

**TOWNSHIP OF DERRY**  
**INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY**  
**MEETING NOTES**  
**AUGUST 15, 2019**

**CALL TO ORDER**

Vice Chairman Shiflett called the August 15, 2019 Regular Meeting of the Industrial & Commercial Development Authority to order at 6:03 p.m. 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**

Brian Shiflett, Vice Chairman  
Thomas Fowlston  
Marc Moyer  
James Ingalzo

**ALSO PRESENT:**

Christopher Christman, Manager/Asst. Treasurer/Asst. Sec'y  
Jeffrey Engle, ICDA Solicitor  
Julie Echterling, Recorder

**MEMBER ABSENT**

Justin Engle, Chairman

**Public in Attendance**

The following were in attendance: Lori Althoff, Lou Verdelli

**APPROVAL OF REGULAR MEETING MINUTES:**

Mr. Moyer made a motion to approve the minutes of the June 20, 2019 regular meeting. Mr. Ingalzo seconded the motion. **Motion carried 4-0.**

**PUBLIC COMMENTS:**

There were no public comments.

**NEW BUSINESS:**

**UPDATE ON GIANT CENTER REFINANCING & LETTER OF CREDIT EXTENSION:**

Mr. Verdelli, RBC Capital Markets, stated they are working on the refinancing of the Giant Center and there is still some unfinished business. They are having conference calls every two weeks and are not ready with final documents and accounts. A letter of credit extension with PNC is needed which he is hopeful won't be needed for the whole year. He is working toward having the refinancing finalized in September. He provided a presentation to the Board. He stated the purpose of the refinancing is to lower the annual debt services. This would create excess revenue that would be used toward funding capital projects. He noted that the letter of credit renewals should be done on or about November 15, 2019. Below are the Giant Center Bond Series and their PNC letter of credit details:

| <b><u>Series</u></b>   | <b><u>Balance</u></b> | <b><u>LOC Basis Points</u></b> | <b><u>LOC Expires</u></b> |
|------------------------|-----------------------|--------------------------------|---------------------------|
| A of 2000 – tax exempt | \$15,680,000          | 85                             | 11/15/2019                |
| B of 2001 – taxable    | \$21,070,000          | 110                            | 11/15/2019                |

The bank billing will now be done on a monthly basis versus quarterly because of the timing of the Letter of Credit and refinancing.

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Mr. Fowlston made a motion to adopt **Resolution 2019-01**, the Thirteenth Amendment to the Reimbursement and Credit Security Agreement with the provision that the letter of credit fees are billed monthly versus quarterly. Mr. Moyer seconded the motion. **Motion carried 4-0.**

Mr. Verdelli noted the new maturity on the restructured Giant Center Debt would be May 25, 2037. He spoke about the next steps with Hershey Entertainment and Resorts and this Board approving the transaction in September. The goal is to settle the new loans in November.

He noted the hotel tax is producing more revenue than the original design that was planned in 1998. There is enough to pay the tax-exempt bonds. He spoke about his handout of Sources and Uses of the funds. He stated the bank will not require a debt reserve on the new financing. He spoke about the swaps for the Series A & B payments. He stated that during one of the conference calls, they spoke about creating a Capital Reserve Fund which would be immediately available for projects. This is a new concept and is reflected in the numbers he discussed.

Below is a summary:

- Series A - \$24,185,000 is the debt with a fixed rate of 2.610% and annual debt services of \$1.7 million.
- Series B - \$21,726,000 is the debt with a fixed rate of 3.05% and annual debt services is \$1.5 million.
- The annual debt services will be nearly \$1 million less through 2030 than the current financing. This money can be used for capital projects.

He noted on a call last week, they spoke to him about borrowing new money for the next five years of Capital projects. He spoke about reviewing this idea and will need to talk to the bank to insure the debt is supported by the revenues of the building.

Vice Chairman Shiflett asked about the hotel revenues. Mr. Verdelli noted that the July 2019 payment was the second highest payment in five years and is 10% above last year. He hopes to be here at the next September meeting to present the finalized refinancing transaction.

**PUBLIC COMMENTS:**

There were no public comments.

**ADJOURNMENT:**

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

**SUBMITTED BY:**

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Christopher S. Christman, ICDA Manager  
Assistant Secretary/Assistant Treasurer