

## F. Twin Marquis MAP Capital (X038)

October 21, 2010

### General Project Plan

**Grantee:** Twin Marquis, Inc. (“TMI” or the “Company”)

**ESD Investment:** A grant of up to \$100,000 to be used for a portion of the cost of machinery and equipment purchases.

**Project Locations:** 7 Bushwick Place, Brooklyn\*  
328 Johnson Avenue, Brooklyn  
88 Harrison Avenue, Brooklyn  
1250 Metropolitan Avenue, Brooklyn  
39 Canal Street, New York

\* Project activity site; others are job retention sites

**NYS Empire Zone:** North Brooklyn Empire Zone

**ESD Incentive Offer Accepted:** March 11, 2010

**Project Completion:** November 2010

**Number of Employees at Facility:**

Initial employment at time of ESD Incentive Offer:	170
Current employment level:	170
Minimum employment by January 1, 2015:	200

**Grantee Contact:** Terry Tang, President  
7 Bushwick Place  
Brooklyn, NY 11206  
Phone: (718) 386-6868 Fax: (718) 821-5052

<b>Project Team:</b>	Origination	Andrew Fletcher
	Project Management	Wai Shiu
	Affirmative Action	Helen Daniels
	Environmental	Soo Kang

**Project Description:**

Background

Twin Marquis, Inc., founded in 1989, is a privately owned food manufacturing company in New York City. The Company’s main products are noodles, wrappers, frozen appetizers, and tea drink products. Its products are distributed to chain restaurants and supermarkets throughout the United States. TMI’s main competitors are other Asian food manufacturers

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located in Brooklyn. The Company has five locations in New York City.

Manufacturing is a significant wealth-creating and value-adding sector of the NYS economy. The purpose of the ESD'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.

In the fall of 2009, TMI's major customer, Panda Express, planned to substantially increase its orders. In order to satisfy the additional demand, TMI needed to increase capacity and competitiveness by acquiring new machinery and equipment, and by building an expansion to its manufacturing facility at 7 Bushwick Place in Brooklyn. In order to assist TMI's expansion plan and to induce the Company to invest in and renew its manufacturing process, ESD responded with an incentive offer of \$100,000, which the Company accepted in March 2010. Without ESD's grant, the expansion may not have taken place, and the Company could have lost the contract with this major customer and the 30 new jobs that this project would create.

TMI received a \$225,000 grant from ESD in 2006 to demolish and reconstruct a facility in Brooklyn. The Company complied with all requirements and the grant was closed in 2009.

### The Project

The project started in April 2010, at the Bushwick Place location, and is expected to be completed in November 2010. Project activities include the demolition and reconstruction of the expanded space, and the purchase and installation of chow mein and udon production and packaging equipment. Through the proposed MAP project, TMI is expected to invest \$2.5 million to expand production and create 30 new jobs, bringing its total full-time employment to 200 by 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: A 14% increase in output, from 2,410,100 to 2,750,000 pounds semi-annually of commercially acceptable quality chow mein noodles.

Secondary Outcome: Improvements in production output and competitiveness.

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Total estimated value of competitiveness and project outcomes: \$1,848,493 annually

Financing Uses	Amount	Financing Sources	Amount	Percent
Demolition and Construction Costs	\$1,006,800	ESD Grant	\$100,000	4%
Machinery and Equipment Acquisitions	1,497,000	Company Equity	625,950	25%
		Bank loan*	1,777,850	71%
Total Project Costs	\$2,503,800	Total Project Financing	\$2,503,800	100%

\* Bank loan is being negotiated with Bank of East Asia, Citibank, and Shanghai Commercial Bank; and the project is being financed by payment installments.

### Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$100,000 capital grant (\$1,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no material adverse change in its financial condition prior to closing.
3. The Company or the Company's shareholders will be required to contribute a minimum of 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 Locations 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 Locations 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 \$100,000 will be disbursed to the Grantee in three installments as follows:

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- a) an Initial Disbursement of an amount equal to 33% of the grant (\$33,000) will be disbursed upon documentation of Company investments in machinery and equipment and related costs of approximately \$1,900,000, and documentation of the employment of at least 170 Full-time Permanent Employees at the Project Locations, 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 (\$33,000) will be disbursed upon documentation of additional Company investments in machinery and equipment and related costs of \$600,000 (\$2,500,000 total), documentation of production of at least 2,750,000 pounds of commercially acceptable quality chow mein noodles over a six-month period, as documented by production and shipping reports certified by the plant manager and confirmed by an independent Certified Public Accountant, and documentation of the employment of at least 190 Full-time Permanent Employees at the Project Locations (Employment Increment of 20), provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 34% of the grant (\$34,000) will be disbursed upon documentation of the employment of at least 195 Full-time Permanent Employees at the Project Locations (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. Expenses must be incurred on or after March 11, 2010 to be considered eligible project costs. All disbursements must be requested by April 1, 2015.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$100,000, 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

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- 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	170
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A	B
Reporting Date	Employment Goals*
February 1, 2012	$170+X+Y$
February 1, 2013	$170+X+Y$
February 1, 2014	$170+X+Y$
February 1, 2015	200
February 1, 2016	200
February 1, 2017	200

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.  $X=20$ , and Employment Goals shall equal  $[170 + X = 190]$  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  $[170 + X + Y = 195]$  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  $Y=0$ .

\* Grantee's employment commitment includes the employment of 30 new Full-time Permanent Employees at the Project Locations by January 1, 2015 and retaining 170 existing Full-time Permanent Employees. New positions may not be filled by transferring employees from other New York State Locations.

### **Affirmative Action:**

ESD's Non-discrimination and Affirmative Action policy will apply. Twin Marquis, Inc. is encouraged to use its best efforts to achieve a Minority Business Enterprise participation goal of 15%

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and a Women Business Enterprise participation goal of 5% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the project and to include minorities and women in any job opportunities created by 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 make significant investments in its manufacturing facility, thereby ensuring its continued viability and the creation of 30 new jobs. The project will also help improve the Company's production output. In addition, this project will help make the Company more competitive, and thus increase the economic viability of the state's manufacturing industry.
2. The proposed project would be unlikely to take place in New York State without the requested assistance.  
Without ESD assistance to fill a financing gap for this project, the Company would not have increased production output and would have lost a significant business contract.
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 \$3,519,416, 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.