

**AMENDED APPROVING RESOLUTION
MILK FACTORY, LLC**

A regular meeting of the Town of Montgomery Industrial Development Agency (the "Agency") was convened in public session in the Town Hall located at 110 Bracken Road in the Town of Montgomery, Orange County, New York on March 11, 2025 at 1:00 p.m., local time.

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

PRESENT:

J. Thomas Jones	Chairperson
George DeClue	Second Vice Chairperson
Robert Santo	Member
Jose Hernandez	Member
Stacey Hillman	Member

ABSENT:

Matthew P. Stoddard	Treasurer
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AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Vincent Rouhotas	Executive Director
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ALSO PRESENT:

Ashley N. Torre, Esq.	Agency Counsel
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The following resolution was offered by Jose Hernandez, seconded by Robert Santo, to wit:

Resolution No. 0325-01

**AMENDED APPROVING RESOLUTION AUTHORIZING EXECUTION OF
DOCUMENTS IN CONNECTION WITH A LEASE/LEASEBACK TRANSACTION
FOR A PROJECT FOR MILK FACTORY, LLC.**

WHEREAS, the Town of Montgomery 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 527 of the 1971 Laws of New York, as amended, constituting Section 911-c 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 manufacturing, warehousing, research, commercial 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, reconstruct and install one or more “projects” (as defined in the Act), or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, on September 9, 2022, Milk Factory, LLC, a Delaware limited liability company (the “Company”), submitted an application, as thereafter amended on or about June 24, 2024, (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 construction on an approximately 19.80 acre parcel of land located at 2860 State Route 208 in the Town of Montgomery, Orange County, New York (tax map number 2-1-4) (the “Land”) of a winery/distillery, boutique hotel, restaurant, event space, gym/spa, co-work/gallery, and museum consisting of a total of approximately 100,000 square feet including construction of a new 10,000 square foot building and the renovation of 12 existing building structures, including all new infrastructure and second/third story additions in most existing buildings (the “Facility”), and (2) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other personal property (collectively, the “Equipment”) (the Land, the Facility and the Equipment being collectively referred to as the “Project Facility”); (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 estate 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 November 9, 2022 (the “Public Hearing 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 Public Hearing 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 November 28, 2022 to the chief executive officers of the county and of each town, village and school district in which the Project Facility is to be located, (B) caused notice of the Public Hearing to be posted on a public bulletin board on

November 1, 2022 at Town Hall located at 110 Bracken Road in the Town of Montgomery, Orange County, New York, as well as on the Agency's website, (C) caused notice of the Public Hearing to be published on December 8, 2022 in the Wallkill Valley Times, a newspaper of general circulation available to the residents of the Town of Montgomery, New York, (D) conducted the Public Hearing on December 13, 2022, February 14, 2023, April 11, 2023, and May 9, 2023 at 1:00 p.m., local time at the Town of Montgomery Town Hall located at 110 Bracken Road, Town of Montgomery, Orange County, New York, and (E) caused a transcript to be prepared of the Public Hearing (the "Public Hearing Transcript") reciting the statements presented at such Public Hearing and caused copies of said Public Hearing Transcript 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"), the Agency must satisfy the requirements contained in SEQRA prior to making a final determination whether to undertake the Project; and

WHEREAS, the Town of Montgomery Planning Board (the "Planning Board"), as the "lead agency" under SEQRA with respect to the Project, undertook a coordinated review of the Project, determined that the Project was a "Type I Action" under SEQRA, and issued a negative declaration on March 25, 2024 the "Negative Declaration"), a copy of which is on file at the office of the Agency, in which the Planning Board determined that the Project will not have a significant adverse impact on the environment and, therefore, that an environmental impact statement is not required to be prepared with respect to the Project; and

WHEREAS, the Agency has given due consideration to the Application, and to the 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 the Town of Montgomery, Orange 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 the Town of Montgomery, New York by undertaking the Project in the Town of Montgomery, Orange 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 in the form of exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes, 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 “Mortgage”) from the Agency and the Company to the Company’s lender with respect to the Project (“the “Lender”), which Mortgage 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 intends to request the Agency to appoint (1) the Company, as agent of the Agency and (2) a contractor or contractors, as agent(s) of the Agency prior to closing on the Project and the Lease Agreement, interim agency and indemnification agreements, interim Section 875 GML recapture agreements, interim sales tax exemption letters and interim thirty-day sales tax reports (collectively, the “Interim Documents”) and (K) various certificates relating to the Project (the “Closing Documents”); and

WHEREAS, by resolution adopted by the members of the Agency on August 13, 2024 (the “Approving Resolution”), the Agency determined to grant the Financial Assistance requested by the Company and to enter into the Agency Documents; and

WHEREAS, the Approving Resolution included a description of expected public benefits to occur as a result of this Project, as described on **Exhibit A** thereto, and provided that the failure by the Company to meet the expected public benefits within certain timeframes will result in a recapture event, as described on **Exhibit B** thereto; and

WHEREAS, the expected public benefits and recapture events described in Exhibit A and Exhibit B to the Approving Resolution contemplated an 18-month construction period that would commence within 6 months of the date of the Approving Resolution; and

WHEREAS, by letter dated February 1, 2025, the Company provided the Agency with an updated timeline indicating that it is working on securing financing and anticipates commencing construction in late summer/early fall of 2025 and estimate a 24-month construction period; and

WHEREAS, the Approving Resolution appointed the Agency's local labor policy consultant Fellenzer Engineering LLP for the Project to monitor compliance with the Agency's Local Labor Policy; and

WHEREAS, the Company has informed the Agency that Fellenzer Engineering LLP has provides engineering services for the Project which presents a conflict and renders Fellenzer Engineering, LLP unable to serve as the Agency's local labor policy consultant for the Project; and

WHEREAS, the Agency desires to amend the Approving Resolution by (1) revising Exhibit A and Exhibit B thereto so as to modify the timeframe for commencing construction and anticipated construction period consistent with the Company's revised project timeline; and (2) appointing a new labor policy consultant for the Project;

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

Section 1. All action taken by the Chair, any Vice Chair and/or the Executive Director 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 Naughton & Torre, LLP is hereby appointed Agency Counsel to the Agency with respect to all matters in connection with the Project. Agency Counsel for the Agency is hereby authorized, at the expense of the Company, to work with the Company, counsel to the Company, and others to prepare, for submission to the Agency, all documents necessary to effect the transactions contemplated by this Resolution.

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 the Town of Montgomery, Orange 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 \$51,104,937.00;

(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) The Project does not constitute a project where facilities or property that are primarily used in making retail sales to customers who personally visit such facilities constitute more than one-third of the total project cost and, accordingly, the Project is not prohibited by the provisions of Section 862(2)(a) of the Act and the Agency is authorized to provide financial assistance with respect to 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 the Town of Montgomery, Orange 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 Public Hearing Transcript and has fully considered all comments contained therein;

(I) The Project should receive the Financial Assistance in the form of exemption from sales and use tax in an amount not to exceed \$2,032,500.00, real property tax, real estate transfer tax and mortgage recording tax based on an evaluation of the Project under the Agency's Uniform Criteria for the Evaluation of Projects Policy, the cost benefit analysis undertaken by the Agency and 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 on **Exhibit B** hereto; and

(J) It is desirable and in the public interest for the Agency to enter into the Agency Documents, except that for the Interim Documents, the following conditions shall be met prior to the Agency entering into the Interim Documents: (1) the term of the Interim Documents shall not exceed 120 days, unless future extensions are consented to by the Agency in writing, (2) the Company shall have paid the Agency's administrative fee, (3) the Company and any contractors shall have delivered evidence of adequate insurance coverage protecting the Agency and (4) execution by the other parties thereto and delivery of same to the Agency of the Interim Documents.

Section 4. In consequence of the foregoing, the Agency hereby determines to: (A) proceed with the Project; (B) accept the License Agreement; (C) lease the Project Facility to the Company pursuant to the Lease Agreement; (D) acquire, construct and install the Project Facility, or cause the Project Facility to be acquired, installed and constructed; (E) enter into the Payment in Lieu of Tax Agreement; (F) enter into the Uniform Agency Project Agreement; (G) enter into the Interim Documents, subject to compliance with Section 3(J) above; (H) enter into the Section 875 GML Recapture Agreement; (I) secure the Loan by entering into the Mortgage; and (J) 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 Payment in Lieu of Tax Agreement shall contain the following schedule of payments:

<u>Tax Year</u>	<u>Percentage of Exemption</u>
1	100%
2	95%
3	90%
4	80%
5	75%
6	70%
7	60%
8	55%
9	50%
10	45%
11	40%

12	35%
13	30%
14	20%
15	10%
Year 16 and thereafter	0%

Section 8. 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 9. The Agency hereby appoints its local labor policy consultant Loewke Brill Consulting Group Inc. for the Project to monitor compliance with the Agency's Local Labor Policy.

Section 10. (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 11. 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 12. 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:

Robert Santo	VOTING	AYE
J. Thomas Jones	VOTING	AYE
Stacey Hillman	VOTING	AYE
Jose Hernandez	VOTING	AYE
George DeClue	VOTING	AYE
Matthew P. Stoddard	ABSENT	

The foregoing Resolution was thereupon declared duly adopted.

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 Town of Montgomery, New York (the "Public Benefits"):

Description of Benefit		Applicable to Project (indicate Yes or No)		Expected Benefit
1.	Retention of existing jobs	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Zero (0) full time equivalent existing jobs at the Project Facility (vacant or abandoned property).
2.	Creation of new permanent jobs	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	52 full time equivalent new jobs at the Project Facility (26 full time and 81 part time jobs) within 3 years of the date hereof.
3.	Creation of construction employment for local labor (i.e., labor resident in the area comprised of Hudson Valley Region as described in Agency Local Labor Policy)	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	average of 100 full time equivalent construction jobs at the Project Facility for local labor during an estimated construction period of 24 months, commencing within 9 months of the date hereof.
4.	Private sector investment	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	\$51,104,937.00 (est.) at the Project Facility within 3 years of the date hereof.
5.	Creation of new revenues for local taxing jurisdictions	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	\$9,868,053 (est.) of new revenues for local taxing jurisdictions from real property tax revenue and sales tax revenue with respect to the Project Facility within 16 years of the date of commencement of Project operations by the Company.

6.	Attract customers from outside the Economic Development Region	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Quantify by (%or number of customers, or % or amount of sales): 90% of customers within 3 years of the date hereof.
7.	Provide infrastructure necessary to support existing businesses or proposed businesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Describe: _____ _ within ___ years of the date hereof.
8.	Other (describe):	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Describe: Provide a co-working space for local startups and entrepreneurs to access within an estimated 3 years of the date hereof.

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 of the Project Beneficiary to document to the satisfaction of the Agency the commencement of the acquisition, construction, reconstruction, renovation, and/or installation of the Project Facility within 9 months of the date hereof.
2.	Failure of the Project Beneficiary to document to the satisfaction of the Agency the completion of the acquisition, construction, reconstruction, renovation, and/or installation of the Project Facility within 3 years of the date hereof.
3.	Failure by the Project Beneficiary to document to the satisfaction of the Agency the creation of at least 80% of the average full time equivalent local labor construction jobs at the Project Facility listed on Exhibit A during the construction period described on Exhibit A .
4.	Failure by the Project Beneficiary to document to the satisfaction of the Agency the creation and maintaining of at least 85% of the full time equivalent new jobs at the Project Facility listed on Exhibit A within 3 years of the date hereof.
5.	Failure by the Project Beneficiary to document to the satisfaction of the Agency that at least 85% of the private sector investment described on Exhibit A occurred with respect to the Project Facility within 3 years of the date hereof.
6.	Failure by the Project Beneficiary to document to the satisfaction of the Agency that the new revenues for local taxing jurisdictions described in the PILOT Agreement entered into by the Project Beneficiary have been made.
7.	Failure by the Project Beneficiary to document to the satisfaction of the Agency that the Project provided the other Public Benefits described on Exhibit A within the time frames assigned to such benefits.
8.	Liquidation of substantially all of the Project Beneficiary's (or its members or related party) operating assets at the Project Facility and/or cessation of substantially all of the Project Beneficiary's operations at the Project Facility.

9.	Relocation of all or substantially all of Project Beneficiary'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.
10.	Failure by the Project Beneficiary to comply with the annual reporting requirements or to provide the Agency with requested information.
11.	Sublease or assignment of all or part of the Project Facility in violation of any Project Facility Agreement.
12.	A change in the use of the Project Facility, other than as described in the Approving Resolution and other directly and indirectly related uses, in violation of any Project Facility Agreement.

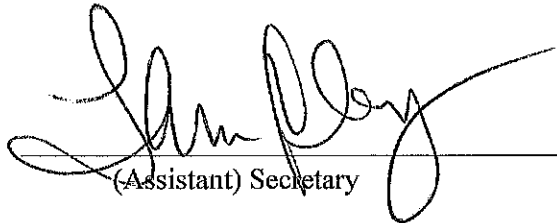
STATE OF NEW YORK)
) SS.:
COUNTY OF ORANGE)

I, the undersigned (Assistant) Secretary of the Town of Montgomery 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 March 11, 2025 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 Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public, and due notice of the time and place of said meeting was duly given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present 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 ___th day of March, 2025.



(Assistant) Secretary

(SEAL)