the developer could change its mind. Mr. Shelton added that although there is much site work to be done, he does not foresee any variances at this time.

Solicitor Zemlock reminded the Board that these documents are "letters of intent" and the Board could actually decide not to proceed on either offer if that is their preference. If one is chosen, then the lawyers will meet and craft a purchase agreement.

Vice Chairman Pagliarulo asked about the last paragraph in the Letter of Intent that is dated April 30, 2010. Chairman Ingalzo advised that an extension has been received.

Mr. Shelton advised Mr. Pries that once an agreement is made, Springwood has 90 days to approach the hotel brands for a contract.

Mr. Maloskey said he didn't realize a decision was being made tonight and that this was an acquisition bid only since Mr. Shelton did not have an \$8,000,000 proposal in hand. If this is about flipping the property, shouldn't the Township reap the benefits?

Mr. Stein also agreed that although the Fire Department doesn't have a contract in writing, neither does Springwood Hospitality.

Jennifer Zimmerman-Krause, a township resident, had some questions. Mr. Bill Gladstone of NAI/CIR explained that the letter of intent is a non-binding good faith agreement after which lawyers for both parties will draw up contracts for them to sign. There will be a short, specific time from (usually 90 days) for Springwood (if they were chosen) to go to hotel companies to see who will build on the site and to Derry Township engineers, etc. with plans. During this period anyone could walk away. Ms. Zimmerman-Krause asked if there would still be an agreement made in 90 days. Mr. Gladstone advised that if variances are brought up the ICDA could question it and not go ahead.

Barbara Zemlock advised that the 90-day due diligence period only starts when the purchase agreement is signed. After the purchase agreement is signed, if the Township does not agree with the brand of hotel being considered, they can back out depending on the language in the purchase agreement.

Mr. Rich Gamble who lives on Hockersville Road told the Board he is concerned about the type of a hotel in this neighborhood. Also, will an upper class hotel want to build here with the economy being what it is? There are so many hotels within a five-mile radius already. Please consider the residents first. Mr. Gladstone advised that the developer could come back for a public meeting with township residents if necessary.

Vice Chairman Pagliarulo advised the Board and the public that although he provides certain consulting services to the Hershey Trust, he has provided no consulting services for the Hershey Trust in connection with the Fire Department's Letter of Intent. Vice Chairman Pagliarulo indicated that he is raising this issue in the spirit of full disclosure, but does not believe that he has any conflict of interest that would preclude him from voting on the proposed Letters of Intent. In an abundance of caution, Vice Chairman Pagliarulo indicated that he has spoken with the Solicitor and has requested an advice of counsel on the issue. In response to questions from Ms. Zemlock, Vice Chairman Pagliarulo indicated that he has received no confidential information from his involvement with the ICDA, which has provided to he or a member of his immediate family or a business with which he or a member of his immediate family is associated with a private pecuniary benefit. Additionally, Vice Chairman Pagliarulo indicated that he has not accepted anything of monetary value based on any understanding that his vote on this issue will be influenced thereby. Ms. Zemlock indicated that Vice Chairman Pagliarulo consulted her prior to the meeting to discuss this issue and she had an opportunity to review it. Ms. Zemlock indicated that the Public Official and Employee Ethics Act preclude a public official from engaging in conduct that constitutes a conflict of interest. Ms. Zemlock noted that "conflict of interest" is defined as "use by a public official or public employee of the authority of his office or employment or any confidential information received through his holding public office or employment for the private pecuniary benefit of himself, a member of his immediate family or a business with which he or a member of his immediate family is associated. The term does not include an action have a *de minimis* economic impact or which affects to the same degree a class consisting of the general public or a subclass consisting of an industry,

occupation, or other group which includes the public official or public employee, a member of his immediate family or a business with which he or a member of his immediate family is associated.” Based on the information provided and a review of the Ethics Act, Ms. Zemlock indicated that it was her opinion that Vice Chairman Pagliarulo did not have a conflict of interest that would preclude him from voting on the issue associated with the Letter of Intent.

A voice vote was taken on which Letter of Intent to accept:

Chris Abruzzo	Springwood Hospitality
Domick Argento	Springwood Hospitality
James Inganzo	Springwood Hospitality
Todd Pagliarulo	Hershey Fire Department
Michael Pries	Springwood Hospitality

Motion carried to accept Springwood Hospitality Letter of Intent, 4-1.

CHAIRMAN’S REPORT

No report at this time.

OTHER BUSINESS TO COME BEFORE THE BOARD

There was no other business at this time.

PUBLIC COMMENT

No additional public comment.

ADJOURNMENT

Mr. Pries made a motion for adjournment and Mr. Argento seconded the motion. *Motion carried, 5-0.* The meeting was adjourned at 7:45 p.m.

Respectfully submitted by:

Domenick M. Argento
Secretary

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