

# THE PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY

## CHAIRMAN'S BRIEFING

July 2, 2014

The Chairman's Briefing of The Pennsylvania Industrial Development Authority (PIDA) was held on July 2, 2014, in the 4 East Conference Room, Commonwealth Keystone Building, 400 North Street, 4<sup>th</sup> Floor, Harrisburg, Pennsylvania. The meeting was called to order by Carolyn Boser Newhouse, who chaired the meeting for the Honorable C. Alan Walker, at approximately 9:30 a.m. The following members were present: the Honorable Glenn E. Moyer, Jared Grissinger for the Honorable George E. Greig, Janis Herschkowitz, Chuck McGroarty, Tom Chiomento and B. Michael Schaul and the following seven members via telephone: John Kameen, Jacqueline Martinez, Joseph Martz, David Nasatir, Robert Phillips, Roy A. Powell, and Michelle Staton, designee for the Honorable Julia K. Hearthway. Also present were PIDA Staff: Scott Dunkelberger, Kevin Rowland, Laurie Henry, Nicholas Horting, Frank Tokarz, Tim Anstine, legal counsel; and James Bowman, financial consultant to the Authority. Ms. Newhouse reviewed new loan applications and special requests with the Board. The meeting was adjourned.

## THE PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY

July 2, 2014

The regular meeting of The Pennsylvania Industrial Development Authority (PIDA) was held after proper notice was given pursuant to the terms of the Act of July 3, 1986 (the "Sunshine Act"), on July 2, 2014, in PUC Hearing Room #1, Commonwealth Keystone Building, 2<sup>nd</sup> Floor, Harrisburg, Pennsylvania. The meeting was called to order by Carolyn Boser Newhouse, who chaired the meeting for the Honorable C. Alan Walker, at approximately 10:26 a.m. The following members were present: the Honorable Glenn E. Moyer, Jared Grissinger for the Honorable George E. Greig, Janis Herschkowitz, Chuck McGroarty, Tom Chiomento and B. Michael Schaul and the following seven members via telephone: John Kameen, Jacqueline Martinez, Joseph Martz, David Nasatir, Robert Phillips, Roy A. Powell, and Michelle Staton, designee for the Honorable Julia K. Hearthway. Also present were PIDA Staff: Scott Dunkelberger, Kevin Rowland, Laurie Henry, Nicholas Horting, Frank Tokarz, Tim Anstine, legal counsel; and James Bowman, financial consultant to the Authority. The following persons were also present: Jason Brehouse, Office of Senator Ward; Joan Dougherty, PIDC Financing Corporation; Robert Postal, Mifflin County Industrial Development Corporation; Mike Roeder and Craig Townsend, PSMLV, Inc.; Greg Rarick and John Kingsley, Lehigh's Economic Advancement Project, Inc.; and Ahmed Mohamed, Comptroller Operations. The following persons participated via teleconference: Randy Seitz and Rachel Morris, Penn-Northwest Development Corporation; Brent Ward and Diane Ward, Plastic Injection Molding. The Board approved the minutes of the June 4, 2014 PIDA Board Meeting and the bills received during the previous month (see following page).

**Bills July 2, 2014 PIDA Board Meeting**

**Reinsel Kuntz Leshner, LLP**

**PIDA Financial Consultant**

Services rendered May 27, 2014 through June 20, 2014 \$11,770.50

**\$11,770.50**

**US Bank**

Professional Services rendered 5/1/13 to 4/30/2014 \$50,250.00

**\$50,250.00**

**GRAND TOTAL:**

**\$62,020.50**

**NEW LOAN APPLICATIONS**

The following applications were voted on and unanimously approved unless otherwise indicated below. Confidential financial information reviewed by the Board has been omitted.

THE PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY SUMMARY LOAN APPLICATION				PIDA #	9572			
				DATE:	July 2, 2014			
APPLICANT (Industrial Development Agency): Lehigh's Economic Advancement Project, Inc.								
ADDRESS: 2158 Avenue C, Suite 200, Bethlehem, Pennsylvania 18017								
PERSON TO CONTACT: John Kingsley			TELEPHONE NUMBER: 610-266-0887					
COMPANY (If this company (or affiliate) has ever had a PIDA loan, please check box)								
Occupant: P.S.M.L.V., Inc. t/a Penn Sheet Metal			Beneficial Owner: MC 421, LLC					
PRESIDENT: Mike Roeder		MAILING ADDRESS: 421 Schantz Road, P.O. Box 3535, Allentown, Pa 18106		TELEPHONE NUMBER: 610-395-8214				
PRODUCT: Sheet and coiled metal		NAICS # 3323	PERSON TO CONTACT AND TITLE: Craig A. Townsend, Treasurer		TELEPHONE NUMBER: 610-395-8214			
TYPE OF ENTERPRISE:								
<input checked="" type="checkbox"/> Manufacturing	<input type="checkbox"/> Regional or National Headquarters	<input type="checkbox"/> Research & Development	<input type="checkbox"/> Agri-Business					
<input type="checkbox"/> Warehouse & Terminal	<input type="checkbox"/> Industrial	<input type="checkbox"/> Computer or Clerical Operation Center						
TOTAL EXISTING EMPLOYMENT (Include parent, subsidiaries & affiliates)			Check box if SMALL BUSINESS					
Pennsylvania 20		Worldwide, Include Pa. 20		(Less than 50 existing employees) <input checked="" type="checkbox"/>				
EMPLOYMENT THIS SITE ONLY:				TOTAL	PAYROLL (Annually)	AVERAGE WAGE (Annually)	AVERAGE HRS. WORKED (Weekly)	ADD % BENEFITS
Existing Employment (Include jobs transferred to this site)				20	\$892,130	\$44,607	40	18.7%
New Employment in Three Years (Do Not Include Existing Employment)				8	\$280,000	\$35,000	40	23.9%
SIZE OF PROJECT (Sq. Ft.) 35,400		SIZE OF SITE (Acres) 5.15	LOCATION OF PLANT (Include Municipality & Mailing Address): 421 Schantz Road Allentown, Pennsylvania 18104 Lower Macungie Township			COUNTY: Lehigh		
PURPOSE OF PROJECT (Please check appropriate box(es))								
<input type="checkbox"/> To construct new building	<input type="checkbox"/> To expand in new location within Pa. (Not a relocation)							
<input type="checkbox"/> To expand existing building	<input type="checkbox"/> To relocate/expand existing plant from _____ (Name of State)							
<input type="checkbox"/> To acquire existing building	<input checked="" type="checkbox"/> To acquire and expand existing building							
Other:								
PIDA LOAN REQUESTED \$975,000		TOTAL PROJECT COST \$2,000,000		COST PER SQ. FT. (Building Costs Only) \$56.07		COST PER JOB TOTAL PROJECT \$71,429		COST PER JOB-PIDA \$34,821
METHOD OF FINANCING								
1. FIRST MORTGAGE 39 % Participation				3. OTHER PARTICIPATION _____ % Participation				
a. Amount \$780,000 (shared 1 <sup>st</sup> )				a. Amount _____				
b. Name of Mortgage Embassy Bank				b. Interest Rate _____				
c. Interest Rate 4.25%				c. Term _____				
d. Term 15 years				d. By Whom _____				
e. Person to contact Timothy P. Woodbridge				4. OTHER PARTICIPATION 12 % Participation				
Telephone number 484-821-1215				a. Amount \$245,000				
2. PIDA MORTGAGE 49 % Participation				b. Interest Rate na				
a. Amount \$975,000 (\$780,000 shared 1 <sup>st</sup> )				c. Term na				
b. Interest Rate 2.25%				d. By Whom Company				
c. Term 15 years								
PIDA USE ONLY								
<input type="checkbox"/> State or Federal Enterprise Zone	<input type="checkbox"/> Brownfield Site	<input type="checkbox"/> Financially Distressed (Act 47)	<input type="checkbox"/> Advanced Technology	<input type="checkbox"/> GAT Project	<input type="checkbox"/> KOZ	<input type="checkbox"/> KOEZ		
CRITICAL ECONOMIC AREA Lehigh County		UNEMPLOYMENT RATE 8.5% <input type="checkbox"/> 5-10 Years <input checked="" type="checkbox"/> 12 Mo.		PIDA PARTICIPATION 60 %		GENERAL FUNDS <input checked="" type="checkbox"/>		BOND FUNDS <input type="checkbox"/>

*Lehigh's Economic Advancement Project, Inc.*

*PSMLV, Inc. t/a Penn Sheet Metal*

#9572

---

Company Background: Penn Sheet Metal was founded in 1921 as part of Penn Supply Co. In 1989 it was sold to a customer of Penn Supply Co., and in 2003 it was purchased by the current owners. PSMLV, Inc. is incorporated in Pennsylvania.

Product: Fabricates sheet and coiled metal products including roofing systems and components. Customers include industrial, commercial and medical companies.

Ownership:	<u>PSMLV, Inc.</u>	<u>MC421, LLC</u>
Michael L. Roeder	50%	50%
Craig A. Townsend	50%	50%

Market/Customers: Geographic market area includes eastern PA and the surrounding tri-state area. 1% of sales are export.

Approximately 350 customers including:

Centimark Corporation	13%
Atlantic Roofing	11%
Samuel Adams	8%

Other Data: PSMLV, Inc. is currently operating at the project site in a 27,620 square foot building which it leases with the option to buy. This project includes the purchase of the building and the construction of a 7,780 square foot expansion. The additional space will allow them to begin manufacturing ornamental railings and stairs.

Acquisition Price:	\$1,475,000
Appraisal:	\$1,500,000

**THE PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY  
SUMMARY LOAN APPLICATION**

PIDA # 9573  
DATE: July 2, 2014

APPLICANT (Industrial Development Agency): Penn-Northwest Development Corp.

ADDRESS: 24 Avalon Court, Mercer, PA 16137

PERSON TO CONTACT: Rachel Morris

TELEPHONE NUMBER: (724) 662-0283

COMPANY (If this company (or affiliate) has ever had a PIDA loan, please check box)

Occupant: INTEGRATED FABRICATION & MACHINE, INC.

Beneficial Owner: HOMEWARD REAL ESTATE, LLC

PRESIDENT: Brent A. Ward

MAILING ADDRESS: P.O. Box 307, 295 E. High Street, Sharpsville, PA 16150

TELEPHONE NUMBER: (724) 962-3526

PRODUCT: Plastic Injection Molding

NAICS # 332313

PERSON TO CONTACT AND TITLE: Brent A. Ward, President

TELEPHONE NUMBER: (724) 962-3526

TYPE OF ENTERPRISE:

Manufacturing  Regional or National Headquarters  Research & Development  Agri-Business  
 Warehouse & Terminal  Industrial  Computer or Clerical Operation Center

TOTAL EXISTING EMPLOYMENT (Include parent, subsidiaries & affiliates)

Pennsylvania 35 Worldwide, Include Pa. 35

Check box if SMALL BUSINESS

(Less than 50 existing employees)

EMPLOYMENT THIS SITE ONLY:	TOTAL	PAYROLL (Annually)	AVERAGE WAGE (Annually)	AVERAGE HRS. WORKED (Weekly)	ADD % BENEFITS
Existing Employment (Include jobs transferred to this site)	35	\$1,289,707	\$36,848	40	27.5%
New Employment in Three Years (Do Not Include Existing Employment)	16	\$566,348	\$35,396	40	30.0%

SIZE OF PROJECT (Sq. Ft.) 68,000

SIZE OF SITE (Acres) 9.848

LOCATION OF PLANT (Include Municipality & Mailing Address): 639 Keystone Road Greenville, PA 16125 (Hempfield Township)

COUNTY: Mercer

PURPOSE OF PROJECT (Please check appropriate box(es))

To construct new building  To expand in new location within Pa. (Not a relocation)  
 To expand existing building  To relocate/expand existing plant from \_\_\_\_\_ (Name of State)  
 To acquire existing building  To acquire and renovate existing building

Other:

PIDA LOAN REQUESTED	TOTAL PROJECT COST	COST PER SQ. FT. (Building Costs Only)	COST PER JOB TOTAL PROJECT	COST PER JOB-PIDA
\$1,280,000	\$2,263,000	\$32	\$44,372	\$25,098

**METHOD OF FINANCING**

1. FIRST MORTGAGE 38 % Participation  
a. Amount \$853,000  
b. Name of Mortgagee First National Bank  
c. Interest Rate 5.25%  
d. Term 15 yrs.  
e. Person to contact \_\_\_\_\_  
Telephone number \_\_\_\_\_

2. PIDA MORTGAGE 56 % Participation  
a. Amount \$1,280,000  
b. Interest Rate 2.25%  
c. Term 15 yrs

3. OTHER PARTICIPATION \_\_\_\_\_ % Participation  
a. Amount \_\_\_\_\_  
b. Interest Rate \_\_\_\_\_  
c. Term \_\_\_\_\_  
d. By Whom \_\_\_\_\_

4. OTHER PARTICIPATION 6 % Participation  
a. Amount \$130,000  
b. Interest Rate --  
c. Term \_\_\_\_\_  
d. By Whom Company Equity

**PIDA USE ONLY**

State or Federal Enterprise Zone  Brownfield Site  Financially Distressed (Act 47)  Advanced Technology  GAT Project  KOZ  KOEZ

CRITICAL ECONOMIC AREA	UNEMPLOYMENT RATE	PIDA PARTICIPATION	GENERAL FUNDS	BOND FUNDS
Mercer County	8.4% <input type="checkbox"/> 5-10 Years <input checked="" type="checkbox"/> 12 Mo.	60 %	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Company Background: Integrated Fabrication & Machine Inc. (IFM) was founded and incorporated on January 5, 2000.

Product: The Company produces high quality stainless steel, copper, aluminum and titanium specialty fabrications to various segments of the capital goods market. IMF's core business is creating custom components for the electric power grid by manufacturing high quality power transformer components.

Ownership: Integrated Fabrication & Machine, Inc.

- Brent Ward 50%
- Diane Ward 50%

Homeward Real Estate, LLC

- Brent Ward 50%
- Diane Ward 50%

Markets/Customers: Primary market area is North America

60 customers including:

ABB	50%
Neel Tran	4.6%
EFACEC (Tishler/Metal Trades)	3.8%

Other data: IFM is proposing to purchase and renovate a 68,000 manufacturing space on 9.848 acres located at 639 Keystone Road, Mercer County. The company has reached its capacity to accept new business opportunities and must relocate into a larger facility to accommodate their growth. IFM currently operates out of two neighboring facilities totaling 35,000 sq. ft. The company estimates that they spend approximately \$180,000 per year transporting their unfinished goods between properties. This new property will eliminate the material handling costs while providing the company the appropriate space needed to continue growing their customer base.

The company will be transferring thirty-five (35) existing full time employees to the new site and creating sixteen (16) full time jobs within three years.

THE PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY SUMMARY LOAN APPLICATION				PIDA #	9574
				DATE:	July 2, 2014
APPLICANT (Industrial Development Agency): Mifflin County Industrial Development Corporation					
ADDRESS: 6395 SR 103N, Bldg. 50, Lewistown, Pennsylvania 17044					
PERSON TO CONTACT: Robert Postal			TELEPHONE NUMBER: 717-242-0393		
COMPANY (If this company (or affiliate) has ever had a PIDA loan, please check box)					
Occupant: Multi-Occupancy Building				Beneficial Owner: Mifflin County Industrial Development Corporation	
PRESIDENT: Robert Postal		MAILING ADDRESS: 6395 SR 103N, Bldg. 50, Lewistown, Pennsylvania 17044		TELEPHONE NUMBER: 717-242-0393	
PRODUCT: N/A		NAICS # 531120		PERSON TO CONTACT AND TITLE: Robert Postal, P	
				TELEPHONE NUMBER: 717-242-0393	
TYPE OF ENTERPRISE:					
<input type="checkbox"/>	Manufacturing	<input type="checkbox"/>	Regional or National Headquarters	<input type="checkbox"/>	Research & Development
<input type="checkbox"/>	Warehouse & Terminal	<input type="checkbox"/>	Industrial	<input type="checkbox"/>	Agri-Business
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	Computer or Clerical Operation Center
TOTAL EXISTING EMPLOYMENT (Include parent, subsidiaries & affiliates)				Check box if SMALL BUSINESS	
Pennsylvania <u>  N/A  </u> Worldwide, Include Pa. <u>  N/A  </u>				(Less than 50 existing employees) <input type="checkbox"/>	
EMPLOYMENT THIS SITE ONLY:				TOTAL	PAYROLL (Annually)
Existing Employment (Include jobs transferred to this site)				N/A	
New Employment in Three Years (Do Not Include Existing Employment)				N/A	
SIZE OF PROJECT (Sq. Ft.) 249,290		SIZE OF SITE (Acres) 12		LOCATION OF PLANT (Include Municipality & Mailing Address): 6395 SR 103N Lewistown, Pennsylvania 17044 Granville Township	
				COUNTY: Mifflin	
PURPOSE OF PROJECT (Please check appropriate box(es))					
<input type="checkbox"/>	To construct new building		<input type="checkbox"/>	To expand in new location within Pa. (Not a relocation)	
<input type="checkbox"/>	To expand existing building		<input type="checkbox"/>	To relocate/expand existing plant from _____ (Name of State)	
<input type="checkbox"/>	To acquire existing building		<input checked="" type="checkbox"/>	To renovate existing building	
Other:					
PIDA LOAN REQUESTED		TOTAL PROJECT COST		COST PER JOB TOTAL PROJECT	
\$240,000		\$600,000		N/A	
		COST PER SQ. FT. (Building Costs Only) \$2.35			
				N/A	
METHOD OF FINANCING					
1. FIRST MORTGAGE <u>  50  </u> % Participation			3. OTHER PARTICIPATION _____ % Participation		
a. Amount <u>  \$300,000  </u> (shared 1 <sup>st</sup> mortgage)			a. Amount _____		
b. Name of Mortgagee <u>  Northwest Savings Bank  </u>			b. Interest Rate _____		
c. Interest Rate <u>  3.7%  </u>			c. Term _____		
d. Term <u>  15 years  </u>			d. By Whom _____		
e. Person to contact <u>  Dana A. Holmes  </u>					
Telephone number _____					
2. PIDA MORTGAGE <u>  40  </u> % Participation			4. OTHER PARTICIPATION <u>  10  </u> % Participation		
a. Amount <u>  \$240,000  </u> (shared 1 <sup>st</sup> mortgage)			a. Amount <u>  \$60,000  </u>		
b. Interest Rate <u>  2.25%  </u>			b. Interest Rate <u>  na  </u>		
c. Term <u>  15 years  </u>			c. Term <u>  na  </u>		
			d. By Whom <u>  Mifflin County Industrial Development Corp.  </u>		
PIDA USE ONLY					
<input type="checkbox"/>	State or Federal Enterprise Zone	<input checked="" type="checkbox"/>	Brownfield Site	<input type="checkbox"/>	Financially Distressed (Act 47)
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	Advanced Technology
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	GAT Project
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	KOZ
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	KOEZ
CRITICAL ECONOMIC AREA		UNEMPLOYMENT RATE		PIDA PARTICIPATION	
Mifflin County		<u>  8.3%  </u> <input type="checkbox"/> 5-10 Years <input checked="" type="checkbox"/> 12 Mo.		<u>  40  </u> %	
				GENERAL FUNDS	
				<input checked="" type="checkbox"/>	
				BOND FUNDS	
				<input type="checkbox"/>	



*Mifflin County Industrial Development Corporation*  
*Multi-Occupancy Building*  
*#9574*

---

IDC Background:

Mifflin County Industrial Development Corporation has received approval for seven PIDA multi-Occupancy loans totaling \$2,058,490. Two approvals totaling \$485,640 were rescinded by the IDC, three loans totaling \$772,850 were paid off, and two loans totaling \$800,000 remain outstanding with a balance of \$416,999.

Project Details:

This project involves the renovation of several buildings in the MCIDC Plaza. Renovations will include roof repairs, loading docks, and other general renovations such as new windows, doors and paint.

The MCIDC Plaza includes 727,354 square feet on 67 acres. It is home to 31 small and medium sizes business which occupy 533,086 square feet of space.

The area to be renovated includes ten businesses occupying 249,290 square feet on a 12 acre subdivided site. These ten companies employ 90 people. This project will retain those jobs, and is expected to result in the creation of 20 new jobs in 2014.

<b>THE PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY SUMMARY LOAN APPLICATION</b>				PIDA # 9575									
				DATE: July 2, 2014									
APPLICANT (Industrial Development Agency): PIDC Financing Corporation													
ADDRESS: 1500 Market Street, 2600 Centre Square West, Philadelphia, Pennsylvania 19102													
PERSON TO CONTACT: Joan Dougherty			TELEPHONE NUMBER: 215-496-8119										
COMPANY (If this company (or affiliate) has ever had a PIDA loan, please check box)													
Occupant: Jako Enterprises, Ltd.				Beneficial Owner: 9820 Blue Grass Rd, LLC <input checked="" type="checkbox"/>									
PRESIDENT: John Y. Lee		MAILING ADDRESS: 2030 E. Byberry Road, Philadelphia 19116		TELEPHONE NUMBER: 215-856-0179									
PRODUCT: Sportswear and footwear		NAICS # 4482	PERSON TO CONTACT AND TITLE: William S. Yoon, Esq. Corporate Counsel		TELEPHONE NUMBER: 215-856-0179								
TYPE OF ENTERPRISE:													
<input type="checkbox"/>	Manufacturing	<input type="checkbox"/>	Regional or National Headquarters	<input type="checkbox"/>	Research & Development								
<input checked="" type="checkbox"/>	Warehouse & Terminal	<input type="checkbox"/>	Industrial	<input type="checkbox"/>	Agri-Business								
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	Computer or Clerical Operation Center								
TOTAL EXISTING EMPLOYMENT (Include parent, subsidiaries & affiliates)				Check box if SMALL BUSINESS									
Pennsylvania 147 Worldwide, include Pa. 547				<input type="checkbox"/>									
				(Less than 50 existing employees)									
EMPLOYMENT THIS SITE ONLY:				TOTAL	PAYROLL (Annually)	AVERAGE WAGE (Annually)	AVERAGE HRS. WORKED (Weekly)	ADD % BENEFITS					
Existing Employment (Include jobs transferred to this site)				85 *	\$3,013,412	\$35,452	40	17.7%					
New Employment in Three Years (Do Not Include Existing Employment)				36 *	\$1,279,008	\$35,528	40	18.5%					
SIZE OF PROJECT (Sq. Ft.) 160,000		SIZE OF SITE (Acres) 8.1		LOCATION OF PLANT (Include Municipality & Mailing Address): 9820 Blue Grass Road Philadelphia, Pennsylvania 19114 Philadelphia City			COUNTY: Philadelphia						
PURPOSE OF PROJECT (Please check appropriate box(es))													
<input type="checkbox"/>	To construct new building			<input checked="" type="checkbox"/>	To expand in new location within Pa. (Not a relocation)								
<input type="checkbox"/>	To expand existing building			<input type="checkbox"/>	To relocate/expand existing plant from _____ (Name of State)								
<input type="checkbox"/>	To acquire existing building			<input checked="" type="checkbox"/>	To acquire and renovate existing building								
* Includes 50 retained and 14 new at the existing location, 2030 E. Byberry Road, Philadelphia													
PIDA LOAN REQUESTED \$2,000,000		TOTAL PROJECT COST \$4,679,450		COST PER SQ. FT. (Building Costs Only) \$28.78		COST PER JOB TOTAL PROJECT \$38,673		COST PER JOB-PIDA \$16,529					
METHOD OF FINANCING													
1. FIRST MORTGAGE 53 % Participation				3. OTHER PARTICIPATION _____ % Participation									
a. Amount \$2,500,000				a. Amount _____									
b. Name of Mortgagee Wells Fargo Bank				b. Interest Rate _____									
c. Interest Rate 4.25%				c. Term _____									
d. Term 20 years				d. By Whom _____									
e. Person to contact Amara M. Briggs				4. OTHER PARTICIPATION 4 % Participation									
Telephone number 215-670-6807				a. Amount \$1,79,450									
2. PIDA MORTGAGE 43 % Participation				b. Interest Rate na									
a. Amount \$2,000,000				c. Term na									
b. Interest Rate 2.25%				d. By Whom Company									
c. Term 15 years													
PIDA USE ONLY													
<input type="checkbox"/>	State or Federal Enterprise Zone	<input type="checkbox"/>	Brownfield Site	<input type="checkbox"/>	Financially Distressed (Act 47)	<input type="checkbox"/>	Advanced Technology	<input type="checkbox"/>	GAT Project	<input type="checkbox"/>	KOZ	<input type="checkbox"/>	KOEZ
CRITICAL ECONOMIC AREA Philadelphia County		UNEMPLOYMENT RATE 10.8% <input type="checkbox"/> 5-10 Years <input checked="" type="checkbox"/> 12 Mo.			PIDA PARTICIPATION 60 %		GENERAL FUNDS <input checked="" type="checkbox"/>		BOND FUNDS <input type="checkbox"/>				

*PIDC Financing Corporation*  
*Jako Enterprises, Ltd.*  
 #9575

---

Company Background: Jako Enterprises, Ltd. was founded in 2001 and incorporated in Pennsylvania.

Product: Distributor of sportswear and footwear. They may also begin manufacturing T-shirts and other products.

Ownership: 100% John Y. Lee  
 Beneficial Owner: 9820 Blue Grass Rd, LLC  
 50% John Y. Lee  
 50% Susan Pak-Lee (spouse)

Market/Customers: Jako Enterprises, Ltd. warehouses the inventory and fulfills orders from the 34 retail stores they currently own doing business as KICKS and UBIQ in the Philadelphia region. They plan to open 11 more this year, and in 2015 KICKS will expand to New York.

Other Data: Jako Enterprises, Ltd. is currently operating at 2030 Byberry Road, less than 3 miles from the project site, in a 74,535 square foot building which it owns and which was financed by a prior PIDA loan.

This project involves the acquisition and renovation of a second building on Blue Grass Road totaling 160,000 square feet on 8.1 acres. Renovations will include replacing the HVAC, roof, and redesigning the office space.

The warehousing operation will be transferred from to the new site along with 35 employees. Moving the warehouse operation will allow for more inventory space and the expansion of the eCommerce departments at the existing Byberry Road location. The project will create 22 new jobs at the project site and 14 more jobs at the Byberry Road location.

Non-Prejudicial: Acquisition Price: \$4,200,000  
 5/20/14 Appraisal: \$

<u>Previous PIDA Loans</u>	<u>Location</u>	<u>Closed</u>	<u>Original Amount</u>	<u>(Balance)</u>	<u>Jobs Projected/ Created</u>
#8890	2030 E Byberry Road Philadelphia PA	7/19/04	\$1,125,000	\$440,939	50/68

RESOLVED, THAT EACH OF THE LOANS HERETOFORE APPROVED IS SUBJECT TO THE FOLLOWING CONDITIONS:

1. In the event that the Premises to be mortgaged has been or at any time during the term of the loan is identified as being in a Flood Hazard Area by the United States Federal Emergency Management Agency, the Industrial Occupant shall obtain flood insurance as provided by the National Flood Insurance Act of 1968, as amended.
2. The Beneficial Owner and/or the Industrial Occupant shall be obligated to and do hereby agree to promptly provide whatever information relating to the project is required and requested by this Authority. Upon failing to do so the Authority may, at its discretion, declare that a material default has occurred and take such action as it deems appropriate.
3. All contracts for the construction, renovation, expansion or improvement of the Authority project shall include the Commonwealth's Standard Non-Discrimination Clause, which is attached hereto and incorporated herein as Exhibit "A".
4. There shall be no material adverse change in the financial condition of the above captioned company, or the guarantors, if any, from that disclosed by the financial statements delivered to this Authority as a part of the Application.
5. Prior to the closing, the Industrial Agency shall provide this Authority with satisfactory evidence on behalf of said Company and its affiliates, that all taxes and other monies due and owing to the Commonwealth of Pennsylvania are paid current as of the closing date, unless any of said taxes or other payments are being contested, in which case this Authority will require that funds be escrowed to pay said taxes or other payments in the event of any adverse decision.

## EXHIBIT "A"

### NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE

During the term of the contract, Contractor agrees as follows:

1. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the contract or any subcontract, the Contractor, subcontractor, or any person acting on behalf of the Contractor or subcontractor shall not, by reason of gender, race, creed, or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.

2. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the contract on account of gender, race, creed, or color.

3. Contractors and subcontractors shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.

4. Contractors shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the contracts relate.

5. The Contractor and each subcontractor shall furnish all necessary employment documents and records to and permit access to their books, records, and accounts by the contracting agency and the Bureau of Contract Administration and Business Development, for purposes of investigation, to ascertain compliance with provisions of this Nondiscrimination/Sexual Harassment Clause. If the Contractor or any subcontractor does not possess documents or records reflecting the necessary information requested, the Contractor or subcontractor shall furnish such information on reporting forms supplied by the contracting agency or the Bureau of Contract Administration and Business Development.

6. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that such provisions will be binding upon each subcontractor.

7. The Commonwealth may cancel or terminate the contract, and all money due or to become due under the contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

OTHER LOAN MATTERS:

A.) SPECIAL REQUESTS – BOARD ACTION REQUIRED

#9214	Bucks County Economic Development Corporation Multi Occupancy Building (Bucks County)	Closed 10-29-07 \$436,000 Bal. \$305,602
-------	---	--

Request: Approve the release of the PIDA mortgage on one of two units of this multi-occupancy project.

Staff Recommendation: The unit being sold is 11,000 square feet, which is fifty-seven (57%) of the entire property. The PIDA loan, which holds a shared first mortgage position with the bank, has been paid down to a current balance of \$305,602. The net proceeds from the sale are anticipated to be \$630,000. The PIDA staff recommends the release of the PIDA mortgage on the unit located at 1700 Winchester Road, due to its impending sale, subject to the following condition.

A pro rata fifty-seven percent (57%) pay down of the PIDA loan balance, since fifty-seven (57%) of the security is being sold. A payment of \$174,193 will be required as prepayment of the PIDA loan. The reduced PIDA loan balance of \$131,409 will continue to be secured by a shared first mortgage with the bank on the 8,000 sq. ft. unit.

#9380	Adams County Economic Development Fund Bream & Bear Operating Company (Adams County)	Closed 2-22-11 \$1,325,949 Bal. \$1,093,249
-------	--	---

Request: Consent to the subordination of the PIDA mortgage to a new Adams County National Bank first mortgage in the amount of \$4,650,000. This new first mortgage will refinance the \$2,247,000 balance of Adams County National Bank's existing first mortgage loan and provide \$2,400,000 towards expansion of the company's operations.

Staff Recommendation: The proposed expansion project is anticipated to cost \$2,887,299 and will be funded by a new bank mortgage of \$2,400,000 and equity \$487,299. The company primarily operates as a captive operation for two substantial local fruit growing businesses, Bear Mountain Orchards, Inc. and Bream Orchards, Inc. The expansion project will allow the company to add an additional refrigerated fruit storage facility, with a 250,000 bushel capacity. This will be in addition to the company's existing 273,000 bushel capacity refrigerated storage system.

The PIDA loan is secured by a sole second mortgage on the project property. An "as completed" appraisal of the expanded facility shows a value of \$11.0 million. In addition, two collateral \$500,000 first mortgages were placed on orchard property owned by Bear Mountain Orchards, Inc. and Bream Orchards, Inc. Recent appraisals of the two collateral properties show appraised values of \$1,035,000 and \$835,000.

Company 2013 tax returns reflect total equity of \$69,702 and a net loss (\$99,783) on gross revenue of \$657,000. The two local fruit growing businesses, Bear Mountain Orchards, Inc. and Bream Orchards, Inc., which also guaranteed the PIDA loan, add equity support of approximately \$3,800,000. Both companies also reflected profitable operations for 2013, with an aggregate net profit of \$368,020 on combined sales of \$14,587,000.

The new bank mortgage will be significant, at \$4,650,000. However, based on the profitable results of the two substantial fruit growing guarantors, the two \$500,000 collateral first mortgages on the companies' orchards and an existing second mortgage on the project property, with an "as completed" value following the expansion of \$11.0 million, the PIDA staff recommends approval to subordinate the existing PIDA second mortgage to a new bank supplemental first mortgage in the amount of \$2,400,000, increasing the total bank first mortgage to \$4,650,000.

#9401	Bucks County Economic Development Corporation Liberty Coating Company, LLC (Bucks County)	Closed 6-28-12 \$1,560,000 Bal. \$1,405,969
-------	---	---

Request: 1.) Release the guarantees of Thomas J. and Kathleen McInerney, limited to \$390,000 and John G. and Sally A. Gilbert, limited to \$390,000, as well as the specific collateral pledged as security for these limited guarantees. 2.) Consent to the repayment of \$400,000 of subordinated loans payable by Liberty Coating Company, LLC and \$400,000 of subordinated loans payable by Liberty Land Holdings, LLC.

Staff Recommendation: At the time of the PIDA loan approval in 2010, the revised total company equity, including Liberty Land Holdings, LLC and \$800,000 of subordinated debt was \$1,697,000. This was far less than the PIDA project cost of \$4,055,000. For this reason, PIDA required enhanced guarantees and collateral support for approval of the \$1,560,000 PIDA second mortgage loan. Two non-owner directors of the company offered to provide limited guarantees and collateral to secure those guarantees.

Compiled financial statements and Federal income tax returns for Liberty Coating Company, LLC reflect a dramatic improvement in both total equity and net income. As of December 31, 2013, the company held a total partners equity of \$6,427,984 and a total leverage ratio of .25 to 1. The real estate holding company, Liberty Land Holdings, LLC adds additional owners' equity of \$554,086, for a total combined equity of \$6,982,070 and a total combined leverage ratio of .76 to 1. Sales improved from \$1,011,000 in 2012 to \$6,431,000 in 2013. The cash flow of the operating company easily supports the rent it pays to the real estate holding company of \$460,000 per year, which covers the \$395,000 debt service on the Bank and PIDA mortgages. Following the release of these limited personal guarantees; PIDA will still retain the personal guarantees of the two principal owners of the business, Donald Barder and William Burke.

Based on the significantly improved operating results and dramatic improvement in the total equity and financial position of this growing business, the PIDA staff recommends approving the release of the two limited guarantees and the collateral securing those guarantees. The PIDA staff also recommends approving the repayment of the subordinated loans payable of \$400,000 by Liberty Coating Company, LLC and \$400,000 by Liberty Land Holding, LLC.



#9453 Bucks County Economic Development Corporation  
Global Chem Feed Solutions, LLC  
(Bucks County)

Closed 2-29-12  
\$691,000  
Bal. \$609,321

Request: Approve the release of a pledged Bank Certificate of Deposit (CD) in the amount of \$45,000 and consider releasing a collateral mortgage on an investment property eighteen months from now, based on the company's satisfactory payment history on the PIDA loan and on the continuing satisfactory payment experience for the next eighteen months.

Staff Recommendation: PIDA required a pledged Bank CD and a collateral second mortgage as additional security at the time of the PIDA loan approval in 2010. The extra security was a result of thin company equity of \$138,000 and personal guarantees which added only \$446,800 of outside equity falling significantly below the total project cost of \$1,350,000.

The bank loan has been paid down to \$485,832 and the PIDA loan has been reduced to \$609,321. The company and its affiliated real estate holding company have a combined revised tangible equity of \$361,129. Operating statements of the company reflect fluctuating sales, with sales increasing from \$2.7 million in 2011 to \$5 million in 2012, but decreasing to \$4.7 million in 2013. Net income increased from \$126,000 in 2011 to \$171,988 in 2012 but declined to \$22,707 in 2013. However, even with the decline in net income, the combined cash flow of the two affiliates is satisfactory to support all of the company's debt service.

Although company equity remains thin, in acknowledgement of the pay down of the bank and PIDA mortgages, the PIDA staff recommends approval of the release of the \$45,000 Bank CD. However, the PIDA staff recommends deferring consideration of the release of the collateral mortgage, until receipt of future CPA Reviewed financial statements of Global Chem-Feed Solutions, LLC and Federal Income Tax Returns of Global CH Holdings, LLC, which together must reflect a total combined tangible equity of at least \$750,000 and satisfactory continuing cash flow in form and substance satisfactory to PIDA.

**B.) SPECIAL REQUESTS – STAFF APPROVED**

#8906 Scranton Lackawanna Industrial Building Company  
Kane Warehousing Inc. and Kane Distribution, Inc.  
(Lackawanna County) Closed 3-10-06  
\$1,750,000  
Bal. \$886,872

Staff Action: Consented to the Beneficial Owner granting an access easement across the 70.57 acre parcel on which the DC-5 Building is located (which is encumbered by a PIDA mortgage), to PA 14 Taylor LLC, the entity that is purchasing the 51.56 parcel of property on which the DC-6 Warehouse Building is located (the subject of a prior special request). The easement is needed to provide vehicle access to the property being sold and will not impact operations on the servient property.

#9485 Altoona Blair Development Corporation  
SilcoTek Corporation  
(Centre County) AA 6-6-12  
\$1,750,000

Staff Action: Approved an extension of the PIDA loan closing deadline until July 31, 2014.

#9487 Altoona Blair Development Corporation  
Value Drug Company  
(Blair County) AA 8-1-12  
\$2,250,000

Staff Action: Approved an extension of the PIDA loan closing deadline until July 31, 2014.

#9507 Beaver County Corporation for Economic Development  
Creekside Springs, LLC  
(Beaver County) AA 3-6-13  
\$677,500

Staff Action: Approved an extension of the PIDA loan closing deadline until December 31, 2014.

#9529 Montgomery County Development Corporation  
Newtech Dental  
(Montgomery County) AA 6-5-13  
\$1,040,000

Staff Action: Approved an extension of the PIDA loan closing deadline until December 31, 2014.

#9538 Economic Progress Alliance of Crawford County  
Peter's Heat Treating, Inc.  
(Crawford County) AA 5-2-13  
\$359,962

Staff Action: Approved an extension of the PIDA loan closing deadline until July 31, 2014.

#9565 Bucks County Economic Development Corporation  
Megawholesale Inc.  
(Bucks County) AA 5-7-14  
\$375,000

Staff Action: Approved an extension of the deadline to accept the PIDA commitment letter until July 31, 2014.

C.) SPECIAL REQUESTS – LOAN INCREASES

None.

D.) SPECIAL REQUESTS – LOAN RESCISSIONS

None.

NEW BUSINESS

- 1) RESOLVED, that this Authority hereby adopts PIDA participation rates by county and municipalities over 25,000 population for FY '14-'15 as presented.

There being no further business to bring before the Members at this time, the meeting was on motion duly adjourned at 10:46 a.m.

---

Assistant Secretary