

## ***PLEASE NOTE***

There will **NOT** be a July 28, 2014 Council meeting as stated in the attached minutes.

The **next** scheduled Council meeting will be **August 25, 2014** at 9:00 a.m. at Buena Vista in New Castle, Delaware.

**COUNCIL ON DEVELOPMENT FINANCE**

**June 23, 2014**

**PUBLIC HEARING 404**

**THOSE PRESENT:**

Mr. Andy Lubin, Chairperson  
Senator Nancy Cook  
Tarik Haskins, Esquire  
Mr. Jack Riddle  
Mr. Richard Rowland  
Mr. Fred Sears II  
Representative Bryon Short

Director Alan Levin  
Mrs. Rachael Mears  
Mrs. Cassie Porter  
Mr. Jimmy Pennewell  
Mrs. Lee Porter  
Mrs. Jodie Green  
Lawrence Lewis, DAG  
Mrs. Bernice Whaley  
Mr. Tim McLaughlin  
Mr. Jeff Stone  
Mr. Peter Bothum

**ALSO PRESENT:** **Perdue Foods, LLC** – Mr. Bob Bahr; Ms. Stacey Powell, Santora CPA Group, Mr. Adam Damin, OMB; and Ms. Courtney Stewart, Controller Generals Office

**LOCATION:** Buena Vista, 661 South DuPont Highway, New Castle, Delaware 19720

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

**CALL TO ORDER:**

The meeting was called to order at 9:00 A.M. by Chairman Lubin, on Monday, June 23, 2014.

**OLD BUSINESS:**

Mr. Sears made a motion that the minutes of the May 19, 2014, Council on Development Finance meeting be approved as presented. Mr. Rowland seconded the motion which was then adopted by unanimous vote.

**NEW BUSINESS:**

**Perdue Foods, LLC (“Perdue Foods” or the “Applicant”):** The Applicant is requesting a Performance grant in an amount not to exceed \$700,000 and a Capital

Expenditure grant in an amount not to exceed \$600,000 from the Delaware Strategic Fund. The Applicant proposes to use the funds for the expansion of its facility in Milford, Delaware (the "Project").

Mr. Stone presented this request to the Council. He stated that this is a very exciting project that DEDO has been involved with over the last several months. He stated that Perdue is expanding its Milford facility to accommodate the addition of an organic operation. He added that this will be the first plant processing organically raised poultry in Delaware.

Mr. Stone stated that there are currently 983 employees in Milford. He added that Perdue expects to employ an additional 350 employees as the result of this expansion which is scheduled to be completed by September 2014.

Mr. Bahr stated that Perdue is also very excited about this Project. He stated that in 2011, Perdue had purchased Coleman Natural, a grower and processor of premium natural and organic poultry, located in Fredericksburg, Pennsylvania. He explained that the facility is about eighty years old and the business was actually outgrowing the facility. Mr. Bahr stated that Perdue had recently put a lot of money into its Milford facility. He stated that Perdue wanted to get a return on its investment and decided to move the Pennsylvania operation to Milford. He added that Perdue's long term plans include expanding in Delaware. He stated that all of the processing that was done in Pennsylvania is now being done in Milford.

It was asked if many of the employees relocated to Delaware. Mr. Bahr stated that approximately twelve people moved to Delaware. He added that family ties kept most of the employees in Pennsylvania.

Mr. Riddle asked if the organic production would be a separate line in Milford or if the entire Milford plant was going organic. Mr. Bahr stated that organic lines cannot run at the same time as regular lines so the first shift would be organic and the second shift would be regular. He stated that it was the original intent to have about fifty percent of the Pennsylvania's operation down here but now Milford is fully operational on one shift and by March 2015, the Milford operation will be one hundred percent organic. The remaining "regular" operations will be sourced out to other Perdue plants.

It was asked if a poultry farmer on Delmarva could grow organic chickens. Mr. Bahr stated that it takes three years to grow feed for the organic chickens. This is because it takes three years for the land to be suitable to produce organic feed. He added that most farmers are not willing to give up production for three years to grow feed if they want all natural feed. Director Levin stated that when this opportunity came to DEDO, it was realized that the food for these chickens was coming into the Port of Wilmington from

Turkey. He stated that Perdue was looking at the two facilities, the Pennsylvania location and the Milford location, and DEDO was able to convince Perdue that Milford was a great facility and would be most suited for the expansion.

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

**Motion Made By: Mr. Rowland**

**Seconded By: Mr. Sears**

**MOTION:** After duly considering, inter alia, the nature of the business, its competitive situation in Delaware, its location, the employment and other requirements under applicable statutory and regulatory provisions, the Council made the following findings: (i) the Project will contribute to maintaining or providing gainful employment of the citizens of the State, (ii) the Project will serve a public purpose by contributing to the prosperity, health or general welfare of the State; (iii) the Project will require a capital investment of at least \$10,000, which funds, including the grant proceeds, will be available or expended on the date on which The Delaware Economic Development Authority disburses the requested grant funds; (iv) the grant will effectuate the purposes of Chapter 50, Subchapter IV of Title 29 of the *Delaware Code*, and (v) the Applicant is a financially responsible person to the extent required by statute and has not been convicted of a major labor law violation or other illegal conduct involving moral turpitude by any agency or court of the federal government or agency or court of any state in the two-year period immediately prior to the approval of the Applicant's application for assistance, the Council shall recommend to Mr. Alan B. Levin, Chairperson, The Delaware Economic Development Authority, approval of a capital expenditures grant in an amount not to exceed Six Hundred Thousand Dollars (\$600,000) and approval of a performance grant in an amount not to exceed Seven Hundred Thousand Dollars (\$700,000), to be disbursed from the Delaware Strategic Fund for the Project, contingent upon the approval remaining in effect through and including June 23, 2015.

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

Secretary Levin introduced and welcomed Tarik Haskins, Esquire and Representative Bryon Short as new members of the Council on Development Finance. Mr. Haskins, a corporate attorney, is a Partner in the law firm of Morris, Nichols, Arshat & Tunnell, LLP. Representative Short is a member of the Delaware House of Representatives representing District 7. He is also Vice Chairman of the Revenue and Finance Committee.

**Executive Session** – Mr. Rowland made a motion that the Council go into executive session pursuant to 29 Del. C. §10004(b) to conduct a strategy session for the purpose of obtaining legal advice or opinion from an attorney-at-law, with respect to pending or potential litigation related to collection issues, which if conducted in an open meeting, would have an adverse effect on the bargaining or litigation position of the Authority, and to discuss draft financial statements, which do not constitute public records within the meaning of 29 *Del. C.*, § 10002(1). The motion was seconded by Mr. Sears which was then adopted by unanimous vote.

Mr. Riddle made a motion that the Council go out of executive session. The motion was seconded by Mr. Sears which was then adopted by unanimous vote.

**ADJOURNMENT**

The meeting adjourned at 10:00 a.m.

Respectfully submitted,

Lee Porter, Secretary

*LKP*

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

The next CDF meeting is scheduled for Monday, July 28, 2014 at 9:00 A.M. at Buena Vista.