

**EAST HANOVER TOWNSHIP BOARD OF SUPERVISORS
PUBLIC MEETING –MEMORANDUM OF UNDERSTANDING
8848 Jonestown Road, Grantville, PA 17028
May 15, 2008**

There was an opportunity for the public to discuss the Memorandum of Understanding from 5:00 PM until 6:00 PM with Eric Epstein and Andrew Stein of EFMR, and Solicitor Scott Wyland.

The Public Meeting was called to order with the pledge to the Flag by Chairman Marie Beudet at 6:06 P.M. Present were Supervisors Keith Espenshade, Dave Marshall, and Tom Shutt. Larry Spitler was absent.

Eric Epstein and Andrew Stein of EFMR; Scott Wyland, Solicitor; and Deborah Casey, Secretary/Treasurer were also present.

This meeting was audio taped. The tapes are strictly for the use of the Secretary-Treasurer for clarification during preparation of the minutes.

Chairman Beudet turned the meeting over to the Township's Consultant, Eric Epstein.

Mr. Epstein noted there are 2 documents being discussed at the meeting. One is the Memorandum of Understanding (MOU), and the other a document that will highlight the MOU. Mr. Epstein's partner Andrew Stein, Solicitor Wyland and the Board of Supervisors are present to answer any questions. The first document discussed was the highlights of the MOU.

- Mr. Epstein noted the County, through the Industrial Development Authority (IDA) is essentially guaranteeing that East Hanover Township, over the course of the next 4 years, will be eligible for \$3 Million dollars in preferential grant money. This is consistent with the Statute since the Township is the host municipality for the Casino. The way the MOU is written, would not disqualify the Township from looking for other monies from the Advisory Panel or other sources. There will be 5 different pools of money from the Casino.
- Mr. Epstein noted the document explained what is eligible for reimbursement. The 2 main criteria for being eligible for the funds are a direct or indirect impact from the Casino. Some of the items are infrastructure, Human Services, facilities, Emergency Services, health, and public safety services. This could be water, waste, transportation, fire and a host of things that could be eligible or impacted by the Casino.
- The annual local share, according to the Statute, was supposed to be \$814,536.00. The Township has advocated to the Department of Revenue to look at the 2004 budget which is \$937,551.00 vs. the 2003 budget since the legislation allows for 50% of the budget. The County was asked to recognize the 2004 budget vs. the 2003 budget. What this means is the County will guarantee the difference even if the Department of Revenue indicates it will use the 2003 budget. The County has agreed to under write the difference over the 4 next

years. That is a minimum of \$123,000.00 per year. The numbers are low since they don't factor the Consumer Price Index (CPI). The agreement is not only the County agreeing to the \$12,000,000.00 for grant money, but basically agreeing to uphold the difference with the Department of Revenue payments. The payments will probably be dispersed within the 1st three quarters of the year. The agreement is for 4 years. The Township is eligible for the 1st \$3,000,000.00 in grants this year. The total minimum value of the MOU is \$12.49 million. Mr. Epstein felt the number will rise due to the CPI. He also felt the Township will have projects that meet funding criteria that will put the Township over the \$3,000,000.00. Mr. Epstein noted there is a commitment from the County to ensure East Hanover Township has the resources necessary to deal with the Casino impact.

- Mr. Epstein commented the Pennsylvania Race Horse Development and Gaming Act is under review. The relevant part for the Township is what kind of Township it is. The agreement, if the Board chooses to sign it, is between the Dauphin County IDA, the entity who distributes the grants, and East Hanover Township.
- The County also has discretionary funding, so it is possible the monies that were discussed previously regarding the difference between the 2003 and 2004 budget could be made up by the County. He felt that is a tremendous commitment made by the County since it will be coming out of its share.
- Mr. Epstein noted the Township will need to use all reasonable efforts to advocate to the Department of Revenue to use the 2004 budget.
- The MOU will establish East Hanover Township's preferred status for up to \$3,000,000.00 in grants which is to be used for verifiable impacts. The Township may be eligible for more than \$3,000,000.00 since the preferred status will not prevent the Township from applying for other County grants from the Casino revenue.
- Mr. Epstein noted the Township is in the process of doing a needs assessment. This is a review of Township needs and the impact of the Casino. This will be an ongoing study and will serve as a guide and a road map for a new Comprehensive Plan. This will help to quantify the needs of the Township.
- Mr. Epstein noted copies of the MOU have been provided to the residents present at the meeting and will be posted on the Township's website. Some of the language of the MOU is required by the Statute, specifically the wording that it is subject to a budget limitation of the amount that is allocated to a 2nd Class Township, which is not to exceed 50% of its 2003-2004 budget adjusted for inflation. This is why the Township engaged with the County for a MOU to hopefully access some other revenues.
- Mr. Epstein noted the MOU expires December 31, 2011. If table games come to Pennsylvania, there may be an opportunity to look at how the State deals with all Host Communities in a more equitable way.
- Mr. Stein felt the document is a triumph for Home Rule. The money goes through the Township to prioritize as to how it is to be used to deal with the impacts instead of going to the County on a project by project basis. The County

recognized East Hanover Township is the one that is going to be most impacted by the Casino and the best to be able to recognize how it is going to be affected.

- Solicitor Wyland noted the Township hoped to use the time before the vote on the MOU at 7:30 to address any comments. The Statute is complicated and was written to accommodate different communities and different size communities. It also creates a number of different funds the Township had to work through before coming to the MOU. The agreement shores up the position the legislature created for the Township. The County has done a good and effective job to help coordinate the funds, in the best possible way, for the Township. He felt the agreement is valuable to the Township. The projects will need to be identified over the next few years, and other resources will need to be worked with to match funds. By using the funds responsibly, the Township will be able to show the County it is using the funds to try to minimize the impact of the Casino.
- The Department of Revenue has been charged with administrating the funds. Solicitor Wyland has been in contact with the Department. The one unresolved issue is the year of the budget used to determine the funds. The cap as to what the Township receives into its General Fund will be determined by that budget. The MOU does a great service to the Township since it puts the County and the Township in a cooperative agreement.
- Mr. Epstein asked for comments from the public before the vote on the MOU.
- David Boyd of Pineview Drive asked about the grants the Township could get. It is his understanding the grants could only be used for items that have been impacted by the Casino. He felt that was restrictive. He asked if the monies Dauphin County receives have the same restrictions.
- Solicitor Wyland noted there is a bigger share that is the local funds share distribution. That is divided into 2 parts, money the County gets directly since it hosts the Casino, and the other part is the local share which is mix of municipal and County funds. The County's fund it receives is split into 2 equal parts. Half the County can use in an unrestricted way, the other half must be used for projects that are related to the Casino in some way. The local share is split up 3 ways. The first fund is the money that comes directly to East Hanover Township and into its General Fund (\$937,557.00 per year) and can be used any way the Township chooses. The other 2 parts of the fund don't come to the Township directly but go to the County for administration. Half of that goes to the County for unrestricted use by the County, and other half is administered by the County for municipal grants. The municipal grants have to be associated with the Casino in some way. The MOU is set up that some funds will be administered by the IDA and the Township has to show the funds it wants to access as grants are related in some way to the Casino operations. What is unknown is how rigorous the examination will be to release the grant monies. The Township wanted to address the issue up front and that is what initiated the needs study the Township is doing. Once completed, it will be available to the public for review and comment. The study is to list all the needs the Township will have as a result of the impact of the Casino.

- Mr. Boyd commented the infrastructure would relate to the roads. There is only one major route into the Casino and that is Rt. 743 which is currently being improved by the State. Will this conflict with the monies. Solicitor Wyland noted the coordination with the funds for some of the projects needs to be worked out between the County and State. He felt from the Township's point of view in terms of administration, it wants to maximize the use of the grant funds administered by the IDA. The first step would be to apply for a grant and also investigate what non-Casino monies are available for matching funds. He indicated only if there is a desperately needed project that could not show it was an effect of the Casino, would the Township dip into the funds that are deposited into the General Fund.
- Mr. Epstein noted everyone is wading through the MOU for the first time to translate the language. The direct and indirect impacts need to be determined. Mr. Boyd mentioned there is one major road going into the Casino. If that road is backed up, people will be using other routes to get to the Casino. There are ripple impacts that are considered indirect. The Casino will use water, sewage, development, etc. Mr. Boyd noted Penn National has its own sewage treatment plant so that would not be an issue. Mr. Epstein commented it empties into Lebanon County so that is an impact. The Township will slowly realize what the impact is, but it also needs residents input to see what they feel is an impact.
- Solicitor Wyland commented there are also 2 sections of the statute that discuss how you have to tie the project to the Casino. One regards projects that are in the public interest and are associated with the Casino operations, and the other projects in the host and surrounding municipalities that are in the public interest.
- Chairman Beaudet urged the public to provide their comments and questions regarding the MOU
- Mr. Epstein commented Mark Stewart, from Wolfe, Block, who represents the County, will be attending the meeting later to answer any questions. He pointed out this is a model of cooperation between the County and the Township. There are other host municipalities and their respective Counties that are not cooperating.
- Chairman Beaudet noted the public hearing for voting on the MOU will take place at 7:30. At 6:40 PM a break was taken.
- The Public Meeting reconvened at 6:54 PM.
- Richard Schock noted there are a number of bridges in the Township that there is concern about. Specifically the ones on Jonestown Rd., Kiwanis Rd. and another. He asked which funds could be used on the bridges. Solicitor Wyland commented for any transportation infrastructure projects, the Township will look at the needs study. The Casino has a great impact on the local traffic around the facility itself; but there will be people moving into the area over the long term and will be going out of their way to avoid the busier parts of the Township that are clogged with traffic from the Casino by the use of alternate roads. This puts a strain on the infrastructure. He felt the requirements for use of the money would not be limited to the roads that individuals drive on to arrive or exit the Casino. The legislature in general expected the mere location of such a large

- Chairman Beaudet noted anyone coming from West Hanover Township or Rt. 39 to go to the Casino could possibly have to cross the bridge on Jonestown Rd.
- Mr. Epstein commented PennDOT has identified 2 bridges in the Township it would like to put together a funding formula for repairs. If those bridges can't be funded by Casino monies, then the Township may be able to avail itself by indicating the bridges that really need to be addressed. Hopefully, the funding will be available. Solicitor Wyland noted you also try to find matching funds for infrastructure to help offset the cost.
- Al Garman asked if the MOU was a result of the 50% limit of the Township budget. Mr. Epstein noted if the restriction was not in the legislation, then East Hanover Township would have \$10,000,000.00. The County understood the Township was de-funded and wouldn't have the resources necessary to carry out infrastructure improvements. That was the driving factor in the MOU.
- Mr. Garman asked if anyone is still trying to get the law changed to allow the Township to get the full \$10,000,000.00. Mr. Epstein felt the opportunity may come when table games come, if they do. The statute is the statute. The legislature is investigating the Gaming Control Board, the role of the PA State Police, etc. He did not feel the law will be redone.
- Mr. Garman commended everyone for their efforts to try to get the Township more monies than what was originally expected. He still felt it was unfair the Township has to rely on the generosity of the County to get additional funds when it should have been \$10,000,000.00 going to the Township. He encouraged representatives to get the Township's fair share at some point in time since the Township is just touching the surface as to the impact of the Casino.
- Chairman Beaudet felt with the state of the economy, the impact has not yet been felt. When it improves, then the real impact will be felt with additional development.
- Solicitor Wyland noted there is a \$10,000,000.00 minimum that is not affected by the fluctuation in the earnings of the Casino. One of the positive things the Township can do is administer the funds responsibly to show it is using all that is available and it is still not able to satisfy all the needs to address the impacts. When the issue does reopen, the Township can show that it is an admirable steward of the funds given to it and is ready to accept more responsibility with additional funds.
- Mr. Epstein commented there are around 2.3 million visitors that go to Hershey in the summer. There will not only be ripple impacts, but probably seasonal impacts that other communities don't have. Once the other Casinos open in the State, there will be fewer visitors from Central Pennsylvania, but probably more coming from the south. Even if table games come in, the tax will be different. Instead of 50% it will be more like 35%.
- Mark Stewart of Wolfe, Block was present to answer questions. Chairman Beaudet introduced the Board members to Mr. Stewart. She also noted that

David Craig, a resident of the Township was appointed to the Advisory Board, along with Lloyd Umberger.

- Mr. Marshall commented as time passes, the needs will be recognized. That may help in a few years to negotiate more monies.
- Dave Smith of County Line Rd. expressed his appreciation to the Board of Supervisors, the County and all the people involved in obtaining the MOU. It showed there are people in the County and Township that have a head on their shoulders, and not like other Counties that are spending time in the court system and taxpayer's monies. As the improvement is completed on Rt. 743, it will pick up more traffic, including tractor trailers. He noted someone mentioned the word School. Down the road, with economic impact and growth, and more housing developments are built as a result of attractions in the area, there will be a growth in students in the school district which will result in an increase of taxes. If the growth of students can be attributed to the impact of the Casino, will there be help for the school district.
- Mr. Stein noted the Township will be undertaking thorough professional studies, engineering studies, traffic counts, etc. throughout the Township. All those studies will allow the Township to develop a base line. From the baseline the Township will be able to quantify the impact and growth that comes from hosting the Casino. As long as it can be quantified as a direct or indirect impact from the Casino, building new schools, road improvements, etc. the funds will be available.
- Mr. Epstein noted the statute makes provisions for infrastructure improvements and human services. What could be a more vital human service than schools. If the class size increases, more teachers and support staff will be needed. This will be an impact from the Casino, but it will be depend on whether or not there is enough resources.
- Chuck Mundy of Englewood reiterated previous concerns regarding the traffic. The Public Safety Advisory Council Chairman disclosed at its last meeting the number one area of concern was the intersection of Rt. 743 and Early's Mill Rd. and the increase of traffic. There may be other public safety issues that are more workable for the funds. He asked if the baseline study was initiated prior to the Casino's opening, and how would the study be quantified after the opening.
- Mr. Stein commented the Township will know from the Casino customer counts. From demographics and traffic counts, that information can be backed into those customer counts. In a perfect world, the baseline studies should have been done prior to the Casino opening. Some of the studies were done by the Casino and those studies will be reviewed for accuracy. The process for developing a comprehensive baseline study has started. A traffic engineer has been engaged to work on the 209 Plan. That plan will be incorporated into the studies. Unfortunately, the studies will take a couple years to get the entire Township quantified.
- Solicitor Wyland noted the Supervisors directed staff to start the needs study process. This will establish the connection between the Casino operations and the effect and impact on local services and infrastructure. The study will require everyone to provide input and be part of the process that develops the priority of

the projects. He sees, in the near future, a working draft of the needs study, and an opportunity for comment from the public to help to determine which ones are most important and viable.

- Mr. Epstein asked Mr. Stewart if there are any other municipalities in the same bind as the Township with 50% of their budgets. Mr. Stewart commented most of the other hosting municipalities have the statutory provision of 50% of its budget with a cap, with the exception of Philadelphia and Pittsburgh. Most of the local municipalities are subject to the cap. The legislature believed some of the areas had relatively small budgets and to have an influx of \$10,000,000.00 would be looked at a windfall. The cost of the impacts has nothing to do with the size of a municipality's budget. Mr. Epstein commented not all municipalities have the Township/County relationship regarding the funds. Mr. Stewart noted there different arrangements for each of the casino locations. The 1st, 2nd, and 3rd Class Counties has the money going through the county to the various intended projects. 4th class counties and downward, the monies go through the Department of Community and Economic Development (DCED). The County does still play a role in providing information, but ultimately, it is a State body that makes the final determination. It is fortunate for East Hanover Township and Dauphin County that it is the local people who have the influence and control of the funds and can be reasonable with each other.
- Mr. Epstein asked Mr. Stewart to define priority funding considerations and the uncommitted funds. Mr. Stewart commented the concept of priority funding consideration is applications come in and are reviewed. The applications from East Hanover Township will be given priority up to \$3,000,000.00 annually. Regarding the uncommitted funds, the statute has a provision that states uncommitted funds the IDA has in the grant pool that are not given out in a given year, the County shall pay them to the authority that is administrating the grant pool. The way it is addressed in the MOU is that essentially if East Hanover Township has not hit the \$3,000,000.00 either through the IDA's grants or any other source of local share grant funding in Dauphin County, which is the other grant pool that the County Commissioners award, then the IDA would give the uncommitted funds to East Hanover Township to the extent necessary to realize the \$3,000,000.00.
- Mr. Epstein asked what is the role of the Advisory Panel. Mr. Stewart commented the composition of the Advisory Panel is 2 members of East Hanover Township, 2 members from contiguous municipalities, and 1 member that is County wide. It is a 5 member Advisory Committee. Its statutory role is to advise the County Commissioners on the need for municipal grants for projects that promote the health, safety, transportation, and other projects in the public interest. The grant pool the Advisory Committee will advise the Commissioners on is slightly more flexible than the IDA grant pool. East Hanover Township will have the most impact from the Casino and it is anticipated that it will be the likely candidate for most of the grants.
- Mr. Epstein commented if the Township can't get the grants from the IDA, it can avail itself to the Advisory Panel since it can be more flexible. Mr. Stewart noted there is nothing to preclude the Township from getting additional grants.

- Dauphin County Commissioner Nick DiFrancesco noted it was good this phase of the process is coming to a close. It has been a trying time for all, however East Hanover Township has felt the brunt of what has been going on with the construction of the Casino, and what the Township's life will be like after the opening. This is a good opportunity for the County to show good faith and to sit down and say we do sympathize with what is going on. None are particularly happy with the way the legislation was ultimately written. There are ways this can be overcome and to make certain those of direct impact are taken care of so the people of the Township don't have to bear the financial burden.
- Dave Smith commented he appreciates the effort the County put forth in working with the Township. You all have heads on your shoulders you can be proud of. As a citizen of the Township he thanked all involved.
- Chairman Beaudet thanked everyone for coming to the public meeting and all those involved in bringing the MOU to fruition. The MOU is an example of the government working for the people, and demonstrates elected officials can pool their resources to achieve a common victory for the community. The agreement is also an example of what we can achieve as a community when we put aside our differences and work together. The County and the Township recognize the costs associated with hosting the Casino will be substantial and will exceed the Township's direct local share of the distribution of the gaming funds. The County has stepped up and done the right thing. While there are challenges ahead, the MOU provides the Township with the financial resources to build a foundation that will assist it in dealing with the direct and indirect impacts of the Casino. The Casino, as well as the collateral business, will bring an economic boost to the entire area. Growth does come with consequences. The Township is in the process of doing a needs assessment to gauge the impact of Penn National's expansion and associated collateral development. The needs assessment is a living document and will also serve as a road map to a new comprehensive plan. It is important to remember that under the Gaming Act municipal grants must be used to fund the cost of human services, infrastructure improvement, facilities, emergency services, health and public safety expenses associated with or related to the operation of the Casino. The Township will be identifying needs, prioritizing projects, and establishing a time line for those projects. The Township looks forward to continued support of the County, State Government and the Township's residents.
- Solicitor Wyland noted it is the date and time for the public hearing advertised to consider the Memorandum of Understanding with the County. Staff has been available since 5:00 PM to answer questions from the public regarding the agreement, the underlying legislation, and the process to get to this point. One additional opportunity will be given for any final and abbreviated comments from the public concerning the MOU before bringing it to a vote.
- There were no further public comments.
- Chairman Beaudet noted questions and answers were heard, public comment was heard and the MOU is now before the Board.

- Mr. Marshall noted the MOU was a long time in coming and was not everything the Township desired, or everything the County desired, but felt it turned out to be something that is functional for both parties.
- **Mr. Marshall made a motion that the Township approves the Memorandum of Understanding with the Dauphin County Industrial Development Authority. Mr. Shutt seconded the motion.** Mr. Espenshade commented most of the people at the meeting are lifelong residents of the Township and Penn National has always been an interesting situation. Now there is gaming, and to some people, they did not want to see that. It is here and he thanked the County for giving us the funding to now maybe make the Casino an opportunity for this community instead of something on our backs. He appreciated the County working with the Township. **The motion was approved 4 in favor, 0 opposed.**
- Mr. Shutt noted he was impressed as to the outcome of the MOU. There were a lot of people that were not happy with what was started. He noted the way things turned out with the work of the Board, the people that were hired to help the Township, and the help of the County, the Township has been very fortunate and he thanked everyone for their efforts.
- Commissioner DiFrancesco thanked the Board for passing the MOU. It is important to note that all the representatives of the Township did a fantastic job in a very difficult situation. The process went more smoothly because of the efforts of the Township and its having a key contact. The County is looking forward to working with the Township and it truly believes the citizens should not bear the brunt of the financial consequences of the Casino. He is looking forward to see the needs assessment, and felt the issues that come up with the plan will be obvious issues because there are direct impacts the Township will have to deal with. This is one of Dauphin County's most beautiful communities in terms of its rural nature and the people that live here and have been lifelong residents. He appreciates that aspect of the community. The County wants to try to partner with the Township to have the residents' lives to continue to go on in a positive way. Commissioner DiFrancesco noted he was not a fan of gaming coming to Pennsylvania, but it is here and he believes the people at the racetrack have been terrific partners. He is glad to have them here as opposed to some other interest. The impact to the community on a positive nature has been seen and a lot of the speculation on the negative side may or may not happen. The Commissioners look forward to a continued relationship with the Township and the Casino.
- Mr. Stewart commented that working with Andy Stein and Scott Wyland has been a positive experience and the Township has been well served by them. He noted Mr. Epstein has been a tremendous advocate for the Township and has done a great job.
- Chairman Beaudet thanked her fellow members of the Board for going out on a limb with individuals she had only heard of. She is very glad Mr. Epstein and Solicitor Wyland provided their services to the Township. She thanked Mr. Stewart and Commissioner DiFrancesco for their efforts and commented the Township is looking forward to a long relationship with the County.

Mr. Espenshade made a motion to adjourn the meeting. The meeting was adjourned at 7:42 PM.

Respectfully submitted,

Deborah A. Casey

cc: Marie Beaudet
David Marshall
Keith Espenshade
Larry Spitzer
Thomas Shutt
Hawke, McKeon & Sniscak
Curt Cassel

Charles Longreen
Planning Commission
Light-Heigel & Associates
Posted
Zoning Hearing Board
LTL Consultants