

Prince George's County Council

Agenda Item Summary

Meeting Date: 3/16/2010
Reference No.: CR-009-2010
Draft No.: 1
Proposer(s): County Executive
Sponsor(s): Bland
Item Title: A Resolution endorsing a loan not to exceed \$80,000 to hhgregg, Inc. (“hhgregg”) from the Maryland Economic Development Assistance Fund (“MEDAF”) and authorizing a loan by the County to hhgregg not to exceed \$50,000 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:	3/23/2010 S
Committee Referral:	2/16/2010 - PSFM	Effective Date:	3/16/2010
Committee Action:	3/3/2010 - FAV		
Date Introduced:	2/16/2010		
Public Hearing:			
Council Action (1)	3/16/2010 - ADOPTED		
Council Votes:	MB:A, WC:-, 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: Favorable 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 hhgregg, Inc. (the Company) for cost associated with leasing approximately 350,000 square feet of space for a Central Distribution Center at 14310 Mattawoman Drive, Brandywine, Maryland. Term of the loan is for 6 years.

The State of Maryland through MEDAF has offered an amount of \$80,000 as a conditional loan contingent upon the approval by the County Council. The County is also required to provide a matching conditional loan of \$50,000 (at least 10% match of the MEDAF loan) for the lease project. The \$50,000 for the County’s match will come from the County’s Incentive Leverage Fund (ILF) which is managed by the County’s Economic Development Corporation (EDC). This fund is recapitalized annually at \$300,000 per year by County appropriations.

The Company expects to spend \$2,000,000 to cover the cost of tenant improvements, furniture, fixtures, and

equipment related to the new facility.

The terms of the MEDAF loan to the Company will be at an annual rate of 3% with payments of principal and accrued interest from the date of disbursement until March 31, 2016. 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 100 permanent full-time employees at the project site by December 31, 2010, (2) maintains the lease at the Project Site for the term of the loan and (3) retains at least 100 full-time employees at the project site from January 1, 2011 - December 31, 2015. If the Company does not meet performance criteria (1),(2), and (3) as described above, the company will repay the loan and all accrued interest.

The County's \$50,000 conditional loan to the Company will mirror terms and conditions of the State of Maryland's (MEDAF) conditional loan of \$80,000 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-9-2010 will not have an adverse fiscal impact on the County. The \$50,000 loan from the County (EDC-ILF) will not require a new appropriation of County funds. The ILF was originally established in 1999. The fund balance of the ILF as of January 31, 2010 is reported at 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 hhgregg not to exceed \$80,000 from MEDAF and authorize a County loan not to exceed \$50,000 from the County Incentive Leverage Fund, managed by the Prince George's County Economic Development Corporation. hhgregg, a regional retailer of consumer electronics and appliances, is establishing operations in the mid-Atlantic region. After a competitive search for locations and incentives in several jurisdictions, the company selected an existing facility in Brandywine for its central distribution center.

CODE INDEX TOPICS:

INCLUSION FILES:

I-CR-9-2010 Exhibit.pdf
