




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
*County Executive*

MEMORANDUM

November 17, 2023

TO: Evan Glass  
President, Montgomery County Council

FROM: Marc Elrich   
County Executive

SUBJECT: Resolution of Support for financial assistance to Sodexo Operations, LLC through the Maryland Economic Development Authority Administration Fund.

Sodexo Operations, LLC is receiving a financial incentive of \$687,927 through the Maryland Economic Development Authority Administration Fund (MEDAAF). This incentive is in conjunction with a \$70,000 incentive the County is providing through the Economic Development Fund Grant & Loan Program. These incentives are for the retention of the company's U.S. headquarters operations and full-time employee base in Montgomery County.

The State requires a Resolution of Support from the local governing jurisdiction as a condition of MEDAAF disbursement. The resolution acknowledges that the State of Maryland is utilizing its MEDAAF to provide a financial incentive. The MEDAAF financing program does not require a local jurisdiction's full faith and credit guaranty, but does require that the local jurisdiction provide, at a minimum, a 10% funding match and pass a resolution of support.

Items 5 and 6 of the resolution provide background on the company, and summary project information. A copy of the County's executed Economic Development Fund Agreement with the company is included for your reference.

I would appreciate the Council's prompt action on this important matter. Should there be any questions concerning this request, please contact Peter McGinnity in the Department of Finance at 240-777-2011 or by email at [peter.mcginny@montgomerycountymd.gov](mailto:peter.mcginny@montgomerycountymd.gov).

ME:pmg

Enclosures: 2

Resolution No.: \_\_\_\_\_  
Introduced: \_\_\_\_\_  
Adopted: \_\_\_\_\_

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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By: Council President at the Request of the County Executive

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**SUBJECT:** Maryland Economic Development Assistance Authority and Fund Loan to assist in the retention of Sodexo Operations, LLC in Montgomery County (\$687,927).

**Background**

1. The County Executive endorses a conditional loan of \$687,927 to Sodexo Operations, LLC (the Company) from the State of Maryland under the Maryland Economic Development Assistance Authority and Fund (“MEDAAF”), which is codified under Md. Code Ann., Econ. Dev. §§5-301-5-349.
2. MEDAAF provides conditional grants and loans to businesses engaged in eligible industries locating to, or expanding in, a “priority funding area” in the State of Maryland. Proceeds from the grant or loan may be used by the borrower to reimburse it for the acquisition or construction of buildings or real estate, and acquisition, construction and installation of machinery, equipment, furnishings, fixtures, leasehold improvements, site improvements, or infrastructure improvements.
3. On November 9, 2023 the County executed a conditional grant of \$70,000 from the County’s Economic Development Fund Grant & Loan Program (“EDFGLP”) to assist the Company’s retention in the County. This conditional grant is funded from the current EDF fund balance. With the conditional grant, Montgomery County has met the requirement of financing a part of the costs of the Company’s retention and expansion in the County, which is equal to at least 10% of the financial assistance to be provided from MEDAAF, as required by §5-319(d) of the Economic Development Article.
4. The State will disburse the MEDAAF loan to the Company upon the State entering into a MEDAAF Agreement with the Company. The County is not a party to this MEDAAF Agreement with the Company.
5. The Company is the leading provider of integrated food and facilities management services in the United States, Canada, and Mexico, operating across multiple industry sectors including, but not limited to, corporate, education, government, sports/entertainment, specialized residential, and air travel. Sodexo, Inc. is the result of a 1998 merger between Sodexo Alliance, headquartered in France, and Marriott Management Services, at that time one of the largest food services companies in North America. In June 2001, Sodexo acquired

complete control of Sodexo Marriott Services and changed its name to Sodexo, Inc. Presently, Sodexo's North American headquarters, operating as Sodexo Operations, LLC, is located at 9801 Washingtonian Boulevard in Gaithersburg. The company, inclusive of its prior iterations has been in Montgomery County for over 50 years.

6. After considering various locations in the DMV, the Company will remain in Montgomery County. It will relocate its headquarters to 915 Meeting Street, North Bethesda, which is situated in the Pike and Rose project. It will occupy approximately 52,000 square feet and anticipates \$6,000,000 in relocation costs, tenant improvements, and furniture, fixture and equipment expenditures. It will maintain an employment base of 275 full-time employees for the duration of the County and State's incentives.

**Action**

The County Council for Montgomery County, Maryland approves the following resolution:

The County Council hereby endorses the State's grant of a \$687,927 MEDAAF conditional loan to support and defray Sodexo Operations, LLC's costs in connection with its retention in Montgomery County.

This Resolution is effective upon its adoption in accordance with applicable law.  
The County Council

This is a correct copy of Council action.

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Sarah R. Tenenbaum  
Clerk of the Council

## ECONOMIC DEVELOPMENT FUND AGREEMENT

THIS ECONOMIC DEVELOPMENT FUND AGREEMENT is made this 9th day of November, 2023 between MONTGOMERY COUNTY, MARYLAND (the County) and SODEXO OPERATIONS, LLC (the Recipient).

### R E C I T A L S

A. The purpose of this Agreement is to set forth the agreement of the Recipient and the County with respect to the application of funds from the Economic Development Fund, repayment of funds from the Economic Development Fund and the Recipient's commitment to maintain or establish jobs and an economic presence in the County.

B. Establishing and maintaining jobs and business retention and development in Montgomery County are matters of high priority to the County. Recipient intends to establish or maintain at least 275 jobs in Montgomery County. Recipient operates a food and facilities management business with 275 employees at the time negotiations for funding commenced.

C. The County has pursuant to Emergency Bill No. 19-95 (§§ 20-73, *et seq.* of the Montgomery County Code), created the Economic Development Fund, the primary purpose of which is to assist private employers who are located or planning to locate or substantially expand operations in Montgomery County.

D. The County by providing assistance pursuant to this Economic Development Fund Agreement intends to materially improve the County's economy and advance County economic development objectives.

E. Recipient has been determined by the County to be eligible to receive funds from the County's Economic Development Fund.

NOW THEREFORE, the parties in consideration of their respective obligations and undertakings hereinafter set forth agree as follows:

1. Recipient will locate or maintain a premise at 915 Meeting Street, North Bethesda, Maryland 20852 which may be relocated periodically within the County and which will be used for the purpose of headquarters operations.

2. Recipient will maintain a minimum employment base of 275 full time employees (full time is defined as an employee that works at least 1,800 hours per year), according to the terms and conditions of the Exhibit A and B in the County or part time employees who work an equivalent total number of hours per year.

3. Subject to the appropriation and availability of funds and to the terms and conditions of the attached exhibits, the County agrees to disburse from the Economic Development Fund to the Recipient the sum of **Seventy Thousand Dollars (\$70,000)** to be used only for the purpose of relocation and/or expansion related expenses and for no other purpose.

4. Upon request by the County, Recipient agrees to provide the County with evidence that the funds provided hereunder, have been used solely for the purposes stated in paragraph 3 above.

5. The Montgomery County Department of Finance will process a request for disbursement from the Economic Development Fund in the amount of **Seventy Thousand Dollars (\$70,000)** within 15 working days of Recipient's satisfaction of the conditions set forth above and as specified in Exhibit A.

6. Recipient agrees that the funds provided pursuant to this Agreement and interest thereon, if any, are to be repaid in accordance with the conditions and schedule set out in Exhibit A and B attached hereto and incorporated herein. Payments are to be made on the 15<sup>th</sup> of the month in which due. Payments made after the 25<sup>th</sup> of the month in which due are subject to a five percent (5%) late charge. If Recipient breaches or fails to satisfy any of the conditions specified in Exhibit B or any other terms of this Agreement, including, but not limited to failure to make any payment as due, Recipient must within thirty (30) days after demand by the County, or within such schedule and upon such other terms as the County may determine, repay the full amount of the disbursement to Recipient from the Economic Development Fund with interest thereon accrued annually at the rate of three percent (3%). Unless otherwise directed by the Director of the Department of Finance, all payments to the County are to be delivered to the Director, Montgomery County Department of Finance, 101 Monroe Street, Suite 1500, Rockville, Maryland 20850. Payments must be made by check payable to Montgomery County, Maryland.

7. Sale, transfer, assignment or other conveyance by Recipient of its business, a majority of its assets or a majority of its corporate or partnership interests or controlling or managing interests will require immediate repayment of any amounts outstanding hereunder during the term of this Agreement. The purchaser, transferee, assignee or other successor-in-interest to Recipient may apply to the Department of Finance to assume the outstanding amount under this Agreement. It is within the sole discretion of the County to determine whether or not it chooses to enter into an assignment and assumption agreement with the purchaser, transferee, assignee or other successor-in-interest of Recipient.

8. This Economic Development Fund Agreement expires, in the absence of any default or breach of the terms hereof, when the Recipient fully repays the loan or grant disbursed under this Economic Development Fund Agreement or upon satisfactory performance by the Recipient of the Exhibit B conditions. In the event of a default or breach of this Economic Development Fund Agreement, the Agreement will terminate upon full repayment of all sums due hereunder. Unless waived in writing by the County, if Recipient fails to satisfy the conditions for an initial disbursement as specified in Exhibit A by the 30th day of April, 2024, this Economic Development Fund Agreement will automatically expire and the County will have no obligation to make any disbursement to Recipient from the Economic Development Fund.


9. Recipient indemnifies and holds the County harmless from any claims, costs, liabilities, judgments or damages, including but not limited to reasonable attorney fees, arising out of or related to Recipient's business and the use of the grant funds.

10. This Economic Development Fund Agreement and Exhibits hereto represent the entire agreement between Recipient and the County.

11. The Recitals are incorporated herein.

IN WITNESS WHEREOF, this ECONOMIC DEVELOPMENT FUND AGREEMENT is executed by the parties as of the above-written date.

SODEXO OPERATIONS, LLC

By:   
\_\_\_\_\_  
Marc Blass  
Vice President and Treasurer  
Authorized Signatory

Date: 10/26/23

MONTGOMERY COUNTY, MARYLAND

By:   
\_\_\_\_\_  
Marc Elrich  
County Executive

Date: 11/9/2023

Recommended by :   
\_\_\_\_\_  
Michael J. Coveyou  
Director, Department of Finance

Date: 10/30/2023

**The Economic Development Fund Agreement, in its template form, including the Exhibit A and B conditions, has been approved as to form and legality by the County Attorney's Office on January 4, 2017.**

ECONOMIC DEVELOPMENT FUND AGREEMENT  
BETWEEN MONTGOMERY COUNTY AND SODEXO OPERATIONS, LLC

Exhibit A

1. Grant Disbursement Conditions: The grant will be disbursed to Sodexo Operations, LLC (“Recipient”), upon submission of the following documentation to the Department of Finance (DOF):
  - (A) The Recipient will provide an executed lease for at least 50,000 square feet of space at 915 Meeting Street, North Bethesda 20852 “(the Project Site)” for a minimum term of 10 years. If the term of the executed lease is shorter than the term of the conditional grant the Recipient must provide a letter of commitment to lease a comparable amount of space within Montgomery County for a term of no less than the term of the conditional grant.
  - (B) The Recipient will invest or cause to be invested a minimum of \$6,000,000 at the Project Site by April 30, 2024 and provide evidence of such investment in a manner acceptable to the County.
  - (C) The Recipient will provide proof of occupancy of the Project Site.
  - (D) The Recipient will submit to the County a copy of the most recent Maryland Unemployment Insurance Quarterly Contribution Report showing at least 275 full-time employees on the company payroll in Montgomery County.
  - (E) The Recipient will provide a “Certified Payroll Report” that lists each full-time employee on the payroll for all Sodexo, Inc.-related entities assigned to the Project Site. For purposes of this Agreement, those entities are Sodexo Operations, LLC, SDH Services East, LLC, Sodexo Global Services, LLC, and SDH Education East, LLC. For each employee, the list must include a unique identifier, employee initials, annual salary, and zip code of residence.

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ECONOMIC DEVELOPMENT FUND AGREEMENT  
BETWEEN MONTGOMERY COUNTY AND SODEXO OPERATIONS, LLC

Exhibit B

1. Term: The term of this conditional grant convertible to a loan is ten (10) years from the disbursement date of the grant.
2. Performance Provisions: The Recipient agrees to repay the grant in part or in full under the following circumstances:
  - (A) The Recipient will employ a minimum of 275 full-time permanent employees at the time of conditional grant disbursement and maintain, on a calendar year basis ending December 31 of each year, an annual aggregate average of 275 full-time permanent employees for the remainder the conditional grant term. Full-time employment will be measured using the documents submitted under the Reporting Section.

Aggregate average annual employment is the sum of average full-time permanent employment reported for each consecutive report year, divided by the sum of annual employment reports as of the most recent required reporting date.
  - (B) The Recipient will repay a pro-rata portion of the principal (\$254.55) and the associated portion of accrued interest due for every permanent full-time employee less than 275 but greater than 225. If the Recipient employs less than 225 full-time employees, the Recipient will repay the conditional grant and all outstanding interest in full. Any such sum, less any amounts previously repaid, would be due no later than 90 days from the measurement date.
  - (C) The Recipient will maintain the headquarters and related business operations in the County for the term of the conditional grant. If the Recipient fails to maintain its headquarters and business operations in the County for the term of the conditional grant, then the Recipient will repay all principal with interest of the conditional grant calculated from the date that grant funds are disbursed.
  - (D) The Recipient must submit all documentation requested in the Reporting Requirements for the term of the conditional grant. If the Recipient fails to provide any required documents within 60 days of their due date and after 14 days upon receipt of notice from the County, then the Recipient will repay all principal with interest of the conditional grant.
3. Repayment: In the event that any of the Performance Provisions are not met, the conditional grant would be converted into a loan, bearing an interest rate of three percent (3%) per annum, and calculated on a 360-day basis from the date the funds were disbursed. Repayment will be made in a lump sum on demand, or at the County's discretion, amortized



over a two-year period from the conversion date into a loan and payable in quarterly installments.

4. Reporting Requirements: The Recipient must submit the following reports to the County until the tenth anniversary date of the grant's disbursement, or if the grant is converted into a loan, until the loan is fully repaid.
- (A) Commencing January 31, 2025 and through January 31, 2034, the Recipient must submit copies of its Maryland Unemployment Insurance Quarterly Contribution Report filings for all four quarters of each calendar year for all Sodexo, Inc.-related entities assigned to the Project Site. For purposes of this Agreement, those entities are Sodexo Operations, LLC, SDH Services East, LLC, Sodexo Global Services, LLC, and SDH Education East, LLC.
  - (B) Commencing January 31, 2025 and through January 31, 2034 the Recipient will provide "Certified Payroll Reports" that list each full-time employee on the payroll for all Sodexo, Inc.-related entities assigned to the Project Site. For purposes of this Agreement, those entities are Sodexo Operations, LLC, SDH Services East, LLC, Sodexo Global Services, LLC, and SDH Education East, LLC. For each employee, the list must include a unique identifier, employee initials, annual salary, and zip code of residence. If job growth is required, the list should also include a marker indicating whether the employee was a new hire.
  - (C) The Recipient will use commercially reasonable efforts to provide to the County a copy of all press releases related to or associated with the Recipient's operations in the County within 30 days of the release date via mail, or e-mail to the following:

Mr. Peter McGinnity  
Manager, Economic Development Fund Programs  
Montgomery County Department of Finance  
101 Monroe Street, Suite 1500  
Rockville, Maryland 20850  
Tel: (240) 777-2011  
Email: [peter.mcginny@montgomerycountymd.gov](mailto:peter.mcginny@montgomerycountymd.gov)

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