

SUSAN M. WEBB, CPA  
FINANCE DIRECTOR

(302) 855-7741 T  
(302) 855-7749 F  
swebb@sussexcountyde.gov



**Sussex County**  
DELAWARE  
sussexcountyde.gov

## **ECONOMIC DEVELOPMENT STIMULUS LOAN COMMITTEE**

### ***Minutes of Meeting***

**November 16, 2012**

The Sussex County Economic Development Stimulus Loan Committee met on November 16, 2012, at 10:00 a.m. in the County Council Chambers, Georgetown, Delaware, with the following members present:

Todd F. Lawson	County Administrator
Susan M. Webb, CPA	Finance Director
Julie Wheatley	Director of Economic Development
J. Everett Moore	County Attorney

Also in attendance, Dr. James Liu, MD, PhD, Chief Executive Officer for TechWorld Medicals, Inc. a manufacturing company for NasalCare & Dr. Healing Healthcare products.

The Agenda for today's meeting was posted on November 9, 2012 in the County's locked bulletin board (located in the lobby of the County's Administrative Office Building) as well as on the Sussex County website.

Mrs. Webb welcomed the committee and Dr. Liu.

Mrs. Webb noted that the purpose of today's meeting was to review more specifically the financial aspects of TechWorld's request for an Economic Development Stimulus Loan not to exceed \$200,000.

During today's meeting, each Committee member was given the opportunity to ask questions. While individual questions are not specifically noted, the minutes do reflect the responses given and the overall discussion.

Dr. Liu stated that TechWorld Medicals, Inc., a C-Corporation, incorporated in the State of Delaware choose Sussex County Economic Development Loan for

funding over a traditional bank loan for two reasons; the 1% interest rate and the opportunity to build a business relationship with Sussex County as the manufacturing facility will be located in Milford, Delaware.

Currently, TechWorld has applied for two grants through the Federal Government totaling \$200,000 to sustain the financing of a clinical trial which would allow them the resources to be more productive in the manufacturing process. At this time, TechWorld has not received an acceptance letter from the Federal Government in regards to their submitted application, and have not applied for any funding through the State of Delaware.

The financial statement provided by TechWorld states that Other Long Term Liabilities of the Corporation are \$865,000. Dr. Liu clarified that the liability is a partnership liability and not a bank liability, \$500,000 of this liability is a result of the investment of TechWorld's six key investors.

There was discussion about the commitment that TechWorld has secured with CVS Pharmacy and Dr. Liu stated that CVS would like delivery of the AsthmaCare product in their stores by February 28, 2013. At the present time, TechWorld has about one half of the inventory needed to meet their obligation for the February 28, 2012 deadline and has begun the assembly process for the remaining half which will take approximately two (2) months to complete. Once the obligation to CVS is met, they will continue manufacturing to replenish their inventory.

Sales representatives are currently making contact with local drug stores to negotiate contracts of their healthcare product. All of the products are available for purchase on their website ([www.techworldcorp.com](http://www.techworldcorp.com)), and in January 2013, Dr. Liu will be flying to Chicago to meet with Walgreens Pharmacy to discuss a possible contract.

The terms of the loan were discussed and Dr. Liu stated that it would be beneficial for TechWorld to have a term of ten (10) years on the loan with the ability to payoff off early without penalty. Mr. Moore suggested, if approved by the Committee and County Council, that an arrangement for a lessor period of time, which could be renewed. Similar to banking, there would be a three (3) year call period where the County could look to see if TechWorld is meeting the new employment and growth commitments they made to the Committee in their presentation.

Suppliers for TechWorld are local with the exception of the manufacture of the homeopathic blend that is located in Iowa. TechWorld is in discussions with Colorbox in Harrington, Delaware for the manufacture of the boxes and has contracted with Kent-Sussex Industries (KSI) of Milford, Delaware for assembly work.

The primary purpose for this loan is to enable TechWorld to hire employees for its Milford location. TechWorld Medicals, Inc. has two employees currently, an administrative person hired locally and an engineer who relocated from Pennsylvania. Dr. Liu stated that TechWorld has immediate plans to hire two (2) employees, trained in manufacturing, and anticipates hiring up to ten within the first year of operation. The starting pay for a new employee is estimated to be around \$10.00 hour, at this time they do not offer employee benefits but once they have ten (10 employees they will consider offering).

Currently, TechWorld has 14 US patents with plans to file (4) new patents by the end of 2012. In 2010, they won the Best New Product Award at the National Cough, Cold and Allergy Conference.

The Sussex County Economic Development Committee has agreed to move forward with the application process and requests the following documents be provided for the Committee's review:

1. Articles of Incorporation for TechWorld Medicals, Inc.
2. List of all stockholders of the corporation
3. CVS contract
4. Invoice of the machines you have recently purchased
5. List of inventory on hand
6. List of all equipment/assets the corporation owns

The meeting was adjourned in error; action does need to be taken on this day as a result of the presentation.

A Motion was made by Mr. Moore, seconded by Mrs. Webb, to reconvene the meeting.

Motion Adopted: 4 Yea

Voted by Roll Call: Mr. Moore, Yea; Mr. Lawson, Yea;  
Mrs. Webb, Yea; Mrs. Wheatley, Yea

A Motion was made by Mr. Moore, seconded by Mr. Lawson that the Committee recommends to Council a \$200,000 Economic Development Stimulus Loan to TechWorld based on the following:

- Interest rate of 1%
- 10 year amortization with a balloon payment at the end of every three (3) years with an option to renew loan as long as they continue to meet the new employment and growth commitment presented to the Committee
- The loan be contingent upon Legal Counsel reviewing the Corporate documents
- A list of all stockholders
- Verification that all shareholders are in compliance with the County's Clean Hands Ordinance
- A complete list of all equipment, inventory, parts and any other items that may be used as part of the manufacturing process
- Loan agreement signed as well as a note by TechWorld
- Individual guarantees by the stockholders
- UCC Financial Statements
- Liens placed on all the equipment, inventory, parts and proceeds of all product sales

Mrs. Webb asked if the three (3) year loan term would be amortized based on three (3) or nine (9) years.

In response to Mrs. Webb's question, Mr. Moore stated that the Committee could be flexible with the number of years that the loan would be amortized and could have a balloon payment at the end of each three year period.

A Motion was made by Mrs. Webb, seconded by Mr. Lawson, to amend the above motion to include the loan amortization at ten (10) years, with a balloon payment at the end of three (3) years with the option for up to two (2) renewals for the same period of time.

Motion Adopted: 4 Yea

Voted by Roll Call: Mr. Moore, Yea; Mr. Lawson, Yea;  
Mrs. Webb, Yea; Mrs. Wheatley, Yea

At 11:03, a Motion was made by Mr. Lawson, seconded by Mrs. Webb, to adjourn.

Motion Adopted: 5 Yea  
Voted by Roll Call: Mr. Moore, Yea; Mr. Lawson, Yea;  
Mrs. Webb, Yea; Mrs. Wheatley, Yea

Respectfully Submitted,

Kelly A. Collins  
Administrative Secretary