

TOWNSHIP OF DERRY
INDUSTRIAL & COMMERCIAL DEVELOPMENT AUTHORITY
MEETING NOTES
NOVEMBER 19, 2015

CALL TO ORDER

Chairman John W. Foley called the November 19, 2015 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. He advised that all public meetings are recorded for the purpose of providing accurate notes. A roll call was done.

The following were in ATTENDANCE:

BOARD MEMBERS

John W. Foley, Chairman
James Ingalzo
Justin C. Engle
Chris Abruzzo

ALSO PRESENT:

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

ABSENT:

Domenick Argento

Public in Attendance

The following were in attendance: Lori Althoff, Lou Verdelli, Greg Koussis.

APPROVAL OF REGULAR MEETING MINUTES:

Mr. Ingalzo made a motion to approve the minutes for the September 17, 2015 regular meeting. Mr. Abruzzo seconded the motion. **Motion carried 4-0.**

PUBLIC COMMENTS:

There were no public comments.

REFINANCING OF INTERMODAL TRANSPORTATION FACILITY (ITF) DEBT:

Mr. Verdelli discussed the current debt situation of the Township and that the credit rating of the Township was recently lowered. He stated the reason for the downgrade was because of the amount of debt. He spoke with the debt personnel about how to raise the credit rating back up. The best strategy would be to remove the debt from the Township. If the debt could be refinanced with another entity as the guarantor versus the Township, it would be beneficial to the Township. He shared refinancing opportunities in 2016 for DTMA and the Township.

He spoke about the Guaranteed Project Note, Series of 2004 which has \$5,975,000 of debt outstanding with a final maturity date of October 15, 2024. He reviewed the variable interest rate and the change to a fixed rate of 4.19%. The Guaranteed Project Note, Series of 2006 has \$2,253,845 of outstanding debt with a final maturity of October 15, 2026. He reviewed the variable rate for this debt. He stated these two notes are paid with the Dauphin County hotel tax revenues with the Township as the Guarantor. He shared the concern that while revenues are consistent, there could be a time (possibly as early as 2017) when it would not cover the debt. Should this happen, the Township would be required to make the payments.

He believes the best strategy would be to remove the Township as the Guarantor and refinance the existing loans with a new maturity date to match the Museum debt of October 1, 2033. Extending the end date

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would lower the payments, which would be better for the hotel revenues to cover the debt services. The guarantor would only be liable if the hotel revenues drop below the debt. He discussed an additional option of insuring the debt. He spoke with the bond insurance companies who insure this type of debt. He spoke about the revenue stream paying the debt and asked if they would consider insuring the debt without the Township as a guarantor. They said maybe it could be insured. Establishing a debt reserve fund may be necessary. There was further discussion.

Mr. Verdelli stated that he would meet with the Hershey entities on Tuesday and discuss this proposal with them. The presentation this evening was to provide an update and to see if the Board is amenable to these options. He could come back next month with figures. The Board agreed to move swiftly on this issue.

UPDATE: FIRE HOUSE PROJECT:

Mr. Koussis stated the contractor has requested a schedule extension of 30 days to accommodate the completion of the additional alternates that were added to the project in the last 60 days. The current project completion date is February 19, 2016. He shared the overall projected budget is unchanged from last month at \$7,263,482.

Fundraising is still ongoing. They have not received RACP funds from the state. He spoke about changes that were made to the application for disbursement from the state and the steel certifications required. He believes they are still okay with cash flow. Mr. Abruzzo asked to have a tour of the facility.

OTHER BUSINESS:

No other business was discussed.

ADJOURNMENT:

Mr. Engle made a motion to adjourn the meeting at 6:45 pm. Mr. Abruzzo seconded the motion. **Motion carried 4-0.**

Respectfully submitted by:

James N. Negley, Manager
Assistant Treasurer, Assistant Secretary