

**PILOT DEVIATION APPROVAL RESOLUTION
NORTHERN EAGLE BEVERAGES, INC. PROJECT**

A regular meeting of County of Otsego Industrial Development Agency (the "Agency") was convened in public session at the office of the Agency located at 189 Main Street, Suite 500, in the City of Oneonta, Otsego County, New York on April 23, 2015 at 8:00 o'clock a.m., local time.

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

PRESENT:

Robert S. Hanft	Chairman
James M. Jordan	Vice Chairman
Hugh I. Henderson	Assistant Secretary
Jeffrey C. Lord	Treasurer
Leonard Marsh	Member
Devin S. Morgan	Member

ABSENT:

Joseph A. Bernier	Secretary
Craig Gelbsman	Member
James Salisbury	Member

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Sandy Mathes	CEO
Elizabeth Horvath	COO
Kurt D. Schulte, Esq.	Agency Counsel
A. Joseph Scott, III, Esq.	Special Agency Counsel

The following resolution was offered by James M. Jordan, seconded by Leonard Marsh, to wit:

Resolution No. 0415-__

RESOLUTION AUTHORIZING A DEVIATION FROM THE AGENCY'S UNIFORM TAX EXEMPTION POLICY IN CONNECTION WITH THE PROPOSED PAYMENT IN LIEU OF TAX AGREEMENT TO BE ENTERED INTO BY THE AGENCY IN CONNECTION WITH THE PROPOSED NORTHERN EAGLE BEVERAGES, INC. PROJECT.

WHEREAS, County of Otsego 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 252 of the 1973 Laws of New York, as amended, constituting Section 910-a 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, Northern Eagle Beverages, Inc., a New York business corporation (the “Company”) has 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 or interests in an approximately 11.2 acre parcel of land located at 41 Browne Street in the Town of Oneonta, Otsego County, New York (Tax Map No. 299.00-1-11.05) (collectively, the “Land”), (2) the construction thereon of a building to contain approximately 82,000 square foot of space and related improvements on the Land (collectively, the “Facility”) and (3) the acquisition and installation thereon and therein of various machinery and equipment (the “Equipment”) (the Land, the Facility and the Equipment hereinafter collectively referred to as the “Project Facility”), all of the foregoing to be owned and operated by the Company for use as a NYS farm brewer and hops processing and pelletizing facility 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 August 7, 2014 (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 August 18, 2014 to the chief executive officers of the county and of each city, 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 August 18, 2014 on a public bulletin board located at 242 Main Street in the Town of Oneonta, Otsego County, New York, (C) caused notice of the Public Hearing to be published on August 18, 2014 in The Daily Star, a newspaper of general circulation available to the residents of Town of Oneonta, New York, (D) conducted the Public Hearing on August 28, 2014 at 10:00 a.m., local time at the Town Hall located at 3966 State Highway 23, in the Town of Oneonta, Otsego County, New York and (E) prepared a report of the Public Hearing (the “Public Hearing Report”) fairly summarizing the views presented at such Public Hearing and caused copies of said Public 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 (the “Regulations”) adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, “SEQRA”), the Agency has been informed that (1) the Town of Oneonta Planning Board (the “Planning Board”) was designated to act as “lead agency” with respect to the Project, and (2) the Planning Board issued a Determination of Non Significance on August 4, 2014 (the “Negative

Declaration”) determining that the acquisition, renovation, construction and installation of the Project Facility will not have a “significant effect on the environment”; and

WHEREAS, in connection with the Project, the Company has requested that the Agency deviate from its uniform tax exemption policy with respect to the terms of the proposed payment in lieu of tax agreement to be entered into by the Agency with respect to the Project Facility; and

WHEREAS, pursuant to Section 874(4) of the Act, prior to taking final action on such request for a deviation from the Agency’s uniform tax exemption policy, the Agency must give the chief executive officers of the County and each city, town, village and school district in which the Project Facility is located (collectively, the “Affected Tax Jurisdictions”) written notice of the proposed deviation from the Agency’s uniform tax exemption policy and the reasons therefor prior to the meeting of the Agency at which the members of the Agency shall consider whether to approve such proposed deviation; and

WHEREAS, on August 7, 2014, the members of the Agency adopted a resolution (the “Resolution Authorizing the Pilot Deviation Letter”) which authorized the Chief Executive Officer to notify the Affected Tax Jurisdictions of the proposed deviation from the Agency’s uniform tax exemption policy in connection with the Project; and

WHEREAS, pursuant to Section 874(4) of the Act, the Agency sent a deviation letter dated August 25, 2014 to the Affected Tax Jurisdictions; and

WHEREAS, the Company has since notified the Agency that the description of the Project has been modified to eliminate the brewery and that the costs of the Project have been reduced (collectively, the “Modifications”); and

WHEREAS, the Agency has, accordingly, determined to send to the Affected Tax Jurisdictions a second deviation letter dated March 24, 2015 (the “PILOT Deviation Letter”), a copy of which is attached hereto as Exhibit A, reflecting the Modifications; and

WHEREAS, by the Pilot Deviation Letter the Chairman notified the chief executive officers of the Affected Tax Jurisdictions of the proposed deviation from the Agency’s uniform tax exemption policy and further notified said chief executive officers that the members of the Agency would consider whether to approve such proposed deviation at this meeting;

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

Section 1. The Agency hereby finds and determines as follows:

(A) The Agency has considered any and all responses from the Affected Tax Jurisdictions to the Pilot Deviation Letter.

(B) The Agency has reviewed and responded to all written comments received from any Affected Tax Jurisdiction with respect to the proposed deviation.

(C) The Agency has given all representatives from an Affected Tax Jurisdictions in attendance at this meeting the opportunity to address the members of the Agency regarding the proposed deviation.

Section 2. Based on the findings and determinations in Section 1 above, the Agency hereby determines to deviate from the Agency’s uniform tax exemption policy with respect to the terms of the proposed payment in lieu of tax agreement to be entered into by the Agency with respect to the Project Facility for the reasons set forth in the Pilot Deviation Letter.

Section 3. Upon preparation by special counsel to the Agency of a payment in lieu of tax agreement with respect to the Project Facility reflecting the terms of this resolution (the “Payment in Lieu of Tax Agreement”) and approval of same by the Chairman (or Vice Chairman) of the Agency, the Chairman (or Vice Chairman) of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Payment in Lieu of Tax Agreement, 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 such form as is approved by the Chairman (or Vice Chairman), the execution thereof by the Chairman (or Vice Chairman) to constitute conclusive evidence of such approval.

Section 4. 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 Payment in Lieu of Tax Agreement, 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 Payment in Lieu of Tax Agreement binding upon the Agency.

Section 5. 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 S. Hanft	VOTING	<u>Yes</u>
James M. Jordan	VOTING	<u>Yes</u>
Joseph A. Bernier	VOTING	<u>Absent</u>
Hugh I. Henderson	VOTING	<u>Yes</u>
Jeffrey C. Lord	VOTING	<u>Yes</u>
Craig Gelbsman	VOTING	<u>Absent</u>
Leonard Marsh	VOTING	<u>Yes</u>
Devin S. Morgan	VOTING	<u>Yes</u>
James Salisbury	VOTING	<u>Absent</u>

The foregoing Resolution was thereupon declared duly adopted.

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

I, the undersigned (Assistant) Secretary of County of Otsego 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 April 23, 2015 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 23rd day of April, 2015.



(Assistant) Secretary

(SEAL)

EXHIBIT A

PILOT DEVIATION LETTER

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY
189 Main Street
Oneonta, New York 13820
TEL: (607) 267-4010

March 24, 2015

Kathleen Clark, Chairman
County of Otsego
197 Main Street
Cooperstown, New York 13326-1129

Joseph J. Yelich, Superintendent
Oneonta City School District
31 Center Street
Oneonta, New York 13820-1142

Robert Wood, Supervisor
Town of Oneonta
P.O. Box A
West Oneonta, New York 13861

Jamie Reynolds, Board President
Oneonta City School District
31 Center Street
Oneonta, New York 13820-1142

RE: County of Otsego Industrial Development Agency
Proposed Northern Eagle Beverages, Inc. Project

Ladies and Gentlemen:

On or about August 25, 2014, the County of Otsego Industrial Development Agency (the "Agency") arranged for the mailing of the attached letter (the "Initial PILOT Deviation Letter") to you in connection with the referenced project (the "Project") proposed by Northern Eagle Beverages, Inc. (the "Company"). A copy of the Initial PILOT Deviation Letter is attached as Schedule A. The Initial PILOT Deviation Letter was forwarded to you for purposes of complying with Section 874 of the General Municipal Law of the State of New York and the Agency's Uniform Tax Exemption Policy (the "Policy").

Since the mailing of the Initial PILOT Deviation Letter, there have been several modifications to the Project. The modifications are summarized as follows:

1. The Project will not include the construction of a brewery.
2. The total estimated cost of the Project has been reduced from \$8,500,000 to \$4,995,000.

The balance of the terms contained in the Initial PILOT Deviation Letter describing the Project and the terms of the proposed PILOT Agreement remain unchanged.

The Agency expects to consider whether to approve the terms of the proposed PILOT Agreement at its meeting scheduled for April 23, 2015 at 8:00 a.m., local time at the offices of the Agency located at 189 Main Street in the City of Oneonta, Otsego County, New York (the "Meeting"). The discussion at the Meeting will

include a review of (a) the terms of the PILOT Agreement requested by the Company (the "PILOT Request"), and (b) the information contained in this letter, the Initial PILOT Deviation Letter and other materials provided by the Company supporting the PILOT Request. Based on the discussion at the Meeting, and the review of any comments received by the Agency with respect to the PILOT Request, the Agency may determine to modify the terms of the PILOT Request.

The Agency would welcome any written comments that you might have on this proposed deviation from the Agency's Policy. In accordance with Section 874 of the General Municipal Law, prior to taking final action at the Meeting, the Agency will review and respond to any written comments received from any affected tax jurisdiction with respect to the proposed deviation. The Agency will also allow any representative of any affected tax jurisdiction present at the Meeting to address the Agency regarding the proposed deviation.

If you have any questions or comments regarding the foregoing, please do not hesitate to contact me at the above telephone number.

Very truly yours,

COUNTY OF OTSEGO INDUSTRIAL
DEVELOPMENT AGENCY

By: s/Robert S. Hanft

Robert S. Hanft, Chairman

cc: Elizabeth Horvath, COO (via e-mail)
Kurt Schulte, Esq., Agency Counsel (via e-mail)

SCHEDULE A
INITIAL PILOT DEVIATION LETTER

- SEE ATTACHED -

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY
189 Main Street
Oneonta, New York 13820
TEL: (607) 267-4010

August 25, 2014

Kathleen Clark, Chairman
County of Otsego
197 Main Street
Cooperstown, New York 13326-1129

Joseph Yelich, Superintendent
Oneonta City School District
31 Center Street
Oneonta, New York 13820-1142

Robert Wood, Supervisor
Town of Oneonta
P.O. Box A
West Oneonta, New York 13861

Jamie Reynolds, Board President
Oneonta City School District
31 Center Street
Oneonta, New York 13820-1142

RE: County of Otsego Industrial Development Agency
Proposed Northern Eagle Beverages, Inc. Project

Ladies and Gentlemen:

Northern Eagle Beverages, Inc., a New York business corporation (the "Company") has presented an application (the "Application") to the Agency, a copy of which Application is on file at the office of the Agency, requesting 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 or interests in an approximately 11.2 acre parcel of land located at 41 Browne Street in the Town of Oneonta, Otsego County, New York (Tax Map No. 299.00-1-11.05) (collectively, the "Land"), (2) the construction thereon of a building to contain approximately 82,000 square foot of space and related improvements on the Land (collectively, the "Facility") and (3) the acquisition and installation thereon and therein of various machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment hereinafter collectively referred to as the "Project Facility"), all of the foregoing to be leased by the Company for use as a NYS farm brewer and hops processing and pelletizing 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.

In connection with the Application, the Company has made a request to the Agency (the "PILOT Request") that the Agency enter into a payment in lieu of tax agreement (the "Proposed PILOT Agreement") which terms would deviate from the Agency's Uniform Tax Exemption Policy (the "Policy"). The Proposed PILOT Agreement would not provide any abatements for any special assessments levied on the Project Facility.

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 Joseph Yelich, Superintendent
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The Agency's Policy provides that, for a facility similar to the Project Facility, payments in lieu of taxes will normally be determined as follows: a 15 years term with the abatements described in the following table. Further, the Agency's Policy provides that the amount of the assessed value of the Project Facility will be established annually by the Assessor of the Town of Oneonta.

Years	Amount of Abatement on Increased Assessment
1 - 5	75%
6 -10	50%
11 – 15	25%
16 and thereafter	0%

The Proposed Pilot Agreement will provide that the Company be granted a 10 year payment in lieu of tax agreement on the Facility and any portion of the Equipment assessable as real property pursuant to the New York Real Property Tax Law. Under the terms of the Proposed Pilot Agreement, the Company will pay (a) a base payment in lieu of tax ("PILOT") payment equal to one hundred percent (100%) of the normal taxes due on the Land and (b) an additional amount based on the increase in assessed value of the Project Facility (such increase in the assessed value due to the undertaking of the Project shall be referred to as the "Improvements"), such increased amount to be adjusted by the abatement as described as follows:

Years	Amount of Abatement on Increased Assessment
1 - 3	100%
4	80%
5	50%
6	40%
7	30%
8	20%
9	10%
10 and thereafter	0%

The PILOT payments will be allocated to Otsego County, the Town of Oneonta and the Oneonta City School District pro rata, based on their respective tax rates.

The terms of the Proposed PILOT Agreement deviate from the Agency's Policy. The purpose of this letter is to inform you of such PILOT Request and that the Agency is considering whether to grant the PILOT Request and to approve a Proposed PILOT Agreement conforming to the terms of the PILOT Request. The Agency expects to consider whether to approve the terms of the Proposed PILOT Agreement at its meeting scheduled for September 4, 2014 at 8:00 a.m., local time at the offices of the Agency located at 189 Main Street in the City of Oneonta, Otsego County, New York (the "Meeting"). As described later in this letter, during the meeting on September 4, 2014, the Agency will review the terms of the PILOT Request and, based on the discussions during such meeting, the terms of the PILOT Request may be modified.

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Robert Wood, Town Supervisor
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This letter is forwarded to you for purposes of complying with Section 874 of the General Municipal Law of the State of New York, which requires written notice prior to the Agency taking final action with respect to the Proposed PILOT Agreement (if said Proposed PILOT Agreement may deviate from the provisions of the Agency's Policy).

The Agency considered the following factors in considering the proposed deviation. A summary review of such factors is described as follows:

1. The nature of the proposed Project:

The Project involves the acquisition, construction and installation of a NYS farm brewer and hops processing and pelletizing facility to be located at 41 Browne Street in the Town of Oneonta, Otsego County, New York. The new facility will contain approximately 82,000 square feet of space.

2. The nature of the property before the undertaking of the Project:

The project site consists of parcels of land that were either vacant or the site of minor commercial/residential development.

3. The economic condition of the area at the time of the application and the economic multiplying effect that the Project will have on the area:

The Project will result in the construction of a new modern facility to be owned by the Company. The acquisition, construction and installation of the Project Facility and the retention of approximately 33 FTE jobs and creation of approximately 5 FTE jobs will have a significant positive impact on the area. Additional benefits created by the Project are described in the Application.

4. The extent to which the Project will create or retain permanent, private sector jobs and the number of jobs to be created or retained:

The Company has estimated that the Project will create and retain approximately 38 FTE jobs.

5. The estimated value of tax exemptions to be provided:

A description of the value of the tax exemptions is available upon request and described in the Application.

6. The economic impact of the Proposed PILOT Agreement on affected tax jurisdictions:

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Robert Wood, Town Supervisor
Joseph Yelich, Superintendent
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The economic impact of the Project PILOT Agreement is positive as the Company will be paying PILOT payments relating to the Project Facility in excess of the amounts currently being paid on the Land and at the expiration of the Proposed PILOT Agreement the Project Facility will be subject to normal real property taxes.

7. The impact of the proposed Project on existing and proposed businesses and economic development projects in the vicinity:

The impact of the Project is a positive one on the community.

8. The amount of private sector investment generated or likely to be generated by the proposed Project:

The investment by the Company will be approximately \$9,550,000.

9. The effect of the proposed Project on the environment:

The Town of Oneonta Planning Board has considered the potential environmental impacts of the Project and has issued a negative declaration pursuant to the State Environmental Quality Review Act.

10. The likelihood of accomplishing the proposed Project in a timely fashion:

It is anticipated that the Project will be accomplished in a timely fashion.

11. The extent to which the Proposed PILOT Agreement will require the provision of additional services including, but not limited to, additional educational, transportation, police, emergency medical or fire services:

It is not anticipated that the Project will impose any significant additional burdens on municipal or educational services.

12. Anticipated tax revenues:

Tax revenues to be generated by the Project include the tax revenues (both income and sales and use taxes) generated by the construction and permanent workers and the real property taxes generated when the Project Facility is placed on the tax rolls at the expiration of the Proposed PILOT Agreement.

13. The extent to which the Proposed PILOT Agreement will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the Project Facility is located:

The benefit is a positive one economically as the Company is a wholesale beverage distributor based in Oneonta and serving Otsego, Chenango and Delaware Counties since

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1986. A major feature of the Project is the expansion of the Company's operations to include the following: the growing of hops, the harvesting, processing, pelletizing and packaging of hops, the brewing of beer and the distribution and sale of the manufactured beer.

The Agency will consider the Proposed PILOT Agreement (and the proposed deviation from the Agency's Policy) at the Meeting. The discussion at the Meeting will include a review of (a) the terms of the PILOT Request, and (b) the information contained in this letter and other materials provided by the Company supporting the PILOT Request. Based on the discussion at the Meeting, and the review of any comments received by the Agency with respect to the PILOT Request, the Agency may determine to modify the terms of the PILOT Request.

The Agency would welcome any written comments that you might have on this proposed deviation from the Agency's Policy. In accordance with Section 874 of the General Municipal Law, prior to taking final action at the Meeting, the Agency will review and respond to any written comments received from any affected tax jurisdiction with respect to the proposed deviation. The Agency will also allow any representative of any affected tax jurisdiction present at the Meeting to address the Agency regarding the proposed deviation.

If you have any questions or comments regarding the foregoing, please do not hesitate to contact me at the above telephone number.

Very truly yours,

COUNTY OF OTSEGO INDUSTRIAL
DEVELOPMENT AGENCY

By: s/Robert S. Hanft
Robert S. Hanft, Chairman