

B. St. Gobain ADFORS Capital (W200)

December 14, 2011

General Project Plan

Grantee: St. Gobain ADFORS (“St. Gobain” or the “Company”)

ESD Investment: A grant of up to \$65,000 to be used for a portion of the cost of relocating the Company’s conversion line to an existing facility.

Project Location: 14770 East Avenue, Albion, Orleans County

ESD Incentive Offer Accepted: July 7, 2008

Project Completion: September 2010

Number of Employees at Facility:

Initial employment at time of ESD Incentive Offer	152
Current employment level:	182
Minimum employment through January 1, 2014:	172

Grantee Contact: David J. Fink, Operations Manager
14770 East Avenue
Albion, New York 14411
Phone: (585) 589-1080 Fax: (585) 589-6523

Project Team:

Origination	Helen Blum
Project Management	Simone Bethune
Affirmative Action	Denise Ross
Environmental	Soo Kang

Regional Council: The Finger Lakes Regional Council has been made aware of this item.

Project Description:

Background

St. Gobain ADFORS is a wholly-owned subsidiary of Saint-Gobain Corporation, a multi-national building materials company. St. Gobain ADFORS was founded in Albion in 1975 as a producer of retail laid scrim (a light cotton textile often used for bookbinding and upholstery), knitted fiberglass, and polyester reinforcements. Since that time, the original 45,000-square-foot Albion plant has expanded to 228,000 square feet, adding numerous laid scrim and knitting machines and a drywall tape converting machine. Drywall tape is a plaster-like substance used to cover walls in preparation for painting. The Company is a leading competitor in technical fabrics, serving the construction industry, infrastructure, and custom building suppliers. Some of its customers include US Gypsum, Tremco Roofing,

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Shawano Laminating, Unfix and Tensar.

In 2007, the Company sought to relocate its conversion line from its Dover, Ohio facility where knitted fabric received from other St. Gobain facilities was converted into smaller units for distribution. The Company hoped to integrate the conversion process into the Albion facility to maximize space and reduce the cost of labor rates. The Company also considered relocating to other possible sites in Canada, Pennsylvania and Ohio. St. Gobain approached ESD for help in 2007 because it believed Albion to be a strategic location for its operations. In 2008, ESD made an incentive offer of \$65,000 from the Empire State Economic Development Fund to encourage St. Gobain to relocate its conversion process to Albion. The Company accepted the offer in July 2008. Without ESD's assistance the Company would have relocated out of state.

ESD previously awarded St. Gobain a \$250,000 capital grant in 2004. The project was successfully completed and the grant was fully disbursed.

The Project

The project consists of the relocation of conversion operations for technical fabric from the Company's Dover, Ohio facility to its facility in Albion, New York. The move required upgrades to the Albion facility of additional electrical and compressed air lines, as well as relocation of existing machinery and equipment from the Dover plant. The Company has pledged to add 20 full time employees by January 2014 from its initial number of 152. They currently employ 182 people at the Albion facility. The project was initiated in 2009 and completed in September 2010.

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction/Renovation	\$240,000	ESD Grant	\$65,000	9%
Machinery & Equipment	84,391	Company Equity	692,020	91%
Soft Costs	324,391			
Employee Training	108,238			
Total Project Costs	\$757,020	Total Project Financing	\$757,020	100%

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$65,000 capital grant (\$650) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will be obligated to advise ESD of any material or adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost

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in the form of equity contributed after July 7, 2008. 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 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 \$65,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$32,500) upon completion of the project as substantially as described in these materials, documentation verifying project expenditures of approximately \$500,000, and documentation of the employment of at least 152 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 25% of the grant (\$16,250) will be disbursed upon documentation of the employment of at least 162 Full-time Permanent Employees at the Project Location (Employment Increment of 10), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$16,250) will be disbursed upon documentation of the employment of at least 172 Full-time Permanent Employees at the Project Location (Employment Increment of 10), 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 July 7, 2008, to be considered eligible project costs. All disbursements must be requested by June 1, 2012.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$65,000, 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

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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 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.

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Baseline Employment	152
A	B
Reporting Date	Employment Goals
February 1, 2013	152+X+Y
February 1, 2014	152+X+Y
February 1, 2015	152+X+Y
February 1, 2016	152+X+Y
February 1, 2017	152+X+Y

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=10, and Employment Goals shall equal $[152 + X = 162]$ 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 C.5 above (i.e. Y=10, and Employment Goals shall equal $[152 + X + Y = 172]$ 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.

Affirmative Action

ESD's Non-discrimination and Affirmative Action policy will apply. St. Gobain 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 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 152 and create 20 new jobs.
2. The project would be unlikely to take place in New York State without the requested assistance.
The Company considered relocating its operations to Canada or Ohio. 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.

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Evaluated over a seven-year period, project fiscal benefits to New York State government are expected to be \$6,407,907, 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.