


**MEMORANDUM**

December 9, 2016

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Action:** Expedited Bill 47-16, Montgomery County Economic Development Corporation – Board of Directors – Initial Terms - Amendments

Expedited Bill 47-16, Montgomery County Economic Development Corporation – Board of Directors – Initial Terms - Amendments, sponsored by Lead Sponsor Council President at the request of the County Executive, was introduced on November 15, 2016. A public hearing was held on November 29.

**Background**

Bill 25-15, Economic Development – Reorganization – Montgomery County Economic Development Corporation, enacted on June 30, 2015 and signed into law on July 7, 2015, eliminated the Department of Economic Development and authorized the Council to designate a non-profit corporation as the Montgomery County Economic Development Corporation (MCEDC). Bill 25-15 also provided that the designated corporation have a Board of Directors appointed by the Executive, subject to confirmation by the Council, to 3-year terms of office. The Executive appointed each member of the Board to begin their term on December 30, 2015.

Expedited Bill 47-16 would authorize the Executive to extend the initial terms of office for each Board member by up to 6 months to coincide with the fiscal year beginning on July 1. This change would apply only to the Board members first appointed on December 30, 2015, and would permit each Board member to be considered for a position as an officer when the Board elects officers at the beginning of a fiscal year.

**Public Hearing**

Both Assistant Chief Administrative Officer Lily Qi, speaking on behalf of the Executive (©8) and Jacob Sesker, speaking on behalf of the Montgomery County Economic Development Corporation (©9) supported the Bill.

**Discussion**

In order to stagger the terms for the MCEDC Board members, Bill 25-15 required the Executive to initially appoint four members to a 1-year term, four members to a 2-year term, and three members to a 3-year term. Future appointments must all be for a 3-year term. The initial 1-

year terms for 4 members expire on December 30, 2016. Bill 47-16 would permit the Executive to extend the terms of the 11 initial appointees for up to 6 months in order to coordinate each term of office with the corporation’s fiscal year. **Council staff recommendation:** enact the Bill as introduced.

This packet contains:	<u>Circle #</u>
Expedited Bill 47-16	1
Legislative Request Report	3
Memo from County Executive	4
Fiscal and Economic Impact statement	5
Testimony of Lily Qi	8
Testimony of Jacob Sesker	9

Expedited Bill No. 47-16  
Concerning: Montgomery County  
Economic Development Corporation –  
Board of Directors – Initial Terms –  
Amendments  
Revised: November 10, 2016 Draft No. 2  
Introduced: November 15, 2016  
Expires: May 15, 2018  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

---

Lead Sponsor: Council President at the Request of the County Executive

---

**AN EXPEDITED ACT to:**

- (1) authorize the County Executive to extend the term of a voting member first appointed to the Board of Directors to coincide with the end of a fiscal year; and
- (2) generally amend the law governing the Montgomery County Economic Development Corporation.

By amending

Montgomery County Code  
Chapter 30B, Economic Development  
Section 30B-3

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

**Sec. 1. Section 30B-3 is amended as follows:**

**30B-3. Board of Directors.**

\* \* \*

(b) Each voting member serves a 3-year term. The individual terms of the voting members must be staggered. Of the voting members first appointed, four must be appointed for a 1-year term, four must be appointed for a 2-year term, and three must be appointed for a 3-year term. The Executive may extend the term of a voting member first appointed for an additional 6 months or less to coincide with the end of a fiscal year. A voting member appointed to fill a vacancy serves the rest of the unexpired term. A voting member continues in office until his or her successor is appointed and confirmed.

\* \* \*

**Sec. 2. Expedited Effective Date.**

The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

*Approved:*

\_\_\_\_\_  
Nancy Floreen, President, County Council

\_\_\_\_\_  
Date

*Approved:*

\_\_\_\_\_  
Isiah Leggett, County Executive

\_\_\_\_\_  
Date

**LEGISLATIVE REQUEST REPORT**  
**Expedited Bill 47-16**

*Montgomery County Economic Development Corporation – Board of Directors –  
Initial Terms - Amendments*

**DESCRIPTION:** This bill authorizes the County Executive to extend the term of a voting member first appointed to the Board of Directors of the Montgomery County Economic Development Corporation to coincide with the end of a fiscal year.

**PROBLEM:** The terms of the voting members first appointed to the Board do not coincide with the end of a fiscal year.

**GOALS AND OBJECTIVES:** This change would expand the pool of experienced board members who would be eligible to run for election in the Board's next annual meeting.

**COORDINATION:** Office of the Chief Administrative Officer.

**FISCAL IMPACT:** Office of Management and Budget.

**ECONOMIC IMPACT:** Office of Finance.

**EVALUATION:** Subject to the general oversight of the County Executive and the County Council.

**EXPERIENCE ELSEWHERE:** Unknown

**SOURCES OF INFORMATION:** Edward B. Lattner, Chief  
Division of Government Operations  
Office of the County Attorney  
  
Lily Qi  
Office of the Chief Administrative Officer

**APPLICATION WITHIN MUNICIPALITIES:** None.

**PENALTIES:** N/A.




OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Isiah Leggett  
County Executive

MEMORANDUM

November 9, 2016

To: Nancy Floreen, President, County Council

From: Isiah Leggett, County Executive 

Subject: Legislation to extend the term of board of directors—Montgomery County Economic Development Corporation

I am attaching for Council introduction legislation to authorize the County Executive to extend the term of a voting member first appointed to the Board of Directors of the Montgomery County Economic Development Corporation (MCEDC) to coincide with the end of a fiscal year, and to generally amend the law governing MCEDC as it relates to board terms.

According to County Code Section 30B-3, each voting member serves a 3-year term and the legislation amends that section by adding language such that the County Executive may extend the term of the voting member first appointed for an additional 6 months or less to coincide with the end of a fiscal year. The amendment would allow all board members, regardless of their terms, to be considered for officers at the time of board elections, which take place at the beginning of each fiscal year.

Attachment

cc: Timothy L. Firestine, Chief Administrative Officer  
Jennifer Hughes, Director, Office of Management and Budget  
Alexandre Espinosa, Director, Department of Finance  
Bonnie Kirkland, Assistant Chief Administrative Officer  
Lily Qi, Assistant Chief Administrative Officer  
Marc Hansen, County Attorney  
Bob Buchanan, Chair, Montgomery County Economic Development Corporation

**Fiscal Impact Statement**  
**Bill XX-16 Montgomery County Economic Development Corporation**  
**- Board of Directors -- Initial Terms - Amendments**

1. Legislative Summary:

Bill XX-16 will authorize the County Executive to extend the term of a voting member first appointed to the Board of Directors (Board) of the Montgomery County Economic Development Corporation (MCEDC) to coincide with the end of a fiscal year. According to Montgomery County Code Section 30B-3, each voting member serves a three-year term and the legislation amends that section by adding language such that the County Executive may extend the term of the voting member first appointed for an additional six months or less.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget.

This bill does not impact County revenues or expenditures.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

There are no estimated six year revenue or expenditure impacts as a result of this bill.

4. An actuarial analysis through the entire amortization period for each regulation that would affect retiree pension or group insurance costs.

Not applicable.

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

No additional systems or resource planning will be required to implement the bill.

6. Later actions that may affect future revenue and expenditures if the regulation authorizes future spending.

The bill does not authorize future spending.

7. An estimate of the staff time needed to implement the regulation.

The implementation of this bill will not require any additional staff time to enforce or adopt extended terms for Board members.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

See number 7.

9. An estimate of costs when an additional appropriation is needed.

No additional appropriation is needed with adoption of this bill.

10. A description of any variable that could affect revenue and cost estimates.

There are no variables that impact revenue or costs estimates as a result of this bill.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

See number 10.

12. If the regulation is likely to have no fiscal impact, why that is the case.


The changes made in this bill simply extend the term of a voting members of the Board of the Montgomery County Economic Development Corporation (MCDEC) to coincide with the end of the fiscal year. Therefore, it has no fiscal impact.

13. Other fiscal impacts or comments.

Not applicable.

14. The following contributed to and concurred with this analysis:

Lily Qi, the Executive Office  
Dennis Hetman, Finance  
Pofen Salem, Office of Management and Budget

  
\_\_\_\_\_  
Jennifer A. Hughes, Director  
Office of Management and Budget

9/27/16  
\_\_\_\_\_  
Date



**Economic Impact Statement**  
**Bill #-16, Montgomery County Economic Development Corporation – Board of**  
**Directors – Initial Terms**

**Background:**

This legislation would authorize the County Executive to extend the term of a voting member first appointed to the Board of Directors (Board) of the Montgomery County Economic Development Corporation (MCEDC) to coincide with the end of a fiscal year. According to County Code Section 30B-3, each voting member serves a three-year term and the legislation amends that section by adding language such that the County Executive may extend the term of the voting member first appointed for an additional six months or less.

**1. The sources of information, assumptions, and methodologies used.**

There are no sources of information, assumptions, or methodologies used by the Department of Finance in the preparation of the economic impact statement.

**2. A description of any variable that could affect the economic impact estimates.**

There are no variables that could affect the economic impact estimates. Bill #-16 essentially extends the term of a voting member of the Board of the MCEDC to coincide with the end of a fiscal year. Therefore, it has no economic impact.


**3. The Bill's positive or negative effect, if any on employment, spending, savings, investment, incomes, and property values in the County.**

Bill #-16 has no positive or negative effect on employment, spending, savings, investment, incomes, and property values in the County.

**4. If a Bill is likely to have no economic impact, why is that the case?**

Bill #-16 has no economic impact for the reasons stated in paragraphs 2 and 3.

**5. The following contributed to or concurred with this analysis: David Platt, Dennis Hetman, and Robert Hagedoorn, Finance.**

  
\_\_\_\_\_  
Alexandre A. Espinosa, Director  
Department of Finance

9/29/16  
\_\_\_\_\_  
Date

41

TESTIMONY ON BEHALF OF COUNTY EXECUTIVE ISIAH LEGGETT ON  
EXPEDITED BILL 47-16, MONTGOMERY COUNTY ECONOMIC  
DEVELOPMENT CORPORATION – BOARD OF DIRECTORS – INITIAL  
TERMS – AMENDMENTS

November 29, 2016

Good afternoon Council President Floreen and Members of the County Council. I am Lily Qi, Assistant Chief Administrative Officer, and I am here to testify today on behalf of County Executive Leggett in support of Expedited Bill 47-16.

The purpose of Bill 47-16 is to authorize the County Executive to extend the term of a voting member first appointed to the Board of Directors of the Montgomery County Economic Development Corporation (EDC) to coincide with the end of a fiscal year.

Currently, the EDC board members serve staggering one-year, two-year and three-year terms ending on December 31. Because the EDC's fiscal year coincides with the County government's fiscal year for budgetary purposes, its board election of officers - chair, vice chair, treasurer, or secretary - takes place in June of each year for the fiscal year starting in July. This creates a problem for the board's operation because certain board members whose terms expire on December 31 would not be eligible to serve as officers of the board because their terms would expire midway through the year for which they would be elected to serve as officers.

It is therefore the intention of the County Executive to extend the terms of all board members for an additional six months so that all members of the board will be eligible to serve as officers. We appreciate your favorable and timely action on Expedited Bill 47-16.

5

Testimony of Montgomery County Economic Development Corporation

Bill 47-16

Public Hearing, November 29, 2016

*On behalf of MCEDC, I am here to voice support for Bill 47-16. The legislation would allow the Executive to extend the terms of the initial voting members of the board by 6 months thereby synchronizing the board terms and the fiscal year.*

*Currently, initial Board members serve initial terms that align with the calendar year. All initial terms end on 12/31/16, 12/31/17 or 12/31/18. The election of officers occurs on a fiscal year basis (the terms for Chair, Vice Chair, Secretary and Treasurer will end on 6/30/17, 6/30/18, and 6/30/19) in order to ensure that the same Board leadership is in place throughout the budget cycle.*

*During the June 2016 election of officers, Board members realized that the misalignment of Board terms and the annual election of officers limited the pool of Board members who would be willing to serve as officers. Without this amendment, the board members who will be able to run for FY18 office in June of 2017 (Chair, Vice Chair, Secretary, Treasurer) and who could serve a full 1-year term in that capacity would be limited to those board members who either (a) were initially appointed to 3 year terms ending 12/31/18, or (b) any board members newly appointed or officially re-appointed in December 2016. Those whose terms are set to end in December 2017 would presumably choose not to put themselves forward for one of those critical roles due to the uncertainty as to whether they would still be on the Board in the second half of the fiscal year.*

*The effects of this legislative change would include:*

*(1) For the initial board: This change would expand the pool of experienced board members who would be eligible to run for election in the Board's next annual meeting (assuming that the initial terms of initial Board members are in fact extended); and*

*(2) For newly appointed members of later boards: assuming that board terms remain synched with the fiscal year, the effect would be to shift the pool of board members who would likely stand for election in the annual meeting from those in their first and second years of their 3-year terms to those in the second and third years of their 3-year terms, thereby allowing the more experienced Board members to serve as officers.*

*For these reasons, MCEDC urges your support of Bill 47-16.*