

TOWNSHIP OF DERRY
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
MEETING NOTES
MAY 19, 2016

CALL TO ORDER

Chairman Justin C. Engle called the May 19, 2016 Regular Meeting of the Industrial & Commercial Development Authority to order at 6:03 pm in the meeting room of the Township of Derry Municipal Complex, 600 Clearwater Road, Hershey, PA. A roll call was completed after the pledge of allegiance.

The following were in ATTENDANCE:

BOARD MEMBERS

Justin C. Engle, Jr., Chairman
John W. Foley, Vice Chairman
Brian Shiflett, Treasurer
Thomas Fowlston

ALSO PRESENT:

James N. Negley, ICDA Mgr./Asst. Treas./Asst. Sec'y
Marie Sirkot, Administrative Assistant
Jeffrey Engle, ICDA Solicitor
Julie Echterling, Recorder

ABSENT:

James Ingalzo, Secretary

Public in Attendance

The following were in attendance: Lori Althoff, Greg Koussis

APPROVAL OF REGULAR MEETING MINUTES:

Vice Chairman Foley made a motion to approve the minutes for the February 18, 2016 regular meeting. Mr. Shiflett seconded the motion. **Motion carried 3-0-1.** As a new member, Mr. Fowlston abstained.

Chairman Engle welcomed Mr. Fowlston to the Board. Chairman Engle stated there were two meetings cancelled this year, March and April. It costs money to have these meetings and at times there are no items requiring action. He asked the Board members to reach out to him or Vice Chairman Foley, between meetings, if there are any questions or if they would like an update on any projects.

PUBLIC COMMENTS:

There were no public comments.

SWAP AGREEMENT-2008 NOTE

Chairman Engle stated the goals and key objectives of the refinancing are as follows:

1. Remove \$7 million guarantee from the Township's debt liability to help improve the Township's credit rating.
2. To provide ongoing maintenance to the ITF for the Giant Center. The ICDA is responsible for keeping the facility updated.
3. Extend the amortization to June, 2037. This would help with the projected cash flow shortage to pay the debt services, based on projected hotel taxes.
4. Free up cash for other potential capital projects in the future.

Mr. Tim Horstmann, McNees, Wallace & Nurick, stated the resolution would authorize the ICDA to enter into a SWAP transaction with the holder of the note, PNC Bank, to exchange the variable rate to a fixed rate. The resolution would allow Mr. Negley to work with bond counsel and the Solicitor to pull the trigger on the best time for executing the SWAP transaction. Mr. Negley asked for a change on the resolution on page two, paragraph two. It should read Assistant Secretary of the Authority. Mr. Shiflett asked if there is

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a target cash flow. Vice Chairman Foley discussed the projected rates and possible rates they received in a report. Chairman Engle stated that the fixed rate may be higher than the variable, but it takes away the risk of future increases with a variable rate. The cash shortages on the report are made up by Hershey Entertainment & Resorts Co. Mr. Horstmann stated the Hershey Trust guarantees it and there is no liability to the Township or ICDA. He shared that the Trust is going to act on it before the next ICDA meeting.

Vice Chairman Foley made a motion to approve **Resolution No. 2016-01**, the swap agreement for the 2008 note on the Museum, Hershey Story, in the amount of \$6,000,000. Mr. Fowlston seconded the motion.

Motion carried 4-0.

UPDATE ON FIRE HOUSE PROJECT:

Mr. Koussis stated the project is complete. The Fire Company relocated back into the completed facility at the end of February. There is only a hand full of open punch list items and they should be completed by the end of the month. The cash flow projections have been updated to reflect the first reimbursement payment was received in March, 2016. The second reimbursement payment should be issued in the next few weeks. The third reimbursement request should be submitted soon. He stated the Fire Company is continuing to pursue fundraising opportunities. Chairman Engle had asked for a debt service projection, which he provided in an email to the Board prior to the meeting. The Board thanked him for a job well done.

UPDATE ON STATUS OF THE AQUATIC CENTER:

Chairman Engle stated that there continues to be discussion on this center. He reminded the Board of the letter they sent to the Hershey Trust expressing interest in acquiring a piece of land on the north side of Hersheypark Drive between Clearwater Road and Pennsy Supply Road. The Recreation Stakeholders' monthly meetings are being held and are primarily discussing the Recreation Center. They are working on financing options. Last week they gave direction to John Payne and lobbyists to try and secure RACP funding of \$30 million. He spoke about the RACP bill and matching funds. The consensus of the Board was to pursue this funding. He stated they have been in conversation with consultants about potential financing and have reached out to KPMG who is willing to have a brainstorming session for no charge. KPMG is familiar with the infrastructure. Chairman Engle shared KPMG's recent projects, which includes Purdue University. In the brainstorming session they would discuss funding, which would include RACP, hotel taxes, and/or private opportunities. He asked the Board for their approval for he and Mr. Fowlston to meet with them. The Board agreed to Justin and Tom meeting with KPMG. Chairman Engle stated he and Vice Chairman Foley are normally involved in discussions with financing for the ICDA. If there are any questions or concerns, he asked the members to let him know.

ADJOURNMENT:

Vice Chairman Foley made a motion to adjourn the meeting at 6:35 pm. Mr. Shiflett seconded the motion.

Motion carried 4-0.

SUBMITTED BY:

James N. Negley, Manager
Assistant Treasurer, Assistant Secretary