Baltimore Development Corporation

2018 ANNUAL REPORT

MISSION STATEMENT

The Baltimore Development Corporation (BDC) is a non-profit organization, which serves as the economic development agency for the City of Baltimore. Our mission is to retain and expand existing businesses, support cultural resources, and attract new opportunities that spur economic growth and help create jobs. BDC serves as a one-stop shop for anyone interested in opening, expanding or relocating a business in Baltimore City.

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BDC **BOARD OF DIRECTORS**

MR. AUGUST J. "AUGIE" CHIASERA
Chairman
President, Greater Baltimore/
Chesapeake Region
M&T Bank

MR. JEFFREY HARGRAVE
Vice Chairman
Founder & President
Mahogany, Inc.

MR. ARNOLD WILLIAMS, CPA
Chair Emeritus
Managing Director Abrams, Foster,
Nole & Williams

MR. MICHAEL BRAVERMAN
Commissioner
Baltimore Housing

MR. GREG CANGIALOSI
Chairman, Co-Founder, Betamore, Inc.
Co-Chairman, Baltimore Angels

MS. ELDA DEVARIE
Founder, President & CEO
EMD Sales, Inc.

MS. CHARISSE FORD
Chief Marketing Officer
PANDORA Americas

MR. JEFFREY FRALEY
Vice President of Operations
Fraley Corporation

MS. MIRIAM FUCHS
Senior Counsel & Development Director
Baltimore Regional Housing Partnership, Inc.

MR. HENRY RAYMOND
Director
Baltimore City Department of Finance

MR. JAMES SMITH
Chief of Strategic Alliances
Office of the Mayor

MR. COLIN TARBERT
Deputy Chief of Strategic Alliances
Office of the Mayor

MR. PAUL TAYLOR
Director
Mayor's Office of Minority and Women Owned

MR. MICHAEL WALTON
Co-Founding Principal
Tower Hill Atlantic Enterprises, LLC

MS. ANGELA WELLS-SIMS
Finance Director
Kaiser Permanente

MS. CHRISTY WYSKIEL
Senior Advisor to the President
Johns Hopkins University

BUSINESS **RETENTION, EXPANSION & ATTRACTION**

The Baltimore Development Corporation (BDC) provides a variety of business services and programs to assist with the retention, expansion and attraction of businesses. These programs and services include a wide array of loan programs, façade improvement grant programs, identifying appropriate tax incentives and technical assistance. Through ongoing outreach efforts, our staff works with businesses to help identify which City and State programs are most appropriate for their needs.

FACADE IMPROVEMENT GRANTS

BDC's façade improvement grant program provides funds to improve the exterior of commercial and industrial properties city-wide. Projects eligible for FIGs include exterior painting, window treatments, siding, awnings, transoms, signage, lighting and other exterior improvements. This small infusion of capital can have big impact on improving the exterior appearance of a business to make it more attractive and inviting to current and future customers.

FIGs AT-A-GLANCE

Number Awarded: **60**

Total Number of Jobs:
496 retained/created

Public Investment of **$513,820 leveraged $5,220,457 in private investment**

BARFLY'S

LE MONDO


DOVE COAT CAFE


BATCH BAKE SHOP

LOANS

The Baltimore Development Corporation manages several different loan programs to provide financial support to businesses locating to or expanding in the city. These loans can be used for a variety of purposes, including acquisition & improvement of land, facilities and equipment; working capital; gap financing; business acquisition; and capital projects.

In 2018, BDC provided 22 loans totaling $3,890,125, which resulted in private investment of $36,208,091. These loans retained 252 jobs and helped create 306 new jobs. Fifty percent of these loans went to minority or women-owned businesses.

CHARMED

PILLION TEA

SISU GLOBAL HEALTH, INC

Baltimore Development Corporation

ENTERPRISE ZONE

BDC manages Maryland's Enterprise Zone on behalf of the City of Baltimore. The Enterprise Zone tax credit program is intended to encourage investment in distressed areas by offering incentives to encourage existing businesses to expand and attract new companies to create jobs and spur additional economic activity. Businesses expanding or locating in Enterprise Zones are eligible for real property and income tax credits. Businesses located in Focus Areas are eligible for the same tax credits as well as personal property tax credits. Baltimore City has the largest Enterprise Zone and is one of two jurisdictions with Focus Area(s).

In 2018, BDC assisted 49 companies, which helped retain 661 and created 744 jobs. These companies have or will invest more than $730 million in rehabilitation, new construction and equipment purchases.

BARCODING, INC.

WALLBROOK MILL APARTMENTS

EMERGING TECHNOLOGY CENTER

For two decades, the ETC (Emerging Technology Centers), a venture of the Baltimore Development Corporation (BDC), has provided a nurturing, innovative, and transformative experience for technology-focused entrepreneurs who are passionate about their businesses, motivated to succeed, and committed to making a difference.

A technology and innovation center, the ETC promotes economic growth by providing its member companies with the resources they need (access to seed capital, mentors, potential partners, and a collaborative community) to get where they want to go, as quickly as possible, making a powerful impact on the City of Baltimore and beyond.

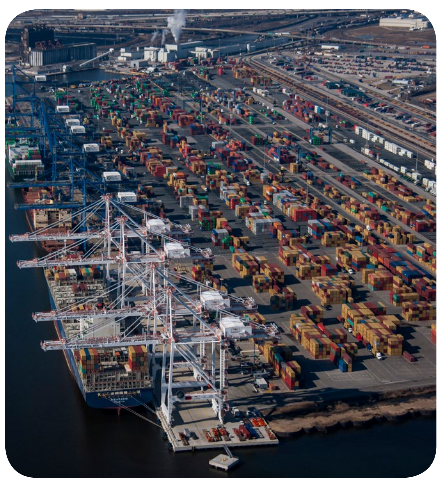
In 2018, the ETC assisted 175 companies; 63 in its incubator program. Through its four programs – Accelerate Baltimore, PioneerBaltimore, Beehive Baltimore and IncubateBaltimore – the ETC admitted 73 new companies and graduated 51. ETC companies raised over $11 million in outside equity.

The ETC, with funding support from the Abell Foundation, completed another cohort of AccelerateBaltimore. Seven companies were selected for the program and were awarded $25,000 in seed funding. In four months, AccelerateBaltimore aims to close the gap between innovative ideas the ability to get to market quickly. In addition to the seed funding, the companies receive free office space, access to a high-level advisory team, a "hands-on" instructional program, mentors and connections to potential investors, partners and resources.

FTZ #74 EXPANDS IN 2018

As administrator of Baltimore's Foreign Trade (FTZ) #74, BDC, in 2018, received approval from the U.S. Department of Commerce's Foreign Trade Zones Board to expand the FTZ service area to include Howard and Queen Anne's counties. FTZ #74 service area already included Baltimore City and the Maryland counties of Baltimore, Harford, Cecil and Anne Arundel.

Foreign Trade Zones are designated areas where international goods can be stored and fabricated, but still considered part of international commerce. Goods are not subject to U.S. taxes or duties until transferred to the U.S. market outside of FTZ designated areas. Companies are allowed to build, manufacture, manipulate components into finished products for U.S. sale or re-export. The FTZ expedites and encourages foreign commerce, promotes domestic employment and assists U.S. firms in competing within the global marketplace.



The Port of Baltimore is among the top 10 busiest ports in the United States and continues to be the leading port in the United States for automobiles and light trucks, roll on/roll off, heavy farm and construction machinery, imported sugar and imported gypsum. The port ranks second in exported coal. Total FTZ international revenue rose from $1.6 billion in 2017 to over $6 billion in merchandise in 2018. As a result of improvements made at the port, Baltimore is one of only five ports on the east coast to handle the large Post Panamax ships coming through the newly expanded Panama Canal.

FTZ #74 is one of four foreign trade zones in Maryland and is the most active with 18 operators managing facilities supporting 221 warehouse/distribution companies throughout the existing service area. In 2018, the FTZ directly supported more than 569 jobs.

SUCCESSION PLANNING EVENT

Providing an introduction to the importance of having a succession plan and what business owners should know as they consider remaining, transitioning or selling their business, BDC hosted its first ever seminar "Business Succession 101: The Art of Capturing Value Through Business Succession & Transitions" in 2018.

Succession planning is a process for identifying and developing talent into leadership positions that can replace experienced executives when they leave, retire or die. Not only do large Fortune 1000 companies with retiring CEOs need to have a business succession plan, but small to mid-sized companies as well as family-owned businesses need to prepare for succession, continuity and/or exit planning, because many are still owned by aging baby boomers.

With a diverse group of business leaders and government officials on-hand, a panel of experts that included Keith Burns, president of Krueger-Gilbert Health Physics, Inc.; Michael Curry, CEO of Krueger-Gilbert Healthy Physics, Inc.; Greg Hogan, director at SC&H Capital; Allen Burrus, founder of Allen & Son Moving & Storage, Inc.; and Newt Fowler, partner at Womble Bond Dickinson LLP, led a very lively and informative discussion on succession planning.

Topics included: making sure company financial statements are clean; having a management team in place that can carry on operations after the owner leaves; understanding who potential buyers might be; and understanding the process for selling a business.

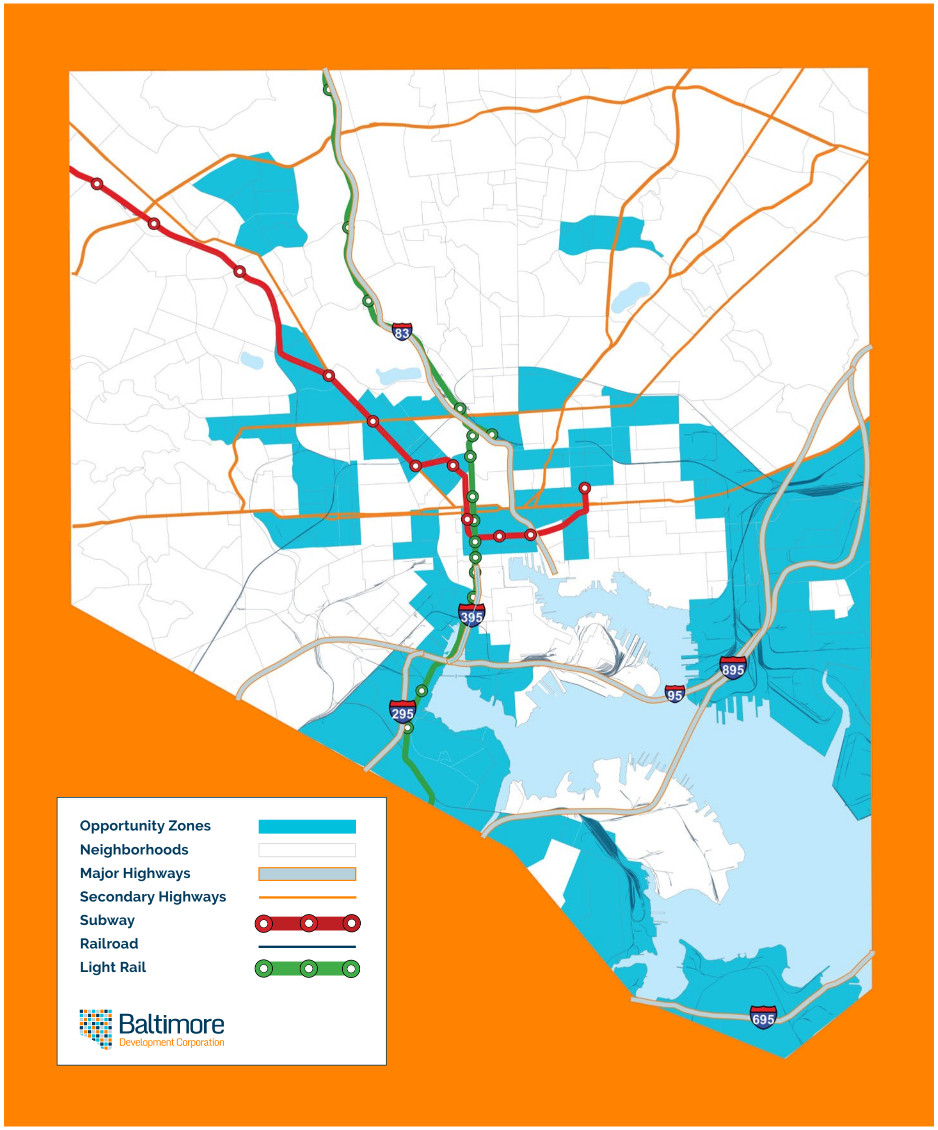
Panelists shared with the audience that an estimated 60% of businesses with 25 to 100 million dollars in revenue are owned by baby boomers. Which means that over 48,000 businesses will be transitioning to the next generation of ownership in the next 15-20 years, equaling almost $1 trillion in total enterprise value.

OPPORTUNITY ZONES

Opportunity Zones were enacted into federal law through the Tax Cuts and Jobs Act of 2017 to spur private investment in distressed communities across the United States. The program provides a federal tax incentive for investors, who invest in real estate projects and operating businesses located in designated low-income communities through deferral and partial tax reductions of reinvested capital gains, and forgiveness of tax on new capital gains.

Of the 149 census tracts in Maryland designated as Opportunity Zones by the U.S. Treasury, 42 are in Baltimore City. The City of Baltimore is committed to maximizing the impact Opportunity Zones can have on historically disinvested neighborhoods and created the position of an Opportunity Zone Coordinator, who is housed at the Baltimore Development Corporation.

In October 2018, Ben Seigel was named as the Baltimore Opportunity Zones (BOZ) Coordinator. His role is to work proactively with investors, developers, businesses, communities, and other stakeholders to provide information and coordination assistance.



MORGAN STATE **RISE ZONE**

BDC helped coordinate the approval of the Morgan State University RISE Zone, which includes approximately 10 acres at the Northwood Shopping Center area. The RISE Zone benefits will enable the university and its private partners to make improvements to the Northwood Shopping Center and transform it into Northwood Commons, which is slated to be a mixed-use site with retail and office space with the potential to create hundreds of jobs.

A RISE Zone is a geographic area that a strong connection with a qualified institution and is targeted for increased economic and community development. The RISE Zone program was established to leverage the economic development potential of Maryland's higher education institutions. This designation enables qualified institutions and local governments develop a targeted strategy to use the institutional assets and financial incentives to attract businesses and create jobs within the zone. The RISE Zone designation lasts for five years.

MADE IN BALTIMORE

Made In Baltimore (MIB) is a branding program for locally made products, which moved over to the Baltimore Development Corporation in 2018. The program's goal is to spur investment in Baltimore City by growing the market for locally-produced goods and supporting the people who make them.

The program supports local makers and manufacturers through a local-brand certification program, promotional and sales opportunities, print and media campaigns, special events and business development services, and advocacy for industrial use spaces. As businesses in the manufacturing sector grow, and remain in Baltimore, surrounding neighborhoods flourish and thrive, offering living-wage employment and economic opportunities. We envision a Baltimore City that attracts and retains a diverse and unified community of makers and manufacturers, with equitable opportunities for growth and success.

GROUNDBREAKINGS AND **GRAND OPENINGS**

Top Golf: BDC coordinated a land disposition agreement for a parcel of city-owned property, which will become the site for Top Golf.

DMG Foods Grand Opening: BDC provided business and technical assistance to the first non-profit grocery store in Baltimore City.

Nelson Kohl Grand Opening: BDC worked with the developer on the land disposition as well as provided technical and business assistance to transform an empty lot into market-rate and artist apartments.

Howard Row Groundbreaking: BDC coordinated the land disposition of several dilapidated city-owned buildings, which will be redeveloped into market-rate housing and ground floor retail.

414 Light Street: BDC coordinated the land disposition of the property that was redeveloped into luxury apartments with ground floor retail.

Harvest Fare: BDC provided business and technical assistance to this high-quality supermarket, which took over the site of a former Food King, which closed months prior.

BDC **BY THE NUMBERS**

Public investment of **$13,365,445** leveraged **$172,884,680** in private investment

Coordinated the **disposition of 10 city-owned properties**

Baltimore Development Corporation

Helped retain **2,310 jobs**

Assisted **145 businesses**

Helped create **1,891 jobs**

FINANCIAL STATEMENT

City of Baltimore Development Corporation
Statements of Financial Position
June 30, 2018 and 2017

ASSETS	2018	2017
Cash and cash equivalents	15,660,811	16,466,513
Loans receivable, net of allowance for loan losses of $833,553 in 2018 and $1,006,844 in 2017	11,807,357	9,100,826
Investment, at fair value	191,526	206,023
Grants receivable	600,000	-
Other receivables	72,177	118,501
Prepaid expenses and deposits	28,173	96,045
Leasehold improvements, net of accumulated accumulated amortization of $95,660 in 2018 and $57,396 in 2017	325,244	363,508
Total assets	28,685,288	26,351,416

LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	750,371	238,476
Accrued payroll	708,993	667,363
Deferred rent	432,191	419,895
Video Lottery Terminal-agency transactions payable	3,125,937	3,130,212
Deferred revenue and other payables	7,062,131	5,806,839
Note payable-State of Maryland	9,500,000	9,500,000
Total liabilities	21,579,623	19,762,785
Net assets-		
Unrestricted:		
Available for general activities	3,567,359	2,878,501
Leasehold improvements	325,244	363,508
Loan funds	3,021,536	3,140,599
Investment funds	191,526	206,023
Total net assets	7,105,665	6,588,631
Total liabilities and net assets	$28,685,288	$26,351,416

Baltimore Development Corporation

FINANCIAL STATEMENT

City of Baltimore Development Corporation
Statements of Unrestricted Revenues and Expenses and Change in Net Assets
Years Ended June 30, 2018 and 2017

	2018	2017
Revenues and gains:		
Baltimore City funds:		
General funds	$6,263,127	$5,922,679
City bond funds	2,004,821	1,990,237
Mayor and City Council real property funds	43,036	54,580
Total Baltimore City Funds	8,310,984	7,967,496
Federal funds	1,684,293	373,087
State funds	3,144,408	2,327,924
Interest and investment income	294,370	210,616
Recurring fees	472,339	359,637
Other fees	700,459	244,019
Private grants	34,164	30,000
	6,330,033	3,545,283
Total revenues and gains	14,641,017	11,512,779
Expenses:		
Payroll and payroll related, including temporary help fees	3,960,075	3,977,042
Contractual services	100,504	289,546
Occupancy	440,450	464,704
Equipment rent and purchases	183,481	176,893
Office Supplies	24,942	21,241
Travel	67,513	71,849
Professional fees	80,659	71,341
Marketing	67,861	85,154
Telephone	60,081	61,302
Interest	65,198	15,228
Subtotal	$5,050,764	$5,234,300

FINANCIAL STATEMENT

City of Baltimore Development Corporation
Statements of Unrestricted Revenues and Expenses and Change in Net Assets
Years Ended June 30, 2018 and 2017

	2018	2017
Subtotal	$5,050,764	$5,234,300
Software support	72,634	61,012
Miscellaneous	21,869	24,685
Staff development	11,938	15,675
Insurance	25,286	19,340
Dues and Subscriptions	22,458	64,556
Sponsorships	115,667	121,871
Bad debt	287,881	311,882
Amortization	38,264	38,264
Capital expenditures	8,477,222	5,594,581
Total expenses	14,123,983	11,486,166
Change in net assets	517,034	26,613
Net assets - beginning	6,588,631	6,562,018
Net assets - ending	$7,105,665	$6,588,631

BDC **STAFF LIST**

LEADERSHIP

WILLIAM H. COLE
President & CEO

KIMBERLY A. CLARK
Executive Vice President & Chief of Staff

NANCY S. JORDAN-HOWARD
Chief Operating Officer

JEFFREY P. PILLAS
Vice President & Chief Financial Officer

RENEE L. WEST
Executive Assistant to the President & CEO

BEVERLY A. LANIER
Executive Assistant to the Executive Vice President

ADMINISTRATION & FINANCE

DAVID P. ADAMSKI
Controller

KAREN L. BAILEY-YOUNG
Full Charge Bookkeeper

SANDRA E. BLAKE
Administrative Director

YVONNE BUTLER
Receptionist

BERNARD D. SMITH
Financial Specialist.

BUSINESS DEVELOPMENT

LARYSA A. SALAMACHA
Managing Director

LARRY O. COLLINS
Director of Foreign Trade Zone #74

NICOLE C. DAVIS
Economic Development Officer

RICHARD L. ESCALANTE
Director of Business Development

KEVIN B. WELLS
Economic Development Officer.

RORENA SUELL
Administrative Assistant

NEIGHBORHOOD BUSINESS SERVICES

WILLIAM L. BECKFORD
Managing Director

DANIEL A. TAYLOR
Assistant Managing Director

DARRON R. COOPER
Central & West Team Director

SALLY E. COSTELLO
East Team Director

PATRICK S. TERRANOVA
Director, Project Management & Analysis

KRISTIN A. DAWSON
Food Retail Director

GAYLORD M. DUTTON
Economic Development Officer, Central Team

MICA J. FETZ
Economic Development Officer, East Team

BDC **STAFF LIST**

STEPHANIE J. HSU
Small & Minority Business Equity Manager

DAVID R. GARZA
Economic Development Officer, West Team

ARMSTEAD C. JONES, JR.
Economic Development Officer, Project Management & Analysis

IRA L. KOWLER
Economic Development Officer, Project Management & Analysis

CHRISTINA E. MOORE
Economic Development Officer, East Team Officer

RAVEN A. THOMPSON
Economic Development Officer, West Team

KYREE L. WEST
Economic Development Officer, Central Team

KRISTINA E. WILLIAMS
Economic Development Officer, Small & Minority Business

SEAN M. JOHNSON
Administrative Assistant

MARKETING, COMMUNICATIONS & EXTERNAL RELATIONS

SUSAN H. YUM
Managing Director

JOHN D. BROCK
Director of Marketing & Special Projects

CANDICE N. JONES
Director of Public Affairs & Special Projects

MATTHEW T. KACHURA
Market Analytics Director

JOANN T. LOGAN
Director of Communications

ROBERT A. WILLIAMS
GIS Analyst

OPPORTUNITY ZONES

BENJAMIN J. SEIGEL
Coordinator

EMERGING TECHNOLOGY CENTERS (ETC)

DEBORAH A. TILLETT
President & Executive Director

JACQUELINE C. ALBRIGHT
Assistant Director

VALERIE E. ELLIS
Facility Manager

AMANDA L. GOSLING
Membership Coordinator

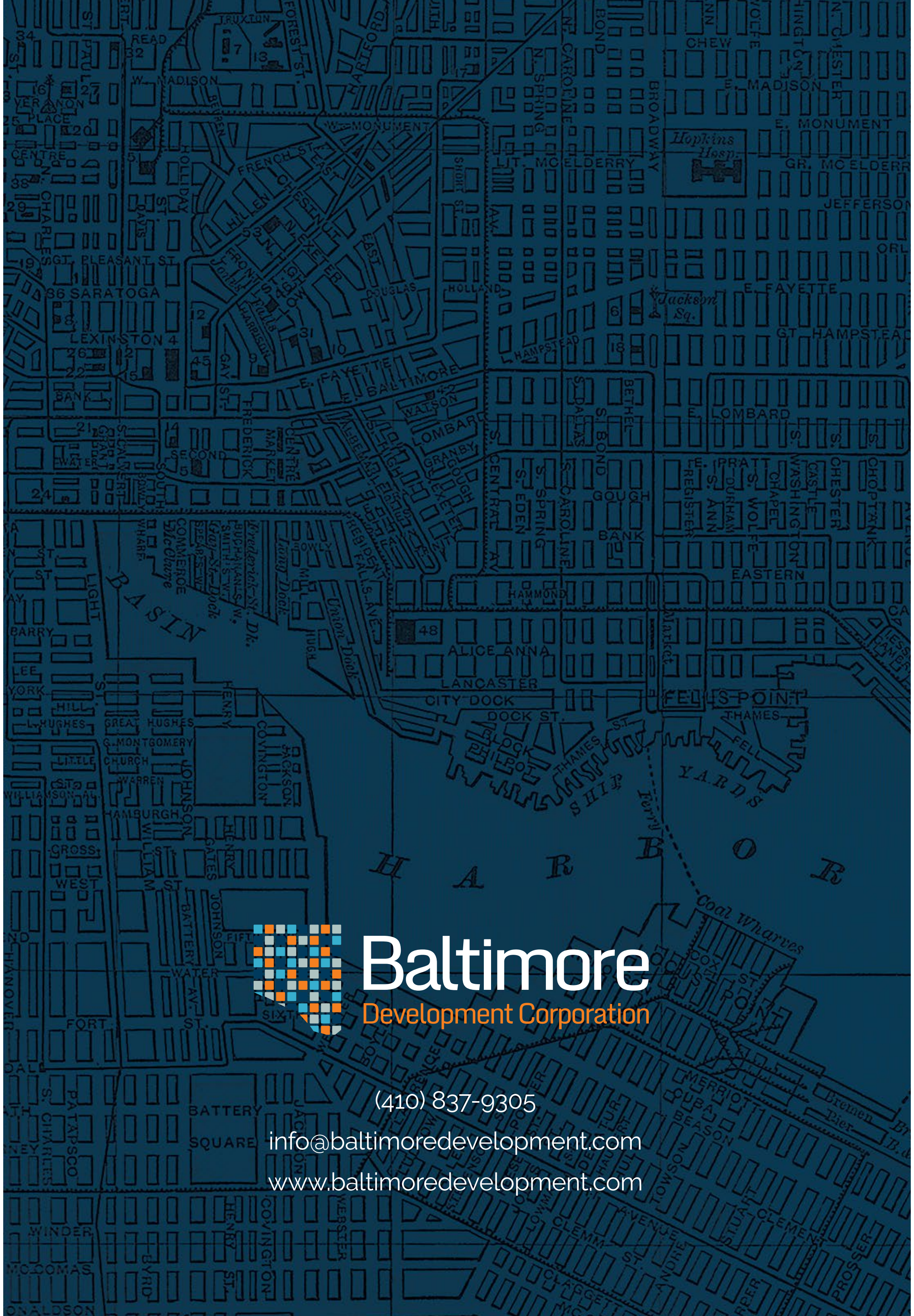
CELENE M. MONROE
Marketing & Community Coordinator

MADE IN BALTIMORE

ANDREW J. COOK
Program Director

RACHEL E. BONE
Marketing Coordinator

KEISHA T. RANSOME
Business Development Coordinator



Baltimore

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