

SWED Annual Report: 2006 - 2007

Celebrating 39 Years



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Peter Bozick is Executive Vice-President and Director of the Salisbury operations center for the Architectural and Engineering firm of George, Miles & Buhr



Salisbury-Wicomico Economic Development, Inc.

One Plaza East, Suite 501 P.O. Box 4700 Salisbury, MD 21803

To Our Members:

We are pleased to present this 39th Annual Report of Salisbury-Wicomico Economic Development, Inc. (SWED). While economic conditions, industry sectors, demographics and governments change at an accelerating pace, our underlying mission of enhancing our socio-economic environment through the preservation and creation of productive employment opportunities has withstood the test of time.

We recognize that economic forces can overwhelm even the best of intentions. Despite best efforts, such was the case as JV Wells ceased operations this past year while Brunswick Corporation announced a closing of their Salisbury operation next year.

On a more positive note, we were pleased to assist Machining Technologies and Harvard Custom Manufacturing in their expansion projects. In total, these companies invested millions of dollars in our community and together, anticipate adding more than three hundred (300) new jobs over the next several years.

We welcomed The Siesta Group and The Knowland Group, both "internet-based" technology firms operating in the software development and sales and hospitality industries, respectively to our community this year. In partnership with the Wicomico County Airport Commission, our mutual vision of renovating the former terminal building into a business incubator is now a reality.

Details of these initiatives and others follow in this report. A special thank you goes to our public and private sector partners for their sustained support, our officers and board members for their service this year, and to our excellent staff as they carry out our strategies. It has been a very rewarding opportunity to serve as your President this past year and I look forward to continuing the organization's goals next year as SWED completes four (4) decades of service.

Sincerely.

Peter Bozick, President

Officers and Board of Directors

Debbie Abbott Mercantile Peninsula Bank

John Allen Delmarva Power

John Cannon Wicomico County

Rafael Correa MaTech, Inc.

Eric Crouchley The Peninsula Insurance Co.

Palmer Gillis Gillis-Gilkerson, Inc.

Dawn Harcum Powerwave Technologies

Henry Hanna, III Sperry Van Ness-Miller Comm.

Dennis Hebert Shore Bank

Fred King BB&T

Craig McConnell Hebron Savings Bank

John McDonnell City of Fruitland

George Mengason Dennis Storage / Mayflower Jim Morris Shore Distributors

Greg Olinde Bay National Bank

John Pick City of Salisbury

Bill Rinnier Rinnier Development Corp.

Steve Smethurst Adkins, Potts & Smethurst

Ed Thomas The Bank of Delmarva

Phil Tilghman Salisbury Area Chamber

Ed Townsend M&T Bank

Ed Urban Harvard Custom Manufacturing

Mark Welsh Trice, Geary & Myers

Bob Wheatley The Whayland Company

Tom Wisniewski Avery W. Hall Insurance Co. Pete Bozick **President** George, Miles & Buhr

Monty Sayler Vice-President Bank of America

Scott Aja Secretary McCrone, Inc.

Bob Moore *Treasurer Moore & Company, P.A.*

John Stern Immediate Past President PKS & Company, P.A. Business Retention / Expansion

Business Attraction

Strengthen SWED

Our Strategy

In 1967, Chris-Craft Corporation announced its closing, eliminating hundreds of jobs in Wicomico County. Business and government leaders shortly thereafter created the Salisbury-Wicomico Economic Development Corporation in an effort to mitigate future plant closings while attracting new and diverse industries to our region. This activity reduces reliance on few companies or industries while providing new job opportunities for all citizens. Our focus is threefold:

1) Business Retention/Expansion:

Most businesses derive seventy to eighty percent of revenue from existing customers. As a correlation, most new jobs in any community originate from resident businesses. A strong business base also helps to attract new firms to a growing area.

2) Business Attraction:

New and diverse businesses mitigate adverse effects of economic downturns, reduce reliance on a few firms, increase the taxable base, and add jobs. Ancillary or indirect benefits are as great, if not greater, than direct benefits.

3) Strengthen SWED:

Since its establishment in 1968, SWED has received financial and professional support from public and private sectors. Both sectors demonstrate an interest in economic development and both sectors possess unique resources. A combined publicprivate effort maximizes resources, leverages capital, and broadens expertise.

Highlights of 38 Years

- SWED opens its corporate office and places its first ad in "Industrial Property Guide"
 - Firestone announces plans to build a plastics factory in Northwood Industrial Park
 - Salisbury "oversizes" water & sewer lines in Northwood Industrial Park to allow for future growth
 - Chris Craft closes its Salisbury plant
- 1970-1975 Crown, Cork & Seal expands its plant by 73,000 sq. ft.
 - A 3-phase Industrial Apartment concept is announced to provide "start-up" manufacturing space for new industry
 - K&L Microwave is founded by Richard Bernstein
 - Open Roads Industries purchases the former Chris Craft plant
 - New factories planned for construction include: Burroughs Corp., Georgia Pacific, Central Supply, Shaw Warehousing, & Hoffman LaRoche
 - Manhattan Shirt Co. is sold to Salisbury Manufacturing Co., Inc.
 - Open Roads Industries announces its closing

1975-1980 D&F Shirt and Wootten Welding begin operations

- Seven new companies move into the Industrial Apartment Complex, including Good Electronic Co., Salisbury Special Tool, & Maryland Clarklift, Inc.
- K&L Microwave triples its manufacturing space
- Roadway & AAA Trucking locate terminals in Salisbury
- Condec Corp. acquires the former Chris Craft plant for its ConDiesel division

"Business Week" publishes a feature article "Business Discovers a Tri-State Peninsula", 1973.

Work begins on the establishment of the 150 acre Air Business Center.	Highlights (continued)		
		Duo Sofa, Inc. announces plans to construct a plant in Northwood Mid-Atlantic Printing & Chilton Publishing begin plant construction in Northwood Gregg Shirt Makers expands its Fruitland plant Delmar Sportswear locates in Delmar Richard Bernstein, founder of K&L Microwave, wins Maryland's Small Businessman of the Year award Henson Airlines locates to Wicomico County	
	•	SWED assists in site selection for Salisbury Pewter, Heinemann Electric, & Chesapeake Corporation Chesapeake Shipbuilding purchases Roberts Shipyard & begins constructing the "America" cruise ship Plymouth Tube begins construction on a specialty tubing plant in Northwood Perdue Farms doubles its corporate head- quarters & expands its processing plant Henson Airlines adds ninety new jobs & is recognized as the "Regional Airline of the Year" by Air-Transport World. Viskon-Aire locates in Northwood SWED partners with Wicomico County & the City of Salisbury to obtain Maryland's largest enterprise zone Heinemann triples its manufacturing space Governor Hughes announces a state office building to be built in downtown Salisbury Grumman Aerospace purchases the former Manhattan Shirt factory, projecting 300 new manufacturing jobs IPC Corporation announces the construction of two plants in Northwood Enterprise zone benefits are extended from five years to ten years	

Highlights (continued)

 Standard Register purchases Burroughs Corp-1985-1990 oration's business forms division Mardelva News begins plant construction in Northwood SWED received local & state approval for funds to construct an inventory building K&L Microwave, US Marine, & Coaxitube expand creating 250+ new jobs Federal Express constructs a plant at the new Air Business Center A new terminal building has been approved for funding at the airport Imperial Cup Corp. purchases Wicomico's "inventory" building, creating 50 new jobs Ford Laboratories (Trinity Sterile today) completes construction of its facility on W. Zion Rd. Machining Technologies, Toroid Corporation, & CallCenter Services are welcomed to our area Foot Management opens a facility in Pittsville Tishcon Corp. completes its Northwood plant The Regional State Office Building is under construction in downtown Salisbury SWED proposes a second inventory building US Marine builds its 1000th yacht 1990-1995 MaTech doubles its workforce Northgate Development builds 66,000 sq ft of office/industrial/warehouse space CallCenter Services reaches 200 associates Eaton Corporation, formerly Heinemann Electric, employs 300 Nanticoke Homes purchases the former Con-Diesel plant Wicomico County begins construction of its second inventory building Campbell's Soup closes, eliminating nearly 800 positions Grumman Aerospace announces plans to close, eliminating over 500 jobs

Wicomico County constructs its second "inventory" building; 100,000 sq. ft., 1993. SWED, in conjunction with Wicomico County, UMES, & the EDA establishes a \$1 million revolving loan fund.

Highlights (continued)

 Filtronic Comtek locates in the former terminal building at the airport
 Field Container purchases Wicomico's second "inventory" building
 Royal Quality Foods begins beef processing in the former Campbell's Soup plant
 RelComm Technologies begins operations in Northwood
 Data Services, Inc. & CallCenter Services construct facilities in Winterplace Park
 Lorch Microwave relocates to Salisbury with 15 employees
 Salisbury Technologies (now Harvard Custom Manufacturing) purchases the former Grum- man Aerospace plant, retaining 82 jobs
 MaTech renovates a former sweet potato plant into a state-of-the-art machine shop in Hebron
 The City of Fruitland establishes a 110 acre enterprise zone & begins planning a new industrial park
 Filtronic Comtek moves into its new head- quarters, employing 150+
 Shoreland Freezers, Tishcon, & Trinity Labs commit millions of dollars for new warehouse & manufacturing space
 Piedmont/US Air Express opens its new engine testing facility at the airport
 Rafael Correa, President of MaTech, Inc., wins Maryland's Small Businessman of the Year award
 ClearComm Technologies & Custom Cable Solutions begin operations in Wicomico
 Cape May Foods purchases Nanticoke Foods, retaining 75 jobs
 Tishcon Corp. relocates a division to the former Sears Warehouse building on Brown St.
 ThermoLyte Corp. begins operations in the old terminal building at the airport

Highlights (continued)

1995-2000 SWED along with 8 other Maryland Eastern Shore counties produces a CD-ROM continued highlighting business attributes of the Eastern Shore Interactive Marketing Services. Inc. enters into a lease with Mountaire Farms for a portion of the former Campbell Soup plant Millenium Microwave, LLC begins operations in Fruitland Arcon Welding, LLC begins operations in Northwood Rail service is retained along Mill St. due to a partnership between SWED, City of Salisbury, Norfolk-Southern, MDOT, & rail users 2000-2005 K&L Microwave purchases & renovates the former Eaton facility Lorch Microwave constructs an addition to its existing facility Eastern Wireless TeleComm begins manufacturing microwave filters in Northwood The former Chris Craft plant is sold for the fourth time in 33 years Helvoet Pharma purchases Wheaton Pharma-Tech, retaining 200 jobs Bar None, Inc. purchases the local assets of The Order People, retaining 150 jobs Silverton Marine purchases the former Webcraft plant, creating 175 new jobs SWED creates a "schematic/vision" for the Air Business Center in conjunction with the Airport Commission & several SWED members Cambrex chooses Northwood for a bio-tech manufacturing facility SWED establishes a new \$406,000 revolving loan fund for business development SWED secures \$350,000 in funding (CDBG) for renovation of the former airport terminal building into a business incubator

The Kiplinger Washington Letter mentions that Salisbury is "drawing smaller, hightech businesses" in its February 20, 1998 edition.

Business Expansion	Highlights (c	ontinued)
Partnerships Technology	2000-2005 continued	 SWED assists Silverton Marine in securing the former "Hess" site for a new manufacturing plant expected to employ approximately 200 people Germane Tool, a precision machine shop, relocates to Salisbury from West Chester, PA SWED assists Filter Networks in its site search and other "start-up" issues SWED initiates and promotes a "Technology Partnering Showcase" in conjunction with TEDCO at Salisbury University Through the Maryland Economic Adjustment Fund, SWED capitalizes an additional \$100,000 to the SWED Business Expansion Fund SWED assists Century Seals in the firm's acquisition of Finishing Technologies, Inc. SWED was instrumental in assisting Sklar Instruments in its merger with Trinity Labs, creating Trinity Sterile and retaining 55 jobs SWED assists MaTech, Inc. in its site search, permitting, and expansion into a 150,00 square foot facility in Northwood SWED assists Perdue Farms, Inc. in locating a site for a new corporate hangar, developing lease terms, and assisting throughout the permitting process SWED accepts a lead role in working with developers of the Salisbury Mall property toward a Tax Increment Finance agreement Perdue Farms renovates a manufacturing plant in Northwood into an "Innovation Center," a state-of-the-art research and development facility
		expanding enterprise zones

Highlights (continued)

2005-2007 continued

- SWED assists Harvard Custom Manufacturing with financing from the Southern Eastern Shore Revolving Loan Fund (SES-RLF) to expand its facility and increase jobs
- As requested by the Wicomico County Council, SWED reviewed and presented a request toward the establishment of an Arts and Entertainment District
- SWED assists the Airport Commission in establishing a business incubator in the former terminal building at the airport and in securing funds through the Community Development Block Grant program, the Federal Aviation Administration, and the Maryland Aviation Administration
- SWED assists Ameriscan, a GPS company, in locating to the recently renovated incubator space at the airport, and with permitting and leasing issues as well
- SWED assists the City of Salisbury and Wicomico County in promoting and completing the application to expand the existing enterprise zone to include WestWood Commerce Park
- SWED sponsored and arranged a presentation from the Maryland Industrial Development Financing Authority (MIDFA) to area bankers and loan officers
- The Siesta Group, a sleep software development company, begins operations at the airport
- The Knowland Group, an internet-based "reader board" service targeting the hospitality industry, relocates to Salisbury
- SWED brokers a loan through the Southern Eastern Shore Revolving Loan Fund (SES-RLF) to Navtrak, Inc., a GPS product and service provider for fleet vehicles
- With the help of Wicomico County Public Works, SWED assists Ferguson Enterprises, a plumbing/heating distributor, with their location to WestWood Commerce Park

Salisbury is ranked 55th Hottest City in the US, according to the May 2006 issue of Inc. Magazine.



David Ryan Executive Director

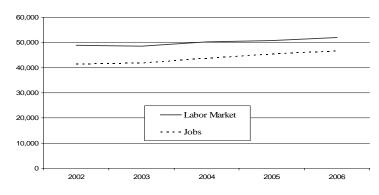
Director's Message

For the past thirty-nine years, our community has experienced a period of great economic diversification. One of our community's greatest strengths, economic diversification mitigates the impact of economic downturns while enhancing opportunities during economic growth cycles. Our organization has played and continues to play a key role in this strategy. We do so by committing to our stated mission of enhancing our socio-economic environment through the preservation and creation of productive employment opportunities and by earning the confidence among our public and private sector partners as well as those businesses and industries which have chosen to make our community their home.

At the same time, and after thirty-nine years of service, we recognize that market conditions can overpower best efforts. We experi-enced this last year as JV Wells ceased operations and Brunswick announced their plant closing for next year. Several mill companies purchased the Wells facility and we will work with all of our partners in marketing the Brunswick plant to a new employer.

As in recent years, job growth this past year exceeded the growth in our labor market, leading to low monthly unemployment rates throughout the year. For the five year period ending in 2006, our average annual job and labor market growth rate were 2.5% and 1.3%, respectively. While good news for those seeking jobs, the tight labor market was challenging for those employers seeking qualified job applicants.

The following chart illustrates this trend.



5 Year Job / Labor Market Growth Rate*

* Source: Md. Dep't. of Labor, Licensing & Regulation

Director's Message (continued)

From an expansion perspective, we were pleased to assist two long-term employers in our community in their growth plans; Machining Technologies (MaTech) and Harvard Custom

Manufacturing (HCM). MaTech completed its purchase and renovation of the former 150,000 s.f. Sealy furniture plant in Northwood Industrial Park while HCM began construction on a 60,000 s.f. addition to its 100,000 s.f. plant.



Combined, both companies invested millions of dollars in plant, property and

MaTech ribbon cutting ceremony.

equipment that will ultimately result in the addition of some three hundred new jobs. SWED was pleased to play a role in recruiting these companies to our area some twenty years ago and just as pleased to play a key role in their respective expansion projects.

Also regarding existing businesses, through Maryland's Partnership for Workforce Quality program, more than \$60,000 was distributed to area employers toward training initiatives.

Recruiting new employers and creating an environment that supports new companies and industries is integral to our long term goals and diversification strategies. In cooperation with the Wicomico County Airport Commission, we completed the renovation of the former terminal building into a small business "incubator", specifically targeting technology-related firms. The Siesta Group, a software development company operating within the sleep industry, began operations in the incubator joining Americanscan (GPS) and the Federal Aviation Administration. Of 9,000 s.f. available, 2,000 s.f. remains available for lease.

We welcomed The Knowland Group this past year as well. This internet-based company began as a "reader-board" service targeting the sales and hospitality industry world-wide. The firm anticipates nearly one hundred new jobs as it further "mines" its significant database. While the company could have located virtually anywhere, Knowland relocated from Washington D.C. to our community in large part due to our past success in assisting "start-up" technology-oriented firms.

Coordinated Efforts

Proactive

Creative

Economic Diversification

Director's Message (continued)

Job Retention

Job Attraction

Internally, and as we have done for the past five years, we completely redesigned our web site. Content within the site itself is updated daily. In addition, we responded to hundreds of requests for information about our community from students, brokers, corporate clients and citizens.

More than one hundred members and guests attended our 2006 Annual Meeting at The Fountains Conference Center. The event





Top: Bill Satterfield, DPI Bottom: Dr. Memo Diriker, BEACON

featured perspectives on the current status and future of our local economy. Bill Satterfield, Executive Director of the Delmarva Poultry Industry highlighted agriculture and poultry; Dr. Memo Diriker, Director of B.E.A.C.O.N. discussed business trends, and your Executive Director provided an overview of industry and development.

From a fiscal perspective, we remained prudent in our expenditures and operated within our budget. For the five years ending August 31, 2007, our budget has increased by 5.5%, or put another way, approximately 1.1% per year.

We cannot predict with certainty the businesses or even the types of businesses that will encompass our landscape in the years to come. We do know change will occur and with change comes opportunity. By committing to our mission of assisting resident industry in their competitiveness, attracting new industry and striving for a diverse economic base, we can capitalize on the many opportunities that lie ahead.

Recent Programs

The Poultry Industry Jim Perdue – Chairman, Perdue Farms, Inc.

Moving Maryland Forward James T. Brady – Secretary, Maryland DBED

The State of the State Governor Paris Glendening – State of Maryland

Looking Ahead: The Wireless Industry Lou Abbagnaro – President, K&L Microwave

Why Jobs Come and Go A.B. (Buzzy) Krongard – Director, BT Alex Brown, Inc.

Marketing Maryland Aris Melissaratos – Secretary, Maryland DBED

The Current & Future Impact of the Microwave Industry

on the Lower Shore Charles Schaub – President, K&L Microwave

Charles Schaub – President, K&L Microwave John Tinkler – President, RelComm Technologies David Chambers – President, Filtronic Comtek Kevin Bernstein – President, Lorch Microwave Wayne Barbely – President, Salisbury Engineering Jeff Evans – President, ClearComm Technologies

Healthcare & PRMC

Alan Newberry – President & CEO, Peninsula Regional Medical Center

Business Taxes in Maryland William Donald Schaefer – Comptroller, State of Maryland

What to Expect Next Kevin Hassett – Senior Economist, Board of Governors Federal Reserve System; Author, <u>Dow 36,000</u>

Research Triangle Park, NC James Roberson – President, Research Triangle Foundation

The State of the County Anthony Sarbanes – President, Wicomico County Council

Energy Costs and Electricity Supply Gary Stockbridge – President, Delmarva Power Quality Meetings

Expert Speakers

Relevant Issues

Mission Statement

Enhance the socio-economic environment of Salisbury, Wicomico County and region through the preservation and creation of productive employment opportunities.

Past Presidents

1968 – 1969 Robert M. Lawrence

1969 – 1970 Robert A. Deacon

> 1970 – 1971 A.L. Fleming

1971 – 1972 Frank P. Maher

1972 – 1973 H. Gray Reeves, M.D.

1973 – 1974 William J. Ahtes, Jr.

1974 – 1975 W. Howard Hayman

1975 – 1976 Robert M. Lawrence

1976 – 1977 William C. Bicknell

1977 – 1978 W. Thomas Hershey

> 1978 – 1979 Daniel E. Ulm

1979 – 1980 William G. Carey

1980 – 1981 John Lerch 1981 – 1983 Fulton Jeffers

1983 – 1984 William J. Ahtes, Jr.

1984 – 1986 Gordon D. Gladden

1986 - 1988 Edward J. Kremer

1988 – 1990 Hugh McLaughlin

1990 – 1992 W. Bill Rinnier

1992 – 1994 Robert C. Wheatley

1994 – 1996 Roger Vandegrift

1996 – 1998 Edward M. Thomas

> 1998 – 2000 Rafael Correa

2000 – 2002 Henry H. Hanna, III

> 2002 - 2004 Edward Urban

2004 – 2006 John Stern, Jr.

SWED Members

SWED Est. 1968

Accountants

Moore & Company, P.A. Bob Moore

PKS & Company, P.A. John Stern, Jr.

Trice, Geary & Myers, LLC Mark Welsh

Attorneys

Adkins, Potts & Smethurst Steve Smethurst

Webb, Burnett, Cornbrooks, Wilber, Vorhis, Douse & Mason, LLP *K. King Burnett*

Banks

Bank of America Monty Sayler

Bay National Bank Greg Olinde

BB&T Fred King

First Shore Federal S&L Marty Neat

Hebron Savings Bank Greg Johnson

M&T Bank Ed Townsend

Mercantile Peninsula Bank Debbie Abbott

Shore Bank Dennis Hebert

The Bank of Delmarva Ed Thomas

Construction

Concrete Building Systems Viren Sharma

Gillis-Gilkerson, Inc. Palmer Gillis

Nason Construction, Inc. Mike Dashiell

Rinnier Development Corporation *Bill Rinnier*

The Whayland Company Bob Wheatley

Engineers / Architects

Barry Isett & Associates, Inc. Don Hoen

Davis, Bowen & Friedel Jerry Friedel

George, Miles & Buhr, LLP Peter Bozick

McCrone, Inc. Scott Aja

O'Donnell, Naccarato, MacIntosh *Jim Baker*

Government / Chamber

City of Fruitland John McDonnell

City of Salisbury John Pick

Salisbury Area Chamber of Commerce Phil Tilghman

Town of Delmar Sara Bynum-King

Wicomico County John Cannon



SWED Members (continued)

Insurance

Avery Hall Insurance Group Tom Wisniewski

Hanna, Kremer, & Tilghman Mat Tilghman, Jr.

The Peninsula Insurance Company Eric Crouchley

Tri-State General Insurance Ed Dickerson

Manufacturing

Delmarva Recycling Greg Stein

Harvard Custom Manufacturing Ed Urban

K&L Microwave Don Hoeler

Lorch Microwave Kevin Bernstein

Lower Shore Enterprises Mike Purkey

MaTech, Inc. Rafael Correa

Pepsi Bottling Ventures of Delmarva Bill Flaherty

Plymouth Tube Joe Clardy Powerwave Technologies Dawn Harcum

RelComm Technologies John Tinkler

Standard Register Herb Troyer

Tishcon Corporation Arun Chopra

Toroid Corporation Katarina Ennerfelt

Real Estate/Development

E.S. Adkins & Company Bill Turner

Mr. Square Feet Mark McIver

PCS Homes Michael Thomasson

Shoreland, Inc. Art Cooley

Sperry Van Ness-Miller Commercial Real Estate Brent Miller, Henry Hanna, John McClellan, Chris Peek

Westwood Development, LLC Morgan Hazel

Retail

Centre at Salisbury Alane Emerson

SWED Members (continued)

Services

Beacon Technologies Dana Seiler

Data Services, Inc. Kathy Geary

Go-Glass Corporation Doug Linderer

Navtrak, Inc. Ron Hodges

Peninsula Regional Medical Center Alan Newberry

Perdue School of Business at Salisbury University Dr. Richard Hoffman

Quality Staffing Services Maria Waller

Salisbury University Foundation Rosemary Thomas

Utilities

Cato Gas & Oil, Inc. *Mike Abercrombie*

Delmarva Oil Brian Schneck

Delmarva Power John Allen

Eastern Shore Natural Gas Elaine Bittner

Verizon Joe Daniels

Wholesale / Distribution

Dennis Storage / Mayflower George Mengason

Eastern Shore Distributing Robert Burke

Shore Distributors Jim Morris





Thank you for

supporting our program

of economic development

for the past thirty-nine years.