

**DERRY TOWNSHIP  
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY  
600 CLEARWATER ROAD, HERSHEY, PENNSYLVANIA 17033  
December 20, 2007  
MEETING MINUTES**

**CALL TO ORDER**

Chairman Scot Chadwick called the December 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 H. W. Pries

Members Absent:

Richard E. Lenker

Also Present:

Joseph D. Caraciolo, (Foreman & Foreman, P.C.)  
James N. Negley, Manager/Treasurer/Asst. Secretary  
Marie Sirkot, Administrative Assistant  
Ardith Yahner, Stenographer

Public Present:

Dave Boyer, Buchart Horn/BASCO Associates  
Bill Davies, H.E. & R. Co.  
Becky Delia, PNC Bank  
Tom Fowlston, PNC Bank  
Donna Kreiser, Buchanan Ingersoll & Rooney, PC  
Diana Reed, Diana M. Reed & Associates  
Lou Verdelli, RBC Capital Markets

**APPROVAL OF MINUTES**

Mr. Pagliarulo moved and Mr. Pries seconded the approval of the minutes of the November 29, 2007 meeting.

**Motion carried, 4-0.**

**DERRY TOWNSHIP SCHOOL DISTRICT REFUNDING PROJECT**

Mr. Caraciolo explained that this refunding agreement with the School District for the Granada Gym Project has a payment date on May 15. Mr. Pagliarulo moved and Mr. Memmi seconded the motion to approve the refunding project as it has been presented.

**Motion carried, 4-0.**

**FINANCING FOR INTERMODAL FACILITY AND MUSEUM**

Lou Verdelli explained the financing arrangements for the Intermodal Facility Project. Referring to the provided handout, he explained that page 1 is a summary of the financing of subject facility. The 2004 Note was issued for \$10,000,000 with maximum flexibility, which included a variable interest rate currently at 4.19% for 20 years with PNC Bank. That borrowed amount is now at a balance of \$9,625,000. The 2006 Note is in the amount of \$5,000,000 also designed with flexibility, which included a variable interest rate also at 4.19% for 20 years with PNC Bank. The outstanding balance on this Note is estimated to be \$1,000,000 to \$2,000,000. Bill Davies is working with Dave Boyer and Diana Reed. The team suggests converting the 2004 Note from adjustable to a fixed rate. This eliminates interest rate risk and locks in current low rates. Both of these Notes are guaranteed by the Township and would require a Township Guaranty Agreement for these swap transactions. We've been discussing if we should convert the 2006 Note to fixed or leave it at a variable rate. We are comfortable to leave at variable. If the balance is \$1,000,000, the variable rate would be 9% of total debt. If it is \$2,000,000, it would equal 16% of total debt. Both could be converted to fixed rate.

Mr. Verdelli advised that page 2 of the handout is the Libor Index and page 4 contains swap rates of 4.25% and 4.18%, which have dropped dramatically today to 4.15% and 4.10%, respectively.

Mr. Memmi commented that in theory he understands why they are not doing the second piece of the swap, but why not make the best guess and cover that amount too. He asked if we could cover \$1,000,000.

Bill Davies explained the position. 10% can adjust outstanding, giving more flexibility. The team does not consider this to be a great risk. Becky Delia added that all documents will be in place this way and we won't have to go back through the channels again later.

Donna Kreiser suggested they swap out the Museum Note as well. In June, the Authority entered into a \$9,000,000 loan agreement with PNC Bank. Currently, there is an approximate balance of 3.1 million outstanding. The permanent piece of 8.1 million should be swapped out. If we lock in a rate today, it would start on July 1, 2008 at 4.15%. Donna added that the Township would need to guaranty the 2004 and 2006 Notes, and the Museum Note requires the guaranty of the M.S. Hershey Foundation.

Mr. Pries moved and Mr. Pagliarulo seconded the motion to adopt this resolution.

**Motion to approve Resolution No. 2007-07 carried, 4-0.**

**PUBLIC COMMENT**

No public comment.

**INTERMODAL TRANSPORTATION FACILITY**

Mr. Boyer asked to share a report on the status of the Intermodal Transportation Facility before adjournment.

Contractors are finishing the changes at Park Boulevard and Ridge Road. The waterline leak beneath the Phase 1 section of the garage is still being worked on. The waterline has not been reached yet, but they are bringing in a new machine next week. The facility will be fully operational for New Year's Eve. The Certificate of Occupancy will be issued by December 28. Mr. Boyer reported there were no problems from the ice storm that occurred two weeks ago.

Mr. Memmi asked what the procedure is for the locking mechanism for the walkways and doors. Mr. Boyer replied that HE&R will have them open for the New Year's Eve Celebration. After that it will be on a timer to

coordinate with the bus arrival and departure schedules. Mr. Boyer added that receipts from the Federal Transit Administration will continue to come in and the final punch list will be done in January.

### **MUNICIPAL COMPLEX PROJECT**

Mr. Memmi inquired as to when all punch list and warranty items will be completed for the Municipal Project. Mr. Boyer replied in early January.

Mr. Boyer also reported that he has met with contractors and the township to discuss additional concerns. The electrical circuits have been reset and will be monitored.

Mr. Pagliarulo added that if the Intermodal Transportation Facility and the Hershey Museum projects are done by January or February, then March will certainly be quiet!

### **HOTEL TAX INCREASE**

Chairman Chadwick advised the board that House Bill No. 1877 has been signed into law to raise the hotel tax from 3% to 5%. This will authorize the County Commissioners to impose this increase 60 days after the signing of this Bill. That will be some time in February.

Mr. Pagliarulo asked if Greenlea Partners will contact the County Commissioners to lobby on our behalf, and suggested it would be a good idea so there are no loopholes. Chairman Chadwick agreed to contact Mr. Tulli and speak to him about it.

### **ADJOURNMENT**

Mr. Memmi moved and was seconded by Mr. Pagliarulo to adjourn the meeting at 6:00 p.m.

### **Motion carried, 4-0.**

Approved:

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James N. Negley  
Manager/Treasurer/Assistant Secretary