

## RESOLUTION

A regular meeting of the County of Sullivan Industrial Development Agency (“Agency”) was convened on May 10, 2021, at 11:00 a.m. local time via teleconference as authorized by New York Governor Andrew Cuomo’s Executive Order No. 202.102.

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

	<u>PRESENT</u>	<u>ABSENT</u>
Suzanne Loughlin	[ √ ]	[   ]
Edward T. Sykes	[ √ ]	[   ]
Carol Roig	[ √ ]	[   ]
Craig Fleischman	[   ]	[ √ ]
Howard Siegel	[ √ ]	[   ]
Scott Smith	[   ]	[ √ ]
Paul Guenther	[ √ ]	[   ]
Sean Brooks	[ √ ]	[   ]

The following persons were also present:

Jennifer M. Flad, Executive Director  
Julio Garaicoechea, Project Manager  
Deborah Nola, Accounting and Financial Analyst  
Walter F. Garigliano, Agency General Counsel

The following resolution was duly offered by Paul Guenther, and seconded by Sean Brooks, to wit:

Resolution No. 16 - 21

***RESOLUTION OF THE AGENCY APPROVING THE APPLICATION OF SVG 26 LLC (THE “COMPANY”) FOR (I) THE CONTINUATION OF FINANCIAL ASSISTANCE TO THE COMPANY ON THE SAME TERMS AS CONTEMPLATED BY THE VARIOUS AGREEMENTS IN PLACE BETWEEN THE AGENCY AND CATSKILL DISTILLING COMPANY, LTD (“CDC”) AT THE TIME OF COMMENCEMENT OF THE CDC BANKRUPTCY PROCEEDING; (II) AUTHORIZING THE AGENCY TO ENTER INTO A LEASE/LEASEBACK TRANSACTION WITH THE COMPANY; AND (III) AUTHORIZING EXECUTION OF ONE OR MORE MORTGAGES IN FAVOR OF SACHEM CAPITAL CORP. SECURING A LOAN TO THE COMPANY IN AN AMOUNT NOT TO EXCEED \$2,500,000***

***WHEREAS***, by Title 1 of Article 18-A of the General Municipal Law of the State of New York (“State”), as amended, and Chapter 560 of the Laws of 1970 of the State, as amended and codified as Section 960 of the General Municipal Law (collectively, the “Act”), the Agency was created with the authority and power to own, lease and sell property as authorized by the Act; and

**WHEREAS**, on or about August 12, 2009, the CDC, Redford, LLC (“Redford”) and the Agency entered into a sale/leaseback transaction wherein the Agency acquired a fee interest in certain real property in the Town of Bethel (“Town”), County of Sullivan (“County”), State and identified on the Town tax map as Section 26, Block 1, Lot 6 and Section 22, Block 1, Lot 62 (“Project Land”) to facilitate the construction and equipping of a distillery, office, barrel storage house and restaurant/saloon (“Project”); and

**WHEREAS**, the Agency took title to Bethel Section 22, Block 1, Lot 62 by Bargain and Sale Deed from Redford to the Agency dated August 12, 2009, which Deed was recorded in the Office of the Clerk of Sullivan County on August 14, 2009 in Deed Liber 3603 at page 365; and

**WHEREAS**, the Agency took title to Bethel Section 26, Block 1, Lot 6 by Bargain and Sale Deed from Redford to the Agency dated August 12, 2009, which Deed was recorded in the Office of the Clerk of Sullivan County on August 14, 2009 in Deed Liber 3603 at page 371; and

**WHEREAS**, on or about May 1, 2018, Redford merged into CDC; and

**WHEREAS**, on November 19, 2019, CDC filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, initiating a bankruptcy proceeding in the United States Bankruptcy Court for the Southern District of New York (“Bankruptcy Proceeding”); and

**WHEREAS**, on July 31, 2020, CDC and the Company entered into an Asset Purchase Agreement pursuant to the terms of which the Land and other assets of CDC were to be acquired by the Company (“APA”); and

**WHEREAS**, on May 3, 2021, the Company presented an application (“Application”) to the Agency, a copy of which is on file at the office of the Agency, requesting that the Agency consider (i) the continuation of financial assistance to the Company on the same terms as contemplated by the various agreements in place between the Agency and CDC at the time of commencement of the Bankruptcy Proceeding and (ii) the Agency enter into a lease/leaseback involving three (3) additional parcels of property which were required to be mortgaged by Sachem Capital Corp. (“Sachem Capital”) the lender providing financing to the Company to complete the transactions contemplated by the APA (“Additional Premises” and together with the Project Land, the “Leased Premises”); and

**WHEREAS**, the Agency and CDC will enter into a Project Termination Agreement pursuant to which the prior transaction documents between the Agency and CDC will be terminated; and

**WHEREAS**, the Agency will transfer the Project Land to CDC and CDC will transfer the Leased Premises to the Company; and

**WHEREAS**, in order to induce the Company to purchase and operate the Project, the Agency is willing to enter into a lease/leaseback transaction involving a lease of the Leased Premises from the Company to the Agency and a leaseback of the Leased Premises from the Agency to the Company; and

**WHEREAS**, the APA at Section 9.01 provides for “the closing of the transactions (emphasis added) contemplated hereby (the “Closing”) will take place after satisfaction or waiver of all of the conditions set forth in Section 8.01 and 8.02 of this Agreement or October 31, 2020 (or as soon thereafter as can reasonably be expected under the circumstances), at a time and place mutually agreeable to Seller and Purchaser or remotely, as the case may be.”; and

**WHEREAS**, the conditions set forth in Section 8.01 and 8.02 of the APA have been satisfied or waived; and

**WHEREAS**, CDC and the Company have agreed that the Closing shall take place on May 19, 2021 (“Closing Date”); and

**WHEREAS**, Section 3.01 Consideration., defines the purchase price for the Purchased Assets (“Purchase Price”) “to include cash in the amount of Three Million Eighty-Eight Thousand Three Hundred Sixteen and 79/100 (\$3,088,316.79) Dollars; equity in the Buyer in exchange for Seven Hundred Forty-Seven Thousand Two Hundred Forty and 97/100 (\$747,240.97) Dollars of non-insider unsecured debt of Seller and equity in the Buyer in exchange for Three Million Three Hundred Thousand Three Hundred Eight and 00/100 (\$3,300,308.00) Dollars in insider unsecured debt of the Seller”; and

**WHEREAS**, Section 3.01(b)(iv) defines the non-insider equity grant (the “Non-Insider Equity Grant”) to be membership interest in the Company totaling eleven and thirty-seven hundredths (11.37%) percent to be issued as follows:

MG Consulting Anna Babuder	3.00%	\$197,240.97
Nadja Gardon	6.39%	\$420,000.00
Rita Danilenko	<u>1.98%</u>	<u>\$130,000.00</u>
	11.37%	\$747,240.97; and

**WHEREAS**, Section 3.01(b)(v) defines the insider equity grant (the “Insider Equity Grant”) to be membership interest in the Company totaling twelve and fifty-five hundredths (12.55%) percent to be issued as follows:

S. Cohen	8.84%	\$2,324,956.00
Audrey Cohen	0.86%	\$ 225,352.17
Julius Cohen Trust	<u>2.85%</u>	<u>\$ 750,000.00</u>
	12.55%	\$3,300,308.17; and

**WHEREAS**, CDC and the Company wish to close on all transactions contemplated by the APA on the Closing Date except for the issuance of the Non-Insider Equity Grant and Insider Equity Grant; and

**WHEREAS**, the Company has requested the Agency consent to the issuance of membership interest in the Company to allow the Non-Insider Equity Grant and Insider Equity Grant to occur on a Post-Closing basis without additional action or consent by the Agency; and

**WHEREAS**, the Agency is willing to accommodate the Non-Insider Equity Grant and Insider Equity Grant occurring on a Post-Closing basis subject to CDC and the Company amending

the APA to clarify that the timing of the Non-Insider Equity Grant and Insider Equity Grant will be post-Closing transactions.

***NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE AGENCY AS FOLLOWS:***

Section 1. The application of the Company is hereby approved, subject to the terms and conditions hereinafter set forth.

Section 2. The Agency hereby consents to the Non-Insider Equity Grant and Insider Equity Grant, subject to the Agency performing appropriate due diligence to confirm the individuals and entities to receive the equity grants are not precluded from receiving financial assistance from the Agency.

Section 3. The Chairman, Executive Director or Chief Executive Officer of the Agency, each acting individually, are hereby authorized, on behalf of the Agency, to execute and deliver the Lease Agreement, Leaseback Agreement, PILOT Agreement and all related documents in the form presented at this meeting all with such changes, variations, omissions and insertions as the Chairman, Executive Director or Chief Executive Officer of the Agency shall approve, the execution thereof by the Chairman, Executive Director or Chief Executive Officer of the Agency to constitute conclusive evidence of such approval.

Section 4. The Chairman, Executive Director or Chief Executive Officer of the Agency, each acting individually, are hereby authorized, on behalf of the Agency, to execute and deliver any mortgage, assignment of leases and rent, security agreement, UCC-1 Financing Statements and all documents reasonably contemplated by these resolutions or prepared on advise of counsel to the Agency (“Financing Documents”); and, where appropriate, the Secretary or Assistant Secretary of the Agency is hereby authorized to affix the seal of the Agency to the Financing Documents and to attest the same, provided that in all events recourse against the Agency is limited to the Agency’s interest in the Project.

Section 5. In furtherance of the general grant of authority set forth in Section 4 hereof, the Chairman, Executive Director or Chief Executive Officer of the Agency, each acting individually, are authorized, on behalf o the Agency, to execute and deliver a Fee and Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing and an Assignment of Leases and Rents for the benefit of Sachem Capital to secure a loan in an amount not to exceed \$2,500,000 and to abate the mortgage recording tax related thereto.

Section 6. The foregoing resolutions are conditioned upon each of the following:

- a) The Company shall cause all obligations of CDC to the Agency to be paid in full at the Closing; and

b) The Company shall cause all fees of the Agency incurred as a result of the Bankruptcy Proceeding; including fees of local counsel and special bankruptcy counsel to be paid at closing;

c) the Company shall enter into an Equipment Lease with the Agency for the stills, tanks and alcohol pump previously leased by the Agency to CDC (“Stills Lease”) on terms as follows:

monthly lease payment	\$1,494.12
term of lease	120 months
buyout at end of term	\$1.00; and

or such other terms as the Chairperson of the Agency and Agency General Counsel shall approve.

d) The Company shall cause all outstanding unpaid lease payments to be brought current under a mid-term equipment lease for bottling equipment and either assume the remaining obligation of CDC pursuant to a mid-term equipment lease (the “Bottling Equipment Lease”) or enter into a new lease on terms as follows:

monthly lease payment	\$997.78
term of lease	120 months
buyout at end of term	\$1.00; and

or such other terms as the Chairperson of the Agency and Agency General Counsel shall approve.

e) The Company pay the Agency a mortgage recording tax abatement fee in the amount of \$2,500 and reimburse the Agency for all costs associated with review and execution of the Sachem Capital Mortgage; and

f) The Company pay a consent fee to the Agency in the amount of \$3,000 to reimburse the Agency for the time and cost of performing due diligence on the persons and entities to receive the Non-Insider Equity Grants and the Insider Equity Grants; and

g) The Company reimburse the Agency for all costs related to the various transactions contemplated by these Resolutions and pay to the Agency’s legal counsel all fees and expenses related to preparation of the deed to convey the Project Land to CDC, the Lease Agreement, the Leaseback Agreement, the PILOT and all related transaction documents; the Stills Lease and the Bottling Equipment Lease.

Section 7.

The officers, employees and agents of the Agency are hereby authorized and directed in the name and on behalf of the Agency to do all acts and things required and to execute and deliver all such 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 this resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 8. The Chief Executive Officer, Executive Director or Counsel to the Agency, each acting individually, are hereby authorized and directed (i) to distribute copies of this resolution to the Company; and (ii) to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this resolution.

Section 9. This resolution shall take effect immediately.

THE MEMBERS VOTED ON THE FOREGOING RESOLUTION AS FOLLOWS:

Suzanne Loughlin	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input type="checkbox"/> Abstain
Edward T. Sykes	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input checked="" type="checkbox"/> Abstain
Carol Roig	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input type="checkbox"/> Abstain
Craig Fleischman	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Absent	<input type="checkbox"/> Abstain
Howard Siegel	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input type="checkbox"/> Abstain
Scott Smith	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Absent	<input type="checkbox"/> Abstain
Paul Guenther	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input type="checkbox"/> Abstain
Sean Brooks	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input type="checkbox"/> Abstain

The resolutions were thereupon duly adopted.

STATE OF NEW YORK :  
:SS.:  
COUNTY OF SULLIVAN :

I, the undersigned Secretary (Assistant) of the Agency DO HEREBY CERTIFY THAT:

1. I have compared the foregoing copy of a resolution of the Agency with the original thereof on file in the office of the Agency, and that the same is a true and correct copy of such resolution and of the proceedings of the Agency in connection with such matter.
2. Such resolution was passed at a regular meeting of the Agency duly convened via conference call on May 10, 2021 at 11:00 a.m., at which the following members were present:

	<u>PRESENT</u>	<u>ABSENT</u>
Suzanne Loughlin	[ <input checked="" type="checkbox"/> ]	[       ]
Edward T. Sykes	[ <input checked="" type="checkbox"/> ]	[       ]
Carol Roig	[ <input checked="" type="checkbox"/> ]	[       ]
Craig Fleischman	[       ]	[ <input checked="" type="checkbox"/> ]
Howard Siegel	[ <input checked="" type="checkbox"/> ]	[       ]
Scott Smith	[       ]	[ <input checked="" type="checkbox"/> ]
Paul Guenther	[ <input checked="" type="checkbox"/> ]	[       ]
Sean Brooks	[ <input checked="" type="checkbox"/> ]	[       ]

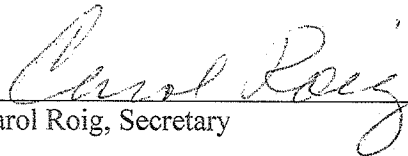
3. The question of the adoption of the foregoing resolution was duly put to a vote on roll call which resulted as follows:

Suzanne Loughlin	[ <input checked="" type="checkbox"/> ] Yes	[   ] No	[   ] Absent	[   ] Abstain
Edward T. Sykes	[   ] Yes	[   ] No	[   ] Absent	[ <input checked="" type="checkbox"/> ] Abstain
Carol Roig	[ <input checked="" type="checkbox"/> ] Yes	[   ] No	[   ] Absent	[   ] Abstain
Craig Fleischman	[   ] Yes	[   ] No	[ <input checked="" type="checkbox"/> ] Absent	[   ] Abstain
Howard Siegel	[ <input checked="" type="checkbox"/> ] Yes	[   ] No	[   ] Absent	[   ] Abstain
Scott Smith	[   ] Yes	[   ] No	[ <input checked="" type="checkbox"/> ] Absent	[   ] Abstain
Paul Guenther	[ <input checked="" type="checkbox"/> ] Yes	[   ] No	[   ] Absent	[   ] Abstain
Sean Brooks	[ <input checked="" type="checkbox"/> ] Yes	[   ] No	[   ] Absent	[   ] Abstain

and therefore, the resolution was declared duly adopted.

I FURTHER CERTIFY that (i) all members of the Agency had due notice of said meeting, (ii) pursuant to Sections 103a and 104 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public via videoconferencing and public notice of the time and place of said meeting was duly given in accordance with such Sections 103a and 104, (iii) the meeting in all respects was duly held via teleconference as authorized by New York Governor Andrew Cuomo's Executive Order No. 202.102, and, and (iv) there was a quorum present throughout.

*IN WITNESS WHEREOF*, I have hereunto set my hand and seal on the 10<sup>th</sup> day of May, 2021.

  
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Carol Roig, Secretary