

DERRY TOWNSHIP
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
235 HOCKERSVILLE ROAD, HERSHEY, PENNSYLVANIA 17033
March 15, 2007
MEETING MINUTES

CALL TO ORDER

Chairman J. Scot Chadwick called the March meeting of the Derry Township Industrial & Commercial Development Authority to order at 5:37 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

Members Not Present:

Richard E. Lenker, Jr.
Michael H.W. Pries

Also Present:

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

Public Present:

Bill Davies, H.E.& R.
Alexis Hilbish, Buchart Horn, Inc./Basco Associates
Greg Koussis, H.E.& R.
Dave Lavery, H.E.& R.
Lou Verdelli, R.B.C.
Bruce Yerger, Buchart Horn, Inc./Basco Associates
Dr. Linda Brewer, Superintendent Derry Twp. School District

PUBLIC COMMENT

No discussion.

APPROVAL OF MINUTES

Mr. Pagliarulo moved and Mr. Memmi seconded the approval of the minutes of the February 15, 2007 meeting.

Motion carried, 3-0.

FINANCING ISSUES

Giant Center Fixed Rate SWAPS Resolution

Mr. Verdelli provided an update to the board regarding the locking in of interest rates on the Giant Center financings and handed out a summary page containing the final results. The Series A bonds at the top of the page were originally to go until 2015 with a chance of Wachovia canceling five years early. We have now put a swap in place, which will begin in 2015 (or 2010 if Wachovia cancels). The interest rate that is locked in is 5.15%, which includes the authority receiving five annual payments of \$107,950 every February 22nd going forward for the next four years. The first payment has already been received. This amount is higher than any amount we had seen so far.

The Series B bonds of 2001 have a swap that expires in November 2011, that rate is 5.51%. The current swap locked in a rate of 5.47% beginning in 2011, and remains at that rate until 2030. There are no up front payments included with the second swap. Over all, Mr. Verdelli continued, these results are better than anything we had shown you, and we were very pleased with the results. Are there any questions?

Supervisor Chadwick asked if Mr. Verdelli remembers what the original rates were. Mr. Davies thought it was 7.5% on the taxable bonds and 6% for the tax-exempt. Mr. Verdelli commented that we've seen historic lows in interest rates over the last couple of years and been able to take advantage of these rates.

Mr. Memmi thanked Bill Davies and David Lavery of HE&R for taking the time to work through all the problems, along with Mr. Verdelli of RBC and

others representing the authority, (PNC in particular). Without the cooperation of everyone involved, these deals may not have been successfully completed in a time frame that allowed us to get this rate structure.

Granada School Project Bond Refinancing

Mr. Verdelli explained that with the drop in interest rates, for the refunding of the Granada project bonds issued in 2000, we were able to lock in interest rates and the final savings worked out to be about \$100,000 for the school district and \$25,000 for the township. This savings is shown in the 2007 township budget as a reduced payment that will need to be made, and the school district savings, also in this fiscal year, will be \$100,000 reduction on their spring payment. The end result to the authority with all the closing costs finalized is a fee being paid to the authority of about \$4,500 in conjunction with this transaction.

INTERMODAL TRANSPORTATION PROJECT UPDATE

Mr. Bruce Yerger advised the board to reference Executive Summary Report #7. He welcomed comments from Dave Lavery, Bill Davies or Greg Koussis. From a completion standpoint, he explained, the project is 47% complete based on days. Most recently the precast is delayed about 18 days, however, we have verbal assurance from Lobar that they are working on a recovery schedule. In the photos, you'll see that there has been a lot of work done on the pedestrian bridge foundations at the bus station on the north side of the tracks. At this point the delay in this section is down to about nine days, and hopefully those days will be recovered. The percent complete on dollars budget is 37% complete. Comcast relocation took place last night.

Quandel has gotten all the cost components in here and, from a construction standpoint, it looks like they're coming in at about \$179,764 and the budget that had been presented, (under Option 2B) was \$188,477. They are still working on finalizing the numbers.

Mr. Yerger advised that there has been rebar placement on the bridge foundation and on Saturday, March 24th the bridge should be placed over the tracks. A public relations person will be there to take pictures.

Mr. Yerger then referenced the last page of the change order log which shows a difference of \$177,547.63 between the original contract and the pending, approved, and recommended change orders. On the lower left there is a detailed breakdown of where the \$177,547.63 is being assigned. A payment log and follow up schedule are also included in this report.

Mr. Pagliarulo asked why the PP&L ductbank issue would be shown as part of the construction cost. Mr. Yerger replied that it was the construction cost associated with the change order. It is probably a procedural or an accounting issue, but all the activity will have to be issued through change orders to the contractors. This is the only mechanism we have. We want the work to be covered by Lobar under warranty so it will be part of the change order process. I think this is the best way to do it so that it is covered by Lobar under warranty. Once recovery takes place, it will go back into the pool of dollars. It is being tracked separately.

Mr. Davies explained that they are watching not just the construction cost, but also the total cost, since this issue should not cost the Authority dollars. Mr. Lavery added that they are looking for more detail on change orders for engineering and other service changes. For example, ARM has some change orders in for additional work; some of which we've agreed with and some which we haven't. It is not currently tracked on that schedule, and that's one of the things we need to do, so we can understand where we are on the total project, not just construction.

As far as the delay goes, Mr. Lavery reported that (as talked about last month) the precast is the only thing that could cause a delay. Lobar was told that everything was on schedule, but since that time they've received at least two different dates of when that delivery would be made. It is the obligation of the contractor to get the deliveries of the required materials on schedule, and their responsibility to recover the time. We are waiting for a recovery plan from Lobar.

Mr. Yerger added that there are damage clauses in the contract if they go beyond the construction date, but he believes they will recover that schedule. Cameron Readnour from Quandel feels fairly certain that they can recover. Mr. Lavery reminded the board of a similar issue on Phase I, when deliveries were about a month behind on the precast, and they did make up the schedule.

Mr. Memmi asked how this would affect operation of Houlihans Restaurant with Hersheypark opening in about two months. There will be increased traffic and a need for parking. Mr. Lavery replied that this has been discussed and there will be flagmen, etc., but when the precast trucks arrive, they will need to pull right alongside the road in a small dirt spot between the access road and the structure itself. It will be pretty tight. There is a loop road, which can be used on a short-term basis, but we will still have to have traffic control and flagmen to keep things safe. The township did approve for traffic stop signs.

Mr. Pagliarulo questioned whether it was public knowledge that the ICDA would be “owners” of the new museum, and whether it was in any of our minutes. Mr. Davies explained that it would be the same set up as the Giant Center. Mr. Lavery added that, at one time, the documents showed them acquiring the ownership of Phase I. Mr. Lavery will check on it. Mr. Chadwick asked them to reach out to Mr. Foreman as well.

NEW MUNICIPAL BUILDING PROJECT UPDATE

Mr. Yerger reported that the municipal building project is 96% complete from a time standpoint and still on target for a March 30 substantial completion with owner occupancy at the end of April/beginning of May. Police building punch list inspections were done on March 13 and additional inspections are scheduled for the administration and tax building. Emergency generators have been shipped and will arrive next week. We are continuing to coordinate with the township staff for the move and the opening of the new facility. We are 93% complete by cost and Solicitor Foreman has been provided with information regarding cost impacts for PP&L’s improper energizing of the Police Building. We need to move forward with getting some type of resolution of this matter. From an activity standpoint, the traffic signal on Hersheypark went into operation on the 13th of March.

The change order log includes all change orders approved by the ICDA through February’s meeting. In the lower right corner you will see a balance of \$581,500 as available funds. Moving costs contain \$25,000, which is actually still available and will be moved in the next update. The architect, Scott Loercher, has reviewed most of the items Quandel has looked at with the manager. With manager Jim Negley’s and the board’s permission, I would like to meet with Jim and finalize these \$54,000 worth of items.

Mr. Memmi moved that the board accept the change orders as presented, subject to resolution of outstanding issues by the manager and Buchar Horn/Basco. Mr. Pagliarulo seconded the motion.

Motion carried, 3-0.

Mr. Memmi asked Mr. Yerger when the actual budget was established. Mr. Lavery advised that the construction start date was January 25, 2006 and the budget was obviously established before that. After some discussion, Bruce Yerger advised that he would make sure the correct date was in the report so that nothing can be challenged later.

Mr. Lavery commented that he is amazed at the progress that has been made since he saw the site two weeks ago. He feels that it is a beautiful facility and there will be a lot of people interested in seeing it. Mr. Memmi suggested that Mr. Lavery, Buchar Horn and Mr. Negley coordinate something for next year's PSATS Convention so that interested people can tour the building.

CAPITAL TRAILWAYS (CAT) SERVICE

Mr. Negley reported that approximately three years ago the ICDA entered into an agreement with CAT to provide bus service to Hershey at a cost of \$6,400 per month. Local entities such as HERCO and the Medical Center were contacted and continue to be our partners in this local operation. As of September 2006, the federal money for this operation ceased and we have not paid anything for this service since then. The service continues to run. Mr. Negley talked to Mr. Hoffer today and just wanted to bring it to the board's attention so that everyone is aware of this. We have been collecting the money from Hershey Medical Center and HERCO since September. I will make sure that this money is refunded to them. We were providing a match for federal funding that has expired, so there is no need for us to do the match. This is a win/win situation for us. I spoke to Mr. Hoffer today thinking that we would owe them money, but he said no. There was never a written agreement from CAT and I never knew the expiration date. They do want to talk to us about possibly discontinuing one or two bus lines during midday.

Mr. Memmi suggested to Mr. Negley that he put something in writing regarding the agreement that he and Mr. Hoffer had so that it will be on file. Mr. Negley will take care of doing this.

At 6:20 p.m. Supervisor Chadwick announced a brief recess for an executive session meeting that would last until 6:30. At that time, Dr. Linda Brewer, Superintendent of the Derry Township School District, is expected to arrive to discuss the Field of Dreams Project.

FIELD OF DREAMS PROJECT

At 6:31 the public meeting of the ICDA Board was resumed and Dr. Linda Brewer was welcomed. The topic of discussion was the Field of Dreams Project. Supervisor Chadwick asked Dr. Brewer to update the board on her meeting with John Marcucci who is heading the Field of Dreams group. Dr. Brewer advised that she met yesterday with Mr. Marcucci and Mr. Smoker from Field of Dreams and also the school's solicitor, Brian Jackson. Dr. Brewer thought that tonight's meeting would include the Field of Dreams people as well as herself. She told the board that she feels more comfortable after the meeting she had with them, and that they had presented her with some analysis of revenue and funding for this project. Dr. Brewer told the Field of Dreams group that the school district cannot help fund the project in any way. She also explained that many of the school's fields are over utilized and are showing a lot of wear. They cannot focus on just one. The district, however, would be very interested in cooperating with them to make improvements to Memorial Field if they have the finances in place.

Dr. Brewer suggested that the Field of Dreams group work with the Trojan Foundation which is having their first capital campaign starting on Sunday, rather than having various groups doing fundraising individually.

Supervisor Chadwick asked Dr. Brewer if the Field of Dreams people had presented her with any concrete ideas on revenue and financing. Dr. Brewer answered that it was her understanding that they had someone in mind that would help them with this, but it was not complete at this time. She said that she feels more comfortable about the idea now that she has met with them, but the school district still needs to consider all fields and not just focus on one. Mr. Pagliarulo told Dr. Brewer that the board had advised Field of Dreams to work things out first with the school district, since the district owns the land, and then to get the ICDA involved. Everyone agreed that

concession money alone would not be enough to fund and pay for upkeep of the field and more research needed to be done on the subject. Mr. Pagliarulo also pointed out that with the current situation at the Hershey Company; the ICDA's responsibility is more to focus on jobs and development of the community.

Supervisor Chadwick told Dr. Brewer that he is still available next Thursday for a meeting with she and Mr. Marcucci. Dr. Brewer replied that she feels Mr. Marcucci is not ready yet to come to the table. Her understanding is that he will find answers to all of the questions presented to him at the school district meeting, and then try to meet again with the ICDA board.

Mr. Memmi suggested that the board could get them a lower interest rate if there was borrowing needed to fund the project or the board's 501C3 status might be utilized, but he would not vote to put any of the authority money at risk for this project. Supervisor Chadwick said he would call Mr. Marcucci and see if there is any need for a meeting on Thursday and he will advise Dr. Brewer.

PUBLIC COMMENT

None at this time.

ADJOURNMENT

Mr. Chadwick asked for a motion to adjourn. Mr. Memmi moved and Mr. Pagliarulo seconded the motion for adjournment. Meeting was adjourned at 6:55 p.m.

Motion carried, 3-0

Approved:

James N. Negley
Manager/Treasurer/Assistant Secretary

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