

COUNCIL ON DEVELOPMENT FINANCE

January 22, 2018

PUBLIC HEARING 436

THOSE PRESENT:

Mr. Fred Sears, Chairman
Hon. Nancy Cook
Mr. Kevin Kelly
Hon. Edward Osienski
Mr. Jack Riddle

Mr. Cerron Cade, Chairperson, DEDA
Ms. Linda Parkowski
Ms. Patty Cannon
Mr. Michael Chesney
Mrs. Leilani Decena-Shepherd
Mr. Gary Haber
Mrs. Sheryl Hill-Dyer
Mr. Lawrence Lewis, DAG
Mr. David Mathe
Mrs. Amber Mudri
Mrs. Amy Reville
Mrs. Veronica Richardson
Mrs. Jordan Schulties
Mr. Joe Zilcosky

ALSO PRESENT:

Advanced Materials Technology, Inc.

Mr. Timothy Langlois

Berkley Insurance Company

Mr. Brian Mook

Ms. Ruth Ann Jones, OCG

LOCATION: Delaware Technical and Community College, Terry Campus
100 Campus Drive
Dover, DE 19904

TIME: 9: 00 a.m.

CALL TO ORDER: The meeting was called to order 9:00 a.m. by Council Chairman Fred Sears, on Monday, January 22, 2018.

OLD BUSINESS:

Chairman Sears asked the Council if there were any comments, suggestions and/or recommendations regarding the October 16, 2017 and November 27, 2017 minutes of the Council on Development Finance meetings. Mr. Kelly made a motion to approve the minutes, Representative Osienski seconded the motion, which was then adopted by unanimous vote.

NEW BUSINESS:

Advanced Materials Technology, Inc. (“AMT” or the “Applicant”) – The Applicant is requesting \$50,000 from the Delaware Strategic Fund Delaware Technical Innovation Program (DTIP) for a Small Business Innovation Research (SBIR) grant. The business is located in Wilmington, Delaware.

DEDA staff, Mr. Joe Zilcosky, Development Deputy Director, stated that AMT received phase I funding from NIH and would use the Strategic Fund grant to maintain staffing levels, allowing research to continue, while it awaits a decision regarding its application for phase II funding. He went on to give an overview of the applicant’s background and its high performance liquid chromatography (HPLC) columns.

Mr. Zilcosky introduced Mr. Timothy Langlois, Co-Founder and Chief Operating Officer of AMT. Mr. Langlois gave a high level overview of HPLC and explained that AMT is attempting to make a commercial product in larger molecules. He went on to explain that pharmaceutical products historically have been small molecules and are now moving to larger molecules. The analytical methods now need to catch up with the pharmaceutical companies and make separation methods for the larger molecules. This grant will support that end.

Chairman Sears opened the floor to questions from the Council.

In response to a question from Mr. Riddle, Mrs. Jordan Schulties, Business Finance Director, stated that applicants can request up to five grants from the DTIP within a ten year period and that AMT has received one other grant from this program within that time period. Ms. Patty Cannon, Development Director and Business Ombudsman, explained that the Council adopted the regulation of five DTIP grants within a ten year time frame and that it is not a statute so the Council can reevaluate.

Mr. Langlois responded to a question from Mr. Kelly, stating that phase II funding takes approximately nine months to process and that he anticipates receiving it in August.

In response to Chairman Sears’ question, Mr. Langlois stated that AMT sells through strategic partners or distributors throughout the world. He gave biopharmaceutical companies as an example of an end user.

Chairman Sears asked if there were any other questions or a recommendation from the Council.

Motion Made By: Senator Nancy Cook
Seconded By: Representative Edward Osieski

Chairman Sears asked if there were any members of the public that would like to comment on this application; there were none.

MOTION: After duly considering, inter alia, the nature of the business, that the Applicant is a “small business” within the meaning of 87A Del. C. §8735A(b)(3), that the Applicant has won a Phase I award in the Federal SBIR Program, that the Applicant has submitted a proposal for a Phase II SBIR award but has not yet received such award, that the Applicant’s principal place of business will be located in the State of Delaware; and that the research to be conducted will benefit the Delaware economy, and other requirements under applicable statutory and regulatory provisions, the Council shall recommend to Mr. Cerron Cade, Chairperson of The

Delaware Economic Development Authority, approval of a grant in an amount not to exceed Fifty Thousand Dollars (\$50,000) to be disbursed from the Delaware Technical Innovation Program (“DTIP”), to be used for the Project, contingent upon the approval remaining in effect through and including January 22, 2019.

Approved By Vote of 5 to 0

Berkley Insurance Company (“Berkley” or the “Applicant”) – The Applicant is requesting a Delaware Strategic Fund Grant in the amount of up to \$290,868 to expand its operations in Wilmington, Delaware.

DEDA staff, Ms. Patty Cannon, Development Director and Business Ombudsman, presented a brief review of the business and explained that the company has many smaller entities under its umbrella. She stated that a representative of the company, Mr. Brian Mook, would discuss the relationship of the parent company to the smaller entities. She went on to explain that Berkley would be expanding and fitting out a building, located in Delaware, where one of those smaller entities currently resides so that another entity could share the space. She stated that Berkley will be investing \$2,701,620 and that staff has thoroughly vetted the project and recommends the approval of a grant to support Berkley in the creation of 62 new full time jobs.

Ms. Cannon introduced Mr. Brian Mook, project representative for Berkley Insurance Company. He stated that Berkley plans to expand the entity Berkley Technology Services, which currently occupies the building they own in Delaware, and bring Berkley One, a company that focuses on property and casualty for high net worth investors, to the location. He went on to explain that the company has multiple locations nationally which were considered for the expansion, but that Delaware was their final choice and provides a good growth opportunity. They plan to add 47 employees at Berkley One and 15 employees at Berkley Technology.

Chairman Sears opened the floor to questions from the Council.

In response to a question from Mr. Riddle, Mr. Mook stated that on the technology side the network operations center and those employees would remain. Berkley Technology will also employ project managers in Wilmington. On the Berkley One side there will be a service center and leadership team. This group will be handling inbound and outbound functions and underwriting.

Mr. Mook responded to a subsequent question from Mr. Riddle, stating that the average salary will be just over \$100,000, but will range from twice that to high eighties.

In response to an additional question from Mr. Riddle, Mr. Mook explained that the jobs will be support positions. Berkley Technology jobs will be internal support for W.R. Berkley. He also stated that the company has been located in Delaware for five or six years.

In response to Mr. Lewis’ question, Mr. Mook stated that Berkley Insurance Company would be the contracting entity.

In answer to a question from Sen. Cook, Mr. Mook stated that the 62 new positions would fall into the aforementioned salary range.

Ms. Cannon responded to a question from Rep. Osienski, explaining that \$60,000 would be for

capital expenditure reimbursement and \$230,000 would be for job creation over three years.

In response to a question from Chairman Sears, Mr. Mook stated that there will still be vacant space in their building which could accommodate additional growth if the need were to arise.

In response to a subsequent question from Chairman Sears, Mr. Mook stated that incentives were one component that helped them choose Delaware, but availability of qualified individuals to staff the location was another.

Mr. Mook responded to a question from Mr. Kelly, stating that these positions will be all new growth not transfers or exchanges.

Chairman Sears questioned whether graduates from Zip Code Wilmington would be utilized in the project manager roles; Ms. Cannon stated that she would familiarize Mr. Mook with the Zip Code program.

Chairman Sears asked if there were any other questions or a recommendation from the Council.

Motion Made By: Mr. Kelly
Seconded By: Senator Nancy Cook

Chairman Sears asked if there were any members of the public that would like to comment on this application; there were none.

MOTION: After duly considering, inter alia, the nature of the business, its competitive situation in Delaware, its location, the employment and other requirements under applicable statutory and regulatory provisions, the Council made the following findings: (i) the Project will contribute to maintaining or providing gainful employment of the citizens of the State, (ii) the Project will serve a public purpose by contributing to the prosperity, health or general welfare of the State; (iii) the Project will require a capital investment of at least \$10,000, which funds, including the grant proceeds, will be available or expended on the date on which The Delaware Economic Development Authority disburses the requested grant funds; (iv) the grant will effectuate the purposes of Chapter 87A, Subchapter I of Title 29 of the *Delaware Code*, and (v) the Applicant is a financially responsible person to the extent required by statute and has not been convicted of a major labor law violation or other illegal conduct involving moral turpitude by any agency or court of the federal government or agency or court of any state in the two-year period immediately prior to the approval of the Applicant's application for assistance, the Council shall recommend to Mr. Cerron Cade, Chairperson, The Delaware Economic Development Authority, approval of a Delaware Strategic Fund performance grant in an amount not to exceed Two Hundred Thirty Thousand Eight Hundred Sixty Eight Dollars (\$230,868.00), and a capital expenditure grant in an amount not to exceed Sixty Thousand Dollars (\$60,000.00), for a total not to exceed Two Hundred Ninety Thousand Eight Hundred Sixty Eight Dollars (\$290,868.00), to be disbursed from the Delaware Strategic Fund for the Project, contingent upon the approval remaining in effect through and including January 22, 2019.

Approved By Vote of 5 to 0

Chairman Sears stated that a portfolio summary report will be provided by Jordan Schulties at the next CDF meeting.

ADJOURNMENT:

Motion Made By: Representative Edward Osienski
Seconded By: Mr. Riddle

The meeting adjourned at 9:26 a.m.

Respectfully submitted,

Amber Mudri, Portfolio Manager
AM

cc: Members of the Council on Development Finance
Cerron Cade, Chairperson, The Delaware Economic Development Authority
Linda Parkowski, Deputy Director, Delaware Division of Small Business,
Development and Tourism
Jordan Schulties, Business Finance Director, Delaware Division of Small Business,
Development and Tourism
Lawrence Lewis, DAG

The next CDF meeting is scheduled for Monday, February 26, 2018, at 9:00 a.m. at the Buena Vista Conference Center in New Castle, Delaware.