

MEMORANDUM

April 13, 2009

TO: Planning, Housing and Economic Development Committee
FROM: Justina J. Ferber, Legislative Analyst
SUBJECT: Worksession - Executive's Recommended FY10 Operating Budget -
Economic Development Fund (EDF)

Those expected for this worksession:

Tina Benjamin, Acting Director, DED
Peter Bang, Chief, Finance, Administration and Special Projects Division, DED
John Cuff, Management and Budget Specialist, OMB
Jennifer Shovlin, Senior Financial Specialist, DED
Karen Orlansky, Director, Office of Legislative Oversight
Sarah Downie, Research Associate, Office of Legislative Oversight

The Executive's Recommended FY10 Operating Budget for the Economic Development Fund (EDF) can be found on pages 61-1 to 61-4 of the budget. A copy is attached at ©1-4.

Overview

For FY10 the Executive recommends an operating budget of \$852,440 for the Economic Development Fund which is the same appropriation as the FY09 EDF budget. Personnel costs charged to the fund are \$133,340.

The County Council appropriates money to the fund as part of its regular budget process. The EDF is a special fund that is separate from the General Fund and the balance from this fund may be carried over from year to year. The fund also accumulates interest and is replenished when the loans are repaid. The fund is administered by the Department of Economic Development and the Department of Finance. The Executive must report to the Council by March 15 each year on the status and use of the fund. The Annual Report is attached at ©19.

Since FY02, funding for the EDF has been limited and each year the Council has indicated that it will consider requests for additional EDF funding on a case by case basis. If the funds budgeted for FY09 are insufficient to meet economic development offers made by the County, the Council anticipates that the County Executive will request supplemental funding.

OLO Report

The February 3, 2009, OLO report titled, *The Department of Economic Development: Review of Budget and Strategies*, includes a discussion of the EDF. To follow up on OLO's report, the Council requested additional information on several major DED programs, including the EDF which is one of the two largest DED programs funded by the General Fund. The Council requested that the Executive respond to the following questions:

Council Questions to DED on Economic Development Fund

- 1) **Measuring Results.** How does DED define "success" and measure the results of the Economic Development Fund? What do the data collected suggest about the strengths and weaknesses of the EDF? (see page ©6)
- 2) **Recipient Selection and Terms.** How does DED determine which companies receive a loan or a grant, and how are the terms and conditions of the financial assistance decided? What information does the company have to provide during the application process? (see page ©7)
- 3) **Accountability and monitoring of loan/grant conditions.** How does DED ensure that the conditions of a loan/grant from the EDF are met (e.g., creation of a certain number of jobs, remaining in the County for a certain period of time)? If the conditions are not met, how does DED ensure repayment? Has the County ever waived the conditions of an agreement? (see page ©10)

Examples: Since the County created the EDF in 1995, 12 companies have received assistance of \$200,000 or more. For these EDF transactions, provide the following information:

- a. The fiscal year that the transaction occurred;
 - b. The details of all conditions placed on the grant or loan;
 - c. Whether the company met all the conditions; and
 - d. If any of the cases involve conditions not being met, what consequences were imposed by the County.
- 4) **Finances.** Please provide a table with projected FY10 data including the beginning fund balance, revenue from each source, and the appropriation/expenditure. (see page ©14)
 - 5) **Recommendations for changes to improve efficiency or effectiveness.** Does DED have any specific recommendations for changes to the Business Innovation Network to improve the efficiency or effectiveness of the program?

Economic Development Fund Expenditures and Workyears FY07, FY08, FY09

(in \$000's)	FY08 Actual	FY09 Approved	FY10 CE Recommended	% Change FY09-FY10
Expenditures:				
General Fund	802,440	852,440	852,440	0.0%
Grant Fund				
TOTAL Expenditures	3,014,376	852,440	852,440	0.0%
Revenues	814,614	296,280	241,850	-18.40%
Positions:				
Full-time	1	1	1	0.0%
Part-time	-	-	-	
TOTAL Positions	1	1	1	0.0%
WORKYEARS	1.0	1.0	In DED Budget	0.0%

Economic Development Fund Allocation

Economic Development Fund	FY09 Budget	FY10 Recommended	Available Fund Balance Carried to FY10 from 09
Grants and Loans Program	\$716,520; 1 wy	\$720,710; 1 wy	\$60,341*
Impact Assistance Program			\$112,479*
Technology Growth Program	\$0	\$0	0
Demolition Loan Program	\$0	\$0	0
Small Business Revolving Loan Program	\$135,920	\$131,730	\$213,140*
Micro-Enterprise Loan Program			
Economic Development Fund Total	\$852,440	\$852,440	\$385,960*

*The EDF sums in the fund balance are adjusted as commitments are made from the fund.

The Economic Development Fund is separate from the General Fund and the balance from the EDF may be carried over from year to year. The EDF accumulates interest and is replenished when the loans are repaid. True to the definition of “non-lapsing fund,” the revenue resulting from the collection of past issued grants, if realized, would not require a new appropriation.

Expenditure Discussion

Under the Grant and Loan Program, for FY07 and FY06, the Council included \$100,000 in funding to provide grants to small businesses impacted by the County’s revitalization projects. No additional funding was appropriated in FY08. In FY09 \$50,000 was included by the Council.

The County has the opportunity to obtain another \$250,000 in small business grant money from the state Small Business Revolving Loan Program; however, the \$250,00 requires a county match. The Executive will make a supplemental request should the funds become available.

Staff Recommendation

- **Consider reducing the EDF budget by \$100,000. This reduction would not reduce workyears, and the Council policy still in place encourages DED to request EDF funding by supplemental appropriation as opportunities become available during the fiscal year. Approve the EDF operating budget for \$752,440.**

Other Office of Legislative Oversight Comments on EDF

Information about the funding and expenditures of the Economic Development Fund is provided in the County Government's operating budget and in the Annual Report on the Fund. (The annual report is a legal requirement contained in the statute establishing the EDF). The Department provided additional data and explanation about the policies and finances of the EDF, in response to the Council's questions following their review of OLO Report 2009-8.

While appreciating the Department's efforts to share information on the EDF, OLO continues to find the presentation of data on EDF's finances cumbersome and difficult to understand. To address this concern, OLO recommends that during FY10, the PHED Committee request DED staff to work with Council/OLO staff to develop a format for communicating the flow of revenues and expenditures of the EDF in a way that is clear and straightforward.

Other Issues

The Inspector General sent a memo to the Chief Administrative Officer dated April 10 advising that the IG's office will conduct a preliminary review of polices, procedures, and expenditures related to the Economic Development Fund.

Attachment: FY10 Economic Development Fund Budget ©1-4
 April 3 Memo from DED to Council President (selected attachments) ©5-14
 IG Memo of April 10, 2009 ©15-16
 Cover Memo Economic Development Fund Annual Report ©17-18
 Economic Development Fund Annual Report March 2009 ©19

Economic Development Fund

MISSION STATEMENT

The mission of the Economic Development Fund is to assist private employers who are located, or plan to locate, or substantially expand operations in the County. The Fund is administered by the Department of Finance, and programs utilizing the Fund are administered by the respective departments as noted below.

BUDGET OVERVIEW

The total recommended FY10 Operating Budget for the Economic Development Fund is \$852,440, which is the same as the total for the FY09 Approved Budget. Personnel Costs comprise 15.6 percent of the budget for one workyear for a position in the Department of Economic Development. Operating Expenses account for the remaining 84.4 percent of the FY10 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ *Healthy and Sustainable Neighborhoods*
- ❖ *Strong and Vibrant Economy*

PROGRAM CONTACTS

Contact Peter Bang of the Economic Development Fund at 240.777.2008 or Alison Dollar of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Demolition Loan Program

The Demolition Loan Program was established in FY99. The program assists owners of obsolete, underutilized commercial buildings to demolish buildings and clear the land. This program is administered by the Department of Housing and Community Affairs.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	0	0.0
FY10 CE Recommended	0	0.0

Economic Development Grant and Loan Program

The Economic Development Grant and Loan Program was established in FY96 to provide assistance to private employers who will retain jobs already in the County or create jobs in the County through the expansion of current businesses or location of new businesses in the County. As part of its Marketing and Business Development Program, the Department of Economic Development (DED) identifies and develops prospects which meet the criteria for grants or loans from the Economic Development Fund. DED works to develop offers of assistance, frequently in close cooperation and coordination with the State of Maryland. By March 15, the County Executive submits an annual report on the status and use of the Fund, as required by Chapter 20-76 (b) of the Montgomery County Code. This program is administered by the Department of Economic Development.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	716,520	1.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	4,190	0.0
FY10 CE Recommended	720,710	1.0

Notes: Reflects adjustment of funds to maintain program.

Technology Growth Program

The Technology Growth Program was created in FY99 as a program within the Economic Development Fund to facilitate the growth of technology-based companies located or desiring to locate in the County. Financial assistance under the program is based on the evaluation of the technology and the innovation proposed, along with potential impact for the County. The program is aimed at leveraging private-sector financing and State Challenge and Equity Investment funds and is administered by the Department of Economic Development.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	0	0.0
FY10 CE Recommended	0	0.0

Small Business Revolving Loan Program

The Small Business Revolving Loan Program was established in FY00. The program augments a grant from the Maryland Economic Development Assistance Authority and Fund (MEDAAF) Act under Senate Bill 446 to finance economic development projects that do not receive priority consideration from traditional private and public sources due to non-priority industry sectors and/or transaction site. The program offers secured loans typically in the range of \$25,000 to \$100,000 and is administered by the Department of Economic Development.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	135,920	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-4,190	0.0
FY10 CE Recommended	131,730	0.0

Notes: Expenditures have been adjusted to reflect FY10 estimated revenues for this program.

BUDGET SUMMARY

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Bud/Rec
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	81,988	92,920	92,920	101,460	9.2%
Employee Benefits	24,594	29,470	29,470	31,880	8.2%
Economic Development Fund Personnel Costs	106,582	122,390	122,390	133,340	8.9%
Operating Expenses	2,907,794	730,050	1,763,960	719,100	-1.5%
Capital Outlay	0	0	0	0	--
Economic Development Fund Expenditures	3,014,376	852,440	1,886,350	852,440	--
PERSONNEL					
Full-Time	0	0	0	0	--
Part-Time	0	0	0	0	--
Workyears	1.0	1.0	1.0	1.0	--
REVENUES					
Investment Income - Pooled	167,217	84,600	20,000	20,000	-76.4%
Loan Repayment Small Business Revolving Loan	146,777	135,920	63,620	131,730	-3.1%
State Grants	250,000	0	0	0	--
Loan Repayments Grant & Loan Program	155,340	41,080	29,700	20,430	-50.3%
Micro-Enterprise Loan Program	0	0	7,660	13,810	--
Technology Growth Program Loan Repayments	70,431	12,240	33,800	31,800	159.8%
Loan Repayments Community Legacy Program	24,929	22,440	22,440	24,080	7.3%
Economic Development Fund Revenues	814,694	296,280	177,220	241,850	-18.4%

FY10 RECOMMENDED CHANGES

	Expenditures	WYs
ECONOMIC DEVELOPMENT FUND		
FY09 ORIGINAL APPROPRIATION	852,440	1.0
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of FY09 Personnel Costs	9,950	0.0
Increase Cost: Group Insurance Adjustment	1,000	0.0
Decrease Cost: Annualization of FY09 Operating Expenses	-10,950	0.0
FY10 RECOMMENDED:	852,440	1.0

PROGRAM SUMMARY

Program Name	FY09 Approved		FY10 Recommended	
	Expenditures	WYs	Expenditures	WYs
Demolition Loan Program	0	0.0	0	0.0
Economic Development Grant and Loan Program	716,520	1.0	720,710	1.0
Technology Growth Program	0	0.0	0	0.0
Small Business Revolving Loan Program	135,920	0.0	131,730	0.0
Total	852,440	1.0	852,440	1.0

FUTURE FISCAL IMPACTS

Title	CE REC. FY10	FY11	FY12	(\$000's) FY13	FY14	FY15
This table is intended to present significant future fiscal impacts of the department's programs.						
ECONOMIC DEVELOPMENT FUND						
Expenditures						
FY10 Recommended	852	852	852	852	852	852
No inflation or compensation change is included in outyear projections.						
Subtotal Expenditures	852	852	852	852	852	852

- *What are the projected costs of the Business Innovation Network program for the next three fiscal years, FY10-FY12?*

	FY10	FY11	FY12
MTDC	\$300,000	\$300,000	\$300,000
RIC (Rockville)	\$324,719	\$324,710	\$324,710
SSIC (Silver Spring)	None	None	None
GIC (Germantown)	\$312,000	\$400,000	\$400,000
WBIC (Wheaton)	\$275,270	\$283,528	\$292,033

- 4) *Recommendations for changes to improve efficiency or effectiveness. Does DED have any specific recommendations for changes to the Business Innovation Network to improve the efficiency or effectiveness of the program?*
- Establish a pool of funds to support the operations of the Innovation Network in lieu of specific appropriations for each facility. This will allow greater flexibility to place resources where they are needed.
 - Invest in communication improvements such as a well defined website for the Innovation Network, including an intranet for companies within the Innovation Network to communicate with each other.
 - Ensure adequate staffing at each facility.
 - Streamline management operations to eliminate duplication.
 - Increase the marketing effort to maintain the occupancy level of each facility.

→ **B. Economic Development Fund (EDF)**

- 1) *Measuring Results. How does DED define "success" and measure the results of the Economic Development Fund? What do the data collected suggest about the strengths and weaknesses of the EDF?*

EDF Sub-Program	Measures of Success
Economic Development Fund Grant and Loan Program	<ul style="list-style-type: none"> • Number of jobs created or retained • Private capital investment induced • Amount of real and property taxes collected
Technology Growth Program	<ul style="list-style-type: none"> • Research grants received • Revenue generated • Equity financing raised
Small Business Revolving Loan Program	<ul style="list-style-type: none"> • Ability of a borrower to maintain or expand its operations • Ability of a borrower to service the loan
Impact Assistance Fund	<ul style="list-style-type: none"> • Ability to financially support businesses that experience adverse impact due to County initiated development projects.
Micro-Enterprise Program	<ul style="list-style-type: none"> • Ability of a borrower to start, maintain or expand its operations. • Ability of a borrower to service the loan.

The Economic Development Fund Grant and Loan Program (EDFGLP) has achieved notable results and continues to contribute to the economic well-being of the County. Twenty two million dollars of EDGLP funding led to the creation and retention of 28,000 jobs in the County. Over \$12 million in property taxes were paid by the 145 EDGLP recipients in 2008. Specifically, three recipients - Marriott, MedImmune, and Discovery Communications - paid more than \$4.4 million in property taxes in 2008. On average, every EDGLP dollar has triggered \$50 in private capital investment since the program's inception.

The Technology Growth Program (TGP) has been instrumental in taking early-stage companies to the next level so that they could pursue research grants, ramp up sales efforts, or attract private investment. During the past five years, aggregate TGP funding has leveraged twice as much in state grants.

With its five sub-programs, the EDF has met the needs of businesses of various sizes and industry types in the County. Recipients represent the diversity of County businesses and range from a major employer to a hair salon. The EDF is an effective avenue through which the County demonstrates its commitment to nurturing a supportive environment for businesses. Moreover, highly-targeted programs such as EDFGLP and TGP have been instrumental in the County's efforts to maintain its competitive advantages. The EDF also enables DED to cultivate long-term relationships with recipient businesses. DED makes frequent contacts with recipient businesses for annual performance monitoring purposes. In doing so, DED intercepts early market intelligence on company's activities, and receives feedback on overall business climate of the County.

Despite these positive aspects, low levels of funding remain a challenge to the EDF. Since 1999, TGP has not received a new infusion of funds. In order to continue to provide the funding crucial to the growth of early-stage technology companies, DED has been using appropriations from EDFGLP. This in turn, often restricts the DED's ability to provide financial incentives to the businesses pursued by the County for attraction or retention.

The current level of staff support is extremely limited. There are more than 250 businesses in the EDF portfolio for two program staff members to track for retention and annual performance monitoring purposes. As such, often times, we are not in the best position to intercept companies' trouble and proactively assist them. DED is currently evaluating options to remedy the situation.

- 2) ***Recipient Selection and Terms.*** *How does DED determine which companies receive a loan or a grant, and how are the terms and conditions of the financial assistance decided? What information does the company have to provide during the application process?*

EDF program applications are screened and evaluated using the following criteria:

- Risk assessment: What are the chances of not retaining or attracting a prospect company if a financial incentive is not offered? How valid are other competing jurisdictions' offers;
- Fiscal impact analysis: Would this project have a positive fiscal impact for County?
- Technology and commercialization feasibility analysis: Is the proposed technology proprietary? What is the market trend of this technology?
- Financial history and projections: Has the business been profitable? How has it been funded?
- Company and management background: Who is the key management? What are their backgrounds?
- Credit worthiness and debt repayment capacity analysis – Is the business principal credit worthy? Does the company have the ability to service debt?
- Analysis of the strategic significance of a project – What is the strategic objective of using the EDF? Is it retaining or attracting a business, providing an anchor tenant to a large development project, or spearheading revitalization efforts?

Specifically, for EDFGLP transactions, DED gives priority considerations to the prospects with significant employment growth as well as significant capital investment potential, and the ability to leverage existing State and private sector financing programs. A company is required to submit a copy of its executed lease for space in the County, verify the number of employees in the County (and/or provide evidence of relocating employees from other region), and submit a registered copy of Articles of Incorporation in order to receive funds. Because EDFGLP is mainly driven by employment, recipients are required to adhere to job goals. If a company fails to reach these goals, either a portion or the entire grant will be converted to a loan payable to the County.

A TGP applicant is required to submit a business plan and, financial statements including a balance sheet and an income statement. A TGP application is rigorously screened using the following criteria:

- Characteristics and proprietary position of the product(s) or service(s).
- Present and future markets for those products or services.
- Strategies for achieving and maintaining significant market penetration.
- Financial history and projections including balance sheets, income statements, and cash flow statements.
- The background, experience and financial commitment of the company principal(s) and key management personnel.
- Statement of the amount, timing and projected use of the County's assistance and any co-venture capital.
- Projected employment growth, and/or other positive economic impacts that the County's assistance will facilitate.

A TGP recipient is required to maintain a majority of its business interests for five years after it receives a financial assistance from the County. Otherwise, it is required to repay the County the entire grant amount. A TGP transaction is usually structured as a conditional grant.



A grant is converted to a loan bearing the interest rate of 15% when a recipient generates agreed upon annual revenue (usually \$1-\$3 million) or obtains agreed upon equity financing (usually \$1-\$4 million) within five years after County's financial assistance. If a business relocates a majority of its business interests after the grant is converted to a loan, it is required to immediately pay the outstanding principal balance and all accrued interest.

Small Business Revolving Loan Program

DED evaluates Small Business Revolving Loan applications using the following criteria: the need for capital, company's debt service capacity, and potential revenue increase due to the injection of loan proceeds, collateral coverage, business/principal's previous credit history, management capabilities, and economic impact to the County. An applicant is required to submit to DED three years of business tax returns, two years of personal tax returns, interim financial statements, and a completed personal financial statement. For start-up companies or existing businesses with a major expansion plan, a business plan is often required.

Loans are typically structured with a six month to a year of moratorium on principal and interest payment, a repayment period up to five years and an interest rate fixed at the prime rate. In most cases, a personal guarantee by the business principal(s) is required. For monitoring purposes, DED requires that the borrower submit federal and state tax returns annually. If a company sells or closes its business, or relocates a majority of its business interests outside the County before a loan is completely repaid, it is required to repay the County the entire principal balance and all accrued interest.

Impact Assistance Fund Program

The principal criterion used for a funding decision is whether a business has experienced a decrease in revenues due to a County-initiated development, re-development or revitalization project. All businesses wishing to be considered for this program must provide supporting documentation evidencing that the business has been adversely impacted.

If a company relocates its business outside the County, or the sale or transfer of a majority of its assets, ownership, or management control triggers the business to close its operation for any reason other than bankruptcy within three (3) years of disbursement of the grant proceeds, the company is required to immediately repay the County the entire grant amount.

Micro-enterprise Loan Program

In order to be considered for a loan from the Program, the applicant must provide DED with the current personal financial statement, two years of personal returns, and a business plan. DED also requests business tax returns for the applicant that has been in business for more than a year. The application and supporting documents are reviewed by a loan review committee. Before an application is submitted to the loan review committee, DED performs due diligence using the following criteria:

- Review the borrower's debt payment history and outstanding financial obligations;
- Evaluate the borrower's business skills and experience;
- Understand the specific purpose of the loan;

- Understand the sources and plan for repayment;
- Evaluate all collateral and back-up sources of repayment; and
- Verify that the loan's purpose, sources of repayment, and collateral are acceptable, reasonable, practical and accomplishable within the normal framework in which the borrower operates.

Loans are typically structured with a six month moratorium on principal and interest payment, a repayment period up to three years and an interest rate fixed at the prime rate plus 2-4%. In most cases, a personal guarantee by the business principal(s) is required. For monitoring purposes, DED requires a borrower to submit federal and state tax returns annually.

3) Accountability and monitoring of loan/grant conditions. How does DED ensure that the conditions of a loan/grant from the EDF are met (e.g., creation of a certain number of jobs, remaining in the County for a certain period of time)? If the conditions are not met, how does DED ensure repayment? Has the County ever waived the conditions of an agreement?

EDFGLP requires recipient companies to adhere to specific job creation and retention goals and to remain in the County for a minimum number of years after receiving a grant/loan (typically five years). Each recipient company enters into a legally binding Economic Development Fund Agreement (EDFA) with the County. EDFA stipulates specific performance milestones and contains claw-back conditions if the milestones are not achieved.

After the disbursement of the EDF grant/loan, DED staff monitors the status and progress of EDF recipients through the following vehicles:

- Require recipients to submit annual verification documents as stated in EDFA. Examples of required documents include employment reports, financial statements, tax returns, and evidence of capital investment in the County.
- Collect information on real estate and personal property taxes paid by recipients each year.
- Regularly conduct site visits, make phone calls, and monitor company websites.
- Request a copy of press releases from recipient companies.
- Monitor news reports from local business journals, newspapers, and the Internet.

DED annually collects and reviews each EDF recipient company's unemployment insurance contribution reports and other pertinent documents to monitor satisfactory performance and adherence to each company's EDFA. The measurement period and duration of monitoring differs for each company depending on the nature of each transaction. For example, if a company is required to retain 50 employees and create 50 new jobs within three years of receiving a financial assistance from the County, the retention of 50 employees will be verified prior to the disbursement of the funds. The creation of 50 jobs, however, will be monitored at the end of the performance monitoring period (typically three-year job creation period) or on each anniversary date of EDF fund disbursement during the three-year period.

If the conditions are not met, DED will recall a part or the entire amount of the grant/loan pursuant to the terms of EDFA. If the recipient cannot make the entire amount of the recalled

grant/loan in one lump sum payment, then a promissory note and other legal documents will be executed and monthly or quarterly loan repayments will be arranged.

The County has waived the conditions of EDFA on a few cases based on extenuating circumstances. An example is the loan made to Mayorga Coffee Roasters that was later forgiven with the approval of DED and the Department of Finance, and consent from the County Attorney's Office. The loan was forgiven due to the collapse of the revenue base caused by the Silver Spring Gateway Project. This project was initiated by the County and JBG Companies. Although EDFA conditions have seldom been waived, DED frequently grants recipients additional years to achieve the original goals specified in EDFA. For the 13 EDF transactions over \$200,000, no conditions of EDFA have been waived. The chart in the following page shows detailed information on the 13 EDF transactions over \$200,000.

-----TABLE TO FOLLOW-----

MONTGOMERY COUNTY, MARYLAND

Economic Development Fund

EDF Transactions over \$200,000 (1995 through 2008)

No.	Company Name	EDF Amount	a. Fiscal Year Committed	b. Conditions of Grant/Loan	c. Whether the company met all the conditions?	d. If not met, what consequences were imposed by the County?
1	Wheaton Plaza Regional Shopping Center	\$6,000,000	FY04	Maintain the Macy's store for 15 years from the opening date, easement to grant the County non-exclusive right to use 400 parking spaces in the garage for public parking.	Still under monitoring	N/A
2	Marriott International, Inc.	\$3,000,000	FY99	Attain 3,700 jobs, then forgive \$1M; attain 3,900 jobs, then forgive another \$1M; 4,200 jobs for two consecutive years before 2013, then forgive the remaining \$1M.	All conditions had been met and the conditional loan was converted to a grant.	N/A
3	Bethesda Cultural Alliance (BCA)	\$1,875,000	FY04	Not to cease operations of the theater for more than 18 months, equipment properly insured, submit annual reports, a full voting position on the Board of BCA.	Still under monitoring	N/A
4	Qiagen Sciences, Inc.	\$1,100,000	FY99	Stay in the County for 10 years, create at least 80% of the projected 300 jobs by the end of fifth anniversary of the loan disbursement date.	Still in the County. Created 177 new jobs. 123 jobs short of the job goal.	\$451,041 was repaid due to a failure to adhere to the job goal. Case closed.
5	Acterna, LLC	\$1,100,000	FY00	Build a new HQ building in Germantown, add 626 new jobs to its 717 job base and maintain 1,500 by the end of 2005.	Company filed for bankruptcy in 2003. Company is still headquartered in Germantown.	Sent to the County Attorney's Office for collection. \$110,000 collected. Case closed.

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No.	Company Name	EDF Amount	a. Fiscal Year Committed	b. Conditions of Grant/Loan	c. Whether the company met all the conditions?	d. If not met, what consequences were imposed by the County?
6	Discovery Communications, Inc	\$ 600,000	FY01	Stay in the County for 10 years and add 364 new jobs to its 740 job base through 2008.	Job goals have been met. 1,606 jobs were reported at the end of 2008. The grant will be permanently forgiven on the 10 year anniversary date in September 2009.	N/A
7	Choice Hotels International, Inc.	\$ 500,000	FY99	Stay in the County for 5 years and add 42 new jobs to its 283 job base through 2007.	All conditions had been met. The conditional grant was permanently forgiven.	N/A
8	MedImmune	\$ 500,000	FY01	Stay in the County for 5 years, add 102 new jobs to the 311 job base by 12/31/2003 and maintain 438 jobs through 2005.	All conditions had been met. A conditional grant was permanently forgiven.	N/A
9	SODEXHO MARRIOTT	\$ 250,000	FY98	Stay in the County for 5 years, create 150 new jobs and maintain 350 jobs through 2003	All conditions had been met. Conditional grant was permanently forgiven.	N/A
10	Acacia	\$ 200,000	FY97	Stay in the County for 5 years and relocate and maintain its 265 jobs through 2002.	Job goals had not been met. \$49,000 was converted to a loan.	\$49,000 was recalled due to non-compliance. The amount was paid off. Case closed.
11	BioReliance Corporation	\$ 200,000	FY98	Stay in the County for 5 years, generate additional 162 new jobs and maintain 457 jobs through 2003.	All conditions had been met. The conditional grant was permanently forgiven.	N/A
12	NASD	\$ 200,000	FY98	Stay in the County for 5 years and add 523 jobs to its 907 job base.	Short by 146 jobs. \$21,666 was converted to a loan.	The converted loan was paid off by NASD. Case closed.

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No.	Company Name	EDF Amount	a. Fiscal Year Committed	b. Conditions of Grant/Loan	c. Whether the company met all the conditions?	d. If not met, what consequences were imposed by the County?
13	World Space	\$ 200,000	FY05	Stay in the County through 2010, employ and retain 108 jobs through 2010, capital investment of \$6M by 2007	119 jobs were reported at the end of 2007. However, the company filed for bankruptcy in fall of 2008.	Sent to the County Attorney's Office for collection. Case still open.

4) FY10 budget – EDF by Sub-Program

Approved FY10 Budget - EDF by Sub-Program

	Economic Development Grant/Loan Program	Technology Growth Program	Small Business Revolving Loan Program	Impact Assistance Program	Micro-Enterprise Loan Program	DED Staff Fund Admin (LWV)	Total
Beginning Balance	\$ -	\$ -	\$ 100,000	\$ 50,000	\$ 50,000	\$ -	\$ 200,000
Revenues							
From General Fund	\$ 233,100	\$ -	\$ -	\$ 50,000	\$ -	\$ 133,340	\$ 416,440
Loan Repayment	\$ 40,000	\$ 15,000	\$ 131,000	\$ -	\$ -	\$ -	\$ 186,000
Investment Income	\$ 50,000						\$ 50,000
State Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total FY09 Resources (line 4+5)	\$ 323,100	\$ 15,000	\$ 231,000	\$ 100,000	\$ 50,000	\$ 133,340	\$ 852,440
Appropriation/Expenditure	\$ 138,100	\$ 200,000	\$ 231,000	\$ 100,000	\$ 50,000	\$ 133,340	\$ 852,440
Projected Fund Balance	\$ 185,000	\$ (185,000)	\$ -	\$ -	\$ -	\$ -	\$ -

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OFFICE OF INSPECTOR GENERAL

Thomas J. Dagley
Inspector General

April 10, 2009

To: Timothy L. Firestine
Chief Administrative Officer

Thomas J. Dagley

From: Thomas J. Dagley
Inspector General

Subject: Preliminary Review of the MCG Economic Development Fund

The Office of Inspector General (OIG) is planning a preliminary review of policies, procedures, and expenditures related to the MCG Economic Development Fund (EDF). In addition to relying on EDF information published in County budget books, our planning includes reviewing program information published in other documents such as the Executive's Annual Report to the Council dated March 31, 2009. For example, the Annual Report states "During 2008, DED provided economic assistance to 28 businesses totaling over \$1.1 million through five programs under the County's Economic Development Fund, resulting in the retention, creation or projected creation of more than 600 jobs in the County."

The following information is requested by May 1, 2009:

- Copies of:
 - MCG policies and procedures used to administer the five programs under the EDF
 - MCG policies and procedures used to approve expenditures from the EDF
 - Criteria used by MCG to measure EDF performance including the retention, creation or projected creation of jobs in the County;
- The approved budgets and actual expenditures for the EDF for FYs 2006, 2007, 2008 and 2009 through March 31, 2009;
- A listing of all expenditures from the EDF for each of the five programs for FYs 2006, 2007, 2008 and 2009 through March 31, 2009. Each expenditure description should include vendor/payee name and address, fiscal year, transaction description, transaction amount, and transaction date;



Timothy L. Firestine
Chief Administrative Officer
April 10, 2009
Page 2

- Whether the EDF has been audited in the last five years; if so, please provide a copy of the audit report(s).

Also, please designate a point of contact to help clarify any issues or request additional information, if needed. At the conclusion of our preliminary review, we will advise you if the OIG plans to conduct a formal review of the EDF.

If you have any questions, please contact me at 240.777.8241. Thank you for your assistance.

cc: Phil Andrews, Council President
Council Members
Kathleen Boucher, ACAO

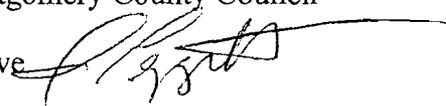


OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 26, 2009

TO: Phil Andrews, President, Montgomery County Council
FROM: Isiah Leggett, County Executive 
SUBJECT: 2009 Annual Report - Economic Development Fund

I am pleased to submit to the County Council the thirteenth Annual Report on the status and use of the Economic Development Fund (“Fund” or “EDF”). The legislation creating the Fund requires that an annual report be submitted every year.

The EDF had a much lower number of transactions in Report Year 2009 than it has in previous years. The decrease in transactions can be attributed to the overall economic downturn. Nevertheless, the EDF continues to stimulate job growth, expand the County’s tax base, and provide much-needed capital to resident businesses.

The following highlights the EDF programs and notable results accomplished by EDF recipients since the program’s inception:

- Total Number of EDFGLP Funded and Committed Transactions..... 145
- Actual Real Estate & Personal Property Tax Collected 1997-2008..... \$89 million
- Total Jobs Created & Retained..... 28,000+
- State Funds Leveraged..... \$43 Million+
- Total Private Capital Investment Induced..... \$1.13 Billion+

Noteworthy Attraction to the County

- The International Baccalaureate Organization
Relocation of its Global Center for the Americas from New York to Montgomery County; relocation of 35 jobs and the creation of 200 new jobs in the next few years

Noteworthy Projects with Substantial Job Growth in Calendar Year 2008

- Discovery Communications 1,606 jobs (added 158 new jobs)
- MedImmune/Astra Zeneca..... 1,509 jobs (added 200+ new jobs)
- EKA Systems 59 jobs (added 30+ new jobs)

Phil Andrews
March 26, 2009
Page 2

Recipient Companies with Successful Equity Financing in Calendar Year 2008

- MiddleBrook Pharmaceuticals \$100 million
- MacroGenics \$25 million
- EKA Systems \$18 million
- Novavax \$18 million
- Innovative BioSensors \$11.5 million

The attached annual report provides details on the status of the Fund, activities of the Fund's sub-programs, the cumulative economic impact generated, and the projected impact expected to be generated from the companies assisted.

I would like to thank the County Council for its continued support of the EDF programs and the critical role it has played in making the Fund an important tool to attract new companies to the County and support the growth of local businesses in the County during these challenging economic times.

Questions about the report should be directed to Peter Bang at extension 7-2008.

IL/pb

Attachment



March 15, 2009

Montgomery County Economic Development Fund Annual Report

Isiah Leggett
County Executive

Timothy Firestine
Chief Administrative Officer

Philip M. Andrews
Council President

Prepared by the
Department of Economic Development

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I. INTRODUCTION

The Montgomery County Economic Development Fund ("EDF" or "Fund") was created on October 17, 1995 by the County Council to provide financial assistance to private employers who retain jobs and/or stimulate job creation in the County. The Executive Regulations provide special focus on high technology and manufacturing companies, businesses in urban revitalization areas, or other private employers that provide the greatest public benefits.

From its establishment in FY96 through FY98, the Fund was operated as a singular program, awarding grants and loans to eligible and qualifying businesses. In FY99, the County Executive recommended, and the County Council approved, the creation of the Technology Growth Program and the Emergency Agricultural Assistance Program to be operated under the auspices of the Economic Development Fund. In FY00, the Small Business Revolving Loan Program and the Demolition Loan Program were added to the Fund. In FY05, the Impact Assistance Program was added to the Fund. The Demolition Loan Program and the Emergency Agricultural Assistance Program were one-time programs. In FY08, the Micro-enterprise Loan Program was added to the Fund to provide financial support to micro-enterprises located in the County.

As required by Article XII, Chapter 20-76 (b) of the Montgomery County Code, the Fund's usage must be detailed in an annual report to the County Council. This thirteenth annual report summarizes the activities of all five active sub-programs of the Fund. To date, the County Council has approved \$31,330,610 in regular appropriations and supplemental appropriations for the Economic Development Fund programs.

	Total Appropriation for All Programs	Economic Development Grant/Loan Program (EDFGLP)	Supplemental Appropriation	Technology Growth Program (TGP)	Small Business Revolving Loan Program (SBRLP)	Demolition Loan Program	Emergency Agricultural Assistance Program	Impact Assistance Program (IAP)	Micro- enterprise Loan Program (MLP)
FY96	\$1,000,000	\$1,000,000							
FY97	\$1,023,450	\$1,023,450							
FY98	\$1,548,540	\$1,048,540					\$500,000		
FY99	\$2,418,400	\$1,968,400		\$450,000					
FY00	\$3,301,780	\$1,251,780		\$450,000	\$500,000	\$100,000	\$1,000,000		
FY01	\$5,221,430	\$1,121,430	\$4,100,000						
FY02	\$2,221,430	\$621,430	\$1,600,000						
FY03	\$995,000	\$495,000			\$500,000				
FY04	\$6,840,750	\$237,520	\$6,375,000		\$228,230				
FY05	\$566,580	\$352,010			\$114,570			\$100,000	
FY06	\$840,990	\$452,080			\$288,910			\$100,000	
FY07	\$3,447,380	\$3,098,490			\$198,890			\$150,000	
FY08	\$1,052,440	\$227,650			\$574,790			\$100,000	\$150,000
FY09	\$852,440	\$516,520			\$135,920			\$200,000	
TOTAL	\$31,330,610	\$13,414,300	\$12,075,000	\$900,000	\$2,541,310	\$100,000	\$1,500,000	\$650,000	\$150,000

Notes:

- Due to the non-lapsing nature of EDF appropriation, the appropriation numbers for all programs are adjusted to reflect the total approved appropriations instead of new general transfers for each program.
- County Council passed resolutions to re-appropriate encumbered appropriations, permitting them to be spent in the following fiscal year.
- Fund balances at the end of fiscal years are mostly comprised of amount reserved for committed offers, loan repayments and investment income. The re-appropriations for FY08 & FY09 were reduced due to a few projects being moved out of EDF to CIP as well as a decrease in revenue estimates.

II. OVERVIEW OF EDF PROGRAM ACTIVITIES

The Economic Development Fund, administered by the Department of Economic Development (DED), has had a significant impact on the County's economic development effort. With five sub-programs designed to meet the varying needs of businesses of industry types and sizes, the Fund is a flexible and results-producing economic development tool.

Since the Fund's inception, the Fund has enabled the County to effectively compete with other jurisdictions for businesses that have significant strategic importance and has served as a catalyst in stimulating resident companies to expand in the County. Many businesses have decided to stay in the County to expand their operations, and a growing number of businesses have been attracted to the County. The County has successfully stimulated significant private investment in the County by using the Fund's resources to selectively provide assistance to qualifying companies.

With selective utilization of the Technology Growth Program (TGP) and the Small Business Revolving Loan Program (SBRLP), DED is also actively promoting early stage high technology-based businesses and helping small businesses launch successful start-up operations in the County.

Depending on the sub-program, businesses are screened and evaluated through:

- A fiscal impact analysis;
- A technology and commercialization feasibility analysis;
- A credit worthiness and debt repayment capacity analysis;
- A secondary and tertiary economic impact analysis;
- An analysis of the strategic significance of a project; and,
- Other necessary due diligence procedures.

The Department, in cooperation with the County's Department of Finance, uses these analyses and procedures to ensure that the net fiscal impact to the County is positive and/or the strategic objectives of the County are achieved. Most offers of financial assistance from the Fund are conditionally based on the availability of funds, certain disbursement criteria, and performance requirements.

This report will summarize the Fund's activities since its inception in 1995 through 2/29/2008, and describe the Fund's activities during the current Report Year from 3/1/2008 to 2/28/2009.

Due to the very dynamic nature of business expansion/relocation projects, the Department makes its best effort to provide a summary that is not only accurate, but as current as possible. As such, data contained in this report or any of the past annual reports should not be interpreted as "static," as data can and will be adjusted retroactively.

- **Highlights To Date**
(Since inception in 1995 through 2/28/2009)

EDF Appropriations & Disbursements

Cumulative Regular and Supplemental Appropriations.....	\$31,330,610
Cumulative Disbursements.....	\$30,824,683

Revenue

Actual Real Estate & Personal Property Tax Collected (1999-2008) from the EDF-assisted Companies	\$89+ million
Total EDFGLP/TGP Grant and Loan Repayments	\$3,409,000
Total SBRLP Loan Repayments.....	\$663,000

EDF Grant/Loan Program Performance

Number of EDFGLP Funded and Committed Transactions.....	145
Total Jobs Created & Retained.....	28,000+
State Funds Leveraged.....	\$43.8 Million
Total Private Capital Investment Induced.....	\$1.13 Billion

EDF Assistance to Companies in the County's Incubator Network

Number of Incubator Companies Assisted by EDFGLP/TGP/SBRLP.....	50
Total Amount of Financial Assistance Provided.....	\$2,855,000

Property Taxes Paid by EDF-assisted Companies

Marriott International.....	Property tax \$1.7 million/yr.
MedImmune (AstraZeneca).....	Property tax \$1.1 million/yr.
Discovery Communications	Property tax \$1.9 million/yr.
Aspen Systems Corp. (acquired by Lockheed Martin)..	Property tax \$1 million/yr.
Qiagen Sciences & Digene Corporation	Property tax \$702,000/yr.
NASD (Finra).....	Property tax \$541,000/yr.
Social and Scientific Systems.....	Property tax \$475,000/yr.

Noteworthy Projects with Substantial Job Growth during 2008

Discovery Communications	1,606 jobs (added 158 jobs in 2008)
MedImmune	1,519 jobs (added over 200 jobs in 2008)
EKA Systems	59 jobs (added over 30 jobs in 2008)

- **Report Year 2009 (RY09) EDF Milestones**
(3/1/2008 – 2/28/2009)

EDF Appropriations & Disbursements

EDF Appropriations for FY08	\$1,052,440
(Comprised of a \$250,000 State MEDAAF grant, a new general fund transfer, and projected revenues, i.e. loan repayments)	
Fund Balance Re-Appropriations for FY08	\$1,355,723
(This number was adjusted due to a few projects being shifted to CIP and a decrease in revenue estimates.)	
EDF Appropriations for FY09.....	\$852,440
Fund Balance Re-Appropriations for FY09	\$1,033,910
(The actual cash balance at the end of FY08 was reduced to reflect a decrease in revenue estimates for FY09.)	
CE Recommended EDF Appropriations for FY10	\$852,440
Actual Real Estate & Personal Property Tax Collected in 2008 from 145 EDFGLP-assisted companies.....	\$12+ million
No. of New EDFGLP Offers Made... ..	5
No. of New EDFGLP Offers Accepted.....	4
No. of EDFGLP Offers Closed	3
New Attractions to Montgomery County.....	3
Total New Offers Disbursed and Committed.....	\$ 325,000
Private Capital Investment Induced.....	\$ 1,860,000

Noteworthy Attraction to the County

The International Baccalaureate Organization.....
Relocation of its Global Center for the Americas from New York to Montgomery County, relocation of 35 jobs and projected creation of 200 new jobs in the next few years

EDF Recipients with Successful Equity Financing in 2008

MiddleBrook Pharmaceuticals	\$100 million
MacroGenics	\$25 million
EKA Systems	\$18 million
Novavax	\$18 million
Innovative BioSensors	\$11.5 million

• **Fund Balance**

Cumulative Fund Appropriations & Disbursement Status:

Total Regular and Supplemental Appropriations ¹	\$ 31,330,610
Funds Disbursed	
EDFGLP	\$ 22,865,000
TGP	\$ 3,570,000
SBRLP	\$ 1,648,000
Impact Assistance Program	\$ 457,521
Micro-enterprise Loan Program	\$ 45,000
Export Montgomery	\$ 11,762
Demolition Loan	\$ 100,000
Agricultural Assistance	\$ 1,500,000
Operating Cost ²	\$ 627,400
Total Disbursed	<u>\$ 30,824,683</u>

1. The approved appropriation includes both new money from the County's General Fund as well as re-appropriated amounts based on projected revenue/loan repayments and investment income on the Fund balance. Actual realized revenue could be more or less than the approved appropriation. The Fund balance at the end of each fiscal year is re-appropriated into the following fiscal year.

2. Starting in FY03, as approved by the Office of Management and Budget (OMB), a part of the Fund-related personnel costs are directly charged to the Fund. This cost is estimated for the period from 7/1/2002 through 2/28/09.

FY09 Fund balance for all programs as of 2/28/09:

FY09 Appropriation for All Programs	\$ 852,440
FY08 Year End Balance Re-appropriated for FY09	\$ 1,033,910
Total Appropriation for All Programs for FY09	<u>\$ 1,886,350</u>

FY09 Year-to-Date Disbursement for All Programs:

EDFGLP	\$ 125,000
TGP	\$ 425,000
SBRLP	\$ 180,000
Impact Assistance Program (IAP)	\$ 113,000
Micro-enterprise Loan Program (MLP)	\$ 45,000
Est. Personnel Cost for FY09	<u>\$ 122,400</u>

Available Fund Balance for All Programs for Remaining FY09	\$ 920,950
Reserved for EDFGLP/TGP	\$ 290,341
Reserved for SBRLP	\$ 323,140
Reserved for IAP	\$ 182,479
Reserved for MLP	\$ 75,000

• **Fund Commitment**

1. Status of Offers:

	<u>Through 2/29/08</u>	<u>3/1/08-2/28/09</u>	<u>Cumulative Total</u>
a) Offers made:	242	5	247
b) Offers accepted:	142	4	146
c) Offers closed:	142	3	145

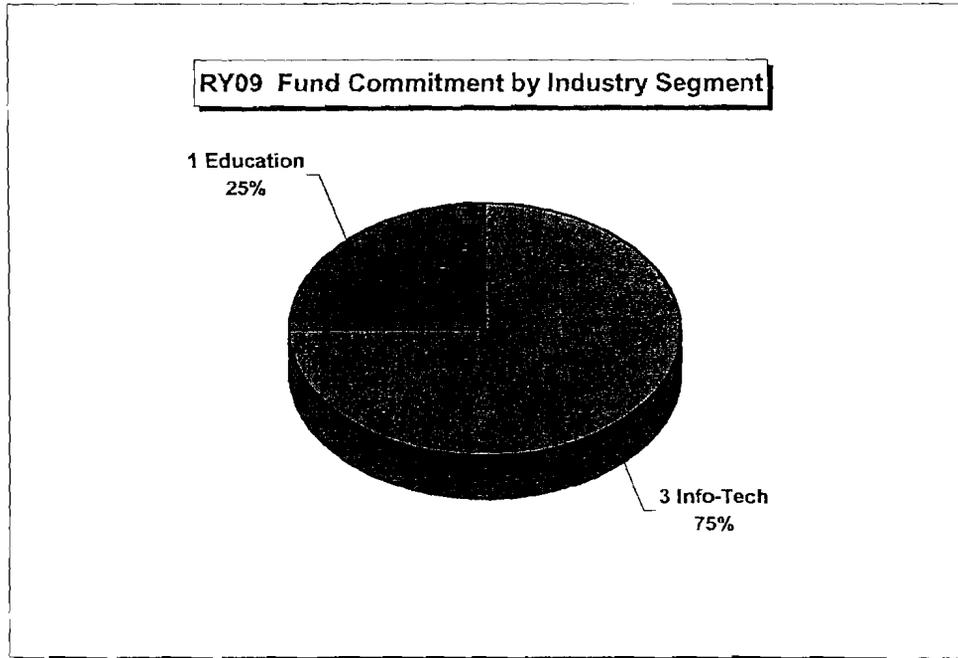
Note: To allow a more effective use of the Fund balance, some "Offers made" and "Offers accepted" were negotiated to be disbursed over multiple fiscal years, subject to supplemental appropriations. There are some "Offers accepted" that take more than 2 to 3 years before they close. "Offers accepted" and "Offers closed" are tracked separately because not all offers close in the reporting period when they are accepted. Unless both categories are tracked, program activities in a given year cannot be described accurately.

2. Program Usage: (Offers Accepted)

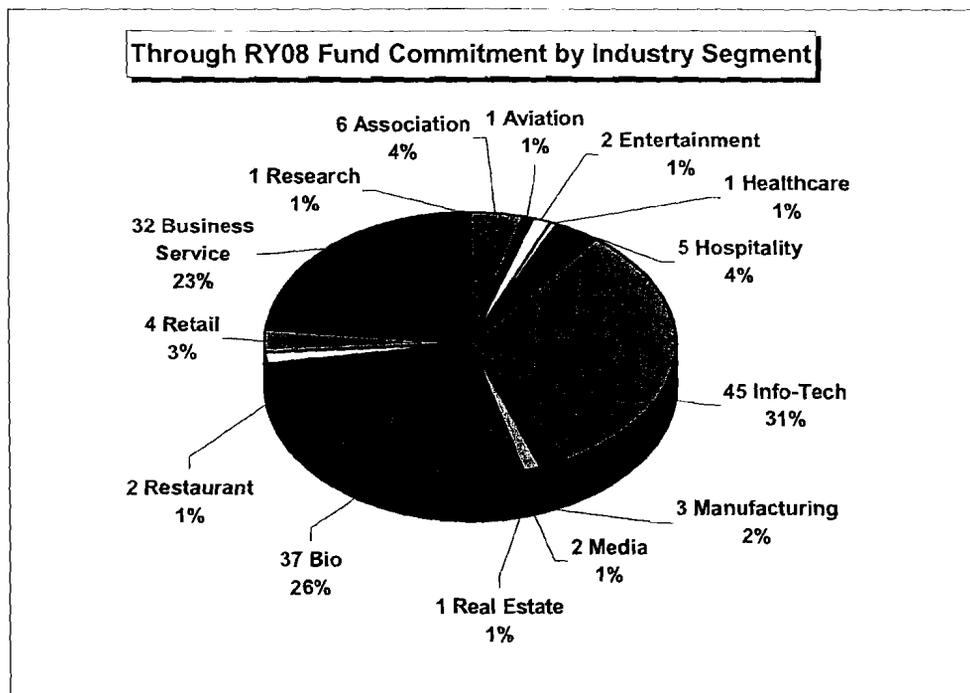
	<u>Through 2/29/08</u>	<u>3/1/08-2/28/09</u>	<u>Cumulative Total</u>
d) Retention	95	1	96
e) Attraction	47	3	50
f) Total Use	142	4	146

3. EDF Grant and Loan Program Fund Commitment by Industry Sector:

- 4 accepted offers from 3/01/08 to 2/28/09

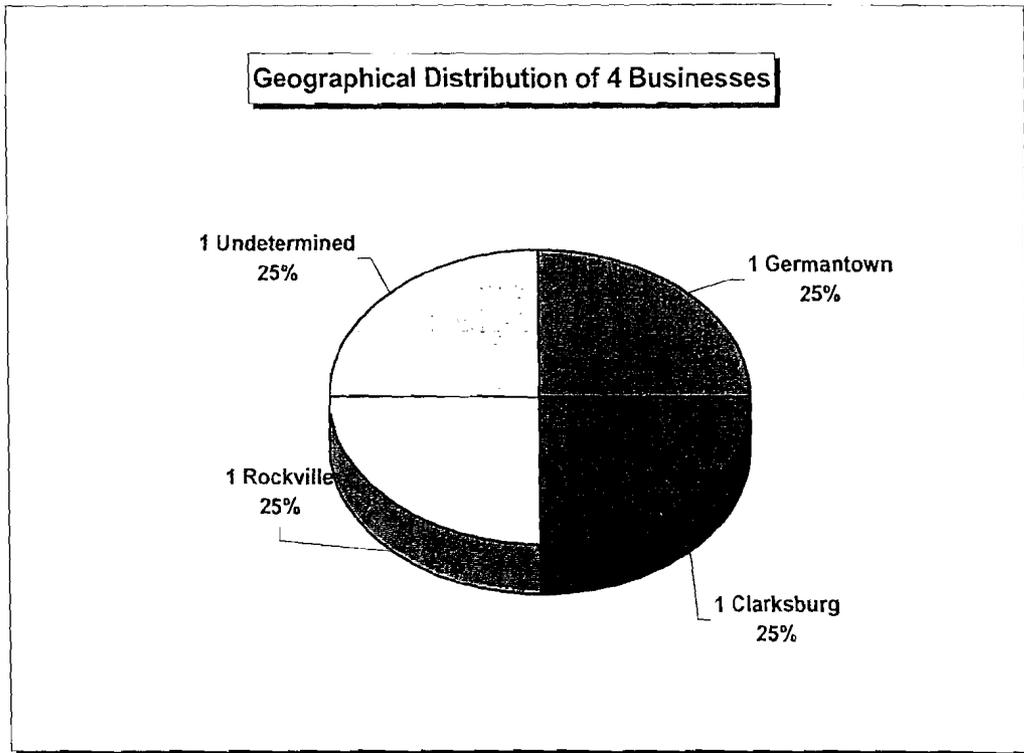


- 142 accepted offers through 2/29/08

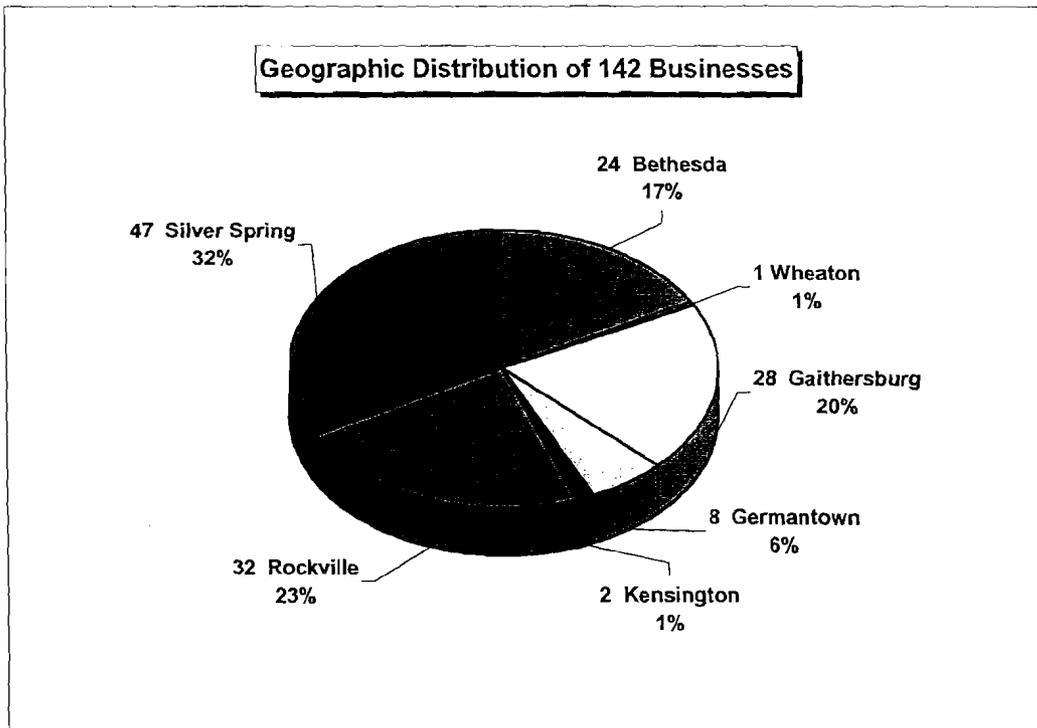


4. EDF Grant and Loan Program Fund Commitments by Location in the County:

- 4 accepted offers from 3/01/08 to 2/28/09



- 142 accepted offers through 2/29/08



III. OBJECTIVES OF EDF PROGRAMS

The Programs of the Economic Development Fund enable the County to address the following objectives critical to the economic future of the County.

- A. Creating Economic Impact
- B. Providing Financial Assistance to Businesses
- C. Leveraging State Funding
- D. Serving as an Economic Development Barometer
- E. Gathering Economic Intelligence
- F. Cultivating Long-Term Positive Relationships with Resident Businesses
- G. Enhancing the Success of the County's Incubator Program
- H. Providing Access to Capital for Micro-enterprises

A. Creating Economic Impact

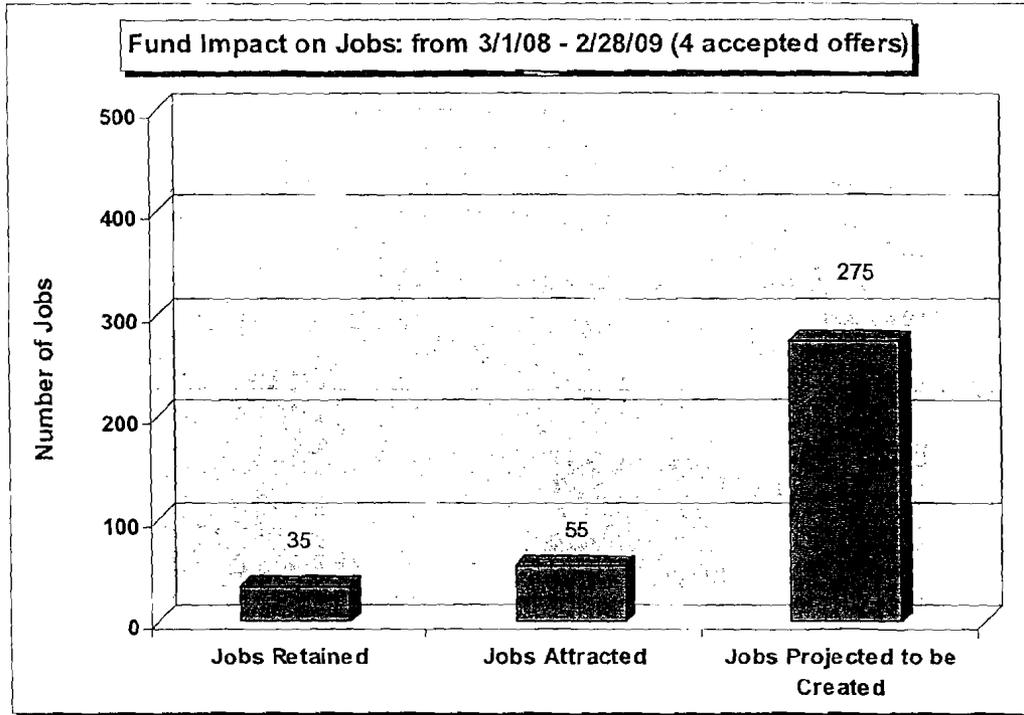
The EDF programs for business attraction and expansion remain successful. The economic impact of the Fund, as evidenced by the fiscal impact analysis and actual tracking through the County's tax revenue database, has been significant. The following charts illustrate the EDFGLP's economic impact from activities in Report Year 2009, and the total impact since its inception in 1995 through February 29, 2008.

All statistics and illustrations are based on 146 companies. These companies have either received EDF funding or accepted an EDF offer.

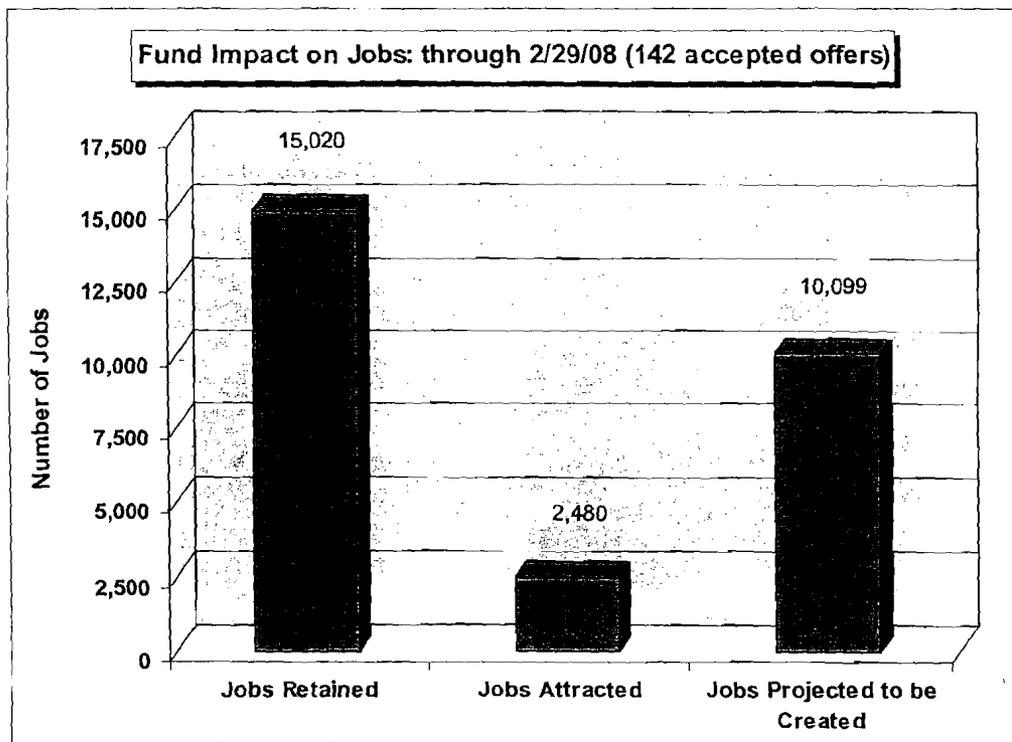
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1. EDF Grant and Loan Program Impact on Jobs

- 4 accepted offers from 3/01/08 to 2/28/09



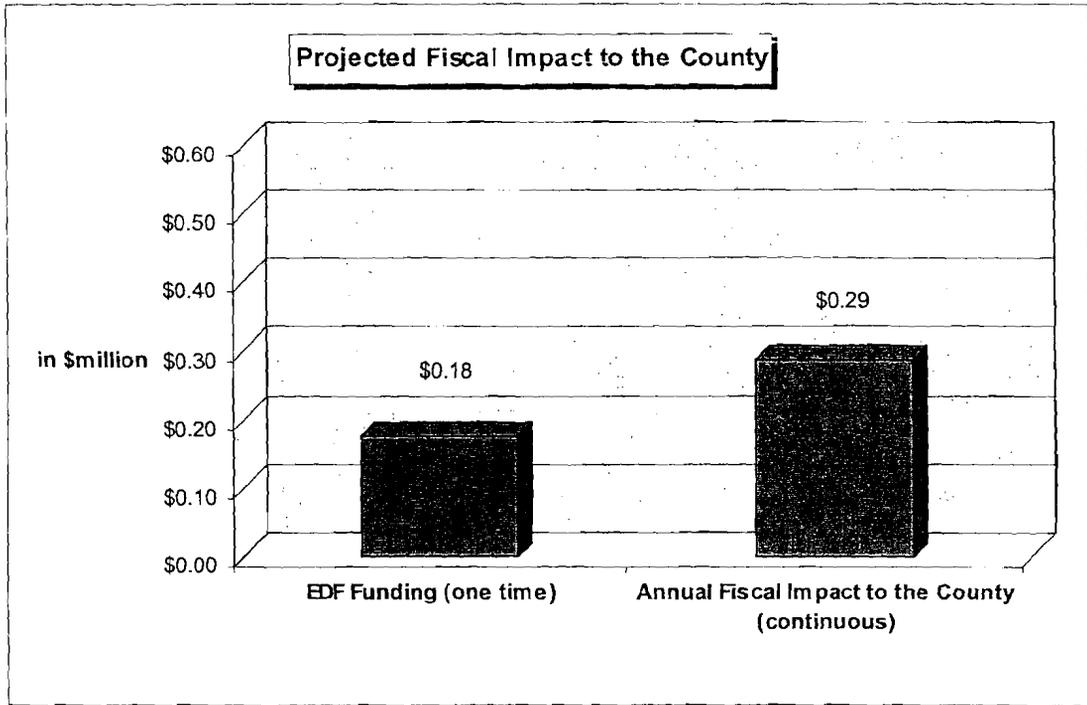
- 142 accepted offers through 2/29/08



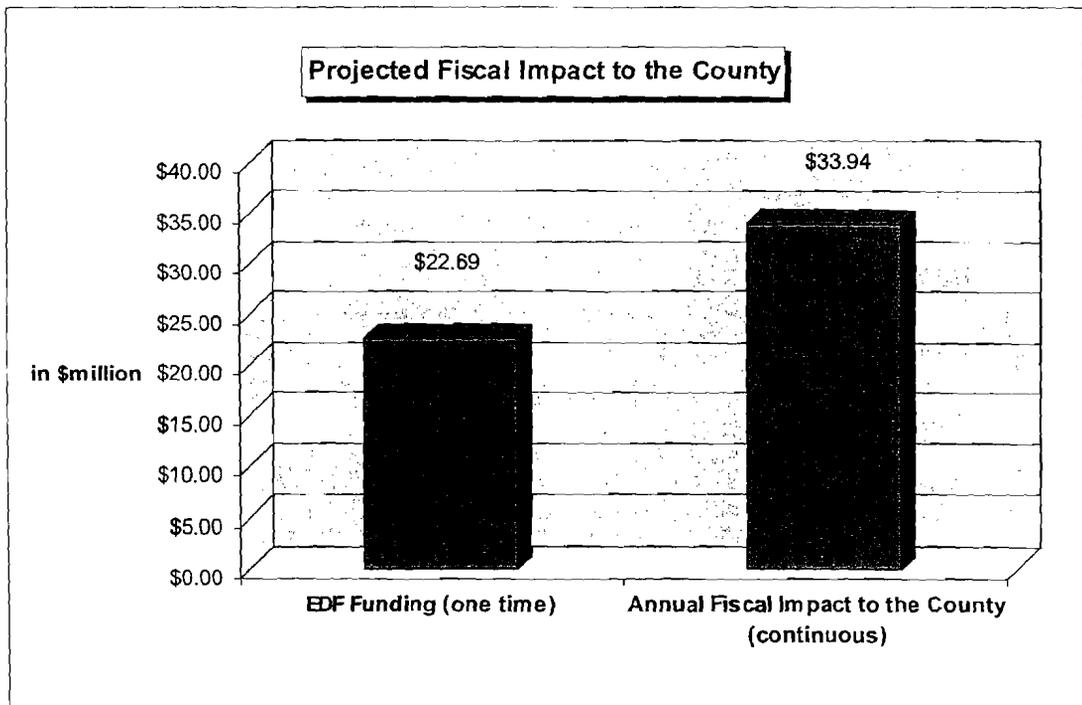
* For the companies that either moved out of the County or closed their operations during the EDF monitoring period, the peak annual employee number during their stay in the County was used.

2. EDF Grant and Loan Program Contribution to County Revenue

- 4 accepted offers from 3/01/08 to 2/28/09

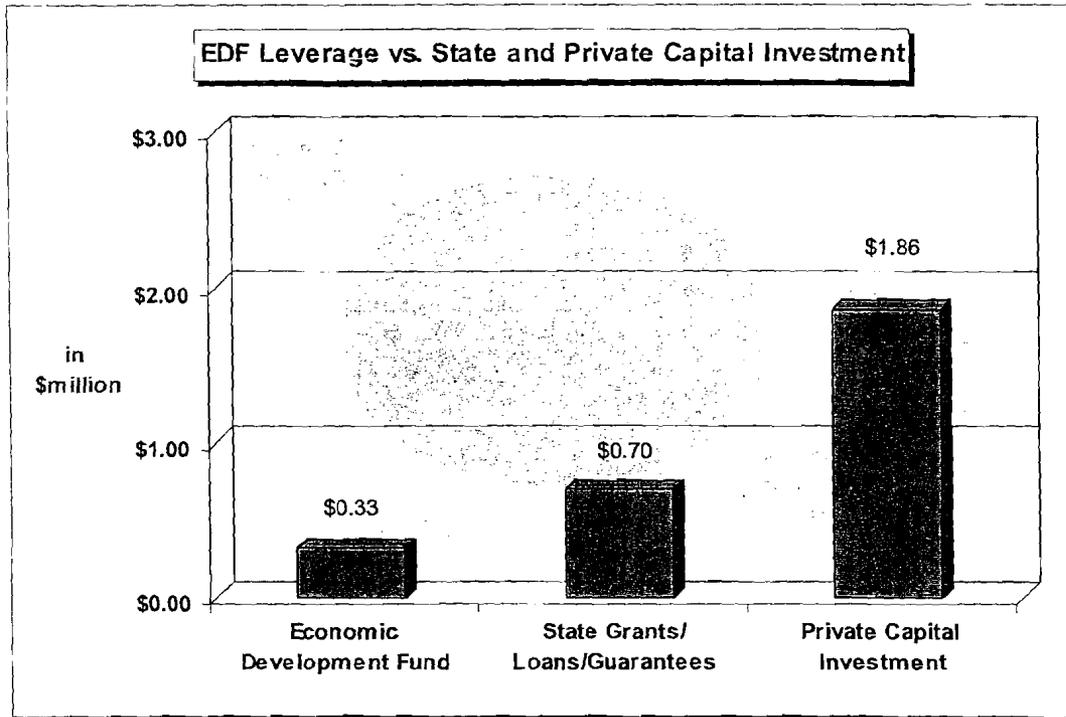


- 142 accepted offers through 2/29/08

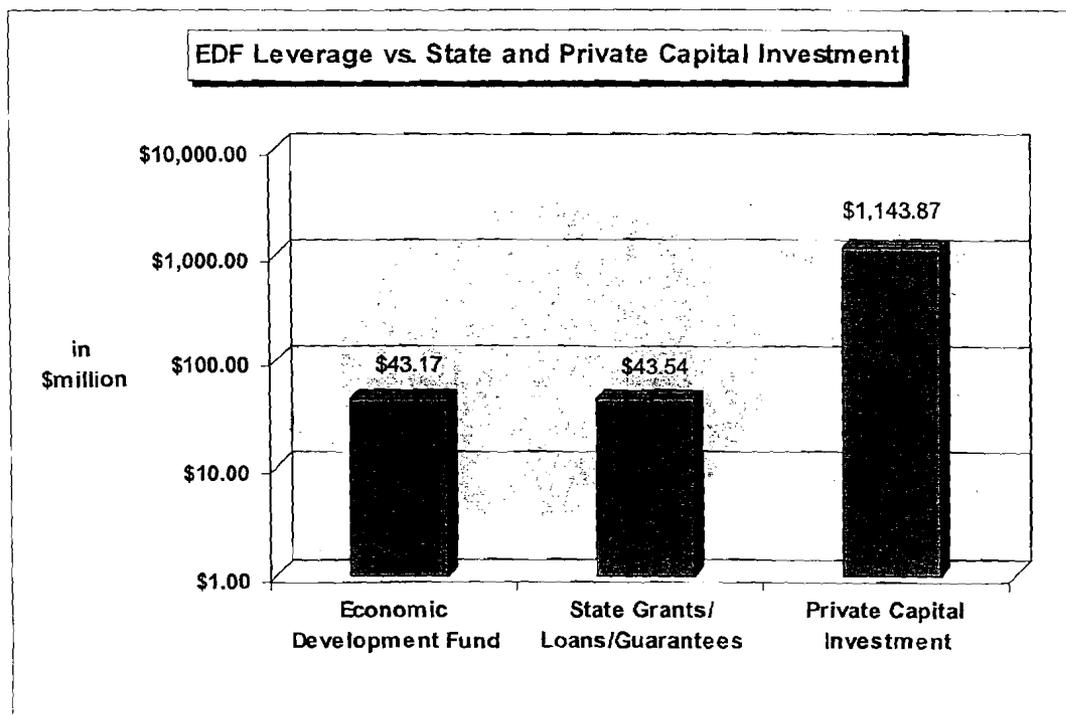


3. EDF Grant and Loan Program Leverage of State and Private Capital Investment

- 4 accepted offers from 3/01/08 to 2/28/09

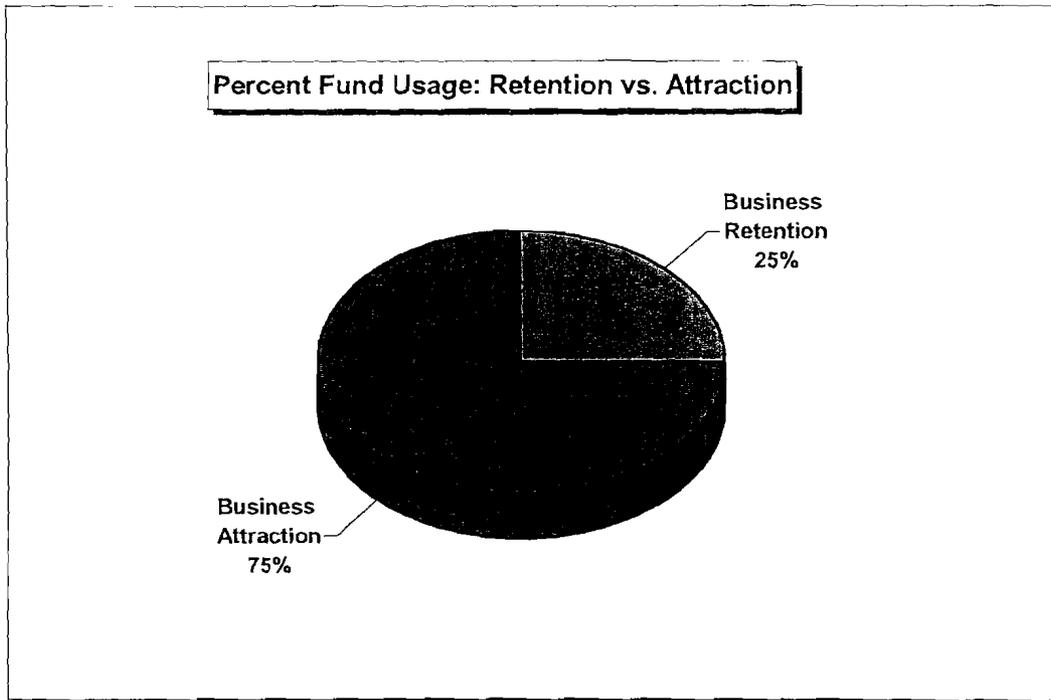


- 142 accepted offers through 2/29/08

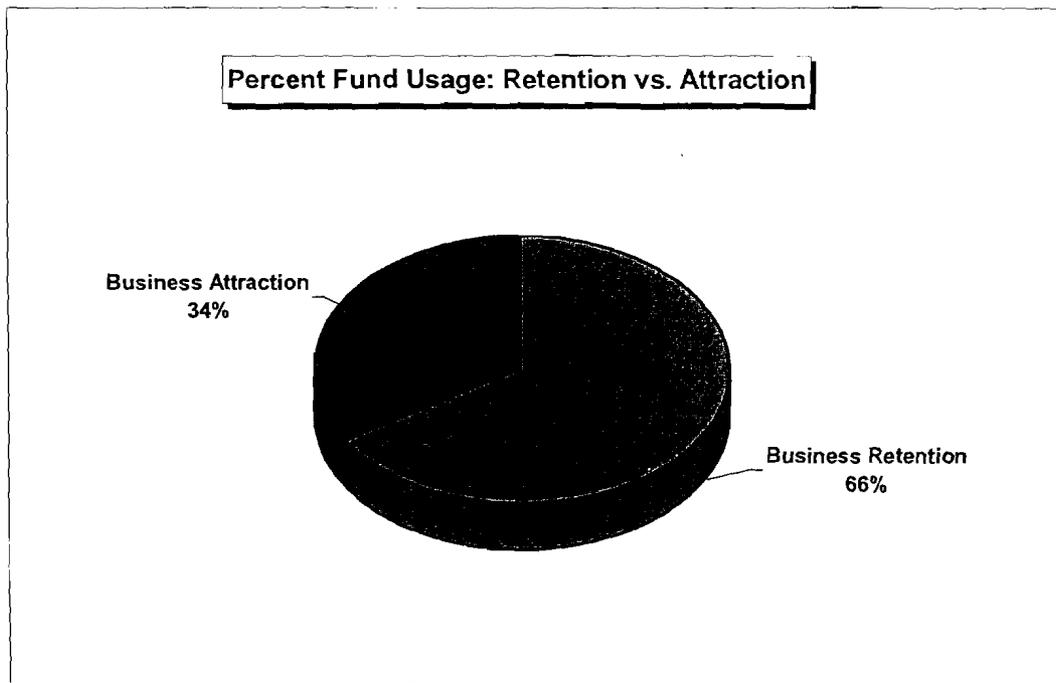


4. EDF Grant and Loan Program Use for Business Retention and Attraction

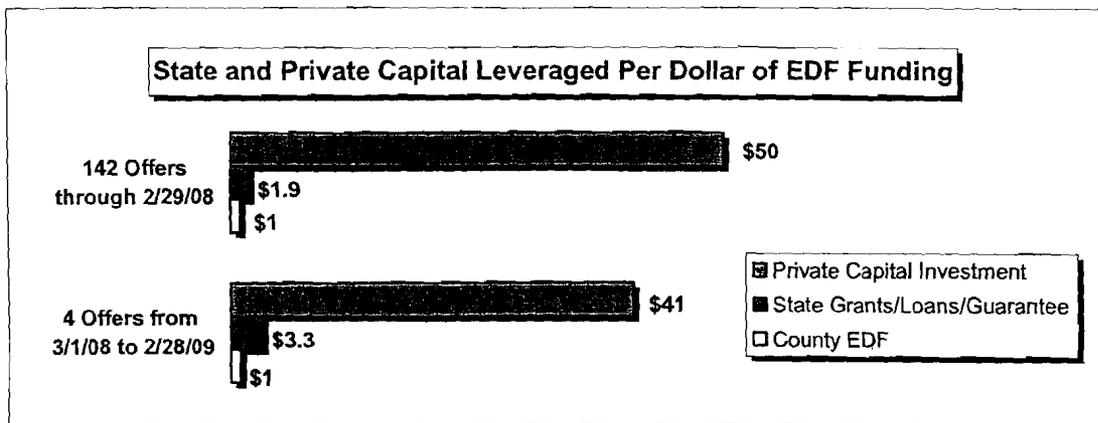
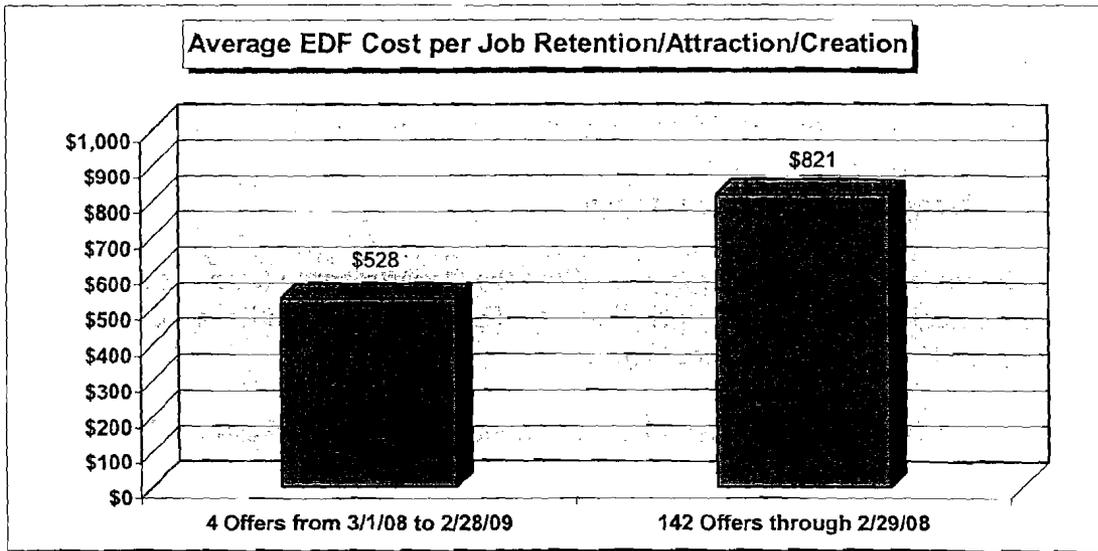
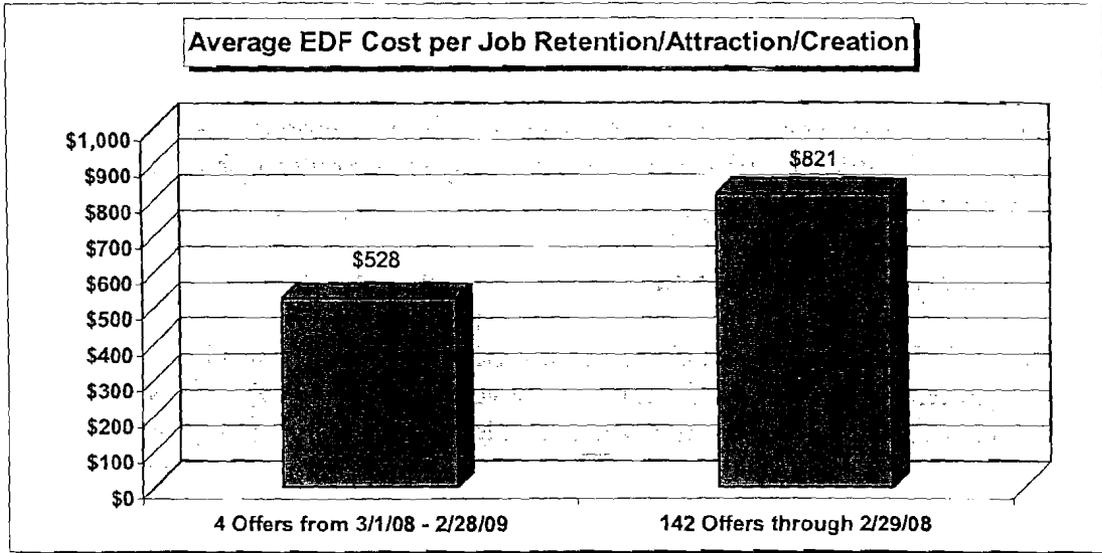
- 4 accepted offers from 3/01/08 to 2/28/09



- 142 accepted offers through 2/29/08



5. EDF Grant and Loan Program Performance Measures



B. Providing Financial Assistance to Businesses

The EDFGLP is a powerful and flexible economic development tool. This is an effective way of substantiating the County's pro-business commitment and maintaining its competitive advantage. With the addition of the Technology Growth Program, the Small Business Revolving Loan Program, the Impact Assistance Program and the Micro-enterprise Loan Program, the Fund has truly become a versatile program capable of assisting a wide range of businesses of various sizes and industry types in the County.

C. Leveraging State Funding

The EDFGLP has enabled the County to effectively leverage financial assistance from the Maryland Department of Business and Economic Development (DBED). The State has committed funds totaling \$43.8 million in grants and loans to new and expanding companies in the County. The Department has made a deliberate effort to leverage County funding by seeking funding from DBED and other State resources whenever possible.

D. Serving as an Economic Development Barometer

Negotiations with business prospects enable the County to effectively assess its current and long-term economic development incentives and strengthen its economic development public policy.

E. Gathering Economic Intelligence

Negotiations with business prospects allow the Department to learn about the economic development strategies of competing jurisdictions. This information allows the County to compare key social and economic parameters.

F. Cultivating Long-Term Positive Relationship with Resident Businesses

The Fund's Programs require annual performance monitoring of recipient businesses. With these frequent contacts, the County maintains a positive relationship with businesses and assists them on a regular basis.

G. Enhancing the Success of Incubator Programs

The Fund's Programs have been a significant strategic tool to attract and retain a high volume of early stage companies in the County's Incubator Network Program by providing critical seed funding.

H. Providing Access to Capital for Micro-enterprises

The newly created Micro-enterprise Loan Program provides access to capital for micro-enterprises that have difficulties in obtaining financing from conventional sources.

IV. EDF GRANT AND LOAN PROGRAM OFFERS ACCEPTED AND DISBURSED

As of February 28, 2009, Montgomery County has funded or committed to fund 146 EDFGLP transactions totaling \$23,115,000. The breakdown of those transactions is as follows:

A. Funding Through Report Year 2008 (from 1995 to 2/29/08)

The following table provides the summary the 142 funded transactions through Report Year 2008. Please note that total funded transactions are not necessarily in line with total offers accepted in one given year due to timing issues.

NO	COMPANY	INDUSTRY	EDFGLP FUNDING	LOCATION	PRIVATE INVESTMENT
1	American Osteopathic Healthcare Ass.	Association	\$20,000	Bethesda	\$330,000
2	Fresh Fields/Whole Foods	Retail HQ	\$75,000	Rockville	\$450,000
3	Information Systems & Services, Inc.	Info-Tech	\$5,000	Silver Spring	\$450,000
4	Medtap, International	Bio-Medical	\$40,000	Bethesda	\$625,000
5	MicroDynamics	Technology	\$30,000	Silver Spring	\$300,000
6	National Council of Senior Citizens	Association	\$50,000	Silver Spring	\$900,000
7	NEXGEN	Info-Tech	\$15,000	Silver Spring	\$230,000
8	Palmer Brothers Painting	Contractor	\$30,000	Silver Spring	\$350,000
9	Preferred Pediatrics (Children's Hospital)	Business Service	\$20,000	Silver Spring	\$142,000
10	Technology Service Corporation	Technology	\$100,000	Silver Spring	0
11	Washington Consulting Group	Technology	\$25,000	Bethesda	\$500,000
12	First Federal Corporation	Info-Tech	\$150,000	Gaithersburg	\$4,500,000
13	JZA	Business Service	\$20,000	Bethesda	\$232,000
14	Information Systems & Solutions, Int'l	Business Service	\$50,000	Silver Spring	\$1,050,000
15	BGS&G Companies	Business Service	\$20,000	Silver Spring	\$320,000
16	Forte Software	Info-Tech	\$15,000	Rockville	\$300,000
17	National Micrographics	Technology	\$5,000	Silver Spring	0
18	Decision Systems Technologies	Info-Tech	\$75,000	Rockville	\$1,215,000
19	Aspen Systems Corporation Phase I	Info-Tech	\$100,000	Rockville	\$4,700,000
20	Electronic Data Systems, Inc.	Info-Tech	\$25,000	N. Bethesda	\$1,250,000
21	Foster (amended)	Business Service	\$30,000	N. Bethesda	\$800,000
22	McKesson Bioservices	Bio-Med	\$75,000	Gaithersburg	\$5,000,000
23	Infopro, Inc.	Business Service	\$25,000	Silver Spring	\$330,000
24	Johnson, Basin, & Shaw	Business Service	\$10,000	Silver Spring	\$200,000
25	Takoma Park Silver Spring Food Co-op	Retail HQ	\$15,000	Silver Spring	\$340,000
26	Cellmark Diagnostics, Inc.	Bio-Med	\$45,000	Germantown	\$1,000,000
27	Thomson Technology Services Group	Info-Tech	\$80,000	Rockville	\$5,000,000
28	KRA, Inc.	Info-Tech	\$25,000	Silver Spring	\$360,000
29	Hekimian	Bio-Med	\$35,000	Rockville	\$13,200,000
30	Ferris, Baker, Watts, Inc.	Business Service	\$15,000	Silver Spring	\$600,000
31	CenterForce Technology	Info-Tech	\$20,000	Bethesda	\$230,000
32	Gemelli	Manufacturer	\$3,000	Silver Spring	\$20,000
33	Acacia	Business Service	\$200,000	Bethesda	\$6,500,000
34	Ernst & Young, LLP	Business Service	\$75,000	Bethesda	\$1,500,000
35	Oleen Healthcare Information Mgmt.	Business Service	\$30,000	Silver Spring	\$505,000

NO	COMPANY	INDUSTRY	EDFGLP FUNDING	LOCATION	PRIVATE INVESTMENT
36	Caelum Research Corporation	Info-Tech	\$125,000	Rockville	\$1,056,000
37	Gene Logic, Inc.	Bio-Tech	\$98,000	Gaithersburg	\$9,600,000
38	ADP Benefit Services	Business Service	\$15,000	Silver Spring	\$700,000
39	Counter Technologies, Inc.	Info-Tech	\$40,000	Bethesda	\$400,000
40	Cary Medical, Inc.	Bio-Tech	\$30,000	Bethesda	\$10,000
41	Analytical Sciences, Inc.	Business Service	\$35,000	Silver Spring	\$1,100,000
42	ISSI (Convista Incorporated)	Business Service	\$10,000	Silver Spring	\$370,000
43	Torti Gala and Partners, Inc.	Business Service	\$40,000	Silver Spring	\$100,000
44	Prolist, Inc.	Business Service	\$40,000	Gaithersburg	\$3,100,000
45	Aspen Systems Corporation Phase II	Info-Tech	\$100,000	Rockville	see Phase I
46	Origene Technologies, Inc.	Bio-Tech	\$50,000	Rockville	\$300,000
47	Neurotrophic Research Corporation	Bio-Tech	\$35,000	Bethesda	\$130,000
48	Optelecom, Inc.	Manufacturer	\$60,000	Gaithersburg	\$130,000
49	EntreMed, Inc.	Bio-Tech	\$75,000	Rockville	\$8,000,000
50	NextLinx Corporation	Info-Tech	\$45,000	Silver Spring	\$160,000
51	Café Monet, LLC	Retail	\$15,000	Kensington	\$220,000
52	Digicon Corporation	Info-Tech	\$60,000	Rockville	\$1,238,000
53	Prospects Associates	Business Service	\$50,000	Silver Spring	\$880,000
54	The Institute for Genomic Research	Bio-Tech	\$50,000	Gaithersburg	\$10,000,000
55	Sytel, Inc.	Info-Tech	\$95,000	Bethesda	\$540,000
56	BioReliance Corporation	Bio-Tech	\$200,000	Gaithersburg	\$30,000,000
57	Softmed Systems, Inc.	Info-Tech	\$90,000	Bethesda	\$1,451,000
58	Maryland Association for Non-profit	Non-Profit	\$20,000	Silver Spring	\$158,500
59	Earle Palmer Brown	Business Service	\$25,000	Bethesda	\$1,900,000
60	GTM Architects, Inc.	Business Service	\$25,000	Kensington	\$300,000
61	Doxsys, Inc.	Info-Tech	\$25,000	Bethesda	\$667,000
62	Palladian Partner, Inc.	Info-Tech	\$22,000	Gaithersburg	\$71,700
63	Sodexo Marriott	Hospitality	\$250,000	Rockville	\$4,900,000
64	BAE Systems North America, Inc.	Info-Tech	\$150,000	Rockville	\$5,000,000
65	ParaGea Communications, Inc.	Bio-Tech	\$25,000	Gaithersburg	\$514,000
66	International Genetics Associates, Inc.	Bio-Tech	\$50,000	Rockville	\$380,000
67	Immersion Medical	Bio-Tech	\$35,000	Gaithersburg	\$1,160,000
68	Panacea Pharmaceutical	Info-Tech	\$50,000	Rockville	\$75,000
69	DC Information Systems, Inc.	Info-Tech	\$50,000	Silver Spring	\$35,000
70	BIOMAT Sciences	Bio-Tech	\$40,000	Rockville	\$50,000
71	Gen Vec	Bio-Tech	\$125,000	Gaithersburg	\$15,500,000
72	Collective Communication Corporation	Info-Tech	\$60,000	Silver Spring	\$490,000
73	Medispec, Ltd.	Technology	\$25,000	Gaithersburg	\$400,000
74	View Point Communication	Info-Tech	\$7,000	Silver Spring	\$463,000
75	NASD	Business Service	\$200,000	Rockville	\$69,600,000
76	Choice Hotels International, Inc.	Hospitality	\$500,000	Silver Spring	\$11,270,811
77	Digene	Bio-Tech	\$90,000	Gaithersburg	\$18,000,000
78	The ARC of the United States	Association	\$40,000	Silver Spring	\$620,000
79	Wolpoff and Abramson	Business Service	\$90,000	Rockville	\$15,300,000
80	ISSI Consulting Group, Inc.—Phase II	Info-Tech	\$25,000	Silver Spring	\$855,000
81	High Tech Council of Maryland	Association	\$71,500	Rockville	\$71,500
82	Multispectral Solutions, Inc.	Info-Tech	\$50,000	Germantown	\$100,000
83	Viaken Systems, Inc.	Bioinformatics	\$50,000	Gaithersburg	\$150,000
84	Recovery Point Systems, Inc.	Info-Tech	\$90,000	Germantown	\$8,225,000
85	Telperion Networks, Inc.	Info-Tech	\$35,000	Gaithersburg	\$1,000,000
86	Discovery Communications-Caldor Site Project	Media	\$170,000	Silver Spring	\$35,000,000

NO	COMPANY	INDUSTRY	EDFGLP FUNDING	LOCATION	PRIVATE INVESTMENT
87	Information Resources Associates, Inc.	Info-Tech	\$30,000	Silver Spring	\$84,700
88	Bid4asset.com, Inc.	Info-Tech	\$75,000	Silver Spring	\$400,000
89	Qiagen Sciences, Inc.	Bio-Tech	\$1,100,000	Germantown	\$42,000,000
90	Amrex, LLC	Bio-Tech	\$70,000	Germantown	\$130,000
91	Origene, Inc.	Bio-Tech	\$85,000	Rockville	\$3,080,000
92	Covance Health	Business Service	\$100,000	Gaithersburg	\$6,300,000
93	Intervise Consultants, Inc.	Info-Tech	\$100,000	Rockville	\$10,150,000
94	Marriott International, Inc.	Hospitality	\$3,000,000	Gaithersburg	\$99,000,000
95	Arbros Communications, Inc.	Technology	\$100,000	Silver Spring	\$4,000,000
96	Discovery Communications, Inc.	Media	\$600,000	Silver Spring	\$150,000,000
97	Gene Logic, Inc. (Phase II)	Bio-Tech	\$100,000	Gaithersburg	\$34,700,000
98	Manugistics	Info-Tech	\$90,000	Germantown	\$9,200,000
99	Social & Scientific Systems	Business Service	\$100,000	Silver Spring	\$18,000,000
100	Quanta Bioscience, Inc.	Bio-Tech	\$80,000	Rockville	\$100,000
101	Social and Scientific Systems, Inc.	Business Service	\$18,000	Silver Spring	\$18,000,000
102	Thales Communications, Inc.	Technology	\$35,000	Clarksburg	\$5,000,000
103	Online Technologies Group, Inc.	Info-Tech	\$120,000	Rockville	\$22,000,000
104	OPNET Technologies, Inc.	Info-Tech	\$150,000	Bethesda	\$15,600,000
105	NeuralStem, Inc.	Bio-Tech	\$40,000	Gaithersburg	\$6,000,000
106	Acterna LLC	Technology	\$1,100,000	Germantown	\$49,200,000
107	SAS Inc.	Technology	\$75,000	Rockville	\$2,625,000
108	Panacos Pharmaceuticals, Inc.	Bio-Tech	\$30,000	Gaithersburg	\$150,000
109	Primary Care Coalition of Montgomery	Non-Profit	\$6,000	Gaithersburg	\$140,000
110	MaxCyte	Bio-Tech	\$80,000	Rockville	\$1,550,000
111	Imatek	Manufacturer	\$16,000	Germantown	\$1,395,000
112	MedImmune, Inc.	Bio-Tech	\$500,000	Gaithersburg	\$71,250,000
113	Advancis Pharmaceutical	Bio-Tech	\$75,000	Germantown	\$12,000,000
114	Intradigm Corp	Bio-Tech	\$30,000	Rockville	\$500,000
115	Cubanos Restaurant	Retail	\$18,500	Silver Spring	\$60,000
116	Aspen Group, Inc.	Business Service	\$10,000	Silver Spring	\$548,000
117	American Youth Hostels, Inc.	Business Service	\$10,000	Silver Spring	\$36,800
118	United Healthcare Services	Healthcare	\$30,000	Rockville	\$1,154,000
119	About Web	Info-Tech	\$40,000	Rockville	\$145,000
120	Center for Behavioral Health	Business Service	\$100,000	Rockville	\$1,300,000
121	TV One	Broadcasting	\$100,000	Silver Spring	\$250,000
122	Kierkegaard & Perry Laboratories, Inc.	Bio-Tech	\$25,000	Gaithersburg	\$1,650,000
123	BSI Proteomics, Inc.	Bio-Tech	\$50,000	Gaithersburg	\$80,000
124	Encore Management Corp.	Business Service	\$100,000	Silver Spring	\$1,100,000
125	MacroGenics, Inc.	Bio-Tech	\$50,000	Rockville	\$1,900,000
126	Eakin/Youngentob Associates, Inc.	Real Estate	\$60,000	Bethesda	\$500,000
127	Proxy Aviation, Inc.	Aviation	\$50,000	Germantown	\$500,000
128	Kierkegaard & Perry Laboratories, Inc.	Bio-Tech	\$75,000	Gaithersburg	\$3,100,000
129	Wheaton Plaza Regional Shopping Center	Retail	\$6,000,000	Wheaton	\$150,000,000
130	World Space, Inc.	Info-Tech	\$200,000	Silver Spring	\$10,250,000
131	8606 Colesville Road, LLC	Food	\$100,000	Silver Spring	\$625,000
132	Health Through Friendship	Info-Tech	\$15,000	Rockville	\$125,000
133	Bethesda Cultural Alliance, Inc.	Performing Arts	\$1,875,000	Bethesda	\$5,000,000
134	International Municipal Lawyers Assc.	Business Service	\$10,000	Bethesda	\$100,000
135	The Birchmere Project	Performing Arts	\$150,000	Silver Spring	N/A
136	Host International	Hospitality	\$100,000	Bethesda	\$7,800,000
137	Xceleron	Bio-Tech	\$100,000	Germantown	\$3,489,000

NO	COMPANY	INDUSTRY	EDFGLP FUNDING	LOCATION	PRIVATE INVESTMENT
138	Sigma-Tau Pharmaceuticals, Inc.	Bio-Tech	\$60,000	Gaithersburg	\$2,000,000
139	Novavax	Bio-Tech	\$100,000	Rockville	\$6,900,000
140	WeddingWire, Inc.	Info-Tech	\$25,000	Bethesda	\$100,000
141	TIG Global	Info-Tech	\$50,000	Bethesda	\$1,800,000
142	Innovative Biosensors, Inc.	Info-Tech	\$50,000	Rockville	\$370,000

B. Funding in Report Year 2009 (3/1/2008-2/28/09)

NO	COMPANY	INDUSTRY	EDFGLP FUNDING	LOCATION	PRIVATE INVESTMENT
143	EKA Systems	Info-Tech	\$50,000	Germantown	\$300,000
144	InfosPhenix	Info-Tech	\$50,000	Clarksburg	\$310,000
145	ClassifEye, Inc.	Info-Tech	\$75,000	Rockville	\$0

C. Commitment in Report Year 2009 (3/1/2008-2/28/09)

NO	COMPANY	INDUSTRY	EDFGLP FUNDING	LOCATION	PRIVATE INVESTMENT
146	International Baccalaureate Organization	Education	\$150,000	TBD	\$1,250,000

D. Impact Assistance Program

In FY05, the Impact Assistance Program was approved by the County Council and \$100,000 was appropriated for seed funding. The purpose of this Program is to mitigate, as much as possible, any adverse impact that small businesses might be experiencing due to County-initiated development, re-development or renovation projects. The County Council appropriated a total of \$650,000 to support increasing activities under this Program.

Since the inception of the Program, the following businesses have received impact assistance funding totaling \$457,521:

NO	COMPANY	FUNDING RECEIVED	LOCATION
1	ITB Eight, LLC D/B/A Black's Bar and Kitchen	\$8,400	Bethesda
2	Moren Inc.	\$ 20,000	Silver Spring
3	Vicky Snead T/A Eurokids Fashion	\$8,000	Silver Spring
4	Olympic Carpet & Rug, Inc (Carpet Bazaar)	\$15,000	Silver Spring
5	Interior Accents, Inc.	\$4,000	Silver Spring
6	Bach Hue Nguyen T/A Bethesda Nail Spa by On	\$3,700	Bethesda
7	BH&R Associates (Quarry House Tavern)	\$4,000	Silver Spring
8	Kefa Café	\$10,000	Silver Spring
9	ITB Eight	\$2,800	Bethesda
10	Universal Artificial Limb Co.	\$3,000	Silver Spring
11	K.O. Inc. T/A Presence	\$10,000	Bethesda

NO	COMPANY	FUNDING RECEIVED	LOCATION
12	Italia Gourmet	\$15,000	Silver Spring
13	Mayorga Coffee	\$20,000	Silver Spring
14	The Finkhauser Group, Inc. T/A The French Quarter Café	\$20,000	Germantown
15	KCD Nguyen, LLC T/A Passion Nail Spa	\$15,000	Germantown
16	Yamo, LLC	\$20,000	Germantown
17	Grand Crew Enterprises	\$20,000	Germantown
18	Barry's Magic Shop	\$63,100	Wheaton
19	Sacred Mountain LLC T/A Moorenko's Ice Cream Cafe	\$20,000	Silver Spring
21	Dale Music Company, Inc.	\$20,000	Silver Spring
22	BDMS	\$20,000	Clarksburg
23	Apollo	\$20,000	Clarksburg
24	Green Earth Goods	\$20,000	Clarksburg
25	Mayorga Coffee	\$20,000	Clarksburg
26	Roadhouse Oldies	\$5,000	Silver Spring
27	CCLW, D/B/A Executive Shell	\$8,000	Rockville

E. Export Montgomery Program

The Export Montgomery Grant Program was established in 2001 under the Economic Development Fund. The purpose of this Program was to promote Montgomery County exports that contribute to the economic strength and stability of the local economy, and to provide indirect marketing for the County. This Program operated with a \$30,000 set-aside from the Economic Development Fund and provided grants of up to \$5,000 to qualified companies with export related projects. Receipt of an Export Montgomery grant was contingent upon participation in the State's Export Maryland program as well. Due to lack of activities, this Program was discontinued in FY06.

Through the life of the Program, three applications were received, evaluated, and granted funding totaling \$11,762.

NO	COMPANY	INDUSTRY	Export Montgomery	LOCATION
1	Single Source, Inc.	Export	\$5,000	Rockville
2	Eka Systems	Bio-Tech	\$5,000	Rockville
3	Nova Research	Bio-Tech	\$1,762	Rockville

F. Micro-enterprise Loan Program

Montgomery County created the Micro-enterprise Loan Program (MLP) in Fiscal Year 2008 to support micro-enterprises located in the County by providing them with much-needed access to capital. MLP facilitates the creation, retention, or expansion of micro-enterprises through direct loans as well as technical assistance.

In order to be eligible for MLP, a business must have gross revenues of less than \$250,000 annually and fewer than five full-time-equivalent employees. In addition, MLP funds must assist the creation or expansion of the business or help retain and stabilize the business. The maximum loan amount under MLP is \$15,000 for any one micro-enterprise, and loans will have maximum repayment terms of three years.

Initial Funding:	\$150,000
Total Disbursement in RY09	\$ 45,000

The table below shows the three transactions funded in Report Year 09:

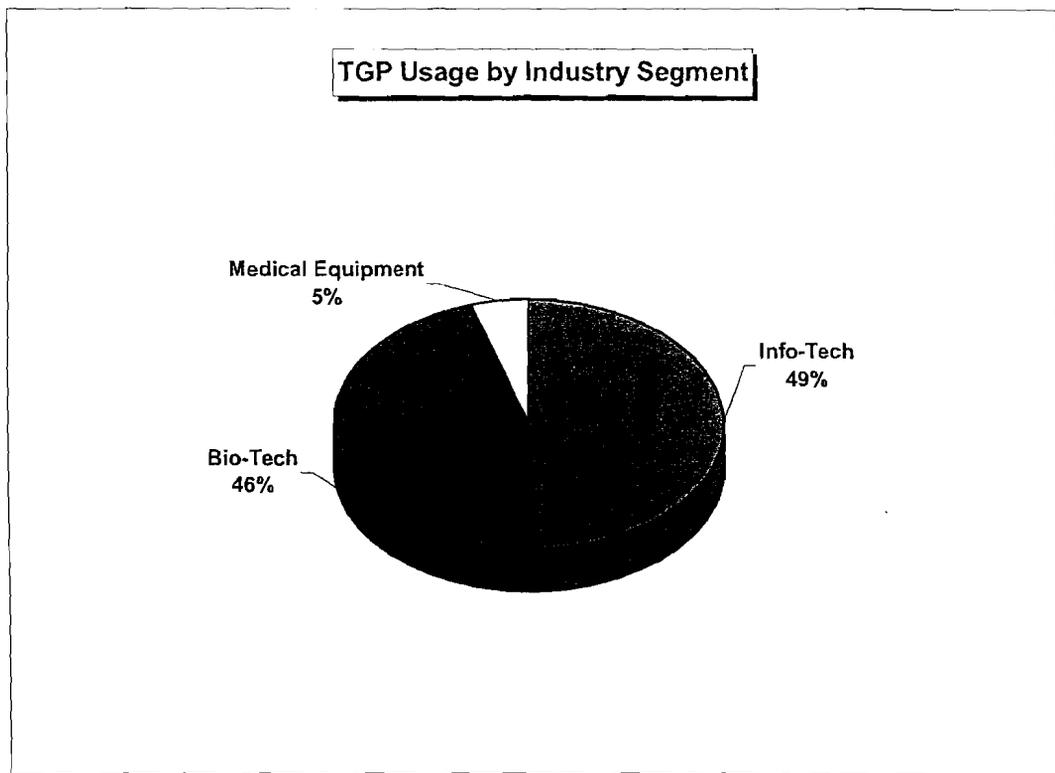
NO	COMPANY	INDUSTRY	LOAN AMOUNT	LOCATION
1	Fireworks Art Café, LLC	Retail	\$15,000	Damascus
2	Mendoza & Associates, Inc.	Professional Service	\$15,000	Wheaton
3	Shawn D. Bartley and Associates, LLC	Professional Service	\$15,000	Silver Spring

V. TECHNOLOGY GROWTH PROGRAM ACTIVITIES

The Technology Growth Program (TGP) provides pivotal financing to early-stage high technology companies located in, or desiring to locate in, the County. Often, the County's funding plays a catalytic role in enabling recipients to secure growth capital from private placements or from institutional investors. The Program received a total of \$900,000 in funding in FY99 and FY00 and the money was depleted by FY03. The Program continues to provide much-needed financial support to qualified companies by using the fund balance available under the Economic Development Fund Grant and Loan Program.

The success of the Program is measured within three to five years of funding. The first measure of the Program's success is the direct repayment of principal and interest from recipient companies. The second equally important measure of the Program's success is the primary and secondary economic benefits enjoyed by the County resulting from the successful growth and expansion of the recipient companies.

The below chart shows TGP usage by industry segment:



Since the beginning of the Program's operation in June of 2000, the County has funded 65 TGP transactions for a total amount of \$3,570,000.

A. Funding Through Report Year 2008 (from 2000 to 2/29/08)

NO	COMPANY	INDUSTRY	TGP FUNDING	PROGRESS TO DATE
1	eStoreGroup, Inc.	Hi-tech	\$70,000	Dissolved
2	iroute, Inc.	Hi-tech	\$50,000	Dissolved
3	20/20 Gene Systems	Bio Tech	\$50,000	Currently Under Monitoring
4	OrthoSpot.com	Hi-Tech	\$80,000	Fully Satisfied, Grant Forgiven
5	XFI, Inc.	Hi-Tech	\$80,000	Fully Satisfied, Grant Forgiven
6	BioMat Sciences, Inc.	Bio Tech	\$60,000	Currently Under Monitoring
7	MarketPlace TV	Hi-Tech	\$50,000	Dissolved
8	KnowledgeMax, Inc.	Hi-Tech	\$70,000	Dissolved
9	Corvedia	Hi-Tech	\$60,000	Fully Satisfied, Grant Forgiven
10	Deus Technologies	Hi-Tech	\$80,000	Fully Satisfied, Grant repaid
11	Eka Systems	Bio Tech	\$80,000	Fully Satisfied, Grant repaid
12	Infinity Pharmaceuticals	Bio Tech	\$70,000	Dissolved
13	Ipsil	Bio Tech	\$80,000	Acquired. Collection
14	DVIP Multimedia	Hi-Tech	\$40,000	Collection
15	Expression Pathology	Bio Tech	\$50,000	Currently Under Monitoring
16	Aptus Pharmaceutical	Bio Tech	\$80,000	Acquired. Grant repaid
17	Data Quality Solutions	Hi-Tech	\$50,000	Currently Under Monitoring
18	BioSciCon	Bio Tech	\$25,000	Fully Satisfied, Loan repaid
19	Advanced Vision Therapy	Bio Tech	\$70,000	Currently Under Monitoring
20	TeleContinuity	Telecom	\$60,000	Fully Satisfied, Grant repaid
21	Rexahn	Bio Tech	\$100,000	Fully Satisfied, Grant repaid
22	Procell Corporation	Bio Tech	\$50,000	Currently Under Monitoring
23	Comware, Inc.	Telecom	\$50,000	Currently Under Monitoring
24	KoolSpan, Inc.	Telecom	\$60,000	Currently Under Monitoring
25	Mobitrum, Inc.	Info-Tech	\$75,000	Currently Under Monitoring
26	Cranium Software	Info-Tech	\$30,000	Currently Under Monitoring
27	Apogee Ventures, Inc.	Medical Eq.	\$50,000	Currently Under Monitoring
28	Setecs, Inc.	Info-Tech	\$50,000	Currently Under Monitoring
29	Mobilap, Inc.	Info-Tech	\$30,000	Currently Under Monitoring
30	VorCat, Inc.	Info-Tech	\$50,000	Currently Under Monitoring
31	BioFactura, Inc.	Bio Tech	\$50,000	Currently Under Monitoring
32	New Hope Pharmaceuticals	Life Science	\$50,000	Currently Under Monitoring
33	NetImmune, Inc.	Info-Tech	\$60,000	Fully Satisfied, Grant repaid
34	NeoDiagnostix, Inc.	Life Science	\$75,000	Currently Under Monitoring
35	WebSolve, Inc.	Info-Tech	\$100,000	Currently Under Monitoring
36	AlphaGenics, Inc.	Life Science	\$50,000	Currently Under Monitoring
37	SMBLive, Inc.	Info-Tech	\$50,000	Fully Satisfied, Grant repaid

NO	COMPANY	INDUSTRY	TGP FUNDING	PROGRESS TO DATE
38	Owen Software, Inc.	Info-Tech	\$75,000	Currently Under Monitoring
39	Aberro, Inc.	Info-Tech	\$50,000	Currently Under Monitoring
40	Anthrotronix, Inc.	Hi-tech	\$50,000	Currently Under Monitoring
41	Adriane Genomics, Inc.	Bio Tech	\$80,000	Currently Under Monitoring
42	Amulet Pharmaceuticals, Inc	Bio Tech	\$25,000	Currently Under Monitoring
43	SaleStrong, Inc.	Bio-Tech	\$50,000	Currently Under Monitoring
44	Envisionier Medical Tech	Medical Eq.	\$60,000	Currently Under Monitoring
45	Neuronascent, Inc.	Info-Tech	\$50,000	Currently Under Monitoring
46	RemeGenix, Inc.	Bio-Tech	\$50,000	Currently Under Monitoring
47	RockSoft d/b/a Cilutions	Info-Tech	\$60,000	Currently Under Monitoring
48	3C Logic, Inc.	Info-Tech	\$50,000	Currently Under Monitoring
49	Immunomic Therapeutics	Bio-Tech	\$40,000	Currently Under Monitoring
50	ZaraCom Technologies, Inc.	Info-Tech	\$60,000	Currently Under Monitoring
51	BroadbandMD, Inc.	Info-Tech	\$50,000	Currently Under Monitoring
52	CertusNet, Inc	Info-Tech	\$75,000	Currently Under Monitoring
53	Sirnaomics, Inc.	Bio-Tech	\$50,000	Currently Under Monitoring
54	Synaptic Science LLC	Bio-Tech	\$40,000	Currently Under Monitoring
55	Cellex, Inc.	Bio-Tech	\$60,000	Currently Under Monitoring
56	Global Stem, Inc.	Bio-Tech	\$50,000	Currently Under Monitoring

B. Funding in Report Year 2009 (3/1/08 – 2/28/09)

The following early-stage high-tech companies have received assistance from the Program.

NO	COMPANY	INDUSTRY	TGP FUNDING	PROGRESS TO DATE
57	AID Networks LLC	Info-Tech	\$50,000	Currently Under Monitoring
58	Alper Biotech LLC	Bio-Tech	\$50,000	Currently Under Monitoring
59	netXcel, Inc.	Info-Tech	\$50,000	Currently Under Monitoring
60	GenArraytion, Inc.	Bio-Tech	\$50,000	Currently Under Monitoring
61	Last Stop Auction, Inc.	Info-Tech	\$60,000	Currently Under Monitoring
62	eClinForce, Inc.	Bio-Tech	\$5,000	Currently Under Monitoring
63	Foligo Therapeutics, Inc.	Bio-Tech	\$50,000	Currently Under Monitoring
64	Technology Digest, Inc.	Info-Tech	\$50,000	Currently Under Monitoring
65	Clarassance, Inc.	Bio-Tech	\$60,000	Currently Under Monitoring

VI. SMALL BUSINESS REVOLVING LOAN PROGRAM ACTIVITIES

The Small Business Revolving Loan Program (SBRLP) continues to provide financial assistance to small businesses in Montgomery County by facilitating business development through direct loans and participation in loans made by other financial institutions.

The success of the SBRLP is measured in two ways. The first measure of the Program's success is the direct repayment of principal and interest from the recipient companies. The second, equally important, measure of success is the primary and secondary economic benefits to the County resulting from the successful growth and expansion of recipient companies.

Since the beginning of SBRLP in July of 2001, the County Council has appropriated a total of \$2,541,310 for the Program. Of the total appropriated, the SBRLP received \$600,000 in cash from the County and \$750,000 in matching State grants from MEDAAF, for a total amount of \$1,350,000. The remaining balance is the re-appropriation amount based on the projected loan repayments and other income for the Program over previous fiscal years. Actual cumulative realized revenue for the previous fiscal years has been less than the projected revenue, thus resulting in the total approved appropriation higher than the total fund balance calculated based on the actual realized revenue.

Out of the \$750,000 State matching funds, \$250,000 was new cash injection from the State's MEDAAF program in RY2008 to replenish the fund balance and to provide the initial fund required for the Micro-enterprise Loan Program.

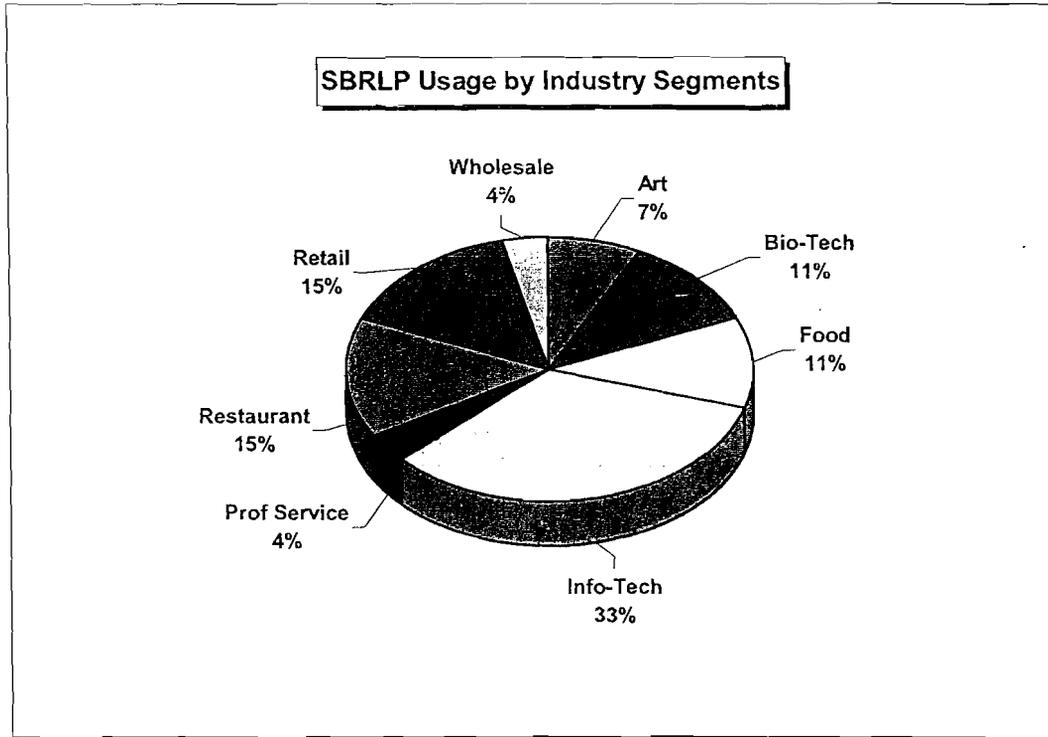
Cumulative sources and use of funds:

Initial County Seed Funding	\$	600,000
State Matching Funds	\$	750,000
Loan Repayments	\$	663,000
Total Cumulative Disbursement	\$	1,648,000

FY09 Appropriation Status:

FY09 Approved County Appropriation	\$	135,920
FY08 Year End Balance Re-appropriated for FY09	\$	327,220
Total Appropriation for FY09	\$	463,140
FY09 Year-to-Date Disbursement & Commitments	\$	140,000
Available Balance for Remaining FY09	\$	323,140

The SBRLP has assisted companies in a range of different industries to support their business expansion needs:



As of February 28, 2009, Montgomery County has funded or committed to fund a total of 27 companies for a total amount of \$1,748,000.

A. Funding Through Report Year 2008 (from 2001 to 2/29/08)

NO	COMPANY	INDUSTRY	SBRLP FUNDING	LOCATION	STATUS
1	Takoma Park Silver Spring Food Coop.	Grocery Store	\$40,000	Takoma Park	Paid off
2	Marimelj Entertainment Group, Inc.	Entertainment	\$50,000	Silver Spring	Written off
3	BioMat Sciences, Inc.	Technology	\$40,000	Rockville	Written off
4	bConvergent, Inc.	Info-Tech	\$80,000	Rockville	Written off
5	Mayorga Coffee Roaster	Retail	\$80,000	Silver Spring	Written off
6	Pyramid Atlantic	Art	\$100,000	Silver Spring	Paid off
7	20/20 GeneSystems, Inc.	Bio-Tech	\$50,000	Rockville	Paid off
8	Special Integrated Systems	Info-Tech	\$45,000	Rockville	Current
9	First Federal	Info-Tech	\$130,000	Gaithersburg	Current
10	Global Translation	Info-Tech	\$70,000	Silver Spring	Current
11	Kierkegaard & Perry Laboratories, Inc.	Info-Tech	\$75,000	Gaithersburg	Current
12	Hollywood East	Restaurant	\$55,000	Wheaton	Current
13	Dollar Direct, Inc.	Wholesale	\$95,000	Rockville	Written off
14	The Breeze Caribbean Restaurant	Restaurant	\$50,000	Rockville	Paid off
15	March Uniform, Inc.	Retail	\$35,000	Rockville	Current
16	Sacred Mountain	Foods	\$95,000	Silver Spring	Current
17	Cranium Software, Inc.	Info-Tech	\$30,000	Silver Spring	Current
18	Sashelvis Hair Salon, Inc.	Personal Serv.	\$65,000	Silver Spring	Current
19	Health Through Friendship	Info-Tech	\$85,000	Rockville	Current
20	Jupiter and J	Retail	\$38,000	Gaithersburg	Current

NO	COMPANY	INDUSTRY	SBRLP FUNDING	LOCATION	STATUS
21	Bobby's Crabcakes, LLC	Restaurant	\$60,000	Rockville	Current
22	Panas, LLC	Retail	\$40,000	Rockville	Current
23	Wise Comprehensive Solutions, LLC	Info-Tech	\$60,000	Wheaton	Current

B. Funding and Commitments in Report Year 2009 (3/1/08 – 2/28/09)

The following company received funding or commitments under this Program in Report Year 2009:

NO	COMPANY	INDUSTRY	SBRLP FUNDING	LOCATION	STATUS
24	Applied Wireless LAN, Inc.	Info-Tech	\$50,000	Rockville	Current
25	ITTECOM, Inc.	Info-Tech	\$90,000	Rockville	Current
26	Interior Accents, Etc., Inc.	Retail	\$40,000	Rockville	Current
27	Rosta, Inc.	Retail	\$100,000	Silver Spring	To be funded

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## VII. PERFORMANCE MONITORING & PROPERTY TAX PAYMENTS

EDFGLP requires recipient companies to adhere to specific job creation and retention goals, and requires that they remain in the County for a minimum number of years after receiving grant/loan (typically five years). The Fund recipient enters into an Economic Development Fund Agreement (EDFA) with the County, which stipulates specific performance milestones and contains claw-back conditions if the milestones are not achieved.

DED, through an annual performance monitoring effort, collects and reviews each EDF recipient company's unemployment insurance contribution report documents and other pertinent documents to monitor satisfactory performance and adherence to each company's EDFA. The measurement period and duration of monitoring differ for each company depending on the nature of each transaction. For example, if a company is required to retain 50 employees and create 50 new jobs within three years of receiving the EDF assistance, the retention of 50 employees will be verified prior to the disbursement of the funds. The creation of 50 jobs however, will be monitored at the end of the three-year job creation period or on each anniversary date of EDF fund disbursement during the three-year period.

Through February 29, 2008, the Department monitored 145 companies for their job retention and creation performance. Some companies have fully satisfied the five-year monitoring requirement, while some have submitted their first performance documents this year.

In addition to job creation, the EDF Programs build the commercial tax base for the County. Through February 28, 2009, 145 companies that received funding from the Economic Development Grant and Loan Program have completed their relocation/expansion projects in the County.

The following table details the compilation of employee statistics provided by the EDF recipients and summarizes property taxes paid by EDF recipients during calendar years 2007 and 2008. Some companies, having just relocated to the County, will begin their tax payments to the County in calendar year 2009.

This table captures property taxes only. The estimated income tax impact on the County's revenue is captured in the total revenue impact numbers in other sections of this report. Abbreviations used are explained in the footnote section.

| NO | COMPANY                                            | TYPE       | NUMBER OF JOBS |           |     |     |     |     | STATUS     | PROPERTY TAX PAYMENTS |           |                |                |             |                |
|----|----------------------------------------------------|------------|----------------|-----------|-----|-----|-----|-----|------------|-----------------------|-----------|----------------|----------------|-------------|----------------|
|    |                                                    |            | PROJ.          | MONITORED |     |     |     |     |            | 2007                  | 2008      |                |                |             |                |
|    |                                                    |            |                | TOTAL     | Y1  | Y2  | Y3  | Y4  |            |                       | Y5        | Per. Prop. Tax | Real Prop. Tax | Total Tax   | Per. Prop. Tax |
| 1  | American Osteopathic Healthcare Assoc              | grant      | 19             | 12        | 18  | 14  | 13  | 8   | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 2  | Fresh Fields/Whole Foods                           | grant      | 75             | 75        | EXP | EXP | EXP | EXP | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 3  | Information Systems and Services Inc.              | grant      | 73             | 84        | EXP | EXP | EXP | EXP | Satisfied  | \$3,195               | \$0       | \$3,195        | \$3,239        | \$0         | \$3,239        |
| 4  | Medtap, International                              | grant      | 40             | NR        | NR  | 41  | 41  | 43  | Satisfied  | \$23,636              | \$0       | \$23,636       | \$19,867       | \$0         | \$19,867       |
| 5  | DocuCorp (MicroDynamics)                           | grant      | 30             | OK        | OK  | OK  |     |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 6  | National Council of Senior Citizens                | grant      | 120            | 120       | 124 | 121 | 115 |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 7  | NEXGEN                                             | grant      | 33             | NA        | NA  | NA  |     | 3   | Collection | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 8  | Palmer Brothers Painting                           | loan       | 70             | NR        | EXP | EXP | EXP | EXP | Satisfied  | \$2,612               | \$0       | \$2,612        | \$2,459        | \$0         | \$2,459        |
| 9  | Preferred Pediatrics (Children's Hosp)             | grant      | 81             | 79        | NA  | NA  | NA  |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 10 | Technology Service Corporation                     | grant      | 60             | OK        | OK  | OK  | OK  | OK  | Satisfied  | \$9,222               | \$0       | \$9,222        | \$0            | \$0         | \$0            |
| 11 | Washington Consulting Group                        | grant      | 60             | OK        | OK  | OK  | EXP | EXP | Satisfied  | \$834                 | \$0       | \$834          | \$1,558        | \$0         | \$1,558        |
| 12 | First Federal Corp. (Recovery Point Sys)           | grant/loan | 50             | 32        | 31  | 42  | 33  | 33  | Satisfied  | \$43,310              | \$0       | \$43,310       | \$52,990       | \$0         | \$52,990       |
| 13 | JZA                                                | grant      | 24             | 21        | 20  | 24  | 22  | 27  | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 14 | Information Systems & Solutions Int'l              | grant      | 80             | NA        | NA  | 166 |     |     | Collection | \$0                   | \$0       | \$0            | \$862          | \$0         | \$862          |
| 15 | BGS&G Companies (CBIZ Benefits & Insurance)        | grant      | 24             | 22        | 22  | 23  | 18  |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 16 | Forté Software I (Phase II funding recanted)       | grant      | 8              | 18        | NA  | NA  |     |     | Paid Off   | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 17 | National Micrographics Phase I (MNS Imaging, Inc.) | grant      | 60             | 37        | 33  | 34  |     |     | Collection | \$3,492               | \$0       | \$3,492        | \$0            | \$0         | \$0            |
| 18 | Decision Systems Technologies                      | grant      | 115            | 161       | 119 | 76  | 123 |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 19 | Aspen Systems Corporation I (Grant)                | grant      | 850            | 878       | 864 | 850 | 930 | 877 | Satisfied  | \$51,134              | \$972,260 | \$1,023,394    | \$15,875       | \$1,036,338 | \$1,052,213    |
| 20 | Electronic Data Systems Inc                        | grant      | 250            | 207       | 647 | NA  | 662 |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 21 | Foster (Amended)                                   | grant      | 35             | 39        | 34  | 29  | 28  |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 22 | McKesson Bioservices (Fisher Bioservices)          | grant      | 150            | 170       | 177 | 225 | 264 | 312 | Satisfied  | \$63,780              | \$0       | \$63,780       | \$80,137       | \$0         | \$80,137       |
| 23 | Infopro                                            | grant      | 185            | 141       | 79  | 55  |     |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 24 | Johnson Bassin & Shaw                              | grant      | 120            | 159       | 174 | 180 | 220 |     | Satisfied  | \$11,737              | \$0       | \$11,737       | \$0            | \$0         | \$0            |
| 25 | Takoma Park-Silver Spring Food Co-op               | loan       | 20             | 74        | NR  | NR  |     |     | Satisfied  | \$5,518               | \$0       | \$5,518        | \$11,807       | \$0         | \$11,807       |
| 26 | Cellmark                                           | grant      | 57             | NR        | NR  | 45  | 50  |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 27 | Thomson Technology Services Group                  | grant      | 450            | NR        | 526 | 550 |     |     | Satisfied  | \$0                   | \$557,024 | \$557,024      | \$0            | \$586,548   | \$586,548      |
| 28 | KRA Corporation                                    | grant      | 248            | NR        | NR  | 176 |     |     | Satisfied  | \$4,653               | \$0       | \$4,653        | \$4,199        | \$0         | \$4,199        |
| 29 | Hekimian Laboratories, Inc.                        | grant      | 290            | 381       | 387 | 438 | 568 |     | Satisfied  | \$41,346              | \$0       | \$41,346       | \$92,377       | \$0         | \$92,377       |
| 30 | Ferris, Baker Watts, Inc.                          | grant      | 55             | 76        | 76  | 82  | 75  |     | Satisfied  | \$17,433              | \$0       | \$17,433       | \$15,154       | \$0         | \$15,154       |
| 31 | Centerforce Technology                             | grant      | 58             | 25        | 32  | 26  |     |     | Paid Off   | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 32 | Gemelli                                            | grant      | 4              | OK        | OK  | OK  |     |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 33 | Acacia                                             | grant      | 265            | 248       | 258 | 154 | 80  | 93  | Satisfied  | \$14,506              | \$0       | \$14,506       | \$13,695       | \$0         | \$13,695       |
| 34 | Ernst and Young                                    | grant      | 100            | 100       | 85  | 17  |     |     | Paid Off   | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 35 | Oleen                                              | grant      | 169            | 60        | 53  |     |     |     | Satisfied  | \$4,864               | \$0       | \$4,864        | \$4,850        | \$0         | \$4,850        |
| 36 | Caelum Research Corporation                        | grant/loan | 155            | 112       | 119 |     |     |     | Satisfied  | \$1,607               | \$0       | \$1,607        | \$3,193        | \$0         | \$3,193        |
| 37 | Gene Logic, Inc.                                   | grant      | 140            | 121       | NR  | 184 | 250 |     | Satisfied  | \$52,840              | \$0       | \$52,840       | \$9,865        | \$0         | \$9,865        |
| 38 | ADP Benefit                                        | grant      | 185            | NA        | NA  |     |     |     | Satisfied  | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |
| 39 | Countertech                                        | grant      | 131            | 48        | 45  | 37  |     |     | Collection | \$2,357               | \$0       | \$2,357        | \$0            | \$0         | \$0            |
| 40 | Cary Medical                                       | loan       | 12             | NA        | NA  | NA  |     |     |            | \$0                   | \$0       | \$0            | \$0            | \$0         | \$0            |

| NO | COMPANY                                                      | TYPE       | NUMBER OF JOBS |           |      |      |     | STATUS | PROPERTY TAX PAYMENTS |           |                |                |           |                |                |
|----|--------------------------------------------------------------|------------|----------------|-----------|------|------|-----|--------|-----------------------|-----------|----------------|----------------|-----------|----------------|----------------|
|    |                                                              |            | PROJ.          | MONITORED |      |      |     |        | 2007                  |           |                | 2008           |           |                |                |
|    |                                                              |            |                | TOTAL     | Y1   | Y2   | Y3  |        | Y4                    | Y5        | Per. Prop. Tax | Real Prop. Tax | Total Tax | Per. Prop. Tax | Real Prop. Tax |
| 41 | Analytical Sciences, Inc.                                    | grant      | 92             | 86        | 127  | 125  | 279 |        | Satisfied             | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 42 | ISSI (CONVISTA INCORPORATED)                                 | grant      | 40             | 32        | NR   |      |     |        | Collection            | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 43 | Tori Gallas and Partners CHK, Inc. (formerly CHK Architects) | grant      | 84             | 92        | 120  | 116  | 124 | 143    | Satisfied             | \$18,031  | \$0            | \$18,031       | \$8,096   | \$0            | \$8,096        |
| 44 | Prolist, Inc.                                                | loan/grant | 96             | 79        | NR   |      |     |        | Satisfied             | \$7,885   | \$0            | \$7,885        | \$6,630   | \$0            | \$6,630        |
| 45 | Aspen Systems Corporation II (Lockheed Martin Aspen Systems) | loan       | 150            | OK        | OK   | OK   |     |        | Paid Off              | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 46 | OriGene I                                                    | loan       | 81             |           |      |      |     |        | Paid Off              | \$1,062   | \$0            | \$1,062        | \$3,638   | \$0            | \$3,638        |
| 47 | Neurotrophic Research Corporation (NMS Imaging, Inc.)        | loan       | 17             | NA        | NA   |      |     |        | Collection            | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 48 | Opielecom                                                    | loan       | 112            | 65        | 55   |      |     |        | Satisfied             | \$15,556  | \$0            | \$15,556       | \$18,117  | \$0            | \$18,117       |
| 49 | EntreMed, Inc.                                               | grant      | 100            | 106       | 109  | 107  | 102 |        | Satisfied             | \$11,032  | \$103,603      | \$114,635      | \$10,254  | \$111,503      | \$121,757      |
| 50 | NextLinx (formerly NextLink (formerly ExpoSoft))             | loan/grant | 185            | NA        | 111  | 100  |     |        | Satisfied             | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 51 | La Petit Cafet Monet                                         | loan       | 17             |           |      |      |     |        | Paid Off              | \$450     | \$0            | \$450          | \$266     | \$0            | \$266          |
| 52 | Digicon                                                      | loan/conv. | 283            | 104       | 106  |      |     |        | Satisfied             | \$6,130   | \$0            | \$6,130        | \$9,008   | \$0            | \$9,008        |
| 53 | Prospect Associates                                          | grant      | 202            |           |      |      |     |        | Satisfied             | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 54 | The Institute for Genomic Research (TIGR)                    | grant      | 256            | 253       | 265  | 323  | 342 |        | Satisfied             | \$0       | \$9,317        | \$9,317        | \$0       | \$3,466        | \$3,466        |
| 55 | Sytel, Inc.                                                  | grant      | 302            | 140       |      |      |     |        | Forgiven              | \$4,169   | \$0            | \$4,169        | \$8,328   | \$0            | \$8,328        |
| 56 | BioReliance Corporation                                      | grant      | 457            | 408       | 463  | 523  | 535 |        | Satisfied             | \$0       | \$80,661       | \$80,661       | \$26,414  | \$86,378       | \$112,792      |
| 57 | Softmed Systems                                              | loan/conv. | 363            | 257       | 220  | 257  |     |        | Paid Off              | \$19,457  | \$0            | \$19,457       | \$0       | \$0            | \$0            |
| 58 | Maryland Association for Nonprofit Org.                      | grant      | 11             |           |      | 11   |     |        | Satisfied             | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 59 | Earle Palmer Brown                                           | loan/conv. | 67             | 81        | 77   | 45   |     |        | Collection/<br>Closed | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 60 | GTM Architects, Inc.                                         | loan       | 30             |           |      | 39   |     |        | Paid Off              | \$10,554  | \$0            | \$10,554       | \$9,266   | \$0            | \$9,266        |
| 61 | DoxSys                                                       | loan/conv. | 65             |           |      | 130  |     |        | Satisfied             | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 62 | Palladian Partner                                            | loan/conv. | 53             |           |      | 49   |     |        | Satisfied             | \$1,482   | \$0            | \$1,482        | \$2,962   | \$0            | \$2,962        |
| 63 | SODEXHO MARRIOTT                                             | loan/conv. | 350            | 388       | 432  | 403  | 398 |        | Satisfied             | \$13,177  | \$0            | \$13,177       | \$13,190  | \$0            | \$13,190       |
| 64 | Marconi North America (BAE Systems, Inc.)                    | grant      | 959            | 1984      | 1279 | 963  | 923 | 964    | Satisfied             | \$148,071 | \$369,312      | \$517,383      | \$19,301  | \$297,823      | \$317,124      |
| 65 | ParaGea Communications, Inc.                                 | loan/conv. | 105            |           |      |      |     |        | Collection            | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 66 | International Genetics Associates, Inc. (IGA)                | loan/conv. | 21             |           |      |      |     |        | Collection            | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 67 | HT Medical Systems                                           | loan/conv. | 100            |           |      |      |     |        | Paid Off              | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 68 | Panacea Pharmaceutical                                       | loan/conv. | 32             |           |      |      |     |        | Paid Off              | \$970     | \$0            | \$970          | \$1,196   | \$0            | \$1,196        |
| 69 | DC Information Systems, Inc.                                 | loan/conv. | 157            | 43        |      |      |     |        | collection            | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 70 | BIOMAT Sciences                                              | loan/conv. | 21             |           |      |      |     |        | Collection            | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 71 | Genvec, Inc.                                                 | loan/conv. | 109            | 89        | 88   | 101  | 121 |        | Paid Off              | \$7,787   | \$0            | \$7,787        | \$13,762  | \$0            | \$13,762       |
| 72 | Collective Communication Corporation                         | grant      | 75             |           |      |      |     |        | Bankruptcy            | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 73 | Medispec, Ltd.                                               | loan       | 41             |           | 21   |      |     |        | Satisfied             | \$8,675   | \$0            | \$8,675        | \$5,714   | \$0            | \$5,714        |
| 74 | View Point Communication                                     | grant      | 6              | 8         | 8    |      |     |        | Collection            | \$2,390   | \$0            | \$2,390        | \$0       | \$0            | \$0            |
| 75 | NASD (Finra Regulation, Inc.)                                | loan       | 1,430          | 1330      | 1412 | 1286 |     |        | Satisfied             | \$39,685  | \$512,552      | \$552,237      | \$34,343  | \$541,083      | \$575,426      |
| 76 | Choice Hotels International, Inc.                            | loan/conv. | 325            | 329       | 345  | 374  | 410 |        | Paid Off              | \$0       | \$0            | \$0            | \$0       | \$0            | \$0            |
| 77 | Digene                                                       | grant      | 266            | 195       | 209  | 207  |     |        | Satisfied             | \$49,639  | \$333,456      | \$383,095      | \$55,713  | \$379,587      | \$435,300      |

| NO  | COMPANY                                                   | TYPE       | NUMBER OF JOBS |           |     |     |     |     | STATUS     | PROPERTY TAX PAYMENTS |                |                |           |                |                |
|-----|-----------------------------------------------------------|------------|----------------|-----------|-----|-----|-----|-----|------------|-----------------------|----------------|----------------|-----------|----------------|----------------|
|     |                                                           |            | PROJ           | MONITORED |     |     |     |     |            | 2007                  |                |                | 2008      |                |                |
|     |                                                           |            |                | TOTAL     | Y1  | Y2  | Y3  | Y4  |            | Y5                    | Per. Prop. Tax | Real Prop. Tax | Total Tax | Per. Prop. Tax | Real Prop. Tax |
| 78  | The ARC of the United States                              | grant      | 40             | 14        | 15  |     |     |     | Satisfied  | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 79  | Wolpoff & Abramson, Inc.                                  | loan/conv. | 815            | 427       | 565 | 462 |     |     | Satisfied  | \$174,227             | \$0            | \$174,227      | \$346,957 | \$0            | \$346,957      |
| 80  | ISSI Consulting Group, Inc. (Systems Solutions)           | loan/conv. | 198            | NA        | NA  |     |     |     | Collection | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 81  | MEDCO                                                     | grant      | 0              |           |     |     |     |     | Satisfied  | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 82  | Multispectral Solutions, Inc.                             | loan       | 30             |           |     |     |     |     | Satisfied  | \$114                 | \$0            | \$114          | \$123     | \$0            | \$123          |
| 83  | Viaken Systems, Inc.                                      | loan/conv  | 229            |           |     |     |     |     | Collection | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 84  | Recovery Point Systems (First Federal Phase II)           | grant      | 45             | 33        | 34  | 36  | 41  |     |            | \$35,932              | \$0            | \$35,932       | \$0       | \$0            | \$0            |
| 85  | Telperion Network                                         | loan/conv  | 38             | 9         |     |     |     |     | Collection | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 86  | Discovery-Caldor                                          | grant      | 240            |           |     |     |     |     |            | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 87  | Information Resources Associates, Inc.                    | grant      | 76             | 36        |     |     |     |     | Collection | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 88  | bid4asset.com                                             | grant      | 286            | 41        | 27  |     |     |     | Satisfied  | \$6,820               | \$0            | \$6,820        | \$5,120   | \$0            | \$5,120        |
| 89  | QIAGEN Sciences, Inc.                                     | loan/conv. | 300            | 30        | 130 | 150 | 177 |     | Satisfied  | \$346,177             | \$320,459      | \$666,636      | \$30,539  | \$323,421      | \$353,960      |
| 90  | Amarex, Inc.                                              | loan/conv  | 53             | 30        | 37  | 36  |     |     | Satisfied  | \$2,621               | \$0            | \$2,621        | \$2,407   | \$0            | \$2,407        |
| 91  | Origene Technologies, Inc. II                             | loan/conv  | 100            | 52        | 35  | 19  | 25  | 23  |            | \$0                   | \$0            | \$0            | \$3,638   | \$0            | \$3,638        |
| 92  | Covance Healthcare (CHAOES)                               | grant      | 240            | 157       | 277 | 173 | 218 | 245 | Satisfied  | \$88,988              | \$0            | \$88,988       | \$59,200  | \$0            | \$59,200       |
| 93  | Intervise Consultants, Inc.                               | grant      | 135            | 427       | 565 | 462 |     |     | Satisfied  | \$4,054               | \$0            | \$4,054        | \$5,437   | \$0            | \$5,437        |
| 94  | Marriott International, Inc.                              | loan/conv. | 4,200          | NA        | NA  |     |     |     | Collection | \$377,465             | \$1,590,046    | \$1,967,511    | \$352,478 | \$1,687,581    | \$2,040,059    |
| 95  | Arbros Communications, Inc.                               | grant      | 484            |           |     |     |     |     | Satisfied  | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 96  | Discovery Communications Inc                              | grant      | 1,104          |           |     |     |     |     | Satisfied  | \$443,827             | \$1,775,834    | \$2,219,661    | \$449,214 | \$1,856,706    | \$2,305,920    |
| 97  | GeneLogic (Phase II)                                      | grant      | 424            |           |     |     |     |     | Collection | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 98  | Manugistics, Inc.                                         | loan/conv. | 955            | 33        | 34  | 36  | 41  |     |            | \$44,785              | \$0            | \$44,785       | \$41,573  | \$0            | \$41,573       |
| 99  | Social & Scientific Systems                               | loan/conv. | 328            | 9         |     |     |     |     | Collection | \$36,032              | \$415,944      | \$451,976      | \$32,005  | \$475,015      | \$507,020      |
| 100 | Quanta Bioscience                                         | loan       | 1              |           |     |     |     |     |            | \$0                   | \$0            | \$0            | \$4,074   | \$0            | \$4,074        |
| 101 | Social & Scientific Systems                               | grant      | 0              | 36        |     |     |     |     | Collection | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 102 | Thales Communications, Inc. (formerly Racal Comm.)        | grant      | 247            | 41        | 27  |     |     |     | Satisfied  | \$80,102              | \$0            | \$80,102       | \$94,452  | \$0            | \$94,452       |
| 103 | OTG (Online Technologies Group)                           | loan/conv. | 395            | 30        | 130 | 150 | 177 |     | Satisfied  | \$0                   | \$683,433      | \$683,433      | \$0       | \$657,419      | \$657,419      |
| 104 | OPNET Technologies, Inc.                                  | loan/conv. | 347            | 30        | 37  | 36  |     |     | Satisfied  | \$82,288              | \$0            | \$82,288       | \$117,931 | \$0            | \$117,931      |
| 105 | NeuralStem, Inc.                                          | grant      | 141            | 52        | 35  | 19  | 25  | 23  |            | \$0                   | \$0            | \$0            | \$653     | \$0            | \$653          |
| 106 | Acterna LLC (formerly TTC)                                | loan/conv  | 1,147          | 157       | 277 | 173 | 218 | 245 | Satisfied  | \$43,946              | \$280,520      | \$324,466      | \$10,736  | \$291,230      | \$301,966      |
| 107 | SAS Institute, Inc.                                       | grant      | 193            | 125       | 119 | 113 | 103 |     | Satisfied  | \$10,835              | \$0            | \$10,835       | \$12,508  | \$0            | \$12,508       |
| 108 | Panacos Pharmaceuticals, Inc.                             | loan/conv  | 23             | 17        | 17  | 19  |     |     | Satisfied  | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 109 | Primary Care Coalition of Montgomery County               | grant      | 38             | 35        | 36  | 36  |     |     | Satisfied  | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 110 | MaxCyte, Inc.                                             | grant      | 46             | 16        | 21  | 20  | 21  | 19  |            | \$1,004               | \$0            | \$1,004        | \$815     | \$0            | \$815          |
| 111 | Imatek of Maryland, Inc.                                  | grant      | 20             | 28        | 48  | 31  | 32  | 35  |            | \$1,432               | \$0            | \$1,432        | \$2,536   | \$0            | \$2,536        |
| 112 | MedImmune, Inc.                                           | loan/conv  | 438            | 589       | 658 | 499 | 734 | 929 | Satisfied  | \$0                   | \$1,132,168    | \$1,132,168    | \$186,783 | \$1,170,060    | \$1,356,843    |
| 113 | Advancis Pharmaceutical (now MiddleBrook Pharmaceuticals) | loan/conv  | 84             | 54        | 76  | 107 | 102 | 76  | Paid Off   | \$0                   | \$0            | \$0            | \$20,356  | \$0            | \$20,356       |
| 114 | Intradign Corp                                            | loan       | 37             | 19        | 19  | 11  |     |     | Paid Off   | \$34                  | \$0            | \$34           | \$0       | \$0            | \$0            |
| 115 | Cubanos Restaurant                                        | grant      | 19             | 22        | 27  | 25  | 26  |     | Satisfied  | \$0                   | \$0            | \$0            | \$0       | \$0            | \$0            |
| 116 | Aspen Group, Inc                                          | grant      | 42             | 42        | 59  | 59  | 61  | 59  | Satisfied  | \$8,501               | \$0            | \$8,501        | \$9,468   | \$0            | \$9,468        |

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| NO  | COMPANY                                            | TYPE       | NUMBER OF JOBS |           |     |     |    | STATUS | PROPERTY TAX PAYMENTS |          |                |                |           |                |                |
|-----|----------------------------------------------------|------------|----------------|-----------|-----|-----|----|--------|-----------------------|----------|----------------|----------------|-----------|----------------|----------------|
|     |                                                    |            | PROJ.          | MONITORED |     |     |    |        | 2007                  |          |                | 2008           |           |                |                |
|     |                                                    |            |                | TOTAL     | Y1  | Y2  | Y3 |        | Y4                    | Y5       | Per. Prop. Tax | Real Prop. Tax | Total Tax | Per. Prop. Tax | Real Prop. Tax |
| 117 | American Youth Hostels, Inc.                       | grant      | 33             | 28        | 18  | 21  | 20 |        | Paid off              | \$0      | \$0            | \$0            | \$0       | \$0            | \$0            |
| 118 | Unied Healthcare Services, Inc.                    | grant      | 431            | 403       | 419 | 441 |    |        |                       | \$36,557 | \$0            | \$36,557       | \$45,763  | \$0            | \$45,763       |
| 119 | About Web, LLC                                     | grant/conv | 30             | 17        | 15  | 41  |    |        | Satisfied             | \$1,885  | \$0            | \$1,885        | \$2,225   | \$0            | \$2,225        |
| 120 | Centers for Behavioral Health (CBH Health, LLC)    | loan       | 41             | 32        | 93  | 99  |    |        |                       | \$11,925 | \$0            | \$11,925       | \$8,614   | \$0            | \$8,614        |
| 121 | TV One, LLC                                        | grant      | 70             | 38        | 43  | 58  | 66 | 71     | Satisfied             | \$17,474 | \$0            | \$17,474       | \$23,483  | \$0            | \$23,483       |
| 122 | KPL (Kirkegaard & Perry Laboratories, Inc.)        | grant      | 63             | 57        | 59  | 45  | 42 |        |                       | \$7,249  | \$0            | \$7,249        | \$10,067  | \$0            | \$10,067       |
| 123 | BSI Proteomics, Inc. (Biospace International Corp) | grant      | 41             |           |     |     |    |        | Collection            | \$965    | \$0            | \$965          | \$0       | \$0            | \$0            |
| 124 | Encore Management Corporation                      | grant      | 149            | 48        | 39  |     |    |        |                       | \$1,091  | \$0            | \$1,091        | \$893     | \$0            | \$893          |
| 125 | Proxy Aviation Systems, Inc.                       | grant      | 45             | 19        | 18  |     |    |        |                       | \$22,006 | \$0            | \$22,006       | \$1,944   | \$0            | \$1,944        |
| 126 | Macrogenics, Inc.                                  | grant      | 81             | 81        | 91  |     |    |        |                       | \$7,244  | \$0            | \$7,244        | \$13,145  | \$0            | \$13,145       |
| 127 | Eakin/Youngentob (EYA, LLC)                        | grant      | 108            | 102       | 100 |     |    |        |                       | \$9,169  | \$0            | \$9,169        | \$0       | \$0            | \$0            |
| 128 | KPL                                                | grant      |                |           |     |     |    |        |                       | \$0      | \$0            | \$0            | \$7,036   | \$0            | \$7,036        |
| 129 | Wheaton Plaza Regional Shopping Center             | loan       | 500            |           |     |     |    |        |                       | \$27,460 | \$508,431      | \$535,891      | \$25,776  | \$528,665      | \$554,441      |
| 130 | WorldSpace, Inc.                                   | grant      | 95             | 131       | 119 |     |    |        | Bankruptcy/Collection | \$0      | \$0            | \$0            | \$6,298   | \$0            | \$6,298        |
| 131 | 8606 Colesville Rd., LLC T/A Ray's Classic         | grant      | 80             |           |     |     |    |        |                       | \$0      | \$0            | \$0            | \$0       | \$0            | \$0            |
| 132 | Health Through Friendship                          | grant      | 15             | 4         |     |     |    |        |                       | \$0      | \$7,320        | \$7,320        | \$160     | \$0            | \$160          |
| 133 | Bethesda Cultural Alliance                         | grant      | 45             |           |     |     |    |        |                       | \$0      | \$0            | \$0            | \$0       | \$0            | \$0            |
| 134 | Internationa Municipal Lawyers Association         | grant      | 9              | 9         |     |     |    |        |                       | \$0      | \$0            | \$0            | \$0       | \$0            | \$0            |
| 142 | Birchmere                                          | grant      |                |           |     |     |    |        |                       | \$0      | \$0            | \$0            | \$0       | \$0            | \$0            |
| 136 | Host International (Host Hotels & Resorts, LP)     | grant      | 534            |           |     |     |    |        |                       | \$40,021 | \$0            | \$40,021       | \$65,206  | \$0            | \$65,206       |
| 137 | Xceleron                                           | grant      | 100            | 6         |     |     |    |        |                       | \$910    | \$0            | \$910          | \$50,200  | \$0            | \$50,200       |
| 138 | Sigma-Tau Pharmaceuticals, Inc.                    | grant      | 62             |           |     |     |    |        |                       | \$31,450 | \$0            | \$31,450       | \$62,692  | \$0            | \$62,692       |
| 139 | Novavax                                            | grant      | 53             |           |     |     |    |        |                       | \$30,851 | \$0            | \$30,851       | \$6,223   | \$0            | \$6,223        |
| 140 | WeddingWire, Inc.                                  | grant      | 18             |           |     |     |    |        |                       | \$595    | \$0            | \$595          | \$1,001   | \$0            | \$1,001        |
| 141 | TIG Global                                         | grant      | 182            |           |     |     |    |        |                       | \$0      | \$0            | \$0            | \$24,895  | \$0            | \$24,895       |
| 142 | Innovative Biosensors, Inc.                        | grant      | 34             |           |     |     |    |        |                       |          |                |                | \$190     | \$0            | \$190          |
| 143 | EKA Systems                                        | grant      | 80             |           |     |     |    |        |                       |          |                |                | \$2,076   | \$0            | \$2,076        |
| 144 | InfosPhenix                                        | grant      | 25             |           |     |     |    |        |                       |          |                |                | \$0       | \$0            | \$0            |
| 145 | ClassifEye, Inc.                                   | grant      | 10             |           |     |     |    |        |                       |          |                |                | \$0       | \$0            | \$0            |
| 146 | International Baccalaureate Orgazation             | grant      | 250            |           |     |     |    |        |                       |          |                |                |           |                |                |

**Total Jobs Created and Retained .....** over 28,000+  
**Tax Revenue Collected in Year 2008 .....** \$12 million  
**Cumulative Tax Revenue Collected 1999 through 2008.....** \$89 million

\* This number is based on the actual jobs retained and attracted for the satisfied and closed cases, but projected new jobs created for the open cases are still under monitoring.

**Footnote:**

**1. EXP**

Economic Development Fund Agreement expired. Some of the earliest Fund transactions did not have job retention and/or job creation performance requirements. Rather, the focus was on the physical retention of companies in the County.

**2. NR**

Performance reporting not required for the monitoring period. As explained earlier, these are the companies to be monitored at the end of the job creation period. NR is also used for companies that have received a loan that did not have a job retention/creation requirement.

**3. OK**

Relates to earlier Fund transactions that did not require specific job retention or creation milestones but required the company to stay in the County for a number of years (typically five years). "OK" means the company's presence in the County has been verified at the end of the monitoring period.

**4. NA**

This abbreviation denotes that the company has received the County's performance document request through certified mail but has not submitted the required documents to date. The average number of employees during the monitoring period is used for most of the job retention requirements. Typically, the County will not take a formal action until a company fails to turn in performance monitoring documents at the end of the job retention/creation-monitoring period (usually 3<sup>rd</sup> or 5<sup>th</sup> year from the disbursement of the EDF funding).

\* These companies may not own 100% of the real estate property occupied. However, they enabled the development of properties.

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VIII. TAX CREDIT PROGRAMS

Montgomery County offers the following tax incentive programs for companies seeking to locate, maintain, or expand their business in the County.

A. New Jobs Tax Credit

Qualifying businesses receive a Montgomery County tax credit against real and personal property taxes for a period of six years if they meet the following qualification criteria: 1) relocate or expand into at least 5,000 square feet of newly constructed or previously unoccupied premises; 2) employ at least 25 individuals in new, permanent full-time positions within a 24-month period in the new or expanded premises. In addition, qualifying businesses will also receive a State of Maryland tax credit, which is applied against individual or corporate income tax, insurance premiums tax, or financial institution franchise tax.

Fiscal Year	Credit Amount
FY09	\$326,025
FY08	\$430,344
FY07	\$454,068
FY06	\$658,930
FY05	\$778,975
FY04	\$680,516

B. Enhanced New Jobs Tax Credit

An enhanced real and personal property tax credit is available for large businesses generating or creating major economic impacts in the County. This twelve-year credit is available to businesses that: 1) increase their space by at least 250,000 square feet; 2) create 1,250 new permanent, full-time positions or create 500 new, permanent full-time positions in addition to maintaining at least 2,500 existing permanent full-time positions, and 3) pay all these employees at least 150 percent of the federal minimum wage.

Fiscal Year	Credit Amount
FY09	\$1,113,630
FY08	\$1,009,931
FY07	\$1,004,761
FY06	\$978,248
FY05	\$944,088

C. Enterprise Zone Tax Credit

The Enterprise Zone Tax Credit is available to businesses that locate in designated areas of downtown Silver Spring, Wheaton and Long Branch. It is designed to spur economic growth, both jobs and construction, in these three Enterprise Zones. The Silver Spring Regional Center administers the Enterprise Zone in Silver Spring and Long Branch. Wheaton's Enterprise Zone is administered through the County's Department of Housing and Community Affairs.

Enterprise Zone Tax Credit Granted:

Fiscal Year	Credit Amount
FY09	\$1,954,347
FY08	\$1,799,814
FY07	\$1,439,239
FY06	\$1,642,876
FY05	\$1,334,910
FY04	\$425,409

Total Capital Investment Induced in 2008.....	\$11 million
Cumulative Capital Investment Induced (from 1997 to 2008).....	\$365million
Cumulative New Jobs Created (from 1997 to 2008).....	2,500

D. Arts & Entertainment District Tax Credit

This 10-year credit reduces the increase in the County property tax when the assessment increases after construction or renovation of a building. The credit is available for space in manufacturing, commercial, or industrial buildings constructed or renovated for use by a qualifying residing artist or an arts and entertainment enterprise.

Arts & Entertainment District Tax Credit Granted:

Fiscal Year	Credit Amount
FY09	\$4,341
FY08	\$4,100
FY07	\$3,740



IX. INCUBATOR PROGRAM

Montgomery County's innovative and highly successful Business Incubator Network Program was launched in 1995 as an economic development initiative designed to generate and facilitate entrepreneurial development in the County to create new jobs and expand the County's business tax base. Through a growing network of industry-focused incubator facilities, the Program provides start-up enterprises with plug-and-play office and/or lab space along with valuable shared business services, technical support, workshops, and resources essential to business growth and success.

The Program's first incubator, the Maryland Technology Development Center (MTDC) opened in 1995 in Rockville in an interim leased facility and focused on assisting technology innovation enterprises. By 1999, the first free-standing, County-owned incubator facility was built to house the MTDC's tenants and today still is widely regarded as one of the nation's most successful technology incubators. Since then, four facilities have been added to the list of County-owned business incubators, including the Germantown Innovation Center which was opened in October of 2008.

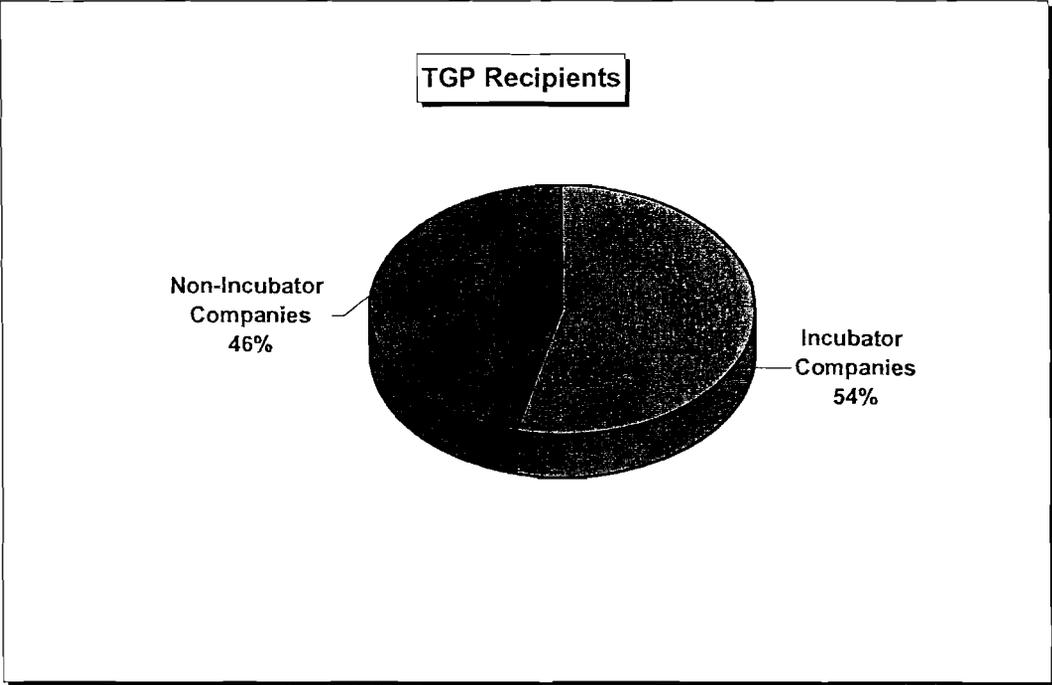
	Year Established	Location	Occupancy Rate	Number of Current Tenants	Est. Number of Employees	Number of Graduates in 2007
Maryland Technology Development Center (MTDC)	1999	Rockville	87%	37	150	3
Silver Spring Innovation Center (SSIC)	2004	Silver Spring	83%	24	123	1
Wheaton Business Innovation Center (WBIC)	2006	Wheaton	91%	22	62	1
Rockville Innovation Center (RIC)	2007	Rockville	68%	34	60	0
Germantown Innovation Center (GIC)	2008	Germantown	40%	11	18	N/A

Montgomery County has become one of the nation's leading biotechnology and information technology hubs. The following illustrates the progress of the Incubator Program since 1999:

- 128 companies are current tenants at MTDC, SSIC, WBIC, RIC and GIC.
- 70 companies have successfully graduated from the incubators since 1999. Most of these graduates have expanded in Montgomery County and remain in business.
- Current incubator companies employ a workforce of more than 400.

The EDF programs have been a significant strategic tool to provide critical seed funding to early-stage and start-up companies in the incubators, and to leverage state funding and private sector investment for these companies. To date, 50 incubator companies received financial assistance for a total amount of \$2.85million under the EDF Programs, particularly the Technology Growth Program and the Small Business Revolving Loan Program. The following charts show the usage of the EDF Programs for incubator companies:

A. Percentage of TGP recipients:



B. Percentage of SBRLP recipients:

