

Prince George's County Council Agenda Item Summary

Meeting Date: 9/28/2010
Reference No.: CR-077-2010
Draft No.: 1
Proposer(s): County Executive
Sponsor(s): Dernoga
Item Title: A Resolution endorsing a loan not to exceed \$400,000 to Vocus, Inc. ("Vocus") from the Maryland Economic Development Assistance Fund ("MEDAF") and authorizing a loan by the County to Vocus not to exceed \$40,000 for eligible project costs associated with leasing a facility in the County and capital expenditures

Drafter: Joseph R. Hamlin, Office of Law

Resource Personnel:

LEGISLATIVE HISTORY:

Date Presented:		Executive Action:	
Committee Referral:	9/7/2010 - PSFM	Effective Date:	9/28/2010
Committee Action:	9/22/2010 - FAV		
Date Introduced:	9/7/2010		
Public Hearing:			
Council Action (1)	9/28/2010 - 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 9/22/2010

COMMITTEE VOTE: Favorable 4-0 (In Favor: Council Members Exum, Harrison, Dean, and Turner)

This resolution will endorse and authorize financing for the Vocus, Inc. project from the State of Maryland Economic Development Assistance Fund (MEDAF) for cost associated with leasing approximately 90,000 square feet of space in Beltsville.

The State of Maryland through MEDAF has offered an amount of \$400,000 as a conditional loan to Vocus, Inc., contingent upon the approval by the County Council. The term of the loan is for approximately ten (10) years. The County is also required to provide a matching conditional loan of \$40,000 (at least 10% match of the MEDAF loan) for the leased project.

The \$40,000 for the County match will come from the Incentive Leverage Fund (ILF), which is managed by the County's Economic Development Corporation (EOC). This fund is recapitalized annually at \$300,000 per year by

the County.

Vocus, Inc. expects to spend at least \$6,500,000 to cover the costs of the planned relocation and expansion of its headquarters and operations in the County. Also, as a condition of the proposed loan Vocus, Inc. is committed to retaining its existing 285 permanent full-time employees.

The terms of the MEDAF loan to Vocus, Inc. will be at an annual rate of 3% with all principal and accrued interest deferred over the term of the loan. All outstanding deferred principal and accrued interest is eligible to be forgiven at the end of the term if Vocus, Inc. meets the following performance criteria: (1) employs a minimum of 285 permanent full-time employees at the project site by December 31, 2011, (2) hires an additional 100 full-time employees by December 31, 2014, and (3) retain the lease at the project site for the term of the loan. If Vocus, Inc. does not meet Performance Criteria 2, they will repay a pro-rated portion of the principal. If Vocus, Inc. does not meet Performance Criteria 1 and 3, all accrued principal and interest under the loan will have to be repaid.

The County's \$40,000 conditional loan to Vocus, Inc. will mirror the terms and conditions of the State of Maryland's MEDAF conditional loan of \$400,000 in all material aspects. Vocus, Inc will retain its existing 285 permanent full-time employees.

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

The adoption of CR-77-2010 will not have an adverse fiscal impact on the County. The \$40,000 loan from the County (EDC-LIF) will not require a new appropriation of County funds. The ILF fund balance is currently at approximately \$300,000.

BACKGROUND INFORMATION/FISCAL IMPACT:

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

This resolution will endorse a loan to Vocus from MEDAF not to exceed \$400,000 and authorize a County loan not to exceed \$40,000 from the County Incentive Leverage Fund, managed by the Prince George's County Economic Development Corporation. Vocus is an internet software and services company that specializes in on-demand web-based software for public relations. The company has been headquartered in Lanham since it started in 1999, went public in 2005, and has experienced 40% sales growth annually.

Vocus is nearing the end of its lease, and has outgrown its current location. After a search for locations and incentives within Prince George's County and adjacent jurisdictions, the company selected a property located in Beltsville. It will lease 80,000 square feet, retain an option on the additional 20,000 square feet, and expects to increase employment from 285 to 385 permanent, full-time employees by the end of 2014.

CODE INDEX TOPICS:

INCLUSION FILES:
