



Martin O'Malley Governor
Anthony G. Brown Lt. Governor
Christian S. Johansson Secretary
Dominick E. Murray Deputy Secretary

October 28, 2009

Mr. Kyle Knoernschild
Branch Controller
Limbach Company LLC
10110 Senate Drive
Lanham, MD 20706

SUBJECT: Limbach Company LLC relocation and expansion project in Prince George's County, Maryland.

Dear Mr. Knoernschild:

The Department of Business and Economic Development (the "Department") and Prince George's County (the "County") understand that Limbach Company LLC (the "Company") is interested in expanding its current operations in Maryland (the "Project"). This letter is intended to describe the assistance that could be available to the Company for locating the Project in Prince George's County, Maryland.

The major provisions of any definitive commitment for assistance to the Project would be likely to include the following:

1. **THE SUBDIVISION.** The terms of this letter are based on the Department's and County's understanding that the Project will be located in Prince George's County, Maryland. These terms are not transferable to any other subdivision.

2. **PROJECT DESCRIPTION.** It is our understanding the Company will relocate and expand its existing Prince George's County regional office and fabrication facility by leasing approximately 40,000 square feet of existing space in the Brick Yard Business Park, Beltsville, Prince George's County, Maryland (the "Project Site") for a term of ten (10) years. We understand that the Company plans to invest approximately \$1,300,000 in the Project for tenant improvements, furniture, fixtures, and new equipment at the Project Site.

We further understand that the Company will retain its existing 150 permanent full-time employees at the Project Site and hire an additional 75 permanent full-time employees by December 31, 2012 for a total of at least 225 permanent full-time employees at the Project Site. "Full-time" means that an employee works at least 1,800 hours in a 12-month period.

We understand the Company intends to pay all of the employees in full-time permanent positions an hourly wage of at least 150% of the federal minimum wage. In addition, the Company intends to offer its employees an employer-subsidized health care benefits package.

We also understand that the Company will make its best efforts to use the Port of Baltimore, and Baltimore/Washington International Thurgood Marshall Airport for its shipping and transportation and utilize Maryland contractors and workers for construction at the Project Site.

Of course, any changes to the Project as outlined in this letter should be immediately brought to the Department's attention since they are likely to affect the Department's proposed assistance for the Project.

3. **DEPARTMENT PARTICIPATION.** The Department is willing to consider providing the following assistance to enable the Company to complete the Project in Prince George's County, Maryland:

(a) **Conditional Loan** under the Maryland Economic Development Assistance Fund (the "Loan"):

Borrower:	Limbach Company LLC or an entity acceptable to the Department.
Amount:	\$100,000
Approval:	The Loan is subject to approval by the Secretary of the Department.
Eligible Project Costs:	Those costs associated with the Project that are eligible for reimbursement under the Maryland Economic Development Assistance Fund.
Purpose:	The proceeds of the Loan would be used for Eligible Project Costs at the Project Site. Eligible Project Costs may include the acquisition, construction, or installation of machinery, equipment, fixtures, and leasehold improvements.
Collateral:	To be determined based upon the financial strength of the Borrower.
Guarantors:	To be determined based upon the financial strength of the Borrower.
Conditions Precedent	(1) The Borrower will have entered into a lease

- To Disbursement: agreement satisfactory to the Department and the County for approximately 40,000 square feet of office and fabrication space at the Project Site for a term of not less than ten (10) years.
- (2) The Department will have received satisfactory evidence that the County has approved and funded its incentive.
- Disbursement: The Loan would be disbursed for up to 70% of incurred Eligible Project Costs.
- Term: The term would be from disbursement through March 31, 2018.
- Interest Rate: Three percent (3%) fixed per annum.
- Repayment: All principal and accrued interest would be deferred over the term of the Loan. In the event that all of the Performance Criteria of the Loan are met over the term, all outstanding deferred principal and accrued interest would be forgiven at the end of the Loan term. In the event that any of Performance Criteria are not met, the Loan would be repayable as described in the Conditions section.
- Performance Criteria: (1) The Borrower will employ at least 150 permanent full-time employees at the Project Site from disbursement through December 31, 2017.
- (2) The Borrower will have at least 225 permanent full-time employees at the Project Site by December 31, 2012 and retain at least that amount through December 31, 2017.
- Full-time employment will be measured as of December 31st of each required year as an average of the four prior calendar quarter end (March 31st, June 30, September 30, and December 31st) employment report totals. Quarterly employment reports are to be collectively submitted to the Department by January 31st of the following year with the first reporting beginning December 31, 2010.

(3) The Borrower will have expended an aggregate minimum of \$1,300,000 (including the Loan and identifiable tenant costs amortized in the lease) on Project Costs at the Project Site by March 1, 2010.

(4) The Borrower will maintain the lease, its regional office, and fabrication facility in the County for the term of the Loan.

Conditions:

(A) If at any time during the term of the Loan the Borrower does not meet Performance Criteria (1), or (4), or does not meet Performance Criteria (3) by March 1, 2010, all accrued principal and interest under the Loan would be repayable.

(B) If at any time during the term of the Loan the Borrower does not meet Performance Criteria (2), the Borrower would repay a pro rata portion of principal (\$1,333) and the associated portion of accrued interest due for every permanent full-time employee less than 225 but greater than 150. Such sum, less any amounts previously repaid, would be due no later than 90 days from the measurement date.

(C) The Loan must close and be fully funded within six (6) months of the acceptance date of this letter.

Please contact Mr. Harry Carroll, Finance Specialist, Office of Finance Programs, DBED, at 410-767-6360, toll-free at 877-821-0099, or email at hcarroll@choosemaryland.org, for additional information.

4. **PRINCE GEORGE'S COUNTY INCENTIVES.** The County is willing to consider providing the following assistance to enable the Company to complete the Project in Prince George's County, Maryland:

(a) **Forgivable Loan:** Prince George's County has created an Incentive Leverage Fund (ILF) that is used to match State of Maryland incentive funds. The President and CEO of the Prince George's County Economic Development Corporation, Mr. Kwasi Holman, has approved the offer of a \$20,000 conditional loan for the Company that will mirror the terms and conditions of the State of Maryland's MEDAF conditional loan of \$100,000 in all material aspects. The conditional loan from the Prince George's County Incentive Leverage fund requires approval from the County Executive and a resolution and vote from the County Council endorsing the project and authorizing its financing.

(b) **Permit Assistance:** The Prince George's County Economic Development Corporation (EDC) will offer assistance to the Company so that it will obtain building permits and a Use and Occupancy certificate in a timely manner. This service is offered as a supplement to the company's submission of permit applications.

5. **OTHER INCENTIVES.** In addition to the incentives described above, the State would provide, through the appropriate state and local governmental instrumentalities, certain incentives to induce the Company to expand in the State, including:

(a) **Job Creation Tax Credit.** The Company could be eligible for a Job Creation Tax Credit if the new or expanded facility is primarily engaged in business services and is located in one of the following "priority funding areas": an incorporated municipality, within the Baltimore Beltway, within the Maryland portion of the Washington, D.C. Beltway, in a federal empowerment zone, in a Maryland Enterprise Zone, in a Department of Housing and Community Development ("DHCD") designated neighborhood, in one area in a county designated by the county as a priority funding area, or in that portion of the port land use development zone that has been designated as an area appropriate for growth in the county comprehensive master plan.

To qualify for the Job Creation Tax Credit, most business entities must create at least 60 "qualified positions" (permanent newly created Maryland positions of at least 1,680 hours per year resulting from the establishment or expansion of a business facility in a single location in the state and paying at least 150% of the federal minimum wage) within a 2-year period. The 60-new job minimum is reduced to a 30-new job minimum if the aggregate annual payroll for the qualified positions exceeds the statutory threshold, which is currently \$2.66 million. The 60-new job minimum is reduced to 25 new jobs if the facility is located in one of the "priority funding areas" listed above. As the Brick Yard Business Park is in one of these "priority funding areas" this project would require that at least 25 new jobs be created within a two year period to qualify for this credit.

Credit granted will be the lesser of \$1,000 or 2.5% of a year's wages for each new employee in a qualified position. The maximum credit allowed during any credit year for a single facility is \$1 million. The credit is allowed ratably, with 1/2 to be taken in the credit year and 1/2 taken in the following year (or carried forward, if necessary). If, during the three (3) years succeeding the credit year, the average number of qualified positions falls below the applicable minimum number of qualified positions, all credits shall be recaptured. If the number of qualified positions falls more than 5%, but not below the applicable minimum number of qualified positions, then the credit is recaptured in proportion to the decline in qualified employees.

(b) **Maryland Disability Employment Tax Credit.** The Maryland Disability Employment Tax Credit ("MDETC") is a Maryland State tax credit that allows employers to claim credit for employees with disabilities.

- For the first taxable year, a credit is allowed in an amount equal to 30% of up to the first \$6,000 (\$1,800) of wages paid during the first year and 20% of up to the first \$6,000 (\$1,200) of wages paid during the second year of employment. Employers can

also benefit from a tax credit for work-related childcare or transportation expenses paid by the employer. A credit of up to \$600 of the qualified childcare or transportation expenses incurred during the first year of employment and up to \$500 for the second year. The MDETC may be claimed concurrently with any available federal tax credits for which the employee may be eligible.

- The Company must hire an individual with a disability and obtain a determination from the Division of Rehabilitation Services (“DORS”) of the Maryland State Department of Education, or the Maryland Department of Labor, Licensing, and Regulation for a disabled veteran, that the individual is a qualified employee with a disability.

(c) **Maryland Commuter Tax Credit.** Maryland employers that pay for part or all of eligible monthly commuting expenses for their employees can qualify for a tax credit equal to 50% of the cost of those expenses with a cap of \$50 per employee per month. This includes expenses incurred for monthly usage of bus or rail service provided by the Washington Metropolitan Area Transit Authority or the Maryland Mass Transit Administration, MARC trains and vanpools. The credit can be claimed against State income taxes, financial institution franchise taxes, or insurance premium taxes. When combined with federal tax incentives, this State tax credit allows employers to offer a new employee benefit for a fraction of the total cost. Please call the Maryland Mass Transit Administration at 410-767-8755 for more details.

(d) **University of Maryland Technology Extension Service (“TES”).** TES engineers help individual companies identify and solve critical short-term engineering concerns, provide general guidance in solving long-term problems, and serve as a point of contact with other Engineering Research Center programs and the University staff and faculty.

(e) **Workforce Recruitment.** The Maryland Job Service provides recruitment and screening services based on the specifications of the company at no cost. It maintains a state/nationwide data bank of job seekers. Both the Job Service and local job training agencies perform client screening for all job creation.

6. **CONDITIONS.** The extension of financial assistance will be subject to the Department’s and County’s due diligence review of the Company’s business and financial affairs and documentation satisfactory to the Department’s and County’s counsel. Any financial assistance for the Project will be subject to approval by the appropriate authorities, and will be subject to the availability of funding and adequate appropriations, the payment of applicable fees, and compliance with all applicable state and federal laws.

Any public communication (i.e., letters to legislators, press releases, discussion with local media, tombstone ads, staged events with public officials) about the proposed project must first be agreed to by the Department’s Communications Office, at 410-767-6317, since erroneous or premature publicity could affect the composition of the incentives under discussion.

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Recipients of the Department's financial assistance are prohibited from discriminating on the basis of race, color, sex, religion, or national or ethnic origin in the hiring of contractors (or permitting contractors to discriminate in hiring of subcontractors) for projects funded by that financial assistance. The recipient agrees to support the State's interest in expanding procurement opportunities for contractors and vendors who are minority business enterprises ("MBEs"). The recipient will designate an individual to identify procurement opportunities in the Project and to work cooperatively with the Department's Equal Opportunity Office to identify MBEs that have the capacity to provide goods or services for the Project. (Contact the Equal Opportunity Office at 410-767-6469, 401 E. Pratt Street, 5th Floor, Baltimore, Maryland 21202.) The recipient will submit a list, updated at least annually until the Project is completed, of the MBEs from which goods or services were procured, and the nature and dollar amount of the goods or services.

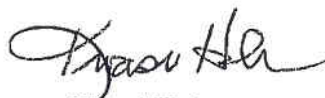
7. **EXPIRATION.** If this letter represents your understanding of the arrangements we have discussed, please sign in the space provided and return this letter to the Department as soon as possible, but no later than **November 30, 2009**, to expedite negotiations and preserve the Project's high priority status. While this letter is intended as a non-binding expression of intent rather than an enforceable commitment, and while material provisions that will be critical to an acceptable agreement are absent from this summary, we hope that it will serve as a useful framework for the prompt completion of negotiations.

The Department invites you to contact Mr. Harry M. Carroll of the Office of Finance Programs' Staff, DBED, at 410-767-6360, toll-free at 877-821-0099, email at hcarroll@choosemaryland.org, for details and further steps. We look forward to working with you.

Sincerely,



Christian S. Johansson
Secretary
Department of Business and Economic
Development



Kwasi Holman
President and CEO
Prince George's County Economic Development
Corporation

Accepted this 17th day of November, 2009

Limbach Company LLC

By: Rle F. Knoernschild
Name: Kyle F. Knoernschild
Title: Branch Controller

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Upon signing, please return this letter directly to Mr. Harry M. Carroll, Finance Specialist, Office of Finance Programs, DBED, 17th Floor, 401 E. Pratt Street, Suite 1760, Baltimore, MD 21202.

cc: Mr. Harry Carroll, Finance Specialist, Office of Finance Programs, DBED

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bcc: Mr. William Gardiner, Director, Business Resource and Project Analysis, Prince
George's County Economic Development Corporation
Ms. Laila Atallah, Counsel, DBED
Mr. Timothy Doyle, Manager, Office of Finance Programs, DBED
Mr. James Henry, Program Director, Office of Finance Programs, DBED
Ms. Karen Glenn Hood, Deputy Director/PIO, Marketing & Communications, DBED
Mr. Jayson Knott, Acting Deputy Program Director, Office of Business Development,
DBED
Mr. David Lewis, Acting Sr. Business Development Representative, DBED
Mr. Dominick Murray, Deputy Secretary, DBED
Mr. Everett Ross, Director, EEO & Fair Practices, DBED
Ms. Jane Silver, Workflow Coordinator, Office of Finance Programs Accounting and
Administration, DBED
Mr. Mark Vulcan, Manager, Tax Programs, Office of Finance Programs, DBED
Mr. Robert Walker, Assistant Secretary, Business and Enterprise Development, DBED