

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR FINANCIAL ASSISTANCE

Pratt & Whitney Advanced Coating Technologies
(Applicant Name)

James O'Donnell
Executive Director

Office of Economic Development
Orange County Government Center
255 Main Street
Goshen, NY 10924
Tel: 845-291-2700
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ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR FINANCIAL ASSISTANCE

I. APPLICANT INFORMATION

Company Name: Pratt & Whitney Advanced Coating Technologies ("PW" or the "Company")

Mailing Address: 400 Main Street, East Hartford, CT 06108

Phone No.: (860) 565-4321

Fax No.: _____

Fed Id. No.: 13-3679179

Contact Person: George Joseph

Principal Owners/Officers/Directors (list owners with 15% or more in equity holdings with percentage ownership): PW is a wholly owned subsidiary of United Technologies Corp ("UTC"). UTC's Annual Report, Form 10-K, is enclosed for the purpose of providing information regarding the company's ownership structure.

Corporate Structure (*attach schematic if applicant is a subsidiary or otherwise affiliated with another entity*) UTC's Annual Report, Form 10-K, is enclosed for the purpose of providing information regarding the company's structure.

Form of Entity

☒ Corporation

Date of Incorporation: 7/21/1934

State of Incorporation: Delaware

☐ Partnership

General _____ or Limited _____

Number of general partners _____

If applicable, number of limited partners _____

Date of formation _____

Jurisdiction of Formation _____

☐ Limited Liability Company/Partnership (number of members _____)

Date of organization: _____

State of Organization: _____

☐ Sole Proprietorship

If a foreign organization, is the applicant authorized to do business in the State of New York? Yes

APPLICANT'S COUNSEL

Name: Joseph A. Santos

Address: 400 Main Street, East Hartford, CT 06108

Phone No.: (860) 565-4321

Fax No.: _____

II. PROJECT INFORMATION

A) Describe the proposed acquisitions, construction or reconstruction and a description of the costs and expenditures expected.

Please see attached.

B) Furnish a copy of any environmental application presently in process of completion concerning this project, providing name and address of the agency, and copy all pending or completed documentation and determinations.

To be determined

If any of the above persons, or a group of them, owns more than a 50% interest in the company, list all other organizations which are related to the company by virtue of such persons having more than a 50% interest in such organizations.

PW is a wholly owned subsidiary of UTC. Please see attached for the annual report of UTC.

Is the company related to any other organization by reason of more than 50% common ownership? If so, indicate name of related organization and relationship.

Please see above.

Has the company (or any related corporation or person) made a public offering or private placement of its stock within the last year? If so, please provide offering statement used.

UTC has been a public company offered on the New York Stock Exchange since September 5, 1934.

Project Data

1. Project site (land)

- (a) Indicate approximate size (in acres or square feet) of project site.

A 71,500 square foot building located on 5.05 acres of land

- (b) Are there buildings now on the project site?

x Yes No

- (c) Indicate the present use of the project site.

The building is a warehouse currently not in use.

- (d) Indicate relationship to present user of project.

None

2. Does the project involve acquisition of an existing building or buildings? If yes, indicate number, size and approximate age of buildings:
Yes, if the Company chooses this project site, it would involve the lease and subsequent acquisition of the building. The building was built in the year of 2000.

3. Does the project consist of the construction of a new building or buildings? If yes, indicate number and size of new buildings:

The company may construct a small mechanical room in a size yet to be determined.

4. Does the project consist of additions and/or renovations to existing buildings? If yes, indicate nature of expansion and/or renovation:

Yes, please see attached.

5. What will the building or buildings to be acquired, constructed or expanded be used for by the company? (Include description of products to be manufactured, assembled or processed, and services to be rendered. . .

Please see attached.

. . .including the percentage of building(s) to be used for office space and an estimate of the percentage of the functions to be performed at such office not related to the day-to-day operations of the facilities being financed.)

Please see attached.

6. If any space in the project is to be leased to third parties, indicate total square footage of the project amount to be leased to each tenant and proposed use by each tenant.

Not applicable

7. List principal items or categories of equipment to be acquired as part of the project.

To be provided

8. Has construction work on this project begun?

Complete the following

(a) site clearance	<u> </u> Yes	<u> x </u> No	<u> </u> % complete
(b) foundation	<u> </u> Yes	<u> x </u> No	<u> </u> % complete
(c) footings	<u> </u> Yes	<u> x </u> No	<u> </u> % complete
(d) steel	<u> </u> Yes	<u> x </u> No	<u> </u> % complete
(e) masonry work	<u> </u> Yes	<u> x </u> No	<u> </u> % complete
(f) other (describe below)	<u> </u> Yes	<u> x </u> No	<u> </u> % complete

9. Will any of the funds borrowed through the Agency be used for refinancing?
No

10. Is a purchaser for the bonds in place? No

COST BENEFIT ANALYSIS:

	<u>Costs =</u> <u>Financial Assistance</u>	<u>Benefits =</u> <u>Economic Development</u>
Estimated Sales Tax Exemption	\$ <u>1,500,000 (Approximately)</u>	New Jobs Created <u>100</u> Existing Jobs Retained <u>0</u>
Estimated Mortgage Tax Exemption	\$ <u>To be determined</u>	Private Funds invested \$ <u>140,000,000</u> over 5 years
Estimated Property Tax Abatement	\$ <u>To be determined</u>	Other Benefits <u>To be determined</u> Expected Yearly Payroll \$ <u>To be determined</u>
Estimated Interest Savings IRB Issue	\$ <u>Not applicable</u>	Expected Gross Receipts \$ <u>Not applicable</u>

B) Project Address: 225 Tower Drive, Middletown, NY 10941

Tax Map Number 40-1-56.221
(Section/Block/Lot)

Located in City of _____

Located in Town of Walkill

Located in Village of _____

School District of Middletown

C) Are utilities on site?

Water Yes

Electric Yes

Gas Yes

Sanitary/Storm Sewer Yes

D) Present legal owner of the site 225 Tower Drive Associates LLC
If other than from applicant, by what means will the site be acquired for this project? Not applicable

E) Zoning of Project Site: Current: Industrial Proposed: No

F) Are any variances needed? No

G) Principal use of project upon completion: Manufacturing

H) Will the project result in the removal of a plant or facility of the applicant from one area of the State of New York to another? No

Will the project result in the removal of a plant or facility of another proposed occupant of the project from one area of the State of New York to another area of the State of New York? No

Will the project result in the abandonment of one or more plants or facilities located in the State of New York? No

I) Estimate how many construction/permanent jobs will be created or retained as a result of this project and the estimated annual salary range:

	<u>Number of jobs created</u>		<u>Estimated Annual Salary Range</u>
Construction:	<u>To be determined</u>	\$	<u>to \$</u>
Permanent:	<u>100</u>	\$	<u>50,000 to \$ 200,000</u>
Retained:	_____	\$	<u>to \$</u>

J) Financial Assistance being applied for:

Estimated Value

x Real Property Tax Abatement \$ To be determined

To be determined Mortgage Tax Exemption \$ To be determined

x Sales and Use Tax Exemption \$ 1,500,000

To be determined Issuance by the Agency of Tax Exempt Bonds \$ To be determined

K) Project Costs (Estimates)

Land	
Building	<u>\$6,400,000 including land</u>
Equipment	<u>\$100,000,000 over a five year period</u>
Soft costs	
Other	<u>\$33,600,000 renovation</u>
Total	<u>\$140,000,000</u>

III. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

- A. Job Listings In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the proposed project must be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entity") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the project is located.
- B. First Consideration for Employment In accordance with Section 858-b(2) of the General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant must first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the proposed project.
- C. A liability and contract liability policy for a minimum of three million dollars will be furnished by the Applicant insuring the Agency.
- D. Annual Sales Tax Filings In accordance with Section 874(8) of the General Municipal Law, the Applicant understands and agrees that, if the proposed project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the Applicant.
- E. Annual Employment Reports The applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.

- F. Absence of Conflicts of Interest The applicant has received from the Agency a list of the members, officers, and employees of the Agency. No member, officers or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

The Applicant and the individual executing this Application on behalf of applicant acknowledge that the Agency and its counsel will rely on the representations made in this Application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.



(Applicant Signature)

Kip Wyman

(Name of Officer)

General Manager, Pratt & Whitney, Hot Section Module Center
(Title)

This Application should be submitted to the Orange County Industrial Development Agency, c/o James O'Donnell, Executive Director, Orange County Government Center, 255 Main Street, Goshen, NY 10924 Tel: (845) 291-2700.

The Agency will collect an administrative fee at the time of closing.
SEE ATTACHED FEE SCHEDULE (page 10)

Bond Counsel
CHARLES SCHACHTER, ESQ./
RUSSELL GAENZLE, ESQ.
Harris Beach PLLC
99 Garnsey Road
Pittsford, New York 14534
Tel: (585) 419-8633
Fax: (585) 419-8817

Attach copies of preliminary plans or sketches of proposed construction or rehabilitation or both. To be provided

Attach the following Financial Information of the Company

1. Financial statements for last two fiscal years (unless included in company's Annual Reports). Included in the Company's annual reports
2. Company's annual reports (or Form 10-K's) for the two most recent fiscal years. Please see attached.
3. Quarterly reports (Form 10Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any. Please see attached.

4. In addition, please attach the financial information described above in items 1, 2 and 3 of any expected Guarantor of the proposed bond issue, if different from the company. Not applicable

HOLD HARMLESS AGREEMENT

Applicant hereby releases the ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with respect to the Project, then, and in the event, upon presentation of an Invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in processing of the Application, including attorneys' fees, if any.

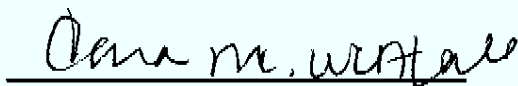

(Applicant Signature)

By: KIP WYMAN

Name: KIP WYMAN

Title: GENERAL MANAGER,

PRATT & WHITNEY
HOT SECTION MODULE
CENTER


(Notary Public)

Sworn to before me this 17th day

of January, 20 14

CARA M. WESTFALL
NOTARY PUBLIC
MY COMMISSION EXPIRES NOV. 30, 2015



**FEE SCHEDULE FOR THE
ORANGE COUNTY IDA IS AS FOLLOWS:**

IDA

One-percent of the first \$2,000,000 plus one-half percent of amount above that, due at closing.*

Application Fee

\$5,000 non-refundable, due at application, broken down as follows:

IDA Administrative Fee: \$2,500

IDA Bond Counsel Fee: \$12,000-15,000 for straight lease transactions; fee for Tax-exempt transactions to be quoted depending on complexity of deal. \$2,500 due at application and balance due at closing for all deals.

NOTE: IDA reserves the right to seek additional IDA and Bond Counsel fees for exceptionally complex transactions.

Please make all Checks payable to:

Orange County Industrial Development Agency

Mail to:

***255 Main Street
Goshen, New York 10924***

*In the event that an applicant does not seek or does not qualify for the IDA's enhanced PILOT or the equivalent of the State's 485-b program, the fee will be a straight one-half percent (0.5%) of the IDA financing benefits provided to the project cost.

Labor Policy

Adopted May 18, 2006, it is the Labor Policy of the Orange County Industrial Development Agency to *encourage* all companies availing themselves of IDA benefits to use local workforce and pay prevailing wages on their project where possible.

Orange County Industrial Development Agency

Application for Financial Assistance Attachment

- II.A) **Project Information:** Describe the proposed acquisitions, construction or reconstruction and a description of the costs and expenditures expected.

At the conclusion of a competitive site selection process that included three (3) candidate locations in three states, Pratt & Whitney Advanced Coating Technologies ("PW" or the "Company") will lease and subsequently purchase a 71,500 square foot warehouse located in Orange County, NY. The Company will renovate this property into a state of the art thermal barrier coating plant for jet engine air foils ("the project"). The Project is expected to result in a total investment of \$140 million by the year 2018, and additional investment is expected for the following five years. The investment includes the purchase of the facility and would include extensive facility renovations shown as follows:

Type	Capital	Expense
Facility upgrades to include, typical: fire system upgrade, access road, permits, engineering, interior demo and renovation	\$8,057,000	\$965,000
Equipment support services, typical: chilled water facility, HVAC, engineering, building addition	\$8,686,000	\$187,000
Information technologies and security	\$2,750,000	\$50,000
Electrical services, typical: building electrical service upgrade, equipment electrical distribution, auxiliary back up generation	\$7,735,000	\$218,000
Foundations, typical: coating equipment, transformer pad, process gas pads	\$1,350,000	\$0
Building	\$6,300,000	\$100,000
Subtotal	\$34,878,000	\$1,521,000
Total	\$36,400,000 plus 10% Contingency	

- II.4. **Project Data:** Does the project consist of additions and/or renovations to existing buildings? If yes, indicate nature of expansion and/or renovation.

The existing 71,500 square foot warehouse building will be renovated to a ceramic thermal barrier coating plant for jet engine airfoils. The facility will consist of 7,000 square feet of

office space and 64,500 square feet for the coating plant. Approximately \$40 million of investment would be made to purchase and renovate the building. The remaining investment of approximately \$100 million will be for state of the art thermal barrier coating equipment to be installed over five years. It is anticipated that additional equipment will be purchased over the following five years, 2019 through 2023.

- II.5. **Project Data:** What will the building or buildings to be acquired, constructed or expanded be used for by the company? (Include description of products to be manufactured, assembled or processed, and services to be rendered)

The Project's manufacturing process will be to apply a ceramic thermal barrier coating to jet engine airfoils. The purpose for securing a new coating facility is to meet the demand for jet engine contracts that the Company has secured for large aviation contracts. It is believed by the Company that the contracts secured thus far and future potential jet engine orders will require a new facility to meet production demand.

- II.7. **Project Data:** List principal items or categories of equipment to be acquired as part of the project.

To be provided.