



Wes Moore | Governor
Aruna Miller | Lt. Governor
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THE MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY AND THE MARYLAND CASINO BUSINESS INVESTMENT FUND

Fulfilling the Financing and Bonding Needs of Small,
Minority, and Women-Owned Businesses in Maryland

“MSBDFA & MCBIF”
‘Serving the Underserved’

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Presentation on the Financing Programs of the
Maryland Small Business Development Financing Authority
“MSBDFa”
and
Maryland Casino Business Investment Fund “MCBIF”

MSBDFA's & MCBIF's Financing Programs



WHO WE ARE

- ❑ Meridian Management Group, Inc. (“MMG”), formed in 1995, is a private for-profit fund development and management firm with particular expertise investing in small, minority, women and veteran-owned business markets.
- ❑ Management team with:
 - ❑ More than 200 years combined expertise in the market
 - ❑ Long-standing working relationship among partners
 - ❑ Proven track record of success
 - ❑ Commitment to underserved markets
- ❑ MSBDFA has been managed by the principals of MMG since 1982, first as state employees and as a private management firm since 1995.
- ❑ In 2013, MMG executed a contract with the State of Maryland to manage the Maryland Casino Business Investment Fund (MCBIF) .

MSBDFA's & MCBIF's Financing Programs



MSBDFA's HISTORY

- ❑ The Maryland Small Business Development Financing Authority (MSBDFA) was created in 1978 to promote the viability and expansion of businesses owned by socially or economically disadvantaged entrepreneurs.
- ❑ MSBDFA has four complimentary programs:
 - ❑ CONTRACT FINANCING (1978) - Provides direct loans and guarantees for financing contracts that are funded at least 51% by government or regulated public utility contracts; up to \$2 million.
 - ❑ LONG TERM GUARANTY (1983) - Provides guarantees of loans from traditional financial institutions; up to \$2 million
 - ❑ SURETY BOND PROGRAM (1985) - Provides guarantees and direct bid, payment and performance bonds required for private or public contracts; up to \$2.5 million.
 - ❑ EQUITY PARTICIPATION INVESTMENT PROGRAM (1986) - Debt and Equity type investments that provide patient capital; up to \$2 million
 - ❑ In 2012, Invest Maryland was added as a component of MSBDFA.

MSBDFA's & MCBIF's Financing Programs



MSBDFA's SSBCI FUNDING

- ❑ The state of Maryland has been approved to receive approximately \$198 million under the State Small Business Credit Initiative (“SSBCI”) funding provided by The American Rescue Act.
- ❑ MSBDFA’s EPIP component is receiving \$45 million of this allocation to provide loans and equity financing to small businesses, micro businesses, and Socially and Economically Disadvantaged Individual (SEDI) owned businesses.
- ❑ The SSBCI program will be active for 9 years and must be leveraged by private capital at a minimum of 1 to 1.
- ❑ **MSBDFA Loan & Equity Terms:**
 - ❑ **Loan Amount:** \$25,000 to \$2,000,000
 - ❑ **Equity Amount:** \$25,000 to \$1,000,000
 - ❑ **Interest Rates:** (for loans): 2%-6% fixed
 - ❑ **Rates of Return** (for equity): 5%-9% annualized (SSBCI)
 - ❑ **Term:** From 1 month to 7 years (with the ability to amortize up to 20 years)
 - ❑ **Collateral** (for loans): Full, partial and no collateral **value** can be considered
 - ❑ **Use of Proceeds:** Working Capital; Purchase of Machinery and Equipment; Inventory and Supplies; Purchase of Real Property (if 51% occupied by the business); Leasehold Improvements; Refinancing existing debt; Acquisition of existing businesses.

MSBDFA' s & MCBIF Financing Programs



MCBIF'S HISTORY

- ❑ In 2008, the Maryland General Assembly passed a bill which sets the stage for video lottery terminals (VLT), commonly called slot machines, at racetracks and other venues.
- ❑ 1.5% of all slot proceeds generated by gaming venues are to be used to fund small, minority and women-owned businesses (Targeted Businesses).
- ❑ There are currently six (6) areas specifically designated to receive slot facilities:
 1. BALTIMORE CITY (Horseshoe Casino)
 2. CECIL COUNTY (Hollywood Casino Perryville)
 3. ALLEGANY COUNTY (Rocky Gap Casino Resort)
 4. ANNE ARUNDEL COUNTY (Maryland Live Casino)
 5. WORCESTER COUNTY (Casino at Ocean Downs)
 6. PRINCE GEORGE'S COUNTY (MGM National Harbor)



MCBIF'S HISTORY (CONTINUED)

- ❑ The purpose of MCBIF is to provide access to capital for small, minority, women, and veteran owned businesses in Maryland.
- ❑ MCBIF's geographic focus is in areas which are within a 10-mile radius (designated by zip code) of the casino facilities. However, businesses outside of the 10-mile radius are also eligible for assistance.
- ❑ MCBIF provides affordable and flexible financing to assist in the acquisition of businesses, purchase of equipment, owner occupied commercial real estate, vehicles, furniture/fixtures, lease hold improvements, and the provision of working capital.

MSBDFA's & MCBIF's Financing Programs



CONTINUUM OF FINANCING STRATEGY

- Over the course of 30 years, the principals of MMG have developed a unique strategy to provide a continuum of financing sources for small, minority, women and veteran-owned business.
- Through its family of funds, MMG offers various forms of debt, bonding and equity financing. These funds are designed to complement each other.

<u>Debt</u>	<u>Bonding</u>	<u>Equity</u>
MSBDFA Contract Financing	MSBDFA Surety Bonding	MSBDFA Invest Maryland Program
MSBDFA Long Term Guaranty		MSBDFA Equity Participation Investment Program ("EPIP")
MSBDFA Equity Participation Investment Program ("EPIP")		Community Development Ventures ("CDV")
Maryland Casino Business Investment Fund ("MCBIF")		MMG Ventures



TYPES OF FINANCING PRODUCTS OFFERED

Through these programs MSBDFA and MCBIF can provide:

- ❑ Lines of Credit (Including Mobilization Funding)
- ❑ Term Loans
- ❑ Letters of Credit
- ❑ Bid, Payment and Performance Bonds
- ❑ Equity Investments
- ❑ Subordinated Debt with Equity Features

MSBDFA' s Financing Programs



GENERAL PERMISSIBLE USE OF PROCEEDS

- Working Capital (Accounts Payable, Payroll, Materials and Other Operating Expenses)
- Machinery and Equipment
- Purchase of Real Estate (Must be Occupied by the Business)
- Leasehold Improvements
- Business Acquisitions
- Refinancing of Existing Debt

MSBDFA's Financing Programs



CONTRACT FINANCING PROGRAM (DIRECT LOANS AND LOAN GUARANTEES)

- ❑ Maximum Loan Amount: \$2,000,000
- ❑ Maximum Loan Guarantee: <90% of Loan or \$2,000,000
- ❑ Maximum Term of Loans: Term of Contract(s)
- ❑ Interest Rates: Prime – Prime + 2%
- ❑ Guarantee Fees: 1% of Loan Amount
- ❑ Application Fees: \$250
- ❑ Other Requirements: Assignment of Contract Proceeds



LOAN GUARANTEE PROGRAM

- ❑ Maximum Loan Guarantee: <80% of Loan or \$2,000,000
- ❑ Maximum Term of Loan: 10 Years
- ❑ Interest Rates: Prime – Prime + 2%
- ❑ Guarantee Fees: .75% - 1.5% of Loan
(Annually)
- ❑ Application Fees: Determined by Lender
(nominal)



SURETY BONDING PROGRAM (DIRECT BONDS AND BOND GUARANTEES)

- ❑ Maximum Bond Amount: \$2,000,000
- ❑ Maximum Bond Guarantee: <90% of Loan or \$2,000,000
- ❑ Maximum Term of Bonds: Term of Contract(s)
(Plus Warranty Period)
- ❑ Premium Rates: 2% - 3% of Bond Amount
- ❑ Guarantee Fees: 10% - 20% of Premium;
.5% Contractor Fee
- ❑ Application Fees: \$250
- ❑ Other Requirements: Assignment of Contract
Proceeds

MSBDFA' s Financing Programs



EQUITY PARTICIPATION INVESTMENT PROGRAM (DIRECT LOANS AND EQUITY INVESTMENTS)

- ❑ Maximum Loan Amount: \$2,000,000
- ❑ Maximum Investment: \$2,000,000
- ❑ Maximum Term of Loan: 7 Years
- ❑ Interest Rates (Loans): Market Rate
- ❑ Rate of Return (Invest.): 15% - 22% Annual Return
- ❑ Application Fees: \$500
- ❑ Other Requirements: 10% Equity Injection by Owner(s)



IMPEDIMENTS TO QUALIFYING FOR FINANCING OR BONDING

- Lack of Experience
- Lack of Financial Capacity
- Less Than Favorable Credit History
- Poor Performance History
- Lack of Financial Reliable Information
- Lack of Collateral
- Lack of Commitment
- Unpaid Tax Obligations

MSBDFA' s Financing Programs



HOW TO APPLY FOR ASSISTANCE

Contact:

MMG Capital Group
826 E. Baltimore Street
Baltimore, Maryland 21202
Phone (410) 333-4270

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Applications and Program Summaries are Available
Online at: www.mmcapitalgroup.com