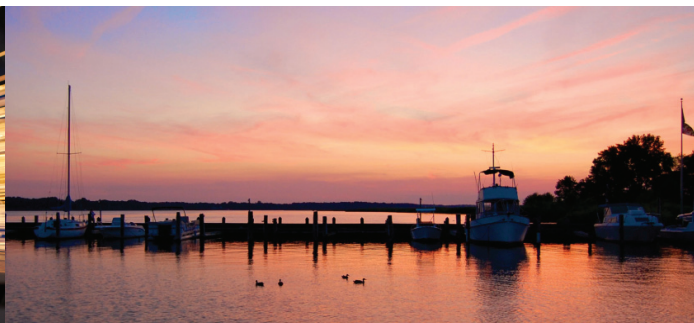


CAROLINE ECONOMIC DEVELOPMENT CORP.

2014 ANNUAL REPORT



About the CEDC

MISSION - Caroline Economic Development Corp. (CEDC) exists to foster a diversified local economy that leads to business retention and attraction, job creation and workforce development, and a strong quality of life for the citizens of Caroline County.

BOARD OF DIRECTORS



Dave Whaley
CEDC President
Provident State Bank



John Phillips
CEDC Vice President
Sisk Fulfillment Service, Inc.



Fred Hubbard
CEDC Treasurer
Choptank Electric (Retired)



Walt Scanlan
CEDC Secretary
Maryland Plastics(Retired)



Frank Adams
Federalsburg Economic
Development Committee



Joe Anderson
Combined Technology Solutions



Jeannette Delude
Town of Greensboro



Jim Lewis
University of Maryland Extension



Don Mulrine
Town of Denton



Gale Nashold
Northrop Grumman (Retired) National Property Inspections



Rick Nelson
National Property Inspections



Bill Quick
Wells Fargo Advisors

STAFF



Angela Visintainer
Director of Economic Development



Rachel Barry
CEDC Office Manager

CEDC SPONSORS

Sustaining Sponsors



Caroline County
Commissioners



Town of Denton

Sponsors



Town of Federalsburg



Town of Ridgely



MidAtlantic Farm Credit



Sisk Fulfillment Service, Inc.

CONTACT

410.479.4188 info@carolinebusiness.com
www.CarolineBusiness.com

To receive information about the Caroline Office of Tourism and a copy of their annual report, please contact the Director, Kathy Mackel, at kmackel@tourcaroline.com or 410.479.0655.

From the Director

There are many new and exciting things to report on the economic development front for FY2014. The impact of the economic recovery could be felt as Caroline County businesses began to invest in new equipment, market expansion, product development, and the hiring of new employees. You will find many specific examples of these activities throughout this report.

This was my first year as Director of Economic Development with Caroline Economic Development Corporation, so FY2014 was largely focused on taking stock of the county's current business climate. I met with all of the county's largest employers, as well as many of its small business owners. The information gathered directly from these businesses has prepared us to create and implement a five-year strategic plan for economic development, which will be completed in the first half of FY2015.

Although this past year was mainly focused on assessment, there were a number of important initiatives that were implemented. The CEDC launched a new website that provides extensive information about the resources and incentives available to help businesses, as well as listings of available commercial properties. We also strengthened our partnership with Caroline County Public Schools and launched the Advanced Manufacturing Professionals program, which connects high school students with local manufacturers.

These are just a couple examples of the exciting new things happening in Caroline County. Please read on to learn more about the CEDC's efforts over the past year. If you have any questions or feedback, please feel free to contact me any time.

Onward and upward!



Angela Visintainer

Director of Economic Development
angela@carolinebusiness.com

IN MEMORIAM *Remembering Bill Cooper*



On August 5, 2014, the CEDC lost one of its long-time board members and greatest supporters, Mr. William "Bill" Cooper. Mr. Cooper had served on the CEDC Board of Directors for over ten years. He also supported regional economic development efforts by serving on the board of the Mid-Shore Regional Council.

Mr. Cooper also served the community of Caroline County in numerous other ways. He was a volunteer firefighter for 55 years, 48 of which were with the Hillsboro-Queen Anne's Volunteer Fire Company. He was a driving force behind the Length of Service Award Program, which provides a pension for longtime volunteer firefighters.

Mr. Cooper was also an active member of the Hillsboro Town Council, the 4-H Board of Directors, and the Route 404 citizen advocate C-TEAM. He was selected as the first recipient of the Caroline County Distinguished Service Award just before his death.

Above all else, Mr. Cooper was a true gentleman and a genuinely kind man. He led by example and set a high standard for all of us. He will be greatly missed.

Business Retention & Expansion

BUSINESS RETENTION VISITS

The CEDC met with more than 50 Caroline County businesses throughout FY2014. These retention visits are an important opportunity to ensure that businesses have the resources they need to thrive in Caroline County. The following list is a small sampling of activities the CEDC engaged in to help businesses following retention visits:

- **Site selection for expansion and relocation projects**
- **Assistance complying with new environmental regulations**
- **Finding access to capital for expansion projects**
- **Assistance with applications for tax credit programs**
- **Connecting businesses to broadband internet service**
- **Identifying resources and funding for energy efficiency upgrades**
- **Assistance acquiring permits for new equipment**
- **Assistance with international market research and export assistance**
- **Providing recruiting leads for key personnel positions**



CEDC Director Angela Visintainer meets with Wenfei Uva, owner of Seaberry Farm in Federalsburg.

CAROLINE COUNTY SMALL BUSINESS LOAN PROGRAM

Caroline County's Small Business Loan Program has been tremendously successful in helping new businesses launch and grow. As one of the few counties on the Eastern Shore with a small business loan program, Caroline County offers a distinct advantage to entrepreneurs. Small businesses that have access to capital during their launch are far more likely to survive and thrive than those that don't.

In FY2014, there was one new small business loan issued to Knaggs Guitars of Greensboro. The new loan was consolidated with an existing Caroline County Small Business Loan balance from when the company first launched in 2009. The additional funds were used by Knaggs Guitars to invest in new equipment and inventory, which has allowed the company to launch new products and enter new markets.

In addition, there were two small business loans that were restructured in FY2014: Nice Farms Creamery and Blades Orchard. The restructured loans ensure that both businesses will have adequate capital to keep pace with their rapid growth.

Knaggs Guitars, Nice Farms Creamery, and Blades Orchard are great success stories for the Caroline County Small Business Loan Program. Each company has demonstrated that small loans can make a big difference in how quickly new businesses grow and expand.

CEDC CONNECTS CAROLINE MANUFACTURERS WITH INTERNATIONAL BUSINESS RESOURCES

In December, the CEDC arranged meetings between four Caroline manufacturers and the Maryland Department of Business & Economic Development (DBED). A representative from DBED's international team met with Tanglewood Conservatories, Combined Technology Solutions, Valpac, and Yale Sportswear at their facilities. Each of these businesses learned about the resources DBED offers to help Maryland businesses grow their exports. These resources include a travel reimbursement grant and customized, market-specific research services. The CEDC helps businesses complete their applications for these grants and coordinates submission to DBED.



Angela Visintainer, CEDC; Patrick Reed, Tanglewood Conservatories; Jessica Reynolds, DBED. Photo taken by Mindie Burgoyne, DBED.

COMPANY HIGHLIGHTS



Choptank Transport Receives One Maryland Tax Credit Approval: One of Caroline County's fastest growing companies, Choptank Transport, received final approval for a significant state income tax credit following the completion of its recent office expansion. The One Maryland tax credit will enable the company to recoup the full cost of its project investment over the next several years.

To support Choptank Transport's continued growth, the CEDC is working to ensure that the county's broadband infrastructure is sufficient to meet their needs. The CEDC is also working with Caroline County Public Schools and Chesapeake College to develop customer service training and internship programs that prepare students to work for Choptank Transport and the county's other logistics companies.



Tri-Gas & Oil Expands Service Offerings: Over the past year, Tri-Gas & Oil has significantly expanded the services it offers to customers throughout the Delmarva region. Through a combination of organic growth and acquisitions, TG&O now offers a full range of HVAC services, including geothermal heating and cooling.

The CEDC has met with TG&O to review the One Maryland Tax Credit and other incentive programs that will support their continued growth.

ACTIVE BUSINESS RETENTION & EXPANSION PROJECTS

As of June 30, 2014, the CEDC was managing three significant, active retention projects. These projects are related to broadband internet expansion, improved rail access in the Federalsburg area, and a possible expansion project for a manufacturer that is launching a new product line. Because these projects are in the early stages, the specific details have not yet been announced publicly.

Each of these projects will have a significant and positive impact on Caroline County. The infrastructure projects were initiated to retain and grow two specific Caroline County businesses, but they will also benefit other existing companies and make the county more attractive to new businesses. The expansion project will increase the county's tax base and add new manufacturing jobs.

Business Attraction

MID-SHORE TECHNOLOGY PARK IN RIDGELY

The CEDC has secured a verbal commitment from an Information Technology firm that will be the first to build in the Mid-Shore Technology Park located in Ridgely. Initial plans call for a 10,000 ft² building that will employ approximately 20 people. The company is growing rapidly and expects to employ over 50 people at the Ridgely site within three to five years.

The project is expected to get underway and be officially announced in FY2015. The CEDC will be assisting the business with its One Maryland Tax Credit application, all necessary permits, and acquisition of the site.

As of June 30, 2014, there were two additional businesses that have expressed strong interest in the Tech Park. The CEDC will be working with both businesses to identify financing, incentives, and technical assistance as their projects move forward.

OTHER ACTIVE ATTRACTION PROJECTS

As of June 30, 2014, the CEDC was managing three additional significant attraction projects. These leads include a large hydroponic greenhouse operation, a technology research lab, and an automotive parts distributor. The CEDC has performed a variety of services for these companies:

- **Site selection and evaluation**
- **Identification of eligible state incentives**
- **Preliminary meetings with Planning & Codes, the Health Department, and other relevant agencies**
- **Connection with financial institutions and project funding sources**
- **Introductions to similar or related businesses already operating in Caroline County**

NEW BUSINESS HIGHLIGHTS



Max's Business Furniture, LLC: Rockville-based Max's Business Furniture expanded to include a new warehouse and refurbishment center in the Denton Industrial Park. The new location will help the company expand its services to cover more of the Maryland and Delaware markets. Max's employs eight people at its Denton location.

The CEDC has connected Max's with resources for energy efficiency upgrades at its new warehouse. The CEDC is also working with the Town of Denton to review possible changes to the industrial park covenants that would allow Max's to offer a limited retail operation at its location.



R&M Performance: R&M Performance opened a satellite location on Rt. 404 in Denton for its auto restoration business. The company also has a shop located in Cambridge. R&M specializes in classic Mustang, Camaro, and Chevelle restoration, and they have a stellar reputation for the quality of their work.

The owners of R&M Performance are exploring the possibility of adding a Hard To Handle Sub Shop at their new location. The CEDC is helping them navigate Health Department requirements and will also be assisting with marketing of the new business.

Business Startups

GREAT THINGS ARE BREWING IN CAROLINE COUNTY!

Caroline County will soon be home to two microbreweries.



Resonator Brewing will be opening its brewery on Bell Street in Ridgely. Resonator has already built a strong following through its appearances at beer festivals and competitions throughout the Mid- Atlantic region. Resonator Brewing plans to open its doors in Fall 2014.



Federsburg Brewing Co. has acquired a former bank building located on Main Street in Federsburg. Renovations are underway to convert the building to a microbrewery and coffee house. The menu will feature locally sourced foods and a variety of creative beers. Federsburg Brewing Co. expects to open its doors in Spring 2015.



Reso-Red: One of Resonator Brewing's signature beers.

The CEDC will be working with both breweries to secure necessary permits, obtain financing, and provide marketing assistance. The CEDC has also connected both businesses with resources for business plan development.

OTHER ACTIVE STARTUP PROJECTS

Although there were relatively few new businesses launched in Caroline County in FY2014, startup activity increased significantly in the second half of the year. This indicates that FY2015 will likely be much stronger in terms of new businesses that are launched in the county. As of June 30, 2014, the CEDC is actively managing seven small business startup projects. These startups cover a range of products and services, including automotive detailing, a coffee shop, and a bakery, among others.

Spotlight on Innovation



Federalsburg-based **M&M REFRIGERATION** has developed a ground freezing system that helps mining companies drill mine shafts more effectively by preventing quicksand and loose ground materials from crumbling into the shaft as it's drilled. This technology has been deployed to mining sites throughout North America.



COMBINED TECHNOLOGY SOLUTIONS, located in Ridgely, has developed a cutting-edge plasma ignition system helps makes engines run much more cleanly and efficiently across a broad spectrum of applications. CTS technology also enables engines to run effectively on multiple fuel types and mixed fuels.



KNAGGS GUITARS are played by some of the music industry's most well-known and respected artists. All Knaggs guitar lines are built with unique bridge designs that transmit sound to the middle of the body of the guitar. This results in a sound with more complex harmonics, longer sustain, and deeper and clearer bass notes.



Federalsburg-based **VALPAC, INC.** has developed the only adhesive in the world that can withstand all four types of sterilization processes that are used in the production of bandages and wound-care products. This competitive advantage has given Valpac near 100% market share for this particular adhesive application.



Denton-based **TANGLEWOOD CONSERVATORIES** designs, manufactures, and installs the world's most high-end custom conservatories, private greenhouses, and orangeries. Tanglewood combines modern technology and traditional craftsmanship to produce an unparalleled product.



Located in Denton, **LORRY INDUSTRIES** has developed an unusual niche in the distribution and fulfillment industry. Lorry not only handles order fulfillment and shipping for many high-end, design-driven brands, the company also designs product packaging that complements the brands and enhances the customer experience.



NICE FARMS CREAMERY uses dairy production methods that are so traditional and rare these days that they have become innovative once again. The dairy produces non-homogenized milk, yogurts, and farm-churned butter and ice cream. Nice Farms even offers a limited home delivery service.



Federalsburg-based **MARYLAND PLASTICS** has developed a proprietary process for custom decorating plastic tableware. This "in mold" manufacturing and customization technique provides greater design flexibility, superior image quality, and increased product durability.

To sign up for The Vantage e-newsletter, please visit www.CarolineBusiness.com.

Workforce Development

ADVANCED MANUFACTURING PROFESSIONALS (AMP)

The CEDC has partnered with Caroline County Public Schools to launch the Advanced Manufacturing Professionals (AMP) program. The AMP program exposes top pre-engineering and technical students from both county high schools to local manufacturers. The program is integrated with the schools' STEM curriculum (science, technology, engineering, and mathematics) and provides real-life examples of STEM careers.

In March, the AMP group toured M&M Refrigeration, Tanglewood Conservatories, and Combined Technology Solutions. Students learned about various manufacturing careers and were able to speak directly with several employees from each company.

The ultimate goal of the AMP program is to retain top talent by making students aware of the strong career opportunities available with Caroline County's manufacturers. As the program grows, students will be connected with internship opportunities for direct, hands-on learning experiences.



Students from North Caroline and Colonel Richardson High Schools tour M&M Refrigeration's manufacturing facilities in Federalsburg.

UPPER SHORE WORKFORCE INVESTMENT BOARD

Director of Economic Development Angela Visintainer joined the Upper Shore Workforce Investment Board (WIB) as the representative for Caroline County in September. The WIB provides job training and a variety of other workforce services to job seekers and employers. As a board member, Visintainer will help ensure that the WIB's job training programs align with the needs of Caroline County employers.

In April, the CEDC supported the WIB's application for an Employment Advancement Right Now (EARN) grant, which would provide employee training funds directly to Eastern Shore manufacturers. The grant application was not ultimately successful, but the WIB will have another opportunity to apply in FY2015 if the State of Maryland continues the EARN program. The CEDC will continue to support efforts to provide manufacturers with training resources.

Marketing

Marketing was one of the major initiatives for the CEDC in FY2014. Economic Development launched a new logo, website, social media platform, and print collateral to position Caroline County as a great place to do business.



NEW ECONOMIC DEVELOPMENT WEBSITE (www.CarolineBusiness.com)

The new CEDC website launched in November. The mobile-responsive site features success stories of existing businesses, available properties, resources and incentives, and staff profiles.



THE VANTAGE NEWSLETTER



In August, the CEDC launched The Vantage, its monthly e-newsletter. The newsletter provides updates about economic development activity, upcoming events, and new business resources. Each issue also includes a Spotlight on Innovation section that features an innovative Caroline County business.

To subscribe to The Vantage, visit www.CarolineBusiness.com.



The following statistics reflect CEDC's social media outlets as of June 30th:



Facebook Likes:
2013: 0
2014: 132



Twitter Followers:
2013: 0
2014: 105



LinkedIn Followers:
2013: 0
2014: 15



LinkedIn Leadercast Delmarva Group Members:
2013: 0
2014: 52



The Vantage Newsletter Subscribers:
2013: 0
2014: 911

In the News

Caroline Economic Development Names New Director

Press release issued by the CEDC announcing Angela Visintainer as the new Director of Economic Development.

Star Democrat, Times Record, Mid-Shore Business Journal – August 2013

Caroline County Celebrates Economic Development Week

Press release issued by the CEDC regarding Maryland Economic Development Week activities in Caroline County.

Times Record – September 2013

Caroline Economic Development Corp. Launches New Website

Press release issued by CEDC announcing the launch of the new economic development website.

Star Democrat and Times Record – November 2013

In Maryland, Jobs Recovery Uneven

Article noting that job recovery in Caroline County has been faster than the state average.

By Jamie Smith Hopkins, Baltimore Sun – December 2013

Leadercast Delmarva Coming to the Shore in May

Press release issued by the CEDC announcing the live broadcast of Leadercast at Colonel Richardson High School.

Star Democrat and Times Record – February 2014

Full Agenda Released for Leadercast Delmarva

Press release issued by the CEDC announcing the detailed agenda for Leadercast Delmarva.

Star Democrat and Times Record – April 2014

Building Your Business in Caroline County

Blog post about the benefits of doing business in Caroline County.

By Emily Kimball, MDBiz News

(Maryland Department of Business & Economic Development) – April 2014

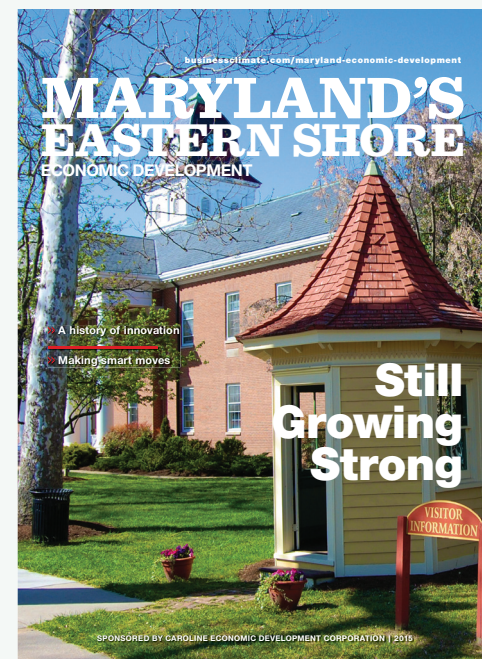
First Annual Leadercast Delmarva a Great Success

Press release issued by the CEDC recapping the Leadercast Delmarva event held in May.

Mid-Shore Business Journal – June 2014

Maryland's Eastern Shore Economic Development Magazine

In February, the CEDC began working on a marketing project with Journal Communications, a company that specializes in producing content for economic development organizations. The project will result in a magazine and web portal at BusinessClimate.com that feature Caroline County and the advantages of doing business in the county. The project has now been expanded to also include Cecil, Kent, and Talbot counties, and the title of the publication will be Maryland's Eastern Shore Economic Development. This is an important first step in a stronger, more regional approach to promoting the business climate of the Eastern Shore. The publication and web portal will launch in FY2015.



Leadercast Delmarva

THE EVENT: A live broadcast of the world-renowned Leadercast speaker series from Atlanta, Georgia to Colonel Richardson High School

PURPOSE: To provide a convenient and affordable world-class leadership training opportunity to local businesses; To position Caroline County as a community that values and invests in strong leadership

THEME: BEYOND YOU. Beyond You leadership asks leaders to focus on helping others succeed (customers, colleagues, communities, etc.).

ATTENDEES: Over 300 business and community leaders from eight Eastern Shore counties

*"I was so impressed with the entire presentation.
It should be mandatory for anyone in a leadership role!"*

— Ruth McCord, Business Partner with University of Maryland Shore Regional Health

"There were several Leadercast talks that really resonated with me. I liked hearing that leadership doesn't necessarily come with a job title – it is more about giving, teaching and mentoring for the good of others, which is what really defines leadership."

— Harriet Mills, Marketing Manager for Choptank Transport

"I think the biggest benefit for me – besides the outstanding content – was just the energy of putting all of those people together in the same place. I think it is very important to continue to get the larger network of businesses, government officials, and non-profits together."

— Tara Lightner, Owner of TRT LLC and Denton Town Council Member

SAVE THE DATE
— for the 2nd Annual —
Leadercast Delmarva
The Brave Ones: Courage in Leadership

May 8, 2015

SPEAKERS



Andy Stanley
Leadership Author



Dr. Henry Cloud
Leadership Consultant



Archbishop Desmond Tutu
Human Rights Activist



Laura Schroff
Former Time Executive
and Author



Laura Bush
Former First Lady
of the United States



Malcolm Gladwell
Best-Selling Author



Randall Wallace
Screenwriter & Director



Bill McDermott
CEO of SAP



Simon Sinek
Ethnographer
& Leadership Expert

LOCAL PRESENTERS



Len Foxwell
Chief of Staff for the
Maryland Comptroller



Mindie Burgoyne
DBED Regional Representative
Local Presenter

Platinum Sponsor



Gold Sponsors



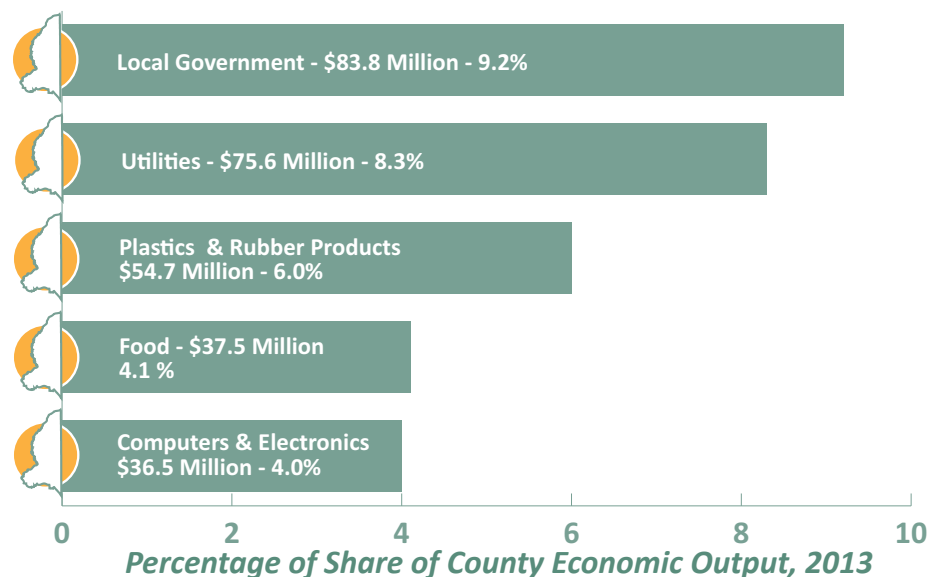
Silver Sponsors



Economic Data

ECONOMIC DATA: The following 2013 data for Caroline County is the latest available from the National Association of Counties. To learn more, please visit the County Tracker section of the NACo website at www.naco.org.

Top Five Industries, By Dollar Value and Share of County Economic Output, 2013



AGRICULTURAL DATA: The following 2012 data for Caroline County is the latest available from the Census of Agriculture. To learn more, please visit agcensus.usda.gov.

Economic Output Growth Rate
(2012-2013)

2.0%

Nominal GDP

\$906.1
million

Job Growth Rate

-1.9%

Unemployment Rate

7.9%

Average County Wage

\$39,500

Median Home Prices
Growth Rate

9.7%

Population

32,718



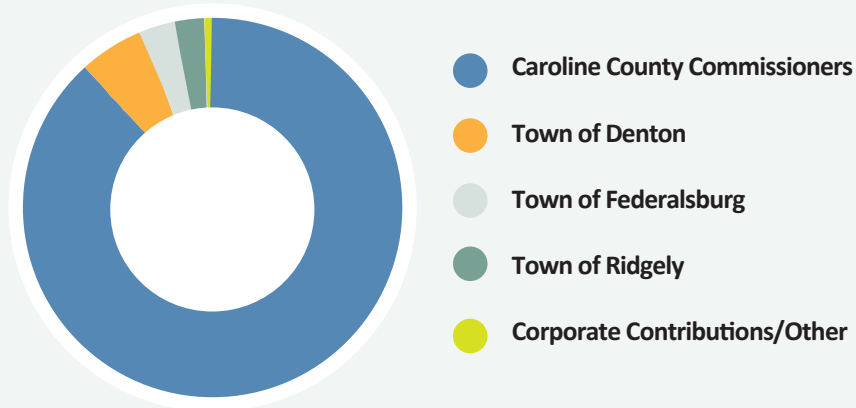
FY2014 Budget Summary

FY2014 ECONOMIC DEVELOPMENT BUDGET SUMMARY

Cost reduction and efficiency were top priorities for CEDC staff in FY2014. Payroll expenses were reduced significantly by eliminating a part-time administrative assistant position. Several other expense categories also saw significant reductions. In total, the CEDC reduced expenses by over \$30,000 without any reduction in services and while launching a new website and several other new initiatives.

Economic Development ended the year with cash reserves to carry forward into FY2015. The reserves will be put toward funding for the five-year strategic plan that will be developed in FY2015.

Economic Development's Sources of Funding for FY2014



2014 Economic Development Budget Summary

	FY2014	FY2013
REVENUE		
Caroline County Commissioners	\$144,350	\$154,350
Town of Denton	\$ 9,000	\$ 9,000
Town of Federalsburg	\$ 5,000	\$ 10,000
Town of Ridgely	\$ 4,500	\$ -
Corporate Contributions	\$ 750	\$ -
Uncollected Corporate Contributions	\$ -	\$ (5,000)
Leadercast Net Income	\$ (308)	\$ -
TOTAL REVENUE	\$163,292	\$168,350
EXPENSES*		
Office Expenses, Insurance, Supplies, Etc.	\$ 26,834	\$ 24,388
Marketing	\$ 6,625	\$ 517
Payroll Expenses	\$100,230	\$ 134,412
Rent & Utilities	\$ 11,624	\$ 15,699
Travel & Conferences	\$ 4,433	\$ 8,585
Strategic Plan Expenses	\$ 233	\$ -
TOTAL EXPENSES*	\$149,979	\$183,601
NET INCOME*	\$ 13,313	\$(15,251)
RETAINED EARNINGS	\$ (1,281)	\$ 13,970
RESERVES CARRIED FORWARD	\$ 12,032	\$ (1,281)

*Excludes depreciation expense

Looking forward to FY2015

The CEDC has exciting plans for FY2015. These are a few of the highlights:



FIVE-YEAR STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT

The CEDC is in the process of creating a five-year strategic plan that will guide its economic development efforts. The plan will focus on business retention and attraction, entrepreneurship, workforce development, infrastructure, and local policy. The CEDC has been awarded a grant from the Maryland Department of Business & Economic Development that will cover 50% of the plan expenses. The plan will be completed and presented to the public in late 2014.



EASTERN SHORE VALUE-ADDED AGRICULTURE PROJECT

The CEDC has been awarded a Maryland Agricultural Education & Rural Development Assistance Fund (MAERDAF) grant for a project to attract new value-added agriculture businesses to the Eastern Shore. The project will also help existing local farmers who are interested in diversifying a portion of their operations to include a value-added component.

Value-added agriculture refers to the process of increasing the economic value of a commodity through a production process and/or product branding. It complements traditional agriculture by providing diversification and new revenue streams.



EXPANDED PARTNERSHIPS WITH CAROLINE COUNTY PUBLIC SCHOOLS AND CHESAPEAKE COLLEGE

The CEDC will be working closely with its education partners to prepare students to meet employers' needs, particularly in the areas of skilled manufacturing and customer service.



LAUNCH OF MARYLAND'S EASTERN SHORE ECONOMIC DEVELOPMENT MAGAZINE

Caroline County will be featured in this regional project to attract new businesses to the Eastern Shore. The magazine and corresponding web portal on BusinessClimate.com will both launch in FY2015. The web portal will reach a global audience of site selectors and business executives. The magazine will be distributed at conferences and tradeshows, and will also be used to follow up on new business leads.



317 Carter Avenue, Suite 107, Denton, Maryland 21629
410.479.4188 · info@carolinebusiness.com · CarolineBusiness.com

