

MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY

OPEN MEETING MINUTES

December 7, 2023

The Annual Portfolio Review meeting of the Maryland Small Business Development Financing Authority convened at 11:00 a.m. via teleconference only at 470-869-2200/meeting ID 428-245-6027.

The following were in attendance at this meeting:

Authority Members	MMG Staff
Les Hall	Tim Smoot
Laura Pasternak	Anthony Williams
Mara Sierocinski	Mark Harrison
Gina Ramsey	Randy Croxton
Kenny Oreagba	Michael Howard
	Alex Agwuna
	Robin Harris

Attorney General's Office
Barbara Kountz, Deputy Counsel

AGENDA

MSBDFDA Annual Portfolio Review

The closed session of the October 12, 2023, meeting was summarized. The Authority Board meeting was attended by Les Hall, Mara Sierocinski, Gina Ramsey, Chuck Martin, Ben Siegel, 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 reports for Hope Endeavors, LLC dba Rita's Italian Ice, Orcana Biotech, LLC, Warren Builds, LLC, and WeSolar Inc.; and the modification requests for YJ, LLC and Nepenthe Homebrew, LLC. Both modification requests were approved.

1. YJ, LLC dba Inca Chicken – Modification to approve increase of guarantor's equity line of credit from private lender from \$50,000 to \$60,000 and subordination of the MSBDFA lien on the property to the increased line of credit
2. Nepenthe Homebrew, LLC – Modification to approve (1) refinancing of principal balance of term loan for an additional six years with a maturity date of January 1, 2029; and (2) rescind requirement for royalty payments

REPORT - MODIFICATION

Presenter: Randy Croxton

Applicant: Fishnet Baltimore, LLC

Loan Amount: \$540,000 EPIP Term Loan

Original Approval Date: August 10, 2023

Comments: The following is being requested:

1. An approval extension to January 11, 2024, to allow more time for the loan to close; and
2. Approval to waive the requirement to obtain the subordination agreement of the SBA EDIL term loan.

Discussion: There was limited discussion regarding the request.

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: Tim Smoot informed the meeting of the closing of the MSBDFA and MCBIF modifications and the borrower's appreciation for the assistance provided by both programs.

PROGRAM HIGHLIGHTS

Presenter: Tim Smoot

Comments: The following was presented:

1. MSBDFA Performance Highlights showing the program's average annual transaction activity over the past 10 years, current program leverage ratios, and recommended budgetary requirements for fiscal years 2025 and 2026.
2. MSBDFA Program Statistics showing the summary of loan activities for the current portfolio as of June 30, 2023, by County, Industry, and Program.
3. MSBDFA Program Statistics Ten Year Portfolio History from FY 2014 through FY 2023 including Geographic, Ethnic, and Gender Distribution Summaries; and Program Concentration Summary.
4. Schedule of Loan Losses from FY 2014 through FY 2023.

Discussion: The following was discussed:

1. MMG's recommendation for MSBDFA to have a minimum fund balance of \$10 million
 - i. Use of Funds and Program Allocations
 - ii. Sufficiency of the request
2. Cash base reserves
3. Average allocation
4. Additional allocations to the program for this fiscal year and future
5. Cash shortfalls: measures being taken to address the matter by the Department

Action Taken: The Authority accepted the report as presented.

The Open Meeting then closed at 12:05 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 (Oct 29, 2024 14:10 EDT)

Celester A. Hall
Chairman

DATE: 29/10/24

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: December 7, 2023

Time: 12:05 pm – 1:20 pm

Location: Held by video conference call at Zoom/ meeting ID 81285626649/passcode 224068

Motion to close meeting made by: Mara Sierocinski; Seconded by Gina Ramsey

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;

X (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;

X (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.



Celester Hall
Chair