

**APPROVING RESOLUTION
KLOCKE ESTATE HOLDINGS, LLC (FORMERLY KNOWN AS DRUMLIN FIELD
VENTURES LLC AND DRUMLIN FIELD LAND, LLC) PROJECT**

A regular meeting of Columbia County Industrial Development Agency (the "Agency") was convened in public session One Hudson City Centre, Suite 301 in the City of Hudson, Columbia County, New York on December 7, 2021 at 8:30 o'clock a.m., local time.

The meeting was called to order by the (Vice) Chair of the Agency and, upon roll being called, the following members of the Agency were:

PRESENT:

Carmine Pierro	Chair
Sarah Sterling	Vice Chair
Nina Fingar-Smith	Secretary
Robert Galluscio	Treasurer
Bill Gerlach	Ethics Officer
Brian Keeler	Member

Each of the members present participated in the meeting either in person or remotely pursuant to the signing into law on September 2, 2021 of Chapter 417 of the Laws of 2021.

ABSENT:

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

F. Michael Tucker	Chief Executive Officer
Lisa Drahushuk	Administrative Supervisor
Andrew B. Howard, Esq.	Agency Counsel
A. Joseph Scott, III, Esq.	Special Counsel

The following resolution was offered by _____, seconded by _____, to wit:

Resolution No. 1221-_____

**RESOLUTION AUTHORIZING EXECUTION OF DOCUMENTS IN CONNECTION
WITH A LEASE/LEASEBACK TRANSACTION FOR A PROJECT FOR KLOCKE
ESTATE HOLDINGS, LLC (THE "COMPANY").**

WHEREAS, Columbia County Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 366 of the 1976 Laws of New York, as amended, constituting Section 895-1 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of commercial, manufacturing and industrial facilities,

among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct and install one or more "projects" (as defined in the Act) or to cause said projects to be acquired, constructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, in August, 2021, Klocke Estate Holdings, LLC (formerly known as Drumlin Field Ventures LLC and Drumlin Field Land, LLC) (the "Company"), a limited liability company, submitted an application (the "Application") to the Agency, a copy of which Application is on file at the office of the Agency, which Application requested that the Agency consider undertaking a project (the "Project") for the benefit of the Company, said Project consisting of the following: (A) (1) the acquisition of an interest in an approximately 182 acre parcel of land located on County Route 27 in the Town of Claverack, Columbia County, New York (Tax Map Nos. 131-1-45.3 and 131-1-45.6) (collectively, the "Land"), (2) the construction on the Land of buildings containing in the aggregate approximately 20,800 square feet of space (collectively, the "Facility"), (3) the making of other improvements to the Land, to include the planting of an orchard and vineyards (collectively, the "Improvements") and (4) the acquisition and installation thereon and therein of various machinery and equipment (the "Equipment") (the Land, the Facility, the Improvements and the Equipment hereinafter collectively referred to as the "Project Facility"), all of the foregoing to be owned and operated by the Company as craft farm distillery and other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real property transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, by resolution adopted by the members of the Agency on February 5, 2019 (the "Inducement Resolution"), the Agency authorized a public hearing to be held pursuant to Section 859-a of the Act with respect to the Project; and

WHEREAS, pursuant to the authorization contained in the Inducement Resolution, the Chief Executive Officer of the Agency (A) caused notice of a public hearing of the Agency (the "Public Hearing") pursuant to Section 859-a of the Act, to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project, to be mailed on March 22, 2019 to the chief executive officers of the county and of each city, town, village and school district in which the Project is or is to be located; (B) caused notice of the Public Hearing to be posted on (1) March 28, 2019 on a bulletin board located at the Claverack Town Hall located at 91 Chard Street in the Town of Claverack, Columbia County, New York and (2) the door of the A.B. Shaw Firehouse located at 67 State Route 23 in the Town of Claverack, County, New York; (C) caused notice of the Public Hearing to be published on March 29, 2019 in the Hudson Register Star, a newspaper of general circulation available to the residents of the Town of Claverack, Columbia County, New York; (D) conducted the Public Hearing on April 15, 2019 at 8:30 o'clock a.m., local time at the A.B. Shaw Firehouse located at 67 State Route 23 in the Town of Claverack, Columbia County, New York; and (E) prepared a report of the Public Hearing (the "Hearing Report") fairly summarizing the views presented at such Public Hearing and caused copies of said Hearing Report to be made available to the members of the Agency; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act") and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York, being 6 NYCRR Part 617, as amended (the "Regulations", and collectively with the SEQR Act, "SEQRA"), by resolution adopted by the members of the Agency on August 3, 2021 (the "SEQR Resolution"), the Agency determined that the Project constitutes a "Type II Action" (as said quoted term is defined under SEQRA) and therefore that no further action with respect to the Project is required under SEQRA; and

WHEREAS, by resolution adopted by the members of the Agency on August 3, 2021 (the "Agent Resolution"), the Agency appointed the Company, on an interim basis, as agent of the Agency to undertake the Project and authorized the Agency to enter into this Interim Agency and Indemnification Agreement; and

WHEREAS, the Agency has given due consideration to the Application, and to representations by the Company that (A) the granting by the Agency of the Financial Assistance with respect to the Project will be an inducement to the Company to undertake the Project in Columbia County, New York and (B) the completion of the Project will not result in the removal of a plant or facility of any proposed occupant of the Project Facility from one area of the State of New York to another area in the State of New York and will not result in the abandonment of one or more plants or facilities of any occupant of the Project Facility located in the State of New York; and

WHEREAS, the Agency desires to encourage the Company to preserve and advance the job opportunities, health, general prosperity and economic welfare of the people of Columbia County, New York by undertaking the Project in Columbia County, New York; and

WHEREAS, in order to consummate the Project and the granting of the Financial Assistance described in the notice of the Public Hearing, the Agency proposes to enter into the following documents (hereinafter collectively referred to as the "Agency Documents"): (A) a certain lease to agency (the "Lease to Agency" or the "Underlying Lease") by and between the Company, as landlord, and the Agency, as tenant, pursuant to which the Company will lease to the Agency a portion of the Land and all improvements now or hereafter located on said portion of the Land (collectively, the "Leased Premises"); (B) a certain license agreement (the "License to Agency" or the "License Agreement") by and between the Company, as licensor, and the Agency, as licensee, pursuant to which the Company will grant to the Agency (1) a license to enter upon the balance of the Land (the "Licensed Premises") for the purpose of undertaking and completing the Project and (2) in the event of an occurrence of an Event of Default by the Company, an additional license to enter upon the Licensed Premises for the purpose of pursuing its remedies under the Lease Agreement (as hereinafter defined); (C) a lease agreement (and a memorandum thereof) (the "Lease Agreement") by and between the Agency and the Company, pursuant to which, among other things, the Company agrees to undertake the Project as agent of the Agency and the Company further agrees to lease the Project Facility from the Agency and, as rental thereunder, to pay the Agency's administrative fee relating to the Project and to pay all expenses incurred by the Agency with respect to the Project; (D) a payment in lieu of tax agreement (the "Payment in Lieu of Tax Agreement") by and between the Agency and the Company, pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Project Facility; (E) a uniform agency project agreement (the "Uniform Agency Project Agreement") by and between the Agency and the Company regarding the granting of the financial assistance and the potential recapture of such assistance; (F) a certain recapture agreement (the "Section 875 GML Recapture Agreement") by and between the Company and the Agency, required by the Act, regarding the recovery or recapture of certain sales and use taxes; (G) a sales tax exemption letter (the "Sales Tax Exemption Letter") to ensure the granting of the sales tax exemption which forms a part of the Financial Assistance; (H) a New York State Department of Taxation and Finance form entitled "IDA Appointment of Project Operator or Agency for Sales Tax Purposes" (the form required to be filed pursuant

to Section 874(9) of the Act) (the "Thirty-Day Sales Tax Report") and any additional report to the Commissioner of the State Department of Taxation and Finance concerning the amount of sales tax exemption benefit for the Project (the "Additional Thirty-Day Project Report"); (I) if the Company intends to finance the Project with borrowed money, a mortgage and any other security documents and related documents (collectively, the "Loan Documents") from the Agency and the Company to the Company's lender with respect to the Project ("the "Lender"), which Loan Documents will grant a lien on and security interest in the Project Facility to secure a loan from the Lender to the Company with respect to the Project (the "Loan"); (J) if the Company requests the Agency to appoint a contractor or contractors, as agent(s) of the Agency (each, a "Contractor") (1) a certain agency indemnification agreement (the "Contractor Agency and Indemnification Agreement") by and between the Agency and the Contractor, (2) a certain recapture agreement (the "Contractor Section 875 GML Recapture Agreement") by and between the Agency and the Contractor, (3) a sales tax exemption letter (the "Contractor Sales Tax Exemption Letter"), and (4) a Thirty-Day Sales Tax Report (the "Contractor Thirty-Day Sales Tax Report") and any additional report to the Commissioner of the State Department of Taxation and Finance concerning the amount of sales tax exemption benefit for the Project (the "Additional Thirty-Day Project Report") (collectively, the "Contractor Documents"); and (K) various certificates relating to the Project (the "Closing Documents");

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. All action taken by the Chief Executive Officer of the Agency with respect to the Public Hearing with respect to the Project is hereby ratified and confirmed.

Section 2. The law firm of Hodgson Russ LLP is hereby appointed Special Counsel to the Agency with respect to all matters in connection with the Project. Special Counsel for the Agency is hereby authorized, at the expense of the Company, to work with the Company, counsel to the Company, counsel to the Agency and others to prepare, for submission to the Agency, all documents necessary to effect the transactions contemplated by this Resolution. Special Counsel has prepared and submitted an initial draft of the Agency Documents to staff of the Agency.

Section 3. The Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act;

(B) The Project constitutes a "project," as such term is defined in the Act;

(C) The Project site is located entirely within the boundaries of Columbia County, New York;

(D) It is estimated at the present time that the costs of the planning, development, acquisition, construction, reconstruction and installation of the Project Facility (collectively, the "Project Costs") will be approximately \$10,641,277;

(E) The completion of the Project will not result in the removal of a plant or facility of any proposed occupant of the Project Facility from one area of the State of New York to another area in the State of New York and will not result in the abandonment of one or more plants or facilities of any occupant of the Project Facility located in the State of New York;

(F) (1) The Project Facility does not constitute a project where facilities or property that are primarily used in making retail sales of goods and/or services to customers who personally visit such facilities constitute more than one-third of the total cost of the Project Facility, and accordingly the Project is not prohibited by the provisions of Section 862(2)(a) of the Act, and (2) accordingly the Agency is authorized to provide financial assistance in respect of the Project pursuant to Section 862(2)(a) of the Act;

(G) The granting of the Financial Assistance by the Agency with respect to the Project will promote and maintain the job opportunities, general prosperity and economic welfare of the citizens of Columbia County, New York and the State of New York and improve their standard of living, and thereby serve the public purposes of the Act;

(H) The Agency has reviewed the Hearing Report and has fully considered all comments contained therein;

(I) The Project should receive the Financial Assistance in the form of exemptions from sales tax, mortgage recording tax and real property tax based on the description of expected public benefits to occur as a result of this Project, as described on Exhibit A attached hereto and failure by the Company to meet the expected public benefits will result in a recapture event, as described in Exhibit B attached hereto; and

(J) It is desirable and in the public interest for the Agency to enter into the Agency Documents.

Section 4. In consequence of the foregoing, the Agency hereby determines to: (A) accept the License Agreement; (B) lease the Project Facility to the Company pursuant to the Lease Agreement; (C) acquire, construct and install the Project Facility, or cause the Project Facility to be acquired, installed and constructed; (D) enter into the Payment in Lieu of Tax Agreement; (E) enter into the Uniform Agency Project Agreement; (F) enter into the Section 875 GML Recapture Agreement; (G) secure the Loan by entering into the Mortgage; (H) enter into the Contractor Documents and (I) grant the Financial Assistance with respect to the Project.

Section 5. The Agency is hereby authorized (A) to acquire a license in the Licensed Premises pursuant to the License Agreement, (B) to acquire a leasehold interest in the Leased Premises pursuant to the Underlying Lease, (C) to acquire title to the Equipment pursuant to a bill of sale (the "Bill of Sale to Agency") from the Company to the Agency, and (D) to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisitions are hereby approved, ratified and confirmed.

Section 6. The Agency is hereby authorized to acquire, construct and install the Project Facility as described in the Lease Agreement and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition, construction and installation are hereby ratified, confirmed and approved.

Section 7. The Chair (or Vice Chair) of the Agency, with the assistance of Agency Counsel and/or Special Counsel, is authorized to negotiate and approve the form and substance of the Agency Documents.

Section 8. (A) The Chair (or Vice Chair) of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Agency Documents, and, where appropriate, the Secretary (or Assistant Secretary) of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same,

all in the forms thereof as the Chair (or Vice Chair) shall approve, the execution thereof by the Chair (or Vice Chair) to constitute conclusive evidence of such approval.

(B) The Chair (or Vice Chair) of the Agency is hereby further authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 9. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing Resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 10. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

Carmine Pierro	VOTING	_____
Sarah Sterling	VOTING	_____
Nina Fingar-Smith	VOTING	_____
Robert Galluscio	VOTING	_____
Bill Gerlach	VOTING	_____
Brian Keeler	VOTING	_____

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) SS.:
COUNTY OF COLUMBIA)

I, the undersigned (Assistant) Secretary of Columbia County Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY that I have compared the foregoing annexed extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on December 7, 2021 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution contained therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Chapter 417 of the Laws of 2021 (the "2021 Laws"), said meeting was open to the general public, and due notice of the time and place of said meeting was duly given; and (D) there was a quorum of the members of the Agency, either in person or attending remotely in accordance with the 2021 Laws, throughout said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this _____ day of December, 2021.

(Assistant) Secretary

(SEAL)

EXHIBIT A

DESCRIPTION OF THE EXPECTED PUBLIC BENEFITS

In the discussions had between the Project Beneficiary and the Agency with respect to the Project Beneficiary's request for Financial Assistance from the Agency with respect to the Project, the Project Beneficiary has represented to the Agency that the Project is expected to provide the following benefits to the Agency and/or to the residents of Columbia County, New York (the "Public Benefits"):

Description of Benefit		Applicable to Project (indicate Yes or NO)		Expected Benefit
1.	Existing jobs on project site	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Approximately 0 full time equivalent existing jobs with the Company.
2.	Creation of new permanent jobs	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Approximately 8 full time equivalent new jobs within 3 years of the date hereof and approximately 12 full time equivalent new jobs within 5 years of the date hereof.
3.	Estimated value of tax exemptions	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	The estimated amount of the sales tax exemption: \$700,102; estimated amount of real property tax exemption: \$222,556 and estimated amount of mortgage recording tax exemption: \$37,500.
4.	Private sector investment	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Approximately \$10,600,000 at the Project Facility.
5.	"But for" test	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Without IDA and other State Funding – Project NOT Viable
6.	Cost Benefit Analysis	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Yes, included with the Application
7.	Likelihood of project being accomplished in a timely fashion	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
8.	Extent of new revenue provided to local taxing jurisdictions	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	\$350,000 over 10 years
9.	Any additional public benefits	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Employment Tourism
10.	Alignment with local planning and development efforts	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Approved by Town Planning Board
11.	Local or County official support	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Columbia County Chamber Columbia County Economic Development County Tourism Department County IDA

EXHIBIT B

DESCRIPTION OF THE RECAPTURE EVENTS

In connection with the Project and the granting of the Financial Assistance, the Agency and the Project Beneficiary agree that the following shall constitute recapture events with respect to the Project and the granting of the Financial Assistance:

- (1) failure to complete the acquisition, construction, and installation of the Project Facility;
- (2) failure by the Company to meet at least eighty percent (80%) of the Employment Level requirements contained in the Uniform Agency Project Agreement and in the Application;
- (3) liquidation of substantially all of the Company's operating assets and/or cessation of substantially all of the Company's operations;
- (4) relocation of all or substantially all of Company's operations at the Project Facility to another site, or the sale, lease or other disposition of all or substantially all of the Project Facility;
- (5) transfer of jobs equal to at least fifteen percent (15%) of the Company's Employment Level out of Columbia County, New York;
- (6) failure by the Company to comply with the annual reporting requirements or to provide the Agency with requested information;
- (7) sublease of all or part of the Project Facility in violation of the Basic Documents;
- (8) a change in the use of the Project Facility, other than as craft farm distillery and other directly and indirectly related uses;
- (9) failure by the Company to make an actual investment in the Project by the Completion Date equal to or exceeding 80% of the Total Project Costs as set forth in the Application; or
- (10) any representation or warranty made by the Company in the Uniform Agency Project Agreement or in the Application proves to have been false at the time it was made.