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.
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 38 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 Clark-lift, 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
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
Highlights (continued)

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
SWED, in conjunction with Wicomico County, UMES, & the EDA establishes a $1 million revolving loan fund.

**Highlights (continued)**

1990-1995 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 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
Highlights (continued)

1995-2000

- 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 PharmaTech, 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
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.

2005-2007

- SWED assists MaTech, Inc. in its site search, permitting, and expansion into a 150,000 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.
- SWED supports House Bill 399, allowing more flexibility to local jurisdictions in creating and expanding enterprise zones.
Salisbury is ranked 55th Hottest City in the US, according to the May 2006 issue of Inc. Magazine.

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.
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 experienced 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
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 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.
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 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
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 State of the County
Anthony Sarbanes – President, Wicomico County Council

Energy Costs and Electricity Supply
Gary Stockbridge – President, Delmarva Power
**Mission Statement**

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

**Past Presidents**

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<tr>
<th>Year</th>
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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 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, Maclintosh  
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)

<table>
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<tr>
<th>Services</th>
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<tr>
<td>Beacon Technologies</td>
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<td>Dana Seiler</td>
<td>Mike Abercrombie</td>
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<td>Navtrak, Inc.</td>
<td>Eastern Shore Natural Gas</td>
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<td>Ron Hodges</td>
<td>Elaine Bittner</td>
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<td>Peninsula Regional Medical Center</td>
<td>Verizon</td>
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<td>Shore Distributors</td>
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<td>Rosemary Thomas</td>
<td>Jim Morris</td>
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19
Thank you for supporting our program of economic development for the past thirty-nine years.