

Prince George's County Council Agenda Item Summary

Meeting Date: 4/6/2010
Reference No.: CR-010-2010
Draft No.: 1
Proposer(s): County Executive
Sponsor(s): Dernoga
Item Title: A Resolution endorsing a loan not to exceed \$100,000 to Limbach Company LLC (“Limbach”) from the Maryland Economic Development Assistance Fund (“MEDAF”) and authorizing a loan by the County to Limbach not to exceed \$20,000 for eligible project costs associated with leasing a facility in the County and capital expenditures

Drafter: Joseph R. Hamlin, Office of Law
Resource Personnel: Bill Gardiner, Economic Development Corporation

LEGISLATIVE HISTORY:

Date Presented:		Executive Action:	4/26/2010 S
Committee Referral:	2/16/2010 - PSFM	Effective Date:	4/6/2010
Committee Action:	3/3/2010 - NR		
Date Introduced:	2/16/2010		
Public Hearing:			
Council Action (1)	4/6/2010 - ADOPTED		
Council Votes:	MB:A, WC:A, SHD:A, TD:A, CE:A, AH:A, TK:A, EO:A, IT:A		
Pass/Fail:	P		
Remarks:			

AFFECTED CODE SECTIONS:

COMMITTEE REPORTS:

Public Safety and Fiscal Management

Date 3/3/2010

Committee Vote: No Recommendation 5-0 (Council Members Exum, Harrison, Campos, Dean, and Turner)

This resolution will endorse and authorize the financial assistance from the State of Maryland Economic Development Assistance Fund (MEDAF) to Limbach Company, LLC for reimbursement of eligible costs of relocating and expanding its present business operations in the County to a 40,000 square foot in the Brick Yard Business Park, Beltsville, Maryland for the term of ten (10) years.

The State of Maryland through MEDAF has offered an amount of \$100,000 as a conditional loan contingent upon the approval by the County Council. The County will provide a matching conditional loan of \$20,000 (at least 10% match of the MEDAF loan) for the lease at the Project Site. The \$20,000 for the County’s match will come from the County’s Incentive Leverage Fund (ILF) which is managed by the County Economic Development Corporation (EDC). This fund is recapitalized annually at \$300,000 per year by County appropriations.

Limbach, LLC plans to invest \$1,300,000 in the Project to cover the cost for tenant improvements, furniture, fixtures, and new equipment at the Project site.

The terms of the MEDAF loan to Limbach Company, LLC will be at an annual rate of 3% with payments of principal and accrued interest from the date of disbursement until March 31, 2018.

All outstanding deferred principal and accrued interest is eligible to be forgiven at the end of the term if the Company (1) employs at least 150 permanent full-time employees at the Project Site from disbursement through December 31, 2017, (2) maintains at least 225 permanent full-time employees at the Project Site by December 31, 2012 and retains at least that amount through December 31, 2017 and (3) Limbach, LLC must have expended an aggregate minimum of \$1,300,000 (including the loan and identifiable interest cost amortized in the lease) on the Project Costs at the Project Site by March 1, 2010.

If at any time during the term of the loan Limbach, LLC does not meet the performance criteria (1) or (4) or does not meet performance criteria (3) by March 1, 2010, all accrued principal and interest under the loan would be repayable.

If at any time during the term of the loan Limbach, LLC does not meet Performance Criteria (2), Limbach would repay a pro rata portion of the principal (\$1,333) and the associated portion of accrued interest due for every permanent full-time employee less than 225 but greater than 150. Such sum, less any amount would be due no later than 90 days from the measurement date.

The County's \$20,000 conditional loan to Limbach, LLC will mirror terms and conditions of the State of Maryland's MEDAF conditional loan of \$100,000 in all material aspects.

The Office of Law has reviewed this resolution and find to be in proper legislative form with no legal impediments to its adoption.

The adoption of CR-10-2010 will not have an adverse fiscal impact on the county. The \$20,000 from EDC-ILF will not require a new appropriation. The ILF was originally established in 1999 with \$250,000 in County appropriations. The ILF fund balance as of January 31, 2010 is approximately \$350,000.

BACKGROUND INFORMATION/FISCAL IMPACT:

(Includes reason for proposal, as well as any unique statutory requirements)

This resolution will endorse a loan to Limbach from MEDAF not to exceed \$100,000 and authorize a County loan not to exceed \$20,000 from the County Incentive Leverage Fund, managed by the Prince George's County Economic Development Corporation. Limbach is a national mechanical contracting firm with capabilities in plumbing, HVAC piping, sheet metal fabrication and installation, stainless steel specialty piping, design build, and energy retrofit/management systems. It provides services in all areas of design, pre-construction, construction, and facility services. Limbach's Lanham facility is the regional center for the Washington, D.C. area, and currently employs 150 workers.

After a search for locations and incentives within Prince George's County and adjacent jurisdictions, the company selected a recently completed 50,000 square foot building in Beltsville. It will lease 40,000 square feet, retain an option on the additional 10,000 square feet, and increase employment to 225 permanent, full-time employees by the end of 2012.

CODE INDEX TOPICS:

INCLUSION FILES:

I-CR-10-2010 Exhibit A.pdf
