FOR CONSIDERATION
«Approval_Date»

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: «Project_Town» («Project_County» County) – «Project_Name» – «Fund_Source» – «Project_Type» (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-m and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment

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General Project Plan

I. Project Summary

Grantee: «Orgn_Name_Client» ("La Belle Farm" or the "Company")

ESD* Investment: A grant of up to «Grant_Amt» to be used for a portion of the cost associated with the construction of an 18,800-square-foot poultry processing facility.

* The New York State Urban Development Corporation doing business as the Empire State Development Corporation ("ESD" or the "Corporation")

Project Locations: 504 Stanton Corner Road*, «Project_Town», «Project_County» County
279 Dessecker Road, White Sulphur Springs, Sullivan County

*Project activity site; other is job-retention site.

NYS Empire Zone (or equivalent): N/A

Proposed Project: «Project_Summary».

ESD Incentive Offer Accepted: July 5, 2006

Project Completion: November 2007

Number of Employees at Project Locations:
Initial employment at time of ESD Incentive Offer: «Jobs_Initial»
Current employment: 47
Minimum employment on January 1, 2012:
65«Jobs_Projected»

Grantee Contact: «Contact_Name_Client», «Contact_Title_Client»
«Street_Address_Client»
«CitySTZip_Client»
Phone: «Phone_Client»
Fax: «Fax_Client»

Anticipated Appropriation Source: «Fund_Source»

ESD Project No.: «Project_Number»

Project Team:

Origination	«Originator»
Project Management	«Project_Manager»
«Attorney»	
Affirmative Action	Denise Ross«Affirmative_Action»
«Financial_Analyst»	
Environmental	«Environmental»

II. Project Cost and Financing Sources

Financing Uses	Amount
Working Capital	$250,000
Construction	389,000
Machinery	182,058
Training	15,000
Total Project Costs	$836,058

Financing Sources	Amount	Percent	Rate/Term/Lien
ESD-Grant	«Grant_Amt»	21.1%	
First National Bank of Jeffersonville Line of Credit	300,000	35.9%	*Prime +.75%*/revolving/ RE
Company Equity	359,853	43.0%	

Total Project Financing	$836,058	100.0%

III. Project Description

A. Background

La Belle Farm, a privately-held company, began in late 2000 and is a specialty poultry, egg and meat producer and distributor. Its poultry growing facility is located in White Sulphur Springs and its processing facility is located in nearby Ferndale, on a 43-acre farm. The Company supplies the majority of its products to high-end restaurants and distributors throughout the United States, Mexico and Canada. Duck comprises approximately 85% of La Belle Farm's sales. Its major customers include Bella Bella Gourmet Foods, Bo Bo Poultry, Chicago Game, 1-800-Gourmet, Prairie Harvest Specialty Foods and the Smokehouse Market. The Company's competitors include Hudson Valley as well as French and Canadian companies.

La Belle Farm's management has traveled to Europe to study the industry and to develop a unique poultry product. Its products are processed and packed in the Company's United States Department of Agriculture inspected plants, which results in the highest quality and freshness. As of October 2005, the Company had been experiencing considerable growth and had been unable to keep up with demand.

In October 2005, a destructive fire occurred at La Belle Farm's Ferndale farm. The fire destroyed the main office building, large portions of inventory, breeding areas, processing areas, and custom built processing equipment. In order to recover from the fire as well as expand to satisfy demand for its products, La Belle Farm needed to rebuild and purchase new machinery and equipment. The Company had considered undertaking the project in West Haven, Connecticut, where some of its shareholders own a facility that had excess capacity. Given the financial strain it was facing from such a large investment while recovering from the fire and the difficulty in obtaining financing for some portions of the project, the Company approached ESD in 2006 for financial assistance. In order to induce the Company to proceed with the project in New York State, ESD responded with a $225,000 capital grant incentive offer, which the Company accepted in July 2006. As a result of this grant and project, La Belle Farm will retain 47 employees through January 1, 2014 and create 18 new jobs. (ESD's original offer, as accepted by the Company, was for $225,000 at a total of 83 jobs. However, since the economic slowdown has resulted in employment goals to be below that level, ESD's grant was reduced proportionately to $176,205.)

B. The Project

The project involved the construction of an 18,800-square-foot facility, installation of a new water treatment system, and purchase and installation of new machinery and equipment. The new facility was built within the same footprint as the previous facility and contains one full floor and an office on a portion of the second floor. New machinery and equipment included custom made processing equipment imported from France, feeding equipment and office equipment.

The project was completed in November 2007. The new machinery and equipment will allow La Belle Farm to operate more efficiently and increase its sales. La Belle Farm has already

gained a larger market share in Arizona, Illinois, Louisiana, Florida, Massachusetts, Virginia and Washington, D.C. In addition, La Belle Farm is actively pursuing expansion of the number of countries to whom it exports.

C. Financial Terms and Conditions

1. The Company shall pay a commitment fee of 1% of the «Grant_Amt» ($1,762) upon execution of the grant disbursement agreement. In addition, at the time of disbursement, the Company will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.

2. 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.

3. 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.

4. Up to «Grant_Amt» will be disbursed to the Grantee in two installments, for working capital purposes, as follows:
   a) An Initial Disbursement of an amount equal to 50% of the grant ($88,103) upon completion of the new 18,800-square-foot facility, as evidenced by a certificate of occupancy and documentation of project costs totaling $571,058, and documentation of the employment of at least 47 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 50% ($88,102) upon employment of at least 65 Full-time Permanent Employees at the Project Locations (Employment increment of 18), assuming that all project approvals have been completed and funds are available.

   Payments 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 July 5, 2006 to be considered eligible project costs. All disbursements must be requested by April 1, 2012.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than «Grant_Amt», 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.

6. 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 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.

Reporting Date	Employment Goals
February 1, 2011	47+X
February 1, 2012	47+X
February 1, 2013	47+X
February 1, 2014	47+X

X = Grantee's Employment Increment that will be the basis of the Second Disbursement of the Grant as described in section C.5 above (i.e. X=18, and Employment Goals shall equal [47 + X = 65] 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.

IV. Statutory Basis

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 retain 47 employees at risk of relocating out-of-state and create 18 new jobs.

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 West Haven, 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, the following are anticipated project impacts (dollar values are present value):
   - Fiscal benefits to NYS government from the project are estimated at $1,577,542;
   - Fiscal cost to NYS government is estimated at $176,205;
   - Project cost to NYS government per direct job is $4,704;
   - Project cost to NYS government per job (direct plus indirect) is estimated at $2,325;
   - Ratio of project fiscal benefits to costs to NYS government is 8.95:1;
   - Fiscal benefits to all governments (state and local) are estimated at $2,845,243;
   - Fiscal cost to all governments is $176,205;
   - All government cost per direct job is $4,704;
   - All government cost per total job is $2,325;
   - The fiscal benefit to cost ratio for all governments is 16.15:1;
   - Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at $13,499,951, or $178,124 per job (direct and indirect);
   - The economic benefit to cost ratio is 76.62:1;
   - Project construction cost is $389,000 which is expected to generate 3 direct job years and 2 indirect job years of employment;
   - For every permanent direct job generated by this project, an additional 1.04 indirect jobs are anticipated in the state's economy;
   - The payback period for NYS costs is 1 year.

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.

V. Environmental Review

ESD staff has determined that the construction of the new facility to replace and reconstruct the previous facility in-kind constitutes a Type II action as defined by the New York State

Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation (DEC). DEC has completed an environmental review of the new wastewater treatment system, pursuant to the requirements of SEQRA, and determined that the project would not have a significant effect on the environment. ESD staff reviewed the supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VI. Affirmative Action

ESD's Non-Discrimination and Affirmative Action policy will apply.

VII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

VIII. Additional Submissions to Directors

Resolutions
New York State Map
Cost-Benefit Analysis

«Approval_Date»

«Project_Town» («Project_County» County) – «Project_Name» – «Fund_Source» – «Project_Type» (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the «Project_Name» -- «Fund_Source» – «Project_Type» (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Sections 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that

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;

2. The project would be unlikely to take place in New York State without the requested assistance;

3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;

4. There are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the "Plan") for the Project submitted to this meeting, together with such changes therein as the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to «Orgn_Name_Client» a grant for a total amount not to exceed One Hundred Seventy-Six Thousand, Two Hundred Five Dollars («Grant_Amt») from the «Fund_Source», for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to

take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grant; and be it further

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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«Approval_Date»

«Project_Town» («Project_County» County) – «Project_Name» – «Fund_Source» – «Project_Type» (Capital Grant) – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the «Project_Name» Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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