

**MEMORANDUM**

March 3, 2025

**TO:** Economic Development (ECON) Committee

**FROM:** Bilal Ali, Legislative Analyst

**SUBJECT:** Incubators NDA – Fiscal Year 2025 Update

**PURPOSE:** Receive briefing on work and accomplishments to-date in FY25; review potential strategies for growing business incubation

**Those expected for this discussion:**

Ken Hartman, Asst. Chief Administrative Officer, Office of the County Executive (CEX)  
Judy Costello, Special Projects Manager, CEX  
Gene Smith, Manager, Montgomery County Business Center  
Sarah Miller, Vice President of Economic Development, Margrave Strategies  
Kristen Latham, Senior Legislative Analyst, Office of Legislative Oversight (OLO)  
Julie Knight, Fiscal and Policy Analyst, Office of Management and Budget (OMB)

## Overview of FY25 Budget Follow-Up Briefings

This briefing is part of a series of Economic Development Committee (ECON) worksessions on progress departments and agencies under the committee’s jurisdiction have made over the past fiscal year. These briefings will allow the committee to review progress on budget decision made for the current fiscal year, discuss substantive topics related to the department’s subject matter or operations, and gather information ahead of the FY26 budget.

In addition to reviewing the performance of the Incubators in FY25, this worksession also provides an overview of strategies for strengthening and growing the County’s business incubation. These strategies may serve as a ‘menu’ of options for the Committee’s consideration.

## Background on the Incubators NDA

The Incubators NDA provides for facility lease payments, portfolio management services, and program funding for the County's Business Innovation Network ('Innovation Network') facilities. The Innovation Network consists of three physical locations: the Silver Spring Innovation Center on Georgia Avenue (owned by the County), the Rockville Innovation Center in Rockville Town Square (owned by the County), and the Germantown Innovation Center on the campus of Montgomery College (under lease from the College Foundation until 2036). This NDA also supports the National Cybersecurity Center of Excellence in Shady Grove, a partnership between the National Institutes of Technology, the State of Maryland, and Montgomery County.

In February 2025, OLO released the report '[Best Practices: Business Incubators](#)', which includes a deep dive in the County's Innovation Network.

## History of the Incubators NDA

The County owns or leases four facilities in the County – three incubators and the National Cybersecurity Center of Excellence. The County's approach and management of the incubators has evolved over the last few years. Below is a brief summary of the County's approach:

- Pre-FY17. The County supported all operating expenses, and the then-Department of Economic Development (DED) managed the programs and portfolio of the incubators.
- FY17-FY22. The County supported certain operating expenses for each incubator, but the incubator's programs and tenant portfolio were managed by third parties.
- FY23-FY24. The County supports all operating expenses, and the Business Center manages the programs and portfolio of the incubators.

Below is a brief description of each of the four incubators supported by the NDA:

- Germantown Innovation Center (GIC)
  - The Germantown Innovation Center has 32,000 square feet of office space and 12 wet labs operated in partnership with Montgomery College. It has space for 25-35 companies. The strategic focus of this incubator is the life sciences.
- Rockville Innovation Center (RIC)
  - The Rockville Innovation Center has 23,000 square feet of office space and is located in Rockville Town Center. It has space for 20-30 companies. The strategic focus of this incubator is on tech companies focusing on cybersecurity, health, and software.
- Silver Spring Innovation Center (SSIC)
  - The Silver Spring Innovation Center has 20,000 square feet of office space and is in downtown Silver Spring. It has space for 20-25 companies. The strategic focus of this incubator is on companies focusing on the procurement process.
- National Cybersecurity Center of Excellence (NCCoE)
  - The County, as owner of the land and facilities, is responsible for the debt service payments and the capital reserve for the NCCoE

## Review of Performance During FY25

For FY25, the Council approved \$2,437,584 for the Incubators NDA. This reflected a same services budget from FY24. The most up-to-date review of key performance metrics is shown below. Another final update for calendar year 2024 should be available on March 15<sup>th</sup>.

*Table 1: Incubator Outcomes, 2022-2024 (as of February 11<sup>th</sup>, 2025)*

<b>Incubator Outcomes</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Supported Tenants</b>	55	59	74
<i>Germantown</i>	17	15	19
<i>Rockville</i>	20	28	33
<i>Silver Spring</i>	18	16	22
<b>New Tenants</b>	10	14	21
<b>Jobs Supported by Tenants</b>	167	168	196
<b>Graduates</b>	5	5	1
<b>Capital Raised by Graduates</b>	<b>\$100M</b>	<b>\$20M</b>	<b>\$1.5M</b>

### Innovation Center Contractor and Innovation Manager Position

The Council did not approve the County Executive’s request for \$1.95 million to hire “an experienced, globally recognized innovation center contractor” and a new “Innovation Manager” position. The description of this budget request from Executive staff is shown below:

Working with an experienced, globally recognized innovation center contractor, the County will create a robust ecosystem in partnership with private and nonprofit partners for fostering entrepreneurship and innovation that is nimbler and has more physical capacity and program support than the current County structure. The proposal has three major components:

- Technology Accelerators – Contract support for business startups and innovation center tenants working across County and private sector innovation center.
- Educational and Networking Assistance – Initiate a robust 1:1 assessment, assistance, and educational programming for 100 companies.
- Transition to management by a globally recognized operator.

The first two items will be initiated as quickly as possible in FY25, subject to the final appropriation approved by the Council. These two contracts will support the programmatic elements currently absent from the County’s innovation network. The third item is anticipated to take longer to complete and review the RFPs due to the term and nature of the proposal. The third contract is anticipated to be in place Q3 or Q4 of FY25, and the total amount recommended reflects this timeline.

As part of this effort, the County Executive has also recommended \$3 million in capital improvements at our incubators, in coordination with a future contractor.

Executive staff also provided an explanation of the new Innovation Manager role:

The position will report to the Special Projects Manager to support the programmatic upgrades recommended in the budget including expansion of capacity and programming at the existing facilities. This work will require a full-time staff to augment the County's efforts in the innovation ecosystem. The work is not ongoing, so the position is term for a period to launch the improvements to the network.

The funding request was characterized as a 'shift' from MCEDC's budget, which was a major topic of discussion during the Committee worksession. The Committee did not agree the funding represented a shift, which was consistent with comments from Executive staff<sup>1</sup>.

The Committee may wish to ask Executive staff whether a similar proposal will be made for FY26. If this is the case, the Committee could consider requesting more details about the proposal. While there may be sensitivities around revealing potential service providers if contract negotiations and the RFP process are underway, Executive staff may be able to **provide an overview of multiple contractors that provide these services, and examples of case studies completed by those contractors.**

In addition to summarizing the work they do and the specific gaps they would fill, the Committee may to understand the **costs associated with the various components of the proposal.** Furthermore, **what kind of outcomes can the County expect,** and what performance metrics, if any, are appropriate to hold the contractors to?

The Council **may also wish to understand why utilizing existing structures is insufficient,** such as new and increased programming within MCEDC, which is a nonprofit public-private partnership.

Other questions for evaluating this proposal for the Committee's consideration include:

- Will paying a group from outside of the DMV help, harm, or have no impact on the long-term strength of our region?
- Does the third party bring new investments or strategic partners to our companies that do not exist have in the DMV?
- Will the third party use regional experts who can continue to build relationships with local entrepreneurs?

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<sup>1</sup> In April 2024, Council Staff asked the question "are Incubators replacing a function MCEDC provided?" Executive Staff responded: "No. The County's incubators have been funded for many years through this NDA. This funding, however, supported general operations of the facilities (i.e., lights, maintenance, etc.). The County Executive's recommended budget reflects a needed investment into the ecosystem that is not currently done by MCEDC or the County. This funding is needed to provide specialized programming that most systems in competing jurisdictions provide to their businesses through their incubators."

## Business Incubation in Montgomery County

This section of the staff report defines the various types of incubator models, describes potential enhancements to County's incubators, and outlines options for implementing enhancements. The research summarized below is based on work by the Office of Legislative Oversight (OLO) and Margrave Strategies.

### Defining Incubators

There is no singular definition of an incubator, but according to OLO, experts generally agree incubators have four basic components: infrastructure, business services, financing, and people connectivity. The OLO defines these components on page 3 of [the report](#), which is summarized below.

**Infrastructure.** Most incubators provide entrepreneurs with physical workspaces to meet their needs – whether it is office and/or lab space. This includes support facilities such as electricity, internet, and water. Some incubators, particularly sector specific incubators, offer technical shared equipment. Often, an incubator will provide subsidized rent and a flexible space layout that encourages the longevity of the incubator as it allows tenants to grow either by occupying a larger space or by expanding their current site.

*The Montgomery County Innovation Network provides facilities, workspaces, flexible layouts, and subsidized rent. The Germantown Innovation Center also provides fully fitted wet labs to support life sciences businesses, specifically. **The Committee may wish to understand whether demand exists to support the establishment of additional spaces.***

**Business Services.** Incubators provide access to business support services, both for individual entrepreneurs and through training sessions. Often, while startups have technical expertise on a product or idea, they lack the knowledge of running a business – creating a business plan, accounting, legal requirement, and personnel management. An incubator will provide many of these support services so that the entrepreneurs can focus on the core business rather than on the support infrastructure. Some of the specific supports an incubator may provide include:

- Business planning advice;
- Legal advice;
- Assistance with regulatory issues/compliance;
- Financial management/accounting advice;
- Human resources management; and
- Market data, market updates, and marketing guidance.

*While the Montgomery County Innovation Network does provide these services to a limited degree, although County staff and businesses interviewed by OLO indicate these services should be increased. One impediment to providing more such technical assistance is that the County cannot recommend service providers for such services without going through a competitive procurement process, and with existing staffing levels, these services are difficult to provide in-house at scale.*

**Financing.** Incubators support businesses in accessing various sources of financing including government grants, banks, or venture capitalists. Some incubators may provide their own sources of financing available for their clients.

*The Montgomery County Innovation Network staff can support grant applications and increase awareness of public funding sources. However, facilitating grant applications and sourcing additional outside funding are services County staff and business have indicated could be enhanced. The Innovation Network does not provide direct funding or investment. Notably, all the incubators are part of the Maryland Global Gateway Soft Landing program, which provides support to qualified international companies who use incubator space to launch their US headquarters or East Coast operations.*

**People Connectivity.** Incubators often facilitate relationships between entrepreneurs and many other stakeholders. Business incubators also offer valuable networking opportunities. These can range from networking activities within the incubator itself to introductions to external networks of investors and industry professionals.

*The Montgomery County Innovation Network provides networking events and seminars that support connections with businesses and industry. However, this is also a service that can be significantly enhanced. The scale and nature of networking events can be increased, such as supporting travel for meetings and conferences, and exclusive access to industry-specific meetings. Having industry representatives as part of the incubator network, such as through ‘entrepreneurs-in-residence’, is one option for creating connections between incubator businesses and the larger economic ecosystem.*

### Incubator Models

Table 1 shows different types of incubator models, generally reflecting the variations in institutional support. Local economic development incubators, like the Innovation Network, can be more generalist in nature, and provide a relatively limited suite of services compared to incubators related to universities, businesses, and private investors. Institutional- and corporate-backed incubators generally have higher levels of funding enabling more direct support for commercialization of products and technologies, direct investments, greater access to capital, and more comprehensive coaching and advising services.

Whether or not it is viable to scale the Innovation Network or any local incubator to the level of an academic or corporate-backed incubator, there are elements local incubators can incorporate. Services like a more robust coaching apparatus and policies that allow for leveraging of private capital could significantly enhance local incubators, although most enhancements will require additional funding.

Table 2: Comparison of Four Different Incubator Models

	<b>Local Economic Development Incubators</b>	<b>Academic and Scientific Incubators</b>	<b>Corporate Incubators</b>	<b>Private Investors' Incubators</b>
<b>Goal</b>	Non-profit	Non-profit	For profit	For profit
<b>Main Activity</b>	Generalists	High-tech	Radical innovation	Radical innovation
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Re-industrialization/ Revitalization</li> <li>• Economic development</li> <li>• Support to target groups or industries</li> <li>• Development of SMEs and clusters</li> </ul>	<ul style="list-style-type: none"> <li>• Commercialization of technologies</li> <li>• Development of entrepreneurial spirit</li> <li>• Civic responsibility</li> <li>• Image</li> <li>• New sources of financing</li> </ul>	<ul style="list-style-type: none"> <li>• To develop an entrepreneurial spirit among employees</li> <li>• Monitoring access to new technologies, business models, and new markets</li> <li>• Profits</li> </ul>	Profits by selling stock from a portfolio of companies
<b>Targets</b>	Small commercial craft or service companies	Projects internal to institution prior to company creation External projects	Internal and external projects, generally related to the activity of the company	Radical-innovation high-risk-high-return start-ups Lean startups
<b>Offerings</b>	<ul style="list-style-type: none"> <li>• Hosting and shared services</li> <li>• Administrative assistance</li> <li>• Consulting</li> <li>• Entrepreneurial simulation games</li> <li>• Eventually:</li> <li>• Coaching – training – networking</li> <li>• Access to financing</li> </ul>	<ul style="list-style-type: none"> <li>• Concept testing</li> <li>• Technical advice and support</li> <li>• Intellectual property advice</li> <li>• Seed capital</li> <li>• Basic management advice</li> <li>• Entrepreneurial simulation games</li> <li>• Access to investors</li> <li>• Access to innovation ecosystems and industrial networks</li> <li>• Strategic advice</li> <li>• Coaching</li> <li>• Hosting</li> </ul>	<ul style="list-style-type: none"> <li>• Financial resources</li> <li>• Prototype and market testing</li> <li>• Access to commercial markets</li> <li>• Entrepreneurial simulation games</li> <li>• Eventually:</li> <li>• Long-term strategic partnership</li> <li>• Access to multiple competencies</li> </ul>	<ul style="list-style-type: none"> <li>• Venture management advice</li> <li>• Entrepreneurial simulation games</li> <li>• Supply financing</li> <li>• Personal networks</li> <li>• Eventually:</li> <li>• Hosting and administrative assistance</li> <li>• Legal services, public relations, recruiting, etc...</li> </ul>

Source: *"Best Practices for Managing Incubators"*, Rahul Patwardan, Founder of IndiaCo.



## Strategies for Growing Business Incubation

Council staff has summarized recommendations from OLO for growing business incubation in the County. Additionally, staff requested input from Margrave Strategies, its economic development consultant, who highlighted the entrepreneurial gaps that could be addressed with well-placed government resources.

Recommendations are related to 1) increasing and enhancing infrastructure, 2) supporting product development and commercialization, 3) supporting network building. The recommendations identify a list of discrete strategies, investments and opportunities. Some of these solutions could be implemented in the short term, such as through direct funding, while others require additional research to be developed.

Importantly, there is an overarching and outstanding need to understand how an enhanced incubator network will be coordinated within County government. If there is a desire for more technical services, more formal connections to investors, and new incubator facilities and equipment, the roles and responsibilities of the County's existing economic development apparatus, including County Executive Staff, the Business Center, and MCEDC, remain unclear. **There may be a need for a new, comprehensive strategy** to manage and coordinate all aspects of the County's business incubation ecosystem. However, this does not preclude possibilities for making strategic, well-defined investments in the short term, such as those listed below.

### Increasing and Enhancing Infrastructure

Margrave Strategies notes that the county's commitment to affordable, small wet lab space should be continued. This could include **building and directly managing more small-sized wet lab space with shared equipment**, such as at the Germantown Innovation Center.

Margrave Strategies notes that the county's financial commitment to affordable, small wet lab space should be continued. This could include **creating or converting more wet lab spaces** at the Germantown Innovation Center, for example. It could also include **working with private property owners to create small flexible lab space in non-county buildings**. However, **this suggestion would require additional research** into the economics of small lab spaces.

Margrave Strategies notes specific gaps for lab space exist in the 500 square foot to 5,000 square foot range.

However, **this suggestion would require additional research** into the economics of small lab spaces. Additionally, the County may want to explore whether a loan or grant program to support the construction of small privately-owned wet lab spaces is sufficient alone, or whether those spaces supported by County tax dollars should be restricted for certain tenants or at subsidized rents. The County could also consider the trade-offs of adding these spaces to the Innovation Network to be directly managed by Incubator and Business Center staff.

Margrave Strategies also suggests the **County could promote the development of specialized spaces like kitchen incubators, spaces for consumer-packaged goods, or small agricultural**



**space.** Prioritizing these potential investments requires significant additional research into demand for specialized spaces and what specific investment opportunities exist.

The Committee may also wish to investigate whether continuing to subsidize pure office space within the Innovation Network will continue being an effective use of County funds.

### Product Development and Commercialization

Margrave Strategies notes that support for product development and commercialization should be enhanced by **leveraging the concentration of leaders and experts in the DC region.**

Expensive industry expertise, like technology validation, assistance with customer discovery, regulatory plan development, market assessment, non-dilutive funding, and other industry-specific technical assistance could be supplemented by the County. According to Margrave strategies, **investing in one-on-one expert technical assistance will not only accelerate product development but also strengthen the local management infrastructure that can grow companies.**

The **OLO report highlights providing key support services as a best practice, such as for providing legal services for regulatory compliance and managing intellectual property.** The OLO report also highlights mentorship as a best practice, noting that skills mentors can assist with include market development and entry, business skills, coaching, business plans, human resource management, commercialization of inventions, and entrepreneurial training. Indeed, Business Center also recommended enhancing these services in their conversations with OLO staff, but did note that currently, the procurement process is barrier to recommending providers of business mentorship and legal assistance services.

In addition to providing more robust technical assistance, the County could also **consider developing Entrepreneur-in-Residence and Executive-in-Residence programs.** While the two terms can be interchangeable, an entrepreneur-in-residence is typically understood to support startups and identify new business opportunities while executives-in-residence offer broader strategic advice based on their leadership experience across various industries, often within a more established company or academic setting.

One important **outstanding question is whether the County can and should directly provide these services, or if there are public-private arrangements that are more suitable.**

Montgomery County has partnered with BioHealth Innovation, Inc. (BHI) to support an EIR program there. The Committee may wish to learn more about this program and evaluate its outcomes at a future worksession.

A short-term research project that could yield more investment and policy ideas to support commercialization and product development is to **closely review the projects submitted for funding under the Technology and Innovation and Founders Funds.** The programs provide funding towards commercialization projects at small to medium-sized business in the County. To apply for the funds, businesses describe the projects the funds would be used for. These project descriptions may highlight specific ideas of the kinds of support the County could provide.

## Access to Capital

Ultimately, the **capital necessary for start-up and growth-stage companies will come from private sources**, such as angel investors, venture capital firms, banks, and high net-worth individuals. The County also has a limited ability to leverage funding from these sources. Given limited resources and staffing capabilities, a public agency, for example, is unlikely to consistently and reliably provide access to capital for businesses across a variety of sectors, and with wide range of needs and circumstances.

**Other large jurisdiction have entered into partnerships with local investors to help them diversify their investments locally.** Margrave Strategies highlights two examples of such partnerships: [PledgeLA](#) and [The Venture Access Alliance \(NYCEDC\)](#). The amount of funding and coordination by the cities of Los Angeles and New York is unclear, and **more research is required to understand how these funds are structured, how they operate, and what similar programs could look like in Montgomery County.**

However, there is clearly a precedent for collaboration with the public and private sectors. In fact, the County has a relatively unique partnership with Bethesda Green. A summary of the partnership with Bethesda Green is provided on © 1-2. The County's partnership has to-date resulted in \$110,000 of County investment in seven local, green-economy businesses. The Committee may wish to seek a better evaluate this program and understand ways to grow it or create similar models for other industries.

## Network Building

The County should **continue to support network building programming and seek ways to grow the scale of these events and functions.** One short-term step to identify new opportunities for network building is to ask entrepreneurs directly. According to Margrave Strategies, some entrepreneurs have said that unless there are potential customers, funders or collaborators, at an event, they were uninterested in attending. Conversely, some entrepreneurs enjoy loosely programmed activities like a 5K race or a happy hour. These events are generally supportable with County resources.

However, there are other more resource-intensive ways to support network building. The County could fund travel to conferences or internationally to meet investors. Ultimately, the County's effort and expense on network building activities can vary widely. **The Committee may wish for a better understanding of what networking events the County currently programs, what else the County could do with its level of resources, and what opportunities it can leverage in the private sector through partnerships.**

Additionally, there may be opportunities to **provide entrepreneurship training to federal workers**, with many facing uncertainty about the future of their employment. Many of these workers are experts in their field and possess advanced technical skills. Providing entrepreneurship training to these workers could equip them with the tools generate ideas for new businesses.

## Other Considerations

Margrave Strategies points out “Evolving Montgomery County’s impact on entrepreneurship requires a better understanding of not just the needs of the startups we know, but also **understanding the pipeline of potential entrepreneurs** – universities’ business schools, regional tech transfer offices, local companies or even laid-off federal researchers. Further, it would be beneficial to understand which startups from smaller regions could thrive in our unique environment.” Articulating this work and who undertakes it would be a necessary step for incorporating it into the County’s economic development strategy.

As noted in the ‘Review of Performance During FY25’ section of this staff report, for FY25, the County Executive requested \$1.95 million for “Direct Business Technical Support and Educational Programming”. The funding would have been used to hire a “globally recognized innovation center contractor”, or third-party. The details of this request is explained in that section. Council staff also provided potential questions to help evaluate the proposal should the County Executive make the request again in FY26.

If the County Executive recommends hiring a “globally recognized innovation center contractor” for FY26, the Committee may want a detailed explanation of the County’s Executive overall vision for how such an entity fits into a larger strategy, and to what expectations the County can hold the contractor.

In general, there could be advantages to having a third-party help implement aspects of the County’s economic development and incubator strategy. **To the extent local government has limited resources, but also bureaucratic hurdles, a third-party could be nimbler in its ability to operate.** A non-governmental entity may have fewer restrictions in its ability to help Innovation Center tenants raise and may provide economies of scale in for managing the day-to-day operations of incubators. A third-party could also be given independence (and accountability) for implementing the County’s economic development strategy. The County may want to consider utilizing or restructuring existing entities within County government for this purpose.

### Summary of Strategies for Growing Business Incubation and Other Considerations

- Increasing and Enhancing Infrastructure
  - Building and directly managing more small-sized wet lab space with shared equipment
  - Working with private property owners to create small flexible lab space in non-county buildings
  - Promote the development of specialized spaces like kitchen incubators, spaces for consumer-packaged goods, or small agricultural space
- Product Development and Commercialization
  - Provide more robust technical assistance
  - Develop Entrepreneur-in-Residence and/or Executive-in-Residence programs
  - Examine past support for EIR and evaluate outcomes

- Review the projects submitted for funding under the Technology and Innovation and Founders Funds to generate specific ideas for supporting commercialization and product development
- Access to Capital
  - Research partnerships with investors in other major jurisdictions to generate similar possibilities for Montgomery County
- Network Building
  - Support network building programming and grow the scale of these events and functions
  - Review current County-programmed network building activities and research new opportunities
  - Provide entrepreneurship training to federal workers
- Other Considerations
  - Gain an understanding the pipeline of potential entrepreneurs – universities’ business schools, regional tech transfer offices, local companies or even laid-off federal researchers
  - To the extent local government has limited resources, but also bureaucratic hurdles, a third-party could be nimbler in its ability to operate.

## **Attachments**

Summary of Bethesda Green

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## **Bethesda Green Be Green Hub Incubator Program (Formerly the Green Investor Incentive Program - GIIP)**

Bill 40-12 Economic Development - Green Investor Incentive Program was enacted on April 16, 2013 and established in Section 20-76C of the Montgomery County Code. The legislation established a program to incentivize investment in Montgomery County-based companies that create Green products or provide Green services. The legislation defines a Green product or service as one that measures, prevents, limits, minimizes, or corrects environmental damage to water, air, or soil, as well as problems related to waste, ecosystems, biodiversity, habitat, or natural resource depletion. All claims related to environmental attributes, as applicable, for a product or service, must conform to guidelines published by the Federal Trade Commission or other appropriate entity designated by the Director of Environmental Protection.

Program Goals: The initial goal of the program was to provide a cash supplement to investors for their investment in Montgomery County-based companies as a means of attracting additional investment. However, the program did not generate the interest that was anticipated. In 2017 the County Council consented to a request by the County Executive to reallocate the program's initial \$250,000 appropriation for an Economic Development Fund conditional grant to the Bethesda Green Incubator. The Incubator is focused on green business development to ensure compatibility between economic development and environmental protection. Bethesda Green proposed the establishment of a Be Green Investor Program, which would provide seed funding for incubator tenants that meet eligibility requirements for investment.

The County's conditional grant would partially fund the Be Green Investor Program, and its initial appropriation was repurposed, with County Council approval, as an Economic Development Fund conditional grant to the Bethesda Green Incubator for the purpose of providing seed investments in qualified tenants of the Bethesda Green Incubator.

Program Mechanics: Initially established in 2013 as the Be Green Investor Incentive Program, investors in Montgomery County-based Green companies could receive a cash supplement for their investment, up to a maximum amount of \$50,000. The program required Green companies to be designated as a sustainable operation through third-party validation by one of the following entities: the Green Business Certification Program, as certified by the Department of Environmental Protection; B Corp Certification from B Lab; Green America Gold Certification; Green Seal Certification; International Organization for Standardization ISO 14001 Certification; or any other third party validation approved by the Department of Environmental Protection. Companies receiving the investment had to be in operation for less than 10 years and have less than 50 employees. Investors had to invest a minimum of at least \$25,000, and that investment could not represent an ownership interest in the company of 25% or greater. The supplement received by the investor could not exceed the lesser of:

- (1) 50% of the investment made by the qualified investor in that fiscal year;
- (2) 15% of the total annual and supplement appropriation for the green investor incentive program in that fiscal year; or

(3) \$50,000.

As a condition of the County's \$250,000 conditional grant, additional funding from an alternative source was required, with a minimum contribution of \$100,000. In 2018, Bethesda Green obtained \$150,000 from the Diana Davis Foundation and County funds were disbursed.

Under the terms of the EDFA, Bethesda Green was required to make at least \$175,000 of direct investments into member companies at the Incubator (now called the Innovation Lab) by December 31, 2021. Due to extended impacts of the Covid-19 pandemic, Bethesda Green requested that the target date for the direct investments be extended or repurposing of remaining funds be considered by the County. A determination on these requests is pending the receipt of additional information. Through calendar year 2022, Bethesda Green has invested a total of \$110,000 into the companies listed in the table below.

### Bethesda Green Be Green Incubator Investments

Company Name	Investment to Date	Product/Service Developed
DGrid Energy	\$20,000	Developing solar-powered cold chain solutions to manage the temperature of perishable products in order to maintain quality and safety, from the point of origin to the final consumer
GOEFER	\$25,000	Developing solutions to reduce energy waste from equipment using common 120-volt electrical plugs
Elysian Holdings	\$15,000	Developing compostable packaging produced from industrial hemp
Living Canopies	\$15,000	Developing solar-powered irrigation systems to support a plant-based alternative to plastic patio umbrellas
Grateful Gardeners	\$10,000	Conducting research on the viability of blooming plants in an aquaponic environment
Living Canopies	\$15,000	Developing consumer products to grow above-ground vegetation utilizing rainwater capture
Paradigm One	\$10,000	Subscription-based provider of reusable food containers to the food service industry
	<b>\$110,000</b>	<b>Total Investment Through 2022</b>