

DELAWARE INFRASTRUCTURE INVESTMENT COMMITTEE

December 12, 2011
PUBLIC MEETING 2

THOSE PRESENT:

Director Alan Levin, Chairperson
Secretary Shailen Bhatt
Mr. Michael Ratchford
Senator Robert L. Venables

ALSO PRESENT: **Project: Amazon.com.dedc LLC** – Mr. Braden Cox; **Public Sponsor: Town of Middletown** – Mayor Ken Branner, Mr. Louis Vitora and Mr. Morris Deputy; Honorable Roger Roy of Roy Associates; Mr. Benny Johnson, Carpenters LU 626; Ms. Amy Cherry, *WDEL*; Ms. Kim Monahan, *Middletown Transcript*; Mr. John Montgomery, *The News Journal*; Ms. Jessica Eisenbrey, *Delaware State News*; Mr. Bryan Sullivan and Ms. Michele Sloan, OMB; Mr. Bill Neaton, City of Dover; Mr. Geoffrey Sawyer, Governor’s Office; Mr. Brian Strohl, Duke Realty; Ann Marie Johnson, DAG; and Ms. Bernice Whaley, Mr. Tim McLaughlin and Ms. Nikki Lavoie with DEDO

LOCATION: Delaware Economic Development Office, 99 Kings Highway, Dover, Delaware 19901

TIME: 9:00 A.M.

CALL TO ORDER

The meeting was called to order at 1:00 P.M. by Mr. Levin, Chairperson, on Monday, December 12, 2011.

OLD BUSINESS:

Secretary Bhatt made a motion that the minutes of the November 2, 2011 Infrastructure Investment Committee meeting be approved as presented. Mr. Ratchford seconded the motion which was then adopted by unanimous vote.

NEW BUSINESS:

Amazon.com.dedc llc (“Amazon”) – Chairman Levin stated that Amazon.com proposes to construct a new distribution facility in Middletown, Delaware. Chairman Levin introduced Mayor Branner to present this request.

Mayor Branner stated that the Town of Middletown is very excited about this project. He stated that the project entails the construction of two roads – South Merrimac Avenue and an extension of Industrial Drive. He stated that this project will also serve an additional twenty parcels beyond Amazon’s parcel. He stated that this project will promote additional economic development in Middletown’s master-planned Westtown community. He stated that Merrimac will be extended to the east and the west will be extended on the need for future development.

Mayor Branner stated that this project is totally supported by DeIDOT, including the zoning changes. He stated that the twenty parcels will give Middletown an additional 327 acres for future economic development. He commented that with the announcement of Amazon coming, a lot more interest has been spurred in this area.

Chairman Levin asked if the requested amount of \$4,000,000 would be enough to complete the project. Mayor Branner stated that the estimates are around \$3.6 - \$3.7 million. He also stated that the Town of Middletown is paying for the design costs. He further stated that he is confident that all the bids will come in below \$4,000,000.

Secretary Bhatt asked what would happen if the project cost less than the requested \$4,000,000. Chairman Levin stated that the amount approved is “up to” \$4,000,000, and would only fund to the extent of actual cost.

Mr. Stone introduced Mr. Cox of Amazon. Mr. Cox stated that Amazon proposed to build a 1,000,000 square-foot facility. He also stated that there will be an investment of \$90,000,000 in the building and the equipment. He stated that Amazon has committed to creating 849 new full-time permanent jobs at a minimum. He indicated that a lot of work has gone into this project and that it has required a lot of partnerships.

Senator Venables stated that he believes this project meets all the criteria for the Infrastructure Investment program.

Secretary Bhatt asked what would happen to the project if there was no Infrastructure Investment fund. Chairman Levin stated that DEDO would have evaluated the project only on Amazon’s own merits. The Infrastructure Fund looks to the broader impact on infrastructure that could benefit other companies. He further stated that because these specific funds are available, it only makes sense to foster growth and these funds allow the Committee to do that.

Mayor Branner stated that as for the Town of Middletown, if these specific funds were not available, they would have had to look at other ways to do the project. He stated that the issue was the timeframe and that without these specific funds; it would have been much more difficult. Mr. Stone added that the roads would not have been funded through the Delaware Strategic Fund, just the building and the equipment portions.

Mayor Branner stated that when they started the process, there were no plans to extend Industrial Drive. He further added that after several discussions, the Town made the decision to rezone and extend the road which will allow for future growth.

Mr. Ratchford asked how this new facility would affect the existing facility in New Castle. Mr. Cox stated that at this time Amazon plans to keep the New Castle facility open. He stated that they are currently negotiating terms for the lease for the New Castle facility. Mr. Ratchford asked if Amazon would own the Middletown facility. Mr. Cox stated that Amazon would be leasing the Middletown facility through Duke Realty. Chairman Levin stated that the Middletown project will not have any impact on the existing 350 jobs in New Castle.

Mr. Ratchford indicated that upon his review of the Infrastructure Fund requirements, that he believed that Amazon meets the required criteria in terms of jobs being created, the capability to operate the facility, being fiscally responsible, satisfying corporate litigation issue, and by serving a public purpose.

Secretary Bhatt asked why this particular site worked for Amazon. Mr. Cox stated that Middletown's geographical location in the northern section of the State, the superior access to other markets such as Philadelphia and Washington, D.C., the availability of a strong labor supply and the positive business climate in Delaware were the most persuasive factors.

Secretary Bhatt asked if there were any requirements upon Amazon to remain in Delaware for a defined period of time attached to the funding. Chairman Levin responded that given Amazon's track record with the State in the past, and that it is entering into a long term lease and with the \$90,000,000 investment, he didn't believe that Amazon would be leaving the State any time soon.

Chairman Levin asked if there were any public comments. Mr. Johnson with the Carpenters Union voiced his support of the project.

After duly considering, Senator Venables moved to approve the application submitted by Amazon.com., contingent upon that the approval will remain in effect through and including December 1, 2012. Secretary Bhatt seconded the motion, which was then adopted by unanimous vote.

An Agreement will now be prepared for review by the Committee and execution by all parties.

Chairman Levin stated that Representative Keeley is not in attendance today due to a family emergency but did express her support of the project.

Committee Guidelines - Ms. Johnson distributed information booklets which she had prepared regarding the New Jobs Infrastructure Fund and the role of the Infrastructure Investment Committee.

Secretary Venables asked if this fund would be suitable for small companies. Chairman Levin stated that small business applicants should not be discouraged from applying. He stated that each application would be reviewed case by case.

ADJOURNMENT

The meeting adjourned at 1:45 p.m.

Respectfully submitted,

Lee Porter

LKP

Cc: Members of the Delaware Infrastructure Investment Committee
Ann Marie Johnson, Esquire