



penn's 
northeast

ANNUAL REPORT 2013

Founding Partners

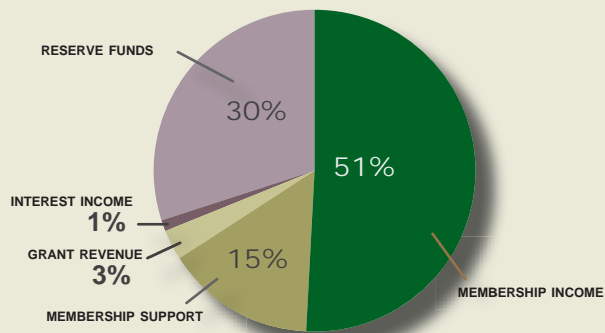
BIDA, BIP & Spirit, Inc.
 CAN DO, Inc.
 Governor's Action Team, Northeast Regional Office
 Governor's Northeast Pennsylvania Regional Office
 Gr. Pittston Chamber of Commerce
 Gr. Wilkes-Barre Chamber of Business & Industry
 Luzerne County Office of Community Development
 Monroe County Industrial Development Authority
 Northeastern Pennsylvania Alliance
 PPL Electric Utilities
 The Scranton Plan
 UGI Penn Natural Gas, Inc.
 UGI Utilities, Inc.
 Verizon
 Wayne Economic Development Corporation

Investors

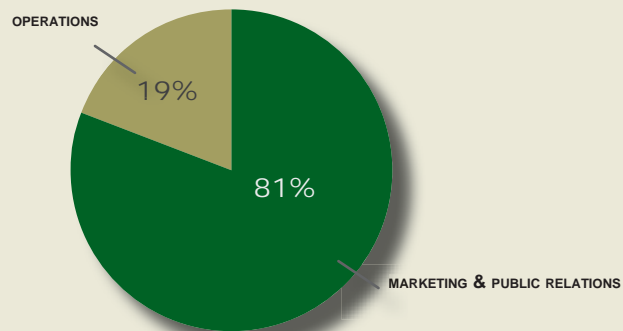
Blue Cross of NEPA
 Borton-Lawson
 Earth Conservancy
 First National Community Bank
 Forest City Industries
 Hinerfeld Commercial Real Estate
 The Honesdale National Bank
 Kane Is Able, Inc.
 Lackawanna County Commissioners
 Mericle Commercial Real Estate Services
 Mohegan Sun at Pocono Downs
 National Penn Bank
 The Norwood Company
 Pennstar Bank
 PNC Bank
 QEI Construction Group
 Reilly & Associates
 Rosenn, Jenkins & Greenwald, L.L.P.
 Wayne Bank

Financial Summary

SOURCES OF FUNDS

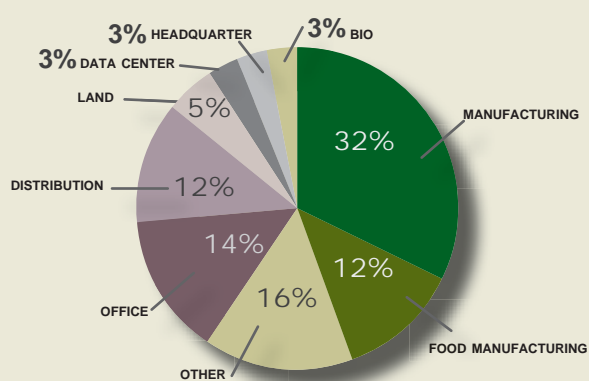


USES OF FUNDS

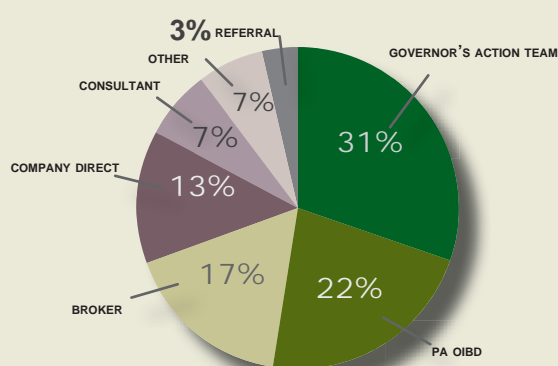


Lead Processing

TYPES OF LEADS



SOURCES OF LEADS



A Message from the Board Chairman

One year ago I became Chairman of the Board of Penn's Northeast. Our commitment to the future of Penn's Northeast and the region remains. I would like to share with you my observations on the region:

- We live in a very unique and resilient region.
- We need to rethink and retool our economic development efforts.
- Enhanced regional thinking and collaboration across all endeavors is the future.
- The people and their attitudes of the region are changing.
- Leadership positions in every endeavor are opening to a wider audience.
- Those in current leadership positions owe it to the region to provide for, foster, mentor, train and pass on those positions to the next generation.
- The next generation is coming forward. The region's future belongs to them, recognize it.
- Baby boomers are either retiring, 10,000 a day, or looking for "encore careers." This is an untapped talent pool.

At Penn's Northeast numerous ideas, discussions and changes are occurring:

- The board now consists of working committees: Strategic Planning, Finance, Governance and Technology, Marketing and Human Resources. The chairs of the committees and the members of those committees worked diligently throughout the year.
- We have added new at-large board members from the business community.
- We have invited several members of the community who lead organizations that play a role in the region to become ex-officio members.
- All have added to the lively board discussions by different perspectives.
- The Strategic Planning Committee has taken the work begun under Chuck Leonard's chairmanship and has refined our mission, focused our vision and has provided a defined plan of work for the next two years.
- Everyone now recognizes that the region's unique interstate highway infrastructure links us to all kinds of economic activity. Penn's Northeast sees not only the emerging port activity to the east, fostered by the Panama Canal expansion, but also the developing story of natural gas exploration to the west, as yet an untapped opportunity for the region.

The result of this activity is that the board remains evermore involved and committed to the mission of Penn's Northeast. Besides assisting in all the board activities, our President, Penny Cannella, has continued to complete the organization's program of work. This past year she has also taken on a leadership role in the NEPA Regional Bioscience Initiative (RBI), one of the region's most ambitious, comprehensive and regional economic development strategies.

Penny leaves us, after many years of unselfish efforts at Penn's Northeast, further along the path and much better at discovering opportunities to enhance the region. She and her staff deserve a regional thank you for all their work. I would also like to thank the board and participating members of Penn's Northeast. To those who are not members, we invite you to join us. Together we can seize the opportunities at hand.



Great global economic changes are occurring. Some see them as challenges, Penn's Northeast sees them as opportunities.

John T. Cognetti

John Cognetti, Chairman

Strategic Plan, Mission and Vision

The Penn's Northeast strategic plan is to engage in marketing activities that promote the region to outside investors looking to strategically locate existing or new operations. These activities could include but are not be limited to:

1. Maintaining a world class website
2. Attending targeted industry trade shows to showcase and promote northeastern Pennsylvania
3. Coordinating regional tours for prospects
4. Identifying specific target industry sectors of high-growth and high-potential, such as advanced manufacturing, distribution operations, business services, telecommunications-related operations, back office centers, etc.
5. Supporting the Commonwealth's ongoing Foreign Direct Investment program (OIBD)

The strategic planning process reaffirmed the commitment to regional economic development marketing, while re-assessing the organization's mission, vision and goals. Both the mission and vision statements of the organization were modified to read:

Mission Statement

Penn's Northeast will serve as the regional business and economic marketing organization that attracts business investments and jobs by actively promoting the geographic and demographic advantages of Northeastern Pennsylvania.

Vision Statement

Penn's Northeast is recognized by business and economic development professionals as a high performance regional marketing organization. It is known for its innovative practices, its collaborative approach, its customer service and its professional excellence.

Successes

Successful economic development is all about teamwork. It requires many partners working together or in tandem including government, the private sector, education and workforce development and economic development organizations, etc. to accomplish what can't be done alone. Our region is fortunate to have such a team of dedicated and knowledgeable experts working together with vision and a passion to see their respective communities and northeast Pennsylvania grow and prosper.

Penn's Northeast is pleased to report the following prospects processed by Penn's Northeast were converted into projects in 2012/2103:

HD Supply Power Solutions, Ltd., Orlando, FL, has leased land at Sterling Business and Technology Park, Sterling Township, Wayne County. They are the first tenant in the business park. The Wayne Economic Development Corporation (WEDCO) has prepared a 10-acre distribution facility which will be used to support the power line projects occurring throughout the northeast.

Admar Construction Equipment and Supply, headquartered in Rochester, NY, opened a facility at 121 Armstrong Road, Pittston, Luzerne County. Admar services the construction industry with rentals, sales, service and parts.

American Eagle Outfitters, Inc., a PA-based company with headquarters near Pittsburgh, is constructing a one million-square-foot, direct-to-consumer distribution center in

CAN DO's Humboldt Industrial Park, Hazle Township, Luzerne County. The distribution center will bring 369 new jobs to Greater Hazleton over the next four years and employ around 600 additional part-time workers during peak seasons.

Mericle Commercial Real Estate owned this 127-acre Keystone Opportunity Zone land parcel in Humboldt and is preparing the large site for the start of construction, which will be done by AEO's contractors.

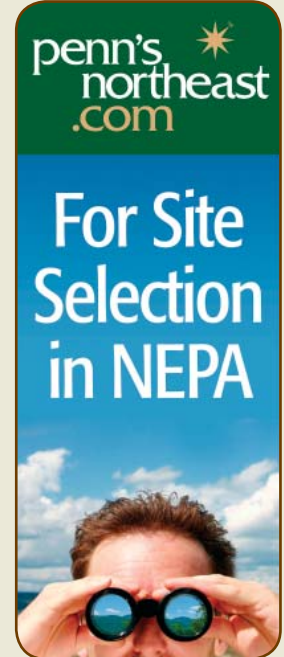
American Eagle Outfitters, Inc. (NYSE: AEO) is a leading global specialty retailer offering high-quality, on-trend clothing, accessories and personal care products at affordable prices under its American Eagle Outfitters® and aerie® brands.



Real Estate Marketing

When prospects look at an area one of the main things they are looking for is an available site or building. Having up to date regional information on available land and properties is important for companies looking to expand or relocate their businesses. Keeping current regional information in front of site selectors, real estate brokers and companies is a key service that Penn's Northeast provides. In 2012/2013, Penn's Northeast did this through a variety of methods:

- The online real estate database continues to be populated with available land and buildings as they come on the market. The building and land database is searchable by size, type, rail availability and KOZ/KOEZ designation. The database can be accessed by going to www.pennsnortheast.com and clicking on Real Estate.
- Penn's Northeast provides the Commonwealth of PA's SiteSearch website (www.pasitesearch.com) with the same up to date real estate information. This site is where members of the Governor's Action team first search when looking for property in response to a prospect. Properties meeting a prospect's requirements can then be forwarded to the requestor.
- Through ongoing e-mail blasts we feature various properties from our four county region and drive traffic to our website and the real estate database.
- We are listed in various economic development directories and websites that are targeted at site selectors and companies looking to identify ideal locations for business expansion.
- Advertisements are placed on a regular basis in the Mid Atlantic Real Estate Journal and editorials are placed periodically.



NEPA Regional Bioscience Initiative



Penn's Northeast is pleased to partner with the Northeastern Pennsylvania Regional Bioscience Initiative to increase career and business opportunities within the life sciences in Lackawanna, Luzerne, Monroe, Pike, Schuylkill, Susquehanna, Wayne and Wyoming counties.

Penn's Northeast serves on the executive committee of the 8 county initiative. This past year, Penn's Northeast coordinated the business outreach campaign in collaboration with The Scranton Plan, the Tripp Umbach consulting firm and KKPR Marketing & Public Relations. As a member of the core team, we have worked on the creation and development of the website, sell sheets, trade show implementation, lead prospecting, etc. The goals of the initiative are to:

- Goal 1 - Elevate marketing and business development through expanded regional collaboration
- Goal 2 - Collaboratively link colleges' and universities' research & development programs
- Goal 3 - Expand bioscience education and training
- Goal 4 - Attract and retain skilled workers
- Goal 5 - Further develop an entrepreneurial support system
- Goal 6 - Ensure appropriate real estate options are in place to meet the needs of targeted segments

Trade Shows and Conferences

Penn's Northeast represents the interest of Lackawanna, Luzerne, Monroe and Wayne counties at various trade shows and conferences throughout the year. This is one of the primary ways we connect and reconnect with industry practitioners and end users and keep them aware of the numerous benefits northeast Pennsylvania has to offer. This year Penn's Northeast participated in several outreach events promoting our region for business relocation and investment. Among them were:

Society of Industrial and Office Realtors (SIOR) Conference

Penn's Northeast sponsored a booth at the event in Hershey, PA, at which several of our economic development partners participated. This annual event is very well attended by the most knowledgeable, experienced and successful commercial real estate brokers, developers and service providers. It is a great venue to network with brokers that are active in our market and promote the benefits of our region to others. The educational component of the event also provides valuable insight into current trends, forecasts and issues facing the industry.

Site Selectors Guild Forum

We represented northeast Pennsylvania at the second forum of this prestigious guild of top national and international site selectors. The forum focused on the latest deciding factors in the site selection process and was an excellent opportunity to meet with and hear from twenty-six site selectors. The PA Dept. of Community & Economic Development was a gold sponsor of the forum. A benefit of that sponsorship was the opportunity for Penn's Northeast and other PA partners to share the costs for hosting a dinner with five site selectors and provide all of the guild members with a gift from the PA partners.

INTERPHEX

In partnership with the NEPA Regional Bioscience Initiative, Penn's Northeast, The Scranton Plan and the Northeastern Pennsylvania Industrial Resource Center sponsored a booth at INTERPHEX, the premier trade event and conference program dedicated to the pharmaceutical manufacturing industry. Over 8,100 industry experts, vendors and suppliers were in attendance. Regional partners attended and worked the booth and the floor. Penn's Northeast served as the outreach coordinator for the NEPA RBI throughout the year in collaboration with Tripp Umbach consultants and The Scranton Plan.

MD&M East (Medical Design & Manufacturing East)

As part of the NEPA Regional Bioscience Initiative marketing outreach, Penn's Northeast, The Scranton Plan and the Northeastern Pennsylvania Industrial Resource Center sponsored a booth. In addition to MD&M East the show provided access to Automation Technology Expo (ATX), Atlantic Design & Manufacturing, EastPack, PharmaPack, and PLASTECH East. This opportunity provided valuable exposure for our region, numerous contacts, as well as insight into the industries.

CoreNet Eastern Regional Symposium (ERS)

Penn's Northeast was a sponsor for a dinner for select guests attending the CoreNet Global Eastern Regional Symposium and MD&M East. CoreNet Global is a premier association for corporate real estate professionals. The ERS is a members-only event for the Philadelphia, New Jersey, Connecticut/Westchester, Long Island, Mid-Atlantic, New England and New York City chapters.

Industrial Asset Management Council (IAMC)

Penn's Northeast attended the fall and spring conference in Omaha, NE and Charleston, SC. We partnered with other PA Economic Development Partners and the Commonwealth in hosting select guests for the Arrive in Style program with a warm PA welcome at the airport and complimentary VIP transportation to their hotel. We also hosted end users and site selectors for dinner at both events. IAMC is the leading association of industrial asset management and corporate real estate executives, their suppliers and service providers and economic developers.

Special Events

Although the location decisions of relocating firms have generally been driven by factors such as land costs, labor costs and access to materials and markets, today, quality of life for employees is becoming an important factor as well. Hosting special events is a very effective way to showcase some of the recreational amenities the region has to offer.

In 2012/2013, Penn's Northeast hosted the following events:

Penn's Northeast 9th Annual Fall Festival

Hosted annually at Skytop Lodge in Monroe County, prospects are invited to a day of golfing, fishing or sporting clays. Real estate brokers, site selection consultants and members of the Governor's Action Team were invited. The day ended with a networking reception, dinner and awards. More than 60 people attended, many of them real estate brokers and developers from outside of Pennsylvania. Special thanks to PPL Electric Utilities for being a corporate sponsor of this event.

The 29th Annual Winterfest

Penn's Northeast was once again a co-sponsor of Winterfest with our partners: CAN DO, The Greater Wilkes-Barre Chamber of Business and Industry and The Scranton Plan. Guests enjoyed a day of skiing or snowboarding at Sno Mountain Ski Lodge, followed by a networking reception and a gift basket raffle featuring products from the Penn's Northeast region. Winterfest is a great opportunity to present the region in a casual way, while thanking those who have brought new businesses and development to the region.



Synergy

Published twice yearly, Synergy, the Penn's Northeast newsletter, highlights some of the major economic developments in the region. The publication is e-mailed to our list of over 1,800. Electronic versions of past issues can also be found on www.pennsnortheast.com



Site Selection Services

Penn's Northeast provides the following services to prospects and site selectors:

- A regional online database of available office and industrial properties
- Regional data, demographics and park maps
- Customized site selection information
- Regional site tours
- Incentive information



Board of Directors

Chairman

John Cognetti, Hinerfeld Commercial Real Estate

Vice Chairman

Don Brominski, UGI Penn Natural Gas, Inc.

Secretary/Treasurer

Andrew Reilly, Luzerne County Office of Community Development

Immediate Past Chairman

Charles Leonard, Monroe County Industrial Development Authority

Phil Amend, OneSource Staffing Solutions

Thomas Amico, First National Bank of Pennsylvania

Michael J. Baxter, Michael Baxter & Associates Commercial Real Estate

Richard Beasley, PPL Electric Utilities

Michelle Bisbing, Monroe County Industrial Development Authority

Jeffrey Box, Northeastern Pennsylvania Alliance

Austin J. Burke, Gr. Scranton Chamber of Commerce

Paul Canevari, PPL Electric Utilities

John Carmody, Wayne Bank

Anna Cervenak, Consultant

Rosemary Dessoye, Gr. Pittston Chamber of Commerce

Michael Dziak, Earth Conservancy

Eric Esoda, Northeastern Pennsylvania Industrial Resource Center

Brian Grove, Chesapeake Energy Corporation

George Kelly, Lackawanna County Dept. of Economic Development

Joseph Lettiere, CAN DO, Inc.

Eric Linde, Leeward Construction, Inc.

Amy Luyster, The Scranton Plan

Scott Lynett, Times-Shamrock Communications

Lawrence Malski, PA Northeast Regional Railroad Authority

Robert Mericle, Mericle Commercial Real Estate Services

Robert Moisey, Assisted Living Solutions - The Laurels

William Moore, Gr. Wilkes-Barre Chamber of Business & Industry

W. Kevin O'Donnell, CAN DO, Inc.

Kenneth Okrepkie, Ben Franklin Technology Partners of NEPA

Teri Ooms, The Institute for Public Policy & Economic Development

Michael J. Pacyna, PNC Bank

Stephen Phillips, BIDA, BIP & Spirit, Inc.

William Scranton III, Scranton Family Office

William E. Sordoni, Sordoni Construction Services, Inc.

Marijo Thompson, Governor's Action Team, NE Regional Office

Mary Beth Wood, Wayne Economic Development Corporation

Stephen Yokimishyn, Governor's Action Team, NE Regional Office

Lisa Hall Zielinski, The University of Scranton Small Business Development Center

Staff

Penny Cannella, President

Colleen Reardon, Marketing Manager

Bob Burke, Economic Development Specialist



Penn's Northeast is a public/private partnership of agencies dedicated to attracting and assisting businesses interested in locating within northeast Pennsylvania.

We serve as a single point of contact for Lackawanna, Luzerne, Monroe and Wayne Counties and the communities of Berwick and Forest City. Penn's Northeast promotes northeast Pennsylvania as a premiere region for business expansion or relocation. We market the collective assets of the 4-county region to site selectors, businesses, developers and real estate brokers.

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A 501 (C) (3) Organization