



EDI FUND INTRODUCTION



Economic Development Incentive Fund

Unprecedented \$50 million multi-year commitment to economic development

Allows the County to compete with neighboring jurisdictions for job growth and retention

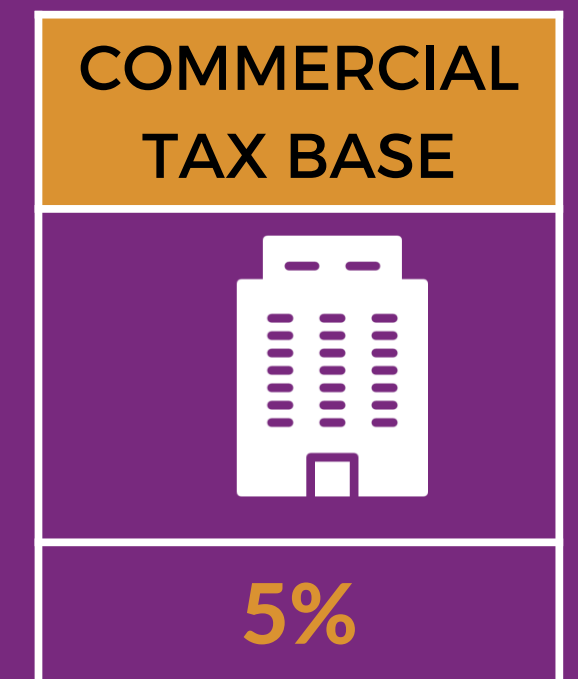
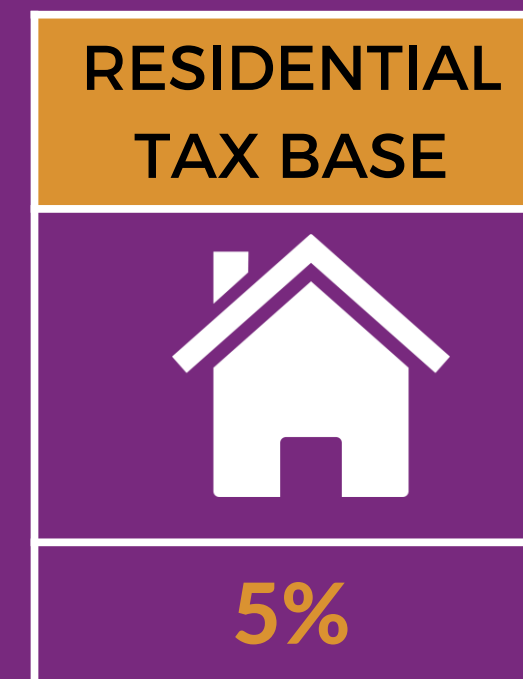
One time investment from unappropriated surplus from end of FY2011

\$7-\$11 million available for lending annually

Why Is It **Needed?**

*As of 2010

- Over reliance on residential tax base, with little prospect for short term improvement
- Only commercial tax base offers growth potential for revenues to finance government services
- Since the Great Recession, many small businesses had difficulty accessing capital and struggled to find financing for expansion
- Competing with neighboring jurisdictions
- No investment or participation from State

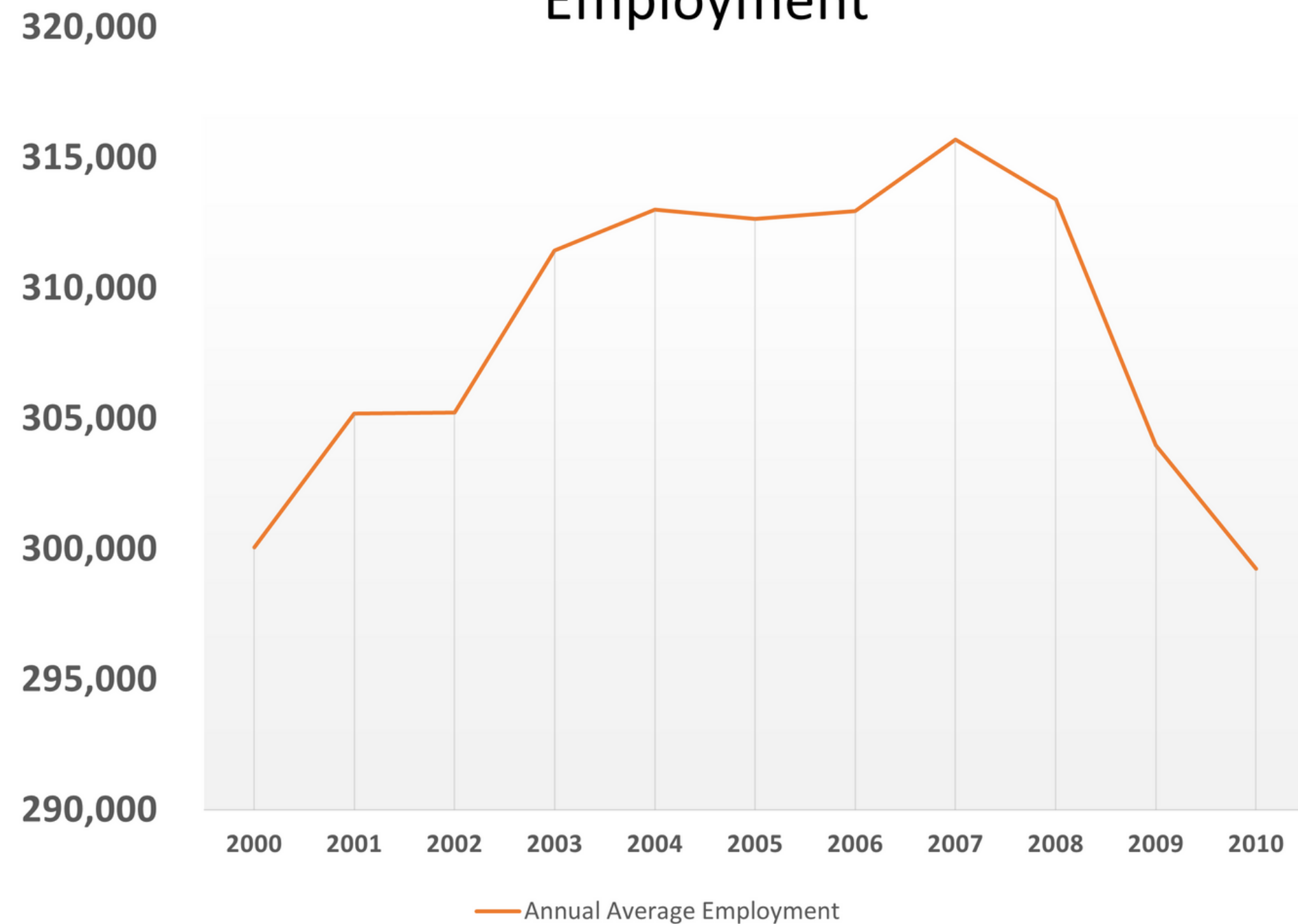


Why Is It Needed?

Despite **60,000 new residents**, Prince George's County actually had fewer jobs in 2011 than in 2000

Source: DLLR

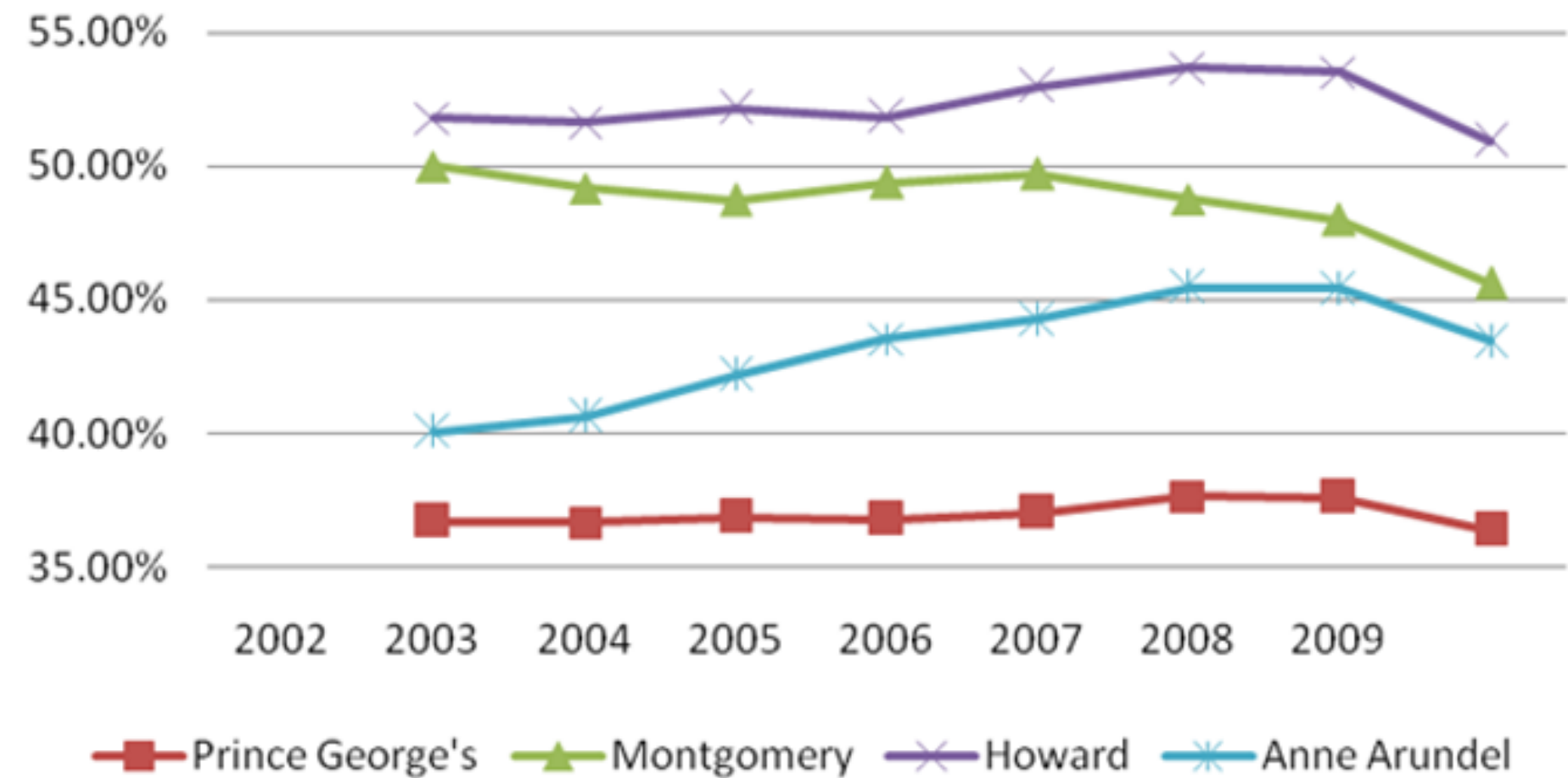
Prince George's Annual Average Employment



Why Is It Needed?

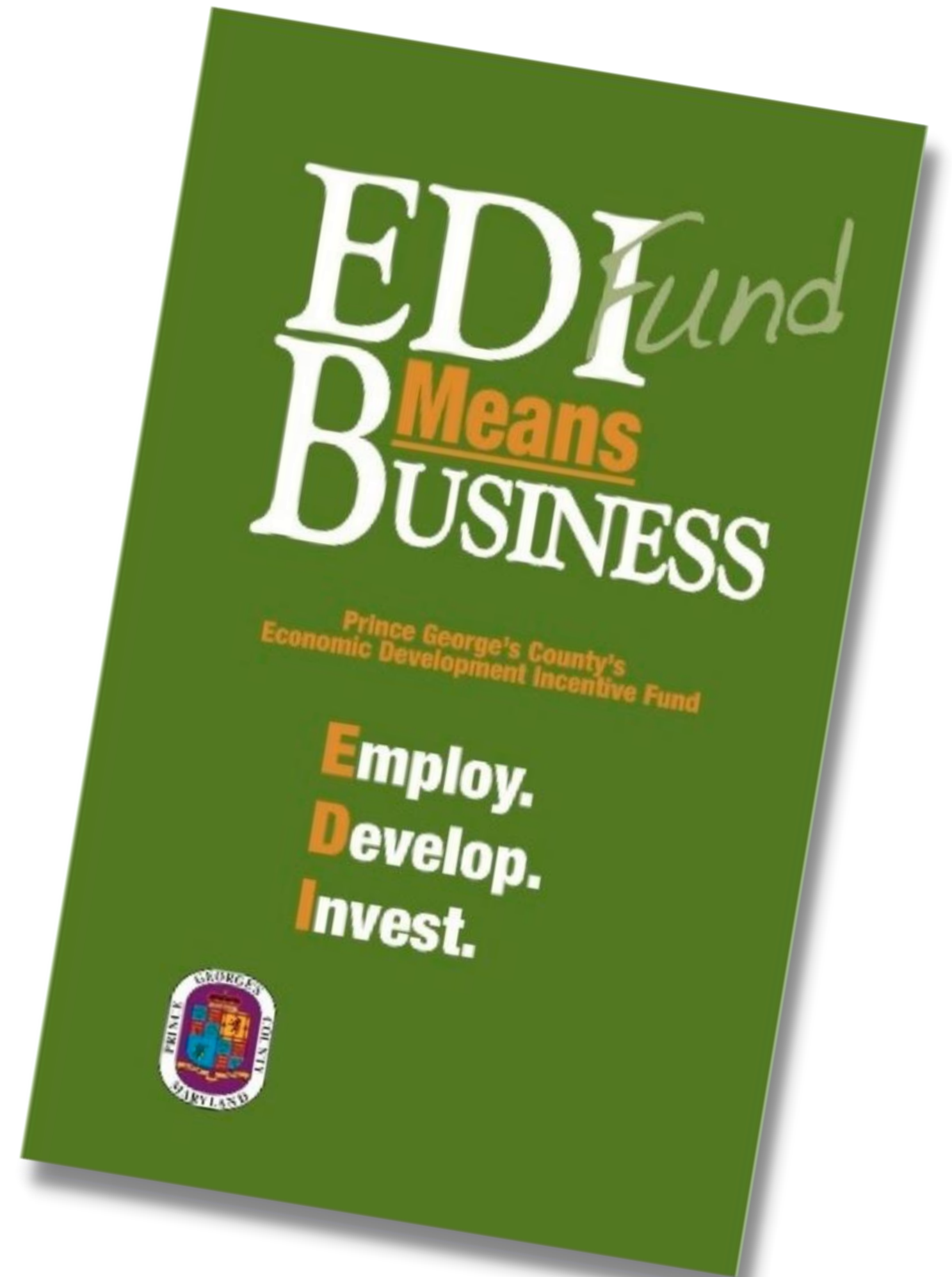
- Ratio of jobs to residents is lowest in region
- Prince George's County fell behind its neighbors in job creation during the economic upturn in the 2000s, and had lost jobs disproportionately in the 2008 Recession

Industry Job Percentage by County





- **Legislation Enacted**
 - **Program Launched**
- March 2011**



STATUTORY PURPOSES OF FUND:

PURPOSE

- Assist in retention of existing and attraction of new businesses in Prince George's County.
- Create new jobs and retain existing jobs for County residents.
- Broaden the commercial tax base.
- Promote economic growth in developed tier and gateway communities that have suffered from lack of investment and where market dynamics not sufficient.

SPECIAL PRIORITY

- Projects that maximize LMBE
- Employment opportunities for County Residents

Other Priorities:

- Transit Oriented Development
- Balanced Local Economy
- International resources and trade

SPECIAL FOCUS

- The developed tier, Gateway and TNI Communities, Transit Oriented Development (TOD), and Enterprise Zone (EZ)
- Promote local, minority, and small businesses
- Special Assistance for Local Entrepreneurship (51% ownership - County residency)





EDI Fund **Highlights**

By dollar amount, most awards from EDI Fund are loans to small and medium businesses located in the County

Transactions involving significant number of jobs in competitive industry sectors may be considered for conditional loans

Grow commercial tax base, add or retain jobs, consistent with statutory purposes and priorities of EDI Fund.

FINANCIAL TERMS AND CONDITIONS:

- EDI Fund Application largely consistent with requirements of private sector lenders.
- Market interest rates and terms, subject to case by case evaluation.
- All loans collateralized or security provided for taxpayers' protection
- Application Fee

**Preferred Minimum
loan amount:**

\$250,000

**Maximum loan
amount:**

Negotiable

Term:

Negotiable

**Base Rate:
Prince George's County:**

Prime Rate of 4%



What can the EDI Fund be used for?

Acquisition of land, buildings, and associated costs

Construction, reconstruction, rehabilitation, repair, and improvement of buildings

Machinery, equipment, furniture & fixtures

Relocation fees, training expenses, and working capital

Project Requirements & Priorities

- Project significant **job creation or retention** in 3 years
- Broadens the **commercial tax base** through investment in real property
- **Targeted** industry sectors consistent with the adopted Economic Development Strategic Plan
- Promotes **economic development**
- Leverages funding from other sources of financing including **owner's equity**
- Located in a **Strategic Area**
 - Transit Oriented Development (TOD)
 - Transforming Neighborhood Initiative (TNI)
 - Gateway communities
 - Inner Beltway
- **International** resources and trade
- Projects that maximize **CMBE**





How to Apply

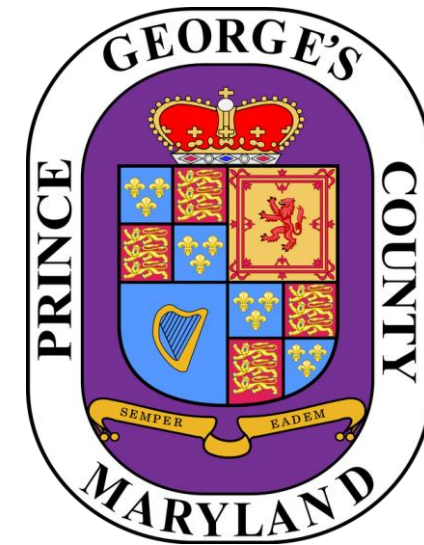
Initial Application Documents

- Business Plan
- Business Financial Statements
- Cash Flow Projections
- Tax statements
- Resumes of Company Owners
- Debt Summaries
- Collateral description
- Relevant Contracts, Agreements, and Leases

INTERNAL ADMINISTRATIVE PROCESS:

12 STEP PROCESS THAT RUNS FROM:

- Intake of Application
- Credit underwriting
- Executive, FAC, and Council Review
- Loan Closing
- Loan Servicing
- Financial Accounting
- Monitoring and Reporting



Agencies Involved:

EDC
FSC
OCS - SDDD
County Executive's Office
Office of Law

THE PROCESS

1. Outreach and marketing (**EDC** & **FSC**)
2. Prelim intake and screening (**EDC**)
3. Review for fiscal soundness, project eligibility within program guidelines, and economic impact (**EDC**, **FSC**, **OOL**, **SDDD**)
4. Initial underwriting review & document gathering (**FSC**)
5. In-depth underwriting (**FSC**)
6. Financial Advisory Committee (approval) (**FSC**)
7. Issuance of commitment letter (**OOL** & **FSC**)
8. CAO Review and Approval (**EDC**)
9. Submission to Council for Comment (Conventional & Conditional <\$250k; or Approval (Conditional \$250k+))(**EDC**)
10. Legal Review & Loan Documentation (**OOL**)
11. Loan Closing (**FSC** & **OOL**)
12. Project Monitoring & Funding (**FSC**)
13. Loan Servicing, Financial Accounting & File Retention (**FSC**)
14. Reporting (**FSC**, **SDDD**)

Disclosure and Reporting

- Approved agreements will be posted on County Website
- Reports to County Council
- Strict ethics and disclosure requirements on all individuals involved in EDI Fund Process

CONDITIONAL



**Giant Food,
Livingston Square**
Ft. Washington

\$2,000,000
Retail Redevelopment Grocery

County Benefits

- Powerful new economic development tool
- Creating new opportunities for many small and minority businesses
- Create jobs for residents
- Competitive with neighboring jurisdictions
- Leverage State incentives

CONDITIONAL

*MEDAF Match



Capital Electric

Upper Marlboro

\$250,000

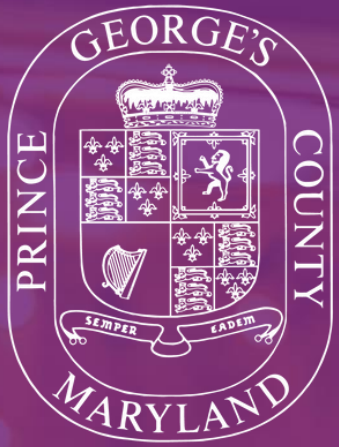
Fixtures & Machinery



EDI FUND

Loan Status

Paid in Full	8
Loans paying as agreed	8
Conditional Loans in compliance	16
Conditional loan forgiven	9
Work Out	2
Complete – Recaptured	11
In disbursement	2
Approved – Not yet funded	5
CAP Program	1



YEAR-TO-DATE PERFORMANCE

\$1,289,993,175

CAPITAL INVESTMENT

\$45,738,500

EDI FUND
COMMITMENTS

6,148

JOBS
RETAINED

8,165

JOBS
CREATED

62

PROJECTS

Loan Status

- **25** Minority Ownership
 - **\$20.6 Million** in EDI Fund
- **15** Special Assistance for Local Entrepreneurship
 - **(51% ownership - County residency)**
 - **\$10,777,500** in EDI Fund

CONVENTIONAL

*Woman/Minority Owned



Leuterio Thomas

Oxon Hill

\$450,000

Leasehold Improvements

CMBE Goals

45 out of 62 Projects have CMBE goals as of 1/31/23

- 36 Loans with MBE Utilization | \$31,938,500
- 22 Loans with Local Hiring Goal | \$19,235,000

*This number reflects that most EDIF recipients are required to have an MBE utilization and a local hiring requirement.

CONVENTIONAL



**Keller Williams
Preferred Properties**

Largo

\$800,000
Building Purchase

EDI Fund Leverages State Funds

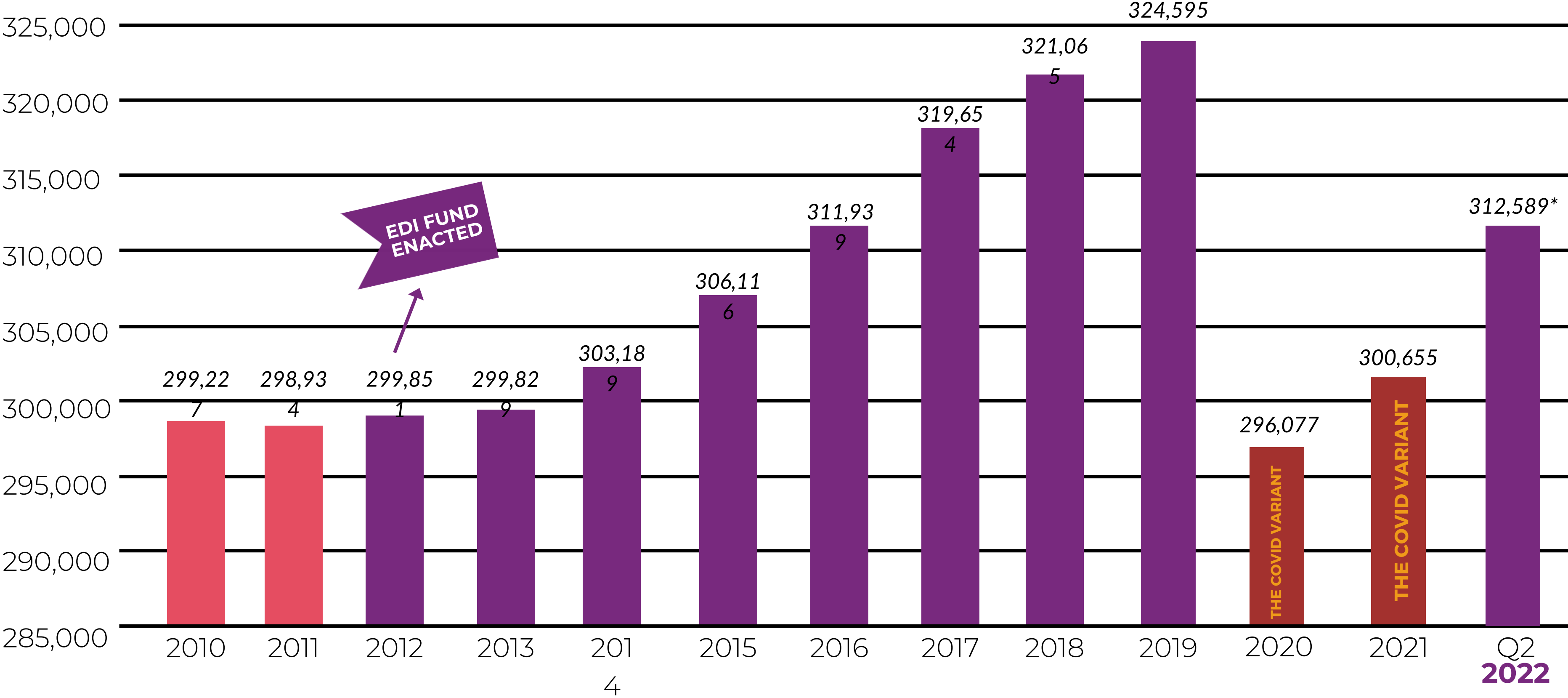
No **State** Dollars
Without **County** Dollars

State Funds –Pipeline as of February 10,
2023

Industry	Loan Type	No. of Projects	Total Project Cost	EDIF Loan Amount	Private, Bank or FSC	Other or Add'l County Participation	State Participation	Borrower Equity	Jobs Retained	Jobs Created
Hospitality	Loan	1	\$15,250,000	\$1,200,000	\$11,517,500		\$500,000	\$2,032,500	0	20
IT	Conditional	1	\$1,250,000	\$100,000	\$ -		\$500,000	\$650,000	415	150
Manufacturing	Conditional	1	\$30,996,000	\$250,000	\$16,000,000		\$750,000	\$13,996,000	330	150
Technology	Conditional	1	\$9,400,000	\$250,000	\$8,000,000	\$850,000	\$250,000	\$50,000	9	38
Education/Tech	Conditional	1	\$15,000,000	\$1,500,000	\$ -	\$ -	\$2,000,000	\$11,500,000	650	665
Hospitality	Loan	1	\$27,138,866	\$1,400,000	\$18,090,000		\$700,000	\$6,948,866	0	88
Food Distribution	Conditional	1	\$3,068,000	\$155,000			\$228,000	\$2,685,000	0	135
IT/Cybersecurity	Conditional	1	\$1,117,300	\$100,000	\$515,000	\$ -	\$100,000	\$402,300	0	25
Cybersecurity	Conditional	1	\$2,200,000	\$250,000	\$1,200,000	\$ -	\$750,000	\$ -	36	0
Wholesaler Electrical Supplies	Conditional	1	\$100,000,000	\$250,000	\$99,500,000	\$ -	\$250,000	\$ -	239	10
Rental Assistance	Grant	1	\$1,600,000	\$150,000	\$ -	\$250,000	\$1,200,000	\$ -	0	0
Perishable Prepared Food	Conditional	1	\$4,225,252	\$480,000	\$1,883,380	\$460,000	\$480,000	\$921,872	56	184
Specialty Vehicles	Conditional	1	\$2,360,634	\$150,000	\$1,312,500	\$150,000		\$748,134	55	30
Totals		13	\$213,606,052	\$6,235,000	\$158,018,380	\$1,710,000	\$7,708,000	\$39,934,672	1790	1495

COUNTY'S AVERAGE ANNUAL EMPLOYMENT GROWTH CY 2010 - CY 2022*

(SOURCE: MARYLAND DEPARTMENT OF LABOR)



Thank YOU.

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