

November 17, 2020

Charmienne Ganao  
Vice President of Finance  
Capital Electric  
8511 Pepco Place  
Upper Marlboro, MD 20772

Re: Prince George's County Incentive Proposal

Dear Ms. Ganao,

This Letter of Intent describes the major conditions and terms of assistance that may be offered to Capital Electric (the "Company") for retaining and expanding its operations in Prince George's County, (the "County") Maryland.

1. **PURPOSE.** This letter is intended to describe the material terms of the transaction and to describe the assistance that may be offered to the Company for retaining their primary offices in Prince George's County, Maryland. The terms of this Letter of Intent are not transferrable to any other party or transaction.

2. **PROJECT DESCRIPTION.** As we understand the Project, the Company plans to acquire the 55-acre site at 8711 Westphalia Road, Upper Marlboro, Prince George's County, Maryland (the "Project Site") where it will demolish the existing structure and construct a new 362,880 square foot build-to-suit warehouse and office facility. Total project costs are estimated to be approximately \$95 million for the purchase of land, construction and fit out of the Project Site (the "Project Costs"). Furthermore, we understand that the Company currently employs 239 permanent full-time employees and will hire 10 additional permanent full-time employees at the Project Site by December 31, 2024.

"Full-time Employees" 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.

Any changes to the Project as outlined in this letter should be immediately brought to the County's attention since they could affect the proposed assistance for the Project.

(a) **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 (the “County 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 described below. Additionally, the County Council must pass a County Resolution in support of the Company receiving the County Loan from the State of Maryland.

Borrower:	Capital Lighting and Supply, LLC, or an entity acceptable to the County
Amount:	\$250,000
Approval:	The County Loan is subject to approval by the County Chief Administrative Officer and notice to the Prince George’s County Council.
Purpose:	The proceeds of the County Loan would be used to reimburse the Borrower for Eligible Project Costs at the Project Site, not otherwise reimbursed by a third party.
Eligible Project Costs:	Those costs associated with the Project that are eligible for reimbursement – to include 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.
Term:	The term of the County Loan will be seven (7) years.
Interest Rate:	Three percent (3%) fixed per annum.
Repayment:	All principal and accrued interest would be deferred over the term of the County Loan. In the event that all of the Performance Criteria of the County Loan are met over the term, all outstanding deferred principal and accrued interest would be forgiven at the end of the County Loan term. In the event that any of the Performance Criteria are not met, the County Loan would be repayable as described in the Conditions section.
Disbursement:	The County Loan would be disbursed for up to 70% of Borrower’s directly incurred Eligible Project Costs at the Project Site, not otherwise reimbursed by a third party.

Collateral: To be determined based upon the financial strength of the Borrower and the final structure of the County Loan, in the Sole discretion of the County.

Guarantors: To be determined based upon the financial strength of the Borrower and the final structure of the County Loan, in the Sole discretion of the County.

Conditions Precedent  
To Disbursement:

(1) The Borrower will provide acceptable evidence of its ownership/control of the Project Site for a term not less than the term of the County Loan

(2) The Borrower will provide evidence or material commencement of demolition and construction.

Performance Criteria:

(1) The Borrower will spend or cause to be spent a minimum of \$95,000,000 in Project Costs at the Project Site by December 31, 2022.

(2) The Borrower will employ at least 239 permanent full-time employees at its existing location and/or the Project Site for the term of the County Loan.

(3) The Borrower will employ at least 249 permanent full-time employees at the Project Site as of December 31, 2024, and retain that level of employment for the remaining term of the County 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 County 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 County Loan.

“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.

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

(5) The Borrower will use best efforts to achieve 35% of construction costs for LSMBE participation.

Conditions:

(A) If as of December 31, 2024, or any annual measurement date thereafter, the Borrower does not achieve Performance Criteria (3) the Borrower will repay a pro rata portion of the principal (\$3,000) plus the associated portion of accrued interest for each position below 200. The clawback penalty will not exceed loan amount.

(B) If the Borrower does not meet Performance Criteria Performance Criteria (1), (2), (3) or (4), all principal and accrued interest under the County Loan will be repaid.

(C) Borrower must provide 5 year Letter of Credit to begin at U&O (Use and Occupancy) permit assignment.

(E) The County Loan will close and be fully funded by TBA.

Loan Forgiveness:

The proposed interest rate of Three Percent (3%) per annum, compounding monthly, will begin to accrue on the date of disbursement. Interest payments will be deferred, and payment thereof subsequently forgiven if Borrower (a) completes the construction of Project Property; and (b) meets the job retention and job creation benchmarks and the other conditions for forgiveness set forth in the EDIF Conditions contained herein. (c) borrower's business headquarters must remain within Prince George's for five (5) years (d) borrower must maintain at least 200 full-time

for five (5) years (1/1/2023 – 12/31/2029) (e) invest or cause to invest \$95mm capital expenditure by 12/31/2022 (f) attempt best efforts to commit at least 35% MBE participation toward project

3. **LOCAL, SMALL, AND MINORITY BUSINESS ENTERPRISES (“LSMBEs”)**. The Company agrees to support the County’s interest in expanding opportunities for contractors and vendors who are LSMBEs. The Prince George’s County contact for LSMBE is: Debra F. Carter Executive Director, Prince George’s County Government, Office of Central Services, Supplier Development and Diversity Division, 1400 McCormick Drive, Suite 280, Largo MD 20774, 301-883-6480, [DFCarter@co.pg.md.us](mailto:DFCarter@co.pg.md.us).

4. **OTHER PRINCE GEORGE’S COUNTY INCENTIVES**. Prince George’s County, Maryland will consider providing the following additional assistance to enable the Company to complete the Project at the Project Site in Prince George’s County, Maryland:

(a) **Workforce Services**. The Workforce Services Division (“WSD”) of the Prince George’s County Economic Development Corporation has the responsibility of developing integrated and comprehensive solutions to the workforce needs of County employers. The in-kind projected value of this assistance is **up to \$900 per job**. WSD will offer the following services for the Project at no cost to the Company:

- Customized Recruitment, Prescreening, and Assessment of job candidates;
- Customized On-the Job Training (can reimburse up to 50 percent of the employee’s wages to cover the cost of training);
- Screening for various tax credit opportunities due to creating new employment; and
- Dedicated WSD Staff to provide these services.

(b) **Permit Assistance**. Prince George’s County will authorize the Project to be considered for Priority Project Designation. Under this process, the Company will have the opportunity to present the Project to all appropriate County regulatory and permit granting agencies and to receive expedited review through applicable local processes. An individual in County government will be designated to assist the Company in the regulatory and review process.


5. **CONDITIONS**. The extension of financial assistance will be subject to the County’s due diligence and review of the Company’s business and financial affairs and documentation satisfactory to the review authorities. The terms enumerated in this letter are subject to the approval of all appropriate 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.

Recipients of the County'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.

6. **EXPIRATION.** If this letter represents your understanding of the arrangements we have discussed, please sign and return this letter to the Prince George's County Economic Development Corporation as soon as possible, 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 County invites you to contact Andre Plummer at the Prince George's County Economic Development Corporation (301) 583-4610 (or [epstocks@pgcedc.com](mailto:epstocks@pgcedc.com)) for details and further steps. We look forward to working with you.

Sincerely,



David Iannucci  
President and CEO  
Prince George's County Economic Development Corporation

Accepted this 18<sup>th</sup> day of November, 2020:



Charmienne Ganao  
Vice President of Finance  
Capital Electric

1801 MCCORMICK DRIVE, SUITE 350 \* LARGO, MARYLAND 20774 \* 301-583-4630 \* [WWW.PGCEIDC.COM](http://WWW.PGCEIDC.COM)