SALISBURY-WICOMICO ECONOMIC DEVELOPMENT, INC.

SWED Annual Report: 2011 – 2012

Celebrating Our 44th Year



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Scott Aja is Vice President for McCrone, Inc.



Salisbury-Wicomico

Economic Development, Inc.

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

To Our Members:

One benchmark of success for any organization is longevity; another is the ability to achieve results. As we complete our 44th year of continuous community service, SWED has excelled on both fronts during very challenging economic conditions.

This past year, we were pleased to assist Machining Technologies, Evolution Craft Brewing, Piedmont Airlines, Coastal Linens, Bennett Construction, Manufacturing Support Industries and many other firms in their growth, expansion and on-going operations within our community. We have teamed with the Wicomico County Airport Commission toward development of a strategic plan for the airport. We've also assisted and worked with the City of Salisbury and Wicomico County toward recertification of the Salisbury-Wicomico Enterprise Zone and the development of the county's rating agency presentation.

Internally, we heard the state of our regional and national economy by Jeffrey Lacker, President of the Federal Reserve Bank of Richmond during our annual meeting. In an effort to increase efficiencies within the organization, we've moved to a "lesspaper" office by digitizing our files, both past and present.

Thank you to our membership, government supporters and the community-at-large for your confidence and support of SWED. Serving as your President has been an educational and rewarding experience. A special thank you goes to SWED's Executive Committee and Board of Directors for their confidence, volunteerism and support of our mission and organization.

Sincerely,

Scott Aja, President

Officers and Board of Directors

Greg Tawes

Sheree Sample-Hughes Wicomico County

Eric Crouchley
The Peninsula Insurance Co.

Palmer Gillis Gillis-Gilkerson, Inc.

Henry Hanna, III Sperry Van Ness-Miller Comm.

Dennis Hebert Shore Bank

Trent Pusey Hebron Savings Bank

Rick Konrad
City of Fruitland

Jim Morris Shore Distributors

Greg Olinde Bay Bank

David Ennis Pro Coat LLC

Pete Bozick George Miles & Buhr John Pick City of Salisbury

Fred Puente
Blind Industries & Serv of MD

Sandy Fitzgerald Salisbury Area Chamber

Kelly Rew PNC Bank

Steve Smethurst Adkins, Potts & Smethurst

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

Ed Thomas The Bank of Delmarva

Ed Townsend M&T Bank

Tony Rodriquez Labinal Salisbury

Mark Welsh Trice, Geary & Myers

Tom Wisniewski Avery W. Hall Insurance Co. Scott Aja

President

McCrone, Inc.

Bob Moore Vice President Moore & Company, P.A.

> John Allen **Secretary** Delmarva Power

Ed Townsend **Treasurer** M&T Bank

Monty Sayler Immediate Past President Bank of America 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 three-fold:

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 public-private effort maximizes resources, leverages capital, and broadens expertise.

Highlights of 40 Years

1968-1970

- 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 entitled "Business Discovers a Tri-State Peninsula", 1973. Work begins on the establishment of the 150 acre Air Business Center.

Highlights (continued)

1975-1980 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

1980-1985

- 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 headquarters & 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

1985-1990

- Standard Register purchases Burroughs Corporation'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

1990-1995

- US Marine builds its 1000th yacht
- 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)

1990-1995

- 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 Grumman 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

1995-2000

- Filtronic Comtek moves into its new headquarters, 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

1995-2000 continued

- SWED along with 8 other Maryland
 Eastern Shore counties produces a CD-ROM
 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

Partnerships

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 in the start-up of Callidus, LLC, a developer of software products targeting the sleep lab industry

2005-2010

- 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
- Perdue Farms renovates a manufacturing plant in Northwood into an "Innovation Center," a state-of-the-art research and development facility
- SWED assists Harvard Custom Manufacturing with financing from the Southern Eastern Shore Revolving Loan Fund (SES-RLF) to expand its facility and increase jobs

Technology

10

2005-2010 *(continued)*

- 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
- 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

2010-2012

- Hospital Billing and Collection Service (HBCS) locates to Salisbury and projects two hundred fifty new jobs.
- Trinity Sterile principals purchase the former Americhem building for expansion. Trinity anticipates sixty new jobs as a result.
- Marvel Investments, LLC purchases the 66,000 s.f. former Silverton Marine plant in Northwood.
- Via the SES-RLF, SWED loans funds Coastal Linens, Inc. for the construction and purchase of equipment for a new industrial laundry operation in WestWood.
- SWED assists Bennett Construction as the company constructs a new facility for expansion.

Salisbury is named All America City by The National Civic League

2010-2012 *(continued)*

- Delmar Brewing Company (dba Evolution Craft Brewery) locates to the vacant, former Reddy Ice facility near downtown Salisbury. Via the SES-Revolving Loan fund, SWED provided equipment and working capital loans.
- SWED teams with the Wicomico County Airport Commission for development of a strategic plan for the airport.
- SWED works with the City of Salisbury and Wicomico County toward recertification and expansion of the Salisbury-Wicomico Enterprise Zone.
- SWED moves toward a "paper-less" office by digitizing files, both past and present.
- SWED, via the SWED-Revolving Loan Fun and the SES-Revolving Loan Fund extend working capital loans to Machining Technologies, Inc.
- Cadista Pharmaceuticals announces a major expansion at its Northwood location.

Salisbury is named All America City by The National Civic League



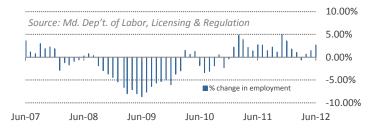
David Ryan
Executive
Director

Director's Message

As we complete forty-four years of continuous community service, it is a great time to reflect on our mission of attracting jobs, retaining jobs and striving for a diversified economic base. Though industries have changed considerably over the past four and a half decades and though we operate differently than years ago, our mission has withstood the test of time. Attracting investment in terms of jobs and capital is as important today as it was since our founding.

Our national, state and local economy continued to feel the lingering effects from "The Great Recession" this past year. Growth was stubbornly sluggish especially within the hard-hit construction market. High inventory levels of existing homes curtailed new home construction. Consumer spending remained relatively weak. Our "too high" unemployment rate hovered within the mid-eight percent range throughout most of the year. On a more positive note, existing / active housing inventory was lower than the year previous while employment showed year-over-year gains throughout most of the year. This somewhat conflicting data promoted a slow and cautious step in the recovery process.

Year over Year % Change in Employment and Unemployment Rate: Wicomico County, Maryland



Despite challenging conditions and thanks to a diverse economic base, pockets of growth and activity were apparent. Bennett Construction completed its new recycling facility and installed the necessary machinery. Evolution Craft Brewery opened its brewery and restaurant in the former Reddy Ice facility. Both companies were recipients of loan funds via our revolving loan program. Together, these two firms will add approximately one hundred new jobs and have invested more than a million dollars in capital investment.

Director's Message (continued)

Coastal Linens also completed its new facility in Westwood Commerce Park. The one million dollar plant is now home to approximately fifteen employees.

Cadista Pharmaceuticals (formerly Trigen Pharmaceuticals) announced a physical expansion of its Northwood Industrial Park plant earlier this year. The firm has grown from just thirty-five employees several years ago to nearly two hundred today and projects similar growth over the next several years. SWED was pleased to assist the firm in various site selection activities and the permit process.

SWED was pleased to assist the City of Salisbury and Wicomico County in preparing a recertification application of the Salisbury-Wicomico County Enterprise Zone. One of the first communities to take advantage of the State-sponsored initiative, Salisbury and Wicomico County have seen significant development of industries and jobs within the geographic area of the zone.

SWED is partnering with the Wicomico County Airport Commission and third parties to develop a strategic plan for the airport and particularly, the Air Business Center. Our organization already has developed a small business incubator within the former terminal building and have assisted the commission with various lease negotiations over a long period of time. We look forward to finding creative ways to market and assist in the development of the one hundred fifty acre Air Business Center and the airport itself.



Coordinated Ffforts

Proactive

Creative

Economic Diversification

Director's Message (continued)

Job Retention

Job Attraction

We've also been pleased and enthusiastic in participating with a community group toward a Tech-Transfer initiative. This initiative would allow patents and ideas housed within federal laboratories or educational institutions to be commercialized by entrepreneurs and possibly lead to new businesses within our community.

Internally, we've maintained and updated our web site nearly on a daily basis. We've responded to each one of the hundreds of calls from students, brokers, corporate executives and people from all walks of life seeking information about our community. And in an effort to become even more efficient and cost effective, we've moved toward a "paper-less" office.

Nearly one hundred fifty people attended our 43rd Annual Meeting held at the Holiday Inn in downtown Salisbury. Jeffrey Lacker, President of the Federal Reserve Bank of Richmond provided the keynote address.

The event was covered by many in the national media including Fox News,

THE FEDERAL RESERVE BANK OF RICHMOND RICHMOND - BALTIMORE - CHARLOTTE

CNN, Bloomberg and others, granting SWED and our community much publicity.

From a fiscal perspective, we operated a budget that was comparable to that in 1997 and is down about thirty-three percent from just a few years ago. At the same time, we recognize the financial pressures impacting local governments and businesses alike. While our budget may be less, our enthusiasm for our mission is not. Going to a "less-paper" and more mobile office will help improve our efficiencies, cut costs further and be more accessible to our clients.

With a strong mission statement, adaptation and better use of technology and a sincere desire to achieve results, our efforts will yield measureable and meaningful results in the years to come.

Thank you for your continued support.

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.

Challenging Times

Rick Pollitt, Wicomico County Executive

Economic Outlook

Jeffrey Lacker, - President, Federal Reserve Bank of Richmond

The Current & Future Impact of the Microwave Industry on the Lower Shore

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, Dow 36,000

Research Triangle Park, NC

James Roberson - President, Research Triangle Foundation

The New Perdue School of Business

Dr. Bob Wood - Dean, Perdue School of Business

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	1984 – 1986
Robert M. Lawrence	Gordon D. Gladden
1969 – 1970	1986 – 1988
Robert A. Deacon	Edward J. Kremer
1970 – 1971	1988 – 1990
A.L. Fleming	Hugh McLaughlin
1971 – 1972	1990 – 1992
Frank P. Maher	W. Bill Rinnier
1972 – 1973	1992 – 1994
H. Gray Reeves, M.D.	Robert C. Wheatley
1973 – 1974	1994 – 1996
William J. Ahtes, Jr.	Roger Vandegrift
1974 – 1975	1996 – 1998
W. Howard Hayman	Edward M. Thomas
1975 – 1976	1998 – 2000
Robert M. Lawrence	Rafael Correa
1976 – 1977	2000 – 2002
William C. Bicknell	Henry H. Hanna, III
1977 – 1978	2002 – 2004
W. Thomas Hershey	Edward Urban
1978 – 1979	2004 – 2006
Daniel E. Ulm	John Stern, Jr.
1979 – 1980	2006 – 2008
William G. Carey	Peter Bozick
1980 – 1981	2008 – 2010
John Lerch	Monty Sayler
1981 – 1983	2010 – 2012
Fulton Jeffers	Scott Aja
1983 – 1984	

William J. Ahtes, Jr.

SWED Members

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 Bank Greg Olinde

BB&T Greg Tawes

Farmers Bank of Willards Chris Davis

First Shore Federal S&L Marty Neat

Hebron Savings Bank Trent Pusey

M&T Bank Ed Townsend

PNC Bank Kellv Rew

Shore Bank Dennis Hebert

The Bank of Delmarva

Ed Thomas

Construction

Concrete Building Systems Todd Stephens

Gillis-Gilkerson, Inc. Palmer Gillis

Nason Construction, Inc. *Mike Dashiell*

Engineers / Architects

Davis, Bowen & Friedel Gerald Friedel

George, Miles & Buhr, LLP Peter Bozick

McCrone, Inc. Scott Aja

Government / Chamber

City of Fruitland Rick Konrad

City of Salisbury

John Pick

Salisbury Area Chamber of Commerce
Sandy Fitzgerald-Angello

Town of Delmar Sara Bynum-King

Wicomico County Sheree Sample-Hughes





SWED Members (continued)

Insurance

Avery Hall Insurance Group
Tom Wisniewski

The Peninsula Insurance Company Eric Crouchley

Tri-State General Insurance Ed Dickerson

Manufacturing

K&L Microwave

Labinal Salisbury
Tony Rodriguez

Lorch Microwave Kevin Bernstein

Lower Shore Enterprises

Jack Heath

MaTech, Inc. Rafael Correa

Pepsi Bottling Ventures of Delmarva Michael Langley

Plymouth Tube Marvin Dunham RelComm Technologies

John Tinkler

Standard Register Jay Parks

Tishcon Corporation Arun Chopra

Toroid Corporation Katarina Ennerfelt

Real Estate/Development

E.S. Adkins & Company Bill Turner

Mr. Square Feet Mark McIver

Schneider Commercial

Shoreland, Inc. Art Cooley

Sperry Van Ness-Miller Commercial Real Estate Brent Miller, Bradley Gillis, Henry Hanna, John McClellan,

Stein Land Corporation Greg Stein

Westwood Development, LLC Morgan Hazel

Retail

Centre at Salisbury Alane Emerson

SWED Members (continued)



Services

Blind Industries & Services of MD

Fred Puente

Navtrak, Inc. Ron Hodges

Perdue School of Business at Salisbury University Dr. Bob Wood

Pro Coat LLC

Quality Staffing Services Maria Waller

Salisbury University Foundation Charles Capute

W. R. McCain & Associates Bill McCain

Utilities

Cato Gas & Oil, Inc. *Mike Abercrombie*

Chesapeake Utilites Corp. Darrell Wilson

Delmarva Power

Eastern Shore Natural Gas Elaine Bittner

Wholesale / Distribution

Eastern Shore Distributing Robert Burke

Shore Distributors Jim Morris

Thank you for supporting our program of economic development for the past forty four years.