

**TOWNSHIP OF DERRY
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
MEETING NOTES
JUNE 16, 2016**

CALL TO ORDER

Chairman Justin C. Engle called the June 16, 2016 Regular Meeting of the Industrial & Commercial Development Authority to order at 6:01 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.

IN ATTENDANCE:

BOARD MEMBERS

Justin C. Engle, Chairman
John W. Foley, Vice Chairman
Brian Shiflett, Treasurer
James Ingalzo, Secretary
Thomas Fowlston

ALSO PRESENT:

James N. Negley, ICDA Manager/Asst. Treasurer
Marie Sirkot, Administrative Assistant
Jeffrey Engle, ICDA Solicitor
Julie Echterling, Recorder

Public in Attendance

The following were in attendance: Lori Althoff, Lou Verdelli

APPROVAL OF REGULAR MEETING MINUTES:

Mr. Shiflett made a motion to approve the minutes for the May 19, 2016 regular meeting. Mr. Fowlston seconded the motion. **Motion carried 4-0-1.** Mr. Ingalzo abstained because he was not present at the May meeting.

PUBLIC COMMENTS:

There were no public comments.

LETTER OF CREDIT EXTENSION - GIANT CENTER:

Mr. Lou Verdelli, RBC Capital Markets, discussed the annual renewal letters required each year and the process. He provided and discussed the following 1, 2 or 3-year options:

<i>Type</i>	<i>Outstanding Balance</i>	<i>Current LOC Points</i>	<i>Proposed-Offered by PNC</i>	<i>Fixed Rate Until 11/1/2030</i>	<i>Estimated LOC Renewal Fees</i>	<i>Debt paid with</i>
Series A of 2000	\$17,765,000	85	85 until 11/15/17 90 until 11/15/18 100 until 11/15/19	15%	\$9,750 for 1 yr. \$18,928 for 2 or 3 year	Dauphin County hotel tax revenues
Series B of 2001	\$23,355,000	110	110 until 11/15/17 115 until 11/15/18 120 until 11/15/19	5.47%	\$9,750 for 1 yr. \$21,728 for 2 or 3 year	Giant Center revenues and excess hotel tax revenues

The pricing is identical to last year. Based on the current proposals, Mr. Verdelli suggested the one-year renewal option. It is the lowest cost option and he recommends it at this point since consideration is being given to restructure the Intermodal Transportation Facility (ITF), Giant Center and the Hershey Museum debt to remove the Township guarantee.

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The tentative schedule would be updating the Board tonight and final approval of the resolution at the August 18 meeting, and extension of the letters of credit on or about November 15. Mr. Shiflett asked what factors influence the basis points. Mr. Verdelli spoke about the risk calculations performed by the bank, the cost of credit increasing and the history of the hotel taxes. Mr. Fowlston shared how the financing and risk works. Chairman Engle asked how the fees would be paid. Mr. Verdelli stated they are paid with hotel taxes.

UPDATE: INTERMODAL REFINANCING:

Mr. Verdelli stated he had a conference call with Hershey Entertainment & Resorts (HE&R) to discuss the ITF and Museum financing. He has a meeting scheduled for Tuesday at the Museum to look at the debt and moving the debt from the Township to HE&R. He will be discussing moving the variable rate debt to a fixed rate. He believes the timing should be sooner rather than later. He stated there are many moving pieces and physically the refinancing cannot be done overnight. He spoke about the ITF having the highest payments and the shortest amortization. The moving of the debt from the Township to HE&R is going to be introduced to the Board at their next meeting.

He believes the ITF needs to be done first followed by the Giant Center and the Museum. There was discussion about extending the debt to 2037 and whether the finance team should attempt to restructure all the debt at one time or just the ITF first. The Board collectively agreed it may be best to restructure the ITF debt first. This would remove \$7 million from the Township guarantee. Mr. Verdelli spoke about the different revenue streams and guarantors for each of the debts. He stated the \$7 million debt could be bank qualified and could receive the best rates. He stated he is looking to the Authority to come up with a first draft agreement of where the excess hotel tax money would flow.

Chairman Engle spoke about the \$7 million guarantee and how they may need to be comfortable with the revenues before taking any action. Mr. Fowlston asked what consideration would be available in exchange for the guarantee. Chairman Engle stated the parking would be consideration. This is being used heavily by HE&R now. He stated at some point he would like to see a construction manager and the Solicitor review the agreements and determine what the Authority is responsible for in the Giant Center versus the other party. Discussion ensued. He suggested setting up meetings with Vice Chairman Foley and himself representing the Authority on these matters.

UPDATE: FIRE STATION PROJECT:

Vice Chairman Foley stated the Fire House project is completed. They are awaiting Pyramid's last bill and the final punch list items are getting done.

ADJOURNMENT:

Vice Chairman Foley made a motion to adjourn the meeting at 6:35 pm. Mr. Ingalzo seconded the motion.
Motion carried 5-0.

SUBMITTED BY:

James N. Negley, ICDA Manager
Assistant Treasurer, Assistant Secretary