

SALISBURY-WICOMICO
ECONOMIC DEVELOPMENT, INC.

ANNUAL REPORT 2010 - 2011

SWED Annual Report: 2010 – 2011

Celebrating Our
43rd Year

SWED
Est. 1968

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**Salisbury-Wicomico
Economic Development, Inc.**

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



*Scott Aja is Vice
President for
Mccrone, Inc.*

To Our Members:

SWED remains committed to the community and is a driving force behind Salisbury and Wicomico County's economic sustainability and development; even during these difficult times. Nearing completion of my first term as President, I continue to be impressed with the actions and initiatives of our organization in spite of the lingering recession. SWED and its members make a difference locally and regionally!

As highlighted throughout this report, SWED has recorded measurable and meaningful accomplishments that benefit our community today and in the years to come. From assisting officials at our regional airport with marketing and incubator management to providing "gap" funds for new construction projects to securing much needed space for various corporate expansion opportunities, SWED continues to focus on its core mission of creating a diverse economic base through the creation and preservation of productive employment opportunities.

After nearly four and half decades, the efforts of SWED can be seen throughout the economic landscape and have somewhat mitigated the negative effects of the recession. At the same time, our organization is not an entity that rests on past deeds and is very well aware of the challenges ahead. With continued strong partnerships and a strong focus on our core objectives, our organization will continue to generate results.

Thank you to all of our members, government supporters and the community-at-large for your confidence and support of SWED. Also, thank you Dave Ryan for your leadership and results! It is truly my pleasure and honor to serve as your President and I look forward to serving you in my second year of office.

Sincerely,

Scott Aja, President

Officers and Board of Directors

Hunter Calloway

BB&T

Sheree Sample-Hughes

Wicomico County

Rafael Correa

MaTech, Inc.

Eric Crouchley

The Peninsula Insurance Co.

Palmer Gillis

Gillis-Gilkerson, Inc.

Henry Hanna, III

Sperry Van Ness-Miller Comm.

Dennis Hebert

Shore Bank

Craig McConnell

Hebron Savings Bank

Rick Konrad

City of Fruitland

Jim Morris

Shore Distributors

Greg Olinde

Bay Bank

David Ennis

Pro Coat LLC

John Pick

City of Salisbury

Fred Puente

Blind Industries & Serv of MD

Ernie Colburn

Salisbury Area Chamber

Patrick Bilbrough

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

Marc Renick

Labinal Salisbury

Mark Welsh

Trice, Geary & Myers

Bob Wheatley

The Whayland Company

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 Saylor
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

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

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
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
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, high-tech businesses” in its February 20, 1998 edition.

*Business
Expansion*

Highlights *(continued)*

Partnerships

2000-2005
continued

Technology

- 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

Highlights *(continued)*

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
- 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.



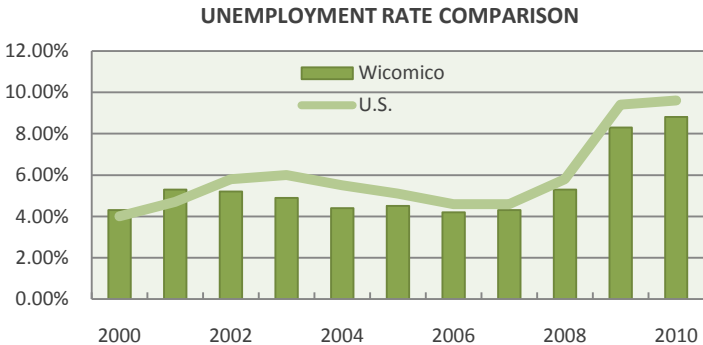
David Ryan
Executive
Director

Director's Message

Through forty-three years of operation, our organization has experienced a variety of economic circumstances and conditions. We've operated during tremendous growth cycles and also significant downturns and virtually everything in between. For the past several years and perhaps at no other time in our organization's history have economic conditions been so uncertain and tenuous. The "Great Recession" has forced change upon all organizations and communities and as an organization and community, we are no different.

Though change is inevitable, one constant has been our focus on core objectives: namely, job creation, job preservation and economic diversification. While far from immune to national economic conditions, due to these objectives and more importantly to our commitment toward these goals, we've helped to mitigate the impact of the recent recession and its lingering effects.

The following chart illustrates Wicomico's unemployment rate versus that of the nation for the past ten years. While Wicomico's rate has remained for the most part below that of nations, it is far too high and we'll continue our work in the coming year to attract new jobs and investment to our community.



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

Clearly, activity within the housing and related construction sectors have experienced a significant downturn. As excess inventory of existing homes are reduced, slowly, we'll see a rebound in local economic activity and in particular, new residential and commercial construction.

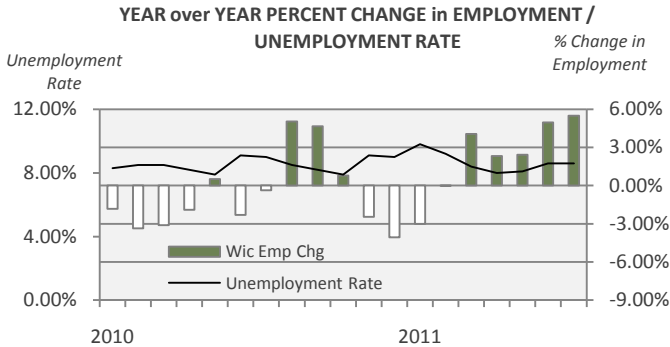
Director's Message *(continued)*

Coordinated
Efforts

Proactive

Creative

The timeframe for any rebound is at best difficult to predict. But on a positive note, employment in the past several months has shown an increase over the previous year as illustrated in the following chart.



Source: Maryland Department of Labor, Licensing & Regulation

Overall, with a fairly diverse economic base, our community is well positioned to take advantage of future growth opportunities.

One such opportunity seized last year involved “swapping” space among two local firms. HBCS, a service provider to numerous hospitals, found they had excess space and overhead while The Knowland Group, a start-up operation in the hospitality industry desired additional space. By “swapping spaces”, both companies benefitted and as a community, we were able to preserve approximately fifty jobs and allowed for the growth of an additional one hundred fifty jobs.

Given the state of the current construction market, SWED was pleased to offer “gap” funding for several projects.

Coastal Linen' Inc., an industrial laundry operation, received loan funds from the SWED Revolving Loan Fund (SES-RLF) for the new construction of a \$1 million plant in WestWood Commerce Park.

Likewise, Bennett Construction and Evo Craft Breweries received loan funds from the Southern Eastern Shore Revolving Loan program for expansion purposes. Bennett Construction plans to

Director's Message *(continued)*

Job Retention

Construct a new 15,000 s.f. facility for a processing operation while Evo Craft Brewery plans to renovate a current vacant building into a brewery and brew pub. Together, Coastal Linen, Inc., Bennett Construction and Evo Craft Brewery anticipate adding approximately one hundred fifty new jobs to their current base and invest millions of dollars in construction and plant, property and equipment.

Job Attraction

Internally, we maintained our policy of updating our web site on a daily basis responded to each and every one of the hundreds of calls we receive annually from people of all walks of life seeking information on our community.

Approximately one hundred members and guests attended our annual meeting held in October at The Fountains. Celebrating our 42nd year of operation, Dr. Bob Wood, Dean of the Perdue School of Business, provided an update as to the status of the new building and the direction in which the school is pursuing.

From a fiscal perspective, we recognize the challenges from both public and private sectors in terms of funding operations. Our budget remained the same as that of last year and is down significantly (33%) from just several years ago. Though our budget has diminished, our ambition and determination toward attaining our goals have not. Like other organizations, we've adapted and with a strong and "laser-like" focus on our mission, we look forward to achieving measurable results in the year and years ahead.

To all of our partners, 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

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 New Perdue School of Business

Dr. Bob Wood – Dean, Perdue School of Business

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

1968 – 1969 Robert M. Lawrence	1983 – 1984 William J. Ahtes, Jr.
1969 – 1970 Robert A. Deacon	1984 – 1986 Gordon D. Gladden
1970 – 1971 A.L. Fleming	1986 – 1988 Edward J. Kremer
1971 – 1972 Frank P. Maher	1988 – 1990 Hugh McLaughlin
1972 – 1973 H. Gray Reeves, M.D.	1990 – 1992 W. Bill Rinnier
1973 – 1974 William J. Ahtes, Jr.	1992 – 1994 Robert C. Wheatley
1974 – 1975 W. Howard Hayman	1994 – 1996 Roger Vandegrift
1975 – 1976 Robert M. Lawrence	1996 – 1998 Edward M. Thomas
1976 – 1977 William C. Bicknell	1998 – 2000 Rafael Correa
1977 – 1978 W. Thomas Hershey	2000 – 2002 Henry H. Hanna, III
1978 – 1979 Daniel E. Ulm	2002 – 2004 Edward Urban
1979 – 1980 William G. Carey	2004 – 2006 John Stern, Jr.
1980 – 1981 John Lerch	2006 – 2008 Peter Bozick
1981 – 1983 Fulton Jeffers	2008 – 2010 Monty Saylor

SWED Members



Accountants

Moore & Company, P.A.
Bob Moore

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

Trice, Geary & Myers, LLC
Mark Welsh

Twilley, Rommel & Stephens
P.A.
Ed Rommel

Attorneys

Adkins, Potts & Smethurst
Steve Smethurst

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

Banks

Bank of America
Monty Saylor

Bay Bank
Greg Olinde

BB&T
Hunter Calloway

Farmers Bank of Willards
Chris Davis

First Shore Federal S&L
Marty Neat

Hebron Savings Bank
Craig McConnell

M&T Bank
Ed Townsend

PNC Bank
Patrick Bilbrough

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

The Whayland Company
Bob Wheatley

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
Ernie Colburn

Town of Delmar
Sara Bynum-King

Wicomico County
Sheree Sample-Hughes

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

K&L Microwave

Dave Howett

Labinal Salisbury

Mark Renick

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

Paul Maloney

Tishcon Corporation

Arun Chopra

Toroid Corporation

Katarina Ennerfelt

Real Estate/Development

E.S. Adkins & Company

Bill Turner

Mr. Square Feet

Mark McIver

Schneider Commercial

Joe Schneider

Shoreland, Inc.

Art Cooley

Sperry Van Ness-Miller
Commercial Real Estate

*Brent Miller, Bradley Gillis,
Henry Hanna, John McClellan,
Karen Cherry*

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

David Ennis

Quality Staffing Services

Maria Waller

Salisbury University Foundation

Rosemary Thomas

W. R. McCain & Associates

Bill McCain

Utilities

Cato Gas & Oil, Inc.

Mike Abercrombie

Chesapeake Utilites Corp.

Darrell Wilson

Delmarva Power

John Allen

Eastern Shore Natural Gas

Elaine Bittner

Verizon

Laura Knickman

Wholesale / Distribution

Eastern Shore Distributing

Robert Burke

Shore Distributors

Jim Morris

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