

**THE PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY**

**CHAIRMAN'S BRIEFING**

**April 2, 2014**

The Chairman's Briefing of The Pennsylvania Industrial Development Authority (PIDA) was held on April 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 Greig, and B. Michael Schaul and the following four members via telephone: Thomas Chiomento, Jacqueline Martinez, Alan Papernick, and Robert Phillips. Also present were PIDA Staff: Scott Dunkelberger, Kevin Rowland, Laurie Henry, Frank Tokarz, Nicholas Horting, Mike Cortez, Tim Anstine and Christopher Houston, 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

April 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 April 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 10:35 a.m. The following members were present: the Honorable Glenn E. Moyer, Jared Grissinger for the Honorable George Greig, and B. Michael Schaul and the following six members via telephone: James Black, Thomas Chiomento, Jacqueline Martinez, David Nasatir, Alan Papernick, and Robert Phillips. Also present were PIDA Staff: Scott Dunkelberger, Kevin Rowland, Laurie Henry, Frank Tokarz, Nicholas Horting, Mike Cortez, Tim Anstine and Christopher Houston, legal counsel; and James Bowman, financial consultant to the Authority. The following persons were also present: John Elliott, EIDCO, Inc.; Jason Brehouse, staff of Senator Ward and Mike Ross, Franklin County Area Development Corporation. The Board approved the minutes of the March 5, 2014 PIDA Board Meeting and the bills received during the previous month (see following page).

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

**Reinsel Kuntz Lesher, LLP**

**PIDA Financial Consultant**

Services rendered February 24, 2014 through March 21, 2014

\$6,696.50

**\$6,696.50**

**General Gov't. Appropriation**

January 2014 wage alloc: Exec, Legal, Admin

\$122,566.41

February 2014 wage alloc: Exec, Legal, Admin

\$67,483.26

**\$190,049.67**

**GRAND TOTAL:**

**\$196,746.17**

**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 # 9563	
				DATE: April 2, 2014	
APPLICANT (Industrial Development Agency): EIDCO, Inc.					
ADDRESS: 5240 Knowledge Parkway, Erie Pennsylvania 16510					
PERSON TO CONTACT: Karen Clark			TELEPHONE NUMBER: 814-899-6022		
COMPANY (If this company (or affiliate) has ever had a PIDA loan, please check box)					
Occupant: Multi-Occupancy Building		Beneficial Owner: Greater Erie Industrial Development Corporation			<input checked="" type="checkbox"/>
PRESIDENT: John Elliott		MAILING ADDRESS: 5240 Knowledge Parkway, Erie, Pennsylvania 16510		TELEPHONE NUMBER: 814-899-6022	
PRODUCT: N/A		NAICS # 531120		PERSON TO CONTACT AND TITLE: Karen Clark, Director of Public Finance	
				TELEPHONE NUMBER: 814-899-6022	
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 checked="" 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 N/A Worldwide, Include Pa. N/A			(Less than 50 existing employees) <input type="checkbox"/>		
EMPLOYMENT THIS SITE ONLY:				TOTAL	ADD % BENEFITS
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.) 60,000		SIZE OF SITE (Acres) 16.25		LOCATION OF PLANT (Include Municipality & Mailing Address):	
				5350 Technology Drive Erie, Pennsylvania 16510 Harborcreek Township	
				COUNTY: Erie	
PURPOSE OF PROJECT (Please check appropriate box(es))					
<input checked="" 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 type="checkbox"/>	To acquire and renovate existing building	
Other:					
PIDA LOAN REQUESTED \$2,250,000		TOTAL PROJECT COST \$15,269,100		COST PER JOB-PIDA N/A	
				COST PER SQ. FT. (Building Costs Only) \$199.56	
				COST PER JOB TOTAL PROJECT N/A	
METHOD OF FINANCING					
1. FIRST MORTGAGE 24 % Participation			3. OTHER PARTICIPATION _____ % Participation		
a. Amount \$3,749,183 (shared 1 <sup>st</sup> mortgage)			a. Amount _____		
b. Name of Mortgagee Citizens Bank of Pennsylvania			b. Interest Rate _____		
c. Interest Rate Libor + 1.75%			c. Term _____		
d. Term 15 years			d. By Whom _____		
e. Person to contact Marc T Kennedy			4. OTHER PARTICIPATION 61 % Participation		
Telephone number 412-867-3885			a. Amount \$9,269,917		
2. PIDA MORTGAGE 15 % Participation			b. Interest Rate na		
a. Amount \$2,250,000 (shared 1 <sup>st</sup> mortgage)			c. Term na		
b. Interest Rate 2.25%			d. By Whom Equity (Penn State prepaid lease)		
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"/>		<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	
Erie County		7.8% <input type="checkbox"/> 5-10 Years <input checked="" type="checkbox"/> 12 Mo.		40 % <input type="checkbox"/>	
				GENERAL FUNDS <input checked="" type="checkbox"/>	
				BOND FUNDS <input type="checkbox"/>	

IDC Background:           The Erie Industrial Development Corporation has received nine multi-occupancy building loans totaling \$9,396,716. Five of those loans totaling \$3,372,401 have been repaid. Four loans totaling \$6,024,315 with a balance of \$2,640,081 remain outstanding.

Project Details:           This project involves the construction of a 60,000 square foot building on 16.25 acres in the Knowledge Park in Harborcreek Township, Erie County.

The building will combine academia with industry. The companies located in the multi-tenant building will hire students from Penn State Behrend and utilize the professors and their research to incorporate technical advancements in the products. The companies will target students who are pursuing mechanical and industrial engineering and research and development degrees.

Other Data:                Cost per Square Foot:  
The building will be a two-story steel framed structure supported on reinforced concrete spread footings. The exterior building materials include brick veneer and metal siding with sloped metal and flat membrane roof areas. Building features include a sloped glass skylight system which incorporates natural lighting into the building circulation spaces and a two-story glass walled lobby space providing shared spaces within the building for tenant collaboration and meetings. The facility is outfitted with specialized labs and equipment aligning research and resources with the region's new product development needs. The received low bid cost per square foot is in accordance with the RS Means Building Construction Square Foot Cost Data for the intended industrial use, construction type, and weighted cost index for the region.

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

PIDA # 9560  
DATE: April 2, 2014

APPLICANT (Industrial Development Agency): Franklin County Area Development Corporation

ADDRESS: 1900 Wayne Road, Chambersburg, PA 17202

PERSON TO CONTACT: Michael Ross

TELEPHONE NUMBER: (717) 263-8282

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

Occupant: TORCOMP USA, LLC

Beneficial Owner: Platea USA, LLC

PRESIDENT: Fabrizio Giovannini

MAILING ADDRESS: 1900 Wayne Road, Chambersburg, PA 17202

TELEPHONE NUMBER: (717) 263-8282

PRODUCT: Auto-Parts Machining

NAICS # 3327

PERSON TO CONTACT AND TITLE: Fabrizio Giovannini, President

TELEPHONE NUMBER: (717) 263-8282

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)

Check box if SMALL BUSINESS

Pennsylvania 0 Worldwide, Include Pa. 300

(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)	0	n/a	n/a	n/a	n/a
New Employment in Three Years (Do Not Include Existing Employment)	73	\$2,734,494	\$37,458	40	29%

SIZE OF PROJECT (Sq. Ft)  
16,400

SIZE OF SITE (Acres)  
4.3

LOCATION OF PLANT (Include Municipality & Mailing Address):  
1690 Opportunity Avenue  
Chambersburg, PA 17201  
(Greene Township)

COUNTY:  
Franklin

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
\$640,000	\$1,600,000	\$97.56	\$21,917	\$8,767

**METHOD OF FINANCING**

- |   |   |
|---|---|
| <p>1. FIRST MORTGAGE 35 % Participation<br/>a. Amount \$560,000 (Shared 1<sup>st</sup> Mortgage)<br/>b. Name of Mortgagee First National Bank of Mercersburg<br/>c. Interest Rate 5.25%<br/>d. Term 15 yr. (20 yr. amortization)<br/>e. Person to contact Robert J. Moser<br/>Telephone number _____</p> <p>2. PIDA MORTGAGE 40 % Participation<br/>a. Amount \$640,000 (Shared 1<sup>st</sup> Mortgage)<br/>b. Interest Rate 2.25%<br/>c. Term 15 yrs.</p> | <p>3. OTHER PARTICIPATION _____ % Participation<br/>a. Amount _____<br/>b. Interest Rate _____<br/>c. Term _____<br/>d. By Whom _____</p> <p>4. OTHER PARTICIPATION 25 % Participation<br/>a. Amount \$400,000<br/>b. Interest Rate _____<br/>c. Term _____<br/>d. By Whom Company Equity</p> |
|---|---|

**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 checked="" type="checkbox"/> KOZ	<input type="checkbox"/> KOEZ
CRITICAL ECONOMIC AREA Franklin County	UNEMPLOYMENT RATE 7.8% <input type="checkbox"/> 5-10 Years <input checked="" type="checkbox"/> 12 Mo.	PIDA PARTICIPATION 40 %	GENERAL FUNDS <input checked="" type="checkbox"/>	BOND FUNDS <input type="checkbox"/>		

Company Background: Founded in 1957 and based in Sao Paulo, Brazil, Torcomp (Parent Company) is the oldest auto-parts machining company in the Country of Brazil.

Product: Manufacture machined auto parts

Ownership: Industrial Occupant: (Torcomp USA, LLC) Fabrizio Giovannini 10%  
Plataea Investments, Ltd 90%  
Beneficial Owner: (Platea USA, LLC) Fabrizio Giovannin 10%  
Nuovo Corporation 90%

Markets/Customers: Primary market area of Torcomp USA, LLC will be North America.

Projected Customers:

Honda	28%
Schultz	18%
Scania	16%
Volvo Construction Equipment	15%

Other data: Torcomp USA, LLC is proposing to purchase 4.3 acres and construct a 16,400 sq. ft. manufacturing facility located within the Cumberland Valley Business Park (former Letterkenny Army Depot) at 1690 Opportunity Avenue, Chambersburg, Franklin County. This plant will be used to manufacture machined auto parts and components to support the company's North American demand.

Torcomp is a manufacturer of high quality machined parts and components. The Company and its 300 employees provided machined parts, sub-assemblies, components and heat treating services to some of the world's recognizable original equipment manufacturers (OEMs). Torcomp was the first company, in its industry sector, to be certified in ISO 9002 & 14001, OHSAS 18001 and SA 8000 (social responsibility).

In April 2013, during a trade mission trip to Brazil with Governor Corbett, Torcomp discussed with FCADC their strategic decision to locate a US presence. In July 2013, the US operating and real estate companies (Torcomp USA, LLC and Platea USA, LLC) were formed.

The company is committing to create seventy-three (73) employees within three years.

GAT Offer Letter Dated: March 3, 2014

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

The Board was presented with the following special requests which the Board unanimously approved unless otherwise indicated below.

#9271 PIDC Financing Corporation	Closed 1-12-11
Bernard Sign Corporation	\$260,000
(Philadelphia County)	Bal. \$158,196

Request: Approve the release of the collateral mortgage on the property located at 1323-1333 North Howard Street and 1324-1344 North Hope Street, Philadelphia, Pennsylvania. The release would be approved without receipt of substitute collateral security in form and substance satisfactory to PIDA, as required under the terms of the PIDA commitment. Approve the decrease in the original PIDA amount, from \$260,000 to \$186,528.

Staff Recommendation: The PIDA collateral mortgage site is the company's previous site and has been sold for \$800,000. A portion of the proceeds have been escrowed in the full amount of the PIDA balance, which is \$158,196, pending the request for PIDA to release the mortgage and the escrowed sales proceeds.

The PIDA loan was approved in the amount of \$260,000. However, the actual amount which has been drawn down on the PIDA loan is \$186,528. The Bank first mortgage has been paid down from an original amount of \$350,000, to a current balance of \$242,175. Total equity of the company at the end of 2012 was \$110,521. The company showed a small net income of \$10,021 on sales of \$1,153,120 in 2012. Similar results were reached in 2013, with a net profit of \$10,021 on sales of \$1,265,539. The principal's equity in the business has increased to \$313,490, through personal funds he has loaned to the company. A current appraisal on the PIDA project site shows a fair market value of \$740,000. The combined PIDA and Bank loan balances of \$402,011 result in a loan to value ratio of 54%.

Considering the PIDA loan amount has been proposed to be reduced from \$260,000 to \$186,528 and the outstanding PIDA loan balance is now \$158,196, the current PIDA loan is reasonably well secured by the project property. Therefore, the PIDA staff recommends approval of the release of the collateral mortgage on the former business property located at 1323-1333 North Howard Street and 1324-1344 North Hope Street, in Philadelphia, Pennsylvania. The PIDA staff also recommends approving the decrease of the PIDA loan, from \$260,000 to \$186,528. Due to the modest operating support reflected by the company's current operation, these approvals will be subject to the following condition:

1. Subject to the pledge of cash or marketable securities of \$25,000, representing approximately seventeen (17) months of debt service on the PIDA loan.

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

The following special requests have been approved by staff under authority delegated by the Board.

#8939	Bucks County Economic Development Corporation National Towelette Co., Inc. (Bucks County)	Closed 10-27-04 \$1,000,000 Bal. \$465,950
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Staff Action: Consented to the placement of a subordinate mortgage against the property to secure a \$600,000 term loan being made by Citibank.

#9082	Clinton County Economic Partnership APC International, Ltd. (Clinton County)	Closed 1-12-07 \$844,000 Bal. \$493,498
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Staff Action: Approved the company refinancing its Santander Bank shared first mortgage loan with a new loan from First National Bank. The approval is subject to First National Bank entering into an intercreditor agreement in form satisfactory to PIDA.

#9485	Altoona Blair County Development Corporation SilcoTek Corporation (Centre County)	AA 6-6-12 \$1,750,000
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Staff Action: Approved an extension of the PIDA loan closing deadline until May 31, 2014.

#9487	Altoona Blair County Development Corporation Value Drug Company (Blair County)	AA 8-1-12 \$2,250,000
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Staff Action: Approved an extension of the PIDA loan closing deadline until May 31, 2014.

#9515 Lawrence County Economic Development Corporation  
RWE Holding Company  
(Lawrence County)

AA 4-3-13  
\$595,000

Staff Action: Consented to the project property being subject to: 1.) a subordinate mortgage placed on the project property which secured seller financing and 2.) an oil and gas lease in favor of Hillcorp Energy I, LP.

C.) SPECIAL REQUESTS – LOAN DECREASES

None.

D.) SPECIAL REQUESTS – LOAN RESCISSIONS

None.

NEW BUSINESS

None.

There being no further business to bring before the Members at this time, the meeting was on motion duly adjourned at 10:44 a.m.

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Assistant Secretary