

TOWNSHIP OF DERRY
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
MEETING NOTES
NOVEMBER 17, 2016

CALL TO ORDER

Chairman Justin C. Engle called the November 17, 2016 Regular Meeting of the Industrial & Commercial Development Authority to order at 6:00 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.

IN ATTENDANCE

BOARD MEMBERS

Justin C. Engle, Jr., Chairman
John W. Foley, Vice Chairman
James Ingalzo, Secretary
Thomas Fowlston

ALSO PRESENT

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

MEMBERS ABSENT

Brian Shiflett

Public in Attendance

The following were in attendance:

Lou Verdelli, RBC Capital Markets
Lori Althoff, Diana M. Reed & Associates
Donna Kreiser, McNeese, Wallace & Nurick
Tim Horstmann, McNeese, Wallace & Nurick
Garret Gallia, HE&R
David Lavery, HE&R
Wendy McClintock, HE&R
David Twaddell, Rhoads & Sinon

APPROVAL OF REGULAR MEETING MINUTES:

Mr. Ingalzo made a motion to approve the meeting minutes for the October 20, 2016 regular meeting. Vice Chairman Foley seconded the motion. **Motion carried 4-0.**

PUBLIC COMMENTS:

There were no public comments.

ITF FINANCING – RESOLUTION 2016-03:

Mr. Verdelli provided the Board with a handout to update the financing of the Intermodal Transportation Facility. Below are the details of the financing:

- Currently
 - Series 2004 - \$5,420,000 at 1 month LIBOR + 149bps * 65%
 - Series 2006 - \$2,048,948 at 1 month LIBOR + 149bps * 65%
 - Debt services are paid with Dauphin County hotel tax revenues
 - Township provided the Guaranty Agreement
 - Maturity date of October 2024
- Proposed
 - Series 2016 – Approximately \$8,100,000

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- Debt services paid with Dauphin County hotel tax revenue
- Hershey Entertainment & Resorts (HE&R) provides the Guaranty Agreement
- Payment dates would move from the 15th of May and November to the 25th of those months to help with cash flow and timing of the payment from the County.

Mr. Verdelli spoke about the maturity date for the Series 2016 bonds as May 25, 2037, and the agreement with Dauphin County that will end in June of 2037.

He spoke about the current series debt with hotel tax and the projected shortfall in 2018. The refinancing of the bonds will allow the Township to avoid a shortfall and create a surplus over the next several years. This surplus can help build the reserve for future endeavors.

The bonds support three projects; the Intermodal Facility, Hershey Museum and the Giant Center. There is a draft version of a Memorandum of Understanding (MOU) for the ICDA, PNC Bank, and HE&R to enter into for this series of bonds. He stated this would effectively create a dedicated capital reserve account for the Intermodal Facility and the Giant Center to defray costs of future capital improvements, repairs and upgrades.

Mr. Tim Horstmann of McNees, Wallace, and Nurick, stated a draft of the MOU has been circulated to HE&R and he is working through some of their concerns. He believes they should have an agreement before the closing of the bonds next month.

Mr. Verdelli discussed the following schedule:

- Authority approve the new loan and swap, and the termination of the existing swap – tonight
- HE&R approve the Guaranty Agreement - December 7
- Terminate existing swap, finalize amount of new loan, price new swap - December 12
- Settlement of new loan and retirement of existing loans - December 22

Vice Chairman Foley made a motion to approve the ITF financing and authorization to proceed and approve Resolution No. 2016-03. Mr. Ingalzo seconded the motion. **Motion carried 4-0.**

PFM-SWAP AGREEMENT

Vice Chairman Foley made a motion to approve the Swap Agreement from PFM for their review of the Swap for the Intermodal and Museum Projects. Mr. Ingalzo seconded the motion. **Motion carried 4-0.**

Mr. Ingalzo made a motion to adjourn the meeting at 6:35 pm. Vice Chairman Foley seconded the motion. **Motion carried 4-0.**

SUBMITTED BY:

James N. Negley, Manager
Assistant Treasurer, Assistant Secretary