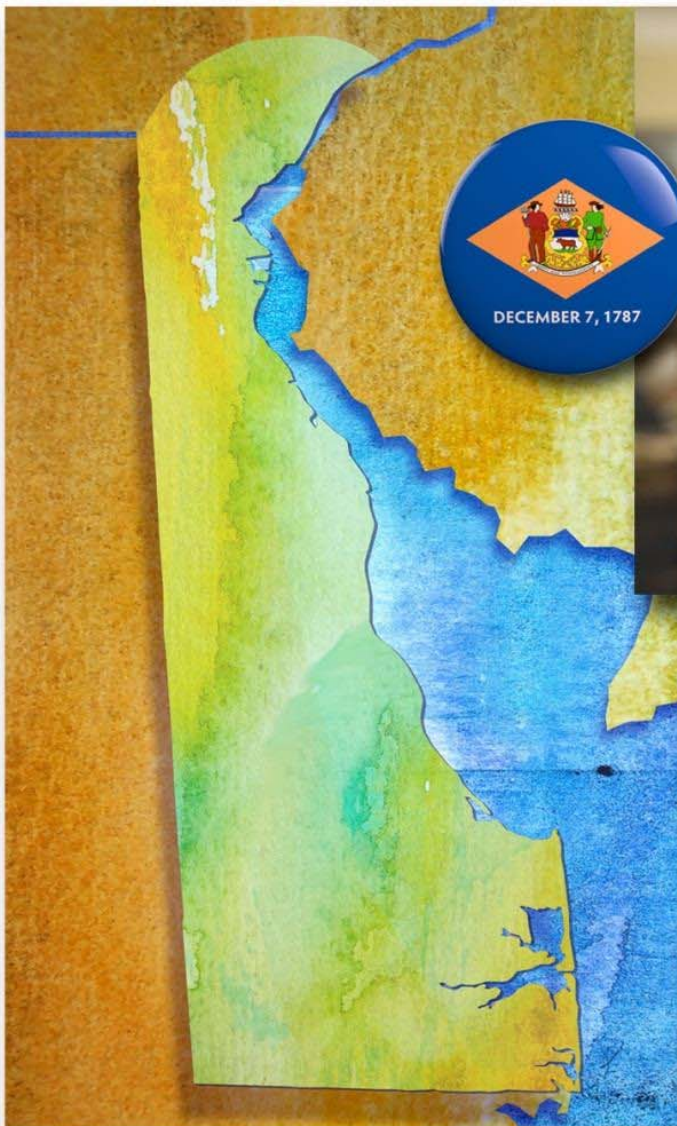




# Council on Development Finance Summary

**DELAWARE**  
ECONOMIC DEVELOPMENT OFFICE  
Right Place. Right Size.



## **Council on Development Finance Summary**

FY15 (07/01/14-06/30/15)

### **CDF Overview**

The Council on Development Finance is a panel of nine members, appointed by the governor and state senate, to advise the Director regarding business put forth to the Delaware Economic Development Office. During public meetings that are held on the fourth Monday of every month, with a minimum of five members present, the Council will hear, evaluate, and recommend approval or disapproval of projects. These projects range from companies willing to establish new facilities within the state, and with them bringing new employment opportunities, current businesses looking to expand and new companies wishing to grow, and the revision of contracts already held with the State. Upon review, the Council will then recommend whether the Director of the Economic Development Office approve or disapprove of the project.

### **Delaware Strategic Fund**

The Delaware Strategic fund provides customized financial assistance to businesses and/or companies considering locating in the State of Delaware. Financial assistance may be provided in the form of low interest loans, grants, or other creative instruments to support the attraction of businesses, with assistance terms that are negotiated specific to each firm's individual needs and situation. Following are the programs the Strategic Fund supports:

#### **Delaware Strategic Fund Loans**

During FY15, the Council on Development Finance approved funding two loans through the Delaware Strategic Fund. Following is a summary of one of those loans:

##### **Delaware Technology Park**

In January 2015, Delaware Technology Park, Inc. (DTP) requested a Delaware Strategic Fund loan in the amount of \$3,000,000 for build out of wet lab spaces designed specifically to meet the needs of start-up and early stage firms doing basic research and development, primarily in the health science field. The 10,000 square foot space will be located on the University of Delaware's Science, Technology and Research (STAR) Campus.

The 70,000 square foot, \$16 million building housing the lab space will be owned and constructed by Delle Donne & Associates. DTP will master lease 10,000 square feet which will be fitted out as multiple wet lab spaces, shared open office spaces and conference rooms. DTP will manage and lease the spaces to multiple firms vetted by

DTP for their science and growth potential. Firms will be expected to use the space for approximately two years or less before ‘graduating’ to commercial space. Rents will be below commercial market rents. DTP, as a non-profit, will not add a margin to the lease rates.

#### **Delaware Strategic Fund Loans**

<b>Applicant's Name</b>	<b>Fiscal Year</b>	<b>Fund</b>	<b>Type of Financing</b>	<b>Award Amount</b>	<b>Jobs to be created</b>	<b>Total Jobs to be Created &amp; Maintained</b>	<b>County</b>
Delaware Technology Park	2015	DSF	Loan	\$3,000,000.00	1	4	New Castle
Delaware State University	2015	DSF	Loan	\$3,000,000.00	31	854	Kent

#### **Delaware Strategic Fund Grants**

During FY15, the Council on Development Finance approved funding 17 grants through the Delaware Strategic Fund. Following is a summary of a few of those grants:

##### **SevOne**

In November 2014, SevOne Inc., a data management and IT service provider, requested a Delaware Strategic Fund Performance grant and Capital Expenditure grant totaling \$1,046,480 to expand its operations. The \$956,480 performance grant will create 150 new jobs over the next three years. The Capital Expenditure grant was approved for an amount that is not to exceed \$90,000 for the investments required to prepare and outfit its new space in the STAR Campus located in Newark, Delaware.

SevOne is a true success story. The company was launched in 2005 by two University of Delaware graduates and is now one of the fastest growing companies in the nation. This Strategic Fund assistance came at a crucial time and was instrumental in pushing Delaware ahead of Philadelphia and Boston as options for SevOne’s expansion.

##### **AB Group Packaging**

AB Group Packaging, a newly-formed manufacturing firm, requested a Delaware Strategic Fund Performance grant and Capital Expenditure grant totaling \$373,365 in June 2015. The \$253,365 performance grant is for the creation of 87 full-time Delaware positions. The Capital Expenditure grant in an amount not to exceed \$120,000 is based on 3% of qualified capital expenditures of \$4,000,000.



AB Group Packaging manufactures paper bags, plastic bags and flexible packaging for buyers across a broad range of market sectors, including high street retailers, promotional companies, independent stores and online and express delivery retailers. The company, in business for 30 years, also supplies food and industrial markets. Currently, all of its manufacturing takes place at its European plants in Ireland, Spain and the United Kingdom.

### **Edgewell Personal Care**

(On July 1, 2015 Energizer Holdings, Inc. turned its divisions into two new companies. The Personal Care Division became Edgewell Personal Care and became an independent company. The Household Product Division retained the Energizer Holdings, Inc. name.)

In January 2015, Energizer sought a Strategic Fund Performance grant in the amount of \$1,432,408.50 for the creation of up to 270 new full-time positions in Dover. It is also sought a Capital Expenditure grant up to \$1,500,000 or a 3% match of qualified capital expenditures, whichever is less, for a total potential award of \$2,932,408.50.

Energizer bought the Stayfree, Carefree and OB brands in North America from Johnson & Johnson in July 2013 for \$185 million and subsequently made the decision to move its Montreal manufacturing operations to Dover and consolidate them under Playtex.

The acquisition of the J&J Montreal facility and the decision to locate its operations in Dover required a significant expansion and rearrangement of the Dover facility; the relocation of multiple production lines from Montreal to Dover and the hiring of up to 270 new employees. The total project cost is projected at approximately \$42 million.



### Delaware Strategic Fund Grants

Applicant's Name	Fiscal Year	Fund	Type of Financing	Award Amount	Jobs to be created	Total Jobs to be Created & Maintained	County
AB Group Packing, Inc	2015	DSF	Grant	\$ 373,365.00	87	87	New Castle
Croda, Inc.	2015	DSF	Grant	\$ 2,487,384.46	80	271	New Castle
Solenis, LLC	2015	DSF	Grant	\$ 1,100,397.00	127	336	New Castle
Zacros America, Inc.	2015	DSF	Grant	\$ 883,505.00	154	154	New Castle
Zip Code Wilmington, LLC	2015	DSF	Grant	\$ 250,000.00	0	0	New Castle
Wells Fargo Bank, National Association	2015	DSF	Grant	\$ 1,385,025.00	180	180	New Castle
Delaware Manufacturing Extension Partnership (DEMEP)	2015	DSF	Grant	\$ 332,408.00	0	11	New Castle
SevOne, Inc.	2015	DSF	Grant	\$ 1,046,480.00	150	313	New Castle
Energizer Holdings, Inc.	2015	DSF	Grant	\$ 2,932,408.50	270	741	Kent
Delaware Biotechnology Institute (U of D)	2015	DSF	Grant	\$ 500,000.00	0	20	New Castle
PhysiHome Technologies Ltd.	2015	DSF	Grant	\$ 94,575.00	10	10	New Castle
21st Century North America Insurance Co	2015	DSF	Grant	\$ 4,339,265.00	300	1,020	New Castle
Kuraray America, Inc.	2015	DSF	Grant	\$ 330,028.00	14	61	New Castle
Weitron, Inc.	2015	DSF	Grant	\$ 266,484.00	30	30	New Castle
WDBID Management Company	2015	DSF	Grant	\$ 368,832.00	8	55	New Castle
Bayhealth Medical Center, Inc.	2015	DSF	Grant	\$ 481,309.00	97	2,805	Kent
IPR International, Inc.	2015	DSF	Grant	\$ 135,923.00	14	40	New Castle

## **Delaware Technical Innovation Program**

(Small Business Innovative Research (SBIR)/Small Business Technology Transfer (STTR))

The Delaware Strategic Fund also supports business research through funding transition grants that will bring innovative new products, jobs and revenue to Delaware. Companies involved in small business innovation—including research-and-development firms looking for the next scientific and technological breakthroughs—can apply for Small Business Innovation Research (SBIR) grants and Small Business Technology Transfer (STTR) grants as a pathway to receiving DTIP grants. These grants help promote the entrepreneurial spirit in Delaware. The Council on Development Finance approved two DTIP projects in FY15:

### **Lumilant**

In September 2014, Lumilant, Inc. requested a \$50,000 SBIR /STTR grant from the Delaware Strategic Fund under the Delaware Technical Innovation Program (DTIP). The financial assistance will aid Lumilant in maintaining its staffing level and to continue its research as it awaits STTR Phase II approval.

Lumilant, established in December 2010, is a technology start-up entity based in Newark, Delaware. Its technology is aimed at developing disruptive photonic solutions for DATACOM, SATCOM and TELECOM use in military and commercial applications. Lumilant was spun out of EM Photonics to focus on the commercialization of research-level technology developed over the last 10 years. Lumilant currently leases commercial office and lab space from EM Photonics and utilizes equipment maintained by the University of Delaware.

### **Advanced Materials Technology**

Advanced Materials Technology, Inc. (AMT) requested a \$50,000 grant from the Strategic Fund Delaware Technical Innovation Program (SBIR/STTR) fund in April 2015. AMT was successful in its Phase I funding request under the National Institutes of Health (NIH) Small Business Technology Transfer Program and has applied for Phase II funding. The proposed financial assistance will aid AMT in maintaining its staffing level to continue its research as it awaits a SBIR Phase II decision.

The primary business of AMT is making High Performance Liquid Chromatography (HPLC) columns which are used in the pharmaceutical, biotechnology, food and beverage and chemical industries. AMT's unique products (HALO® Brand) are sold throughout the world using strategic relationships and a world-wide network of distributors. AMT's technology broke the standard "paradigm" in its industry and today it strives to continue its leadership by introducing new products to stay ahead of the competition.

**Delaware Technical Innovation Program****(Small Business Innovative Research (SBIR)/Small Business Technology Transfer (STTR))**

<b>Applicant's Name</b>	<b>Fiscal Year</b>	<b>Fund</b>	<b>Type of Financing</b>	<b>Sub Type of Financing</b>	<b>Award Amount</b>	<b>Jobs to be created</b>	<b>Total Jobs to be Created &amp; Maintained</b>	<b>County</b>
Advanced Materials Technology, Inc	2015	DSF	Grant	SBIR	\$ 50,000.00	0	21	New Castle
Lumilant Inc.	2015	DSF	Grant	STTR	\$ 50,000.00	2	5	New Castle

**Delaware Capital Access Program**

This private-public match program gives banks a flexible, transparent tool to expand small business lending. By using a small amount of public resources to generate a large amount of private bank financing, the program provides more Delaware businesses access to bank financing.

Based on a risk-pooling concept, the Delaware Capital Access Program gives banks more flexibility to stimulate small business growth in the state. Two of the 14 DCAP projects approved in FY15 are summarized below:

**JNW Trucking**

JNW Trucking, LLC requested a loan in the amount of \$50,000 from First State Community Loan Fund to purchase a dump truck and start-up capital to start a commercial and private hauling business. The loan was enrolled into the Delaware Capital Access Program. The client was charged a 5% premium to enroll the loan; totaling \$2,500. As a minority-owned business, he was eligible for an increased match; totaling \$12,500. Given, the loans use of proceeds, the U.S. Department of Treasury matched the premium of \$2,500. The total of \$17,500 was added to FSCLF's reserve account in the event of a default to recoup any outstanding balance.

**The Café on 26**

The Café on 26, Inc. requested a loan in the amount of \$10,000 to make improvements to the restaurant as well as provide working capital. The client also provided an equity injection of \$20,000. The loan was enrolled into the Delaware Capital Access Program. The client was charged a 5% premium to enroll the loan; totaling \$500. As a woman-owned business, DEDO matched the premium five times; totaling \$2,500. Given, the loans use of proceeds, the U.S. Department of Treasury matched the premium of \$500. The total of \$3,500 was added to FSCLF's reserve account in the event of a default to recoup any outstanding balance.



### Delaware Capital Access Program

Applicant's Name	Fiscal Year	Fund	Type of Financing	Award Amount	County
Zamale R. A. Bull d/b/a Bulls Lawn Care Service	2015	DSF	DE Access Program	\$ 3,125.00	Kent
Roxana Artisans Market	2015	DSF	DE Access Program	\$ 4,062.50	Sussex
Café on 26	2015	DSF	DE Access Program	\$ 2,500.00	Sussex
Modern Mixture, LLC	2015	DSF	DE Access Program	\$ 7,500.00	Sussex
Kingdom Care Learning Center	2015	DSF	DE Access Program	\$ 18,750.00	New Castle
JNW Trucking, LLC	2015	DSF	DE Access Program	\$ 12,500.00	Kent
First Class Hauling, LLC	2015	DSF	DE Access Program	\$ 8,125.00	Kent
Mountain Consulting, Inc.	2015	DSF	DE Access Program	\$ 12,500.00	Dover
G and G Moving, LLC	2015	DSF	DE Access Program	\$ 9,250.00	New Castle
A Balanced Life Massage	2015	DSF	DE Access Program	\$ 2,250.00	New Castle
Roy McIntyre, III d/b/a Delaware Detailing, Inc.	2015	DSF	DE Access Program	\$ 7,000.00	New Castle
Michael DiLorenzo d/b/a The Fish Bowl	2015	DSF	DE Access Program	\$ 3,125.00	Kent
A Balanced Life Massage	2015	DSF	DE Access Program	\$ 3,750.00	New Castle
Snapchat Entertainment, LLC	2015	DSF	DE Access Program	\$ 12,500.00	New Castle

### Delaware Rural Irrigation Program

The Delaware Rural Irrigation Program (DRIP), a revolving loan fund administered collaboratively through the Delaware Department of Agriculture and DEDO, provides financial assistance with the irrigation of farmland. This land is now getting better crop yield, producing higher quality and providing a better value for Delaware farmers.

Examples of two of the five DRIP loans approved in FY15, are shown below:

**Adam Dickerson** installed two irrigation systems on thirty-two acres of non-irrigated land. The total project cost is \$88,932 of which \$66,699 is financed by Mr. Dickerson and \$22,233 was from the DRIP program. The DRIP loan will have the standard terms of 0% interest over seven years with the first two years being payment free. The \$22,233 is amortized over the final five years of the loan. Mr. Dickerson has already taken advantage of the DRIP program previously and this is his second loan in the program.

**Anthony Gundry** purchased an irrigation system for his farm in Seaford, DE. The DEDO DRIP loan is in the amount of \$23,761.50 and will be paid directly to Mid-Atlantic Farm Credit as they are provided financing for the full project. The DRIP loan has the standard terms of 0% interest over seven years with the first two years being payment free. The \$23,761.50 is amortized over the final five years of the loan. The project will irrigate 80 acres of non-irrigated land.

### Delaware Rural Irrigation Program (DRIP)

Applicant's Name	Fiscal Year	Fund	Type of Financing	Sub Type of Financing	Award Amount	County	Acreage
Anthony Gundry	2015	DSF	Loan	DRIP	\$ 23,761.50	Sussex	80
Adam R. Dickerson	2015	DSF	Loan	DRIP	\$ 22,233.00	Sussex	32
Justin Comegys	2015	DSF	Loan	DRIP	\$ 15,930.16	Kent	22
EMCO Properties, LLC	2015	DSF	Loan	DRIP	\$ 25,000.00	Kent	43
Kenneth J. Arney	2015	DSF	Loan	DRIP	\$ 17,857.60	Sussex	19.3

## **Other Funding Options**

### **Tax Exempt Bond Financing (IRB)**

(IRB's do not utilize state funds and do not impact full-faith and credit of the State of Delaware.)

New or expanding businesses, governmental units and certain organizations exempt from federal income taxation can be eligible for statewide financial assistance in the form of tax-exempt bonds through the Delaware Economic Development Office. Tax-exempt financing may be cost-effective for projects involving the issuance of more than \$750,000.

All applications are reviewed for impact on Delaware's economy. Eligible projects include the following major categories:

**Qualified 501(c)(3) Bonds:** Tax-exempt bonds can be issued for the benefit of organizations that are tax-exempt under Section 501(c)(3) of the Code, if 95 percent of the net proceeds of the bonds are used by the organization in furtherance of its exempt purpose. Depending on the project being financed, certain other limitations may apply.

**Exempt Facility Bonds:** Tax-exempt bonds can be issued to finance certain types of utility projects, including sewage facilities, solid waste disposal facilities, facilities for the local furnishing of electricity and gas, and other types of facilities.

Two of the three IRB projects approved by the Council on Development Finance during FY15 are show below:

### **Delaware State University**

In September 2014, Delaware State University (DSU) utilized The Delaware Economic Development Authority ("DEDA") to act as a conduit issuer of tax-exempt bonds not to exceed \$37,303,212. Bond proceeds were used for the construction of an Optical building and the acquisition of the former Sheraton Hotel and the University Courtyard complex in Dover Delaware.

Additionally, with the assistance of a Strategic Fund loan, this state-of-the-art facility will house a suite of shared laboratories, providing users with advanced technology testing and instrumentation.



DSU has been educating people for over 120 years. It is one of the first land-grant and historically black institutions. As of September 2014, it employed 1,624 people and graduates approximately 770 people annually.

This project will create 31 new full-time positions.

### **Odyssey Charter School**

Opened in 2006, Odyssey Charter School provides students with a classical education through a curriculum centered on mathematics and the Greek language. In October 2014, the charter school requested that DEDA act as a conduit issuer of tax-exempt bonds not to exceed \$33 million. The proceeds of the revenue bonds will be applied to make a loan to the charter school for its expansion into a K-12 campus.

The project involves the purchase of approx. 35 acres of land and the redevelopment of an existing office complex consisting of eight buildings.

#### **Tax Exempt Bond Financing (IRB)**

(IRB ☐ do not utilize state funds and do not impact full-faith and credit of the State of Delaware.)

<b>Applicant's Name</b>	<b>Fiscal Year</b>	<b>Fund</b>	<b>Type of Financing</b>	<b>Award Amount</b>	<b>County</b>
Odyssey Charter School	2015	DSF	IRB	\$33,000,000.00	New Castle
Delaware Military Academy Inc.	2015	DSF	IRB	\$18,000,000.00	New Castle
Delaware State University	2015	DSF	IRB	\$37,303,212.00	Kent

### **State Small Business Credit Initiative**

The State Small Business Credit Initiative program supports lending to small businesses to help create new private sector jobs. The program is funded through the U.S. Department of Treasury which allocated \$13,168,350 to Delaware.

### **Loan Participation Program**

This loan participation program is designed to enhance access to capital and lower interest rates. DEDO partners with a private lending institution in providing funding to the small business. Loan proceeds can be used for any business expense — including payroll, inventory, machinery and equipment — and to supplement general working capital needs.

**Virgil Joseph**

MidAtlantic Farm Credit (MAFC) requested DEDO's participation in the amount of \$498,000 for Virgil and Cristi Joseph to construct four poultry houses and purchase land. The total project cost is \$2,245,500 making DEDO's portion 22%.

Mr. and Mrs. Joseph had always wanted to own a farm and are positive about their opportunity to purchase a nearby farm and construct poultry houses on that property. He has been an advocate for Farm Credit especially the Farm Credit Express program.

**Legacy Distilling – Kent County**

Dover Federal Credit Union (DFCU) requested DEDO to participate in a loan totaling \$270,000. DEDO is contributing \$54,000 to the total loan for Legacy Distilling, LLC (doing business as Painted Stave) in Smyrna, Delaware. DFCU is utilizing the SSBCI program because Legacy Distilling is a startup company and DEDO's participation will reduce the risk involved. The funds were utilized to refinance debt from a competing bank.

Painted Stave Distilling, located in Smyrna Delaware, crafts premium spirits in small batches. It utilizes only the best ingredients sourced from regional farms and by blending traditions of the past with today's creativity and state-of-the-art technology. Housed in a 1940s era movie theater, Painted Stave Distilling operates in the spirit of tradition to patiently fashion noteworthy spirits. Painted Stave Distilling is Delaware's first stand-alone, independently owned, operated, and legal, craft distillery since the repeal of prohibition.

**State Small Business Credit Initiative (SSBCI)**

<b>Applicant's Name</b>	<b>Fiscal Year</b>	<b>Fund</b>	<b>Type of Financing</b>	<b>Award Amount</b>	<b>County</b>
Virgil Joseph	2015	SSBCI	Loan	\$ 498,000.00	Sussex
Legacy Distilling, LLC	2015	SSBCI	Loan	\$ 54,000.00	Kent
CHB Realty LLC	2015	SSBCI	Loan	\$ 450,000.00	Sussex
Kempski-Gregg, LLC	2015	SSBCI	Loan	\$ 40,000.00	New Castle





# FY15

## Council on Development Finance Summary

**The FY15 Budget allocates specific Strategic Fund uses as follows:**

