

ECONOMIC DEVELOPMENT COMPANY OF LANCASTER COUNTY

AND EDC FINANCE CORPORATION

2011 ANNUAL REPORT



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www.edclancaster.com | www.edcfinancecorp.com

[revitalize **Partner** attract D I V E R S I F Y *strengthen* align]

JOINT EDC AND EDC FINANCE CORPORATION STRATEGIC PLAN

[VISION]

TO ELEVATE THE ECONOMIC STRENGTH OF LANCASTER COUNTY BY BECOMING THE BUSINESS INVESTMENT COMMUNITY OF CHOICE

[MISSION]

TO ENHANCE THE ECONOMIC WELL-BEING OF LANCASTER COUNTY BY BRINGING TOGETHER BUSINESS RESOURCES, CAPITAL AND GOVERNMENT FOR SELECTIVE, MEASURABLE AND SUSTAINABLE GROWTH

A Message from the Board Chairs

In 2011, EDC begins its second half-century of service fortifying Lancaster County's economic strength, growth and vitality by again expanding our work program. The title of this year's annual report — *Revitalize. Partner. Attract. Diversify. Strengthen. Align.* — reflects words of action that are taken directly from the 2015 Joint EDC/EDC Finance Corporation Strategic Plan (approved in early 2010) and capture the essence of the renewed focus of our broadened roles within the community, as summarized in the updated Vision and Mission statements on the facing page.

2010 was the year when this plan, with its three Core Strategies, Objectives and Initiatives, was converted into **Strategic Actions**. In this report you will read about

these actions and accomplishments during year one of the plan's implementation.

In addition to the foundational, long-term Strategic Plan initiatives, other noteworthy events during 2010 included:

- EDC's 50th Anniversary celebration
- Establishment of the "Founders Award" for Distinguished Leadership in Economic & Community Development
- Presentation of the "Founders Award" to the inaugural class of five extraordinary community-minded recipients
- Final settlement of the former Armstrong World Industries redevelopment site with property titles transferred to Franklin & Marshall College and Lancaster General Health for further development
- Receipt of two awards from the National Association of Development Companies (NADCO) for exceptional performance in the SBA 504 loan program administration
- Involvement in commercial and agricultural investment projects totaling more than \$60 million

It has been a very busy year and an exciting time to be involved with

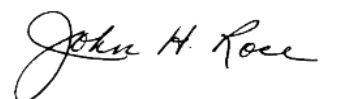
EDC! However, it is also the time for our tenures as board chairs to end, and we must pass the batons to new leadership of the organizations — Randall Horst and Ed Gordon, the 2011 EDC and EDC Finance Board Chairs, respectively.

We close our final letter with an expression of gratitude to fellow Board members, all public and private partners and staff for their support, encouragement and hard work during our terms of service. To our Member companies we acknowledge that EDC and EDC Finance would not be the organizations they are today without your membership. We thank you for your continued support and share with you much of the credit we receive for our accomplishments. It has been a privilege to work with all of you and we look forward to the road ahead.

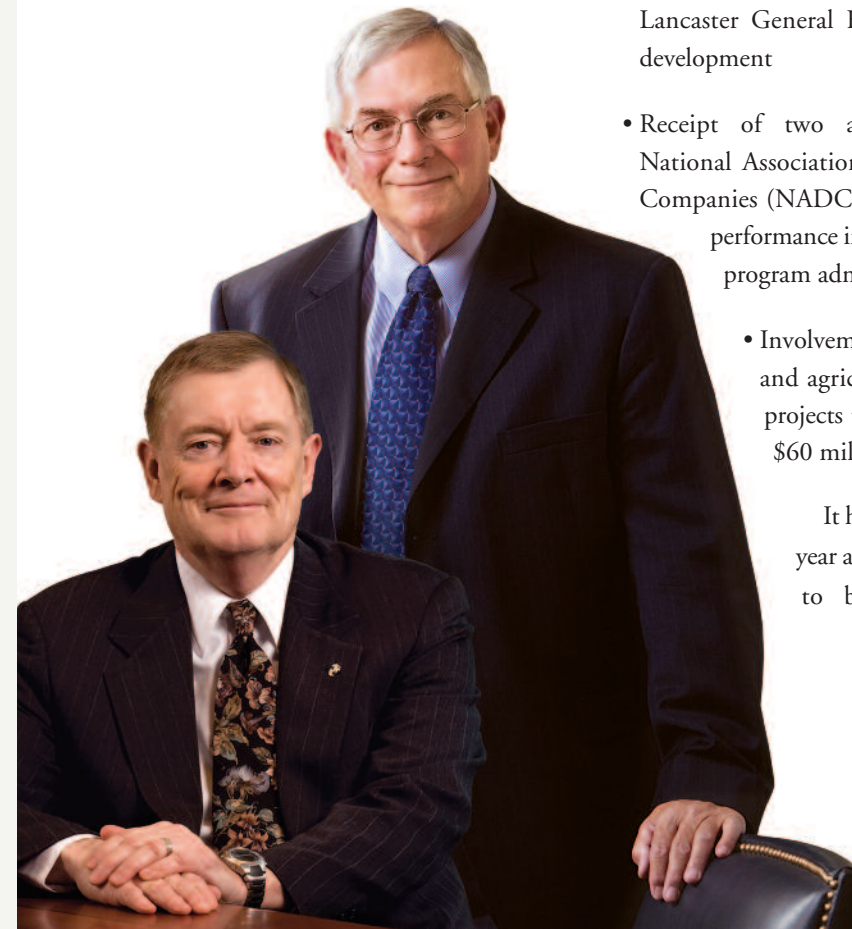
Sincerely,



DAVID R. KELLER, ESQ.
2010 EDC Board Chair
Partner, Barley Snyder



JOHN ROSE
2010 EDC Finance Corporation
Board Chair
Senior Corporate Advisor, Horst Group



CORE STRATEGY I: BUSINESS INVESTMENT AND RETENTION

Growing local investments in business and community development

As the primary objective of Core Strategy I of the 2015 Strategic Plan, EDC and EDC Finance Corporation remain committed to expanding local economic development opportunities, increasing business investment and retaining the long-term value that currently established companies contribute to the economic well-being of Lancaster County. It's no easy task, but by maintaining an inventory of products, services and programs deemed imperative by potential investors, businesses and stakeholders; by being intentional in urban area revitalization; and by broadening our partnerships with lead organizations within the private and public sectors, we are confident in the success of this key strategic initiative.

2010 Economic Growth & Investment

COMMERCIAL & INDUSTRIAL PROJECTS	AGRICULTURAL & TOURISM PROJECTS
<p>TOTALS:</p> <p>Total projects investment: \$44 million</p> <p>Total EDC funding: \$21 million</p> <p>Jobs retained: 322</p> <p>Jobs created: 124</p>	<p>TOTALS:</p> <p>Total projects investment: \$12 million</p> <p>Total EDC funding: \$7 million</p>

REVITALIZING URBAN AREAS — Although in early 2010, the property titles of the former Armstrong World Industries industrial complex transferred to Franklin & Marshall College and Lancaster General Health, thus closing our involvement, EDC is now mandated through the Strategic Plan to, when possible, take necessary steps to assure the redevelopment of available urban properties to their highest and best use.

PARTNERING WITH THE PRIVATE AND PUBLIC SECTORS — Pennsylvania's *Business Retention and Expansion Program*

(BREP) was established in 1997 to forge stronger collaboration among public, private, state and local economic development organizations to

retain and grow existing Pennsylvania businesses. EDC thanks the 125 companies that participated in the BREP program in 2010 and the 3,000 executives who agreed to be interviewed since the program's inception.

ASSISTING EXISTING BUSINESSES TO EXPAND — In 2010, EDC Finance was called upon to address the funding gaps for a variety of economic development projects. In packaging the loans, we tapped the programs on the following page. Dollars noted indicate the total loan program funds used by *all* 2010 projects.

INCREASING BUSINESS INVESTMENT — *The Recovery Zone Facility Bond Program* (RZFBP) was established in 2009 through the American Recovery & Reinvestment Act (Stimulus Package) for eligible real estate projects commencing prior to the end of 2010. Learning of the program's availability, EDC Finance established necessary partnerships (see page 7 for more) that assisted four projects in using Lancaster County's full allocation of \$14 million, which leveraged total investment of \$29 million.

COMMERCIAL & INDUSTRIAL PROJECTS

[RZFBP - \$14 million]



(LEFT) **Rettew Associates**, Manor Township — George Rettew, chairman and CEO, and Mark Lauriello, president, stand on the cleared site of their soon-to-be-constructed office building, a 21,000 sq. ft. expansion of Rettew's current headquarters location. (RIGHT) **IMAX Theater at Penn Cinema**, Manheim Township — Recovery Zone funds helped Penn Ketchum, principal, to construct the 428-seat IMAX theater with a restaurant shell and to purchase needed digital IMAX projection equipment.

[SBA 504 Commercial - \$6 million]



(LEFT) **White Oaks Veterinary Hospital**, Rapho Township — SBA 504 funds helped Drs. Ron and Lauren Lane, veterinarians and owners, to double the size of their veterinary hospital, allowing them to expand their services and meet increasing customer needs. (RIGHT) **the shadowlight group**, Upper Leacock Township — An industry leader in commercial photography services, the shadowlight group used SBA 504 funds to move its operation from an 80,000 sq. ft. leased site and purchase a 125,000 sq. ft. facility to accommodate the needs of its growing nationwide clientele.

[PIDA Industrial - \$1 million]



Weber Advertising & Marketing, Lancaster City — A PIDA loan helped Jim and Jennifer Weber, owners, redevelop vacant urban buildings and move their corporate office and production equipment into a larger, more efficient facility.

AGRICULTURAL & TOURISM PROJECTS

[SBA 504 Ag - \$600,000]



Hess Dairy Farm, East Donegal Township — To expand their dairy operation, Linda, Joe and Aaron Hess, family farmers, used an SBA-504/Agriculture loan to purchase additional, formerly leased acreage and make improvements to their main facility.

[FIF - Ag & Tourism - \$2 million]



(LEFT) **Rohrer Family Farm**, Paradise and Strasburg Townships — Mark and Todd Rohrer both took advantage of First Industries Fund/Agriculture loans to construct new broiler houses on the family farm owned by his parents, Roger and Kandy (not shown). (RIGHT) **The Amish Village**, East Lampeter Township — A First Industries Fund/Tourism loan helped Shane Ackermann to purchase, make enhancements to and continue to operate the 40-year-old tourism attraction.

[PIDA Ag - \$750,000]



Hilltop Farm, Elizabeth Township — Dan and Jennifer Heller, family farmers, took advantage of a Pennsylvania Industrial Development Authority/Agriculture loan to purchase an existing broiler farm with two houses and construct two additional broiler houses.

[NGFLP - \$3.5 million]

The Next Generation Farmer Loan Program helps first-time eligible farmers to purchase farmland and certain related farming needs including equipment and livestock.

CORE STRATEGY II: BUSINESS RECRUITMENT

CORE STRATEGY III: FINANCIAL SUSTAINABILITY

Lancaster County welcomes and nurtures business

A solid and secure financial base is fundamental to our success

Attracting investment — central to Core Strategy II — requires the implementation of fresh and ongoing initiatives to bring new, start-up, relocating and complementary businesses to Lancaster County. To do this effectively means establishing a targeted marketing plan to better promote and differentiate Lancaster County as a business investment location. It also involves coordinating recruitment efforts with companion local and state economic development entities for greater synergy and return on our collective financial commitments.

To achieve the ambitious goals of the Strategic Plan and ensure the expansion of our work program, EDC and EDC Finance need a solid and secure financial base — the crux of Core Strategy III. Buttressed by its underpinnings — acquiring diversified revenue streams, increasing membership, engaging leadership, strengthening public partnerships and executing innovative initiatives — Core Strategy III is certain to guarantee the success of the entire Strategic Plan and elevate Lancaster County's economic strength.

[Attracting Business Investment]



Quanta Technologies Inc., a start-up company, chose Lancaster County over several other locations for its first facility to manufacture an energy-efficient and cost-effective storm window system. Michael Neff (CFO), John Siegel (COO) and Jay Reyher (CEO) stand inside their new production site in Burle Business Park. EDC served as the lead point-of-contact in Quanta's site selection efforts.

MARKETING FOR INCREASED BUSINESS INVESTMENT, EDC ...

- Continues its active Business-site Lead Notification Program in partnership with the Commercial & Industrial Council of the Lancaster County Association of Realtors.
- Attended the Eastern PA Industrial Property Summit hosted by the Society of Industrial and Office Realtors (SIOR).
- Hosted its second Lancaster County Familiarization (FAM) tour and golf outing for tri-state real estate brokers, site selectors and developers. FAM Tour attendance increased 300% from the 2009 event.

[Thank you to 2010 event sponsors]

Champion

- High Companies
- Lancaster General Health
- UGI
- Wohlsen Construction Company

Advocate

- Barley Snyder
- Brown Schultz Sheridan & Fritz
- Franklin & Marshall College
- HACC Lancaster Campus
- Irex Contracting Group
- Reinsel Kuntz Leshner
- Turkey Hill Dairy
- Versatek Enterprises
- Wells Fargo

Benefactor

- Donegal Insurance Group
- Hartman Underhill & Brubaker
- Union National Community Bank

DIVERSIFYING REVENUE — EDC and EDC Finance will investigate alternative income opportunities and undertake initiatives to maintain a solid financial future. 2010 marked the initiation of our *Event Sponsorship Program*. For contributing beyond their annual dues in support of EDC's mission, we thank the businesses shown at right.

ENGAGING LEADERSHIP IN INITIATIVES — Board-driven committees will guide key elements to ensure the Strategic Plan's success. Committees include:

- **Communications:** Develop an integrated communications and marketing plan
- **Business Plan:** Oversee possible financing program expansion opportunities
- **Resources:** Establish a financial plan for long-term sustainability

STRENGTHENING PUBLIC PARTNERSHIPS — The Recovery Zone Facility Bond Program is an excellent example of the partnerships that make economic development work in Lancaster County. The County Commissioners and EDC Finance Corporation established the Recovery Zone; EDC Finance staff marketed and packaged appropriate projects; the County Commissioners approved each tax-exempt financing; and the Lancaster County Redevelopment Authorities served as the conduit issuer of the bonds. This was a complex effort that generated a tremendous incentive for growing businesses.

EDC Revenue & Expenses



REVENUE

- EVENTS & SPONSORSHIPS \$30,000 (4%)
- MEMBERSHIP \$497,000 (60%)
- EDC FINANCE \$170,000 (21%)
- INVESTMENT/REIMBURSEMENT \$66,000 (8%)
- STATE \$53,000 (6%)
- OTHER \$12,000 (1%)
- TOTAL \$828,000



EXPENSES

- ADMINISTRATION \$554,000 (67%)
- CONTRIBUTION TO EDC FINANCE \$55,000 (7%)
- MARKETING \$66,000 (8%)
- FUNDRAISING \$9,000 (1%)
- OPERATIONS \$144,000 (17%)
- TOTAL \$828,000



The Historic East Side Suites, an \$8.6 million mixed-use redevelopment project of the first two blocks of East King Street in Lancaster City, took advantage of Recovery Zone Bond Financing to advance the revitalization of 35,000 sq. ft. of primarily vacant space into retail, office and residential properties.

2011 BOARD OF DIRECTORS | EDC

The EDC Board of Directors meets monthly to review and guide EDC's involvement with countywide development efforts and to be updated on the status of program implementation, making course corrections when necessary. We thank the Board for their hours of volunteer service and engagement in overseeing all EDC initiatives.

Directors

Nancy S. Arnold,
Partner
Reinsel Kuntz Lesher LLP

Thomas T. Baldrige
President
The Lancaster Chamber of Commerce & Industry

Thomas E. Beeman (leave of absence)
Strategic Advisor to the LG Health Board of Trustees
Lancaster General Health

Jan L. Bergen
CEO
Lancaster General Health

Nevin D. Cooley
President & CEO
High Real Estate Group

John D. Cox
Executive Vice President
Turkey Hill Dairy

Joe Crosswhite
Regional President
M&T Bank

Michael G. Fessler
Regional Marketing Manager
West Region UGI Utilities, Inc.

Earl A. Furman
President
Versatek Enterprises, LLC

Mark D. Gainer
Chairman, President & CEO
Union National Community Bank

Randall L. Horst
President & CEO
Horst Group

David R. Keller, Esq.
Partner
Barley Snyder

Gregory S. Lefever
Market President
PNC Bank

John M. Levitski
Regional Director
PPL Corporation

Theodore E. Long
President
Elizabethtown College

Harold E. Miller
President & CEO
Lancaster Newspapers, Inc.

Donald H. Nikolaus
President & CEO
Donegal Mutual Insurance Company

Keith A. Orris
Vice President, Administrative Services & External Affairs
Franklin & Marshall College

William J. Reuter
Chairman of the Board & CEO
Susquehanna Bancshares, Inc.

R. Scott Smith, Jr.
Chairman, CEO & President
Fulton Financial Corporation

Rupert H. Taylor, III
Executive Vice President
Warfel Construction Company

James D. Warner
Executive Director
Lancaster County Solid Waste Management Authority

John M. "Jack" Buckwalter
1931-2010



Emeritus Directors

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Robert S. Bolinger
Dr. Joseph A. Caputo
Esther G. Gemmill
Robert C. Gray
John M. Hallgren
Alexander Henderson, III
Calvin G. High
Calvin E. Levis
W. Kirk Liddell
Jessica H. May
Gene Moore
Timothy W. Peters
G. William Ruhl
John O. Shirk
Kenneth G. Stouidt
Daniel C. Witmer

Officers

Randall L. Horst, *Board Chair*
John D. Cox, *Board Vice Chair*
David K. Nikoloff, *President*
John W. Biemiller, *Vice President, Secretary, Treasurer*

Executive Committee

Randall L. Horst, *Chair*
John D. Cox, *Vice Chair*
Nancy S. Arnold
Thomas E. Beeman (leave of absence)
Michael G. Fessler
David R. Keller
John M. Levitski
R. Scott Smith, Jr.
R. Edward Gordon (*official guest/ EDC Finance Corporation Board Chair*)
John H. Rose (*official guest/ Business Plan Committee Chair*)

Counsel

Barley Snyder

2011 BOARD OF DIRECTORS | EDC FINANCE CORPORATION

The EDC Finance Corporation Board of Directors meets to assess local commercial, production agriculture and community real estate development/redevelopment applications for select federal and state economic development project financing assistance. The all-volunteer Board serves multi-year terms and we thank them for their many hours of dedicated service.

Directors

Christopher S. Barrett
President & CEO
PA Dutch Convention & Visitors Bureau

Joan M. Brodhead
VP & COO
Community First Fund

Michael R. Carper
President & CEO
Housing Development Corporation

Joshua D. Cohen, Esq.
Partner
Hartman Underhill & Brubaker

Michael W. Davis, Esq.
Partner
Barley Snyder

Lawrence A. Downing
Commissioner
Manheim Township

Patrick M. Egan
President & Founder
Select Security

R. Edward Gordon
Executive Vice President/ Chief Financial Officer
Wohlsen Construction Company

Robert W. Heiserman, Jr.
Broker/Owner
Donegal Real Estate

Charlotte A. Katzenmoyer
Director of Public Works
City of Lancaster

Walter J. Legenstein
Chairman & CEO
Certified Carpet

Craig Lehman
Commissioner
County of Lancaster

Michael P. Peachey
Owner
Acuity Advisors & CPAs

Pedro A. Rivera
Superintendent
School District of Lancaster

Robert Shoemaker
President
Lancaster Alliance

Betty K. Tompos
Vice President for Finance Administration
Thaddeus Stevens College of Technology

Officers

R. Edward Gordon, *Board Chair*
Joshua D. Cohen, *Board Vice Chair*
David K. Nikoloff, *President*
John W. Biemiller, *Vice President, Treasurer, Assistant Secretary*
Lyle D. Hosler, *Secretary*

Counsel

Appel & Yost
Nikolaus & Hohenadel

Special Projects

Barley Snyder
Hartman Underhill & Brubaker

2011 JOINT COMMITTEES | EDC AND EDC FINANCE CORPORATION

Thank you to the following EDC and EDC Finance Corporation Board Directors and Membership leaders for their commitment and hours of dedicated volunteer service in guiding and advancing EDC's Mission.

Audit

Gregory S. Lefever, *Chair*
R. Joe Crosswhite
Earl A. Furman
Walter J. Legenstein
Betty K. Tompos

Investment

Mark D. Gainer, *Chair*
Thomas E. Beeman (leave of absence)
Joshua D. Cohen
Michael G. Fessler
Michael P. Peachey
R. Edward Gordon, *ex-officio*
Randall L. Horst, *ex-officio*

Communications

John D. Cox, *Chair*
James L. Adams
Christopher S. Barrett
Nevin D. Cooley
John M. Levitski
John P. Lines

Business Plan

John H. Rose, *Chair*
Robert W. Heiserman, Jr.
David T. Hornberger
David R. Keller
Walter J. Legenstein
Rupert H. Taylor, III

Resources

Nancy S. Arnold, *Chair*
Jan L. Bergen
Joshua D. Cohen
Michael G. Fessler
William J. Reuter
James D. Warner

2011 MEMBERSHIP | EDC FINANCE CORPORATION

The EDC Finance Corporation Membership includes representatives from government, financial institutions, community organizations and business. Meeting annually to ensure that the organization maintains its status as a U.S. Small Business Administration Certified Development Company, members receive updates on EDC Finance activities and vote on necessary matters.

James Appel <i>Appel & Yost</i>	Barbara Dillon <i>Nikolaus & Hohenadel</i>	Rhonda Kleiman <i>Library System of Lancaster County</i>
Christopher Barrett <i>PA Dutch Convention & Visitors Bureau</i>	Larry Downing <i>Manheim Township</i>	Mark Lauriello <i>Rettew Associates</i>
Robert Behling <i>Manheim Area Economic Development Corporation</i>	Patrick Egan <i>Select Security</i>	Walt Legenstein <i>Certified Carpet</i>
Jeffrey Bleacher <i>Ross, Beuhler, Falk & Co.</i>	Dan Fichtner <i>Providence Engineering</i>	Craig Lehman <i>County of Lancaster</i>
Joan Brodhead <i>Community First Fund</i>	Jennifer Goldbach <i>Benchmark Construction Company</i>	Michael Peachey <i>Acuity Advisors & CPAs</i>
Michael Carper <i>Housing Development Corporation</i>	R. Edward Gordon <i>Wohlsen Construction Company</i>	Pedro Rivera <i>School District of Lancaster</i>
Joshua Cohen <i>Hartman Underhill & Brubaker</i>	Jacquie Gumper <i>Versatek Enterprises</i>	John Rose <i>Horst Group</i>
Michael Davis <i>Barley Snyder</i>	Robert Heiserman, Jr. <i>Donegal Real Estate</i>	Michael Staab <i>Hamilton Precision Metals</i>
Michael DeBerdine <i>Rhoads Energy</i>	Barry Huber <i>Trout, Ebersole & Groff</i>	Betty Tompos <i>Thaddeus Stevens College of Technology</i>
Brian DeCew <i>ASSETS Lancaster</i>	Charlotte Katzenmoyer <i>City of Lancaster</i>	Andrew Weikert <i>Auntie Anne's</i>

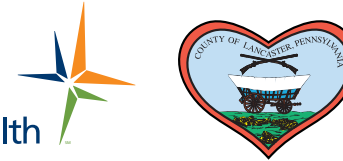
2011 PROFESSIONAL SERVICES AND STAFF

Accountants Walz, Deihm, Geisenberger, Bucklen & Tennis	Photography Robert J. Polett Photographer Thomas Russell Photography	Staff David K. Nikoloff, <i>President</i> John W. Biemiller, <i>Vice President</i> Lyle D. Hosler, <i>Project Manager</i> Jean K. Rehrig, <i>Portfolio Manager</i> Annette E. Bart, <i>Manager,</i> <i>Communications & Special Projects</i> Tara L. Claudio, <i>Manager,</i> <i>Business Retention & Expansion</i> Janet L. Foster, <i>Administrative Assistant</i>
Auditors Brown Schultz Sheridan & Fritz	Event Production Shumaker – Plan · Design · Transform	
Marketing & Communications Hamilton Gregory Marketing Communications	Printer Whitmore Printing	

2011 EDC MEMBERSHIP

Founders
\$50,000 annually

Lancaster General Health



Builders
\$25,000-\$49,999 annually



Partners
\$7,500-\$14,999 annually

Auntie Anne's
M&T Bank
PNC Bank
Turkey Hill Dairy
Union National Community Bank
Wachovia

Members
\$3,500-\$7,499 annually

Barley Snyder
Franklin & Marshall College
HACC Lancaster Campus
Hartman Underhill & Brubaker
Herley Industries
High Companies
Horst Group
IBS Development
Irex Corporation
Millersville University of Pennsylvania
ParenteBeard LLC
Providence Engineering Corporation
Reinsel Kuntz Leshar
Rettew Associates
School District of Lancaster
Warfel Construction Company
Wohlsen Construction Company
Wonderland Amusement Management

Associates
\$1,750-\$3,499 annually

Abel Construction Company
Acuity Advisors and CPAs
Alcoa Mill Products
American Home Bank
Appel & Yost
B.R. Kreider & Son
Benchmark Construction Company
Beyond Architecture
Brown Schultz Sheridan & Fritz
Burle Business Park
Burnham Holdings

Sponsors
\$15,000-\$24,999 annually

Fulton Bank
LISTENING.

Susquehanna

Armstrong
Your ideas become reality.



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NEWSPAPERS, INC.



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Cargill Cocoa & Chocolate
Central Penn Business Journal
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Citizens Bank
City of Lancaster
Clair Brothers Audio Systems
Conewago Industrial Park
Conrad Siegel Actuaries
CoreSource
Cornerstone Design-Architects
David Miller/Associates
Donegal Mutual Insurance Company
Dutchland Incorporated
Eastern Alliance Insurance Group
ELA Group
Elizabethtown College
EHD Advisory Services
Flyway Excavating
Graystone Bank
Hamilton Precision Metals
Herbert, Rowland & Grubic, Inc.
HomeTowne Heritage Bank
The Jay Group
Kasun Development
Kellogg Company
Lancaster Barnstormers/Keystone Baseball
Lititz Mutual Insurance Company
MARS Chocolate North America LLC
Martin Insurance Agency
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Metro Bank
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Murry Management Company
National Bearings Company
Nikolaus & Hohenadel
Northwest Savings Bank
P. K. Machine
Pennfield Corporation
Professional Design & Construction
Realty Settlement Services
Rhoads Energy

Supporters
\$500-\$1,749 annually
(municipalities and non-profit community and economic development organizations)

ASSETS Lancaster
Borough of Columbia
Columbia Economic Development Corporation
Commercial & Industrial Real Estate Council/LCAR
Community First Fund
Housing Development Corporation
The Lancaster Chamber of Commerce & Industry
Lancaster County Career & Technology Center
Lancaster County Workforce Investment Board
Lancaster Downtown Investment District Authority (DID)
Library System of Lancaster County
Manheim Area Economic Development Corporation
Manheim Township
Mount Hope Nazerene Retirement Community
Mount Joy Borough Authority
Pennsylvania Dutch Convention & Visitors Bureau (PDCVB)