Final Report

**Bethesda Cultural Alliance**

OIG Report Number 14-005

March 19, 2014

# Montgomery County, Maryland
# Office of the Inspector General

**Office of the Inspector General**

**Bethesda Cultural Alliance**

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The Office of the Inspector General (OIG) issued a report of audit survey dated June 25, 2013 on selected operations of the Department of Economic Development (DED) in making Economic Development Fund (EDF) grants and loans. While working on that report, the OIG received a complaint regarding a County EDF grant of approximately $1.8 million that had been made to the Bethesda Cultural Alliance (BCA) in 2006 for the purpose of renovating the Bethesda Theatre. Theatre productions ceased temporarily after the theatre had been operating for only six months, and they ceased permanently approximately two years later. The theatre never became viable while BCA owned it. In early 2010, BCA closed the theatre and defaulted on its mortgage, resulting in a loss to the County.

## Objectives, Scope, and Methodology

The objective of this inquiry was to determine whether the information provided to the County regarding the requested theatre renovation funding was complete and accurate.

We conducted our inquiry from May 2013 through February 2014 in accordance with *Quality Standards For Inspection and Evaluation*, issued by the Council of the Inspectors General on Integrity and Efficiency (January 2012). Our inquiry procedures included reviewing County Council records, documentation supporting County and State grants, business entity and real property records of the State Department of Assessment and Taxation (SDAT), Planning Board decisions, BCA records, State and County laws and regulations, and land records, as well as interviewing and corresponding with County and State government staff.

## Background

The Bethesda Theatre is an Art Deco building with a distinctive tower and marquee. It was built in 1938 as a movie theatre, and it is a designated historic resource.

The 1994 Bethesda Sector Plan stated that the Optional Method of development would be allowed above and behind the theatre, if the theatre's interior design were preserved and a performance use were provided. The Montgomery County Planning Department's glossary of planning terms states that the Optional Method is a procedure that encourages land assembly and mixed-use development, and that under the Optional Method, higher densities are allowed in exchange for significant public amenities and facilities to support the additional density.

In 1996, the Bozzuto Group (Bozzuto), a developer, paid $3.5 million for the theatre property. The theatre at that time was operating as a cinema and café.

In 1997, the Montgomery County Planning Board approved a plan for construction of residential units above and behind the theatre. The development was approved under the Optional Method. The 1997 Planning Board approval stated that "the existing structure, both exterior and interior, and a cinema or performance use of the Bethesda Theatre shall be preserved."[1] Bethesda Theatre LLC was formed in 2000 and became the owner of the theatre property and some adjoining properties.

Following is a summary of the events in the Bethesda Theatre renovation project, with a timeline of major events related to the theatre and the County in Table 1.

Table 1: Bethesda Theatre Timeline

| | |
|---|---|
| 11/24/1997 | Planning Board approves project plan for theatre and residences |
| 2003 | Tenants move into residences, BCA incorporates, County offers $375,000 for renovating theatre |
| 5/2006 | Council approves additional $1,500,000 grant |
| 10/2007 | Theatre opens |
| 4/18/2008 | Water leak damages theatre, which closes temporarily |
| 2009 | Contract between BCA and its theatre operator ends |
| 6/2010 | Theatre closes, BCA defaults on $4 million mortgage, BB&T (the mortgage holder) forecloses |
| 7/12/2012 | County pays State $717,300 |
| 9/25/2012 | BCA files Articles of Dissolution |

Sources: Council records, SDAT business entity records, County FY2007 budget, news reports, County DED records, Maryland DBED correspondence, Maryland land records.

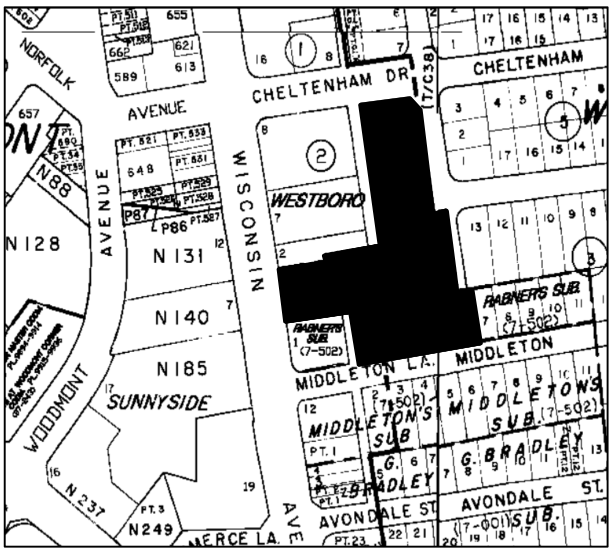
A member of the Planning Department staff told the OIG that for the Bethesda Theatre and residential development project, the Standard Method would have allowed a density (expressed as a floor area ratio[2] (FAR)) of 2.0, but the Optional Method allowed a FAR of

[1] Although "performance use" was not defined in the Planning Board's approval, some information on this point is available in a memo two Department of Park and Planning officials wrote to the Council on May 10, 2006: "The approval also required the facility to be used for the performing arts. The initial idea was for the facility to be used as a movie theatre. The use of the facility as a performing arts center for local drama groups was also considered. Additional improvements were not contemplated or required to accommodate an elaborate performing arts facility capable of presenting Broadway plays."

[2] The floor area ratio is the ratio of the gross floor area of the building to the area of the lot on which it is located.

5.0. We estimate that because this development was approved under the Optional Method, the Planning Board allowed approximately twice the square footage that would have been allowed under the Standard Method. As 208,825 square feet of development were approved, we estimate that Bethesda Theatre LLC was able to develop an additional 100,000 square feet, approximately. [3,4]

**Figure 1: Map of Bethesda Theatre LLC Property**




**Source: SDAT records, with property indicated by OIG**

Figure 1 shows a recent map of the Bethesda Theatre LLC property and surrounding area from SDAT records, with the Bethesda Theatre LLC property indicated by the OIG. The Bethesda Theatre LLC property includes the theatre, which fronts on Wisconsin Avenue, plus formerly separate properties which are now also owned by Bethesda Theatre LLC.

In July of 2001, construction began on the planned apartment complex, parking garage, and renovated theatre. Bethesda Theatre LLC built condominiums above and behind the theatre, in a complex called the Whitney.

In 2003, Bozzuto formed BCA as a nonprofit corporation to own and operate the theatre. Bethesda Theatre LLC donated the theatre to BCA, which renovated the theatre, using the Bozzuto construction company as the general contractor. The six members of BCA's initial Board of Directors consisted of four Bozzuto executives, an attorney for a firm that did work for Bozzuto, and the managing director of the other developer working on the condominium development.

[3] The Planning staff member emailed that "The Bethesda Theater residential has 5.0 FAR in the CBD-2 Zone. The Optional Method density for this project is 5.0 FAR maximum if housing is included at a minimum of 2.0 FAR. This project also included a PD [Planned Development] portion of the site."

[4] According to the Planning staff member, the developer had no choice but to preserve the exterior of the theatre, as it was a designated historic resource, but the developer could have chosen to develop under the Standard Method, develop fewer square feet, and not preserve or renovate the interior of the theatre or provide for the operation of the theatre.

**Figure 2: Photograph of the Bethesda Theatre and the Whitney in 2014**

Source: OIG staff photograph

Also in 2003, the County Council approved $375,000 for an Economic Development Fund grant to BCA for the renovation of the Bethesda Theatre.

In that same year, the Whitney construction passed the final building inspection required by the building permit, and the first tenants moved in.

Figure 2 is a 2014 photograph with the theatre marquee and tower in the foreground, and the Whitney high rise behind them. The lower Whitney structures cannot be seen in the photo.

In 2005, the Bozzuto Chairman wrote to the County that because of higher than expected costs and the loss of an expected Federal tax credit, he was requesting additional County financial assistance for the theatre renovation.

DED's proposal of an additional $1,500,000 grant for the theatre was considered by the Council in May 2006.The May 11, 2006 Council meeting packet included information from DED that the total project costs for the Bethesda Theatre project were estimated to be $11 million, and it included information from the theatre operator, Nederlander, that the costs were estimated to be $11,525,000. Table 2 shows the planned sources of funding to support these costs.

Table 2: Sources of Theatre Renovation Funds

| | |
|---|---:|
| Equity – BCA (the Theatre) | $3,500,000 |
| First Mortgage (BB&T) | $4,250,000 |
| Contribution – State | $675,000 |
| Contribution – County | $1,875,000 |
| Community Based Fundraising (Backed by Developer Note) | $275,000 |
| Historic Tax Credits – State | $950,000 |
| Total | $11,525,000 |

Source: Montgomery County DED records.

The State provided a $2 million guaranty for the first mortgage, and a Bozzuto executive informed the Council that the developer was providing a $2 million guaranty, also.

On May 15, 2006, when the Council was discussing the requested additional EDF grant, Council President Leventhal said, “I am anticipating…where a couple years from now, my constituents will say, ‘How could you give them a million and a half without anticipating that this would occur?’ whatever it is. That they might walk out on you, leaving the building empty, or the workers might try to organize and they might bust the union.”

The Council unanimously approved the County’s FY 2007 Operating Budget on May 25, 2006. The budget included an EDF grant of $1,500,000 for the Bethesda Theatre.

In late 2006, the Council endorsed a $675,000 Maryland Economic Development Assistance Authority and Fund (MEDAAF) grant for the theatre renovation. The grant, which the Maryland Department of Business & Economic Development (DBED) made in early 2007, contained County obligations.

Theatre Operations

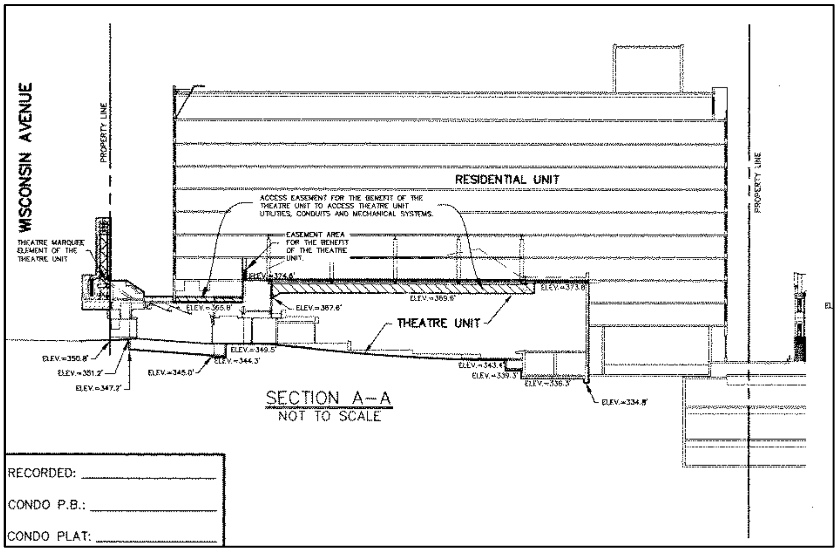
BCA contracted with Nederlander of Bethesda, a subsidiary of Nederlander Worldwide Entertainment, to operate the theatre. An October 9, 2003 Montgomery County press release stated that “Nederlander will transform the historic Bethesda Theatre into a state-of-the-art regional performing arts facility, presenting top tier off-Broadway shows.”

The renovated theatre opened in October 2007. The residential condominium units were rented out as apartments; they are still owned by Bethesda Theatre LLC and rented.

Nederlander and Bozzuto projected that the theatre would lose $2,649 in the first year, as reported by Maryland DBED on January 26, 2006.

The first years of theatre operations coincided with the severe recession that lasted from 2007 through 2009. According to the County’s Director of Economic Development, the recession made it more difficult for BCA to raise funds.

**Figure 3: Cross Section of Whitney and Theatre**




Source: Maryland land records

In April 2008, there was significant damage to the theatre from a water leak in the residences above the theatre, and BCA closed the theatre temporarily. At least one show was put on at the theatre in 2009. BCA received insurance reimbursements related to the water leak: $280,000 for repairing water damage and $44,785 for lost income.

Figure 3 contains a cross-section drawing of the theatre below the residential units, from the "as-constructed" condominium plan dated Oct. 17, 2003.

In 2009, BCA ended the management agreement with Nederlander. The theatre's managing director, who was also the President of Bozzuto Homes, stated, according to a newspaper report, that this was because the costs of staging productions were too high. BCA switched to a rental strategy, and the theatre was rented in 2010 for jazz and alternative music shows, a cabaret series, and a talent show for seniors.

Termination

In 2010, BCA closed the theatre and defaulted on the mortgage. Also in 2010, BB&T foreclosed on the theatre. The Maryland DBED wrote to the County requesting reimbursement for its MEDAAF grant, as BCA had defaulted on its mortgage, and thus the County was in default of its agreement with DBED. In 2012, BCA dissolved.

At the time of dissolution, three out of seven BCA Board of Director positions were held by officers of Bozzuto and the other developer, a fourth was held by the Bozzuto attorney, and a fifth was held by the president of a non-profit affordable housing developer sponsored by Bozzuto. When BCA was formed and when it dissolved, the BCA Board was dominated by real estate professionals.

Table 3 shows BCA's net losses, according to tax returns BCA filed with the Internal Revenue Service (IRS).

Table 3: BCA Gains and Losses Reported to IRS

| Year ended | Net Gain (Loss) |
|---|---|
| 8/31/2008 | ($101,938) |
| 8/31/2009 | ($1,330,540) |
| 8/31/2010 | ($438,080) |
| 8/31/2011 | ($8,002,192) |

Sources: IRS Form 990 Filings

Bethesda Blues and Jazz, a jazz supper club, bought the theatre from a subsidiary of BB&T for $2,895,000 in 2012. A jazz music performance would appear to qualify as a performance use.

Outcomes

As noted above, Bethesda Theatre LLC was allowed to develop approximately 100,000 square feet more than could have been developed under the Standard Method of development. By having BCA take over the responsibility for theatre renovation and operations, Bethesda Theatre LLC retained the benefit of the Optional Method, while passing most of the liabilities and risks to another entity.

Bethesda Theatre LLC appears to have made a reasonable business decision, as there was only a short-lived legal requirement under the Planning Board approval that the developer maintain and operate the theatre.[5] Planning officials wrote to the Council staff in May of 2006 that "[t]he applicant has substantially met the requirements of the regulatory approvals, but must implement a performing arts function to be fully in compliance." The implementation requirement was met, and Bethesda Theatre LLC was apparently fully in compliance, even though the theatre soon closed.

Publicly available information indicates that the benefits of the theatre project to Bethesda Theatre LLC have exceeded the costs Bethesda Theatre LLC bore in theatre renovation and operations, although private information not available to us may lead to a different conclusion. The Whitney is currently assessed at $77,439,000 by the State Department of Assessments and Taxation. This greatly exceeds the estimated Whitney construction cost ("value") of $31.5 million, according to County Department of Permitting Services records, plus the costs of the theatre renovation and operating losses.

The State of Maryland paid the bank $2 million, as a result of the loan guarantee it had made.

[5] In addition, tax credits were available for arts and entertainment uses in the Bethesda Arts & Entertainment District. We did not research this topic, but these credits would have provided additional benefits and had additional requirements.

The County made EDF grants totaling $1,875,000 to BCA and paid $717,300 to the State (for the State's MEDAAF grant plus interest), for a total of $2,592,300.

The Bethesda Theatre project did not turn out as it was intended, but the County has had a benefit from it, although possibly not an economic one. The historic theatre was preserved and renovated, and there is an entertainment entity operating in it. The housing stock has increased, and there is more taxable square footage. We have not analyzed any effects on economic development, and we have not determined whether a similar result might have been achieved without the County expenditures.

## Inquiry Findings and Recommendations

**Finding 1: The regulation governing the analyses of EDF applicants' financial viability lacks specificity, and its intent is unclear.**

County Regulation 20.73.01.05 requires that

> "An economic benefit analysis and/or pro-forma analysis will be completed for all awards above $100,000, the cost of which will be charged to the Fund. The economic benefit analysis will be used when the business prospect can clearly demonstrate its ability and commitment to perform on its proposed project. The pro-forma analysis will be completed for projects which require due diligence by the County to determine feasibility. This could include analysis of the project's financial feasibility by examining revenues and costs, appropriate market analysis, profit and loss projections, current and projected balance sheets and return on investment."

This Regulation is weak in several ways. Specifically, the terms "economic benefit analysis," "pro-forma analysis," and "business prospect" are neither defined nor described. The regulation states what a pro-forma analysis could contain, but it does not state what it must at a minimum contain. The regulation does not state who should prepare and review the analysis; this could be done by DED, the Department of Finance[6], or an outside expert. The regulation does not require that the economic benefit analysis or pro-forma analysis be provided to the Council.[7]

The regulations do not contain clear guidelines as to how the financial viability of the funding recipient should be considered. The EDF Operating Manual provides no guidelines on this topic.

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[6] County Regulation 20.73.01.04 states that the "Director of Finance may allocate moneys for the Fund," and 20.73.01.05 states that the Director of Finance administers the EDF.

[7] County Code §20-75 requires that the Council be provided "fiscal analyses" containing financial information on projected County tax revenues and County costs, but not on the funding recipient's expected profits or losses.

In the case of BCA, a May 11, 2006 Council staff memo indicates that information on the theatre's viability was prepared by Nederlander and representatives of the developer, and that this information was discussed by a Council committee. There is no indication in the documents we obtained that the Department of Finance, DED, or Council staff performed an objective analysis of this information. There is also no indication that the Committee made any recommendations to the Council specifically about the financial viability of the theatre. Instead, the Council packet focused on the renovation costs and how they would be financed.

**Recommendation 1:**

**The law and/or the DED policy manual section regarding EDF financing should be changed to**

- **Define and describe the types of financial analyses required, and the entity(ies) to be analyzed. With large corporations or organizations, the entity might be the corporation or organization *in toto* as well as the department or segment receiving EDF funding.**
- **Describe the difference between an economic benefit analysis, a pro-forma analysis, and "fiscal analyses" required by County Code.[8]**
- **State who should prepare and review the financial analysis. This might be done by DED, the Department of Finance, or an outside expert.**

These analyses should be provided to the Council.

**Finding 2: Council and public consideration of the County EDF grant was based on information containing an incorrectly applied multiplier.**

The May 11, 2006 Council packet contained a fiscal impact analysis prepared by DED that stated, "Based on the projected direct/indirect net new fiscal impact, the $1,875,000 in county cost is anticipated to be offset in about 5 years (by 2012)." We found that the analysis upon which this statement was based contained an incorrect application of a multiplier.

In DED's "Nederlander Economic Impact Analysis," which DED provided to us, DED stated that it used a multiplier to take into account indirect and induced effects of development. DED's analysis stated that DED used the statistics and the methodology from the State Arts Council's Annual Report, which was prepared by the Maryland DBED using a computer system called IMPLAN.

The founders of the provider of IMPLAN systems have explained, "Industries produce goods and services for final demand and purchase goods and services from other producers. These other producers, in turn, purchase goods and services...These indirect and induced

[8] Ibid.

effects ….can be mathematically derived." A 2004 IMPLAN manual states on p. 167, "A one-dollar change in Industry A final demand results in a 1.182 dollar change in total economy output. This number, 1.182, is the multiplier for Industry A." The multiplier indicates the difference between the initial effect of a change and the total effects of that change.

We reviewed DED's calculations and determined that DED employed the multiplier differently from the way the IMPLAN manual indicates it should be used. DED multiplied the direct effect by the multiplier to determine the *indirect* effect, instead of the *total* effect. DED then added this incorrectly large indirect effect (which was actually the total effect) to the direct effect and, as a result, calculated a total that was incorrectly large. This misapplication of the multiplier resulted in an approximately two-fold overstatement of the indirect benefit to the County economy: instead of being approximately $13 million, the correct calculation yields a figure of $6.5 million. If one were to correct this, the $1,875,000 cost to the County government would have been anticipated to be offset in about seven years, rather than five.

In the BCA case, such a correction may not have led to a different outcome, as there is not a large difference between offsetting the County cost in seven years rather than five. However, a multiplier analysis may be used in the future in other cases in which the misapplication could result in a larger difference.

**Recommendation 2:**

**If a multiplier analysis is used in a future fiscal impact analysis, the calculation should be reviewed for accuracy and appropriateness by someone with relevant expertise.**

**Finding 3: Information provided to the Council regarding the State MEDAAF grant for the theatre did not disclose (a) that the County would be the MEDAAF grant recipient, (b) that the County could be obligated to repay the State, or (c) other terms of the MEDAAF grant affecting the County.**

> (a) Information provided to the Council regarding the State MEDAAF grant for the theatre did not disclose that the County would be the MEDAAF grant recipient.

The Council was not informed that the MEDAAF grant was in the form of a conditional grant to Montgomery County itself.

Information about the MEDAAF grant came before the Council at two meetings: at the introduction of the Resolution of approval on October 31, 2006, and at the adoption of the Resolution of approval on November 28, 2006. There was no mention of the County being the grant recipient in either Council packet. Multiple documents related to these meetings referred to the grant recipient as "the Bethesda Theatre" and/or the "Nederlander Project" and did not state that the County would be the grant recipient: (1) the agenda for the October 31, 2006 Council meeting, (2) the agenda for the November 28, 2006 Council meeting, (3) the draft and adopted Council resolutions regarding the MEDAAF grant, (4) an October 20, 2006 memo from the County Executive to the Council, (5) an October 26, 2006 memo from Council staff to the Council, and (6) a May 11, 2006 Council staff memo to the Council.

The MEDAAF information provided to the Council focused on Nederlander. The subject lines of the Council staff memos and the County Executive's memo referred to "the Bethesda Theatre Nederlander Project," and the staff memo stated, "Based out of New York City, the Nederlander Group is one of the largest and most experienced operators of live theater in the world."

MEDAAF grants and loans are frequently made directly to businesses. Background knowledge of this fact may have led the Council and the public to believe that the grant for the Bethesda Theatre renovation was also, given that the information provided to the Council and the public did not state otherwise.

(b) Information provided to the Council regarding the State MEDAAF grant for the theatre did not disclose that the County could be obligated to repay the State.

The MEDAAF grant agreement, signed approximately two months after the Council endorsement of the grant, stated that the County was obligated if BCA defaulted on any indebtedness, but the Council was not informed that would be the case. As stated above, information provided to the Council did not even indicate that the County would be the grant recipient.

As a result of not being told all the relevant facts, the County Council was not informed that the County could be obligated to provide not only the EDF financing, but also a repayment of the State financing, for a total of approximately $2.6 million. In the discussion on May 15, 2006, some Councilmembers had concerns about providing $1,875,000 in EDF financing for the project, but the Council ultimately decided to approve this amount. If the Councilmembers had known that $2.6 million of County money was at stake, they might have had a different view.

On June 24, 2010, the Maryland DBED wrote to the County requesting reimbursement, as BCA was in default on its indebtedness to BB&T. The approved FY13 Operating Budget for the County DED shows an appropriation of $750,000 to reimburse the State. Maryland DBED agreed to accept a 3% interest rate, instead of the default rate of 5%. The County paid Maryland $717,300 on July 12, 2012.

(c) Information provided to the Council regarding the State MEDAAF grant for the theatre did not disclose any requirement of a County contribution.

Section 5-319(d) of the Maryland Economic Development Article requires that

> "For a local economic development opportunity, the local government of the jurisdiction in which the project is located shall provide:
>
> (1) a formal resolution of the governing body of the jurisdiction in which the project is located that endorses the financial assistance to be provided from the Fund; and
>
> (2) as determined by the Department or Authority to evidence the support of the local government for the project:
>
> (i) a guarantee, secured by the full faith and credit of the county or municipal corporation in which the project is located, of all or part of the financial assistance to be provided by the Fund;
>
> (ii) the financing of part of the costs of the project equal to at least 10% of the financial assistance to be provided from the Fund; or
>
> (iii) both."

The October 20, 2006 memo from the County Executive to the Council about the MEDAAF financing stated, "This financing program does not require a local jurisdiction's full faith and credit guarantee, but only requires the local jurisdiction to pass a resolution of support."

This is boilerplate language that the County Executive used in at least nine MEDAAF memos in 2013. It does not address the provision in §5-319(d)(2)(ii) that the County may be required to provide financing. As the County Executive continues to use this language, there is a continuing risk that the Council and the public may not be aware that County financing is required to obtain MEDAAF financing.[9]

**Recommendation 3:**

**Regarding proposed MEDAAF financing, the Council should be**

- **provided with the name of the proposed recipient,**
- **informed if the County may be obligated to pay the State, and**
- **informed of grant or loan requirements involving the County.**

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[9] Recently, Council staff has more accurately summarized the law in a Nov. 22, 2013 staff memo to the Council, but the County Executive's memo in the same packet used the same boilerplate language the County Executive's previous memos did.

## Summary of the Chief Administrative Officer's Response

The response of the Chief Administrative Officer (CAO) to the final draft report is included in its entirety in Appendix A. The CAO indicated that the following actions will be taken in response to our recommendations:

- By amending the Executive Regulation governing the EDF, the recommended clarifications/changes regarding the financial analyses of proposed EDF projects will be made.
- Directors of DED and the Department of Finance will ensure that all future EDF transactions involving "Economic Impact Analysis" using multipliers will be reviewed by outside experts for applicability and accuracy.
- DED will work with the State Attorney General's Office to modify the template MEDAAF Resolution document, to clearly convey to the County Council the recommended information.

The CAO's response did not cause us to alter our findings or recommendations.

# Appendix A

OFFICE OF THE COUNTY EXECUTIVE

Isiah Leggett
*County Executive*

Timothy L. Firestine
*Chief Administrative Officer*

March 14, 2014

TO: Edward L. Blansitt III, Inspector General

FROM: Timothy L. Firestine, Chief Administrative Officer Timothy L. Firestine

Subject: Final Report, Bethesda Cultural Alliance

I am in receipt of your memo and Report on Bethesda Cultural Alliance, a project funded from the Economic Development Fund in 2006. Thank you for the opportunity to respond to this report. I appreciate the thoroughness of your inquiry and the effort you and your staff put forth in identifying the areas of improvement.

Please find below specific responses to your recommendations.

**IG Recommendation 1**
*The law and/or the DED policy manual section regarding EDF financing should be changed to*

- Define and describe the types of financial analysis required, and the entity(ies) to be analyzed. With large corporations or organizations, the entity might be the corporation or organizations *in toto* as well as the department or segment receiving EDF funding.
- Describe the difference between an economic benefit analysis, a pro-forma analysis, and "fiscal impact analyses" required by County Code.
- State who should prepare and review the financial analysis. This might be done by DED, the Department of Finance, or an outside expert.

**CAO Response**
The Department of Economic Development has begun the process of amending the Executive Regulation 47-15, Economic Development Fund, that provided the framework for the operation of the EDF since April 23, 1996. Through the amended Executive Regulation, the recommended clarifications/changes will be made.

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**IG Recommendation 2**
*If a multiplier analysis is used in a future fiscal impact analysis, the calculation should be reviewed for accuracy and appropriateness by someone with relevant expertise.*

**CAO Response**
Directors of the Departments of the Finance and Economic Development will ensure that all future EDF transactions involving "Economic Impact Analysis" using multipliers will be reviewed by outside experts for applicability and accuracy.

**IG Recommendation 3**
*Regarding proposed MEDAAF financing, the Council should be*

- Provided with the name of the proposed recipient.
- Informed if the County may be obligated to pay the State.
- Informed of grant or loan requirements involving the County.

**CAO Response**
Department of Economic Development will work with the State Attorney General's Office to modify the template MEDAAF Resolution document, to clearly convey to the County Council the recommended information.

I believe all action items under my response, including the Executive Regulation amendment, will be completed in the next 3-4 months. If you have any questions, please feel free to contact me or Assistant Chief Administrative Officer Fariba Kassiri, who can be reached at 240-777-2512 or Fariba.Kassiri@montgomerycountymd.gov.

TLF:fk

cc: Joseph Beach, Director, Department of Finance
Steve Silverman, Director, Department of Economic Development
Fariba Kassiri, Assistant Chief Administrative Officer
John Fisher, Assistant County Attorney