

MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY

OPEN MEETING MINUTES

October 12, 2023

The regular meeting of the Maryland Small Business Development Financing Authority convened at 1:00 p.m. via teleconference only at 267-930-4000/meeting ID 204072937.

The following were in attendance at this meeting:

Authority Members	MMG Staff
Les Hall	Randy Croxton
Gina Ramsey	Michael Howard
Chuck Martin	Mark Harrison
Ben Siegel	Stanley Tucker
Mara Sierocinski	Tim Smoot
Sharon Pinder	Robin Harris
Kenny Oreagba	

**Attorney General's Office
Barbara Kountz, Deputy Counsel**

MINUTES

September 28, 2023

REPORTS

Breaking Bread, LLC
Hope Endeavors, LLC dba Rita's Italian Ice
Orcana Biotech, LLC
Warren Builds, LLC
WeSolar Inc.

EXTENSIONS

Carmen B. Young, dba B&J's Carry Out
YJ, LLC

MODIFICATION

Nepenthe Homebrew, LLC

The closed session of the September 28, 2023, meeting was summarized. The Authority Board meeting was attended by Les Hall, Gina Ramsey, Chuck Martin, Ben Siegel, Kenny Oreagba, and Sharon Pinder. The meeting was closed to comply with requirements of the Maryland Public Information Act so that there would not be disclosure of confidential, commercial, and financial information associated with the applicants. The meeting was closed to discuss the modification request for VATEZ Capital, Inc. dba Jollof on Point and the new request for Compost Crew, Inc. Both requests were approved.

1. Vatez Capital, LLC dba Jollof on Point – Modification to extend term of loan from 64 months to 84 months
2. Compost Crew, Inc., A Benefit Corporation - \$1,122,000 EPIP term loan (SSBCI)

MINUTES

September 28, 2023

Action Taken: Upon motion duly made and seconded, the Authority unanimously approved the minutes as presented.

REPORT

Presenter: Tim Smoot

Applicant: Breaking Bread, LLC

Loan Amount: \$480,000 EPIP Term Loan (SSCBI Funds)

Original Approval Date: December 20, 2022

Comments: An approval extension to November 9, 2023, was requested to allow more time for the loan to close.

Discussion: There was limited discussion regarding the timing of the closing and the guarantor's (Mr. Waters) participation in the business.

Action Taken: The request was approved by Les Hall, Chairman, on behalf of the Authority in an effort to keep the closing process moving forward. No action was required by the Board.

NOTE: Kenny Oreagba was not present during the report.

EXTENSION

Presenter: Tim Smoot

Applicant: Carmen B. Young dba B&J Carryout

Loan Amount: \$150,000 Term Loan

Original Approval Date: April 27, 2017

Comments: An approval extension to November 9, 2023, was requested to allow more time for the modification to close.

Discussion: There was limited discussion regarding the request.

Action Taken: Upon motion duly made and seconded, the Authority unanimously approved the request as presented.

REPORT

Presenter: Les Hall, Chairman

Comments: There is a shortfall once again in programmatic funds for the MSBDFA Programs. The same shortfall occurred during FY23. All lending activity was suspended on new transactions until the Department could address the issue and get additional funds into the program. However, MMG was able to transfer a significant amount of the approved transactions to their VLT Fund (MCBIF) and the companies were able to receive funds they were projected to receive under the MSBDFA Programs. The Department is working on new funds either from the General Assembly or internally, possibly from transfer from one of the other programs, but that decision has not yet been made. MSBDFA has approximately \$1.6M in new approvals since July 1, 2023, and is down to \$1.8M in cash to settle those approvals. Activity needs to slow down in particular in Contract Financing and EPIP because these components require direct cash. Activity can continue in the Loan Guaranty and Surety Bond programs because these programs do not require direct cash. MSBDFA also still has the US Treasury SSBCI funding available for transactions.

Discussion: The following was discussed:

1. Unprecedented opportunities in Maryland as a result of the infrastructure activity; lack of funding to support the opportunities for the groups targeted for the MSBDFA Programs
2. Impact of the shortfall in light of the Governor's executive order in support of the groups targeted for the MSBDFA Programs

3. Lack of a General Fund increase to the MSBDFA Programs over a substantial period of time; need for a change in the funding structure of the MSBDFA Programs
4. Lack of significant program revenue generation, i.e., loan repayments, interest and fees to be self sufficient
5. Collective efforts to lobby for additional funds being allocated to the MSBDFA Programs
6. Number of shortfall occurrences
7. Timing of the shortfall relative to all the other opportunities happening across the State and the country for the groups targeted for the MSBDFA Programs
8. Shortfall being impacted by having the US Treasury SSBCI funding for transactions
9. The shortfall's impact on the MSBDFA Programs' ability to pay in the event of a claim against a Surety or Loan Guaranty transaction
10. Status of the budget request for FY2025
11. Occurrences of shortfalls of the other COMMERCE programs
12. Reasons for the MSBDFA Programs shortfalls relative to the other COMMERCE programs
13. MSBDFA's economic impact
14. Information to aid the Board members support of the MSBDFA Programs in light of the shortfall

Action Taken: No action was required at this time. Les Hall will continue to provide updates to the Board and MMG regarding this matter.

The Open Meeting then closed at 2:00 p.m. upon motion made and seconded, and approved by all voting members, the meeting was closed pursuant to General Provisions Article, Section 3-305(b) (13), "to comply with a specific... statutory... requirement that prevents public disclosures about a particular proceeding or matter", that is, the Maryland Public Information Act prohibits disclosure of trade secrets, confidential commercial and confidential financial information. Chairman Les Hall signed the Presiding Officer's Written Statement for Closing a Meeting under the Open Meetings Act, which is attached to these minutes as an exhibit.

APPROVED:

Celester A. Hall

Celester A. Hall

DATE: 29/10/24

Chairman

MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY

**PRESIDING OFFICER'S WRITTEN STATEMENT FOR CLOSING A MEETING
UNDER THE OPEN MEETINGS ACT
(General Provisions Article § 3-305)**

1. Recorded vote to close the meeting:

Date: October 12, 2023

Time: 2:00 pm – 2:55 pm

Location: Held by conference call at 267.930.4000/684 358 366

Motion to close meeting made by: Charles Martin; Seconded by Sharon Pinder

Vote to Close Session:

	AYE	NAY	ABSTAIN	ABSENT
Celester Hall, Chair, Designee Secretary of Commerce	[x]	[]	[]	[]
Ben Seigel, designee of Comptroller	[x]	[]	[]	[]
Charles Martin	[x]	[]	[]	[]
Kehinde Oreagba	[x]	[]	[]	[]
Sharon Pinder	[x]	[]	[]	[]
Gina Ramsey	[x]	[]	[]	[]
Mara Sierocinski	[x]	[]	[]	[]

2. Citation of statutory authority to close session (check all that apply): This meeting is being closed under General Provisions Article § 3-305(b), only:

____ (1) To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; any other personnel matter that affects one or more specific individuals;

- (2) To protect the privacy or reputation of individuals concerning a matter not related to public business;
- (3) To consider the acquisition of real property for a public purpose and matters directly related thereto;
- (4) To consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State;
- (5) To consider the investment of public funds;
- (6) To consider the marketing of public securities;
- (7) To consult with counsel to obtain legal advice on a legal matter;
- (8) To consult with staff, consultants, or other individuals about pending or potential litigation;
- (9) To conduct collective bargaining negotiations or consider matters that relate to the negotiations;
- (10) To discuss public security, if the public body determines that public discussion would constitute a risk to the public or to public security, including: (i) the deployment of fire and police services and staff; and (ii) the development and implementation of emergency plans;
- (11) To prepare, administer, or grade a scholastic, licensing, or qualifying examination;
- (12) To conduct or discuss an investigative proceeding on actual or possible criminal conduct;
- (13) To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter;
- (14) Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiating strategy or the contents of a bid or proposal, *if* public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.

3. Disclosure of the topics to be discussed, for each citation checked above:

§3-305(b)(13) topics: Discussion and evaluation of the applications received from potential borrowers for financial assistance under programs of the Maryland Small Business Development Financing Authority, which applications include the disclosure of financial information of private individuals and confidential commercial and financial information.

§3-305(b)(7) topics: Legal advice from counsel to the Authority with respect to the applications.

4. For each topic listed in #2, disclosure of the reason for discussing it in closed session rather than in open session:

§3-305(b)(13): Financial information of private individuals is protected from disclosure under the Maryland Public Information Act (§4-336) and confidential commercial and financial information is protected from disclosure under the Maryland Public Information Act (§4-335).

§3-305(b)(7): Protection of the attorney-client privilege.

This statement is made by Celester Hall, Chair of the Maryland Small Business Development Financing Authority, Presiding Officer.

A handwritten signature in blue ink, appearing to read "C. Hall", written over a horizontal line.

Celester Hall
Chair