

## Quaker looks at Middletown expansion

Port authority to play key role in deal

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MIDDLETOWN — Quaker Chemical Corp. hopes to consolidate its North American manufacturing operations here with the help of the Butler County Port Authority, officials said Tuesday.

To accommodate the consolidation, Quaker could add about 60,000 square feet to the existing facilities and 45 new workers making an average of \$50,000 a year in wages and benefits.

"This will be the flagship plant for Quaker should we move here," Director of Corpo-

rate Development Craig Bush told the authority.

Bush was also careful to say that the move and the financing deal proposed to the port authority are far from cast in concrete. He told the authority that the company is still doing its part to make sure that the move and expansion is both affordable and viable.

A big part of that, he said, will be a legally and financially complex agreement with the authority. The deal, agreed to in principle Tuesday, would allow the authority to gain title to the Quaker facilities, then finance the expansion by issuing as much as \$50 million in revenue bonds. The bonds would then be paid off through Quaker's lease-back of

the facilities.

By doing this, Quaker could keep the debt off its books while the port authority would gain financing fees. The authority would be protected from liability by limiting the bond holders' recourse to revenue generated by the project along with several insurance policies.

Middletown Economic Development Director Bill Murphy said the deal could take advantage of the authority's unique economic development abilities under state law.

"This is the very value the port authority brings to the table that cities don't have the statutory ability to facilitate," Murphy said. "This is important to the city and important to this group to complete."

Middletown resident and authority Chairman Richard Slagle said the deal is important as the 1 1/2-year-old group tries to get a major project under its belt.

Bush said Quaker hopes to finalize the financing agreement with the authority in the third quarter of this year with construction beginning by the end of the year. Construction could be complete by the end of 2007 with 2008 spent consolidating operations from Detroit.

Pennsylvania-based Quaker produces chemicals used in metal processing. The company reported 2005 earnings of \$1.7 million on \$424 million in sales.

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