

YADKIN COUNTY

NORTH CAROLINA

 **COPY**

AGREEMENT FOR
ECONOMIC DEVELOPMENT ASSISTANCE

THIS AGREEMENT, made and entered into this 16th day of February, 2016, ("Effective Date"), is by and among the COUNTY OF YADKIN, a North Carolina body politic the "County"; YADKIN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, INC., a North Carolina non-profit corporation ("YCEDP"); and LYDALL THERMAL/ACOUSTICAL, INC, a corporation organized and existing under the laws of the State of Delaware ("LYDALL").

RECITALS:

A. Lydall is qualified to do business in the State of North Carolina and desires to expand its manufacturing and support facilities at a site (the "Site") owned by Lydall and located at 1241 Buck Shoals Road in Hamptonville, N. C. The Site is located entirely in Yadkin County and is more particularly described on the attached Exhibit A, which is incorporated by reference. This expansion at the Site would require Lydall to install new machinery and equipment at the Site as well as additional construction to provide for additional manufacturing and support at the existing manufacturing and support facilities (the "Facilities") located on the Site.

B. Lydall will make certain site and infrastructure improvements on the Site and at the Facilities and it will install manufacturing machinery and equipment at the Facilities, all to allow Lydall to expand the manufacturing of thermal and acoustical products and/or other products and/or to conduct other business operations at the Site. In the course of this work, Lydall expects to make capital expenditures at the Site of at least sixteen million Dollars (\$16,000,000.00) on or before December 31, 2017;

C. The County in 1990 adopted a policy of providing assistance for economic development of the type that would be required at the Site for Lydall's purposes, including assistance in the form of grants for site development and other capital improvements.

D. Pursuant to the Local Development Act of 1925, North Carolina General Statute §158-7.1 (the "Act"), the County has agreed, after having conducted a public hearing on the matter, to provide certain incentives to Lydall, which are more particularly described in this Agreement. These incentives are intended to induce Lydall to expand and make certain improvements to the Facilities and to the Site.

E. For and in consideration of the incentives from the County described in this Agreement, Lydall agrees to construct and make certain improvements to the Facilities and to the Site so that it can locate manufacturing or other business operations there and provide certain jobs there, all as more particularly described in this Agreement.

F. YCEDP, as the administrator for the Yadkin County Economic Development Council, has agreed to administer in accordance with this Agreement the economic incentives to be provided to Lydall under this Agreement.

G. The County has determined that providing the assistance set out in this Agreement will benefit the welfare of their citizens by enhancing their jurisdictions' industrial and business operations and available employment. The improvements to the Facilities and the Site might not occur without this assistance.

H. The parties desire hereby to document their respective commitments and, to the fullest extent permitted by North Carolina law, contractually bind themselves to those commitments.

I. It is anticipated that Lydall's capital investment in and at the Site and its operations there will generate significant ad valorem tax revenues and sales tax revenues for the County, which revenue sources constitute a material part of the financial basis for the County entering into this Agreement.

J. The renovation, improvement, and development of the Facilities is expected to result in the creation of new full-time jobs at the Site, as well as additional construction jobs during Lydall's work to improve the Site and the Facilities and to ready them for Lydall's operations.

NOW, THEREFORE, in consideration of the recitals and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Development of the Site and the Facility. Lydall agrees that within a reasonable time after execution of this Agreement, and in any event no later than December 31, 2017, it will complete its construction and improvement of the Facilities and the Site and its installation of all machinery and equipment needed to expand its operations at the Facilities and will have begun those operations. Following the completion of this work, and in no event later than three years after the Effective Date of this Agreement, Lydall will simultaneously provide at least thirty (30) new full-time positions for employment at the Facilities or on the Site, and it will maintain these positions until at least five (5) years following the Effective Date of this Agreement. These new positions are in addition to the 706 Yadkin County Jobs as reflected on the quarterly North Carolina Unemployment Insurance forms (NCUI101) dated June 30, 2015. After Lydall completes the work at the Site and Facilities described in this Paragraph 1, Lydall agrees that the Site, the Facilities and new equipment shall be worth, for property tax purposes, in excess of sixteen million dollars (\$16,000,000.00) in addition to the 2014 Yadkin County tax base of \$25,513,331.00. Lydall shall maintain property, infrastructure, machinery and equipment at the Facility to the extent necessary for the County to fully recover, through property tax revenues from the Site and the Facilities, and no later than 6 years after the Effective Date, the grants that they are agreeing to pay Lydall under this Agreement. The County and YCEDP will have a reasonable right to inspect Lydall's records and the Site and Facility to assess Lydall's compliance with this Agreement, and Lydall upon request shall periodically provide documentation to the other parties sufficient to demonstrate its compliance with this Agreement.

2. No Tax Exemptions. Lydall agrees that at no time during this Agreement's term will Lydall pursue, apply for, or accept any tax exemption for the Site, any portion of the Site, or any

improvements or property (including the Facility) at the Site or any portion of the Site.

3. Use of County Businesses. In performing all work described in Paragraph 1, to the extent possible Lydall will use commercially efforts to: (i) use engineers, surveyors, vendors, contractors, subcontractors and other companies based in the County and (ii) purchase supplies from County-based businesses. Lydall will encourage its contractors and subcontractors to do the same. Lydall also will encourage its contractors and subcontractors to house themselves and their employees and contractors within the County during the work in order to maximize hotel/motel tax receipts and to expand the economic impact to the County and businesses located in the County.

4. Grants by the County. To induce Lydall to perform the work and create the jobs described in Paragraph 1, and subject to the terms of this Agreement, the County will make grants, from any lawfully available funds not otherwise restricted, in amounts equal to 80% of the new property tax generated each year by improvements, new construction, and machinery and equipment needed to make the Site and/or the Facilities useable by Lydall for its operations and to create the jobs described in Paragraph 1, in excess of the property tax on the 2014 tax base of \$ 25,513,331.00, for the next three tax years of 2015, 2016, and 2017. These improvements may include, but are not limited to, necessary modifications to the electrical service in the Facilities, fire protection equipment, grading, water and wastewater facilities, storm water sewer systems, employee parking lots, fencing, and roadways to be located on the Site. Except to the extent that the County may otherwise agree in its sole discretion, the County will provide these grant funds as follows: Cash grants on or about August 1, 2016, August 1, 2017, and August 1, 2018, provided property taxes for that year have been paid in full to Yadkin County. This cash grant shall be capped at \$ 100,000.00 per year. In no event shall the County be required to spend any funds or make any grants during any fiscal year in excess of the amounts specified in this Paragraph.

5. County Grants Administered by YCEDP. In order to facilitate the timely construction of the Facilities, Lydall, rather than YCEDP or the County, shall undertake the improvement activities described in Paragraph 4 and shall seek reimbursement for those activities from the grants described in Paragraph 4 up to the maximum amounts described in Paragraph 4. All invoices and any other documentation reasonably requested by YCEDP or the County for reimbursement of the amount allowed by the grant from Lydall shall be submitted to YCEDP and be signed by Lydall's engineer certifying that the work invoiced has been completed, is in place, has been approved, and is part of the work contemplated by Paragraph 1 of this Agreement. Upon receipt, YCEDP shall review each request and if it is in compliance with this Agreement (and would not cause grants made by the County during that fiscal year to exceed the maximum specified for that fiscal year in Paragraph 4), will recommend it to the County for payment. Lydall shall use the funds it receives from the County under this Agreement only for improvements and related expenditures at the Site or the Facility that are needed to create the tax base or jobs described in Paragraph 1.

6. Breach By Lydall. In the event that it appears that Lydall may have defaulted materially in the performance of its obligation under this Agreement, YCEDP and/or the County shall issue a written notice of that default to Lydall. Lydall will have thirty (30) days from receipt of said notice to remediate the specific material default or to deny or explain why no material default has occurred. If Lydall does not remediate the specific material default or explain to the reasonable satisfaction of each of the other parties that no material default has occurred, Lydall will be deemed

to have materially breached this Agreement. By example and not for purposes of limitation, a material breach by Lydall would include: (i) Lydall not providing jobs as specified in Paragraph 1 of the Agreement, (ii) Lydall not making the capital expenditures necessary for the County to fully recoup within five years of the Effective Date, through property taxes paid on the Site and the Facility, the grants that they agree to make under this Agreement, (iii) Lydall not operating the Facility from Effective Date until at least five years after the Effective Date. If Lydall commits a material breach of this Agreement, it shall promptly (and in no event more than 30 days after the breach) refund to the County the full amount of any grants made under this Agreement, along with interest from the dates the grants were paid by the County at the maximum rate of interest allowed under North Carolina law.

7. Force Majeure. If part or all of Lydall's performance under this Agreement (other than the payment of money or the giving of notice) is prevented by a cause beyond the control of Lydall, such as: natural disasters, fires, earthquakes, riots, shortage of raw materials, labor shortage, or restrictions imposed by any federal, state, or local statutes, regulations, ordinances or laws not in effect on the date of this Agreement, then Lydall shall give prompt notice to YCEDP identifying the cause and explaining in detail why that cause prevents its performance. From the time that this notice is given, Lydall shall be excused from performance to the extent that its performance is prevented by the cause identified in the notice, but only for so long as the cause prevents Lydall's performance. During the time that its performance is prevented, Lydall shall use its best efforts to avoid or remove the cause of nonperformance and perform its obligations to the greatest extent possible. Lydall shall continue full performance of its obligations under this Agreement with the utmost dispatch whenever the cause of its non-performance is removed. Notwithstanding any other provision of this Paragraph, Lydall's performance will be excused only for causes beyond Lydall's control.

8. Representations and Warranties.

A. The County represents and warrants to Lydall that it is a political subdivision, duly organized and validly existing, under laws of the State of North Carolina. The County has the corporate power, authority, and legal right to execute, deliver, and perform its obligations under this Agreement. The execution, delivery, and performance of this Agreement has been duly authorized by the County as required by law.

B. YCEDP represents and warrants to Lydall that YCEDP is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of North Carolina. YCEDP has corporate power, authority and legal right to execute, deliver and perform its obligations under this Agreement. This Agreement has been, and any other agreements, documents, and instruments required to be delivered by YCEDP in accordance herewith will be, duly executed and delivered by duly authorized officers of YCEDP. This Agreement constitutes, and any other documents when executed and delivered will constitute legal, valid, and binding obligations of YCEDP, enforceable in accordance with their respective terms.

C. Lydall represents and warrants to the County and YCEDP, that: (i) it is a corporation duly organized and existing under the laws of the State of Delaware and is validly existing and authorized to do business in the State of North Carolina; (ii) it has the power and authority to own its

properties and assets and to carry on its business as now being conducted and has the power and authority to execute and perform this Agreement; (iii) this Agreement (a) is the lawful, valid and binding agreement of Lydall; (b) does not violate any order of any court or other agency of government binding on Lydall, the charter documents of Lydall or any provision of any indenture, agreement or other instrument to which Lydall is a party; and (c) does not conflict with, result in a breach of, or constitute an event of default, or an event which, with notice or lapse of time, or both, would constitute an event of default, under any material indenture, agreement or other instrument to which Lydall is a party; (iv) Lydall has not received notice of any action having been filed against it that challenges the validity of this Agreement or Lydall's right and power to enter into and perform this Agreement; and (v) the Company is not engaged in a business that would cause any of its property in the County to be exempt from property taxes.

9. Further Assurances. Lydall, the County and YCEDP shall reasonably cooperate with each other and shall execute and deliver such other instruments and documents and take such other actions as may reasonably be requested from time to time by any other party as necessary to carry out, evidence, and confirm the intended purposes of this Agreement.

10. No Pledge of Faith and Credit. No provision of this Agreement shall be construed or interpreted as creating a pledge of the faith and credit of the County within the meaning of any constitutional debt limitation. The parties acknowledge that the scope, term and duration of this Agreement are in all events reasonable. No provision of this Agreement shall be construed or interpreted as delegating governmental powers or as a donation or a lending of the credit of the County within the meaning of the North Carolina Constitution. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of the County's funds nor shall any provision of the Agreement restrict to any extent prohibited by law any action or right of action on the part of any future County Board of Commissioners. To the extent of any conflict between this Paragraph and any other provision of this Agreement, this Paragraph shall take priority.

11. Assignment. This Agreement shall be binding upon Lydall's successors and assigns. However, notwithstanding any other provision of this Agreement, neither this Agreement nor any rights, privileges, or claims created by this Agreement may be assigned or transferred by Lydall without the prior written approval of the County.

12. Disclaimers. Lydall acknowledges that neither the County nor YCEDP: (i) has supplied any plans or specifications or other information about the Site or the Facilities, (ii) has made any recommendation, given any advice, made any warranties or representations, or taken any other action with respect to the Site or the Facilities or (iii) has made any warranty or other representation, express or implied, that the Site or Facilities (a) will not result in or cause injury or damage to persons or property, (b) is safe in any manner or respect, or (c) will accomplish the results that Lydall intends or is suitable for Lydall's purposes. Lydall acknowledges that neither the County nor YCEDP has promised, represented, or warranted that Lydall's plans for renovating, improving, developing, or using the Site or the Facilities will comply with any federal, state, or local law or regulation or with any private restrictions on the Site or the Facility that may exist.

The County and YCEDP make no express or implied warranties or representations of any kind

whatsoever with respect to the site or the Facilities or any component part of either, including but not limited to any warranty or representation with respect to the merchantability or the fitness or suitability thereof for any purpose, and further including the design or condition thereof; the safety, workmanship, quality or capacity thereof; compliance thereof with the requirements of any law, rule, specification or contract pertaining thereto; any latent defect; the Site's or the Facilities' ability to perform any function; or any other characteristic of the Site or the Facilities; it being agreed that Lydall is to bear all risks relating to the Site and the Facilities, the completion thereof and the transactions contemplated thereby and Lydall hereby waives any and all implied warranties and representations of the County or YCEDP. In no event shall the County or YCEDP be liable, under any circumstances, for any consequential, incidental, special or indirect damages of any kind, including lost revenues and profits, even if they have been advised of the possibility of those damages.

The provisions of this Paragraph 13 shall survive the Agreement's expiration or its termination for any reason or for no reason.

13. Public Purpose and Cooperation. The County and YCEDP acknowledge that any and all funds appropriated and expended by the County pursuant to this Agreement are for a bona fide public purpose and are expended in good faith reliance on the North Carolina Local Development Act of 1925. If one or more lawsuits challenging this Agreement's legality are brought by third parties against one or more parties to this Agreement, then the parties will cooperate with each other in the common defense of this Agreement and/or of the incentives granted under this Agreement. Each party to this Agreement will control the selection of its own legal counsel and will control its own legal defense, and each party will bear its own legal expenses.

14. No Joint Venture, Partnership, or Agency. This Agreement does not create any joint venture, partnership, or agency relationship between or among any of the parties to this Agreement. This Agreement shall not give the County or YCEDP any interest in or control over the Site or the Facilities or any activities occurring on the Site. Lydall shall indemnify and hold harmless the County and YCEDP from any damages, claims, lawsuits, penalties, fines, costs, fees, or any other type of monetary payments resulting from personal injury, death, or property damage caused in whole or in part by the Site, the Facilities, or any activities occurring on the Site or at the Facilities. This Agreement is not intended by the parties to grant any rights, privileges, or claims to any third parties.

15. Entire Agreement. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, agreements and understandings, whether oral or written. This Agreement may only be amended by an instrument in writing, signed by the party or parties to be charged.

16. Limitations of Liability. The respective obligations of the County and YCEDP are independent of each other. No party shall have any liability to Lydall based upon any breach of this Agreement by any other party.

17. Term. The term of this Agreement shall start on the date specified on the Effective Date and shall end on the date that is five (5) years after the Effective Date.

18. Notices. Whenever this Agreement requires or permits any consent, approval, notice, request, proposal, or demand (collectively, "Notice") from one party to another, the Notice must be in writing and shall be effective upon the first to occur of (i) actual receipt by the intended recipient, or (ii) the third (3rd) business day after it is properly deposited in the United States mail via certified mail, return receipt requested. Each party's address to which such Notices shall be delivered is listed below:

If to Lydall, to
Lydall Thermal/Acoustical, Inc.
1241 Buck Shoals Road
Hamptonville NC 27020

If to the County, to
Yadkin County Manager
P. O. Box 220
Yadkinville NC 27055

If to YCEDP, to
Yadkin County EDP
P. O. Box 1840
Yadkinville NC 27055

Any party entitled to receive a Notice hereunder may change the address which it previously had specified for receiving the same, at any time and from time to time, by delivering a written change notice in accordance with the above provisions to the other party five (5) business days prior to the effective date of such change.

20. Controlling Law. This Agreement is entered into pursuant to the laws of the State of North Carolina, and shall be construed and enforced thereunder without regard to North Carolina's choice of law provisions.

21. Severability. If any provision of this Agreement shall be determined to be invalid or unenforceable by a court of competent jurisdiction, then (a) such determination shall not invalidate or render unenforceable any other provision of this Agreement; (b) such provision shall be construed as closely as possible to the parties' original intent in order to render such provision valid or enforceable, as applicable; and (c) the remaining terms of this Agreement, together with such reconstructed provision, shall constitute the parties' entire agreement concerning the subject matter.

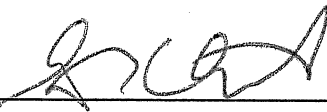
22. Jurisdiction. For any dispute concerning or arising out of this Agreement, the parties submit to the exclusive jurisdiction of the North Carolina Superior Court sitting in Yadkin County, North Carolina.

23. Headings. The headings in this Agreement are for convenience only and shall not modify the meaning of the language in each Paragraph of this Agreement or be used as a guide for interpreting the language of this Agreement.

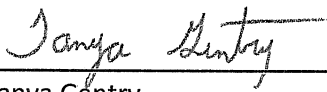
24. Counterparts. This Agreement may be executed in any number of separate counterparts. Each executed counterpart shall constitute an original, but all of them taken together shall constitute a single instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

COUNTY OF YADKIN



Kevin Austin
Chairman, Board of Commissioners




Tanya Gentry
Clerk to the Board

Date: 2/16/16

(AFFIX SEAL)

YADKIN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, INC



George L. Anderson, Jr.
Chairman



Kirk Matthews
Secretary


Date: 2-16-2016

(AFFIX SEAL)

LYDALL THERMAL/ACOUSTICAL, INC



William Feld
Vice President, GM, Global Auto/Fibers



William Hume
Senior Vice President, GM, Global Auto/Metals

Date: 2-16-2016

(AFFIX SEAL)

Exhibit A

Beginning at the southeast intersection of the rights-of-way of U. S. Highway No. 421 and State Road No. 1103 at a concrete right-of-way monument having N.C. Grid Coordinates N=868,672.24 and E=1,462,289.64, running thence with the southwest right-of-way line of U. S. Highway No. 421 and falling in with the southwest right-of-way line of the access ramp from U. S. Highway No. 421 to Interstate Highway No. I-77 (controlled access) the following eight (8) courses and distances: South 62° 36' 49" East 291.49 feet to a concrete right-of-way monument, thence South 63° 53' 33" East 329.13 feet to a concrete right-of-way monument, thence on a curve to the right having a chord direction and distance of South 61° 08' 55" East 232.72 feet to a concrete monument, thence another curve to the right having a chord direction and distance of South 47° 13' 05" East 196.64 feet to a concrete monument, thence another curve to the right having a chord direction and distance South 33° 21' 56" East 210.96 feet to a concrete monument, thence South 30° 22' 05" East 666.34 feet to an iron, thence South 30° 23' 06" East 175.96 feet to a concrete monument, thence on a curve to the right having a chord direction and distance South 29° 38' 47" East 133.44 feet to the northeast corner of property now or formerly owned by Harvey Turner marked by a concrete monument having N. C. Grid Coordinates N=867,128.59 and E=1,463,800.08; running thence with the northwest line of said property now or formerly owned by Harvey Turner South 83° 02' 17" West 166.97 feet to an iron; thence continuing with said northwest property line and falling in with the northwest property line of property now or formerly owned by Irene Chappel South 69° 17' 56" West 555.72 feet to an iron at a northeast corner of property now or formerly owned by R. P. Rippey; thence with Rippey's north east line North 41° 41' 34" West 526.84 feet to an iron at another northeast corner of said Rippey property; thence with the north line of said Rippey property North 84° 04' 04" West 604.01 feet to an iron in the east right-of-way line of State Road No. 1103; thence with said east right-of-way line the following seven (7) courses and distances: North 04° 39' 06" East 130.15 feet to a concrete monument, thence South 85° 31' 08" East 29.96 feet to a concrete monument, thence North 04° 39' 06" East 130.15 to a concrete monument, thence South 85° 31' 08" East 29.96 feet to a concrete monument, thence North 04° 27' 27" East 399.74 feet to a concrete monument, thence North 07° 50' 06" East 338.70 feet to a concrete monument, thence on a curve to the left having a chord direction and distance North 03° 44' 29" East 272.00 feet to a concrete monument, thence North 05° 55' 12" East 91.58 feet to a concrete monument, thence North 05° 43' 24" East 64.48 feet to the point and place of Beginning, containing 34.094 acres more or less as shown on map entitled "Property of Lydall Atlantic, Inc." dated August 23, 1982, prepared by John G. Bane, designated Job No. 7508.

Subject to the following: Easement recorded in Book 169, page 58, Memo of Lease and Option recorded in Book 202, page 675, Instrument recorded in Book 202, page 679, Right-of-Way recorded in Book 100, page 221 – all instruments being recorded in Yadkin County Registry. Title to that portion of the property within the boundary of Rural Road #1102, and rights of others thereto entitled in and to a ditch along the boundary line of said property and all other restrictions and easements, if any, of record.