



WSSC WATER

DELIVERING THE ESSENTIAL

Business Investment & Growth Program (BIG) 2019 Annual Report

November 18, 2020

Program Background

- Goal is to enhance local business lending by placing deposits in community banks headquartered in Prince George's County and Montgomery County
- Initiated in 2017 with a \$12 million WSSC Water Investment
- Subsequently enhanced program increasing deposit to over \$15 million in 2019
- In 2020, the BIG Program was temporarily suspended due to reduction in interest rates & liquidity uncertainty

Eligibility Criteria per BIG Program Regulation

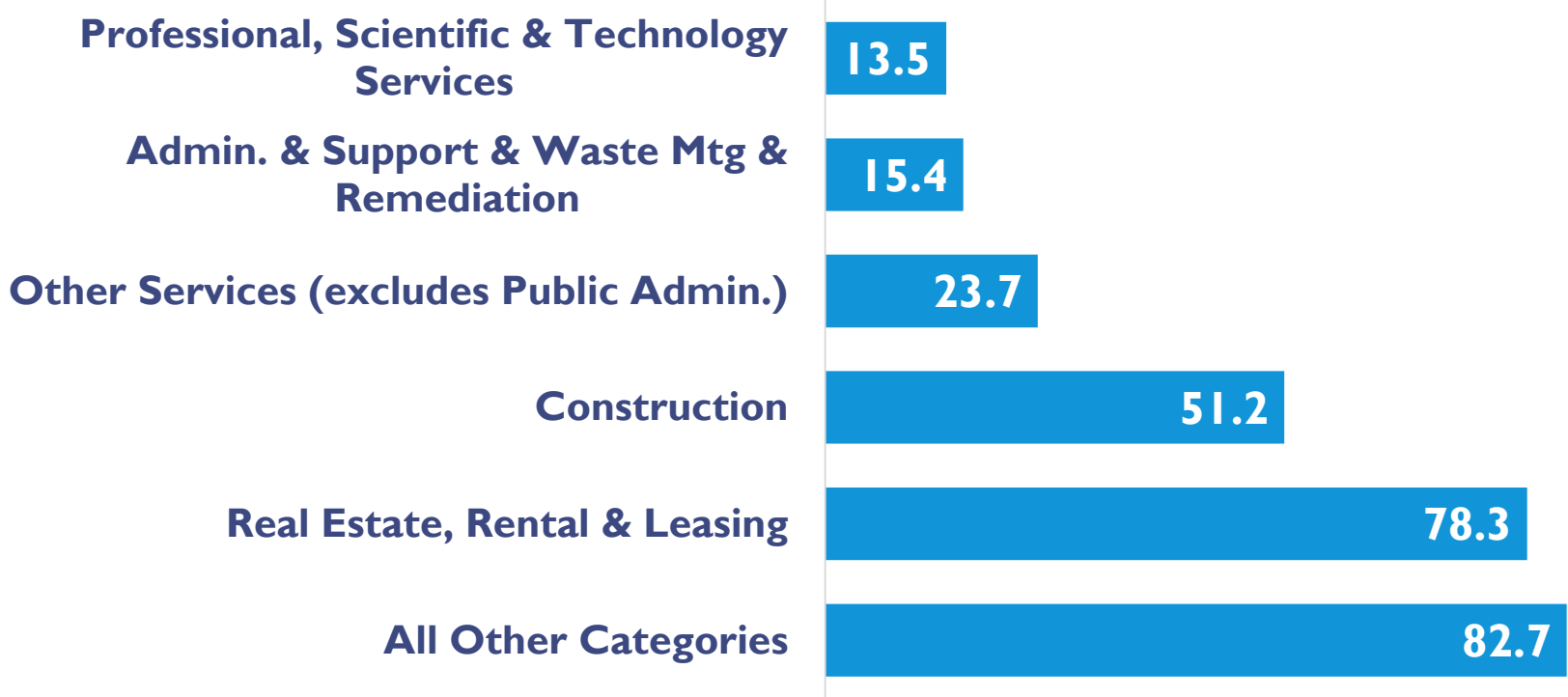
- Community bank that is owned and operated in Prince George's County and Montgomery County
- Assets > \$200 million and < \$10 billion
- Green or better Veribanc rating for financial security
- Not subject to an adverse agreement with a regulatory authority
- Must make and maintain business and/or commercial real estate loans in an aggregate amount of at least 200% of deposit and lend within 12 months of commitment by WSSC Water

2019 BIG Program Results

Bank	WSSC Water Deposits	Interest Earned	Total Loans Made Through the BIG Program	Jobs Created Via BIG Program ¹
Capital	\$ 1,025,000	\$ 25,000	\$ 2,050,000	21.5
Congressional	\$ 1,025,000	\$ 25,000	\$ 2,050,000	17.8
Eagle	\$ 9,174,000	\$ 228,000	\$ 18,348,000	155.2
Old Line	\$ 2,037,000	\$ 51,000	\$ 4,074,000	31.5
<u>Revere</u>	<u>\$ 2,025,000</u>	<u>\$ 50,000</u>	<u>\$ 4,050,000</u>	<u>38.8</u>
Total	\$ 15,286,000	\$ 379,000	\$ 30,572,000	264.8

1. Job creation estimates made using Bureau of Economic Analysis Regional Input Output Modeling System II (RIMS II).

Estimated Job Creation by Industry



Total Jobs Created via BIG Program 264.8

(Deposits are leveraged 2:1 for lending)

Current Challenges for BIG Program

- Mergers reduce number of eligible participating banks
 - Revere Bank merged with Sandy Spring Bank – Asset size now over \$10 billion
 - Old Line Bank merged with WesBanco, Inc. a WVA based company
- Requirement to have headquarters in one of the two counties also limits participation
- Pandemic drives current interest rate formula based on US Treasury constant maturity less 12.5 bps too low
- Lack of Minority Owned Bank participation

BIG Program Opportunities - Proposed Changes to be Presented in December

- Increase aggregate size of the community bank from <\$10 billion to <\$15 billion
- Require headquarters in Maryland with at least one branch in Prince George's County or Montgomery County or a Regional Minority-Owned Bank headquartered in MD, DC or VA with at least one branch or office in Prince George's County or Montgomery County
- Expand rates paid to include US Treasury bills rates with maturities of 13, 26 or 52 weeks as of a date to be selected

