

GM Printing Capital (V185)

February 19, 2010

General Project Plan

Grantee: Grand Meridian Printing, Inc. d/b/a GM Printing (“GM Printing” or the “Company”)

ESD Investment: A grant of up to \$88,300 to be used for a portion of the cost of construction associated with relocation.

Project Location: 31-16 Hunters Point Avenue, Long Island City, Queens County

NYS Empire Zone (or equivalent): N/A

ESD Incentive Offer Accepted: March 12, 2007

Project Completion: September 2009

Number of Employees at Facility:

Initial employment at time of ESD Incentive Offer:	24
Current employment level:	25
Minimum employment on January 1, 2011:	34

Grantee Contact: K. Y. Chow, President
31-16 Hunters Point Avenue
Long Island City, NY 11101
Phone: (718) 937-3888
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Project Team:	Origination	Shirley Leung
	Project Management	Javier Roman-Morales
	Affirmative Action	Laverne Poole
	Environmental	Soo Kang

Project Description:

Background

Grand Meridian Printing, Inc., (d/b/a GM Printing) was founded in 1993 in Manhattan’s Chinatown and operated at 331-333 Broome Street for over ten years. GM Printing offers top-quality solutions for graphic design and full-color products including books, magazines, catalogs, brochures, invitations, announcements, business cards, stationery, direct mail, marketing materials, and customized printed products. GM is equipped with high-quality black and white, 4-color, and 8-color offset and digital presses. Although GM Printing handles most, if not all, business printing needs, its focus and expertise are toward medium-scale, scan-volume, and full-color promotional and marketing pieces.

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The Company is a recognized minority-owned business by the New York City Department of Small Business Services, ESD and The Port Authority of New York and New Jersey. GM is the official printer of Lower Manhattan Development Corporation and New York Economic Development Corporation. Other customers include New York City Council, City University of New York, Office of Court Administration, New York University, Sing Tao Newspaper, National September 11 Memorial & Museum, American Museum of Natural History, Elizabeth Arden, and New York Philharmonic, among others.

As the printing industry evolves, clients prefer a full one-stop shop rather than several different vendors for printing needs. Digital printing technology, which started off slowly, now controls the short-run market since it allows for quick turnaround at a reasonable cost. At the same time, New York City continues to lose most of the medium-and-long-run printing jobs to businesses located in other states, which have lower operating costs. This trend is worsening as more jobs are going to foreign countries such as Canada and Italy.

By 2006, GM Printing's business was growing rapidly and more space was needed to accommodate additional staff and equipment. At that point, due to the high operating costs and the expiration of the existing lease, other locations were considered such as New Jersey and Pennsylvania. Long Island City was the ideal location with easy transportation and the proximity to Manhattan, which would allow the Company to retain its Manhattan-based clients, including many designers who come on-site to press-proof their orders. With much lower space cost than Manhattan, Long Island City had already attracted other printing companies like Candid Litho Printing, OnDemand Color Group, and Hudson Printing Company. In order to avoid relocating to out of state, GM Printing needed financial assistance to make relocating to Long Island City financially feasible. An incentive proposal was offered and accepted by GM Printing in March 2007, thereby retaining 24 jobs and creating 10 new jobs. Without ESD assistance, the project would have been unlikely to occur in New York.

The Project

GM acquired a 13,000-square-foot building in Long Island City and expanded the facility with a 5,000-square-foot second floor. After completion of the expansion, the Company purchased a used Heidelberg press from a company located in Alabama. In order to fully utilize the press, several employees undertook a comprehensive training program. In addition, the pre-press graphics department was trained on the use of a new computer-to-plate processing system. Relocation was completed in September 2009. Some employees chose not to relocate, and the Company is currently recruiting new employees to replenish its staff.

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Financing Uses	Amount	Financing Sources	Amount	Percent
Real Estate Acquisition	\$2,350,000	ESD Grant	\$88,300	1.80%
Infrastructure/Site Work	1,347,111	Bank of America*	1,850,000	38.15%
Machinery Acquisition	888,000	SBA 504 Loans*	1,914,500	39.50%
Employee Training	22,656	NY Business Development Corporation Loan*	325,000	6.70%
Soft Costs	241,630	NYSERDA Grant	12,000	0.25%
		NYC Small Business Services Grant	7,257	0.15%
		Company Equity	652,340	13.45%
Total Project Costs	\$4,849,397	Total Project Financing	\$4,849,397	100.00%

*Loan terms: Bank of America – 6.365%/20 yrs (\$1,850,000); SBA 504 Loans - 5.265%/20 yrs (\$1,522,000) and 6.365%/10 yrs (\$392,500); NYBDC – 6.901%/10 yrs (\$325,000)

Financial Terms and Conditions:

1. The Company shall pay a commitment fee of 1% of the \$88,300 capital grant (\$883.00) upon execution of the grant disbursement agreement.
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 \$88,300 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$44,150) upon completion of the project as described in these materials, and submission of documentation verifying project costs totaling \$4,849,397 and documentation of the employment of 24 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available;

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- b) a Second Disbursement of an amount equal to 25% of the grant (\$22,075) will be disbursed upon documentation of the employment of 29 Full-time Permanent Employees at the Project Location (Employment Increment of 5), provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 25% of the grant (\$22,075) will be disbursed upon documentation of the employment of at least 34 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 ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after March 12, 2007, to be considered eligible project costs. All disbursements must be requested by no later than April 1, 2011. Disbursements may be requested simultaneously.

- 6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$88,300, 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

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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	24
A	B
Reporting Date	Employment Goals
February 1, 2011	$24+X+Y$
February 1, 2012	$24+X+Y$
February 1, 2013	$24+X+Y$

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. $X=5$, and Employment Goals shall equal $[24 + X = 29]$ 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. $Y=5$, and Employment Goals shall equal $[24 + X + Y = 34]$ 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:

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.

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. The proposed 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 24 and create 10 new jobs.

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2. The proposed project would be unlikely to take place in New York State without the requested assistance.
The Company considered relocating its operations to New Jersey or Connecticut. 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 \$828,906, which exceed the cost to the State.
4. The requirements of Section 10(g) of the Act are satisfied.
No residential relocation is required because there are no families or individuals residing on the site.

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Long Island City (Queens County) – GM Printing Capital – Economic Development Fund
– General Development Financing - Determination of No Significant Effect on the
Environment

RESOLVED, that based on the materials submitted to the Directors with respect to the GM Printing Capital project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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