



**Martin O'Malley** Governor  
**Anthony G. Brown** Lt. Governor

**Dominick E. Murray** Secretary  
**Robert L. Walker** Deputy Secretary

April 11, 2014

Mr. Ken Bianchi  
Chief Financial Officer  
Thompson Creek Window Company  
5000 Philadelphia Way  
Lanham, Maryland 20706

**SUBJECT:** Thompson Creek Window Company relocation and expansion project in Prince George's County, Maryland.

Dear Mr. Bianchi:

The Department of Business and Economic Development (the "Department") and Prince George's County (the "County") are pleased to support Thompson Creek Window Company and its affiliates (the "Company") in its initiative to expand its headquarters, manufacturing, and warehouse operations in Prince George's County, Maryland (the "Project").

1. **THE SUBDIVISION.** This letter is intended to describe the major elements of the transaction and the assistance that may be offered to the Company for retaining and expanding the Project in Prince George's County, Maryland. These terms are not transferrable to any other subdivision.

2. **PROJECT DESCRIPTION.** As we understand the Project, the Company will maintain a headquarters facility at either 5000 Philadelphia Way, Lanham, Maryland and/or 1775 Brightseat Road, Landover, Maryland; and/or another location in the County (the "Existing Facility") and lease a new 125,000 square foot manufacturing, warehouse, and office facility being constructed at 8210 Penn Randall Place, Upper Marlboro, Maryland (the "New Facility"); or combine the Existing Facility into the New Facility, which is scheduled to be completed by February 28, 2016 (the Existing Facility and the New Facility are collectively known as the "Project Site"). The New Facility will be developed and initially owned by 8300 Penn, LLC, a joint venture owned by principals of the Company and Chesapeake Real Estate Group, LLC (the "LLC"). Anticipated project costs at the Project Site will be approximately \$20,000,000 (the "Project Costs") consisting of approximately \$17,000,000 to be spent by the LLC for the land purchase and costs of construction, and approximately \$3,000,000 to be spent by the Company in furniture, fixtures and equipment costs. We further understand the Company will retain its existing 330 permanent full-time employees and hire an additional 150 new permanent full-time employees for a total of 480 permanent full-time employees at the Project Site by December 31, 2021.

“Full-time” means that an employee works at least 1,800 hours in a 12-month period, is paid an hourly wage of at least 150% of the prevailing federal minimum wage and is eligible for an employer-subsidized health care benefits package. A new full-time permanent position at the Project Site would be a net new position to the State and would not include the movement of existing Company employees at other locations in the State, or employees of a company acquired by the Company after this date, if the employee’s place of employment immediately before the acquisition was elsewhere in the State.

We also understand the Company will use its best efforts to use Baltimore/Washington International Thurgood Marshall Airport and the Port of Baltimore for its shipping and transportation and Maryland contractors and construction workers for construction associated with the Project. Additionally, Maryland strongly supports our military personnel and encourages companies to use their best efforts to employ veterans.

Of course, any changes to the Project as outlined in this letter should be immediately brought to the Department’s attention since they could 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 at the Project Site in Prince George’s County, Maryland. *(Only one of the two Maryland Economic Development Assistance Fund offers may be accepted by the Company.)*

(a) **Loan** under the Maryland Economic Development Assistance Fund (the “Loan”):

Borrower:	8300 Penn, LLC, or an entity acceptable to the Department.
Amount:	<b>up to \$4,000,000</b>
Purpose:	The proceeds of the Loan would be used to reimburse Eligible Project Costs at the Project Site.
Eligible Project Costs:	Those costs associated with the Project that are eligible for reimbursement under the Maryland Economic Development Assistance Fund program. This would include the construction or acquisition of a building or real property and the acquisition, construction, or installation of machinery, equipment, furnishings, fixtures, leasehold improvements, site improvements, or infrastructure improvements at the Project Site.
Disbursement:	The Loan would be disbursed for up to 70% of incurred Eligible Project Costs.

- Approval: The Loan is subject to approval by the Maryland Economic Development Assistance Authority.
- Term: The term of the Loan will be ten (10) years with a twenty (20) year amortization.
- Interest Rate: One percent (1%) fixed per annum.
- Repayment: Monthly principal and interest payments over the term, with a balloon payment due at the end of the term for any outstanding principal and interest.
- Collateral: The Loan will be secured by an insured second lien and assignment of leases and rents on the property, which will be subordinate in lien position to approved senior indebtedness on the property associated with any interim bridge loan, construction loan, or permanent take-out loan. The total loans (comprised of the Loan and any approved senior indebtedness) to MAI appraised market value for the property will not exceed 80%.
- Guarantors: Thompson Creek Window Company.
- Conditions Precedent To Disbursement:
- (1) The Borrower will furnish evidence acceptable to the Department of its ownership/control of the Project Site.
  - (2) The Borrower will furnish evidence acceptable to the Department of its commitment to the construction of approximately 125,000 square feet of new manufacturing/warehouse/office space at the Project Site.
  - (3) The Department will have received satisfactory evidence that the Company employs a minimum of 330 full-time permanent employees at the Project Site and/or the existing manufacturing facility.

(4) The Department will have received satisfactory evidence that the County has approved and funded its loan incentives.

Performance Criteria:

(1) The Company will employ at least 330 permanent full-time employees at the Project Site for the term of the Loan.

(2) The Company will employ at least 360 full-time permanent employees at the Project Site by December 31, 2017, 390 by December 31, 2018, 420 by December 31, 2019, 450 by December 31, 2020, and 480 full-time permanent employees at the Project Site by December 31, 2021. Thereafter, the Company will employ at least 480 full-time permanent employees at the Project Site for the remaining term of the Loan.

Full-time employment will be measured annually as of December 31<sup>st</sup> of each required year, with employment reports due to the Department by January 31<sup>st</sup> of the following year, with the first measurement date being the first December 31<sup>st</sup> following disbursement.

(3) The Borrower will spend or cause to be spent at least \$17,000,000 (including the Loan) in Project Costs at the Project Site by December 31, 2016.

(4) The Company will maintain its headquarters, manufacturing, and warehouse operations at the Project Site for the term of the Loan.

Conditions:

(A) With respect to the employment requirements, if the Company does not meet the requirements outlined in the Performance Criteria section at each employment measurement date, the interest rate on the Loan would increase by one percent (1%) for every 25 permanent full-time employees less than the goals. The rate change would be effective on January 1<sup>st</sup> after each measurement date.

(B) If at any time during the Loan the interest rate reaches 10%, the Loan would be repaid in full at the discretion of the Department.

(C) If the Borrower and/or the Company do not meet Performance Criteria (3), or (4), the Loan would be repaid in full at the discretion of the Department.

(D) The Loan must be documented and closed by December 31, 2014.

**OR**

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

Borrower:	8300 Penn, LLC, or an entity acceptable to the Department.
Amount:	<b>\$750,000</b>
Approval:	The Conditional Loan is subject to approval by the Secretary of the Department.
Purpose:	The proceeds of the Conditional Loan would be used to reimburse Eligible Project Costs at the Project Site.
Eligible Project Costs:	Those costs associated with the Project that are eligible for reimbursement under the Maryland Economic Development Assistance Fund program. This would include the construction or acquisition of a building or real property and the acquisition, construction, or installation of machinery, equipment, furnishings, fixtures, leasehold improvements, site improvements, or infrastructure improvements at the Project Site.
Term:	The term of the Conditional Loan would be ten (10) years from disbursement.
Interest Rate:	Three percent (3%) fixed per annum.
Repayment:	All principal and accrued interest would be deferred over the term of the Conditional Loan. In the event that all of the Performance Criteria of the Conditional Loan are met over the term, all outstanding deferred principal and accrued interest

would be forgiven at the end of the Term. In the event that any of the Performance Criteria are not met, the Conditional Loan would be repayable as described in the Conditions section.

**Disbursement:** The Conditional Loan would be disbursed for up to 70% of incurred Eligible Project Costs.

**Collateral:** The Conditional Loan will be secured by an insured second lien and assignment of leases and rents on the property, which will be subordinate in lien position to approved senior indebtedness on the property associated with any interim bridge loan, construction loan, or permanent take-out loan. The total loans (comprised of the Conditional Loan and any approved senior indebtedness) to MAI appraised market value for the property will not exceed 80%.

**Guarantors:** Thompson Creek Window Company.

**Conditions Precedent  
To Disbursement:**

(1) The Borrower will furnish evidence acceptable to the Department of its ownership/control of the Project Site.

(2) The Borrower will furnish evidence acceptable to the Department of its commitment to the construction of approximately 125,000 square feet of new manufacturing/warehouse/office space at the Project Site.

(3) The Department will have received satisfactory evidence that the Company employs a minimum of 330 full-time permanent employees at the Project Site and/or the existing manufacturing facility.

(4) The Department will have received satisfactory evidence that the County has approved and funded its loan incentives.

**Performance Criteria:**

(1) The Company will employ at least 330 permanent full-time employees at the Project Site for the term of the Loan.

(2) The Company will employ at least 360 full-time permanent employees at the Project Site by December 31, 2017, 390 by December 31, 2018, 420 by December 31, 2019, 450 by December 31, 2020, and 480 full-time permanent employees at the Project Site by December 31, 2021. Thereafter, the Company will employ at least 480 full-time permanent employees at the Project Site for the remaining term of the Loan.

Full-time employment will be measured annually as of December 31<sup>st</sup> of each required year, with employment reports due to the Department by January 31<sup>st</sup> of the following year, with the first measurement date being the first December 31<sup>st</sup> following disbursement.

(3) The Borrower will spend or cause to be spent at least \$17,000,000 (including the Loan) in Project Costs at the Project Site by December 31, 2016.

(4) The Company will maintain its headquarters, manufacturing, and warehouse operations at the Project Site for the term of the Loan.

Conditions:

(A) If at any time after December 31, 2016, full-time employment at the Project Site falls below 295 full-time employees, all outstanding unpaid interest and principal under the Conditional Loan would be repaid.

(B) With respect to the employment requirements, if the Company does not meet the requirements outlined in the Performance Criteria section at each employment measurement date the Company would repay a pro-rata portion of principal (\$4,054.05) and the associated portion of accrued interest due for every permanent full-time employee less than the required amount, less any amounts previously repaid. Such sum would be due no later than 90 days from the measurement date.

(C) If the Borrower and/or the Company does not meet Performance Criteria (3), or (4) the Borrower would repay the Conditional Loan in full.

(D) The Conditional Loan must be documented and closed by December 31, 2014.

(c) **Maryland Industrial Development Financing Authority (“MIDFA”):**

**Credit Insurance:** The program facilitates private sector financing of economic development projects by providing credit insurance to reduce the lender’s collateral risk and to increase the borrower’s access to capital. The level of assistance would be negotiated with the financial institution and would be subject to approval by the MIDFA Board. The Company would be responsible for fees and expenses that result from the transaction, including bond issuance fees, credit insurance premiums, and bond counsel.

**Tax-Exempt Bonds:** Issuance of tax-exempt bonds to manufacturers up to \$10 million, which may be subject to a bond allocation restriction. Eligibility is limited by Federal tax law. The uses of funds include most business applications such as land acquisition, building acquisition, construction costs, machinery and equipment, furnishings and fixtures, leasehold improvements, and certain eligible “soft costs”.

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) **Financial Assistance.** Prince George’s County has created an Economic Development Incentive Fund (“EDI Fund”) to support job retention and attraction and economic development and redevelopment in Prince George’s County. Prince George’s County will offer *either* a **\$1,000,000** repayable loan *or* a **\$250,000** conditional loan from the EDI Fund to enable the Company to complete the Project at the Project Site, subject to terms, conditions, and performance criteria that are generally consistent with the Department’s financial assistance in all material respects. The EDI Fund assistance requires approval by the County Chief Administrative Officer and notice to the Prince George’s County Council.

(b) **Prince George’s County New Jobs Creation Tax Credit.** It is Prince George’s County’s understanding that the Company proposes to create approximately 150 new jobs upon completion of its expansion in Prince George’s County.

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If a business entity meets the requirements below, Prince George’s County will grant a New Jobs Tax Credit for new or expanded premises and the personal property located on those premises that may be claimed against the County property taxes that would otherwise be due to equal a percentage of the amount of property tax imposed on the assessment of the new or expanded premises, as follows:

- (1) 52% during the first and second taxable years in which a credit is allowed;
- (2) 39% during the third and fourth taxable years in which a credit is allowed;



- (3) 26% during the fifth and sixth taxable years in which a credit is allowed; and
- (4) 0% for each taxable year thereafter.

To qualify for a New Jobs Tax Credit a business entity shall:

- obtain at least 5,000 square feet of new or expanded premises in the County (located in a PFA) by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, or leasing newly constructed premises; and
- employ at least 25 persons, of which at least thirty percent (30%) shall be County residents, in new permanent full-time positions located in the new or expanded premises in the County during a 24-month period, during which the business entity must also occupy the new or expanded premises.
- notify the County, before it obtains the new or expanded premises or hires employees to fill new permanent full-time positions, that the business intends to claim the tax credit.

*It is the policy of Prince George's County to encourage and in some cases require businesses that accept financial assistance from the EDI Fund, and other economic development tools and incentives, to commit to specific goals or minimum requirements for local, small, and/or minority business (LSMBE) participation in the projects that are being supported by the financial assistance. Prince George's County endorses the goal of improving the quality of life for all citizens by strengthening the economic capacity of its local, small, and minority business communities. As a condition of assistance, Thompson Creek Window Company will be expected to do enter into an agreement with the County to meet specified LSMBE goals and requirements.*

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

(a) **Job Creation Tax Credit.** The Company could be eligible for a Job Creation Tax Credit if it establishes or expands a Maryland business facility that is primarily engaged in manufacturing or a company headquarters and the facility is located in a State priority funding area.

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 60 multiplied by the State's average annual salary. The 60 new job

minimum is reduced to 25 new jobs if the facility is located in a State priority funding areas. The facility is located in a municipality, which is a State priority funding area, therefore the 60 new job minimum is reduced to 25 new jobs.

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) **Inventory Tax Exemptions**: The County exempts 100% of commercial inventory from personal property tax.

(c) **Sales Tax Exemptions**. The Company could be exempt from state sales taxes on equipment that is purchased for use in a production activity, tangible personal property consumed in a production activity, and energy sources consumed directly and predominately in a production activity, in connection with the Company's production.

(d) **Single Sales Factor Apportionment for Manufacturing Corporations**. Maryland's corporate tax law provides that a manufacturer's income tax is based solely on its percentage of in-State sales. A single sales factor apportionment formula is used to apportion income to the State, for purposes of the corporate income tax, for "manufacturing corporations" that carry on a trade or business in and out of the State.

(e) **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.

(f) **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.

*For additional information, please contact Mr. Mark Vulcan, Program Manager, Tax Incentives, Office of Finance Programs, DBED, at 410-767-6438, toll-free at 877-821-0099, or email at mvulcan@choosemaryland.org.*

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. The Loan or Conditional Loan is subject to approval by all appropriate approval authorities. A later commitment for any financial assistance 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 410-767-6318, since erroneous or premature publicity could affect the composition of the incentives under discussion.


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.

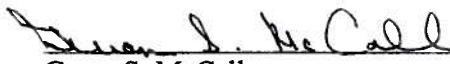
Mr. Ken Bianchi  
April 11, 2014  
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7. **EXPIRATION.** While this letter is intended as a non-binding expression of intent rather than an enforceable commitment, and while material provisions that will be critical to an acceptable agreement are absent from this summary, we hope that it will serve as a useful framework for the prompt completion of negotiations. Please sign and return this letter to the Department as soon as possible, but no later than **May 15, 2014**, to expedite negotiations and preserve the Project's high priority status.

The Department invites you to contact Mr. Timothy P. Doyle or Ms. Kimberly Mullaney of the Office of Finance Programs, DBED, at 410-767-2369 or 410-767-6365 for details and further steps. We look forward to working with you.

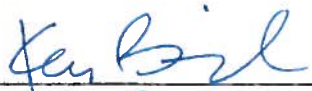
Sincerely,

  
\_\_\_\_\_  
Dominick E. Murray  
Secretary  
Department of Business  
and Economic Development

  
\_\_\_\_\_  
Gwen S. McCall  
President & CEO  
Prince George's County  
Economic Development Corporation

Accepted this 30<sup>th</sup> day of July, 2014

Thompson Creek Window Company

By:   
\_\_\_\_\_  
Name: Ken Bianchi  
\_\_\_\_\_  
Title: CFO  
\_\_\_\_\_  
FID#: \_\_\_\_\_

**Upon signing, please return this letter directly to Ms. Kimberly Mullaney, Finance Specialist, Office of Finance Programs, DBED, 17<sup>th</sup> Floor, 401 E. Pratt Street, Baltimore, MD 21202.**

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cc: Mr. Larry Hentz, Business Development Specialist, Prince George's County Economic Development Corporation  
Mr. David Iannucci, Assistant Deputy CAO for Economic Development and Public Infrastructure, Prince George's County  
Mr. Timothy P. Doyle, Program Manager, Office of Finance Programs, DBED  
Ms. Kimberly Mullaney, Finance Specialist, Office of Finance Programs, DBED  
Mr. Mark Vulcan, Program Manager, Tax Incentives, Office of Finance Programs, DBED