

Prepared for: Director Bernice Whaley

Good afternoon. I am Bernice Whaley, director of the Delaware Economic Development Office. I am here today to present DEDO's FY17 Capital Budget request. Before I begin, I want to thank the members of the Bond Bill Committee for the opportunity to share DEDO's many accomplishments. Your continued support allows us to positively impact the lives of the citizens of Delaware and solidify the health and vitality of our state's economy.

Our capital budget request for fiscal year 2017 is \$34,300,000. Funds from this request will support ongoing programs, economic development infrastructure projects, and recapitalize the Delaware Strategic Fund. Specifically, \$5,550,000 will allow for the continuation of several innovative programs which leverage significant federal funds and bring together research, education, and business. These programs include:

\$800,000 to Experimental Program to Stimulate Competitive Research (EPSCOR); the fourth year of a five year commitment;

\$1,000,000 to Center for Clinical and Translational Research (CTR), the fourth year of a five year commitment;

\$1,000,000 to IDeA Network of Biomedical Research (INBRE), the third year of a five-year commitment;

\$1,000,000 to Fraunhofer Vaccine Development, the final year of a six year matching grant commitment;

\$750,000 to the Federal Research and Development Matching Grant Program;

\$1,000,000 to the Bioscience Center for Advanced Technology (CAT)

Additionally, DEDO's capital budget request supports the following infrastructure and redevelopment initiatives including:

\$15,800,000 million to the Diamond State Port Corporation

\$3,150,000 to the Riverfront Development Corporation

The remaining **\$10,000,000 will be used to recapitalize the Delaware Strategic Fund.**

Approval of our request will allow DEDO to continue to carry out our mission of business attraction, retention and expansion; provide guidance and educational business events for entrepreneurs, and small and minority, and veteran-owned businesses.

As most of you know, with a staff of only 42 full-time individuals, DEDO is considered a small agency, yet, we yield substantial results. We constantly seek new projects, develop innovative programs and welcome the opportunities to oversee and administer collaborative agency initiatives. We carry out our mission in a variety of ways and have seen positive results.

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Delaware's economy continues to improve compared to the nation and the region. According to a recent labor report provided by our Department of Labor, Delaware has seen an employment gain that is the largest for any consecutive two years in the state's history. In 2008, Gallup's job creation index had ranked Delaware as among the worst in the nation. However, as you can see from this slide, since January 2010, Delaware's job growth has outpaced the regional and national rates. By 2014, Delaware once again was ranked in the top ten for job creation. And in 2015, the Gallup job creation index had climbed to number four, ranking among the best in the nation.

DEDO plays a vital role in assisting with the creation of these jobs by **working directly with employers to attract expand and retain innovative companies in Delaware**. Thanks to the Delaware Strategic Fund, we are able to successfully compete against other states by offering low interest loans and grants to eligible businesses. Currently our prospect pipeline consists of 34 new projects with the potential to create 1,800 new full-time jobs and millions of private capital investment.

The strength and importance of the Strategic Fund is evident. It has allowed us to attract companies such as:

EnviroKure, a manufacturer of highly-refined, premium liquid organic fertilizers which plans to open a facility in Harrington, adding 12 full-time positions.

Solenis, a manufacturer of specialty chemicals is establishing its global headquarters in Wilmington, adding 127 full-time positions.

Zacros America, a plastic container manufacturer is moving its Hedwin Division, along with 154 manufacturing jobs, from Baltimore to Newark.

And just a few weeks ago we joined AB Group Packaging, a 30-year-old paper bag and flexible packaging manufacturer based in Ireland, to cut the ribbon at its first U.S. plant in Delaware. The company is creating 87 full-time jobs. The founder and CEO of the company, Dermot Brady, is from Ireland but he is beyond happy with his decision to locate his business in Delaware.

[Play Dermot's video]

In addition to attracting businesses to the state, the Strategic Fund is available to help DEDO as we work with employers to retain and expand businesses. With DEDO's assistance – and Strategic Fund support, Delaware companies are thriving. In fact, **Croda** – an international specialty chemical manufacturer – recently completed the steel frame for its new plant at Atlas Point, creating 80 new jobs and retaining 47 positions. The Atlas Point plant will make Croda the first supplier in North America to produce 100 percent sustainable non-ionic surfactants.

While DEDO explores all opportunities we also maintain a focus on Delaware's key industries, such as the financial sector and agriculture.

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Thousands of new jobs in the **financial services** industry are being created by companies such as Capital One and Barclays. And last October, **JPMorgan Chase** announced its plans to add 1800 new jobs by 2019, generating millions of dollars in economic activity through capital projects, and creating hundreds of construction jobs. Nearly 28% of the 67,000+ individuals employed by Delaware's top 20 private-sector companies are working in financial services.

Utilizing the Strategic Fund we continue to bolster one of our oldest economic strengths, **Agriculture**.

Most recently, the Strategic Fund was instrumental in helping Delaware minimize potential job losses by offering incentives to entice DowDuPont to locate both its specialty products and agricultural spinoff headquarters in Delaware. As a result, the agricultural company will be the largest in the nation and several hundred fundamental jobs will be retained as the new business develops into a global leader in the agricultural science field.

To further solidify the future of Delaware's agricultural industry, we support programs such as the **Delaware Rural Irrigation Program**, or DRIP, a joint effort between DEDO and the Delaware Department of Agriculture. The program helps our state's farmers irrigate more cropland with the assistance of a no-interest loan. The private-public investments have been successful in helping these farmers survive droughts, increase yields by nearly 30% and keep family farming thriving in Delaware. To date, 52 loans have been administered, aiding the irrigation of over 3,000 acres of land. **Since the beginning of the Fiscal Year 2015 to date, every Strategic Fund dollar spent generated \$3.64 in private funding.**

Programs such as these are a result of **effectively utilizing the Delaware Strategic Fund and additional state financial incentives.**

Additionally, we act as a conduit issuer for **Industrial Revenue Bonds**, servicing 37 outstanding bonds with balances totaling \$737.9 million dollars.

These tax exempt bonds are assisting new or expanding businesses, governmental units and other organizations that are exempt from federal income taxation. For example, Delaware State University utilized the bond financing for the construction of its Optical Science Center for Applied Research and the acquisition of the former Sheraton Hotel and the University Courtyard complex in Dover.

Now I'd like to talk about our grant program.

As of November 2015, our active portfolio of 115 grants awarded through the Strategic fund has helped **create 4,159 new, full-time jobs**, and has helped **retain 21,581 full-time jobs**. In addition, these employers have **exceeded their commitments by 6,559 jobs**. 81% of these grants assisted existing Delaware companies.

During the Markell Administration the following Strategic Fund supported programs have also achieved significant results.

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The **Delaware Capital Access Program** has positively impacted 161 small businesses. **Since the beginning of the Fiscal Year 2015 to date, every Strategic Fund dollar spent generated nearly \$7.00 in private funding.**

Through the **Delaware Technical Innovation Program**, this administration has supported 32 SBIR/STTR grants to 19 research-based businesses in Delaware. When Dr. Bryan Tracy, Principal Investigator on all of Elcriton's SBIRs and co-founder of White Dog Labs, received Delaware Bio's Innovation award last week, he referenced the value of the DEDO's support.

[Play Bryan video]

In October 2015, DEDO presented, and the Council on Development Finance approved, a Technical Innovation Program grant to a company with the potential to have a great impact on the healthcare industry and beyond. Founded by two doctors from the University of Delaware, **STF Technologies** is involved in the research and development of shear thickening fluid or STF. Textiles that are treated with STF are flexible and comfortable; however, STF instantly reacts like a solid and protects against puncture, stab or ballistic threats. This technology will provide enhanced medical glove protection for the healthcare industry by preventing needle puncture accidents.

The Strategic Fund also backs DEDO's **Brownfield Assistance program**, which provides matching grants to owners and developers to encourage redevelopment of environmentally distressed sites within the state.

In February 2016, **Proximity Malt**, a regional malting company, was approved a Brownfield grant to remediate the site for its new Malthouse in Laurel, Delaware. The site, formally constructed as a grain mill in the 1950's, will be renovated and redeveloped, converting the regions' barley crop to a malted barley food product. The Laurel location will have barley origination, malting, roasting, packaging, warehousing, and trans-loading capabilities. At the same time, Proximity Malt was also approved for a Strategic Fund performance grant for the creation of 23 full-time jobs.

Since the beginning of the Fiscal Year 2015, every one million Strategic Fund dollars spent in grants is matched by over \$12 million in private funding. The projects contribute over \$2.9 billion to Delaware's GDP.

In total, DEDO is currently servicing a portfolio of over 400 projects. **These projects were funded through the Delaware Strategic Fund and the State Small Business Credit Initiative.**

The **State Small Business Credit Initiative** loan participation program has assisted 30 Delaware organizations. Since the beginning of the Fiscal Year 2015 to date, every dollar invested generated almost \$4.00 in private funding.

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Now, there's nothing small about the contributions of small businesses and entrepreneurs to Delaware's economy.

Projects such as those presented earlier are happening across our state every day. As we sit here today, there are individuals outside these doors, implementing business plans and developing ideas to create jobs for Delaware. It is our responsibility to ensure that we have the **tools available to aid in their entrepreneurial success**. In addition to funding streams, DEDO's marketing plan assists small businesses by supporting and facilitating programs and events offering advice and increased access to resources. We provide such opportunities through a variety of initiatives.

One such enterprise is DEDO's partnership with **One Million by One Million**. This global, virtual incubator aims to nurture one million entrepreneurs to reach one million dollars each in annual revenue. Delaware entrepreneurs participating in the program have access to a broad network of mentorship, channel partners and external investors.

DEDO brought in **e-Commerce** and social media experts for a two-day seminar detailing strategies for taking advantage of internet sales and marketing. The financial programs DEDO offers to assist businesses were explained and promoted at an **Access to Capital seminar**. Our business development leaders participate in monthly **Open For Business events** in all three counties for small business owners and entrepreneurs looking to learn about resources available in their area.

And last October, DEDO hosted the **Governor's Entrepreneurial and Small Business Conference**. Over 200 attendees heard from business, financial and entrepreneurial experts on how to put their business on the path to success. Successful Delaware entrepreneurs, such as Tanya Bakalov, founder of SevOne and Mac Nagaswami founder of Carvertise shared their real entrepreneurial experiences with attendees.

In March 2016, DEDO hosted the Downtown Delaware **Revitalize! Conference**. The conference focused on the theme of "placemaking" — a multi-faceted approach to planning, design and management of public spaces. Downtown representatives, business owners, and realtors from across the state attended a variety of sessions hosted by industry experts that provided applicable and practical ways to implement "placemaking" strategies.

The event was capped off by the official presentation of the Excellence in *Downtown Revitalization Awards*. These awards recognized individuals and businesses that best embody Downtown Delaware's mission which includes increasing entrepreneurship and innovation in the downtowns. Keila Montalvo and Albert Sierra, owners of Petite Sweets – and a participant in Project Pop Up, were named **Outstanding Downtown Business Owners of the Year** for the City of Milford. Albert would like to share a few words . . .

[Play Albert's Video]

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Partially assisted by the Strategic Fund, DEDO's business attraction and retention efforts are supported by its marketing program. Through public relations, advertising, events, marketing, social media and other online tools, DEDO promotes its financial programs, services, and resources as we **highlight Delaware as the best place to start, grow and locate a business.**

Thank you for your consideration and I welcome any questions you may have.