

RESOLUTION

**BOARD OF COUNTY COMMISSIONERS
OF CECIL COUNTY**

ESTABLISHMENT OF A REVOLVING LOAN FUND

WHEREAS, the Board of County Commissioners of Cecil County, Maryland is committed to economic development initiatives that result in the expansion of the local industrial tax base and an increased number of employment opportunities for County residents, and ultimately improve the economic conditions in the County; and

WHEREAS, that includes small industrial and commercial business expanding in or relocating to the County, particularly within municipalities that are working diligently to revitalize their downtown business areas; and

WHEREAS, some of these businesses will need financing assistance to undertake and complete their projects in order to generate new economic impact for the County and the municipalities; and

WHEREAS, Cecil County loaned Moon Nurseries, Inc. \$1,200,000 in Community Development Block Grant (CDBG) funds, made available by the Maryland Department of Business and Economic Development (DBED), in 1995, to assist with its relocation to the Chesapeake City area of the County and the creation of almost 200 full- and part-time jobs, and Moon Nurseries began repaying that loan in January 1999; and

WHEREAS, the loan repayments are designated as "program income" and Maryland DBED approved the first \$500,000 in program income to be used by Cecil County to establish a local Revolving Loan Fund; and

Page 2

WHEREAS, the program income is presently able to capitalize a revolving loan fund to the extent of \$150,000.

THEREFORE, BE IT RESOLVED AND AGREED that the Board of County Commissioners of Cecil County do herein establish a Revolving Loan Fund for use by new and existing businesses in the County and its municipalities, generally in accordance with the following:

1. The Cecil County Revolving Loan Fund may be available to creditworthy businesses for the purposes of acquiring land, buildings, machinery and equipment and inventory, as well as for working capital. The fund is not intended for use in building construction or renovation.
2. The Cecil County Revolving Loan Fund is intended for use in projects in conjunction with local, commercial lenders, since maximum borrowings for any project should not exceed \$50,000 or be more than one-third of the total loan amount.
3. Loans made from the Cecil County Revolving Loan Fund shall have terms not exceeding 20 years for land and building acquisition; 10 years for the purchase of machinery and equipment; 5 years for working capital and 1 year for the purchase of inventory. Interest rates on loans made from the Fund will generally be 3%.
4. The program income that capitalizes the Revolving Loan Fund is intended to benefit low- to moderate-income persons; therefore, when the \$500,000 is initially disbursed to borrowers, if the borrower creates two (2) or more new jobs, then at least 50% of the new jobs created must be made available to low- to moderate-income persons, and pay 150% of the federal minimum wage. When these funds are repaid and subsequently loaned again, this requirement shall no longer apply.
5. The Cecil County Revolving Loan Fund will be administered by the Small Business Resource Center, operated by the Cecil Community College at its Elkton campus, in conjunction with the Cecil County Office of Economic Development. Funding for the contractual services necessary to staff the Revolving Loan Fund, will be provided by the Maryland Small Business Development Center and the Cecil County Office of Economic Development.


6. An Advisory Board, to be known as the Revolving Loan Fund Advisory Board, will be established to finalize all matters associated with the Cecil County Revolving Loan Fund, including a) determining the eligibility of certain projects and borrowers; b) adopting specific policies, guidelines and underwriting criteria to be implemented by staff; c) reviewing each loan package prepared by staff, and making recommendations to the Board of Commissioners with respect to approval; d) routinely monitoring the performance of the borrowers with respect to the terms and conditions of the loans and e) providing remedies for events of default.
7. The Office of Economic Development and the Small Business Resource Center will make annual written reports to the Board of Commissioners no later than August 31st of each year, outlining the status of the Revolving Loan Fund and each transaction completed thereunder.

BE IT RESOLVED AND AGREED by the Undersigned this 17th day of October, 2000.

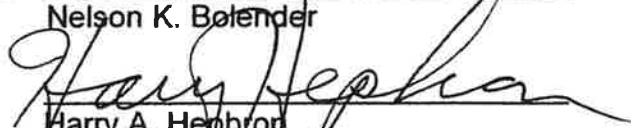
ATTEST:




Alfred C. Wein
County Administrator



Nelson K. Bolender

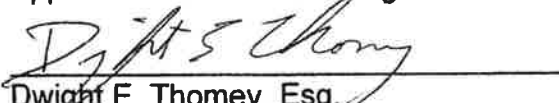


Harry A. Heppron



Phyllis Kilby

Approved as to form and legal sufficiency



Dwight E. Thomey, Esq.
County Attorney