

Patrick J. Kelly
Chief Executive Officer

PROJECT ACTIVITY REPORT

Project: CIVES Steel Company
Project Address: 40 Factory Street
Gouverneur, New York 13642
Application Date: May 12, 2015
Board Approval Date: May 14, 2015
Assistance Date: May 14, 2015

Project Overview:

Cives Steel Company is a leading steel fabricator in the United States. The Gouverneur facility has been in operation since the 1950s and employs 130 employees. Cives Steel Company Northern Division is a 60,000 sf production facility that fabricates structural steel buildings in New York, Pennsylvania, Vermont, Connecticut, New Jersey and Massachusetts. Cives Corporation includes 7 plants throughout the United States.

Cives Steel Company is looking to purchase and install a robotic plasma cutting system at a cost of \$800,000. This state of the art equipment will increase Cives' ability to produce structural steel more efficiently, supporting the Company's efforts to remain competitive in a very challenging market. This is the most expensive piece of equipment ever installed at the Cives Steel Company North Division facility.

The project involves the conveyance of tax exempt status to Cives relative to the purchase of the goods and services needed for the robotic plasma cutting system. The company could easily choose to locate this equipment at other locations. The steel industry is very competitive, with many of Cives' competitors locating in lower cost locations, like Pennsylvania or South Carolina. Also, there are many fabricators from Quebec who focus on Cives' NY and US markets. The strength of the Canadian dollar provides Canadian fabricators with a significant bidding advantage. The sales and use tax exemption helps with the financial justification to locate the equipment in the Gouverneur facility.

Actions Taken:

Proposed Financial Assistance:

St. Lawrence County Industrial Development Agency (Sales and Use Tax Exemption Benefit)\$64,000

Economic Indicators:

- Jobs Maintained and/or Generated – This project will retain 130 full-time equivalent jobs. CIVES Steel Company offers a compensation package with good benefits. The Company has an excellent global recognition and reputation, demonstrating St. Lawrence County's ability to attract and support top tier employees.
- Improved Corporate Performance – This project will assist CIVES Steel Company in strengthening operation as well as the Company's significant presence in St. Lawrence County. The state of the art robotic plasma cutting system enables CIVES Steel Company to develop more competitive production operations and will help secure more contracts thereby providing stability and security for the Gouverneur plant.
- Renovation and Modernization of Existing Property – This project will assist the Gouverneur Plant to become more state of the art and keep Cives Steel Company more competitive in the steel fabricating industry.