

COUNCIL ON DEVELOPMENT FINANCE

October 27, 2014

PUBLIC HEARING 407

THOSE PRESENT:

Mr. Andy Lubin, Chairperson
Senator Brian Bushweller
Senator Nancy Cook
Tarik Haskins, Esquire
Mr. Jack Riddle
Mr. Richard Rowland
Mr. Fred Sears
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. David Archer
Mrs. Diane Laird
Ms. Patty Cannon
Mr. Peter Bothum

ALSO PRESENT: **PhysiHome** – Mr. Ram Shalev; **WDBID Management Company Inc. (Downtown Visions)** – Mr. Martin P. Hageman, Mr. Michael Maggitti, Ms. Peggy Strine, Mr. Eric Jockla and Ms. Lashawn Maxwell; **Delaware Military Academy Inc.** – Ms. Karen Jardine, Mr. Anthony Purocca, Mr. Kenneth Gatson, Mr. Don Fulton, Mr. Ed Capodanno, and Silvia Shin, Esquire with Saul Ewing; **Weitron, Inc.** – Mr. Colin Dayton and Mrs. Deb Dayton; **Kuraray America, Inc.** – Mr. Rutger Puts, Mr. Naoya Uehara, Mr. Akihisa Fujita and Mr. Bart MacKay; Mr. Brian Maxwell and Ms. Lindsay Lewis, OMB; Ms. Courtney Stewart, Office of the Controller General; Ms. Cheryl Heiks, Crozer & O'Connor and Ms. Melinda McGuigan, EDIS

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

TIME: 10:30 A.M.

CALL TO ORDER:

The meeting was called to order at 10:30 A.M. by Chairman Lubin, on Monday, October 27, 2014.

OLD BUSINESS:

Mr. Rowland made a motion that the minutes of the September 22, 2014, Council on Development Finance meeting be approved as presented. Mr. Riddle seconded the motion which was then adopted by unanimous vote.

NEW BUSINESS:

PhysiHome – Director Levin introduced Mr. Ram Shalev, CEO and founder of PhysiHome. He stated that this will be the first international company coming to Delaware from Israel. He stated that the request will be presented to the Council at the November Council on Development Finance meeting. Director Levin stated that the reason Mr. Shalev is before the Council today is because Mr. Shalev will be in Israel in November and will be attending the Council meeting via tele conference.

Director Levin stated that this project came to fruition as a result of Governor Markell and Director Levin's trip to Israel approximately 18 months ago.

Mr. Shalev stated that PhysiHome is about "automated movement assessment". He stated that by using a sensor and through a web based router, PhysiHome can record data and provide a detailed analysis of the movement of various parts of the body. He stated that they had researched various sites on the east coast and chose Delaware.

Mr. Shalev stated that the technology involves fully automated 3D video real-time assessments and they have the ability to analyze motion, frame by frame, and actually derive conclusions. He stated that this technology is a very affordable service for young doctors which will allow them to assess their patients.

Director Levin asked about PhysiHome's success record. Mr. Shalev stated that they are working with the most prominent athletic club in Israel. They are also collaborating with sport centers in nearby areas and have had discussions with the University of North Carolina, Georgia Tech and the University of Maryland.

Director Levin stated that it is PhysiHome's intention to locate at the Star Campus in Newark. Mr. Shalev stated that there have been discussions with the landlord.

Mr. Sears asked if there were intentions of working with the local colleges and athletes. Mr. Shalev stated that this technology would allow the doctor to test the patient to see when he/she was ready to go back to work/playing sports. He stated that it was important that patients not be brought back into full use too early but yet important to not waste time in delaying their comeback.

Ms. Cannon stated that connections are already in place for Delaware and Israel.

Director Levin stated that this project will be presented at the November CDF meeting.

WDBID Management Company Inc. (Downtown Visions) (“WDBID” or the “Applicant”) – The Applicant is requesting a Delaware Strategic Fund grant in an amount not to exceed \$368,832. The Applicant proposes to use the funds to expand its safety and patrol services in a targeted section of downtown Wilmington, Delaware (the “Project”).

Representative Short stated that he is abstaining from the discussion and the voting on this Project as he has a conflict of interest because he is a property owner in the area being discussed.

Director Levin stated that he has received two calls regarding this application. He added that DEDO’s mission is not only to attract new businesses but to assist existing businesses. He stated that he has been made aware of the various incidents that have created a difficult situation for employees in this area.

Director Levin stated that it actually came to DEDO’s attention approximately two months ago at a meeting with the State Chamber, several of the area businesses and the City of Wilmington Administration. He stated that after several discussions, it was decided that something had to be done. He added that DEDO’s answer was that they would speak to the Governor and would help work on this problem. He stated that he stressed to the groups that DEDO did not intend to make this a permanent solution – this is a one year deal for DEDO – not twenty years. Director Levin stated that this is an effort to stabilize conditions and an opportunity to give the employees in that area a sense of calm so they can walk the streets without fear.

Mrs. Laird presented this request to the Council. She stated that the \$368,832 Performance grant requested will be used to add eight full-time Safety Ambassadors to its current staff to significantly enhance the existing safety patrols in a targeted section of downtown Wilmington. She stated that several incidents have caused significant concerns in the safety and security of the Delaware Avenue corridor which includes the HB DuPont Plaza and adjacent streets where several major corporations currently house over 3,000 employees, as well as an additional 2,850+ employees in smaller companies within the target area. Mrs. Laird stated that retention of these employees, in addition to rebuilding the confidence of major employers within the City of Wilmington, is crucial to the long term viability of the City as a hub of quality employment as well as a safe, beautiful place to live. Mrs. Laird stated that the district of concern encompasses 70 blocks and more than 730 properties.

Mrs. Mears stated that WDBID is very healthy and the revenue structure is very unique. She stated that the change in net assets for the 2014 fiscal year measured \$45,681 which was up 78% from the previous year.

Mr. Hageman stated that Downtown Visions was formed in 1994 and operates as a 501(c)3. He stated that it was established through a State and City ordinance. He added

that the property owners agree to pay for Downtown Visions' services. Mr. Hageman stated that Downtown Visions does not compete with the City for services. He stated that Downtown Visions' services are designed to enhance. He stated that there are 47 full time employees, including 24 ambassadors.

Mr. Hageman stated that over the course of the last year, they have had numerous conversations with numerous employees. He stated that they spoke to Downtown Visions concerning an unwelcoming environment concerning their employees, and that several of the businesses are considering relocating, which would have a dire effect on the State's economy. He stated that he believes that the significant growth in the homeless population, dramatic growth in social assistance providers near the Delaware Avenue corridor have contributed to the current problems. He stated that Wilmington has become the regional hub for city residences, New Castle corridors and surrounding states. Mr. Hageman stated that they have seen an increase in public disorder, pan handling, public intoxication and criminal acts such as the stealing of pocketbooks, etc. He added that a small number of police officers are assigned to this area but that they cannot address the many incidents, and that they cannot sustain that coverage.

Mr. Hageman stated that Downtown Visions is proposing to hire eight additional ambassadors to provide a highly visible presence. He stated that the ambassadors are different than the police. He stated that the ambassadors act as the eyes and ears for the Wilmington Police Department and act as a deterrent. Mr. Hageman stated that each officer goes through a two week training academy comprised of the City of Wilmington Police, the FBI and Homeland Defense. Mr. Hageman stated that then the ambassadors go through two weeks of field training with a senior ambassador. Mr. Hageman stated that Downtown Visions hosts monthly, joint staff meetings. Mr. Hageman stated that to ensure accountability, Downtown Visions has installed metrics, one of which is a 25 percent increase in business contacts. He added that Downtown Visions works had in hand with the City of Wilmington Police Department.

Mr. Gessner with Capital One, stated that Capital One has over 2,400 full time employees and contractors. He added that Capital One hosts events each month. He stated that there are always two main concerns - public safety and the perception of downtown Wilmington. He stated that it is a very unsafe place. Mr. Gessner stated that Capital One has had two senior female associates accosted by young people riding on bicycles. He added that when they are attempting to move jobs from Virginia or Minnesota, it doesn't help to have a senior associate mugged in broad day light.

Mr. Gessner stated that Downtown Visions is certainly making a difference. He added that since August, there has been far less criminal activity. He stated that with the perception of Wilmington being unsafe, Capital One or no one is going to be able to attract customers. He emphasized that Downtown Visions has done an excellent job.

Mr. Jocklu with Sheraton Suites, stated that they had encountered incidents of pocket books and cell phones being stolen, loiters and people bumming cigarettes. He stated that

there were incidents where people tried to take luggage from people. Mr. Jocklu stated that Downtown Visions has done a great deal but when they are gone for the day, and the police officers are busier at night at other areas, crime ramps back up – drug deals go on, etc. He stated that once or twice a day, he is getting hit from the social advisor media that this is not a safe area. He added that what is being presented today is a great start but feels that more needs to be done. He stated that they don't see much of a police presence at night; that it is sporadic. It was stated that they do have people assigned there who work until 11:00 p.m. Mr. Jocklu believes that additional staff will make a big difference.

Mr. Rowland asked how these efforts would be funded after year one. Mr. Hageman stated that they don't have a plan moving forward but they know that they can't assume that the businesses can do it. He stated that a plan has been discussed with Peggy Strine and future discussions are in place.

Director Levin stated that Governor Markell had the same concern – how is it sustainable. It is anticipated that after six months, crime will have been reduced and the number of ambassadors needed can decrease and further that businesses will see the effectiveness and give more support to the organization for their own benefit.

Director Levin stated that this plan was developed with the involvement of many organizations such as Downtown Visions, Home Land Security, the City of Wilmington Police and others. It was stated that the Chief of Police supports these efforts but that he is not in the position to allocate more resources. It was stated that the City of Wilmington is providing Downtown Visions a contingency of police officers that are more visible during the day.

Mr. Riddle questioned the current revenue stream; specifically, how it was funded. He asked how Downtown Visions determined the amount someone was to pay. Ms. Maxwell stated that it is based on business' taxes. She added that there were very few that do not pay. If they don't pay, a notice of lien is placed on the specific property. She stated that there is verbiage proposed to say that if the business did not pay, it could not get a business license. Ms. Maxwell stated that they are currently working with legal counsel on this issue. Ms. Maxwell added that the assessment base is derived from every business owner which is based on New Castle County assessment. She stated that residences and churches are excluded. It was asked if the City put in any money; the answer was no it did not.

Senator Bushweller stated that he supported these efforts but that from a broader perspective, he was concerned that funds were being used for activities that were usually supported by other parts of government. He added that he urges a broader look on how these types of problems can be dealt with as he realizes they are a major concern and it would help to understand the reason for the underlying problem.

Mr. Lubin asked Mr. Lawrence, the Authority's legal counsel, about the legality of this type of project using funds from the Delaware Strategic Fund. Mr. Lawrence stated that

he had reviewed the Application and the Project and found that there is a jobs element and that it is his determination that the required criteria have been met.

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

Motion Made By: Senator Cook

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 performance grant in an amount not to exceed Three Hundred Sixty-Eight Thousand Eight Hundred Thirty-Two Dollars (\$368,832.00), to be disbursed from the Delaware Strategic Fund for the Project, contingent upon the approval remaining in effect through and including October 26, 2015.

Approved by Vote of 7 to 0; with one abstention from Representative Short who abstaining from the discussion and the voting on this Project as he has a conflict of interest because he is a property owner in the area being discussed.

Delaware Military Academy Inc., a Delaware non-stock corporation ("DMA" or the "Applicant") - The Applicant is requesting that The Delaware Economic Development Authority ("DEDA") act as a conduit issuer of tax-exempt bonds in an amount not to exceed \$18,000,000. The proceeds of the revenue bonds (the "Series 2014 Bonds") will be applied to make a loan to the Applicant for one or more of the following purposes: (i) financing all or a portion of the costs of the construction of the Capital Project (as defined herein); (ii) funding of capitalized interest during construction; (iii) refunding of certain indebtedness of the Applicant, proceeds of which were used, among other things, to finance and/or refinance a portion of the costs of acquiring, constructing, improving,

operating and equipping the Applicant's current facility located at 112 Middleboro Road in Wilmington, Delaware; (iv) funding a swap termination payment; (v) funding a debt service reserve fund deposit; and (vi) financing various costs incidental to the financing, including costs of issuance (collectively, the "Project"). The Applicant will use a portion of the proceeds of the Series 2014 Bonds to finance: (i) the acquisition of approximately 5.97 acres of land located at 118 Middleboro Road in Wilmington, Delaware, which is adjacent to its current facility; (ii) the remediation of lands located at 114, 116 and 118 Middleboro Road in Wilmington, Delaware; (iii) certain renovations and improvements to the Applicant's current facility; (iv) the planning, design, development and engineering of additional development of all such properties; and (v) construction of additional parking on any of the properties described in clause (ii) (collectively, the "Capital Project"). The Project will be owned by the Applicant and operated as a charter school (the "Project").

Mr. Archer presented this request to the Council. He described the Applicant's request as stated above. He added that DMA received its charter from Red Clay on May 15, 2002 and opened in September 2003. He stated that the school is in a two building campus totaling 46,484 square feet. He added that there are 24 classrooms, an armory, mess hall, mini auditorium, drill hall and a galley. He stated that originally DMA served grades 9 and 10 and enrolled 306 students. Mr. Archer stated the school now serves grades 9 through 12 and serves at its maximum capacity of 560 students.

Mr. Pennewell stated that DMA does have a positive position of liquidity, the current assets are improved and the current liability has decreased. Mr. Pennewell stated that his findings show that the school is sustainable and that it has demonstrated its ability to cover debt service. Mr. Pennewell stated that in the 2014 financials it shows where there were findings from the 2013 financials that have been remedied and are no longer applicable.

Ms. Shin, Bond Counsel, stated that currently the school is looking to issue a taxable series and a tax-exempt series. She stated that there will be \$2,000,000 of new money. She stated that \$1,000,000 will be used to fund a swap termination payment. She stated that the security is the mortgage on the current facility and the new facility.

Mr. Riddle asked for clarification on the \$18,000,000 Project costs. Ms. Shin stated that \$18,000,000 was originally put in the application in order to include all possible costs. She stated that it is easier to request a maximum and then use less than requested to avoid having to come back before the Council and redoing the TEFRA requirements, etc. for a higher amount. She explained that the more realistic approximate numbers were \$11,000,000 for refunding, \$890,000 for capital costs, \$1,500,000 for the debt reserve fund, \$1,750,000 for the swap termination and cost of issuance costs. These figures would bring the issuance number closer to \$15,140,000. Mr. Riddle stated that he was more comfortable with these figures.

Mr. Sears asked when DMA would have a more accurate number on the amounts and on the use of funds. Ms. Shin stated that the Board is 100 percent committed to buying the 118 acres. She added, however, that the current owner of the new property has not

completed its evaluation. She stated the appraisal was started early in September but has not been completed yet. She stated that the Board has committed to purchase that facility; however, if it does not acquire that property, there is already land in place to extend the building. She stated that DMA could build on the existing land but that would not allow DMA to fully accomplish what it wants to do. Mr. Sears asked if there was a sales contract. Mr. Gatson stated that DMA just had a letter of intent.

Mr. Lubin asked if DMA was relying on an increase in students to meet the debt service. Mr. Fulton stated that that was not the case. As DMA increases its enrollment, it will earn additional units, thus having the ability to hire new teachers and staff. Mr. Lubin asked if DMA had used the existing nine earned positions. Mr. Fulton had stated that they had not.

Mrs. Mears stated that if the nature of the Project changes, DMA would be obligated to come back before the Council to inform them of the changes.

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 finding: financing the Project will meet a need for assistance in financing the facilities and activities of the Applicant, as an exempt person within the meaning of 29 Del. C. §5052(8), in order to contribute to the prosperity, health and general welfare of the citizens of Delaware; and further that the Council shall recommend to Mr. Alan B. Levin, Chairperson of The Delaware Economic Development Authority, approval of an amount not to exceed Eighteen Million Dollars (\$18,000,000.00), of revenue bonds, not guaranteed by the State, to be used for the Project; and that such approval will remain in effect through and including October 26, 2015.

Approved by Vote of 8 to 0.

Weitron, Inc. (“Weitron” or the “Applicant”) – The Applicant is requesting a Delaware Strategic Fund performance grant in an amount not to exceed \$150,144 and a Strategic Fund capital expenditure grant not to exceed \$116,340. The Applicant proposes to use the funds to help off-set costs associated with relocating and creating new employment opportunities in Newark, Delaware (the “Project”).

Mr. Archer presented this request to the Council. He stated that Weitron has made a significant investment in Delaware.

Mrs. Porter stated that Weitron is a strong, profitable company and has the ability to generate revenues. She added that Weitron has the ability to repay debt immediately as well as future debt.

Mrs. Dayton stated that Weitron purchased the building three months ago and that they love working in the state of Delaware. She stated that the people that she has dealt with were very helpful and that they have received good assistance regarding environmental issues, and everyone has been very receptive to their move. She added that they are excited to be so close to the University of Delaware; their son is a student there. Mrs. Dayton stated that she wants to work with some U of D students offering internships which hopefully would turn into long term positions. She stated that Weitron has already had some employees relocated to the Middletown area. She stated that they feel this is a very positive move for them and that the beautiful corporate center will enhance their reputation in the industry.

Mr. Riddle asked how they paid for the building. Mrs. Dayton stated that they had paid cash for it ninety days ago. She also stated that they have no debt.

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

Motion Made By: Mr. Sears
Seconded By: Mr. Riddle

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 performance grant in an amount not to exceed One Hundred Fifty Thousand One Hundred Forty-Four Dollars (\$150,144.00) and a capital

expenditures grant in an amount not to exceed One Hundred Sixteen Thousand Three Hundred Forty Dollars (\$116,340.00), to be disbursed from the Delaware Strategic Fund for the Project, contingent upon the approval remaining in effect through and including October 26, 2015.

Approved by Vote of 8 to 0.

Kuraray America, Inc. (“Kuraray” or the “Applicant”) – The Applicant is requesting a Delaware Strategic Fund performance grant in an amount not to exceed \$307,506 and a Strategic Fund capital expenditures grant in an amount not to exceed \$22,522. The Applicant proposes to use the funds to retain existing employees and create new employment opportunities and to help off-set costs associated with relocating to a new site in Wilmington, Delaware (the “Project”).

Mr. McLaughlin presented this request to the Council. He stated that the capital expenditures grant will be based on three percent of qualified capital expenditures up to and including \$750,758 not to exceed to exceed \$22,522. He stated that Kuraray is a diversified manufacturer of synthetic fibers, polymers and chemicals, man-made leathers, synthetic rubbers and medical products.

Mr. McLaughlin stated that Kuraray reported net annual sales in excess of \$4 billion for its fiscal year 2014 (ending March 31, 2014), and employs 7,550 worldwide. He added that Kuraray has production and sales facilities in 28 countries with 55% of its net sales originating from outside of Japan. He stated that Kuraray continues to invest heavily for growth by spending 4.1 percent of its revenue on research and development and 14.4 percent of revenue on capital expenditures in FY 2014.

Mr. Pennewell stated that the company will be incorporating its own audited financials. He stated that liquidity is slightly above average and is not highly leveraged. He added that the company shows expenses higher than industry average. Mr. Pennewell stated that he believes that as long as the company can manage its expenses better than its peers, it will be able to do well.

Mr. Puts gave an example of one of the products as the glue that holds your windshield together; keeping you in the car and any projectiles out of the car. Kuraray also makes dishwasher packets.

Mr. Uehara stated that as a global business, they manage businesses all over the world. He stated that Kuraray bought this business as a strategic effort and it is growing. He added that Kuraray has a long term, signed lease for the former Rollins building in Wilmington, Delaware. He stated that Kuraray will continue to invest and grow. He stated that they are very eager to acquire this business and it is important that they own this business to ensure their “number one” presence in the world.

Director Levin stated that DEDO is pleased that Kuraray acquired DuPont Glass Laminating Solutions/Vinyls which will allow both the employees and a company that was a DuPont company, to stay in Delaware.

Mr. Sears asked about the competition. He stated that there were four companies in the business. He stated that since they now have acquired the "DuPont competitor" here in Delaware, there are two remaining. He stated that Kuraray is a very old business and has a lot of internal knowhow. He stated that the other competitors are from Asia. He added that this merger makes Kuraray a lot stronger. He stated that overall, this is a very attractive market; security applications are growing very fast.

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

Motion Made By: Mr. Sears
Seconded By: Mr. Rowland

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 performance grant in an amount not to exceed Three Hundred Seven Thousand Five Hundred Six Dollars (\$307,506.00) and a capital expenditures grant in an amount not to exceed Twenty-Two Thousand Five Hundred Twenty-Two Dollars (\$22,522.00), to be disbursed from the Delaware Strategic Fund for the Project, contingent upon the approval remaining in effect through and including October 26, 2015.

Approved by Vote of 8 to 0.

SBIR/STTR – Regarding the recent questions regarding the SBIR/STTR program, Mrs. Mears passed out information on DEDO’s recent SBIR/STTR approvals identifying ones that had received Phase II approvals and those that had not. She stated that there are eleven federal agencies that provide Phase I and Phase 2 awards to early stage, high risk companies submitted by entrepreneurs.

Mrs. Mears stated that these approvals are “transitional” grants used to help the company get to the Phase 2 award which is used mostly to cover research costs and salaries. DEDO targets the gap between the Phase I and the Phase II awards. She added that these align with the federal success rate. Mrs. Mears added that often when a Phase II is awarded, the concept is sold to a private entity.

ADJOURNMENT

The meeting adjourned at 12:00 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, November 24, 2014 at 9:00 A.M. at the Haslett Building in Dover, Delaware.