

## DELAWARE INFRASTRUCTURE INVESTMENT COMMITTEE

October 4, 2012

### PUBLIC MEETING 7

#### **THOSE PRESENT:**

Director Alan Levin, Chairman  
Secretary Shailen Bhatt  
Representative Helene M. Keeley  
Mr. Michael Ratchford  
Senator Robert Venables

**ALSO PRESENT:** **Projects:** **Newark Charter School** – Mr. Alan Silverman, Ms. Joanne Schlosberg, Ms. Maura Duke, Mr. Greg Gross, Ms. Maureen Feeney Rosen – City of Newark, Mr. George Smiley – N.C. County Council; **Parkway Gravel** – Mr. Vincent Greggo and Mr. Greg Sawka, Bancroft Construction; Ms. Michelle Apiscom, - DRBA; Mr. Stephen Davies – Apex Engineering, Inc.; Mr. Karl Karlbacker, New Castle County; **Ezion Fair CDC** - Pastor Christopher Curry, Councilman Justen Wright, and Mr. Kevin Hansen – Landermark; **Bank of America** – Mr. Terry Barney, Mr. Tom Scott, Mr. Mark Bracco and Mr. Tim Brooks; **Also Present:** Mr. Will Cox – Hickey and Associates, Mr. Doug Denison, *News Journal*; Mr. Geoffrey Sawyer, Governor’s Office; Mr. Bryan Sullivan - OMB; Ann Marie Johnson, DAG; Mrs. Lee Porter, Mrs. Bernice Whaley and Ms. Nikki Lavoie, DEDO

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

**TIME:** 11:30 A.M.

#### **CALL TO ORDER**

The meeting was called to order at 11:30 A.M. by Mr. Levin, Chairperson, on Thursday, October 4, 2012.

#### **OLD BUSINESS:**

Secretary Bhatt made a motion that the minutes of the July 17, 2012 Infrastructure Investment Committee (the “Committee”) meeting be approved as presented. Representative Keeley seconded the motion which was then adopted by unanimous vote.

**NEW BUSINESS:**

**General Discussion** - Mrs. Johnson indicated that while the Infrastructure Regulations require that all funds be drawn within a year of approval, that some of the grants approved by the Committee have a time frame that exceeds one year. She inquired whether the Committee wanted to change the Regulations or alternatively, require Grantees to report or reappear before the Committee at the end of year one.

Representative Keeley stated that it was her belief that these funds were to be disbursed quickly to stimulate job creation. Mr. Sawyer stated that the projects are reviewed and the commitments can come quickly but that it can take some time before the funds are actually spent. Representative Keeley stated that she was not aware of that; she was under the impression that the funds would help in getting people back to work right away. Chairman Levin stated that it worked that way sometimes, but in some cases there were additional things that had to be done before the infrastructure funds were disbursed. He gave an example of a road extension where other funds were disbursed before the infrastructure funds would be used.

It was suggested that there be a stipulation that the infrastructure funds had to be used within a year. Senator Venables asked that when these projects submit expenses, how does the Committee know they are reasonable. Mrs. Johnson stated that when DeIDOT does a road project, it gets estimates. Secretary Bhatt expressed concern that a project may say \$1.4 million but the costs are not broken down as to what is used for each road. Chairman Levin stated that actually if the applicant is the one doing the work, they can make the invoice whatever they want. Secretary Bhatt asked if the Committee thought that an audit function was needed. Chairman Levin stated that the projects that have been done so far have gone as the Committee expected and were legitimate projects. Mrs. Johnson stated that if the Committee wanted to, it could require a certification that the Applicant had bid the projects. Senator Venables asked if it was stated in the application that the company was subject to an audit. Chairman Levin stated that DEDO just did its first audit and feels that there wouldn't be a problem to include them in the current year's audit. Mrs. Whaley stated that there have only been small disbursements for two of the projects so far.

Representative Keeley asked why the Committee was hearing these cases if they were not ready to use the funds. She stated that that was the way it was presented to the Legislature because it was felt that a different arena for funding was needed to get people back to work. Representative Keeley stated she is concerned that this fund isn't being used as Governor Markell intended.

Mr. Sawyer stated that some of the conditions of the Committee's approvals were that the Infrastructure funds were used last in the funding process. Mr. Sawyer stated that he believes that eighty percent of the work was meeting the objectives of the program; the rest is delayed because of extenuating circumstances.

Secretary Bhatt stated that he feels we need to address this matter by asking the projects coming before the Committee for the specific plans for the work being done. Chairman Levin agreed to request regular reporting from the Applicants. Representative Keeley stated that she feels the Applicants should know that applications should not go before the Committee unless the project is "shovel ready." Secretary Bhatt also felt that not only should the terms of the construction be considered but also the jobs should be considered.

**Newark Charter School ("Newark Charter" or the "Applicant") (Junior/Senior High School Connector Road Project); Public sponsor is the City of Newark:** The Applicant is requesting up to \$391,000 in funds which will be used for infrastructure needs for the Junior/Senior High School Connector road Project (the "Project").

Mr. Neece stated that the Newark Charter opened in 2001. They have 1340 students in grades three through eight. He stated that the school has been given permission to expand and renovate. He stated that the school met with DEDO in the spring and obtained bond financing to construct a building. Mr. Neece stated that the issue today is the roadway. He stated that it was a public roadway, McIntire Drive. He stated that there is a lot of traffic on this roadway. It serves the high school, the athletic fields, a large industrial site, a direct mail warehouse, the community of Twin Lakes and several town homes. Mr. Neece stated that the road serves all of these users, but it is Newark Charter's responsibility. He stated that the road was to be completed when the industrial park was finished. He added that the parcels of land behind are to be converted to athletic fields. He stated that Newark Charter is responsible for having the road finished but it does not own the road. He stated that the road will be turned over to the City of Newark which will be responsible for the continuing maintenance once the road is finished.

Mr. Neece stated that this Project is all about education and jobs. He stated that the location is on the right side of the western end of Elkton road. He added that everywhere in the area is experiencing rebirth and the school is like an anchor store at a mall. He stated that this Project is supported by the business community, the Tech Park, NCC Chamber of Commerce, the Mayor and the City of Newark.

Ms. Roser stated that the City of Newark is very excited about having a charter school in the area. She added that this Project will bring the road up to code and then the City of Newark will take over the maintenance, not only for the school but for the public using the athletic fields.

Secretary Bhatt asked the Applicant how they would pay for the road if they did not receive funding from this Committee. Mr. Neece stated that the funds would have to come out of the money designated for operating funds which is used for books; money allocated for students.

Secretary Bhatt questioned the assistance Newark Charter received from DEDO. It was explained that the assistance was through the issuance of industrial revenue bonds which is not State funds but is conduit financing.

Chairman Levin stated that Newark Charter was aware of this responsibility when they went into this deal. Mr. Neece stated that they did but they did not know the extent and it was not as easy as they had thought it would be.

Chairman Levin stated that he agreed the Project would benefit the students because they wouldn't have to drive on crusher run, but the fact was that the Project was not creating more economic benefit for the State. He added that the Infrastructure Investment Committee is charged with funding opportunities that create economic development; not just benefiting an entity.

Mr. Neece stated that eighty jobs would be created. He added that the facilities would be used by the City of Newark in other capacities. The City of Newark would use it as well as the SWAT team and other athletic participation which will bring other communities into that building. It will also stimulate other businesses in the area in direct and indirect ways. He stated that there is economic development as the result of this road and they are doing the best with the limited resources that they have.

Chairman Levin complimented the project but stated that the Project has to support more than just the entity to meet the Committee's criteria.

Secretary Bhatt asked about the number of jobs versus the dollar amount. He added that even though there are seventy teachers; these teachers are in existence and this funding will not create those jobs. He added that if the Applicant should not get the funds requested, these jobs would still exist.

Mr. Neece restated that this is not the Applicant's road but Newark Charter does have to subsidize this road which is used by many people that don't even pay a dime. He added that everyone there will benefit including the school. Mr. Ratchford asked why the town homes didn't help with the cost. Mr. Neece stated that when the school purchased the land from Stoltz, Stoltz was responsible for the road; therefore Newark Charter assumed Stoltz' responsibility.

Representative Keeley asked for the over all projected annual budget for the high school. Ms. Schlosberg stated the operating budget is \$16,000,000 and goes up to about \$24,000,000 when the high school is included. Representative Keeley asked how much of those funds come from State funding. Mr. Neece stated that the amount was about 2/3. Representative Keeley stated that she feels the amount of State funding that an applicant receives, should be considered.

Mr. Sawyer asked why the Applicant didn't include the costs of the road with the conduit financing. Ms. Schlosberg stated that the school had to balance what it could afford and

what it could borrow. She stated that there were several things that had to be funded and it wasn't feasible to add more money to the bond issue amount.

Senator Venables stated that he felt this was capital money and it would start other schools asking for assistance. He also stated that he didn't feel it was fair that all these other people/entities use the road and don't pay for it. He asked why the City of Newark doesn't do something to help the school with this road since this Project is helping the community.

Senator Venables asked for more information on the road. Chairman Levin stated that this road itself is a city road. Secretary Bhatt stated that this subdivision was originally developed in 1995 but was never successful. He stated that one of the users was a "Just-In-Time" provider for Chrysler. He added that when Chrysler went down, so did the "Just-In-Time" and it was on the market for five years. This road has been used for the last fifteen years and is very worn.

Mr. Ratchford stated that he is looking at this Project from the perspective of public purpose. For an example, he stated that he doesn't believe the striping of the parking lot comes under the criteria for infrastructure funding.

Chairman Levin stated that the Project was not approved due to a lack of a motion. Chairman Levin stated that he would offer some suggestions/sources for the school to seek other financial assistance. Secretary Bhatt stated that although he recognized the need for assistance, he did not feel this Project fit the Infrastructure Fund's criteria.

**Parkway Gravel ("Parkway Gravel" or the "Applicant")**; New Castle Town Center Project); Public Sponsor is New Castle County: The Applicant is requesting up to \$4,100,000 in funds which will be used for infrastructure needs for the New Castle Town Center Project (the "Project").

Mr. Karlbacker stated that this Project is very important to New Castle County and the County is heavily invested in this project. He stated that the County owns the airport adjacent to this site. He added that the County has donated 2 1/2 acres for improvements to this roadway. He stated that there have been some other developments as a result of the previous presentation and tabling of this Project. He stated that the Project is now shovel ready, the record plan is approved and final, including the letter of no objection from DelDOT. Mr. Karlbacker stated that with the support of New Castle County, the Project qualifies for tax exemption - \$750,000 of abated taxes. He added that the Project will create a thousands of jobs and takes this borrow pit and transfers it into a mixed use of development and will likely be an anchor that needs and deserves an upgrade.

Mr. Greggo stated that the request is for \$4.1 million and will be used for infrastructure improvements. He stated that the Project is shovel ready, will create 2,637 jobs by itself not counting the 620 jobs which the DRBA hopes to create on its own. He added that the Project has financial stability; his company knows how to develop a project. He stated

that the money they are asking for is to improve this area. They will widen Old Churchmans Road which will provide better access to DuPont Highway and provide better access for first responders. Another road will be built which will allow the DRBA to do their project and create their jobs.

Chairman Levin asked if Mr. Greggo was contributing any funds to this Project. Mr. Greggo stated that there are certain things that have to be done to resolve the drainage problem which he will be paying for and which will be expensive. In response to Secretary Bhatt's question, Mr. Greggo stated that DelDOT had approved the proposed road plans. Secretary Bhatt stated his concern about the road. He stated that an engineer had to do a traffic count. Mr. Greggo stated that they will be adding to the traffic because of the new development in this area. He added that Churchman's road will be closed and Piccard Road will be built. Secretary Bhatt stated that thirty percent of the traffic responsibility is Greggo's. Mr. Greggo stated that he will be adding improvements that he is not covered in his request for funds.

Chairman Levin stated that for this Project, the Committee wanted to look at the percentage of the funds being used for the benefit of the center and those being used for the benefit of the community. He stated that he has a concern that this is Mr. Greggo's business and he is doing the work and that it has not been put out for bid. Mr. Greggo stated that the costs for this Project are less than those requested by the previous applicant, because Mr. Greggo has taken out the middleman. He stated that they will not be doing anything less than the previous applicant, but they are doing it cheaper.

Representative Keeley asked about the anchor store. She is concerned that since it has a location about a 1/2 mile down the road, and with the number of vacant strip malls now in New Castle County, she is concerned about having an empty shopping center down the road in order to have a new one up the road.

Mr. White stated that WalMart is the anchor store and is confident of an increase in jobs and believes the property will be reutilized. Secretary Bhatt stated that that isn't the case in Dover. Mr. White stated that there are successful and unsuccessful stores.

Representative Keeley stated that she sees the benefit of the Project but is concerned about it causing another empty shopping center. Mr. Greggo stated that Leon Weiner Associates currently has a land lease. Mr. Karlbacker stated that one of the things that the County has done is conducted comprehensive county plans.

Mr. Ratchford asked when Mr. Greggo expected to break ground. Mr. Greggo stated that they expect to break ground in six months. He stated that the Town Center projects 2,637 new jobs. Representative Keeley asked if Mr. Greggo was comfortable with that number. Mr. Greggo stated the data actually came from a national developer and the data was very good.

Mr. White stated that besides WalMart, there will possibly be a Bed, Bath and Beyond but are not able to do a grocery store or a COSCO. Secretary Bhatt asked what would happen if WalMart didn't locate at the site and there are not as many jobs as projected – is there a claw back? Mrs. Johnson stated that the Committee can benchmark jobs; but the other issue is how to document the jobs. Chairman Levin stated that when DEDO does a Delaware Strategic Fund grant, there are claw backs and this could be done with the Infrastructure funds.

Mr. Greggo stated that his company is putting in a lot of funds. He stated that he also feels the return is significant.

Secretary Bhatt referenced another Infrastructure project where putting in a new road was involved. He stated that traffic counts were obtained in that project which gave Secretary Bhatt more information to make a decision.

Chairman Levin stated that if the funds were not available today through the Infrastructure Fund, the road would still be necessary and further that the Committee is willing to provide assistance, but it wants a claw back on the jobs and prefers to do 70% of the \$4.1 project.

Councilman Smiley stated he supports the Project. He stated he has been involved with the borrow pit project and this seems like a worthwhile Project. He stated that he is back before the Committee today to show his support of the Project. He also has a comfort level with the involvement of the Port of Wilmington. He feels that the 70/30 participation of the project is a great deal.

Senator Venables stated he wished there was a project like this in Laurel.

Representative Keeley asked if Mr. Greggo would actually construct the Project or would it be bid out. Mr. Greggo stated his company would do the site work and the road work but most likely the building would be done by instate contractors.

Chairman Levin asked if there were any public comments; there were none.

Senator Venable made a motion that the Committee approve funding for seventy percent of the requested amount of \$4,100,000 which would be \$2,870,000 contingent upon claw back provisions acceptable to the Committee, the Project being shovel ready and that within six months there being activity on the site. Mr. Bhatt seconded the motion which was duly adopted by unanimous vote.

**Ezion Fair CDC (“Ezion” or the “Applicant”) (Southbridge Educational and Recreational Facility Project); Public Sponsor is the City of Wilmington.** The Applicant is requesting up to \$1,855,500 in funds which will be used for infrastructure needs for the Southbridge Educational and Recreational Facility Project (the “Project”).

Pastor Curry stated that this Project will provide economic and infrastructure growth for the south Wilmington community and will improve the State's economy. He further added that south Wilmington is an under-represented and under privileged community. He stated that Ezion decided to move into that area and that many wonderful things have occurred and that ninety-nine percent occurred without funding from anyone but the congregation. Pastor Curry stated that they want to revive eighteen out of forty-two businesses that are active. He stated that the water flooding issues are constantly creating a problem. He stated that the City of Wilmington Police Department supports this Project. He stated that they want to reactivate confidence in Southbridge. Pastor Curry stated that he has spoken with a developer in hopes to develop a fun scape for the area. It would include a multi purpose movie theatre, etc. and would be used seven days a week. Pastor Curry stated that since Ezion has been involved, burglary is down by eighty-three percent.

Pastor Curry stated that ninety-five percent or higher of what has been done was funded by the current organization. He stated that he feels the real reason is that it is so important to build healthy communities to stimulate the economy, and in this community, the flooding issues need to be addressed.

Pastor Curry stated that the Mayor of the City of Wilmington has promised \$250,000. He stated that the Port of Wilmington feels that this Project could open doors for new businesses. He added that two of the six Wilmington zip codes, 19801 and 19802, have over 5,000 people with no free place to dispense negative or positive energy. He stated that where this facility will be housed, it will be a free place for kids to go. He stated that this Project addresses all areas of development. He believes if a healthy community is built, it will stimulate the economy. Pastor Curry stated that he projects fifteen full time jobs, but believes there could be more. He added that everything they do reflects building their youth. He stated that Ezion came into this area in 2005 and eighty percent of the students are honor roll students.

Mr. Hansen stated that the flooding in this area is a real problem. He stated that they would like to open up access to the river and work with the owner to open up the tide gates. He stated that they have a center and are taking care of a basic need of Southbridge. They are going to lift the center up and expand the emergency shelter capacity. He stated that there will be a local expansion of jobs. He stated that they need to create a level of safety which is pretty foundational for a successful community.

Mr. Hansen stated that Ezion is working with DNREC and is checking to see if HISCUS funds can be obtained. He stated that Ezion received a Brownfields grant in 2008 for which funds were used to help lift the floor for air flow.

Chairman Levin stated that the Committee's criteria would be everything going to the building, but not in the building and he noted that in the application, \$650,000 of the request is for the building. Chairman Levin stated that the building costs are clearly not

what the Infrastructure fund was created for. He further added that anything in the building would not count; what would be covered is for what is up to the curb.

Pastor Curry stated that unlike other projects, this Project is being used as a safe haven and that these funds could be used for that purpose. He stated that this project will give the people in this area a safe haven in case of a major flood.

Chairman Levin stated that the Committee has established guidelines of specific criteria and the Committee is more concerned with infrastructure improvements going up to the site. Representative Keeley stated that \$600,000 of the request was for the physical site. It was stated that another education institution was before the Committee and the Committee denied the application as it was felt that applicant knew what it was getting into when it signed the contract. She further stated that she sees a slight validity for the Pastor's comments regarding the flood plane and that it is a disaster area. She stated that thankfully Market Street was raised up and the flood issue was resolved. She stated that she knows the Committee's rules, but feels there is more of an avenue when you have people in danger of a natural disaster.

Chairman Levin asked Pastor Curry if the Committee funded \$1,385,000, would it help with the drainage issues, would it alleviate a lot of the problems. Chairman Levin complimented the Project and the amazing work that has been done, but stated that the Committee must work within the guidelines.

Secretary Bhatt asked if other funds were available. Mr. Hansen stated that he had spoken with Paul Will of DNREC and Mr. Will stated that he thought funds would be available through HISCA but that they would not cover all of the costs. Mr. Hansen was hoping that these funds would help fill that gap. Secretary Bhatt stated that he realized the gap is what the Committee may consider to be valid but is what is not allowed under the Committee's criteria. He added that the Committee should limit its focus on what is limited in their guidelines.

Pastor Curry stated that he wanted the Committee to consider the challenge that he is facing. He stated that he has tried hard to deal with the flooding issue, has talked to people about possibilities that could occur and that he understands the Committee's guidelines. However, he added that even though he knows that they would have to do more to this location and it would be more costly than at a different location, the location is what actually makes this such an important project.

Secretary Bhatt stated that he likes the Project from a community services project, but still believes the Committee has to follow the Committee's guidelines and criteria.

Representative Keeley stated that knowing the seriousness of the flooding problem, she believes there is some justification for this project because it relates to public safety.

Senator Venables is concerned with opening the flood gates if the Committee supported the building request. He asked if the flooding was so bad that people could not get out of their houses. Pastor Curry and Representative Keeley both said it did. Mr. Hansen stated that this problem would be greatly improved by the tide gates.

Mr. Ratchford asked who was normally responsible for the flooding – State or local? It is the State's responsibility. He questioned if this was the right funding source.

City Councilman Wright expressed his support of the Project and asked for the Committee's support. He stated that if you go to Southbridge on any given day, there are signs of flooding.

Representative Keeley asked for clarification on the \$50,000 earmarked to maintain the entrance. Pastor Curry stated that it was for a park and ride for Dart to stop by and pick up people. Mr. Ratchford mentioned that \$800,000 would be used to deal with soil management to keep it on site. Representative Keeley commented that when Ezion goes out to bid the Project, hopefully they will be hiring Delaware contractors and Delaware citizens.

Representative Keeley made a motion that the Committee approve \$1,285,500 for the Ezion Project. The motion was seconded by Senator Venables which was approved unanimously except for Mr. Ratchford who opposed.

**Bank of America (“BOA” or the “Applicant”) (Processing Center Project); Public Sponsor is New Castle County.** The Applicant is requesting up to \$10,000,000 in funds which will be used for infrastructure needs for the Processing Center Project (the “Project”).

Mr. Scott stated that this funding will be used to secure the process for the dark fiber to run this facility located in the Christiana area.

In regards to full disclosure, Chairman Levin informed the Committee that BOA requested financial assistance from DEDO and further that DEDO has offered BOA a \$10,000,000 Delaware Strategic Fund grant. These funds will be used for costs that do not fall under the criteria of the Infrastructure Fund.

Mr. Scott stated that BOA has been working for eighteen months to identify the best tract of land for New York City that will service BOA's northeast functions. He stated that they have checked a specific list to determine feasibility – such as availability and cost of electric power, natural disasters and weather events, available labor, economic development incentives and cost of construction. He stated that there is one factor that is not on a check list and which is in the form of a question – are other companies locating technology centers in the area under consideration. Mr. Scott stated that there is a company, QRT that in May announced that it was opening its facility in Ashburn, Virginia, which is one of the dense corridors in the wall. He further clarified the

significance which is a “data cluster”; a processing center cluster which is the concept of piggybacking on other centers which is very common. He stated that he was talking about a cluster of other companies in this area. He stated that in Delaware, there are about 7,000 associates, three banking centers and a fourth one on the way, and twenty-nine ATM machines. Mr. Scott stated that the associates are very engaged; they have given \$6,000,000 in philanthropic giving and stated that they have donated many volunteer hours.

Mr. Brook stated this is a multiphase project. He stated that the first phase is \$230,000 which will be used to build a processing plant on fifty acres. He added that there will be a \$311 million capital investment for the other phases. He stated that they anticipate hiring sixty to seventy employees with an additional 25-40 vendors and contractors. Mr. Brook stated that these facilities are built to last fifty years. He stated that these are not front line jobs which would be relocated. He stated that BOA builds facilities that will still be here for years.

Secretary Bhatt asked if the jobs would be full time technology employees. Mr. Brook stated they would be.

Chairman Levin stated the application said the facility would be a 230,000 square foot facility; the impact study shows 400,000 square feet. Mr. Brook stated the 400,000 square feet would be a combination of both phases. Chairman Levin asked the probability of getting Phase II if we get Phase I. Mr. Bracco stated that BOA plans for the future. Mr. Scott stated that the Committee can count on the Phase II happening.

Secretary Bhatt asked about the new employees. Mr. Scott stated that there will be vendors that will not realize that they work for the bank. He further stated that they will have a large security staff which will be growing. Mr. Scott stated that there will be some full time employees who work for BOA but will be paid by others.

Employment – Phase I – application states 62 total – all will be vendors of which 37 are professional.

Mr. Ratchford mentioned the landmarks - Christiana Hospital, Christiana Center, I 95, Route 4 and Churchmans Road. Secretary Bhatt asked if BOA owned all of the land. Mr. Scott stated that BOA does own the land which is a 216 acre site of which 750,000 square foot of buildings is already built. He added that a lot of individuals and companies will prosper from this Project.

It was stated that there will be a \$1,032,691,947 total money impact, with 1,158 total jobs and \$8,961,067 in total annual tax revenue for the total Project. Mr. Scott stated that the Project will be shovel ready when the final decision is made. He added that the last project done by BOA was completed within thirteen months.

Mr. Ratchford asked what kind of work would be done. Mr. Scott stated that it would be site work, bidding would be done, specific electrical and mechanical engineers. He stated that the generators require a highly skilled workforce. He added that there will be an average of 200-400 men per day during construction. He stated that the dark fiber is a separate effort which will require additional skill sets and contractors.

To reiterate – during construction phase - 2,617 jobs; sixty-seventy BOA badge jobs. Secretary Bhatt asked if the jobs for Phase I were induced or direct.

Mr. Scott stated that dark fiber is of great interest because of the potential impact. He stated that BOA has looked at ZAO group; have used them in five other markets – have found them to be fast, timely and they have provided a proposal to connect. He stated that some of the requirements that we have are complete diversity; and that's where Route 52 comes in. They plan to connect the proposed site to Philadelphia, to Levittown, to Christiana, to Philadelphia.

Representative Keeley asked where on Route 52 the line started. Mr. Scott stated that it starts on Route 1 in Pennsylvania and then it will come into Delaware. He further stated that BOA is only going to pick up twelve strands and other carriers will be able to buy some of that fiber.

Mr. Scott stated that Route 52 is a new route and currently there is a single provider and this will add a new provider. It will open up new economic opportunities and other businesses will have access. Representative Keeley stated that Route 52 is predominantly residential.

Chairman Levin stated that BOA has received letters of support from the University of Delaware who can avail themselves, Christian Care and DTI. He states that this will make Delaware more competitive because it will have dark fiber. Chairman Levin stated that once the line gets to Christiana, there will be hospitals and banks that can utilize it. Mr. Scott stated that it is BOA's plan to use twelve strands to put on electronics so they can run forty functions. He also stated that BOA's strands will come back to a carrier hotel in Philadelphia. Mr. Scott stated that a massive amount of electronics is needed and that Delmarva Power will be building another substation.

Mrs. Keeley stated that she is concerned about the funds being held up for a period of time when they could be available to other companies.

Secretary Bhatt asked what other incentives were being offered by other states. Mr. Scott stated that BOA is presenting the same deal to the other states. He added that they aren't sure at this time – Delaware could be out bid. Mr. Ratchford asked how long it would take for BOA to make a decision if this Committee made a commitment today. Mr. Bracco stated that BOA is pretty far down the path on knowing its designation and what the requirements are, and they just need to make a decision as to when we want to start the project. He stated that he can't give a date but he would suspect that within a couple

of months there should be a decision. Mr. Ratchford stated that he is also concerned with making a commitment like this as it would tie up the money.

Mrs. Johnson stated that \$7,000,000 in the Sources and Use of Funds section attached to the application submitted by BOA, is the cost of the dark fiber and she questioned if the cost of construction was bundled together with the leasing costs. She asked if these lines would be owned by ZAO.

Mrs. Johnson asked if BOA got a bid for the cost of materials. Mr. Scott stated that they got a cost for what it would cost to make this Project happen. Senator Venables stated that he believes in the long range, even if a lease ran for twenty-five years, he thinks it is a good investment.

Chairman Levin stated that Delaware is a State that has strongly supported financial services and have received many jobs through those efforts and it does make a difference in Delaware. He stated that he is aware there are two phases. He is aware that the Delaware Strategic Fund offer is based on capital expenditures and jobs created and believes that this Project is a huge investment on both sides. He did remind the Committee that if BOA doesn't meet the employment number, it does not get the money. Chairman Levin stated that he believes that having this dark fiber access makes a big difference in Delaware's marketability.

It was suggested that the approval could be conditioned on BOA acting within six months or the money would be reappropriated.

Secretary Bhatt asked what was Delaware getting for the \$7,000,000. It was stated that there would be a ten year lease plus the construction benefits.

Chairman Levin asked what it would cost if this dark fiber line was run up Route 96. Mr. Scott stated he wasn't sure of the number but it would be less.

Mr. Ratchford suggested giving Chairman Levin the discretion to negotiate the terms. Chairman Levin stated that we want to create more fiber opportunities for the State. He stated that the request is for a limit of \$10,000,000 to pay for dark fiber and the offer expires March 15, 2013.

Representative Keeley stated that she would like to see the difference between the fiber being run through Route 95 versus through Route 52. It was stated that by using Route 95, there would be multiple providers; through Route 52, there would be just a single provider. It was also stated that a Delmarva substation would build on BOA property and operating it which would be used for future development in that area.

It was felt that the Committee needs a dollar amount and a timeframe for which the Project will happen and upon a claw back on the jobs to be created.

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Chairman Levin suggested a commitment by March 31, 2013 that the Project would be in the ground and up and running within thirteen months.

Secretary Bhatt made a motion to authorize Chairman Levin to negotiate terms with representatives of BOA for an amount up to \$7,000,000 for the funding of its infrastructure request, including clarification on the job number, on Phase I and Phase II and a commitment being received by March 31, 2013. Then, in sixty days, Chairman Levin will submit these terms to the Infrastructure Investment Committee at which time the Committee will then make a formal motion. Representative Keeley seconded the motion which was then duly approved by unanimous vote.

ADJOURNMENT: The meeting was adjourned at 3:25 P.M.

Sincerely submitted,

Lee K. Porter

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