COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND

RESOLUTION NO. 2013-64

A RESOLUTION concerning

TARGETED INDUSTRIES INCENTIVE LOAN FUND

FOR the purpose of creating a loan fund called the Targeted Industries Incentive Loan Fund (TIILF) for both the attraction and expansion of firms in identified targeted businesses within Charles County.

WHEREAS, the County Commissioners of Charles County (the "County") created the Disadvantaged Business Loan Fund to provide financial assistance to local minority, women and veteran-owned businesses seeking to expand or retain operations in Charles County; and

WHEREAS, the County Commissioners, upon the recommendation of the Director of Economic Development, and in order to further enhance the County's competitive position in the region, find it appropriate to create an additional loan fund called the Targeted Industries Incentive Loan Fund (TIILF), for both the attraction and expansion of businesses in identified targeted industries; and

WHEREAS, the TIILF shall be a revolving loan fund created with matching State and County contributions; and

WHEREAS, in addition to being in an industry sector targeted for attraction and expansion by the County, businesses must be in a position to meet certain job, wage and other criteria in order to be eligible for a loan as specified in the proposed Operating Guidelines for the Charles County Targeted Industries Incentive Loan Fund; and

WHEREAS, for the purpose of loan approvals, it is necessary to establish an internal County Government Review Committee, the structure of which is contained in the adopted Standard Operating Procedures for the Targeted Industries Incentive Loan Fund.

NOW, THEREFORE, BE IT RESOLVED, by the County Commissioners of Charles County, Maryland, this 5th day of November, 2013, that the Targeted Industries Incentive Loan Fund is hereby created; and

BE IT FURTHER RESOLVED, that the TIILF is authorized and empowered to operate in accordance with the proposed Operating Guidelines attached hereto as "Attachment A" and made a part hereof, and Standard Operating Procedure for the Targeted Industries Incentive Loan fund, attached hereto as "Attachment B", and made a part hereof; and

BE IT FURTHER RESOLVED that this Resolution shall take effect upon adoption.

ADOPTED this 5th day of November, 2013, by the County Commissioners of Charles County, Maryland.

COUNTY COMMISSIONERS OF
CHARLES COUNTY, MARYLAND

Candice Quinn Kelly, President

Reuben B. Collins, II, Esq., Vice President

Ken Robinson

Debra M. Davis, Esq.

Bobby Rucci

ATTEST:

Denise Ferguson, Clerk

Targeted Industries Incentive Loan Fund
Operating Guidelines

Agency/Department	Charles County's Department of Economic Development
Program	Charles County's Targeted Industries Incentive Loan Fund
Eligible Applicants	A private employer with a minimum of 10 employees that are engaged in the following primary business: • Research and Development • Technology • Manufacturing • Distribution • Professional Services • Defense/Federal Contracting • Bio-Technology • Information Technology • Upscale Retail • Or any other approved targeted industry
Normal Project Range	Up to $100,000 from private lenders for at least 50% of project cost.
Maximum Program Participation	Loans up to $100,000
Approved Uses of Funds	1. Purchase of machinery and equipment 2. Working capital 3. Building acquisitions or leasehold improvements Contract financing acquisitions
Job Creation	If a company is locating to the County, will bring in and maintain at least 10 or more full time jobs over the period of the loan. If a company is already in the County, wants to expand and shows strong potential for the creation of 5 or more full time jobs over a two year period.
Term of Loans (Maturity)	Terms of 5-15 years depending on use of funds. Repayment commencement is negotiable. Prime, Short Term (ST) 0 to 5 Years Prime + ½, Intermediate Term (IT) 5 to 10 Years Prime + 1, Long Term (LT) 10 to 15 Years
Loan Guaranty	An Officer or other authorized individual must sign contract on behalf of the company stating that the company and/or individual personally guarantees payment of the account. If a corporation, officer's signature must be witnessed by secretary of corporation and seal must be affixed. Individual must be witnessed and notarized.
Interest Rates/Rate Max	Prime Rate
Contact	301.885.1340 www.meetcharlescounty.com

Operating Guidelines for the Charles County Targeted Industries Incentive Loan Fund

Section 1. **Authority**

In accordance with the procedures described below, the Charles County Economic Development Department will administer a Charles County Targeted Industries Incentive Loan Fund (TIILF), hereinafter the "Fund" on behalf of Charles County.

Section 2. **Definition**

A Private Employer may be a for profit or a not-for-profit firm that is not owned, primarily funded or controlled by a government agency, including a lessor or supplier of real or personal property or services to a government agency.

Section 3. **Eligibility**

a) Any private employer in a targeted industry who is located in the County that plans to substantially expand and/or retain operations in the County, or an employer that plans to relocate to the County.
b) Special consideration may be given to high-technology and manufacturing companies, locating in or locating to urban revitalization areas, or other private employers which will generate higher-than usual economic impacts for the public investment.

Section 4. **Fund use Criteria**

The Director of Charles County's Department of Economic Development may allocate money from the fund only with County Commissioner approval and based on the following criteria and procedures:

a) Loans will be given to companies in targeted industries that will materially improve the County's economy and advance the County's economic development objectives and strategies.
b) Highest consideration will be given to companies that bring significant employment growth either by creating new jobs, expanding an existing operation, or by retaining jobs at an existing operation that meet the following minimum job criteria:
    i. If a company is locating to the County, it must be bringing and maintain a minimum of 10 fulltime jobs over the period of the loan;
    ii. If a company is already located in the County and will expand operations, it must demonstrate the strong potential for the addition of at least 5 fulltime jobs over the ensuing two year period;
    iii. Fulltime jobs must pay wages averaging in excess of the median county earning as reported by the most recent American Community Survey 3 Year Estimates.

Section 5. **Targeted Industries Incentive Loan Fund**

a) The Director shall establish and administer the Fund through a separate and exclusive interest bearing bank account.
b) The Fund will consist of: (1) initial advance of $80,000 of County funds and an additional $80,000 in state funds that will match the County contribution; (2) additional funds from all repayments (interest and principal) on any loan from the Fund; (4) all interest earned on monies in the fund; and (5) all funds received from other public or private sources that are earmarked for the Fund.
c) The Director may allocate loans from the Fund on the basis of criteria defined in these Operating Guidelines, the review and approval of an internal loan review committee established pursuant to a County SOP and only with the review and approval of the County Administrator and the prior approval of the County Commissioners.
d) The Targeted Industries Incentive Loan Fund is intended to provide "gap financing" that is what needs to be "filled-in" around other financing.
e) The Director must notify the Commissioners through the County Administrator before recommending Loan Funds in any amount, specifying details of the proposed project and the proposed terms of assistance offered including any repayment provisions.
f) An economic and fiscal impact analysis will be completed for all awards. This could include analysis of the project's financial feasibility by examining revenues and costs, appropriate market analysis, profit and loss projections, current and projected balance sheets and return on investment.
g) For each loan or grant, the Director of Economic Development will negotiate a Memorandum of Understanding (MOU) with the private employer, requiring the recipient to meet certain performance criteria specified in the offer of assistance e.g. jobs to be established or expanded in the County; average annual wages to be attained; amount of investments to be made, etc. including a repayment agreement.

Attachment B

Charles County Government
Standard Operating Policy and Procedure

Title:	**Targeted Industries Incentive Loan Fund**	**SOP #:** ED.1.001
Division:	Charles County's Department of Economic Development	**Effective Date:** **November 5, 2013**
		Revision Date:
		Page 1 of 3
Purpose:	To provide a process for the review and approval of loans from the Targeted Industries Incentive Loan Fund (TIILF)..	
References:	Resolution Number 2013-64	
Policy:	This process will be followed in determining continuance of the loan program annually and the dissemination of report details from application to closing to repayment and closeout.	
Procedure:	**LOAN REVIEW COMMITTEE:** The adoption of Resolution 2013-64 created the Targeted Industries Incentive Loan Fund and an internal Loan Review Committee. The Committee shall be composed of the Director of Economic Development, the Business Development Manager for Attraction and Recruitment (or for Retention and Expansion, depending on the nature of the firm applying) and the Director of Fiscal and Administrative Services or his or her designee. **BUDGET:** • The Accounting Division of the Department of Fiscal and Administrative services will submit an annual report through the Directors of Economic Development and Fiscal and Administrative Services to the County Administrator for consideration in making changes to the availability of funds allocated for this program. This is a revolving loan program. • The County Administrator will review the request during the regular annual budget process and provide recommendation to the County Commissioners with regard to the status of the program and any changes, if deemed necessary. • When the budget process is complete and adopted, the program will make any necessary changes to the loan application process that follows below.	

APPLICATION:

- The Targeted Industries Incentive Loan Fund will be posted on the County's website and marketed on a continuous basis through e-news, social media and word of mouth. In addition on an annual basis, a Notice will be issued by the Media Office to notify the public that funds are available. Those qualifying may submit an application to the County at any time, unless available funds have been depleted. The Department of Economic Development on its own volition may request that a potentially qualifying firm complete an application based on attraction or expansion discussions and needs.

- The Notice will include the appropriate contact information, criteria and deadlines.

- The Application will be available on www.charlescounty.org and www.meetcharlescounty.com and must be submitted to the Department of Economic Development.

- Once the application is received, Economic Development will review the application against a checklist to determine if the application is complete and the applicant qualifies for the loan program.

- In addition to an application, the applicant will be required to complete an MOU with the Economic Development Department detailing other criteria needed to be met as a condition of any loan approval.

- If the applicant does not qualify for the loan program or does not provide the required information in a timely manner, the applicant is notified by Economic Development that their application has been put on hold status and at that point is offered resources or mentorship opportunities.

- If the applicant qualifies for the loan program and the application is complete, the application is forwarded to the review committee for evaluation and recommendation.

APPLICATION REVIEW:

- Once the review committee receives the applications, the review committee will meet to review and evaluate the applications, which can include personal interviews with each applicant.

- Once the review committee completes the evaluation and recommendations, the recommendations will be noted in the committee

minutes by the Economic Development Department, and will forward its recommendation to the County Administrator.

LOAN APPROVAL AND NOTIFICATION:

- Following County Commissioner approval, an e-mail is sent to applicant advising of the loan award. A copy of the email will be sent to the County Administrator, Director of Fiscal and Administrative Services, The Chief of Accounting, and the Public Information Officer The e-mail will contain details of each loan and be followed with the delivery of the specific file(s) to the County Attorney's designee to complete the closing.

- If an applicant should inquire about the status of their loan application prior to written notification, Economic Development can provide the current status.

LOAN PROCESSING:

- Once the loan has been approved by the review committee a Check Request FAS form 105 will be sent to the County Administrator for approval.

- Once the Accounting Division receives the approved Check Request form, the request will be processed for loan payment to the applicant.

LOAN PAYMENTS:

- Based upon factors of the loan, including the loan amount, interest rate, and proposed repayment schedule, loan applicants will make payment to the County no less than on a monthly basis.

- There are no pre-payment penalty fees or charges

- The Accounting Division will monitor the activity of loan payments and report any delinquency via memorandum to the Director of Fiscal and Administrative Services & the Director of Economic Development before proceeding with any additional steps to protect the County's vested interest.

REPORTING:

- The Accounting Division will prepare and distribute a quarterly report to the County Administrator, the Director of Fiscal and Administrative Service, The Director of Economic Development, and the Review Committee summarizing the status of loan applications, awards and loan activity. As the loan fund gains momentum reporting can increase to bi-monthly/monthly.

- At the end of the fiscal year, the Accounting Division will send a final fiscal year report to the County Administrator providing the status of all loans awarded and status of each.

LOAN CLOSEOUT:

- Once final payment is received by the County on a loan, the applicant will be notified by the Accounting Division by written correspondence that the loan is complete and closed by providing a letter of satisfaction.

EXCEPTIONS:

Provisions of this Policy may be waived at the discretion of the County Administrator. Any and all exceptions to this policy must be approved in advance.

Approved:	Candice D. Kelly	Date: 11-20-13