

2. MWI Capital (T601)

January 21, 2010

General Project Plan

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

ESD Investment: A grant of up to \$75,000 to be used for a portion of the cost of building construction.

Project Location: 1269 Brighton-Henrietta Townline Road, Town of Henrietta, Monroe County

NYS Empire Zone (or equivalent): N/A

ESD Incentive Offer Accepted: July 25, 2005

Project Completion: June 2006

Number of Employees at Facility:

Initial employment at time of ESD Incentive Offer:	63
Current employment level:	99
Minimum employment on January 1, 2011:	87

Grantee Contact: Joshua Stern, Chief Financial Officer
1269 Brighton Henrietta Townline Road
Rochester, New York 14623
Phone: (585) 424-4200 x228 Fax: (585) 424-4123

Project Team:

Origination	Kevin Hurley
Project Management	Edward Muszynaki
Affirmative Action	Helen Daniels
Environmental	Soo Kang

Project Description:

Background

Founded in 1968 and privately held, MWI designs and manufactures graphite products to exacting industry specifications. MWI originally provided electro discharge machining, which involves cutting metal with electrical discharges, or sparks, off a wire. MWI expanded into specialized graphite machining for the aerospace, automotive, semi-conductor, and alternative energy sectors, which has accounted for its rapid growth. MWI’s capabilities include sawing, turning, grinding, and milling the largest graphite cross-sections available in the marketplace today. The Henrietta, New York, facility focuses exclusively on graphite machining. MWI also has facilities in Texas, California, Indiana, Connecticut, and Ontario. Customers include Tokai Carbon and Electrotech Machining.

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In 2005, due to rapid growth in the alternative energy sector, MWI needed to expand its facilities to establish a clean-room type facility. In addition to the Monroe County site, the Company had also considered expanding at its Connecticut plant or at facilities in Oregon, Indiana, or Ontario. The Company approached ESD for assistance to reduce costs and make the project feasible in New York. In July 2005, ESD offered a \$75,000 capital grant. The County of Monroe Industrial Development Agency provided sales and property tax savings, and Monroe County provided a \$100,000 loan, sourced from the newly established Eastman Kodak Company's revolving loan fund. MWI accepted ESD's offer on July 26, 2005. Based on ESD's and local incentives, the Company decided to expand in the Rochester area, maintaining 63 jobs, including 5 that would have been lost, and adding 24 new jobs. Without this assistance, the project would have been unlikely to occur in New York.

The Project

MWI has constructed a 17,160-square-foot free-standing building on its property. The facility includes features that support a clean environment by removing impurities in the manufacturing process. The Company has also purchased two furnaces and several computer numerically controlled machines for automated high-volume, complex mass production of graphite. The Company has already exceeded its projected 24 new jobs.

Financing Uses	Amount	Financing Sources	Amount	Percent
Building Construction	\$1,600,000	ESD Grant	\$75,000	1%
Machinery & Equipment	6,400,000	Monroe County IDA Loan*	100,000	1%
		Company Equity	7,825,000	98%
Total Project Costs	\$8,000,000	Total Project Financing	\$8,000,000	100%

* Loan terms: 5%, 5 years, 2nd on RE

Financial Terms and Conditions:

1. The Company shall pay a commitment fee of 1% of the \$75,000 grant (\$750) 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

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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 \$75,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$37,500) upon documentation of building construction and machinery and equipment project costs totaling \$3,000,000 and documentation of the employment of at least 63 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 (\$18,750) will be disbursed upon documentation of the employment of at least 75 Full-time Permanent Employees at the Project Location (Employment Increment of 12), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$18,750) will be disbursed upon documentation of the employment of at least 87 Full-time Permanent Employees at the Project Location (Employment Increment of 12), 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 July 25, 2005 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 \$75,000, 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 ESD, Grantee shall be obligated to repay to ESD a portion of each disbursement of the Grant, as follows:

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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	63
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A	B
Reporting Date	Employment Goals
February 1, 2011	$63+X+Y$
February 1, 2012	$63+X+Y$
February 1, 2013	$63+X+Y$

X = Grantee's Employment Increment that will be the basis of the Second Disbursement of the Grant as described in section 5 above (i.e. $X=12$, and Employment Goals shall equal $[63 + X = 75]$ 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 $X=0$.

Y = Grantee's Employment Increment that will be the basis of the Third Disbursement of the Grant as described in section 5 above (i.e. $Y=12$, and Employment Goals shall equal $[63 + X + Y = 87]$ if the Third Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Third Disbursement has not yet been made then $Y=0$.

Environmental Review:

The Town of Henrietta Town Board, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action, which

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would not have a significant effect on the environment. The lead agency issued a Negative Declaration on August 8, 2005. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

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 63 employees, including retention of 5 jobs which were at risk of relocation to another state. In addition, the Company will create 24 new jobs.
2. The project would be unlikely to take place in New York State without the requested assistance.
The Company considered locating the new project to Connecticut, several other states or Canada. 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 \$1,350,235, which exceed the cost to the State.
4. The requirements of Section 10(g) of the Act are satisfied.
See cover memo.

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Town of Henrietta (Monroe County) – MWI Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the MWI Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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