

A. Metal Solutions Capital (W238)

December 16, 2010

General Project Plan

Grantee: Metal Solutions, Inc. d/b/a New Hartford Sheet Metal
("MS" or the "Company")

ESD Investment: A grant of up to \$50,000 to be used for a portion of the cost of renovations.

Project Location: 1821 Broad Street, Utica, Oneida County

ESD Incentive Offer Accepted: September 3, 2008

Project Completion: November 2010

Number of Employees at Facility:

Initial employment at time of ESD Incentive Offer:	39
Current employment level:	49
Minimum employment on January 1, 2014:	59

Grantee Contact: Catherine Cattadoris, Vice President
1821 Broad Street
Utica, New York 13501
Phone: (315) 732-6271 Fax: (315) 732-4238

Project Team:	Origination	Joseph Falcone
	Project Management	Jill Wolfeld
	Affirmative Action	Denise Ross

Project Description:

Background

Established in 1954 as New Hartford Sheet Metal, the Company was renamed Metal Solutions in 2010 to more accurately reflect its capabilities. MS is a privately owned company uses state-of-the-art cutting and bending equipment to provide sheet metal components with short lead times for customers that do not have sheet metal fabrication capabilities in place. Each item that the Company creates is designed by the customer and meets their specifications. As a result, quantities of parts and the frequency with which the Company produces the parts is completely customer driven. The Company sells to a wide range of industries which include mass transit buses and trains, air conditioning, air filtration, refrigeration, metal cabinetry and furniture, and lighting. Customers include Daimler Buses North America, Cold Point Corporation, Enviromaster International, and Air Innovations.

The Company was interested in its technological advancement in order to allow for competitive growth and to meet changing customer needs by expanding operations into new

Metal Solutions Capital (W238)

December 16, 2010

services that use lighter-gauge material with superior quality. MS contacted ESD for assistance in financing an investment in new machinery and equipment and renovations. In August 2008, ESD offered MS a \$50,000 capital grant to encourage it to grow in New York, allowing the Company to increase capacity and remain competitive, which it accepted on September 3, 2008. ESD's assistance will enable the Company to purchase laser equipment that will allow MS to offer a new range of intricate services and new materials to its customers. Without this equipment, the Company would not be able to produce the parts its customer base is currently seeking. The Company pledged to create 20 new full-time employees and to retain 39 full-time employees which otherwise would have been lost in New York State.

The Project

The project began in January 2007 with the creation of architectural designs to be used as a basis for the renovations of the building to accommodate the new laser equipment being purchased. The architectural firm Bonacci Architects of Utica and Syracuse was chosen by the Company to complete renovation plans for the building. Construction and renovation work, done by HR Beebe, Inc., of Utica, began March 2007 and will be completed by November 2010. Concurrently, MS purchased a Trumpf Laser and completed the installation of the device on June 2008 and it is considered to be fully operational at present. The Company's current level of employment is 49 full-time employees.

Financing Uses	Amount	Financing Sources	Amount	Percent
Machinery & Equipment	\$629,075	ESD Grant	\$50,000	5.3%
Renovation	312,637	Company Equity	125,000	13.3%
		NBT Bank Loan*	472,000	50.1%
		NBT Bank Loan**	150,000	15.9%
		NBT Bank Line of Credit***	144,712	15.4%
Total Project Costs	\$941,712	Total Project Financing	\$941,712	100.0%

* 5.75%/5 years/ lien on general assets filing

** Rate to be set at the time of closing based on 7 year Federal Home Loan bank rate plus 2% with a floor of 6.5%/ lien on general assets filing

*** Construction line of credit made at prime rate

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$50,000 (\$500) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will be obligated to advise ESD of a material adverse change in its financial condition prior to disbursement.

Metal Solutions Capital (W238)

December 16, 2010

3. The Company will be required to contribute at least 10% of the total project cost in the form of equity contributed after the Company's written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
 4. Prior to disbursement, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.
 5. Up to \$50,000 will be disbursed to the Grantee in two installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$25,000) upon documentation of renovation project costs totaling \$200,000 and documentation of the employment of at least 49 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 25% of the grant (\$50,000) will be disbursed upon documentation of the employment of at least 59 Full-time Permanent Employees at the Project Location (Employment Increment of 10), provided Grantee is otherwise in compliance with program requirements;
- Payment will be made upon presentation to ESDC of an invoice and such other documentation as ESDC may reasonably require. Expenses must be incurred on or after September 3, 2008 to be considered eligible project costs. All disbursements must be requested by April 1, 2012.
6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$50,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
 7. In consideration for the making of the Grant, Grantee will achieve the Employment Goals set forth in Column B of the table below. If the Full-time Permanent Employee Count for the year prior to the reporting date set forth in Column A of the table below is less than eighty-five percent (85%) of the Employment Goal set forth in Column B (an

Metal Solutions Capital (W238)

December 16, 2010

“Employment Shortfall”), then upon demand by ESD, Grantee shall be obligated to repay to ESD a portion of each disbursement of the Grant, as follows:

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the Employment Shortfall occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the Employment Shortfall occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the Employment Shortfall occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the Employment Shortfall occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the Employment Shortfall occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the Employment Shortfall occurred in the fifth full calendar year after the disbursement was made.

The Grantee’s number of Full-time Permanent Employees shall be deemed to be the greater of the number as of the last payroll date in the month of December for such year or the average employment for the 12 month period computed by quarter.

Baseline Employment	39
---------------------	----

A	B
Reporting Date	Employment Goals
February 1, 2012	39+X+Y
February 1, 2013	39+X+Y
February 1, 2014	39+X+Y

X = Grantee's Employment Increment that will be the basis of the First Disbursement of the Grant as described in section 5 above (i.e. X=10, and Employment Goals shall equal [39 + X = 49] if the First Disbursement is made, in the year such disbursement is made and for each year thereafter). If the First Disbursement has not yet been made then X=0.

Y = Grantee’s Employment Increment that will be the basis of the Second Disbursement of the Grant as described in section 5 above (i.e. Y=10, and Employment Goals shall equal [39 + X + Y = 59] if the Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Second Disbursement has not yet been made then Y=0.

Metal Solutions Capital (W238)

December 16, 2010

Statutory Basis – Empire State Economic Development Fund:

1. The project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the State or would enhance or help to maintain the economic viability of family farms.
As a result of this project, the Company will maintain its employment level of 39 and create 20 new jobs.
2. The project would be unlikely to take place in New York State without the requested assistance.
ESD's assistance helped to reduce costs and make the project feasible in New York.
3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.
Evaluated over a seven-year period, project fiscal benefits to New York State government are expected to be \$986,165, which exceed the cost to the State.
4. The requirements of Section 10(g) of the Act are satisfied.
See cover memo.