

ACTION

M E M O R A N D U M

September 18, 2009

TO: County Council

FROM: Justina J. Ferber,  Legislative Analyst

SUBJECT: Resolution to Support Maryland Economic Development Assistance Authority and Fund (MEDAAF) Grant for County Small Business Revolving Loan Fund – \$250,000

Background

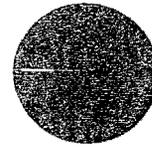
The County Executive has requested that the Council adopt a resolution endorsing a Maryland Economic Development Assistance Fund (MEDAAF) grant of \$250,000 to replenish the County's Small Business Revolving Loan Fund.

The purpose of the grant is to assist the county's small businesses through the county's Economic Development Fund. The Council provided the matching funds in its actions on the Economic Development Fund FY10 Operating Budget. The MEDAAF requires the local jurisdiction to pass a resolution of support and to provide matching funds.

Action

Council staff recommends County Council adoption of the resolution to endorse the MEDAAF grant of \$250,000 for the County's Small Business Loan Fund.

Attachments: Executive Memorandum ©1
Resolution ©3



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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

August 10, 2009

2009 AUG 13 AM 9:33

RECEIVED
MONTGOMERY COUNTY
COUNCIL

TO: Phil Andrews, President
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: \$250,000 Maryland Economic Development Assistance Authority and Fund (MEDAAF) Grant

I am very pleased to inform the County Council that the County has received a commitment for the 4th round of a \$250,000 Maryland Economic Development Assistance Authority and Fund ("MEDAAF") grant from the State of Maryland's Department of Business and Economic Development ("DBED"). DBED has agreed to provide the new grant funding to replenish the County's Small Business Revolving Loan Program Fund (the "Fund") based on the merits of our grant application and the historic effectiveness of the Fund in fulfilling the mission of the MEDAAF grant.

Similar to the first three MEDAAF grants of \$250,000 received by the County in 2001, 2003 and 2008 to start and replenish the Fund, this new \$250,000 MEDAAF grant will have two statutory requirements. First, the local jurisdiction receiving the grant must adopt a resolution acknowledging that the State of Maryland is utilizing its MEDAAF grant funds to advance the economic development initiatives of the local jurisdiction. Second, the local jurisdiction receiving the grant must provide a match of 100% of the MEDAAF grant amount.

The County's Department of Economic Development has already set aside \$250,000 to match the MEDAAF grant using funds appropriated in the County's normal budgeting process for Fiscal Year 2010, plus unused funds from Fiscal Year 2009 and prior years for the Small Business Revolving Loan Program Fund. The County Council does not need to provide additional funding for this purpose. Therefore, the County Council's introduction and adoption of the attached resolution will fully satisfy the statutory requirements of the MEDAAF grant.

Phil Andrews
August 10, 2009
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Upon closing the new MEDAAF grant, the County will substantially replenish the available balance in the Fund; enabling the Department of Economic Development to continue to assist the County's small businesses, with a focus on central business districts and redevelopment areas. Given the overall difficult economic climate, supporting the vitality of the County's small business community is especially urgent.

I would appreciate the Council's prompt action on this important matter.

IL/ll

Enclosure

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council at the request of the County Executive

SUBJECT: \$250,000 Maryland Economic Development Assistance Authority and Fund (MEDAAF) Grant to Replenish the Montgomery County Small Business Revolving Loan Program Fund

Background

1. In order to replenish the County's Small Business Revolving Loan Program Fund (the "Fund"), the County Executive endorses a grant of \$250,000 from the State of Maryland under the Maryland Economic Development Assistance Authority and Fund (MEDAAF), which is authorized by Section 5-1401 through 5-1412 of Article 83A, Maryland Code.
2. MEDAAF provides conditional grants/loans to local jurisdictions or businesses engaged in eligible industries locating or expanding in a "priority funding area" in the State of Maryland. Proceeds of the grants/loans may be used by the borrowers to cover part of eligible project-related costs, including leasehold improvements or the purchase of new furniture and equipment.
3. The County is required to match the MEDAAF grant by contributing \$250,000 of the County's funds to the Fund.
4. The Small Business Revolving Loan Program Fund was started in Fiscal Year 2001. From the inception of the Fund until now, the Fund has assisted twenty-eight small businesses in the County with loans totaling nearly \$1.7 million.
5. Section 5-1405, Article 83A, Maryland Code, provides that the "governing body" of Montgomery County ("the County") must endorse the granting of a MEDAAF grant for the project by adopting a resolution.
6. The County has determined that it is in the best interests of the citizens of Montgomery County that the County should continue the Small Business Revolving Loan Program Fund and accept the MEDAAF grant.
7. The County Executive requests endorsement of the MEDAAF grant by the County Council.

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

The County Council fully endorses acceptance of the State of Maryland's \$250,000 MEDAAF grant for the purpose of replenishing Montgomery County's Small Business Revolving Loan Program Fund.

The County Executive and/or other appropriate officials of the County may execute the grant agreement and other related financing documents between the County and the State of Maryland's Department of Business and Economic Development, enabling the County to receive the \$250,000 MEDAAF grant from the State.

The County Council concurs in the Montgomery County Department of Economic Development's actions to set aside \$250,000 in available funds from the County's Small Business Revolving Loan Program Fund and/or the County's Economic Development Fund, and such funds shall be used by the County to match the \$250,000 MEDAAF grant from the State.

This Resolution shall be effective upon its adoption in accordance with applicable law.

This is a correct copy of Council action:

Linda M. Lauer
Clerk of the Council

APPROVED:

Isiah Leggett
County Executive