



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

August 6, 2012

Mr. Stephen A. Vintz
Chief Financial Officer
Vocus, Inc.
12051 Indian Creek Court
Beltsville, Maryland 20705

SUBJECT: Vocus, Inc. Expansion Project in Prince George's County, Maryland.

Dear Mr. Vintz:

The Department of Business and Economic Development (the "Department") and Prince George's County (the "County") are pleased to support the existing expansion project (known as Phase I) for Vocus, Inc. (the "Company" or "Vocus") and the new expansion project of the Company's operations and headquarters (known as Phase II) in Prince George's County, Maryland (the "Project").

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 in Prince George's County, Maryland. These terms are not transferrable to any other subdivision.

2. **PROJECT DESCRIPTION.** As we understand the Project, Vocus plans to expand its headquarters and operations in the County. The Company is currently headquartered and conducts its operations at its "Existing Facility" under a long term lease covering 80,000 square feet of space at 12051 Indian Creek Court, Beltsville, Maryland 20705. In 2011, the Department provided a \$400,000 MEDAAF loan (the "Loan") to assist the Company with the establishment of the Existing Facility; pursuant to the Loan Agreement, the Company agreed to retain 285 full-time permanent employees and increase its workforce to 385 full-time permanent employees by December, 2014 and maintain that level of employment through December 31, 2020. Further, under the Loan Agreement, the Company was required to cause at least \$6,500,000 of Capital Expenditure at the Existing Facility by December 31, 2011 and retain its headquarters and operations at the Existing Facility through the term of the Loan. The County provided a \$40,000 Conditional Loan on consistent terms for the Existing Facility (Phase I).

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As of December 31, 2011, Vocus reported that it more than satisfied the original terms of the Loan and employed 410 full-time permanent employees and caused in excess of \$11,300,000 of capital expenditure at the Existing Facility. At this time, the Company plans to expand at a "New Facility" under a short term lease of approximately 20 months consisting of a minimum of 25,000 square feet of space at neighboring 12101 Indian Creek Court, Beltsville, Maryland, 20705, and increase its workforce to 600 full-time permanent positions by December 31, 2015 (Phase II). The costs associated with the New Facility are estimated to range from \$650,000 to \$850,000. The Existing Facility and the New Facility shall be known as the "Project Site". In support of the Phase II expansion at the New Facility, the Department proposes to provide \$500,000 of additional MEDAF loan proceeds and modify the terms of the loan documents executed in connection with the Loan.

"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 federal minimum wage and is eligible for an employer-subsidized health care benefits package. A permanent full-time position is a net new position to the State and does not include an employee of the Company who is transferred to the Project Site from another Company facility elsewhere in the State (excepting 12051 Indian Creek Court) or an employee 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 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 financial assistance package for the Project.

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

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

Borrower:	Vocus, Inc. or an entity acceptable to the Department.
Amount:	\$500,000 new loan proceeds, which together with \$400,000 existing loan balance, results in a modified loan amount of \$900,000.
Approval:	The modification of the Loan is subject to approval by the Secretary of the Department.

Purpose:	The proceeds of the increase to the Loan would be used to reimburse Eligible Project Costs at the New Facility.
Eligible Project Costs:	Those costs associated with the New Facility that are eligible for reimbursement under the Maryland Economic Development Assistance Fund program.
Term:	Same as the Loan, ending December 31, 2020.
Interest Rate:	Three percent (3%) fixed per annum.
Collateral:	To be determined based upon the final structure of the Loan.
Guarantors:	To be determined based upon the final structure of the Loan.
Conditions Precedent To Disbursement:	<ol style="list-style-type: none">(1) The Borrower will provide evidence acceptable to the Department that it has executed a lease at the New Facility for at least 25,000 square feet of space for a term of not less than 20 months.(2) The Borrower will have expended or cause to be expended at least \$500,000 of Eligible Project Costs at the New Facility against which the Loan may be disbursed.(3) The County will have approved and funded its \$100,000 incentive as described below.(4) The Department will have received satisfactory evidence that the Borrower employs a minimum of 385 full-time permanent employees at the Project Site.
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.

Performance Criteria:

(1) The Company will employ a minimum of 285 full-time employees at the Project Site from disbursement through the term of the Loan.

(2) The Company will employ an additional 100 full-time employees at the Project Site for a total of 385 full-time employees by December 31, 2014 and retain those employees through the term of the Loan.

(3) The Company will employ an additional 215 full-time employees at the Project Site for a total of 600 full-time employees by December 31, 2015 and retain those employees through the term of the Loan.

Full-time employment will be measured annually as of December 31st of each required year, with employment reports due to the Department by January 31st of the following year with the first reporting beginning the first December 31st following disbursement.

(4) The Borrower's \$11,300,000 in capital expenditure already incurred for the Existing Facility shall be deemed its Contribution for the New Facility.

(5) The Borrower will retain its lease and its U.S. headquarters at the Existing Facility for the term of the Loan.

Conditions:

(A) If the Borrower does not meet the Performance Criteria (2) for December 31, 2014, the Borrower will be required to repay a pro-rata portion of principal (\$2,857) of the associated portion of accrued interest for those permanent full-time employees less than 385 but greater than 285. If the Borrower does not meet Performance Criteria (3) as of December 31, 2015 through December 31, 2020, the Borrower would repay a pro-rata portion of principal (\$2,857) and the associated portion of accrued interest due for every full-time employee less than 600, but greater than 285. If the Borrower reports less than 285 employees at the Project Site at any time during the term of the Loan, all accrued principal and interest under the Loan would be repaid. Any such sums due, less any

amounts previously repaid, would be due no later than 90 days from the measurement date.

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

(C) The Loan must close by June 30, 2013 and be fully funded by December 31, 2013.

4. **PRINCE GEORGE'S COUNTY INCENTIVES.** Prince George's County (the "County") 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:

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 a separate \$100,000 conditional loan to enable the Company to complete the Project at the Project Site in Prince George's County, subject to terms, conditions, and performance criteria that are consistent with the Department's Conditional Loan in all material respects. The EDI Fund conditional loan requires approval by the County Chief Administrative Officer and notice to the Prince George's County Council.

b) **Workforce Services:** The Workforce Services Division (WSD) of the Prince George's Economic Development Corporation has the responsibility of developing integrated and comprehensive solutions to the workforce needs of County employers. WSD will offer the following services for this project at no cost to the Company:

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

c) **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.

Please contact Ms. Diana Jackson, Director of Business Development, Retention & Expansion, Prince George's County Economic Development Corporation, at 301-583-4616 or email at djackson@pgcedc.com, for additional information and to make application for these County programs of assistance.

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 the operation of central administrative offices or a company headquarters.

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 was \$2.85 million for 2009. The 60 new job minimum is reduced to 25 new jobs if the facility 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.

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:** Prince George's County exempts 100% of commercial inventory from personal property tax.

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) **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. *This program is set to expire on June 30, 2013.*

- 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.

Unless otherwise noted, please contact Mr. Mark Vulcan, Program Manager, Tax Incentives, Office of Finance Programs, DBED, at 410-767-6348, toll-free at 877-821-0099, or email at mvulcan@choosemaryland.org, for additional information concerning tax credits.

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 any 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 is subject to all appropriate approval authorities. 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 410-767-6317, 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

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("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.)

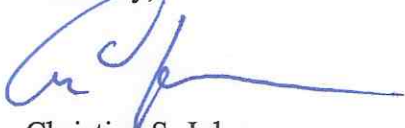
The Prince George's County contact for MBE is: Roland L. Jones, Executive Director, Prince Georges County Government, Office of Central Services, Minority Business Development Division, 1400 McCormick Drive, Suite 280, Largo, MD 20774, 301-883-6283 Office, 301-237-8866 Cell, 301-883-6479 Fax, Rljones2@co.pg.md.us. In consideration for the tax credits and incentives provided in this letter, the County and the Company agree to enter into separate discussions to address the level and nature of the Company's commitment to MBE participation in the Project, consistent with applicable County laws and regulations.

The recipient will submit to the Department and the County 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 and return this letter to the Department as soon as possible, but no later than **August 31, 2012**, 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. Timothy P. Doyle or Ms. Mary DiFerdinando of the Office of Finance Programs, DBED, at 410-767-2369 or 410-767-2856 for details and further steps. We look forward to working with you.

Sincerely,



Christian S. Johansson
Secretary
Department of Business and Economic
Development



Ms. Gwen S. McCall
President and Chief Executive Officer
Prince George's County Economic
Development Corporation

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Accepted this ____ day of _____, 2012

Vocus, Inc.

By: _____
Name: _____
Title: _____

Upon signing, please return this letter directly to Ms. Mary DiFerdinando, Finance Specialist, Office of Finance Programs, 17th Floor, 401 E. Pratt Street, Baltimore, MD 21202.

cc: Ms. Diana Jackson, Prince George's County Economic Development Corporation
Ms. Mary DiFerdinando, Finance Specialist, Office of Finance Programs, DBED
Mr. Timothy P. Doyle, Program Manager, Office of Finance Programs, DBED
Mr. Mark Vulcan, Program Manager, Tax Incentives, Office of Finance Programs, DBED