

M E M O

March 2, 2015

**FROM: KEVIN ATKINS
CHIEF DEVELOPMENT OFFICER**

TO: ECONOMIC DEVELOPMENT INVESTMENT BOARD

RE: LEXINGTON JOBS FUND APPLICATION RECOMMENDATION – ANNULOX LLC

PROJECT COMPANY:

AnnuLox, LLC

COMPANY APPLICATION REQUEST:

\$100,000 Grant

10 Years

PROJECT DESCRIPTION:

AnnuLox has developed an oxidation catalyst for use in the large-scale manufacture of commercial products, primarily in the dye and pigment industry. The company currently has filed two US Provisional Patents and they hold a US registered trademark for this new product.

AnnuLox has customers in the United States, India and China.

The AnnuLox owners have contributed over \$1.2 million of capital but do not have additional resources at this time for the full commercialization effort.

The Jobs Fund grant would be used to provide capital that would be necessary to buy production equipment, raw materials and to pay operating expenses through the commercialization phase. The grant would also be used for the subsidy of operating expenses to bring on additional employees to increase production capacity to meet current demand.

AnnuLox has committed to hiring 5 additional jobs as part of the Jobs Fund grant. The median hourly wage would be \$21.63 per hour exclusive of benefits.

RECOMMENDATION:

For the purposes of the Lexington Jobs Fund, we propose a quarterly stage disbursement in the form of a forgivable loan to be secured by collateral:

- \$25,000 upon approval of the incentives
- \$25,000 upon the end of the first quarter following initial disbursement
- \$25,000 upon the end of the second quarter following initial disbursement
- \$25,000 upon the end of the third quarter following initial disbursement

The monitoring period for the incentive will be ten (10), which is consistent with state incentive programs. No interest will be charged to the principal as long as the company is in compliance.