

Chapter 710

(House Bill 891)

AN ACT concerning

Montgomery County ~~Department of Economic Development~~ – Investment Authority

MC 18-10

FOR the purpose of authorizing ~~the Montgomery County Department of Economic Development to make a certain investment in a certain company; requiring the investment to be consistent with certain investment guidelines; and generally relating to the investment authority of the Montgomery County Department of Economic Development~~ Montgomery County to make an equity investment through a certain fund in a company that is located in the county or that agrees to relocate their business to the county; providing that the proceeds of an equity investment made under this Act may be used for certain purposes; providing that the county may not acquire an ownership interest exceeding a certain percentage of any enterprise; requiring the terms of an equity investment approved by the county to be set forth in a funding agreement; requiring a funding agreement made in accordance with this Act to prohibit the county from taking certain actions; providing that a funding agreement made in accordance with this Act may consist of certain agreements or other documents; requiring that notice of each equity investment made by Montgomery County under a certain provision of this Act be posted in a readily accessible and clearly identified location on the Montgomery County government website within a certain number of days after the date on which the county initiates the investment transaction; and generally relating to equity investments by Montgomery County in certain businesses in the county.

~~BY adding to~~

~~Article 05 – Treasurer~~

~~Section 22P~~

~~Annotated Code of Maryland~~

~~(2003 Replacement Volume and 2009 Supplement)~~

BY adding to

Article – Economic Development

Section 12-401 to be under the new subtitle “Subtitle 4. Montgomery County
Equity Investments in Companies Located in the County”

Annotated Code of Maryland

(2008 Volume and 2009 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

~~Article 95 – Treasurer~~

~~22P.~~

~~(A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE MONTGOMERY COUNTY DEPARTMENT OF ECONOMIC DEVELOPMENT MAY MAKE AN EQUITY INVESTMENT IN A COMPANY THAT DOES BUSINESS IN MARYLAND.~~

~~(B) AN INVESTMENT AUTHORIZED UNDER SUBSECTION (A) OF THIS SECTION SHALL BE CONSISTENT WITH THE LOCAL GOVERNMENT INVESTMENT GUIDELINES ADOPTED BY THE GOVERNING BODY OF MONTGOMERY COUNTY UNDER § 22F OF THIS ARTICLE.~~

Article – Economic Development

SUBTITLE 4. MONTGOMERY COUNTY EQUITY INVESTMENTS IN COMPANIES LOCATED IN THE COUNTY.

12-401.

(A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, MONTGOMERY COUNTY MAY MAKE AN EQUITY INVESTMENT THROUGH THE COUNTY’S ECONOMIC DEVELOPMENT FUND IN A COMPANY THAT IS LOCATED IN MONTGOMERY COUNTY OR THAT AGREES TO RELOCATE ITS BUSINESS TO MONTGOMERY COUNTY.

(B) THE PROCEEDS OF AN EQUITY INVESTMENT MADE UNDER SUBSECTION (A) OF THIS SECTION MAY BE USED FOR:

- (1) WORKING CAPITAL;
- (2) SALARIES;
- (3) MARKETING MATERIALS;
- (4) ACQUISITION OF INVENTORY, EQUIPMENT, OR REAL PROPERTY;
- (5) CONSTRUCTION;

- (6) RENOVATION;**
- (7) LEASEHOLD IMPROVEMENTS; OR**
- (8) RESEARCH AND DEVELOPMENT.**

(C) THE COUNTY MAY NOT ACQUIRE AN OWNERSHIP INTEREST EXCEEDING 25% OF ANY ENTERPRISE.

(D) (1) THE TERMS OF AN EQUITY INVESTMENT APPROVED BY THE COUNTY SHALL BE SET FORTH IN A FUNDING AGREEMENT.

(2) A FUNDING AGREEMENT MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL PROHIBIT THE COUNTY FROM:

(I) PARTICIPATING IN THE SELECTION OF THE MANAGEMENT OF THE COMPANY;

(II) ENGAGING IN OVERSIGHT OF THE OPERATION OF THE COMPANY; OR

(III) ASSUMING ANY PRESENT OR FUTURE LIABILITY OF THE COMPANY.

(3) AT THE COUNTY'S DISCRETION, A FUNDING AGREEMENT MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY CONSIST OF:

(I) AN INVESTMENT AGREEMENT;

(II) A LIMITED PARTNERSHIP AGREEMENT;

(III) A PREFERRED STOCK PURCHASE AGREEMENT; OR

(IV) OTHER DOCUMENTS THAT THE COUNTY MAY REQUIRE.

(E) NOTICE OF EACH EQUITY INVESTMENT MADE BY MONTGOMERY COUNTY UNDER SUBSECTION (A) OF THIS SECTION SHALL BE POSTED IN A READILY ACCESSIBLE AND CLEARLY IDENTIFIED LOCATION ON THE MONTGOMERY COUNTY GOVERNMENT WEBSITE WITHIN 5 DAYS AFTER THE DATE ON WHICH THE COUNTY INITIATES THE EQUITY INVESTMENT TRANSACTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2010.

Approved by the Governor, May 20, 2010.