

**COUNCIL ON DEVELOPMENT FINANCE**

**October 28, 2013**

**PUBLIC HEARING 399**

**THOSE PRESENT:**

Mr. Andy Lubin, Chairperson  
Mr. Cleon Cauley  
Mr. Jack Riddle  
Mr. Richard Rowland  
Representative Darryl Scott  
Mr. Fred Sears  
Mrs. Richelle Vible

Director Alan Levin  
Mrs. Rachael Mears  
Mrs. Cassie Porter  
Mr. Jimmy Pennewell  
Mrs. Lee Porter  
Larry Lewis, DAG  
Ms. Jodie Green  
Mrs. Bernice Whaley  
Mr. Tim McLaughlin  
Mrs. Barb DeHaven  
Mr. Ken Anderson  
Mrs. Melody Booker-Wilkins  
Ms. Patty Cannon  
Mr. Dave Archer  
Mr. Peter Bothum  
Mrs. Sally Wojcieszyn

**ALSO PRESENT:** **Mountaire Farms of Delaware, Inc.** – Mr. John Wren; **YWCA Delaware, Inc.** – Ms. Stephanie Staats-Lonie and Ms. Deborah L. Bromiley; **Amplified Geochemical Imaging, LLC** – Mr. Ray Fenstermacher; Mr. Adam Damin, OMB; Ms. Courtney Stewart, Controller Generals Office; Mr. Brian Maxwell, Office of Management and Budget; and Ms. Melinda McGuigan, (EDIS)

**LOCATION:** Haslet Armory, 122 William Penn Street, Dover, Delaware 19901

**TIME:** 9:00 A.M.

**CALL TO ORDER:**

The meeting was called to order at 9:00 A.M. by Chairman Lubin, on Monday, October 28, 2013.

**OLD BUSINESS:**

Mr. Rowland made a motion that the minutes of the July 22, 2013 and the September 23, 2013 Council on Development Finance meetings be approved as presented. Mr. Sears seconded the motion which was then adopted by unanimous vote.

There was not a quorum present at the September 23, 2013 Council on Development Finance (the "Council") meeting; therefore the Council could not act upon the requests. However, the Applicants gave their presentations. Chairman Lubin stated that formal action for these projects would be taken at the Council's next scheduled meeting on October 28, 2013. Therefore, the below action was taken on the projects previously presented at the September 23, 2013 meeting.

**Grayling Industries, Inc. and New ILC Dover, Inc. ("ILC" or the "Applicant"):** At the September 23, 2013 Council meeting, the Applicant presented its request for date modifications to its previously approved Delaware Strategic Fund grant that will be used to create 115 positions and relocate its manufacturing facility to Seaford, Delaware (the "Project"). Due to a lack of quorum at that meeting, the Council had decided to take action on this request at the October 28, 2013 Council meeting.

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

**Motion Made By: Mr. Rowland**  
**Seconded By: Mr. Riddle**

**TO: Modify ILC's grant documents for its previously approved Delaware Strategic Fund Grant to reflect an extension of the draw request dates from June 2013 and June 2014 to December 31, 2013 and December 31, 2014, and to increase the number of draw requests from the current two draws to five annual draws.**

**Approved by Vote of 7 to 0.**

**Uzin Utz AG ("Uzin Utz" or the "Applicant"):** At the September 23, 2013 Council meeting, the Applicant, presented its request for a Delaware Strategic Fund Performance grant in an amount not to exceed \$153,619 and a Delaware Strategic Fund Capital Expenditure matching grant in an amount not to exceed \$264,750. At that meeting the Applicant stated that it proposes to use the funds to build and outfit a manufacturing facility in Dover, Delaware (the "Project"). Due to a lack of quorum at that meeting, the Council had decided to take action on this request at the October 28, 2013 Council meeting.

Mr. McLaughlin stated that Uzin Utz is currently located in Greensboro, North Carolina. He added that though Uzin Utz does not have a manufacturing site as of yet, it is looking at the Garrison Oak Technology Park.

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

**Motion Made By: Mr. Rowland**  
**Seconded By: Mr. Riddle**

**TO: Recommend a Delaware Strategic Fund Performance grant in an amount not to exceed One Hundred Fifty-Three Thousand Six Hundred Nineteen Dollars (\$153,619) and a Delaware Strategic Fund Capital Expenditure grant in an amount not to exceed Two Hundred Sixty-Four Thousand Seven Hundred Fifty Dollars (\$264,750) with such proceeds being used for the creation of nineteen (19) new jobs and to finance construction, equipment and working capital costs associated with its planned Delaware facility.**

**Approved by Vote of 7 to 0.**

**B. F. Rich Co., Inc.** - It was stated that it was felt that B. F. Rich would not be resubmitting any request.

**Max Renovations, LLC (“Max Renovations” or the “Applicant”):** At the September 23, 2013 Council meeting, the Applicant presented its request for a Delaware Strategic Fund Brownfield Assistance grant in an amount up to \$11,053.20. At that meeting the Applicant stated that the funds would be used to reimburse the Applicant for remediation of the Certified Brownfield site located at 2110 Northeast Boulevard, Wilmington, DE (the “Project”). Due to a lack of quorum at that meeting, the Council had decided to take action on this request at the October 28, 2013 Council meeting.

Mrs. Mears stated that the remediation is complete. She added that the site will now be used for a Day Care facility. She also stated that all requirements have been met.

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

**Motion Made By: Mr. Riddle**  
**Seconded By: Mr. Rowland**

**TO: Recommend a Brownfields Assistance grant in an amount not to exceed Eleven Thousand Fifty-Three Dollars Twenty Cents (\$11,053.20) for the remediation of the Certified Brownfield site located at 2110 Northeast Boulevard, Wilmington, Delaware with such proceeds being used for the relocation and expansion of its operations to Newark, Delaware.**

**Approved by Vote of 7 to 0.**

**CD Diagnostics, Inc. (“CD” or the “Applicant”):** At the September 23, 2013 Council meeting, CD stated that it had been approved for a \$500,000 Delaware Strategic Fund

grant in March of 2012. The Applicant also stated that the proceeds are to be used to relocate its patented joint fluid analysis company from the Lankenau Medical Campus in Pennsylvania to Naamans Road in Wilmington. At the September 23, 2013 meeting, the Applicant requested a modification to its previously approved Delaware Strategic Fund grant that will be used to relocate its facility to New Castle County, Delaware by December 31, 2013 (the "Project"). Specifically, CD is requesting a draw date modification to extend its second draw date from March 31, 2013 to on or before March 31, 2014 for the creation of 29 positions. Due to a lack of quorum at that meeting, the Council had decided to take action on this request at the October 28, 2013 Council meeting.

Ms. Cannon explained that CD has reached its benchmarks but has encountered some delays. She added that one of the main issues was that the consultant had a medical emergency and had to be taken out of the main loop of the project. Ms. Cannon stated that this project is a great opportunity for Delaware. CD is requesting an extension on its second draw date to allow for the unforeseen delays.

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

**Motion Made By: Mr. Rowland**  
**Seconded By: Mr. Riddle**

**TO: Modify CD Diagnostics, Inc.'s grant documents for its previously approved Delaware Strategic Fund Grant to reflect a draw date modification to extend its second draw date from March 31, 2013 to on or before March 31, 2014 for the creation of 29 positions.**

**Approved by Vote of 7 to 0.**

**NEW BUSINESS:**

**Mountaire Farms of Delaware, Inc. ("Mountaire" or the "Applicant"):** The Applicant is requesting a Delaware Strategic Fund Performance grant in an amount not to exceed \$87,759 and a Delaware Strategic Fund Capital Expenditure grant in an amount not to exceed \$129,000. The Applicant proposes to use the funds to expand its processing plant located in Millsboro, Delaware (the "Project").

Mrs. Booker-Wilkins presented this request to the Council. She introduced Mr. John Wren, Director of Engineering and Environmental Services for the Millsboro, Delaware facility. He stated that this planned expansion to the Millsboro facility will require one additional tractor and six trailers. Mountaire will be expanding by 100,000 birds per week and increasing the size of the building by 4,200 square feet. The larger building will allow Mountaire to include the bagging process. This expansion will allow Mountaire to hire an additional 49 new full-time employees which will bring the

employee count to 1,713 full-time employees. This new process will also allow Mountaire to process 371 birds a minute compared to the current 350 birds a minute.

Mr. Riddle asked if Mountaire had houses in place to grow the birds. Mr. Wren stated that Mountaire is acquiring more growers. Therefore, this Project will not only help Mountaire, but it will provide some work for farmers.

Mr. Sears asked if the market was that strong or if Mountaire was touching a different area. Mr. Wren stated the market is remaining strong here and nationally but also feels that with the quality of what Mountaire produces, the need is greater. Mr. Sears asked if Mountaire was going to expand its distribution network. Mr. Wren stated that it would be the same network.

Director Levin asked if Mountaire would still be shipping eggs from North Carolina. Mr. Wren stated that some of the egg production will be done here. He stated that Mountaire was in the process of finishing an expansion at its hatchery which will help the hatchery process. Director Levin stated that DEDO had assisted with that project a year ago.

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

**Motion Made By: Representative Scott**  
**Seconded By: Mr. Riddle**

**TO:** Recommend a Performance grant in an amount not to exceed Eighty-Seven Thousand Seven Hundred Fifty-Nine Dollars (\$87,759) for the creation of forty-nine (49) new jobs and a Capital Expenditures grant in an amount not to exceed One Hundred Twenty-Nine Thousand Dollars (\$129,000), with such proceeds being used for the expansion of its processing plant located in Millsboro, Delaware.

**Approved by Vote of 7 to 0.**

**YWCA Delaware, Inc. (“YWCA” or the “Applicant”):** The Applicant is requesting a Delaware Strategic Fund grant in an amount not to exceed \$25,000 to support the startup and growth of micro businesses through the YWCA Center for Women’s Entrepreneurship. The grant will support the organization in providing technical assistance, training and counseling to individuals who wish to start or expand a business (the “Project”). The services will be performed throughout the State of Delaware.

Mr. Anderson presented this request to the Council. He stated that the YWCA is requesting this grant to be used to support the startup and growth of minority and women owned businesses. He added that three of the YWCA’s clients, Acorn Books, Bayard Pharmacy and Hartly Early Learning Center have received assistance through DEDO. He stated that if the grant is approved, an annual memorandum of understanding

outlining the scope of services and performance metrics outlined will be in place. Mr. Anderson stated that it is anticipated that the YWCA will be eligible for two annual draws on or before January 31, 2014 and January 31, 2015.

Ms. Staats stated that she is the Chief Programs Officer and has approximately twenty years of experience helping women owned businesses to start up and flourish. She stated that about half of their services serve New Castle County and the other half is divided about half and half for Kent and Sussex Counties.

Mrs. Vible asked what portion of the YWCA's budget went towards the Center for Women's Entrepreneurship. Ms. Staats stated they had an operating budget of \$400,000 per year out of a \$4,000,000 operating budget.

Director Levin stated that the Start It Up Delaware program and the SBTDC program were very valuable in Delaware but that the YWCA's program at this time is also exceptional. He stated that the YWCA has supported these efforts and has done a great job in fostering these opportunities for startups. He added that while this grant assistance does not promise any job creation, with DEDO's investment in incubators, this Project is consistent with DEDO's mission.

Chairman Lubin asked if there was the possibility of this being a continuing project with DEDO. It was stated that it could be.

Mrs. Vible asked what the other sources of revenue were; are there any fees involved. Ms. Staats stated that they do receive some financial assistance from the Small Business Administration, some corporate funding, some grants in aide and they do charge fees. Mrs. Vible asked about the fees. Ms. Staats stated that the fee base is about eleven percent.

Mr. Riddle asked if the performance metrics were reasonable and if they were maintained in the past. Ms. Staats stated that they review the number of clients served and the outcome of the YWCA's assistance. Mr. Anderson stated that the metrics/projections are reflective to what the SBA has as well.

Mr. Sears asked why someone would come to the YWCA versus the SBA, etc. Ms. Staats stated that the YWCA has built up a great reputation. She stated that women lean towards the YWCA because they know the YWCA has a long history in helping families to achieve their potentials. She added that the YWCA's niche is the "underserved" market which is people who need a lot of work such as working on their business model.

Mr. Anderson stated that there is a challenge to work with pure startups because they have to show a positive outcome. Mr. Sears stated that from his experience he knows that often when you mention to someone that they have to develop a business plan, the person will step back. Ms. Staats stated that they do a little more hand holding than some of the other places.

Mrs. Vible asked where the YWCA got its referrals. Ms. Staats stated that they get them from DEDO, some of their resource partners, the SBA, from a number of banks in the State and by word of mouth.

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

**Motion Made By: Mr. Sears**  
**Seconded By: Mrs. Vible**

**TO:** Recommend a grant in an amount not to exceed Twenty-Five Thousand Dollars (\$25,000) to support the startup and growth of micro businesses through the YWCA Center for Women's Entrepreneurship that will support the organization in providing technical assistance, training, and counseling to individuals who wish to start or expand a business.

**Approved by Vote of 7 to 0.**

**Amplified Geochemical Imaging, LLC ("AGI" or the "Applicant"):** The Applicant is requesting a Delaware Strategic Fund Performance grant in an amount not to exceed \$218,532 and a Delaware Strategic Fund Capital Expenditure grant in an amount not to exceed \$36,940. Funds are being requested to assist in the relocation of the business to New Castle County, Delaware and will be used to help transition the company to a new facility including costs associated with moving equipment, upgrading office space and fitting out lab space (the "Project").

Mrs. DeHaven presented this request to the Council. She stated that DEDO and AGI started talking in the spring because DEDO heard that W.L. Gore was parceling out one of its smaller operations known as Survey Products Group of W.L. Gore & Associates, Inc. ("SPG"). SPG was acquired by Royalty Exploration, LLC, located in Colorado. The company was renamed to Amplified Geochemical Imaging, LLC. AGI is currently located in a W.L. Gore facility in Elkton, Maryland. After looking for a new location, AGI has found a facility in the Pencader Business Park in Newark, Delaware. She stated that AGI will bring twenty-two jobs that are already established and add an additional nine jobs.

Mr. Fenstermacher stated that he has spent the last sixteen years at W.L. Gore and did not see this spin off coming. He stated however, that in hindsight, it does make sense for Gore to do this. He added that this particular operation never really fit in with Gore. He stated that although the part of Gore's product which AGI uses and AGI's product have the same component, AGI provides a service to an industry and that is much different than what Gore does. He stated that Gore is used to making millions of little things used in an application which is very different than what AGI does.

Mrs. DeHaven stated that the headquarters will be in Delaware.

Mr. Fenstermacher stated that the lab, research and marketing sections will all be under one roof. He stated that all of the 22 employees have transitioned into AGI. He stated that one of the employees retired from W.L. Gore on a Friday and started with AGI on a Monday.

Mrs. Vible asked if the current employees were Delaware residents or Maryland residents. Mr. Fenstermacher stated that he believed one third or less of the employees are from Delaware. Mr. Riddle asked about taxes regarding a person living in Maryland but working in Delaware. Mr. Rowland stated that generally Delaware will get the money. He stated that Delaware will receive the revenue on the 22 positions.

Mr. Sears asked if this was a heavily competitive business. Mr. Fenstermacher stated that customers are mostly global. He stated that there are not many people out there doing this operation. He stated that AGI enjoys uniqueness. He added that there are some other people who provide geochemical services but not quite the niche that AGI has carved out for itself. Mr. Fenstermacher stated that this company did create a patent under W.L. Gore's name but it has expired. He added, however, that they have good brand recognition.

Director Levin stated that AGI is a highbred of a startup. Mr. Sears expressed his appreciation to Mr. Fenstermacher for the company locating in Delaware.

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

**Motion Made By: Mr. Rowland**

**Seconded By: Mr. Sears**

**TO:** Recommend a Performance grant in an amount not to exceed Two Hundred Eighteen Thousand Five Hundred Thirty-Two Dollars (\$218,532) for the creation of up to thirty-one (31) new jobs and a Capital Expenditures grant in an amount not to exceed Thirty-Six Thousand Nine Hundred Forty Dollars (\$36,940), with such proceeds being used to relocate the business to New Castle County, Delaware and to help transition the company to a new facility including costs associated with moving equipment, upgrading office space and fitting out lab space.

**Approved by Vote of 7 to 0.**

## **ADJOURNMENT**

The meeting adjourned at 9:40 a.m.

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Respectfully submitted,

Lee Porter, Secretary

*LKP*

cc: Members of the Council on Development Finance  
Director Alan Levin  
Larry Lewis, DAG

The next CDF meeting is scheduled for Monday, November 25, 2013 at 9:00 A.M. at Buena Vista in New Castle, Delaware.