



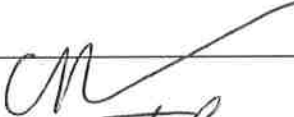


WASHINGTON SUBURBAN SANITARY COMMISSION

COMMISSION SUMMARY

AGENDA CATEGORY: Finance Office

ITEM NUMBER:

DATE: November 8, 2016

SUBJECT	Request for Commission to approved the attached Regulation entitled: Local Business Investment and Growth (BIG) Program.
SUMMARY	The attached regulation details the eligibility requirements as well as the administrative, investment, and reporting process for the BIG program. The BIG program invests a portion of WSSC's funds to enhance local small business lending and supporting community banks on the condition the participating community banks use WSSC deposits on a 2:1 basis for small business loans that will support local job creation in Montgomery and Prince George's Counties.
SPECIAL COMMENTS	
CONTRACT NO./ REFERENCE NO.	Not applicable.
COSTS	Not applicable.
AMENDMENT/ CHANGE ORDER NO. AMOUNT	Not applicable.
MBE PARTICIPATION	Not applicable.
PRIOR STAFF/ COMMITTEE REVIEW	Carla Reid, General Manager  Thomas Street, Deputy General Manager  Joseph F. Beach, Chief Financial Officer 
PRIOR STAFF/ COMMITTEE APPROVALS	
RECOMMENDATION TO COMMISSION	Approve.
COMMISSION ACTION	

Legal Review of Standard Procedure

The following regulation has been reviewed by the General Counsel's Office as required by WSSC Standard Procedure NR-LGS-GC-2012-000, Procedure for Creating, Maintaining, Repealing and Deleting Standard Procedures and Regulations.

The Local Business Investment and Growth (BIG) Program

1. Legal Sufficiency Review:

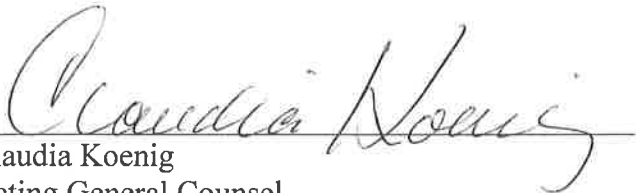
This Standard Procedure has been reviewed and determined to be legally sufficient.

2. Approval Authority:

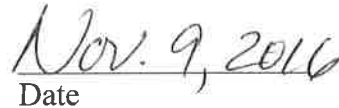
The Commission has authority to adopt this Standard Procedure.

3. Regulation or Non-Regulation

This Standard Procedure is a "Regulation"



Claudia Koenig
Acting General Counsel



Date

STANDARD PROCEDURES OF THE WASHINGTON SUBURBAN SANITARY COMMISSION

Sponsor : Thomas Street	SP or Regulation Number FIN __-16 Supersedes N/A	Approve By/Date November 16, 2016	Recurring Review Period	Effective Date December 16, 2016	Page 1 of
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Title: The Local Business Investment and Growth (BIG) Program

I. Purpose: The goal of this Program is to enhance and economically empower local business lending by placing deposits in community banks headquartered in Prince George’s and Montgomery Counties and deemed safe and sound in order to generate jobs for the benefit of the residents in both Counties, while providing the Washington Suburban Sanitary Commission (“WSSC”) with a competitive rate of return on those deposits, which will be covered by FDIC insurance.

II. Definitions

In this procedure, the following terms have the meanings indicated:

- I. **Certificate of Deposit Account Registry Service (CDARS)** - A US for-profit service that breaks up large deposits (from individuals, companies, nonprofits, public funds, etc.) and places them across a network of more than 3,000 banks and savings associations around the United States. This allows depositors to deal with a single bank that participates in CDARS but avoid having funds above the Federal Deposit Insurance Corporation (FDIC) deposit insurance limits in any one bank. With the CDARS service, the customer’s local bank sets the interest rate that will be paid on the entire deposit amount, and the customer gets one consolidated statement from that bank. The company that provides CDARS is the Promontory Interfinancial Network.
- II. **Community Bank** - A depository institution that is owned and operated in Prince George’s or Montgomery Counties. Community Banks tend to focus on the needs of the businesses and families where the bank holds branches and offices. Lending decisions are made by people who understand the local needs of families and businesses. Employees often reside within the communities they serve. The aggregate asset size of a Community Bank, according to the Federal Reserve Board and the Government Accountability Office, is less than \$10 billion.
- III. **Local Business** - A company which provides goods or services to residents or businesses located in Prince George’s or Montgomery Counties and is either a locally-owned business (including a franchise) or a corporate branch operating within the two Counties.

REGULATION

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- IV. **North American Industry Classification System (NAICS)** - The standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

III. Authority - The Local Business and Investment Growth (BIG) Program operates as part of WSSC's investment portfolio and as such must be managed in conformance with federal, state, and other legal requirements, including Maryland Annotated Code, Local Government Article, Section 17-205 and the State Finance and Procurement Article, Section 6-222, which governs the investment of public funds.

IV. Procedure

A. Eligibility Requirement

1. Community Banks that maintain their headquarters in Prince George's or Montgomery Counties;
2. At the time of application to participate in the program, the bank must have assets greater than \$200 million and less than \$10 billion based on asset levels as reported in the most recent FFIEC Call Report or TFR Report. The most recent report will be supplied to WSSC by the bank with the Acknowledgement form.
3. Ratings must fall within the top rating categories as reported by the VERIBANC Rating System, i.e. the rating must be Green or better. VERIBANC information with a sample report is attached as Exhibit A.
4. The Community Bank must not be subject to or acting under any adverse agreements or have any restrictions conducting business imposed by any regulatory authority or court of law.
5. Participating Community Banks will agree to make and maintain business loans and/or commercial real estate loans in an aggregate amount equal to at least 200% of the deposits placed in the bank by WSSC under the program. Eligible loans must be to businesses located within either or both Prince George's and Montgomery Counties and must be originated within 12 calendar months of the commitment by WSSC to the participating Community Bank to make deposits under the program.

B. Administrative Process

1. WSSC will communicate with all eligible Community Banks, notify them of the BIG Program, provide them with a copy of all documentation required by WSSC, respond fully to all questions from eligible banks, request a written indication of each eligible bank's intent to participate and request the execution of an Acknowledgement to adhere to the Program Procedures set forth herein.
2. The participation level of each Community Bank will be based on the percentage of its capital to the total capital of all participating community banks. The allocation will be adjusted annually based on the data in the year end (December 31) Federal Financial Institutions Examination Council (FFIEC) Call Report or Thrift Financial Report (TFR).

C. Investment Process

1. At the inception of the program, and upon execution of acknowledgements from all participating banks, WSSC will entertain an offer from all participating banks to accept Certificate of Deposit Account Registry Service (CDARS) certificate of deposits for various maturities.
2. The rate for deposits of a maturity will be based on the current, published FDIC Weekly National Rate for that maturity, plus 50 basis points.
3. In no event can the yield offered by participating banks be inconsistent with WSSC's Investment Policy. WSSC will place deposits with the participating Community Bank's up to each bank's maximum participation level based on a total BIG Program investment to be determined by the Chief Financial Officer (CFO) consistent with the WSSC Investment Policy.
4. As the CDARS deposits mature, WSSC will renew the maturing deposits among the participating banks unless the liquidity needs of WSSC, as determined by the CFO, would require a reduction or suspension of this program.
5. Participating Community Banks will agree that rates paid on the renewal CDARS of staggered maturities will be based on the then current FDIC Weekly National Rate for that maturity plus 50 basis points.
6. Rates paid to WSSC will be re-evaluated on an annual basis.
7. WSSC may consider expanding the amount invested in the BIG Program based on liquidity needs, diversification of assets and institutions, investment return potential from other asset classes and other factors consistent with WSSC's Investment Policy.

C. Reporting Process

1. On March 1 of each year of the BIG Program, each participating bank will provide the following information to WSSC for the prior year:
 - a. Total Amount of WSSC deposits under the program for the prior year including the average balance for the year and the balance as of December 31.
 - b. Total Dollar Value of Prince George's and Montgomery Counties business and/or commercial real estate loans held as of December 31.
 - c. Total number and outstanding amount of such loans originated in the prior year as a result of the Program.
 - d. For each loan, the bank will also report the location and the type of business. Business type to be identified by the 2 digit North American Industry Classification System (NAICS) code.
2. The WSSC Finance Team will use the data provided by the participating Community Banks to produce an annual report documenting the performance of the BIG program from the prior calendar year including:
 - a. Investment Income earned from the investments.
 - b. Estimated jobs created in the local economy by the loans made from deposits.
 - c. Total amount of loans made to local businesses from BIG Program

deposits made over the prior calendar year.

V. AUTHORITY

The General Counsel certifies that the statutory authority for the adoption of this Standard Procedure is Maryland Annotated Code, Public Utilities Article, Division II, §17-403, and Maryland Annotated Code, Local Government Article, §§17-204 & 17-204.

Distribution:

General Manager's Office

Internal Audit Office

Secretary's Office

General Counsel

Chief Financial Officer

Retirement Group Leader

Accounting Group Leader

Disbursements Group Leader

**STANDARD PROCEDURES
OF THE
WASHINGTON SUBURBAN SANITARY COMMISSION**

Order of Approval

Number and Title of Standard Procedure/Regulation: WSSC Local Business
Investment and Growth Program (BIG)

I hereby affirm and acknowledge that I have reviewed the foregoing Standard Procedure/Regulation and recommend that it be adopted as an official WSSC Standard Procedure/Regulation to become effective on the earliest date in accordance with law. Therefore, I hereby approve the foregoing Standard Procedure/Regulation.

Printed Name
(Approval Authority)

Position
(Chair, Vice-Chair, GM/CEO, Other (including Team name))

Signature

Date of Signature