1. Benchemark Printing MAP Capital (V937)
January 21, 2010

General Project Plan

Grantee: Benchemark Printing, Inc. (“Benchemark” or the “Company”)

ESD Investment: A grant of up to $90,000 to be used for a portion of the cost of the purchase of machinery and equipment.

Project Location: 1890 Maxon Road Extension, Schenectady, Schenectady County

NYS Empire Zone (or equivalent): Schenectady Empire Zone

ESD Incentive Offer Accepted: December 10, 2007 (initial offer); December 10, 2009 (revised offer)

Project Completion: March 2008

Number of Employees at Facility:

Initial employment at time of Revised ESD Incentive Offer:	72
Current employment level:	72
Minimum employment through January 1, 2013:	72

Grantee Contact: Robert J. Kosineski Sr., CEO
1890 Maxon Road Ext.
Schenectady, NY
Phone: 518-393-1361 Fax: 518-372-1336

Project Team:

Origination	Linda Dillon
Project Management	Gregory E. Fitzgerald
Affirmative Action	Laverne Poole
Environmental	Soo Kang

Project Description:

Background

Benchemark Printing, Inc. is a privately held family run business founded by Bob Kosineski Sr. in Schenectady in 1985. The Company produces a variety of printed products including magazines, posters, flyers, manuals, post cards and brochures to very specific niche markets, such as high profile national and international retailers, marketing and adverting agencies, and sports industry programs for professional athletic organizations. Some of Benchemark’s main clients are the National Football League (NFL), Lucky Brand Jeans and New York City Ballet. Benchemark’s main competitors include: Edison Litho, the Allied Group and Lane Press.

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Manufacturing is the most significant wealth-creating and value-adding sector of the NYS economy outside of the New York City metropolitan area. The purpose of the ESDC's Manufacturing Assistance Program ("MAP") is to encourage New York State manufacturers to invest in projects that substantially improve the competitiveness and productivity of their operations, thus increasing their long-term viability and ensuring the health of the state's manufacturing economy.

Since its inception, Benchemark has seen steady growth due to continuous investment in its machinery and equipment, infrastructure and employees, thus making it the largest commercial printer in the Albany area. In 1997, the Company expanded into a 75,000-square-foot building at 1890 Maxon Road Extension to meet the growing demand. This expansion allowed it to grow from 12 employees to 82 employees. With its growth, Benchemark has also experienced an increase in sophistication of its competition, thus creating a continuous need to attain higher levels of productivity to maintain its competitive advantage through faster turnaround times at a lower price.

In order for the Company to become more efficient and remain competitive, Benchemark had to increase its capacity by improving production output and quality. The Company therefore decided to purchase an 8-color Heidelberg press and replace its existing 12-year-old press. Typically, the manufacturer takes 9 – 12 months to build this press; however, they were in the process of building a press for another company that went bankrupt and offered Benchemark this machine at a reduced cost. Although, the press was offered at a significant savings for the Company, Benchemark had not planned to purchase this unit in 2007 and did not have sufficient funds to move forward. The Company approached ESD and its local IDA to seek assistance with the financing costs. To induce the Company to make this investment and to proceed with the project in New York State, in December 2007, ESD offered an incentive packet of $100,000 MAP grant to defray the high cost of this equipment. The Company accepted the offer and subsequently purchased the new machinery. The project would result in the retention of 82 jobs. In December 2009, the number of jobs was reduced to 72 due to the economic downturn and the grant amount was revised to $90,000. Without ESD's assistance, Benchemark would not have been able to purchase this press, resulting in a decrease in production over time and a subsequent negative impact on its competitive advantage.

The Project

The project involved the purchase of an 8-color 28 x 40 Heidelberg press. This press replaced an old press that was no longer cost-effective to operate due to frequent breakdowns and its need for ongoing maintenance. The project was completed in March 2008.

The Heidelberg press has enabled the Company to increase annual production by 40 percent and increase its annual revenue by over $1.5 million. Additionally, Benchemark will reduce the amount of paper waste from 10% to 5%, as well as reduce energy costs by 50 percent with an annual savings of $12,500.

Upon completion of the project, the Grantee will furnish a final report describing the impact and effectiveness of the project.

Financing Uses	Amount	Financing Sources	Amount	Percent
Machinery Acquisition	2,500,000	ESD Grant	$90,000	4%
Infrastructure/Site Work	40,000	Company Equity	450,000	18%
		IDA Bond*	2,000,000	79%
Total Project Costs	$2,540,000	Total Project Financing	$2,540,000	100%

** 4.59% interest rate; through Jan. 1, 2015*

MAP Project Findings and Outcomes:

This project qualifies as a Manufacturing Assistance Program project because the Company i) is a resident New York State manufacturer with between 50 and 1,000 employees; ii) exports at least 30% of its production beyond its region or provides at least 30% of its production to a manufacturer that exports beyond the Company's region; and iii) is making a substantial investment of at least $1,000,000 in order to improve its competitiveness and productivity and thereby enhance its long-term viability in the State of New York.

The project is expected to produce the following measurable outcomes for the Company:

Primary Outcome(s): Achieve production output of 12,768,000 single-sided sheets or 6,384,000 double-sided sheets on the new Heidelberg printer over a three-month period.

Secondary Outcome(s): Reductions in production lead times, turnaround times, and waste and leakage; increases in energy efficiency and quality control.

Total estimated value of competitiveness and project outcomes: $2,311,500 annually

Financial Terms and Conditions:

1. The Company shall pay a commitment fee of 1% of the $90,000 grant ($900) upon execution of the grant disbursement agreement. In addition, at the time of disbursement, the Company will 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.

3. The Company or the Company's shareholders will contribute at least 10% in equity to the Project. Equity is defined as any non-debt source of capital, and should be auditable through Company financial statements or Company accounts, if so requested by ESD.

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 $90,000 will be disbursed to Grantee in two installments as follows:
   a) an Initial Disbursement of an amount equal to 50% if the grant ($45,000) will be disbursed upon documentation of $1.9 million in machinery, equipment and related facility enhancement project costs, and documentation of the employment of 72 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been met and
   b) a Second Disbursement of 50% of an amount equal to the grant ($45,000) will be disbursed upon attaining production output of 12,768,000 single-sided sheets or 6,384,000 double-sided sheets on the new Heidelberg printer over a three-month period (as verified by a letter from a Certified Public Accountant) and documentation of the employment of 72 Full-time Permanent Employees at the Project Location.

   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 December 6, 2007 to be considered eligible project costs. All disbursements must be requested by April 1, 2011.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than $90,000, 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 "Employment Shortfall"), then upon demand by ESDC, Grantee shall be obligated to repay to ESDC 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	72

A	**B**
Reporting Date	Employment Goals
February 1, 2011	72
February 1, 2012	72
February 1, 2013	72

Affirmative Action:
ESD's Non-discrimination and Affirmative Action policy will apply. The Company is encouraged to include minorities and women in any job opportunities created by the project, and to solicit and utilize Minority and Women-owned Business Enterprises for any contractual opportunities generated in connection with the project.

Statutory Basis – Empire State Economic Development Fund:

1. <u>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.</u>
   As a result of this project, the Company will make a significant investment in its manufacturing facility, thereby ensuring its continued viability and the retention of 72 employees. In addition, this project will help make the Company more competitive, and thus increase the economic viability of the state's manufacturing industry.

2. <u>The project would be unlikely to take place in New York State without the requested assistance.</u>
   Without ESD assistance to lower costs and make the Company's facility competitive with its competitors, the cost would have been too high to make the project feasible in New York.

3. <u>The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.</u>
   Evaluated over a seven-year period, project fiscal benefits to New York State government are expected to be $2,340,278, which exceed the cost to the State.

4. <u>The requirements of Section 10(g) of the Act are satisfied.</u>
   See cover memo.