

F. Thermold Capital (W423)

March 23, 2011

General Project Plan

Grantee: Thermold Corporation (“Thermold” or the “Company”)

ESD Investment: A grant of up to \$25,000 to be used for a portion of the cost of building improvements and the acquisition and installation of new machinery and equipment.

Project Location: 7059 Harp Road, Canastota, Madison County

ESD Incentive Offer Accepted: September 11, 2008

Project Completion: October 2010

Number of Employees at Facility:

Initial employment at time of Application to ESD:	35
Current employment level:	41
Minimum employment through January 1, 2014:	40

Grantee Contact: Michael Reilly, Chief Operating Officer
7059 Harp Road
Canastota, New York 13032
Phone: (315) 697-3924 Fax: (315) 697-7177

Project Team:

Origination	James Fayle
Project Management	Jessica Hughes
Affirmative Action	Helen Daniels
Environmental	Rachel Shatz

Project Description:

Background

Thermold Corporation, originally founded in 1945, is a privately held company. Thermold designs and manufactures a broad range of injection molded plastic parts for use in the sports and recreation, home improvement, transportation, medical, defense, and commercial markets. In March 2008, Canastota Properties Group, LLC purchased the assets of Thermold Corporation. Immediately following the March 2008 acquisition, Canastota Properties Group, LLC assumed the name of its predecessor company, Thermold Corporation. The current Thermold Corporation has no common ownership or management with its predecessor organization.

Thermold’s major customers range from small, independent businesses to large, high-volume, manufacturers in many different areas from the automotive and consumer health products industries to the aerospace and firearms industries. Some of Thermold’s competitors include Oneida Molded Plastics (Oneida, NY), Chenango Valley Technologies

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(Sherburne, NY) and Syracuse Plastics (Liverpool, NY).

Historically, Thermold's primary weakness has been its failure to invest in the equipment and technology needed to remain competitive. The Company was unable to successfully adapt to the changing demands for products and services in the plastic injection molding industry and major customers were abandoning the Company which led to the elimination of jobs from the Company. Recognizing this need for improvement, in 2008, Thermold notified ESD that it lacked the funds necessary to upgrade equipment at the Company facility essential to increasing production and turnover. ESD responded with a \$25,000 capital grant incentive in August 2008 to help complete the project, increase production and create 40 new jobs in Central New York. Without the requested assistance of ESD, Thermold would have been unable to purchase and install the necessary equipment needed to create the efficiencies and capacity to effectively compete given current market conditions, thereby resulting in further loss of business, reduced sales, and ultimately the closing of the facility.

The Project

The project consists of the acquisition and installation of machinery and equipment including injection molding machines, a laser welder, a new coordinate-measuring machine, micro hoppers, a moisture analyzer and computer upgrades. In addition, the Company has completed building improvements necessary to accommodate the new machinery and equipment. The project is also being funded with loans from the Madison County Center for Economic Development, the Central New York Enterprise Development Corporation ("CNYEDC") and the Greater Syracuse Business Development Corporation ("GSBDC") and Company equity. During the past 2 years since being purchased, Thermold has effectively competed and won several contracts. The project was completed in June 2010 and the Company has maintained its original jobs and created an additional 6 jobs.

Financing Uses	Amount	Financing Sources	Amount	Percent
Machinery & Equipment	\$382,453	ESD Grant	\$25,000	6%
Building Improvements	11,180	Madison Co. Center for Economic Development Loan*	100,000	25%
Soft Costs	3,347	CNYEDC Loan**	100,000	25%
		GSBDC Loan***	100,000	25%
		Company Equity	71,980	18%
Total Project Costs	\$396,980	Total Project Financing	\$396,980	100%

*1.0% over prime/7yrs/co-equal first on newly acquired M&E and third on business assets.

**4.5% /7yrs/co-equal first on newly acquired M&E and third on business assets.

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Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$25,000 capital grant (\$250) 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.
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 \$25,000 will be disbursed to the Grantee in two installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$12,500) upon completion of the project substantially as described in these materials, documentation of machinery and equipment project costs totaling \$337,000, and documentation of the employment of at least 35 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 50% of the grant (\$12,500) will be disbursed upon documentation of the employment of at least 40 Full-time Permanent Employees at the Project Location (Employment Increment of 5), 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. Expenditures must be incurred on

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or after September 11, 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 \$25,000, 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:

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.

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Baseline Employment	35
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A	B
Reporting Date	Employment Goals
February 1, 2012	35+X
February 1, 2013	35+X
February 1, 2014	35+X

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=5, and Employment Goals shall equal [35 + X = 40] 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.

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 35 and create 5 new jobs.
2. The project would be unlikely to take place in New York State without the requested assistance.
Without ESD assistance the Company would have been unable to purchase and install equipment necessary to compete with other companies resulting in further loss of business, reduced sales, and ultimately the closing of the facility.
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 \$1,286,251, which exceed the cost to the State.
4. The requirements of Section 10(g) of the Act are satisfied.
See cover memo.