

Ms. Donna J. Brown:  
Clerk of the Prince George's County Council  
County Administration Building  
14741 Governor Oden Bowie Drive  
2<sup>nd</sup> Floor  
Upper Marlboro, Maryland 20772

Dear Ms. Brown:

Pursuant to Section 10-287 (e) of the Prince George's County Code, on behalf of Chief Administrative Officer Major Riddick, we submit for approval by the County Council the Administration's proposal to use up to \$10 million of Economic Development Incentive Funds (EDI Fund) to support small, local, and minority businesses in Prince George's County affected by the Covid-19 crisis sweeping the United States and the world. The purpose of this proposal is to provide assistance to these businesses so that they may retain their pre-pandemic workforce and sustain operations during this period of social distancing.

All parties to this communication are well aware of the extent and seriousness of the public health crisis facing the County and the nation. In addition, we know that there is a full understanding of the devastating effect of the Covid-19 crisis on the economy, both locally and more broadly. The Governor's very necessary Executive Orders aimed at limiting public exposure to the virus are having the understood collateral effect on reducing commerce, resulting in many business closures, and layoffs as of this writing exceeding 10,000 in Prince George's County.

The Economic Development Corporation (EDC) and other County entities have been aggressive in communicating services and resources that are available to the business community. We have been driving inquiries to the EDC website, PGCEDC.com, and utilizing email blasts and social media to get the message out. As of this writing, EDC estimates that it has had more than 65,000 interactions on its various platforms. That information includes links to the \$175 million in programs offered by the Maryland Department of Commerce, and to federal programs, such as the SBA Economic Injury Disaster Loan Fund. It is also expected that the third federal stimulus bill, expected to be enacted within days, will include multiple billions of dollars in funding for small businesses, and EDC will aggressively promote that information.

Nevertheless, there is clear additional need, and the Administration has determined that utilizing the resources of the successful EDI Fund in this time of crisis is appropriate. While we all hope that the effects of the economic downturn will be relatively short in duration, we acknowledge that this crisis will likely diminish the EDI Fund's traditional demand driven by local business expansions and relocations, as well as potential business attractions. In creating a Prince George's County Covid-19 Business Fund Relief ("Relief Fund"), to further leverage the \$10 million in EDI Fund resources, the Administration with leadership from FSC First is partnering with local banks to add up to additional \$5 million, and will seek other federal and state fund sources as well.

The Relief Fund would be managed by EDC and FSC First, and would operate under the following guidelines:

<b>Source of Funds:</b>	EDI Funds	\$10 million
	Private Banks	\$5 million
	& other Federal & State sources	TBD
<b>Term:</b>	3 years, 10 year amortization Principal and Interest deferred for 12 months	
<b>Loan Amount:</b>	Maximum of \$100,000 based on up to 6 months of payroll and operating expenses based on 2018 Business Tax Return verified with IRS Form 4506T, 2019 Income statement & 2020 Year to date Income Statement.	
<b>Rate:</b>	3.75% Fixed	
<b>Application Fee:</b>	\$0	
<b>Eligibility:</b>	Principal business office or location must be physically located in Prince George's County Business and meets U.S. Small Business Administration definition of small business.  New business ventures are not eligible.	
<b>Implementation:</b>	Streamlined intake conducted by EDC. Streamlined underwriting by FSC First.	
<b>Collateral:</b>	UCC Liens on Business Assets. Personal & Corporate Guaranty.	
<b>Loan Documentation and Closing:</b>	Conducted by OOL.	
<b>Priorities:</b>	Businesses that have applied for State and SBA Assistance. Businesses that have maintained workers on their payroll. Small, local, and minority businesses consistent with existing requirements.	
<b>Required Commitments:</b>	<ol style="list-style-type: none"><li>1. Borrowers to retain employees on their payroll during the term of the loan.</li><li>2. Borrower to provide annual employment certification affidavit on number of jobs and County residency of employees.</li><li>3. Borrowers commit to best effort to have 35% County based business participation in any future construction work</li><li>4. Borrower to maintain its operations in the County for the term of the loan.</li><li>5. Borrower must provide evidence that they have applied to the U.S. SBA and the State of Maryland for financial assistance.</li></ol>	



**Conclusion:** We are seeking Council approval for the use of the EDI Fund in this manner. Unlike in the past, we seek blanket approval for the recommended program. In turn, EDC and FSC First commit to timely reporting to the County Council on the recipients of financial aid from this program, and full accountability on the loans made over time. We will also notify the Financial Advisory Committee.

Consistent with the statutory obligations of the EDI Fund, we believe that this proposal will support worker retention, help maintain private investment, help support the County's tax base, and that it meets multiple additional economic development priorities and the goals and requirements of the EDI Fund statute.

Please do not hesitate to contact me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. Iannucci". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David S. Iannucci  
President & CEO  
Prince George's County  
Economic Development Corporation

Attachment

cc: Major Riddick, Chief Administrative Officer  
Angie Rogers, Deputy Chief Administrative Officer  
Stanley Earley, Director, Office of Management and Budget  
Shelly Gross-Wade, President and CEO, FSC First  
Stephen McGibbon, Director, Office of Finance  
Robert William, Jr., Council Administrator, County Council  
Terry L. Bell, Legislative Director  
Sean Dixon, Deputy County Attorney, Office of Law