

**DERRY TOWNSHIP
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
600 CLEARWATER ROAD, HERSHEY, PENNSYLVANIA 17033
MEETING MINUTES
September 18, 2014**

CALL TO ORDER

Chairman Foley called the September 18, 2014 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:

James Ingalzo
Justin Engle
John Foley

Members Absent:

Domenick Argento
Chris Abruzzo

Also Present:

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

Public Present:

Mary Holovack, Diana Reed Associates
Ted Holovack
Greg Koussis, Capital Construction Management, LLC
Lou Verdelli, RBC

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 moved to approve the minutes of August 21, 2014 and Mr. Engle seconded the motion.

Motion carried, 3-0.

PUBLIC COMMENT

There was no public comment.

UPDATE ON EXTENSION OF LETTER OF CREDIT FOR GIANT CENTER

Mr. Verdelli advised there was a soft settlement on Monday, September 15 and everything is in order. The Letters of Credit for the Giant Center will be extended from November 15, 2014 to November 15, 2015. Wendy McClintock at Hershey Entertainment and Resorts is aware of everything that has transpired. Everything was wrapped up on Monday.

RESOLUTION AUTHORIZING SECOND AMENDMENTS TO LOAN AGREEMENTS FOR GUARANTEED PROJECT NOTE, SERIES OF 2004 AND GUARANTEED PROJECT NOTE, SERIES OF 2006

Mr. Verdelli explained that Standard & Poors' rates the Township. About a year ago they changed their rating criteria. Now they are going through all of their ratings and plugging the current information through their new model and recalibrating their ratings criteria to see if it impacts the credit rating.

About three weeks ago, Mr. Negley, Cheryl Lontz and Terry Weinhold from the Township Finance office, had a rating call. In looking at the Township's outstanding debt, and the debt that the Township provides guarantees on, the Intermodal loans of 2004 and 2006 were reviewed. Three sections caused serious concerns and could cause the loans to be accelerated. If this happened and there was no source of funds at the ICDA, then the Township would be called upon to pay. The outstanding balance is greatly in excess of the resources the Township has on hand. The 2004 loan has about \$7.4 million left on it, and the 2006 loan has about \$2.4 million. This brings the total debt remaining on the Intermodal to about \$9.8 million. S&P looked at this and saw that the general fund balance doesn't equal that much and the Township would not have the resources to pay it. This risk could cause the Township's credit rating to go from one notch away from AAA to a BB category – a huge downgrade.

The quickest, cleanest recommendation for this problem was to approach PNC Bank and ask if they would be willing to amend those documents. PNC worked with us on a very tight timeline so that we could get back to S&P. About a week ago, it went through a rating committee. It was included in the credit rating report that if the ICDA and Derry Township were to fail to pass these resolutions within the next two weeks, our credit rating could still face substantial downgrades. These changes are to protect the Authority and Township, and to preserve the high credit rating that we have at this time.

PNC agrees with these changes and Dan Malpezzi worked on this resolution and with S&P to get them satisfied with the language.

Mr. Ingalzo made a motion to approve Resolution No. 2014-03 authorizing a second amendment to loan agreements for guaranteed project notes series 2004 and 2006. Mr. Engle seconded the motion.

Motion carried, 3-0.

Mr. Negley thanked Mr. Verdelli for all his work and for going above and beyond what was required as our financial consultant. Mr. Negley also asked Chairman Foley to mention this at the Board of Supervisors Meeting on Tuesday as he will be unable to

attend. Mr. Verdelli will attend the Board of Supervisors Meeting on Tuesday to advise them of this information as well.

UPDATE ON FIRE COMPANY PROJECT

Mr. Koussis advised that in the last 30 days they have proceeded with the design development phase of the project. The architect continues to develop floor plans, elevations, etc. while the structural engineer conducted field inspections and began framing design. Mechanical and electrical engineers provided a systems review and analysis. They were given direction to move forward with design based on that analysis. The civil engineer attended a Zoning Hearing Board meeting to request relief for required variances and special exceptions. A review meeting was held with ARM and the geotechnical engineer to review the original report prepared in 2012. It was requested they update it for the current building footprint and design.

In the next 30 days, Mr. Koussis plans to finalize the Cooperation Agreement between the fire company and the ICDA. The design development stage of the project will be completed and the construction document stage of the design will commence. By the end of design development, the project team will have agreed on the list of alternates to be included in the bid documents. The civil engineer will submit the Preliminary/Final Land Development Plan to Derry Township for Planning Commission review on October 8, 2014. The Township will finalize acquisition of the triangle parcel and park from HTC/MHSF and alley to be vacated. An internal RACP follow-up review meeting will be held to coordinate collection of required information for the Budget Office. Fundraising efforts will continue and team meetings will continue on a bi-weekly basis.

UPDATE OF TIF

Solicitor Zemlock advised that a team has been put in place in order to move the TIF forward. This team includes Donna Kreiser of McNeese, Wallace & Nurick as Counsel, and Scott Shearer with PFM, who has extensive experience as a consultant. They will be meeting October 1st in order to identify what needs to be done to move forward, and we should have more direction after that meeting.

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

No other business.

ADJOURNMENT

Mr. Ingalzo made a motion to adjourn the meeting. Mr. Engle seconded the motion. *Motion carried, 3-0.* Meeting adjourned at 6:30 p.m.

Respectfully submitted by:

James N. Negley, Manager
Assistant Treasurer/Assistant Secretary