

**DERRY TOWNSHIP
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
600 CLEARWATER ROAD, HERSHEY, PENNSYLVANIA 17033
MEETING MINUTES
October 16, 2014**

CALL TO ORDER

Chairman Foley called the October 16, 2014 meeting of the Derry Township Industrial & Commercial Development Authority to order at 6:15 p.m.

PLEDGE OF ALLEGIANCE

All present stood for the Pledge of Allegiance.

ROLL CALL

Members Present:

Chris Abruzzo
Domenick Argento
Justin Engle
John Foley
James Ingalzo

Also Present:

James Negley, Manager, Asst. Treasurer, Asst. Secretary
Barbara Zemlock, Solicitor
Marie Sirkot, Administrative Assistant
Ardith Yahner, Stenographer

Public Present:

Andrea Abruzzo
Greg Koussis, Capital Construction Management, LLC
Diana Reed, Diana M. Reed & Associates, PC
Lou Verdelli, RBC Capital Markets

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

APPROVAL OF MINUTES

Mr. Ingalzo made a motion to approve the minutes of the September 18, 2014 meeting. Mr. Engle seconded the motion. *Motion carried, 3-0-2. Mr. Abruzzo and Mr. Argento were not present at the September meeting.*

PUBLIC COMMENT

No public comment.

CONSIDERATION OF AUTHORIZATION TO SOLICIT PROPOSALS FOR LOAN FOR FIRE HOUSE PROJECT

Mr. Verdelli provided a summary of the financing plan that has been discussed at the past several meetings. Based on the time line of needing funds in hand before the end of 2014, he advised to move ahead with receiving the proposals and the following steps. Receive approval from the Township Board of Supervisors for a guaranty, at their Board meeting on October 28. Submit to the state for their approvals, and close before the end of the year. Our proposed bank loan is a \$5,000,000 bank loan with a draw-down structure. This would limit the interest expense by accruing interest only on the funds used. A variable rate will also minimize interest expense. The loan would be prepayable at any time to provide maximum flexibility to pay it down quickly as funds come in. The Township of Derry guaranty will be required.

The Township's credit was just updated two weeks ago. Mr. Verdelli explained that he has some concerns about having the Township guaranty this \$5,000,000 loan amount. For this reason there is an alternate option presented in the financing summary. This option proposes a loan of \$1,000,000 with the same provisions as the former option for \$5,000,000. This amount would provide funds for land purchase and other soft costs while allowing time for the entire financing plan to be defined. This option would minimize impact to the Township debt statement and credit rating until the financing plan is complete.

The financing schedule for either of these two options would need the authorization to proceed at tonight's meeting. The Township would need to approve the Guaranty Agreement on October 28. The ICDA would give final approval at its November 20 meeting, and settlement would occur on December 22, 2014.

Mr. Ingalzo asked if the \$1,000,000 option would inhibit the progress that the Fire Company could make on their project time line. Mr. Foley advised that they have identified approximately \$580,000 to get through entitlement and purchase of the second Cagnoli property. Mr. Koussis added that a larger amount would be required for the RACP application and it should be in place no later than February 2015.

Mr. Engle and Chairman Foley would like all the information put together ahead of time so that it can be circulated to the Supervisors. Mr. Negley advised that Mr. Verdelli always includes a detailed description attached to the agenda items. It would be helpful if we can get that in advance. Also, Chairman Foley asked Mr. Koussis to document the commitments that we have to date in writing from The Hershey Company, the Medical Center, Milton Hershey School and Country Meadows. Chairman Foley also advised that the Fire Company has spent \$500,000 of their money as well.

Mr. Abruzzo asked if Mr. Verdelli is worried about the Township's credit rating if the loan is done for the \$5,000,000 amount. Mr. Verdelli replied that he is because it could impact the credit rating unless we can identify who has committed to paying the debt amount.

Mr. Abruzzo made a motion to approve Alternate Option No.1 for the amount of \$5,000,000. Mr. Ingalzo seconded the motion. *Motion carried, 5-0.*

CONSIDERATION OF RESOLUTION NO. 2014-04, AUTHORIZING THE UNDERTAKING OF ACTIONS REQUIRED TO CREATE A TAX INCREMENT DISTRICT, AND THE APPOINTMENT OF PROFESSIONALS

Solicitor Zemlock advised that she met with a group on October 1 to explore the possibility of a TIF District in downtown Hershey. All involved agreed that this would provide a great opportunity for economic development in Hershey. In order to move forward with this process we need to put a team in place with a bond counsel/special counsel and a consultant to help us through the TIF process. We need to reach out to the School District, the Township and the County. Formal presentations need to be made at their board meetings and work needs to be done to define the TIF District.

Ms. Zemlock advised that the resolution will authorize the ICDA to proceed with the exploration and establishment of a TIF District, and the appointment of Donna Kreiser of McNees, Wallace & Nurick as bond counsel and Scott Shearer of Public Financial Management as our consultant to assist us with this process.

Mr. Engle made a motion to approve Resolution No. 2014-04. Mr. Ingalzo seconded the motion. *Motion carried, 5-0.*

UPDATE ON FIRE COMPANY PROJECT

Mr. Koussis summarized the work that has occurred in the last 30 days. The design development is complete as of October 13, 2014. A list of alternates was decided on October 16, 2014. Fundraising efforts have continued and a mailer to the community is being developed. This should be mailed in November. The civil engineer submitted the preliminary/final land development plan to Derry Township on October 8, 2014 for the Planning Commission review meeting on November 5, 2014. The contractor will be working on updating the budget in the next two weeks. Following this, we will have a better idea of where we are financially with the project. The final cost update will happen in January, 2015 when the contractor actually goes out to the subcontractors for firm bids. The Township closed on the triangle parcel and park area from Hershey Trust Company. Closing on the alley property and the Cagnoli property still needs to occur. We continue to work on the RACP application and have held a review meeting with Diana Reed's office.

Chairman Foley added that he received an email from Allen Cagnoli. He asked to extend the current lease for his commercial tenant for four more weeks, until December 22. He would prefer to close by January 31, 2015.

Mr. Koussis added that before the buildings can be demolished in February or March, asbestos testing must be done. He would prefer that this be taken care of in the next 60 days. DEP must also be advised 30 days prior to demolition, if asbestos abatement is necessary. Mr. Foley will request access to the building for testing while the tenant is there.

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

None at this time.

ADJOURNMENT

Mr. Engle made a motion to adjourn the meeting. Mr. Ingalzo seconded the motion.

Motion carried, 5-0.

Meeting adjourned at 6:45 p.m.

Respectfully submitted by:

James N. Negley, Manager
Assistant Treasurer/Assistant Secretary