

A. EPCO Capital (V927)

November 18, 2010

General Project Plan

Grantee: EPCO Carbon Dioxide Products, Inc. (“EPCO” or the “Company”)

ESD Investment: A grant of up to \$50,000 to be used for a portion of the cost of construction and the purchase of machinery and equipment.

Project Location: 4141 Bates Road, Medina, Orleans County

ESD Incentive Offer Accepted: January 31, 2008

Project Completion: August 2008

Number of Employees at Facility:

Initial employment at time of ESD Incentive Offer:	0
Current employment level:	10
Minimum employment on January 1, 2012:	20

Grantee Contact: Darrel Craft, Executive VP
1811 Auburn Avenue
Monroe, LA 71201
Phone: (318) 361-0870 Fax: (318) 361-0047

Project Team:	Origination	Kevin Hurley
	Project Management	Edward Muszynski
	Affirmative Action	Helen Daniels
	Environmental	Soo Kang

Project Description:

Background

Founded in 1987 and headquartered in Monroe, Louisiana, EPCO is a fast-growing producer of bulk liquid carbon dioxide (“CO₂”). CO₂ is a colorless, odorless, and tasteless gas that is stable, inert and nontoxic under normal circumstances. Easily liquefied by compression and cooling, it is used as in food and beverage processing, manufacturing, dry ice production, and by municipalities in water treatment. EPCO produces CO₂ at ten plants across the United States, with several more on the way, for its 150+ customers in 18 states.

EPCO locates its plants adjacent to ethanol and chemical plants, which create CO₂ as a byproduct. Western New York Energy Company (“WNY Energy”) recently built an ethanol plant, which makes fuel from corn, in Medina, the first such plant in the northeastern U.S. While EPCO seriously considered locating adjacent to WNY Energy’s plant due to its proximity to customers, the site’s non-inclusion in the Orleans County Empire Zone and other cost factors, such as higher cost due to stricter building codes and

EPCO Capital (V927)

November 18, 2010

other regulations governing such plants, made New York a more expensive choice than other states. The Company also considered locations in Ohio, Louisiana and Mississippi in addition to New York. To lower costs and encourage the Company to locate in Medina, ESD offered a \$50,000 capital grant on December 5, 2007, which the company accepted on January 31, 2008. The Company pledged to create 20 new jobs at the site, its first New York facility.

The Project

The Company built a new 300-ton-per-day CO₂ liquefaction plant on a two-acre site leased from WNY Energy, which pipes the gas directly to EPCO. The liquefied carbon dioxide is stored in bulk and sold to EPCO's customers. The project included construction of a shell building and purchase and installation of machinery and equipment, storage tanks, electrical switchgear, mechanical system, truck scales, and roadways. The project was completed in August 2008, and EPCO has already created 10 of the 20 projected new jobs.

Financing Uses	Amount	Financing Sources	Amount	Percent
Building and Site Construction, including Engineering	\$1,739,937	ESD Grant	\$50,000	1%
Machinery & Equipment	4,434,787	Comerica Bank*	5,724,724	93%
		Company Equity	400,000	6%
Total Project Costs	\$6,174,724	Total Project Financing	\$6,174,724	100%

*Prime/5 yrs./1st on RE and M&E

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 capital grant (\$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.
3. The Company will be required to contribute at least 6.5% 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. While equity of 10% is generally required, in this instance, the project has been financed by a bank loan for 93.3%, and secured by the project's assets.

EPCO Capital (V927)

November 18, 2010

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 three installments as follows:
 - a) an Initial Disbursement of an amount equal to 67% of the grant (\$33,500) upon completion of the project as described in these materials as evidenced by a Certificate of Occupancy, documentation of project costs totaling \$6,174,724, and documentation of the employment of at least 5 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 33% of the grant (\$16,500) will be disbursed upon documentation of the employment of at least 20 Full-time Permanent Employees at the Project Location (Employment Increment of 15), 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 January 31, 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 "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:

EPCO Capital (V927)

November 18, 2010

- (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	0
---------------------	---

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

X = Grantee's Employment Increment that will be the basis of the Initial Disbursement of the Grant as described in section 5 above (i.e. X=5, and Employment Goals shall equal [X = 5] if the Initial Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Initial 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=15, and Employment Goals shall equal [X + Y = 20] 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.

Environmental Review:

ESD staff has determined that, although the funding of this project by ESD may constitute an “action” as defined by the State Environmental Quality Review Act (“SEQRA”), the project itself has been previously completed. ESD’s action in the funding decision will not alter the adverse environmental impacts, if any, of the project as completed. ESD staff accordingly believes that funding the completed project will not have any significant adverse impacts on the environment.

EPCO Capital (V927)

November 18, 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 create 20 new jobs.
2. The project would be unlikely to take place in New York State without the requested assistance.
Without ESD assistance to lower costs and make the Company's facility competitive with options in other states with which the Company had discussions, the cost would have been too high to 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 \$1,621,622, which exceed the cost to the State.
4. The requirements of Section 10(g) of the Act are satisfied.
See cover memo.

EPCO Capital (V927)
November 18, 2010

November 18, 2010

Newark (Wayne County) – EPCO 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 EPCO 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.

* * *