

October 15, 2018

Mr. Ralph Sita, Jr.  
 Chief Executive Officer  
 Cybrary, Inc.  
 7833 Walker Drive  
 Suite 510  
 Greenbelt, Maryland 20770

**SUBJECT:** Relocation and expansion of Cybrary, Inc., headquarters and cybersecurity business in Prince George's County, Maryland.

Dear Mr. Sita:

The Department of Commerce (the "Department") and Prince George's County (the "County") are pleased to support Cybrary, Inc. (the "Company") in its initiative to relocate and expand its headquarters and cybersecurity business in Prince George's County, Maryland (the "Project").

Below is a summary of the proposed State and County assistance for the Project that is further defined in the body of this letter:

<b>Assistance</b>	<b>Source</b>	<b>Amount</b>
<b><u>Conditional Loans/Grants/Expense Reductions</u></b>		
MEDAF – Conditional Loan <i>Refer to Section 3(a) for details</i>	State	<b>\$750,000</b>
Prince George's County Conditional Loan <i>Refer to Section 4(a) for details</i>	County	<b>\$250,000</b>
<b><u>Tax Credits</u></b>		
Job Creation Tax Credit – based upon underlying assumptions provided by the Company and subject to availability. <i>Refer to Section 5(a) for details</i>	State	<b>\$1,145,000</b>
<b>Total</b>		<b>\$2,145,000</b>

Mr. Ralph Sita, Jr.  
Chief Executive Officer  
Cybrary, Inc.  
October 15, 2018  
Page 2 of 11

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

2. **PROJECT DESCRIPTION.** As we understand the Project, the Company plans to relocate and expand its business activities by leasing approximately 11,000 square feet of space at 5801 University Research Court, Riverdale, Maryland through 2019 and then move to 4600 River Road, Riverdale, Maryland and lease approximately 25,000 square feet of space. (Both 5801 University Research Court and 4600 River Road will be collectively known as the "Project Site"). Total "Project Costs" at the Project Site are estimated to be \$2,800,000. Site buildout and equipment installation is anticipated to occur from 2018 through 2020 at the Project Site. We further understand that the Company will retain its existing 27 permanent full-time employees and employ an additional 229 permanent full-time employees, for a total of 256 at the Project Site by December 31, 2024.

"Full-time" means 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 employee is 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. "Permanent" means that the employee is on the payroll of the Company and not employed under a contract relationship.

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 of the Project Site. Additionally, Maryland strongly supports our military personnel and encourages companies to use their best efforts to employ veterans.

Of course, any material 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 will provide the following assistance to enable the completion of the Project at the Project Site in Prince George's County, Maryland:

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

Mr. Ralph Sita, Jr.  
Chief Executive Officer  
Cybrary, Inc.  
October 15, 2018  
Page 3 of 11

Borrower:	Cybrary, Inc., or an affiliated entity acceptable to the Department.
Amount:	<b>\$750,000</b>
Approval:	The Loan is subject to approval by the Secretary of the Department.
Purpose:	The proceeds of the Loan would be used to reimburse the Borrower for Eligible Project Costs at the Project Site, not otherwise reimbursed by the Landlord or another third party.
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 costs arising from 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 Loan will be ten (10) years.
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 the Performance Criteria are not met, the Loan would be repayable as described in the Conditions section.
Disbursement:	The Loan would be disbursed for up to 70% of Borrower's directly incurred Eligible Project Costs at the Project Site, not otherwise reimbursed by the Landlord or another third party.
Collateral	The Loan will be 100% secured by collateral satisfactory to the Department.

Conditions Precedent  
To Disbursement:

(1) The Borrower will employ at least 27 permanent full-time employees at the Project Site.

(2) The Borrower will provide acceptable evidence of its lease of the 4600 River Road facility containing at least 25,000 square feet.

(3) The Borrower will have expended at least \$1,100,000 of Eligible Project Costs at the Project Site, not otherwise reimbursed by the Landlord or another third party against which the Loan may be disbursed.

(4) The County will have approved and funded its Conditional Loan as described in Section 4 (a) below. The closing and funding of the County Conditional Loan is a requirement of the closing and funding of the Loan.

(5) Documentation and closing of the Loan Agreement.

Performance Criteria:

(1) The Borrower will employ at least 27 permanent full-time employees at the Project Site at all times during the term of the term of the Loan.

(2) The Borrower will employ at least 256 permanent full-time employees at the Project Site as of December 31, 2024, and retain at least that level of employment 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 reporting beginning the first December 31<sup>st</sup> following disbursement. The Company will initially provide an employment report at closing and disbursement of the Loan.

(3) The Borrower will spend or cause to be spent a minimum of \$2,800,000 in Project Costs at the Project Site by December 31, 2020. The Loan

Mr. Ralph Sita, Jr.  
Chief Executive Officer  
Cybrary, Inc.  
October 15, 2018  
Page 5 of 11

proceeds may count as part of the \$2,800,000 spending requirement.

(4) The Borrower will maintain its headquarters and cybersecurity business at the Project Site for the term of the Loan.

(5) The Borrower will remain in compliance with the terms of the County Conditional Loan during the term of the Loan.

Conditions:

(A) If as of December 31, 2024 or any annual measurement date thereafter, the Borrower does not achieve Performance Criteria (2) the Borrower will repay a pro rata portion of the principal (\$3,275) plus the associated portion of accrued interest for each position less than 256 but greater than 26. If the Borrower employs less than 27 positions, the Loan will be repaid.

(B) If the Borrower does not meet Performance Criteria Performance Criteria (1), (3), (4) or (5) all principal and accrued interest under the Loan will be repaid.

(C) The Loan will close and be fully funded by March 31, 2021.

(b) **Partnership for Workforce Quality Grant.** The Partnership for Workforce Quality can reimburse qualifying companies for up to 50% of the direct costs of training and can also provide professionals to assist businesses in connecting with other State resources available for productivity and training needs assessments and to advise businesses about training curriculum development. Commerce could provide the Company with a Grant for reimbursement of 50% of eligible training costs. The Company would need to submit an application with all supporting information about the training programs to enable the Department to determine the eligibility of the Company's training costs for reimbursement under the Grant.

*Please contact Mr. Faye Nwoko, Senior Business Development Representative, Maryland Department of Commerce at 410-767-6791, [faye.nwoko@maryland.gov](mailto:faye.nwoko@maryland.gov) to make application for the Partnership for Workforce Quality Grant.*

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

(a) **Financial Assistance – Conditional Loan**: The 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. Under the matching provisions of the State’s MEDAAF Program, the County will offer a separate **\$250,000** conditional loan to enable the Company to complete the Project at the Project Site, subject to the normal application process, due diligence, terms, conditions, collateral requirements, and performance criteria that are consistent with the Department’s Conditional Loan in all material respects. (Please note that the County’s definition of “Full-time” means an employee who works at least 1,800 hours in a 12-month period, is paid an hourly wage of at least 100% of the County’s prevailing minimum wage and is eligible for an employer-subsidized health care benefits package. The County’s minimum wage is currently \$11.50 per hour, a higher standard than the State’s requirement of 150% of the federal minimum wage. Additionally, a new full time permanent employee is 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.)

The EDI Fund conditional loan requires approval by the County Chief Administrative Officer and notice to the Prince George’s County Council. Additionally, the County Council must pass a County Resolution in support of Cybrary, Inc. receiving the Loan from the State of Maryland.

*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, Cybrary, Inc. will be expected to enter into an agreement with the County to meet specified LSMBE goals and requirements.*

(b) **Workforce Services**. Employ Prince George’s (EPG) has the responsibility of developing integrated and comprehensive solutions to the workforce needs of County employers. EPG will offer the following services for the Project at no cost to the Company:

- Customized Recruitment, Pre-screening, and Assessment of job candidates;
- Customized Training (administrative and soft skills, up to 50 percent of shared costs);
- Screening for various tax credit opportunities due to creating new employment; and
- Dedicated EPG staff to provide these services.

Mr. Ralph Sita, Jr.  
Chief Executive Officer  
Cybrary, Inc.  
October 15, 2018  
Page 7 of 11

Regulations limit the ability of the EPG to use some of its program resources for recruitment of new companies. However, once the Company is established in the County, EPG will create customized, on-the-job training for a wide range of skills and provide reimbursement of up to 50% of the participant's wage rate. For example, the On-the-Job-Training/Customized Training can reimburse 50% of the employer's training costs, up to \$50,000. Should the Company decide to locate in the County, the above mentioned training strategies are available, as this would be an expansion into our region with no displacement of workers, the programs can be implemented without the 120-day wait period.

*Please contact Ms. Ebony Stocks, EDI Fund Business Development Specialist, Prince George's County Economic Development Corporation, 1801 McCormick Drive, 3<sup>rd</sup> Floor, Largo, Maryland, 301-583-4610, EPStocks@co.pg.md.us for additional information regarding County assistance.*

5. **OTHER INCENTIVES.** In addition to the incentives described above, the State could provide, through the appropriate state and local governmental instrumentalities, certain other incentives to induce the Company to locate at the Project Site, 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, mining, transportation, communications, agriculture, forestry, fishing, research, development, testing, biotechnology, computer programming, data processing or other computer related services; central financial, real estate, or insurance services; the operation of central administrative offices or a company headquarters; a public utility; or warehousing. The new or expanded facility may also qualify for the credit if it 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 sustainable community as defined in Section 6.01 of the Housing and Community Development ("DHCD") Article, in any 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.

For businesses applying for certification for the Job Creation Tax Credit after December 31, 2017, to qualify, 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 120% of State minimum wage) within a 2-year period. 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 and reduced to 10 jobs if the business is located in a County with average annual employment less than 75,000 or median household income two-thirds of the statewide median household income.

Mr. Ralph Sita, Jr.  
Chief Executive Officer  
Cybrary, Inc.  
October 15, 2018  
Page 8 of 11

Credit granted will be \$3,000 per qualified position. If the new or expanded facility is located in a "revitalization area" (a federal empowerment zone, a Maryland Enterprise Zone, or a DHCD sustainable community), then the credit is **\$5,000** for each qualified position. Commerce can certify no more than \$4 million Job Creation Tax Credits per year. The credits will be certified on a first come, first serve basis.

*Based upon the assumptions provided by the Company, including 229 qualified positions with average salaries of \$105,000 and our understanding that the Project Site being considered is located in "a revitalization area", the business may qualify for credits of **\$1,145,000**, subject to the availability of credits at the time of certification.*

The maximum credit allowed during any credit year for a single facility is \$1 million. If, during the 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.

*Unless otherwise noted, please contact Mr. Mark Vulcan, Program Manager, Tax Incentives, Office of Finance Programs, Commerce, at 410-767-6438, toll-free at 877-821-0099, or email at [mark.vulcan@maryland.gov](mailto:mark.vulcan@maryland.gov), for additional information concerning tax credits and to make application for the Job Creation Tax Credit Program.*

(b) **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, at the taxpayer's election. 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.*

(c) **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 each of the first two years of employment, a credit is allowed in an amount equal to 30% of up to the first \$9,000 (\$2,700) of wages paid. Employers can also benefit from a tax credit for work-related childcare or transportation expenses paid by the employer. The credit is up to \$900 of the qualified childcare or transportation expenses incurred during each of the first two years of employment. The MDETC

Mr. Ralph Sita, Jr.  
Chief Executive Officer  
Cybrary, Inc.  
October 15, 2018  
Page 9 of 11

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. *Please call the Department of Labor, Licensing and Regulations (“DLLR”) at 410-767-2047 for more details.*

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 and the County Loan are subject to the approval of 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 Office of Contracts and Procurement to identify MBEs that have the capacity to provide goods or services for the Project. (Contact Ms. Lisa Jones, Business Diversity Compliance Officer, at (410) 767-6488, 401 East Pratt Street, 10<sup>th</sup> 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.** 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 **November 16, 2018** to expedite negotiations and preserve the Project’s high priority status.

Mr. Ralph Sita, Jr.  
Chief Executive Officer  
Cybrary, Inc.  
October 15, 2018  
Page 10 of 11

The Department invites you to contact Ms. Mary DiFerdinando of the Office of Finance Programs, Commerce, at 410-767-2856, toll-free at 877-821-0099, or email at [mary.diferdinando@maryland.gov](mailto:mary.diferdinando@maryland.gov) for details and further steps. We look forward to working with you.

Sincerely,

---

R. Michael Gill  
Secretary  
Department of Commerce

---

James R. Coleman  
President and CEO  
Prince George's County Economic  
Development Corporation

Mr. Ralph Sita, Jr.  
Chief Executive Officer  
Cybrary, Inc.  
October 15, 2018  
Page 11 of 11

Accepted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

Cybrary, Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title : \_\_\_\_\_  
FID#: \_\_\_\_\_  
MD UI# \_\_\_\_\_

**Upon Company's signing, please return this original letter directly via overnight delivery to Ms. Mary M. DiFerdinando, Finance Specialist, Office of Finance Programs, Commerce, Suite 1760, 401 E. Pratt Street, Baltimore, MD 21202.**

- cc: Mr. John Lenio, Executive Vice President, CBRE, (john.lenio@cbre.com)  
Mr. Alex Frei, Senior Vice President, CBRE (alex.frei@cbre.com)  
Mr. David Iannucci, Prince George's County Department of Economic Development  
(dsiannucci@co.pg.md.us)  
Ms. Ebony Stocks, EDI Fund Business Development Specialist, Prince George's County  
Economic Development Corporation (epstocks@co.pg.md.us)  
Ms. Dawn Medley, Vice President, Business Financing Programs/EDI Fund Manager,  
FSC First, (drmedley@fscfirst.com)  
Mr. Walter Simmons, Prince Georges County, (wsimmons@co.pg.md.us)  
Ms. Mary M. DiFerdinando, Finance Specialist, Office of Finance Programs, Commerce  
Mr. Andy Fish, Senior Director, Office of Finance Programs, Commerce  
Mr. Timothy P. Doyle, Program Manager, Office of Finance Programs, Commerce  
Mr. Jayson Knott, Senior Director, Office of Business Development, Commerce  
Ms. Faye Nwoko, Senior Business Development Representative, Office of Business Development,  
Commerce  
Mr. Mark Vulcan, Program Manager, Tax Incentives, Office of Finance Programs, Commerce  
Ms. Karen Glenn Hood, Director, Media Relations and Public Affairs, Commerce  
FPAA Workflow Coordinator, Commerce

