

Niagara County Industrial Development Agency
 6311 Inducon Corporate Dr. - Sanborn, New York 14132
 (716) 278-8760 Fax (716) 278-8769

Application for Assistance

Please answer all questions on the **Niagara County Industrial Development Agency Application and Environmental Assessment Form**. Information submitted as part of this application will not be made public prior to the passage of an Official Action Resolution by the Agency. After such action, this information may be subject to disclosure under the New York State Freedom of Information Act.

Prior to application submission, this project was reviewed with **Lawrence Witul** of the Niagara County Industrial Development Agency and assigned Project Number _____.

I. Company Data

A. **Company Name:** Metallics Systems, A Division of Pyrotek Inc.
Address: 2040/2050 Cory Road Sanborn NY 14132

Telephone: 716-731-3221 **Fax:** 716-731-4943
Email: kevsco@pyrotek-inc.com **Website:** http://www.pyrotek.info/metallics/
IRS Identification No.: 91-0699706

Company official completing this application and authorized to respond on behalf of the company:

Name: Paul A. Rieckers	Title: Chief Financial Officer
Michael Sekedat	USA Regional Finance Manager
Emma Thompson	Corporate Counsel
Kevin Scott	Metallics Operations Manager

B. **Company Owners, Officers, Directors and Partners: List name and home address, title and other principal business affiliations.**

Pyrotek is privately held. See also our response to question H below.

Pyrotek Incorporated Officers & Directors			Other Principal Business Affiliations
Name	Title	Private Address	
<u>Officers</u>			
Allan G. Roy	President	4308 S. Conklin Road, Greenacres, WA 99016	None
Don Z. Ting	Executive Vice President	1609 South Crest Road, Spokane, WA 99203	None
John E. Sage	Senior Vice President	8423 E. South Riverway, Spokane, WA 99212	None
Paul A. Rieckers	Treasurer	6619 W. Kitsap Drive, Spokane, WA 99208	None
David A. Vasquez	Secretary	2415 S. Steen Rd., Spokane Valley, WA 99037	None

Directors

Allan G. Roy	Director, Chairman of the Board	4308 S. Conklin Road, Greenacres, WA 99016	None
M. Mearle Roy	Director	4308 S. Conklin Road, Greenacres, WA 99016	None
Don Z. Ting	Director	1609 South Crest Road, Spokane, WA 99203	None
John E. Sage	Director	8423 E. South Riverway, Spokane, WA 99212	None

C. **Legal Counsel:** Emma Thompson, Corporate Counsel

Address: 9503 E. Montgomery Ave.
Spokane Valley, WA 99206

Telephone: 509-340-2878
Fax: 509-927-2408
Email: emmtho@pyrotek-inc.com

D. **Accountant (Firm):**BDO Siedman, LLP
Address: 601 W. Riverside Ave., Suite 900
Spokane, WA 99201
Telephone: 509-747-8095
Fax: 509-747-0415
Email: kkopcick@bdo.com

E. **Principal Bank of Account:** U.S. Bank

F. **Type of Business** Corporation Sub Chapter S Partnership
 Sole Proprietorship Other _____

G. **Is Company authorized to do business in New York State?** Yes No

H. **Principal Stockholders with 5% or more of stock outstanding in the company:**

<u>Name</u>	<u>Address</u>	<u>% of Holding</u>
Allan & Mearle Roy (and related family trusts)	9503 E. Montgomery Ave., Spokane Valley, WA 99206	91.25% ownership

I. **List subsidiary, associate, and/or affiliated companies of applicant.**
Metallics Systems is a division of Pyrotek, Inc., 9503 E. Montgomery Ave, Spokane, WA 99206 which is the parent company. - See attachment #1 this application for additional details.

J. Is the Company or management of the Company now a plaintiff or a defendant in any civil or criminal litigation? * x Yes No

*Pyrotek Incorporated is a named defendant in a number of different civil actions including: asbestos litigation, and product liability. We anticipate that all of the actions will be resolved, in our favor, by the end of 2009. Details on the various litigations may be obtained by contacting our Corporate Counsel at the address provided above.

Has any person listed above ever been convicted of a criminal offense (other than a minor traffic violation)? Yes No x

Has any person listed above or any concern with whom such person has been connected ever been in receivership or been adjudicated a bankrupt? Yes No x

If the answer to any of the above questions is yes, please, furnish details in a separate attachment.

K. Identify the assistance being requested of the Agency:

- | | |
|---|-------------|
| (1) x* Bond financing for new project; estimated amount | \$5,000,000 |
| (2) <input type="checkbox"/> Bond/project refinancing; estimated amount | \$ _____ |
| (3) <input type="checkbox"/> Lease/sale back | \$ _____ |
| (4) <input type="checkbox"/> Assignment of lease | \$ _____ |
| (5) x Exemption from Sales Tax; estimated benefit | \$210,400 |
| (6) <input type="checkbox"/> Exemption from Mortgage Tax; estimated benefit | \$ _____ |
| (7) x Exemption from Real Property Tax; estimated benefit | \$820,800 |

If you have selected (5),(6) or (7), indicate whether you are seeking a deviation from the Agency's uniform tax exemption policy: Yes ; No x. If the answer is yes, please furnish details in a separate attachment.

(8) Other (please furnish details in a separate attachment)
None

II. Business Data

A. Company Background

- Describe when and where was the company established?
The manufacturing facility/business was started by Myron Cory in 1951 in Niagara Falls. It was moved to its present location in 1963. The business was later sold to the Carborundum Co. in 1965. In 1993, Metaullics Systems Co LP was formed to acquire this operation from the Carborundum Co. Pyrotek Inc. purchased the Metaullics Systems business in February 2005 and Metaullics Systems has operated as a division of Pyrotek since that time. Pyrotek was founded in 1956 in Spokane, Washington, where the company headquarters are still located today.

2. Describe the type of business
Metaullics Systems, at the Sanborn facility, manufactures graphite, carbon & ceramic products for industrial applications. In addition high temperature heat treatment services are offer to a wide range of outside customers. Typical products are graphite tubes and rods which are used in aluminum and chemical production operations. In addition, ceramic components along with bonded particle filters are also produced at this facility. Ceramic components are used in various high temperature industrial applications such as equipment bearings while bonded particle filters are used in the aluminum industry to purify aluminum. Metaullics also performs a complex graphitizing process as well. Future business growth is dependent on obtaining more hydro power allocations at economically feasible rates.

3. **Description of Present Facilities:**

Lot size: 26.23 Acres Number of buildings: 5

Square footage of facilities: 92,580

*X Owns OR Rents present facilities

4. **What is the present employment of the company?**

Full Time_*56 # Part Time 1

*Metaullics Systems only. Pyrotek Inc as a global company has approximately 1,700 employees

Estimated annual payroll: \$2,488,468 (2008 fiscal yr)

5. **Approximate annual sales:**

Metaullics (at the Sanborn Plant) – approx \$9 million

Pyrotek Inc (globally) – approx - \$300 million

6. **Describe primary markets.**

Metaullics' primary markets are industrial customers of high temperature graphite and ceramic materials such as aerospace, aluminum and chemical businesses located in the United States and worldwide. Pyrotek Inc. sells various other high-temperature materials and capital equipment to both aluminum and industrial customers located worldwide.

7. **Provide a brief description of the company and its history.**

Pyrotek is a privately owned company specializing in the development, manufacture and sale of high-temperature materials for industrial applications. Pyrotek was founded in 1956 in Spokane, Washington, U.S.A. where company headquarters are still located today. Pyrotek has gained international stature over the years now with over 60 locations consisting of factories and/or sales offices in over 40 different nations. Pyrotek manufactures and sells a vast array of products for use in high temperature environments. Pyrotek is a world leader in the handling and processing of molten aluminum. Pyrotek factories are equipped for precision machining of non-metallics, casting of ceramics, sewing of fabrics, equipment manufacturing and other unique capabilities. Pyrotek has an active Research and Development program, particularly in the field of ceramics, filtration and metallurgical analysis. Information on new products from Pyrotek's R&D efforts can be obtained from Pyrotek's website. Pyrotek's products are primarily used in the

following areas: Aluminum reduction, sheet, plate, extrusion and wire plants; Aluminum, copper alloy and ferrous foundries; Glass — flat rolled and container manufacturers; and Steel mills — insulating board for molten steel and transfer rollers. Other specialty divisions manufacture ceramics for fireplace appliances (now sold worldwide) and soundproofing materials for the construction and automotive industries. Pyrotek employs a growing sales force of skilled graduate engineers to provide technical resources, knowledge of materials and problem solving creativity necessary to develop products specifically tailored to customer applications.

The Metallurgy facility/business was started by Myron Cory in the late 1950's in Niagara Falls. It was moved to its present location in 1963. The business was later sold to the Carborundum Co. in the late 60's. In 1993, Metallurgy Systems Co LP was formed to acquire this operation from the Carborundum Co. Pyrotek Inc. purchased the Metallurgy Systems business in February 2005 and Metallurgy Systems has operated as a division of Pyrotek since that time

B. Provide types of business activity and approximate square feet of each for company's present facility:

	Square Feet
Manufacturing/Processing	77,976
Warehousing	0
Research & Development	0
Commercial	0
Retail*	0
Office	11,760
Other (specify) shower/locker/lunch/lab facilities	2,844

* A retail business activity shall mean (i) sales by a registered vendor under article twenty-eight of the New York tax law primarily engaged in the retail sale of tangible personal property, as defined in subparagraph (i) of paragraph four of subdivision (b) of section eleven hundred one of the tax law; or (ii) sales of a service to such customers.

C. Describe principal goods, products and/or services of the company:

Pyrotek manufactures and sells a vast array of products for use in high temperature environments such as in the in the handling and processing of molten aluminum. Pyrotek factories are equipped for precision machining of non-metallic, casting of ceramics, sewing of fabrics, equipment manufacturing and other unique capabilities. Pyrotek's products are primarily used in the following areas: Aluminum reduction, sheet, plate, extrusion and wire plants; Aluminum, copper alloy and ferrous foundries; Glass — flat rolled and container manufacturers; and Steel mills — insulating board for molten steel and transfer rollers. Other specialty divisions manufacture ceramics for fireplace appliances (now sold worldwide) and soundproofing materials for the construction and automotive industries (currently Australia and Asia based). Metallurgy Systems Sanborn facility manufactures specialty graphite, carbon & ceramic products for industrial applications. In addition high temperature heat treatment services are offer to a wide range of outside customers. Typical products are graphite tubes and rods which are used in aluminum and chemical production operations. In addition, ceramic components along with bonded particle filters are also produced at this facility. Ceramic components are used in various high temperature industrial application such equipment bearings while bonded particle filters are used in the aluminum industry to purify aluminum.

III. Project Data

A. Location of Proposed Project:

1. Physical Address of proposed Project Site:

Address: 2050 Cory Road
City, Town, Village: Sanborn
County: Niagara

2. New York State Empire Zone Tax Incentives.

In addition to financial incentives that the Niagara County Industrial Development Agency can provide with respect to the proposed Project, the Project may also be eligible for New York State tax benefits (sales tax, income tax, and real property tax benefits and credits) under the New York State Empire Zone Program. Empire Zone tax benefits can be utilized concurrently with Niagara County Industrial Development Agency benefits and incentives.

Is the proposed Project Site located in an Empire Zone?

Yes No Unsure

3. New York State Brownfield Cleanup Program Tax Incentives

New York State provides for significant refundable New York State tax credits with respect to cleanup and construction (buildings and equipment) costs, real property tax expenses, and insurance costs related to remediating and developing a Brownfield/contaminated property. In addition, New York State provides for a release of liability with respect to such contamination located in, on or emanating from the Brownfield Site. New York State Brownfield Cleanup Program tax credits can be utilized concurrently with Niagara County Industrial Development Agency benefits and incentives.

Under the New York Brownfield Cleanup Program, a Brownfield or a Brownfield Site is any real property, the redevelopment or reuse of which may be complicated by the presence or potential presence of a hazardous waste, petroleum, pollutant, or contaminant (collectively, "contaminants").

Is the proposed Project Site located on a site where the known or potential presence of a contaminant(s) is complicating the development/use of the property?

Yes * x No Unsure

Has a Phase I Environmental Assessment been prepared or will one be prepared with respect to the proposed Project Site?

x Yes No Unsure

Have any other studies or assessments been undertaken with respect to the proposed Project Site that indicate the known or suspected presence of contamination that would complicate the site's development?

Yes * x No Unsure

*It should be noted however that the proposed project site is part of a 40 acre parcel of land currently being remediated under an "order of consent" between the NYSDEC and BP of America Inc. This 40 acre parcel is identified as site # 9-32-102. Additional details along with the current status of this remediation effort can be obtained by contacting the NYSDEC.

B. Existing Project Facilities:

1. Parcel Size: *26.23 Acres **OR** _____ ft. x _____ ft.
 * The proposed project will impact (4) acres of the total 26.23 acre Sanborn facility plant site.

2. Are there existing buildings on the Project site? Yes x; No .

a. If yes, indicate the number of buildings on the site: 5. Also, please briefly identify each existing building and indicate the approximate size (in square feet) of each such existing building:

Building Description	Size
Building #1	19,059
Building #2	17,086
Building #3	4,135
Building #4	2841
Building #5	49,459

Total - 92,580 sq ft

- b. Are the existing buildings in operation? Yes ; No . If yes, describe present use of present buildings:

Building	Use
Building #1	- industrial manufacturing
Building #2	- industrial manufacturing
Building #3	- shower/locker/lunch/lab facilities
Building #4	- office
Building #5	- industrial manufacturing

- c. Are the existing buildings abandoned? Yes ; No . About to be abandoned? Yes ; No . If yes, describe:

3. Identify present landowner.

The total site is divided into two separate adjacent parcels of land which are as follows:
 2050 Cory Rd (site of proposed 36,600 sq ft bldg addition) - Pyrotek, Inc., 9503 E. Montgomery Ave, Spokane, WA 99206
 2040 Cory Rd Bp America (property is lease to Pyrotek, Inc., 9503 E. Montgomery Ave, Spokane, WA 99206)

4. Present zoning of site: M2 industrial

Are there any variances or special permits affecting the Project site?

Yes No .

The current building code requires that an additional fire hydrant be installed on the north end of the new addition. Metallics will be applying for a variance for relief from this code issue as it is believed that the plant current fire protection system is adequate. This variance request is in the process of being developed at this time and is expected to be completed shortly. Once completed, a copy of this request will be forwarded.

5. Provide Tax Map (section/block/lot) number(s):

2050 Cory Rd – 294000 132.00-1-16-.2 & 294000 132.00-1-1
 2040 Cory Rd - 294000 132.00-1-16-.12

6. List current assessed value: \$ 561,975
 List current annual property tax payment: \$ 50,802

7. Identify school district pertaining to Proposed Project location:
 Niagara Wheatfield

C. Proposed Project Facility and Equipment

1. Does part of the Project consist of the acquisition or construction of a new building or buildings? Yes ; No

* Note – a new 36,600 sq ft build addition will be constructed – see # 2 below

If yes, indicate number and size of new buildings:

See #2 below

2. Does part of the Project consist of additions and/or renovations to existing buildings located on the Project site? Yes x; No .

If yes, indicate the buildings to be expanded or renovated, the size of any expansions and the nature of expansion and/or renovation:

A 36,600 sq ft "single" story bldg addition will be constructed on the North end of existing bldg #1. This addition will require the demolition of a small block bldg addition currently located at the North end of bldg #1

3. Describe the principal uses to be made by the Company of the building or buildings to be acquired, constructed or expanded:

Manufacturing/processing of graphite products for industrial applications

4. Will machinery and equipment be acquired and installed?

New: No x Yes Type *Electric graphitizing furnaces & material handling equipment (i.e. bldg cranes etc.)*

Used: No x Yes Type *Material handling equipment*

Describe the principal uses to be made by the Company of the Equipment to be acquired or installed:

Graphitizing, material processing and packaging of products (materials) sold to industrial customers.

5. Project Use

- a. What are the principal products to be produced at the Project?
Various graphitized materials and products used in industrial applications.

5. Project Use

- b. What are the principal activities to be conducted at the Project?

	%		%
Warehousing	*0	Manufacturing	*100
Processing	*0	Pollution control	*0
Office	0	Research & Development	0
Retail**	0	Commercial	0
Recreational	0	Other:	0

*The planned 36,600 sq ft bldg addition will be constructed to increase plant graphitizing capacity. Manufacturing activities will consist primarily of graphitizing, material handling and "packaging" of graphite materials and products. Air emission control equipment will also be installed as per NYSDEC rules and regulations.

** A retail business activity shall mean (i) sales by a registered vendor under article twenty-eight of the New York tax law primarily engaged in the retail sale of tangible personal property, as defined in subparagraph (i) of paragraph four of subdivision (b) of section eleven hundred one of the tax law; or (ii) sales of a service to such customers.

- c. Does the Project include facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities? Yes ; No x

If yes, please see Addendum A attached hereto.

- d. Will the completion of the Project result in the removal of a plant or facility of the Company or another proposed occupant of the Project (a "Project Occupant") from one area of the State of New York to another area of the State of New York? Yes No x If yes, please explain:

- e. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Company located in the State of New York? Yes No x

If yes, please provide detail: _____

- i. If the answer to either question (d) or question (e) is yes, indicate whether any of the following apply to the Project:

- (1) Is the Project reasonably necessary to preserve the competitive position of the Company or such Project Occupant in its industry?
Yes No

If yes, please provide detail:

- (2) Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York? Yes No

If yes, please provide detail:

6. Is this a single phase or multi-phase project? x Single Multi

Phase I Activities: Construction of proposed 36,600 sq ft bldg addition including the installation of all manufacturing equipment.

Phase II Activities: _____

Phase III Activities: _____

D. Utilities and services presently serving site. Provide name of utility provider.

Gas:	National Fuel Gas	Size: 4"-6" main Cory Rd (est)
Electric:	National Grid	Power: *34,000V 3Ph Primary service to plant substation
Water:	Town Of Wheatfield	Size: 8"-10" main Cory Rd (est)
Sewer:	Niagara County SD #1	Size: 8"
Other (specify):		

* The 34,000V 3ph feeder supplies power to two (2) main substation plant transformers having a total capacity of 6,500Kva. A total of 2.2 MW of hydropower has been allocated for use by Metallurgics

E. What is your project timetable? (Provide dates)

1. Start date: acquisition or construction of facilities: 3/09
2. Completion of project facilities: 7-09 – 8/09
3. Project occupancy – starting date of operations: 8-09 – 9/09

F. Have any contracts or purchases been made, committed and/or executed toward the project? No Yes,

If yes, please provide detail:

1. Contract with Calamar Construction Management to provide engineering/project management services necessary for obtaining a building permit from Town of Wheatfield.
2. Approval has been granted by NYSPA for an additional low cost electrical power for this project.
3. In an effort to meet the project schedule the first Heat treatment furnace is currently being installed in an existing building on site. This furnace will be relocated into the new 36,600 sq ft building when this building is complete.

G. Has any work toward the completion of the project been initiated? No Yes,

* No physical construction has started at this time on the proposed 36,600 sq ft bldg addition. However, Calamar Construction Management is providing engineering/project management services necessary for obtaining a building permit from Town of Wheatfield.

If yes, please provide detail: In an effort to meet the project schedule the first Heat treatment furnace is currently being installed in an existing building on site. This furnace will be relocated into the new 36,600 sq ft building when this building is complete.

H. Will the project require any government actions, permits or clearances (other than IDA requirements)? If yes, please provide the following details:

Action	Issuing Agency	Date of Issuance
Planning Board Approval	Niagara County	7/21/08
Planning Board Approval	Town of Wheatfield	
Revision of existing air emissions permit	NYSDEC	
Building Permit	Town of Wheatfield	

- I. Include any site plans, drawings or blueprints that have been developed. See attached drawings.
- J. Does the Company intend to lease or sublease more than 10% (by area or fair market value) of the Project? Yes ; No . If yes, please complete the following for each existing or proposed tenant or subtenant:

Sublessee name: _____
 Present Address: _____
 Address: _____
 Employer's ID No.: _____

Sublessee is: Corporation Partnership Sole Proprietorship

Relationship to Company: _____

Percentage of Project to be leased or subleased: _____%

Use of Project intended by Sublessee: _____

Date of lease or sublease to Sublessee: _____

Term of lease or sublease to Sublessee: _____

Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project?
 Yes No

If yes, please provide on a separate attachment: (a) details, and (b) the answers to questions III(D)(6)(c) through (f) with respect to each such sublessee.

K. Describe the reasons why this project is necessary and what effect it will have on your company:

Metaullics Systems Sanborn facility must meet customer product demand to remain competitive and economically viable by growing its business. Current customer demand for graphitized products exceeds Metaullics existing graphitizing capacity. Consequently, Metaullics must install additional graphitizing capacity to meet this demand and allow for future business growth.

IV. Employment Impact

- A) Will Niagara County contractors and / or sub contractors be utilized for the construction project? Yes No .
- B) What is the estimated number of construction jobs to be created at the project site from
 Niagara County: 20, Erie County, 0 Other Areas 0

- C) Indicate below the number of people presently employed at the Project site and the number that will be employed at the Project site at end of the first and second years after the Project has been completed (Do not include construction workers). Also indicate below the number of workers employed at the Project site representing newly created positions as opposed to positions relocated from other project sites of the applicant.

TYPE OF EMPLOYMENT				
	PROFESSIONAL OR MANAGERIAL	SKILLED OR SEMI- SKILLED	UNSKILLED	TOTALS
Present Full Time	0	0	0	0
Present Part Time	0	0	0	0
Present Seasonal	0	0	0	0
First Year Full Time	0	11	0	11
First Year Part Time	0	0	0	0
First Year Seasonal	0	0	0	0
Second Year Full Time	0	11	0	11
Second Year Part Time	0	0	0	0
Second Year Seasonal	0	0	0	0

V. Project Cost Data

- A. Give breakdown of project costs:

Land	\$0
Buildings: Acquisition	\$0
Renovation	\$0
New Construction	\$0
Demolition	\$675,000
	\$110,000
Utilities and Road	\$520,000
Site work and preparation	\$725,000
Acquisition of machinery & equipment Installation	\$1,305,000
Architectural and engineering fees	\$85,000
Legal fees	\$0
Interest during construction	\$30,000
Other Contingency & infrastructure	\$1,580,000
TOTAL	\$5,000,000

Have any of these expenditures been incurred to date? No Yes If yes, identify:
 Approximately \$40,000 has been expended to date with Calamar Construction Management to provide engineering/project management services necessary for obtaining building permit from Town of Wheatfield. Approximately \$650K have been committed or spent in connection with the construction and installation of a new heat treatment furnace as described in section III (F) 3.

B. Summary of Financing

Total Project Costs	\$5,000,000
Amount of Bond or Leaseback financing	\$5,000,000
Amount of Conventional financing	\$0
Equity	Estimated at \$1+ million

C. Will any part of the project be financed with funds of the company? No
 *X Yes, If yes, please provide detail: We have previously purchased the land on which this building will be located.

Item	\$
Total project	\$5,000,000

D. Will other forms of government financing be used to undertake the project: x No Yes
 If yes, please provide detail:

Program	Amount	Status

E. Have financial institutions or potential bond purchasers been approached? No Yes x
 If yes, please provide detail: We are in discussions with Wells Fargo to provide a letter of credit to back these tax exempt IRB funds.

F. List capital expenditures of the company:

	*Past 3 years		*Next 3 years	
Real Property		\$262,800		\$1,245,000
Buildings		\$733,200		\$2,880,500
Equipment		\$735,900		\$3,196,500
Fiscal Yr	Real Property	Buildings	Equipment	Total
2006	0	\$119,500	\$67,500	
2007	\$102,800	\$47,900	\$123,700	
2008	\$160,000	\$565,800	\$544,700	
	\$262,800	\$733,200	\$735,900	\$1,731,900
	Next 3 years			
Fiscal Yr	Real Property	Buildings	Equipment	Total
2009	\$1,245,000	\$2,450,000	\$1,905,000	\$5,600,000
2010	\$0	\$210,000	\$630,000	\$840,000
2011	\$0	\$220,500	\$661,500	\$882,000
	\$1,245,000	\$2,880,500	\$3,196,500	\$7,322,000

* Above capital expenditures are for Metallics Sanborn Facility only

VI. Financial and Feasibility Data

A. Describe the need or demand for the product or services to be provided as a result of the project:
Metaullics currently does not have enough graphitizing capacity to meet current and projected customer demand for graphitized products. Consequently Metaullics must install additional graphitizing capacity to meet this growing customer demand.

B. Has the company utilized bond financing before? No x Yes.

If yes, describe when, where and amount:

When: 2001

Where: Evansville, IN

Amount: \$3,000,000

C. Provide any marketing, economic and/or feasibility studies that have been developed, particularly for tourist destination facilities.

Note – This expansion is being proposed to meet product demand from existing Metaullics customers

D. The following information will be required by the Agency and returned once an action of the Agency has been taken:

1. Financial statements for the last three (3) years;
 2. Projections for the next three (3) years including Balance Sheets, Profit and Loss Statements, Cash Flow Statements by quarters, etc.
- Pyrotek will provide this information on a confidential basis. We request that such information is not disclosed to the public.

VII. Financial Assistance Expected From The Agency

A. Tax Benefits.

1. Is the applicant requesting any real property tax exemption in connection with the Project that would not be available to a project that did not involve the Agency?
Yes x No

If yes, is the real property tax exemption being sought consistent with the Agency's Uniform Tax Exemption Policy? Yes x No

2. Is the applicant expecting that the financing of the Project will be secured by one or more mortgages? Yes No x

If yes, what is the approximate amount of financing to be secured by mortgages?
\$ _____

3. Is the applicant expecting to be appointed agent of the Agency for purposes of avoiding payment of N.Y.S. Sales Tax or Compensating Use Tax? Yes X No .

If yes, what is the approximate amount of purchases which the applicant expects to be exempt from the N.Y.S. Sales and Compensating Use Taxes?

* Value of exemption is estimated at \$210,400

4. What is the estimated value of each type of tax-exemption being sought in connection with the Project? Please detail the type of tax-exemption and value of each exemption.

- a. N.Y.S. Sales and Compensating Use Taxes: \$210,400
 b. Mortgage Recording Taxes: \$unknown
 c. Real Property Tax Exemptions: \$unknown
 d. Other (please specify):
 _____ \$ _____
 _____ \$ _____

5. Are any of the tax-exemptions being sought in connection with the Project inconsistent with the Agency's Uniform Tax-exemption Policy?
 Yes No X.

If yes, please explain how the request of the applicant differs from the Agency's Uniform Tax-Exemption Policy: _____

VIII. Representations By The Applicant

The applicant understands and agrees with the Agency as follows:

- A. Job Listings. In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entities") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the Project is located.
- B. First Consideration for Employment: In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the Project.
- C. Annual Sales Tax Filings: In accordance with Section 874(8) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance

with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the applicant.

- D. Annual Employment Reports: The applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.
- E. Absence of Conflicts of Interest: The applicant has received from the Agency a list of the members, officers and employees of the Agency. No member, officer or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described.

CERTIFICATION

(to be executed by the principal of the applicant and acknowledged by a notary public)


- I. Paul Rieckers deposes and says that he/she is the Chief Financial Officer named in the attached Application (the "Applicant"); that he/she has read the foregoing Application and knows the contents thereof, and that the same is true to his/her knowledge.
- II. The grounds for deponent's belief relative to all matters in the Application which are not stated upon his/her own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of the Application, as well as information acquired by deponent in the course of his/her duties as an officer of and from the books and papers of said corporation or other entity.
- III. As an officer of the Applicant deponent acknowledges and agrees that the Applicant shall be and is responsible for all costs incurred by the Agency and all legal counsel for the Agency, including its general counsel and/or bond/transaction counsel, whether or not the Application, the proposed project it describes, the attendant negotiations, or the issue of bonds or other transaction or agreement are ultimately ever carried to successful conclusion and agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the Application, regardless of whether or not the Application or the proposed project described herein or the tax exemptions and other assistance requested herein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the proposed project described herein and (C) any further action taken by the Agency with respect to the proposed project; including without limiting the generality of the foregoing, all causes of action and attorney's fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing.
- IV. By executing and submitting this Application, the Applicant covenants and agrees to pay the following fees to the Agency and the Agency's general counsel and/or the Agency's bond/transaction counsel, the same to be paid at the times indicated:
 - (a) The sum of \$1,000.00 as a non-refundable processing fee, plus the sum of N/A if Agency assistance in retaining professionals is requested, to be paid upon submission of the Application;
 - (b) Unless otherwise agreed to by the Agency, an amount equal to N/A of the total project costs to be paid at transaction closing;
 - (c) All fees, costs and expenses incurred by the Agency for (1) legal services, including but not limited to those provided by the Agency's general counsel and/or the Agency's bond/transaction counsel, thus note that the Applicant is entitled to receive a written estimate of fees and costs of the Agency's general counsel and the Agency's

bond/transaction counsel; and (2) other consultants retained by the Agency in connection with the proposed project; with all such charges to be paid by the applicant at the closing.

- V. By executing and submitting this Application, and in the event the closing does not occur, the Applicant further covenants and agrees to pay the following fees to the Agency and the Agency's general counsel and/or the Agency's bond/transaction counsel:
- (a) If the Applicant fails to conclude or consummate the necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable proper or requested action, or withdraws, abandons, cancels, or neglects the Application, the Applicant shall pay to the Agency, its agents, or assigns, upon presentation of an invoice, a sum of one and one quarter percent (1.25%) of (i) the amount of bond financing requested; or (ii) the amount on which the financial assistance for the proposed project was determined, and upon presentation of an invoice, all actual costs involved with respect to the Application, including but not necessarily limited to fees of the Agency's general counsel and/or the Agency's bond/transaction counsel; or
 - (b) If the Applicant is unable to find buyers willing to purchase the bond issue requested, or if the Applicant is unable to facilitate the sale/leaseback transaction, then upon presentation of an invoice, all actual costs involved with respect to the Application, up to that date and time, incurred by the Agency including but not necessarily limited to fees of the Agency's general counsel and/or the Agency's bond/transaction counsel.
- VI. The Applicant acknowledges and agrees that all payment liabilities to the Agency and the Agency's general counsel and/or the Agency's bond and/or transaction counsel as expressed in Sections IV and V are obligations that are not dependent on final documentation of the transaction contemplated by this Application.
- VI. The cost incurred by the Agency and paid by the Applicant, including bond/transaction counsel fees and the Agency's general counsel's fees and the processing fees, may be considered as a costs of the project and included in the financing of costs of the proposed project, except as limited by the applicable provisions of the Internal Revenue Code with respect to tax-exempt bond financing.
- VI. The Applicant is aware and acknowledges that according to the New York Public Officer's Law, Article 6, Freedom of Information, the public has the right to request information about the project and the Applicant, and that in accordance with Public Officer's Law Article 7, all meetings of the Agency are open to the public.

The Applicant and the individual executing this Application on behalf of Applicant acknowledge that the Agency and its counsel will rely on the representations made in this Application and, if applicable, made in Addendum A, when acting hereon and hereby represents that the statements made herein and therein do not contain any untrue statement of a material fact

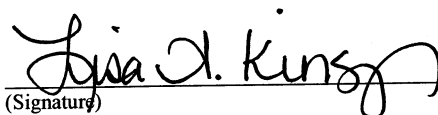
and do not omit to state a material fact necessary to make the statements contained herein or therein not misleading.

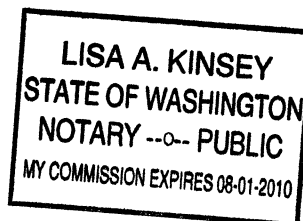


Paul A. Rieckers, Chief Financial Officer

NOTARY

Sworn to before me this 30 day of January 2009


(Signature)



ADDENDUM A

Niagara County Industrial Development Agency Application for Assistance

Retail Project Certification

The undersigned, hereby certifies the following:

1. An application for financial assistance from the Niagara County Industrial Development Agency (the "Agency") has been submitted by _____, (the "Applicant") with respect to a certain Project, as described in the Application for Assistance, (the "Application") to which this Addendum is heretofore attached.
2. The Applicant, by its undersigned Authorized Representative, understands and agrees that Section 862 of the New York General Municipal Law provides for a prohibition on the types of projects that can benefit from the assistance of an Industrial Development Agency with respect to *a project where facilities or property that are primarily used in making retail sales to customers who personally visit such facilities constitute more than one-third of the total project cost*. The Applicant, by its undersigned Authorized Representative, understands and acknowledges the following:
 - a. Less than One-third Project costs. Financial assistance of the agency may be provided in respect of any project where facilities or property that are primarily used in making retail sales to customers who personally visit such facilities constitute less than one-third of the total project cost.
 - b. Destination project. Financial assistance may be provided to a project that is a tourism destination project (defined as a location or facility which is likely to attract a significant number of visitors from outside the economic development region as defined under New York economic development law, in which the project is located) *even if the project or facilities that are primarily used in making retail sales to customers who personally visit such facilities constitute more than one-third of the total project cost*.
 - c. Not-for-profit operations. Financial assistance may be provided to a project that is operated by not-for-profit corporation *even if the project or facilities that are primarily used in making retail sales to customers who personally visit such facilities constitute more than one-third of the total project cost*.
 - d. Retaining jobs within the state. Financial assistance may be provided to a project where facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain such goods or services constitute more than one-third of the total project cost, where the project occupant would, but for the assistance provided by the agency, locate the related jobs outside the state.
 - e. Unique services. Financial assistance may be provided to a project where facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain such goods or services constitute more than one-third of the total project cost where the predominant purpose of the project would be to make available goods or services which would not, but for the project, be reasonably accessible to the residents of the city, town, or village within which the proposed project would be located because of a lack of reasonably accessible retail trade facilities offering such goods or services.

f. Highly distressed area. Financial assistance may be provided to a project where *facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain such goods or services constitute more than one-third of the total project cost*, where the project is located in a highly distressed area. A "Highly distressed area" shall mean (a) a census tract or tracts or block numbering areas or areas or such census tract or block numbering area contiguous thereto which, according to the most recent census data available, has (i) a *poverty rate* of at least twenty percent for the year to which the data relates or at least twenty percent of households receiving public assistance; and (ii) an *unemployment rate* of at least 1.25 times the statewide unemployment rate for the year to which the data relates; or (b) a city, town, village or county within a city with a population of one million or more for which: (i) the ratio of the full value property wealth, as determined by the comptroller for the year nineteen hundred ninety, per resident to the statewide average full value property wealth per resident; and (ii) the ratio of the income per resident; as shown in the nineteen hundred ninety census to the statewide average income per resident; are each fifty-five percent or less of the statewide average; or (c) an area which was designated an Empire Zone.

3. The Applicant, by its undersigned Authorized Representative, understands and agrees that projects authorized pursuant to Section 2(d),(e), and (f), above, *shall not be approved unless the Agency shall find, after the public hearing* required by New York General Municipal Law, that undertaking the Project will serve the public purposes of the New York General Municipal Law by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the state. Where the Agency makes such a finding, *prior to providing financial assistance to the Project by the Agency, the chief executive officer of the municipality for whose benefit the agency was created shall confirm the proposed action of the agency.*
4. The Applicant, by its undersigned Authorized Representative, hereby represents that the project as described in the Application meets the following retail sale exceptions, as noted below and as described in Section 2, above, and further, acknowledges and understand that the approval of the chief executive officer of the municipality for whose benefit the agency was created may be necessary in order for the Agency to provide financial assistance to the Project:

- | | | |
|--|---|--|
| <input type="checkbox"/> Less than one-third project costs | <input type="checkbox"/> Destination Project | <input type="checkbox"/> Retaining jobs within the state |
| <input type="checkbox"/> Unique Services | <input type="checkbox"/> Highly distressed area | |

5. The Applicant, by its undersigned Authorized Representative, hereby acknowledges that it has provided the Agency, as described on Schedule A attached hereto, with the appropriate project costs, market study, business plan, and census tract data, as appropriate, to support the conclusions with respect to the retail exception(s) as represented above in Section 4.

The Applicant, by its undersigned Authorized Representative has read the foregoing and knows the contents thereof and that the same is true to the Applicant's knowledge.

Applicant: _____
 By:
 Name:
 Title:
 Date:

Schedule A

1. What percentage of the cost of the Project will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project? 0%

2. If the answer to the prior question is more than 33.33%, indicate whether any of the following apply to the Project:

(a) Will the Project be operated by a not-for-profit corporation?

Yes ; No . If yes, please explain:

(b) Is the Project likely to attract a significant number of visitors from outside the economic development region in which the Project will be located?

Yes ; No . If yes, please explain:

(c) Would the Project occupant, but for the contemplated financial assistance from the Agency, locate the related jobs outside the State of New York?

Yes ; No . If yes, please explain:

(d) Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonable accessible to the residents of the city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services?

Yes ; No . If yes, please provide detail:

(e) Will the Project be located in one of the following: (i) an area designed as an Empire Zone pursuant to Article 18-B of the General Municipal Law; or (ii) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (a) a poverty rate of at least 20% for the year in which the data relates, or (b) at least 20% of households receiving public assistance, and (c) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates?

Yes ; No . If yes, please explain:

(f) If the answers to any of subdivisions (a) through (e) of question (2) is yes, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York?

Yes No If yes, please explain: _____

ATTACHMENT #1

Pyrotek Incorporated

Legal Entities
January, 2009

Parent Company

Pyrotek Incorporated
Spokane, Washington USA
100% owned by Allan Roy family

Subsidiaries:

Unless otherwise indicated, all subsidiaries are owned 100% by Pyrotek Incorporated:

(1)	Pyrotek Pty. Ltd Girrawean, NSW Australia	100.00%
(2)	Pyrotek High Temperature Industrial Products, Inc. Drummondville, Quebec Canada	100.00%
(3)	Pyrotek Engineering Materials Ltd. Wymbush, Milton Keynes United Kingdom	100.00%
(4)	Pyrotek Products Ltd. Invercargill, New Zealand	100.00%
(5)	Pyrotek Engineering Materials (Pty.) Ltd. Richards Bay, Republic of South Africa	100.00%
(6)	Pyrotek, E.U.R.L. Lyon, France	100.00%
(7)	Pyroven, CA Puerto Ordaz, Venezuela	100.00%
(8)	Pyrobras Comércio E Indústria Ltda Sao Paulo, Brazil	100.00%
(9)	Pyrotek Thailand Co. LTD Prakanong, Bangkok Thailand	100.00%
(10)	Pyrotek (Guangxi Nanning) High Temperature Materials Co. Ltd Nanning, Guangxi China (owned by Pyrotek (Asia) Limited)	100.00%
(11)	Pyrotek CZ, SRO Blansko, Czech Republic	100.00%
(12)	Pyrotek Scandinavia AB Ed, Sweden	100.00%

Pyrotek Incorporated

Legal Entities

January, 2009

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(13)	Pyrotek S.A. Sierre, Switzerland	100.00%
(14)	Pyrotek Japan Co., Ltd. Kobe, Japan	100.00%
(15)	Pyrotek FZE Dubai, United Arab Emirates	100.00%
(16)	Pyrotek India Private Limited India	100.00%
(17)	High Temperature Industrial Products HTIP S. de R.L. de C.V. Mexico	100.00%
(18)	Technical High Temperature Products S. de R.L. de C.V. Mexico	100.00%
(19)	Pyrotek (Asia) Limited Hong Kong	100.00%
(20)	PT. Pyrotek Indonesia Indonesia	100.00%
(21)	Shenzhen Foseco-Jinke Non-Ferrous Metallurgical Materials Co. Limited China	95.00%
(22)	Pyrotek Dongguan Limited China (60% owned by Pyrotek Shenzhen, 40% owned by Pyrotek, Inc.)	100.00%
(23)	Pyrotek Ltd. Russia	100.00%
(24)	Tab Refractory Construction & Maintenance Co. Ltd. Warrington, UK	100.00%
(25)	Tab Refractories S.A. Limited South Africa (owned by Pyrotek Engineering Materials Ltd. (South Africa))	100.00%
(26)	Tab Refractories Australia Pty. Ltd. Australia (owned by Pyrotek Pty. Ltd)	100.00%
(27)	Tab Refractory NZ Limited New Zealand (owned by Pyrotek Products Ltd.)	100.00%

Pyrotek Incorporated

Legal Entities

January, 2009

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(28)	4372077 Canada Inc. Canada (owned by Pyrotek High Temperature Industrial Products, Inc.)	100.00%
(29)	EMP Technologies Ltd. Burton-on-Trent, Staffordshire, UK	100.00%
(30)	Metaullics Systems Europe, B.V. Barendrecht, Netherlands	100.00%
(31)	Metaullics Systems Mexico, S.de. R.L. de C.V. Mexico City, Mexico	100.00%
(32)	Pyrotek Bahrain S.P.C Bahrain	100.00%
(33)	Pyrotek ehf Iceland	100.00%
(34)	Pyrotek Refractory Industry and Trade Limited Company Turkey	100.00%
(35)	ZinkOff Oy Finland	100.00%
(36)	Pyrotek Xian Inc. China	100.00% (owned by Pyrotek Shenzhen)

Branches:

Taiwan operates as a branch of the Pyrotek Pty. Ltd.

Germany operates as a branch of Pyrotek Engineering Materials Ltd.

Korea operates as a branch of Pyrotek Incorporated.

Argentina operates as a branch of Pyrotek Incorporated.

Malaysia operates as a branch of Pyrotek (Asia) Ltd.

Belgium operates as a branch of Pyrotek Incorporated (SNIF).

Spain operates as a branch of Pyrotek Engineering Materials Ltd.

Italy operates as a branch of Metaullics Systems Europe, B.V.

Attachment #2

- a. **Application** – see above
- b. **Environmental Assessment** – Phase II and Report on Phase II Study included with this package (see other documents within this mailing)
- c. **Certificate of Incorporation for the Applicant Company** – See attached (see other documents within this mailing)
- d. **Financial Statements for Last Three (3) Years (to be reviewed w/ NCIDA Project Manager)** – Paul Rieckers, CFO, will visit NCIDA at their request to share these items and to address any questions. We consider this material to be confidential.
- e. **Financial Projections for Next Three (3) Years (to be reviewed w/ NCIDA Project Manager)** – Paul Rieckers, CFO, will visit NCIDA at their request to share these items and to address any questions. We consider this material to be confidential.
- f. **Site Plan (Check w/ NCIDA Project Manager)** – See attached (see other documents within this mailing)
- g. **Marketing and Economic Feasibility Studies (Check w/ NCIDA Project Manager)** – See response included in this application.