

Insight, strategy and partnerships
that have proven to keep
our region's economy resilient.

Johnstown Area Regional Industries
2010 Annual Report

Advancing an Agenda for Our Region

Dear Friends:

Thank you for your support of and partnership with Johnstown Area Regional Industries and Johnstown Industrial Development Corporation. JARI would not be successful without your commitment to our Cambria/Somerset region through your board involvement, consortium membership and day-to-day collaboration. Despite the national recession, our region has seen unemployment rates consistently below the national average, a far different picture than in the past. As you will see within this report to our stakeholders, though we have indeed been impacted by the recession, we are seeing the benefits of having a diversified economic base, including a strong defense sector.

During 2010, JARI, like most other not-for-profits, tightened its belt. Diminished state and federal funding required us to look for creative partnering opportunities in order to push forward with our aggressive agenda to enhance job opportunities for our region. I want to thank our numerous corporate contributors for their trust in our organization, and our many colleagues and partners across the region for participating in training initiatives and workshops, providing collaborative services to clients and, frankly, doing whatever it takes to move our region forward.

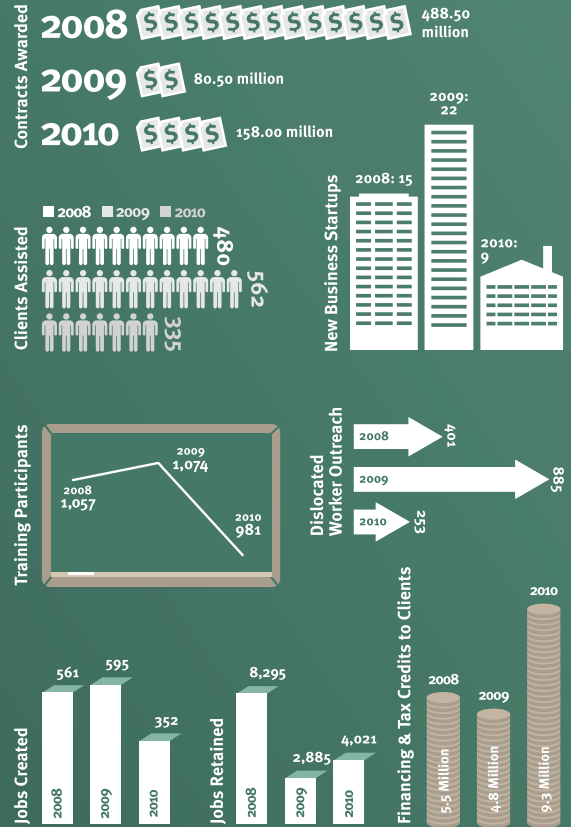
In closing, I want to gratefully acknowledge the JARI and JIDC Boards of Directors and Defense Business Council for their leadership and hard work over the past year.

Much was accomplished as we worked through a new strategic planning process and prepared for the future direction of the organization. To our 2010 leadership: Becky Styles, JARI Chair (Lockheed Martin Aeroparts); Dr. Jim Greco, JIDC Chair (Cambria Somerset Authority); and Ed Sheehan, Defense Business Council Chair (CTC); thank you for your time and commitment to our organization.

Please contact me at lthomson@jari.com or by calling 814.262.8370 if JARI can be of service to you.

Best wishes,
Linda R. Thomson

2008-2010 COMPARING THE NUMBERS



JARI Support Helps Bring International Company to Johnstown

When Kitron came to the 2010 Showcase for Commerce, they did so bearing welcome news. With the support of JARI and strong referrals from industry-relative Kongsberg, Kitron had decided that Johnstown, PA would be the ideal site to begin building their United States presence.

The Norwegian-based electronic components manufacturer initially approached JARI with the intent to learn about the Johnstown area and its workforce while they scouted for a U.S.-based location.

Here, they found the skills, support and resources needed to confidently select our area to accommodate the company's international growth.

JARI played an integral role in making Kitron's Johnstown opening a success. Debi Balog, Director of JARI's Workforce Development Program, worked directly with Kitron executives, offering guidance on wage scales and benefits packages and providing resources that helped them navigate United States Labor Laws. With JARI's assistance, Kitron was able to streamline the interview

process and begin to build a skilled workforce. Ms. Balog used information provided by a JARI partner, the Center for Workforce Information and Analysis, to formulate a wage scale that would be beneficial to both the company and its employees. A company specific job fair was held for Kitron and over 300 resumes were submitted. The JARI staff scanned and transmitted the resumes to the Kitron headquarters in Norway for review. Arrangements were then made for the top candidates to interview with Kitron

executives at the PA CareerLink of Cambria County. An initial 14 employees were hired, the majority of whom were locally displaced workers.

As well as lending a hand in the hiring process, JARI was able to help Kitron find the right location to house their business. After being shown various sites by Michele Clapper, Vice President, Economic Development at JARI, the company ultimately chose to locate at the JARI Center for Business Development in the Johnstown Business Park, which

has been a launching point for other foreign companies such as Kongsberg and Martin-Baker. It is here that Kitron will hold their grand opening during the 2011 Showcase for Commerce. While this formal event isn't scheduled until June, the Johnstown plant officially began operating in January 2011.

Under the local leadership of Jan Liholt, a native of Norway now living in Johnstown, Kitron is fast becoming an economic engine within the region as well as a community asset.



Tapping the Potential of a New Industry

“We’re going to be talking about why the Cambria/Somerset region is a place they want to be.”

The JARI Marcellus Shale initiative, which began in 2010, provides a wealth of opportunity for the region’s economy. JARI’s initial steps in maximizing the potential of this industry are in motion and will continue throughout the coming year.

In July of 2010, JARI hired Alvin Thomas of General Counsel Consulting, a specialist in the Marcellus Shale industry. Thomas, a Johnstown native, has worked as an attorney for numerous Marcellus companies and has had a hand in the industry

for many years. One of Mr. Thomas’s main goals is to be an advocate for the region from his location in Houston, TX, which is the headquarters of the oil and gas industry. He is also working with regional companies by educating them on how they can supply and support Marcellus Shale. In one key strategic move, a trade mission to Houston is being planned for 2011. “We’re going to be talking with a lot of Houston-based companies about why the Cambria/Somerset region is a place they want to be,” said JARI President Linda Thomson about this year’s plans.

The Greater Johnstown Regional Partnership, Community Foundation for the Alleghenies and FirstEnergy have all taken an interest in the cause, providing funding assistance for the initiative.

The benefits of the Marcellus Shale industry will be widespread, positively affecting both existing companies and spurring the creation of new businesses. JARI has spent the past year building a Marcellus Shale consortium of companies from throughout Cambria and Somerset Counties that want to work together to build supply chain opportunities.

JARI leadership believes the Marcellus Shale industry is here for the long haul and the region has the resources to be a part of it. The industry provides plenty of opportunities for job creation, which is at the center of JARI’s mission. “The ultimate economic development opportunity lies in how we can capitalize upon this industry’s growth and build into the future,” said Ms. Thomson.



Relationships That Get Work Done

The Cambria/Somerset region is rich in dedicated professionals leading diverse businesses that are staffed with talented teams of workers. JARI's unique position within the business community provides a perspective that demonstrates the potential for partnerships that can help area companies become even more successful. This viewpoint has spurred JARI to evolve one of its core initiatives and to institute new programs that encourage collaboration.

Established nearly two decades ago, the Defense Business Council (DBC) is an advisory committee comprised of 20 high-level executives from defense contracting companies in the Greater Johnstown region. The primary function of this council is to supervise and review the goals and progress of the JARI Procurement Technical

Assistance Center (PTAC). In 2010, the DBC began pushing to become a more dynamic force in the business community. The first step came with the council changing its principal goal to one of community involvement. According to Bob Shark, JARI Vice President of Procurement and PTAC Program Manager, by being more active in the community, "the council can help local companies become even better at government contracting."

Accepting a more active leadership role led to the creation of two new programs in 2010—the Mentor/Protégé and Business Development Forum initiatives.

Johnstown's Concurrent Technologies Corporation (CTC) and Pierson Computing Connections, Inc. (PCCI) from New Kingstown, PA formed an alliance early in

the Mentor/Protégé program. This gave PCCI the ability to begin pursuing a new area of business opportunities due to having access to CTC's larger pool of resources. Likewise, the partnership creates openings to projects for CTC that the company might otherwise have been unable to secure.

Currently, there are ten company pairings in various stages of activity, ranging from early exploration of business opportunities to actively bidding on new work. As we move through 2011, JARI will work to strengthen the structure of the program and to help progress the working relationships between the participating companies.

Similarly, the Business Development Forums were established to get local companies in the same room with a goal of discovery.

According to Mr. Shark, "The idea was to simply get people talking" to ensure that the companies are aware of each other's capabilities. This knowledge can be valuable when a bidding company has gaps in their in-house capabilities and can benefit from a partnership.

There have been four forums to date, each hosted by a local defense company. The first three were centered on the manufacturing industry, while the most recent focused on information technology.

"JARI is the boots on the ground for these initiatives," said Mr. Shark, "but, you have to credit the DBC members for developing the concept and for rolling up their sleeves to make these events happen."



A Strong Partner for Businesses and Workers Alike

“Since we had the appropriate employment data gathered from our consortia and needs assessment focus groups, we were able to meet the deadline and secure a \$150,000 grant.”

Since its inception in 2002, JARI’s Workforce Development program has been working with businesses in Cambria and Somerset Counties to ensure that they have the proper resources for recruitment and training. As the program has continued to mature and evolve, JARI has been able to assist a growing number of workers and companies through new and enhanced partnerships with important business development entities on the regional, state and federal levels.

A key partnership from 2010 is one with the U.S. Department of Labor and Industry, Employment and Training Administration. Through this relationship and with critical support from Congressman Critz, JARI was able to acquire a \$200,000 grant to provide career advancement opportunities to workers that

complete advanced level training programs. The grant applied to individuals in the manufacturing industries as well as health care employees working toward professional certification credits. “Our manufacturers told us that they had a critical need for machinists with intermediate to advanced level skill sets,” said Debi Balog, Director of Workforce Development. “Local companies identified incumbent workers who possessed the basic skills needed to become machinists and enrolled them in the programs. We had 13 workers complete Phase 1 of the programs. Phase 2 will be rolled out in the fall of 2011. The grant covers the cost for 40 participants in the machinist program and 35 in the health care programs.” The machinist training was valued at \$1,000 to \$1,600 per person and was made available

at no cost to the employees and participating companies.

This grant highlights an emerging priority for the Workforce Development program—to move beyond training and placement for entry-level positions and into advanced skill development that benefits local companies and their employees. In addition, the program is assisting with preparing workers to transition into replacement positions made available through retirements.

Through the Workforce Development program, JARI staff is constantly engaged with businesses, government organizations and learning institutions to discuss recruitment, training and retention issues and to discover opportunities to support the local business community. They operate four industry cluster consortia representing

over 150 companies across multiple business sectors. The purpose of the consortia is to acquire the knowledge needed to make strategic decisions for recruitment and training.

This diligence paid off last year when JARI partnered with Pennsylvania Highlands Community College to acquire a grant from the PA Department of Labor and Industry to provide short-term training for critical entry-level positions in the health care industry. “We chose in-demand short term training programs that could be completed before the participants’ 26 weeks of unemployment compensation would expire. We had two weeks to turn our grant application around,” said Ms. Balog. “Since we had the appropriate employment data gathered from our consortia and needs assessment focus groups, we were able to meet the deadline and secure

a \$150,000 grant.” This resulted in the training of 64 individuals, 12 received full-time positions in their field of study while another eight chose to continue their education by entering into degree programs. The remainder of the participants are in the process of completing externships or engaged in re-employment services. This program is being featured as a best practice at the 2011 PA Partners Workforce Conference.

One of the more visible ways the Workforce Development program serves employers and their potential candidates is through county wide Job Fairs, held in conjunction with the PA CareerLink of Cambria and Somerset Counties and the Somerset County Chamber of Commerce Education Committee. Last year’s events in Cambria and Somerset

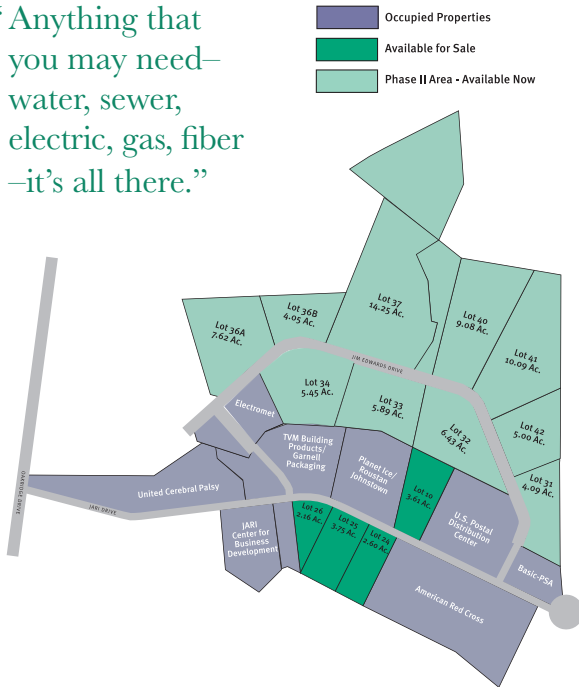
Counties featured over 100 companies and were attended by approximately 1,000 job-seekers.

As we move through a new year, the program is already seeing a revised set of challenges. How can incumbent workers and new hires best be provided with continuing education opportunities? What will be the emerging career opportunities for green jobs and how can they be properly promoted? What strategies need to be in place to deal with an aging workforce while developing a “feeder system” to fill those replacement positions? These questions and more will be addressed by a program enthusiastic about contributing to the viability of the Southern Alleghenies region, knowing that a skilled workforce is critical to attracting and retaining businesses.



Location Attracts New Businesses While Planning for Phase III

“Anything that you may need—water, sewer, electric, gas, fiber—it’s all there.”



To grow our regional economic base, it has to be easy for businesses to locate in the Greater Johnstown area. JARI’s achievements in this area can be seen at the Johnstown Business Park, located in the northern area of Richland Township, and developed and owned by JARI’s affiliate organization, Johnstown Industrial Development Corporation.

The Johnstown Business Park is currently in Phase II of its development, having expanded the available properties and infrastructure. The occupancy of the park has also increased during this stage. 2010 saw the construction and opening of Electromet’s building within the park, which they moved into from their previous location in the Johnstown Industrial Park. A

measurement of the park’s vitality can be taken from the fact that it currently houses businesses employing nearly 1,500 people on site.

As planning begins for Phase III, the JIDC staff is working to attract new businesses to the lots developed as part of Phase II and Phase I. “We continue to market the land,” stated Michele Clapper, JARI’s Vice President of Economic Development. “We already had one sale that occurred in early 2011.”

The business park has many highlights for potential occupants. The location is within close proximity of US Route 219, as well as the John P. Murtha Johnstown-Cambria County Airport. The ready-to-go infrastructure is another plus.

“All of the Phase II development has infrastructure to the curb. So anything that you may need—water, sewer, electric, gas, fiber—it’s all there,” Ms. Clapper explained.

Phase III of the Johnstown Business Park, which is already in the planning stages, includes the improvement of the Cole’s Crossroad intersection near the park and making infrastructure improvements.

New Fund Provides Capital to Area Businesses

As a complement to their existing set of tools to assist small businesses, the Johnstown Industrial Development Corporation (JIDC) has created its own Revolving Loan Fund. The purpose of this fund is to aid local companies with business development opportunities by providing access to low-cost financial backing. In its first year, the fund has already worked for the benefit of an area business by providing a source of equipment financing.

The JIDC has been an active entity in every aspect of managing loans for small businesses. “We take them through the whole spectrum,” said Michele Clapper, Vice President of Economic Development. This process starts with becoming familiar

with the project at hand and identifying all available funding sources, as well as the pros and cons of each. The JIDC staff fills out the applications, helps to gather all the supporting documentation and then packages and ships the applications to each agency which has a revolving loan fund being pursued. At this stage of the process, JIDC acts as an advocate for the approval. Once approved, the JIDC helps the company close the loan and requisition the money.

The newly created Revolving Loan Fund provides yet another source for businesses in the region to gain funding. Throughout the next few years, the JIDC plans to use a variety of approaches to increase loan funds.

All of this works towards the ultimate goal of attracting and sustaining small business in the region. “Generally, public financing is low-interest, so it helps the company with their cash flow,” said Ms. Clapper of the Revolving Loan Fund. The JIDC hopes to reach more businesses as the fund increases in the coming years.



Annual Showcase Promises Something New

“It was a very successful show. There was a lot of sentimentality, but there was also a lot of work done.”

In what has become perhaps the most highly-anticipated event for area businesses, the 2011 Showcase for Commerce, scheduled for June 6th through 8th, is again poised to deliver a premier business-to-business networking opportunity.

While unanimously regarded as a very successful event, last year's show proved difficult for many as it was the first Showcase to follow Congressman John P. Murtha's passing. Linda Thomson, JARI President, noted without hesitation that, “Showcase for Commerce 2010 was bittersweet. Mr. Murtha made the show what it is by dedicating a huge amount of time and energy to participating in the event.” Mr. Murtha's close association with the show was historically one of the event's defining characteristics. Each year he would dedicate significant amounts of time

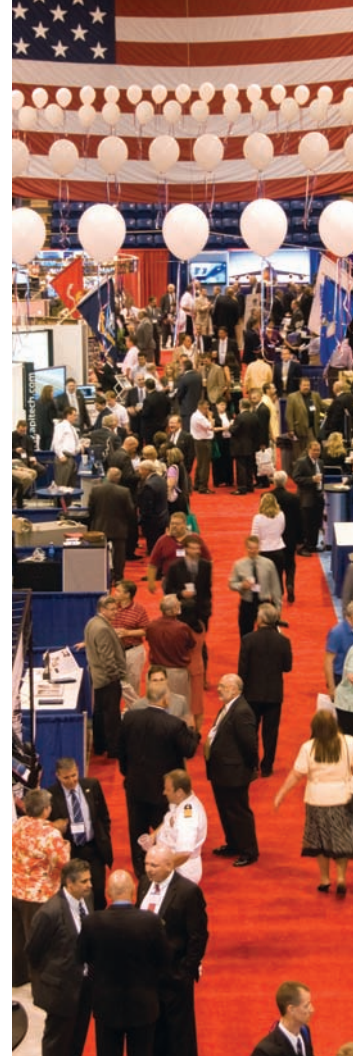
attending event functions and speaking personally with each presenting company.

In a showing of gratitude and respect, the 2010 Showcase for Commerce was dedicated to Mr. Murtha. This spurred everyone involved to put everything they could behind it, doing all they could to guarantee a great show. Showcase events were attended by the late congressman's wife, Joyce Murtha, newly-elected Congressman Mark Critz and Congressman Norm Dicks, Chairman of the Defense Appropriations Subcommittee. “It was a very successful show,” said Ms. Thomson. “There was a lot of sentimentality, but there was also a lot of work done.”

Upon the conclusion of last year's show, planning for the 2011 event immediately commenced. One change was that, for the first time since its inception, the Showcase for

Commerce was under new leadership. Ed Sheehan (CTC), assumed the chairmanship from Dan DeVos as the 2011 committee began to meet.

One of the most anticipated elements this year is the Program Executive Officer Briefings. In this all-new offering, high-level acquisition officers for large government procurement programs will be talking about their programs, their forecasted needs, what they will be acquiring and the direction they anticipate their programs heading. “Businesses typically don't have access to this kind of information,” said Thomson. She credits Mr. Sheehan for bringing this new concept to the Showcase.



Broadcasting a Positive, Accurate Message

As the country continued to weather a recession, the passing of Congressman Murtha in early 2010 came as an added blow to the region. A well-liked leader and advocate for the local economy, Murtha's death left many questioning what the future held for the area.

Not immune from the devastating sting felt by the loss of this influential leader, the JARI board could see that something needed to be done to uplift the spirit of the community. They began crafting a message that would inform the region of the many positive things happening within local companies and specifically look toward the future.

JARI presented this concept to Dan Hummel, Executive VP, Retail Banking and Marketing, of AmeriServ Financial, and

with his help began to put the plan into motion. The idea of the campaign was to remind the community that there are countless companies here that are looking to the future, and the people here have the hard-working nature to make these goals a reality. Dan approached Elisco Advertising, a Pittsburgh agency, to take on the creative responsibilities of the campaign. Elisco agreed to donate their time and efforts to the cause. As the campaign progressed, more and more organizations got on board to help with what they saw to be an important initiative. Wix Pix shot and produced the ads and commercials. Advertising spots were donated by the Forever Broadcasting Group, the Tribune Democrat, WJAC, ABC 23/Fox 8, and Lamar Advertising—a total of over \$100,000 dollars in print

and multimedia advertising. Support for additional expenses was provided by the Greater Johnstown Regional Partnership.

“We chose different types of people from different walks of life to be part of the ad campaign. The whole idea behind it was that there are a lot of bright people here with a bright future,” said Linda Thomson, JARI President. Nine companies were chosen from diverse sectors of business and industry to represent different positions and divisions within

their companies. “We could only pick nine companies, but we could have picked 100,” she said of the companies chosen for the campaign, adding that, “the longevity of the campaign and the positive feedback JARI has received from the community give testament to the impact it has had on the area.”

JARI sees the Hard Work Campaign as part of an ongoing project to lift up the community and shed light upon its most valuable asset, the work ethic of its diverse and talented people.

“The whole idea behind it was that there are a lot of bright people here with a bright future.”



JARI

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Michele Clapper, Vice President,
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