
CLOSING MEMORANDUM

LEASE/LEASEBACK TRANSACTION
COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
RED BARN MEATS, INC. PROJECT

Date of Closing: September 27, 2024

Place of Closing: Via Mail

I. DESCRIPTION OF THE TRANSACTION:

In July, 2024, Red Barn Meats, Inc. (the “Company”), a corporation duly organized and validly existing under the laws of the State of New York, submitted an application (the “Application”) to County of Lewis Industrial Development Agency (the “Agency”), a public benefit corporation duly established under Chapter 1030 of 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 62 of the 1973 Laws of New York, as amended, constituting Section 902-a of said General Municipal Law of the State of New York (said Chapter and the Enabling Act being hereinafter collectively referred to as the “Act”), which Application requested that the Agency consider undertaking a project (the “Project”) for the benefit of the Company, said Project to include the following: (A) (1) the acquisition of an interest in approximately 1.87 acres of land located at 9095 Briot Road (tax map number 147.00-01-18.210) and 9097 Briot Road (tax map number 147.00-01-18.100) in the Town of New Bremen, Lewis County, New York (collectively, the “Land”), together with three (3) existing buildings totaling approximately 5,624 square feet located thereon (collectively, the “Existing Facility”), (2) the renovation of the Existing Facility and the construction on the Land of an approximately 6,020 square foot facility (the “New Facility” and collectively with the Existing Facility, the “Facility”) and (3) the acquisition and installation of various machinery and equipment therein and thereon (the “Equipment”) (the Land, the Facility and the Equipment hereinafter referred to as the “Project Facility”), all of the foregoing to be owned by the Company to be operated as a processing facility for the harvesting, processing and packaging of various meat products 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.

Pursuant to the authorization contained in a resolution adopted by the members of the Agency on August 1, 2024 (the “Public Hearing Resolution”), the Executive Director 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 5, 2024 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 (collectively, the “Affected Tax Jurisdictions”); (B) caused notice of the Public Hearing to be posted on August 8, 2024 on a public bulletin board located at the Town of New Bremen offices located at 8420 State Route 812 in the Town of New Bremen, Lewis County, New York and on the Agency’s website on August 6, 2024; (C) caused notice of the Public Hearing to be published on August 9, 2024 in the Watertown Daily Times, a newspaper of general circulation available to the residents of the Town of New Bremen, Lewis County, New York; (D) conducted the Public Hearing on August 26, 2024 at 1:00 p.m. o’clock, local time at the Town of New Bremen offices located at 8420 State Route 812 in the Town of New Bremen, Lewis County, New York; (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 (F) caused a copy of the certified Public Hearing Resolution to be mailed to the Affected Tax Jurisdictions on August 12, 2024.

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”), by resolution adopted by the members of the Agency on August 1, 2024 (the “SEQR Resolution”) the Agency (A) concurred in the determination that the Town of New Bremen Town Board (the “Town Board”) was designated to act as the “lead agency” with respect to the Project and (B) acknowledged receipt of a negative declaration from the Town Board issued on February 12, 2024 (the “Negative Declaration”) in which the Town Board determined that that the Project will not have a “significant effect on the environment” and, therefore, that an “environmental impact statement” is not required to be prepared with respect to the Project.

By further resolution adopted by the members of the Agency on September 5, 2024 (the “Approving Resolution”), the Agency determined to grant the Financial Assistance and to enter into a lease agreement dated as of September 1, 2024 (the “Lease Agreement”) between the Agency and the Company and certain other documents related thereto and to the Project (collectively with the Lease Agreement, the “Basic Documents”). Pursuant to the terms of the Lease Agreement, (A) the Company will agree (1) to cause the Project to be undertaken and completed, and (2) as agent of the Agency, to undertake and complete the Project and (B) the Agency has leased the Project Facility to the Company. The Lease Agreement grants to the Company certain options to acquire the Project Facility from the Agency.

Simultaneously with the execution and delivery of the Lease Agreement (the “Closing”), (A) the Company will execute and deliver to the Agency (1) a certain lease to agency dated as of September 1, 2024 (the “Lease to Agency”) 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”); (2) a certain license agreement dated as of September 1, 2024 (the “License to Agency”) by and between the Company, as licensor, and the Agency, as licensee, pursuant to which the Company will grant to the Agency (a) a license to enter upon the balance of the Land (the “Licensed Premises”) for the purpose of undertaking and completing the Project and (b) 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; and (3) a certain bill of sale dated as of September 1, 2024 (the “Bill of Sale to Agency”), which conveys to the Agency all right, title and interest of the Company in the Equipment, (B) the Company and the Agency will execute and deliver (1) a certain payment in lieu of tax agreement dated as of September

1, 2024 (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, (2) 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 and (3) a certain uniform agency project agreement dated as of September 1, 2024 (the “Uniform Agency Project Agreement”) relating to the granting of the Financial Assistance by the Agency to the Company, (C) the Agency will file with the assessor and mail to the chief executive officer of each “affected tax jurisdiction” (within the meaning of such quoted term in Section 854(16) of the Act) a copy of a New York State Board of Real Property Services Form 412-a (the form required to be filed by the Agency in order for the Agency to obtain a real property tax exemption with respect to the Project Facility under Section 412-a of the Real Property Tax Law) (the “Real Property Tax Exemption Form”) relating to the Project Facility and the Payment in Lieu of Tax Agreement, (D) the Agency will execute and deliver to the Company 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 and (E) the Agency will file with the New York State Department of Taxation and Finance the form entitled “IDA Appointment of Project Operator or Agent for Sales Tax Purposes” (the form required to be filed pursuant to Section 874(9) of the Act) (the “Thirty-Day Sales Tax Report”).

Among the actions taken by the Agency with respect to the Project prior to the Closing Date were the following:

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| July, 2024 | The Company filed an application (the “Application”) relating to the Project with the Agency. |
| August 1, 2024 | The Agency adopted the Public Hearing Resolution. |
| August 1, 2024 | The Agency adopted the SEQR Resolution. |
| August 5, 2024 | Notice of the Public Hearing was mailed to the chief executive officers of the affected tax jurisdictions. |
| August 9, 2024 | Notice of Public Hearing was published. |
| August 12, 2024 | The Certified Public Hearing Resolution was mailed to the executive officers of the affected tax jurisdictions. |
| August 26, 2024 | The Agency conducted the Public Hearing. |
| September 5, 2024 | The Agency adopted the Approving Resolution. |

II. PARTIES REPRESENTED AT THE CLOSING:

AGENCY: (A)
 Joe Lawrence, Chair
 Brittany Davis, Executive Director
 County of Lewis Industrial Development Agency

AGENCY COUNSEL: (AC)
 Candace Randall, Esq.
 Campany, McArdle & Randall, PLLC

AGENCY AND SPECIAL COUNSEL: (HR)
 Christopher C. Canada, Esq.
 Nadene E. Zeigler, Esq.
 Hodgson Russ LLP

COMPANY: (C)
 Jordan Brandt, Officer
 Rachel Brandt, Officer
 Red Barn Meats, Inc.

COMPANY'S COUNSEL: (CC)
 Timothy A. Farley, Esq.
 Timothy A. Farley, PC

III. ACTION TO BE TAKEN AT THE CLOSING:

The following documents, or copies thereof, are to be delivered (except as indicated) to the Agency, Agency's Counsel, Special Counsel, the Company and the Company's Counsel as follows:

	<u>Production Response.</u>	<u>Execution Response.</u>
A. <u>Basic Documents:</u>		
1. Underlying Lease.	HR	C,A
2. Memorandum of Underlying Lease, together with a combined real estate transfer tax return and credit line mortgage certificate (TP-584).	HR	C,A
3. License to Agency, together with a combined real estate transfer tax return and credit line mortgage certificate (TP-584).	HR	C,A
4. Bill of Sale to Agency.	HR	C
5. Lease Agreement.	HR	C,A
6. Memorandum of the Lease Agreement, together with a combined real estate transfer tax return and a credit line mortgage certificate (TP-584).	HR	C,A
7. Payment in Lieu of Tax Agreement.	HR	C,A
8. Section 875 GML Recapture Agreement.	HR	C,A
9. Uniform Agency Project Agreement.	HR	C,A
10. Certificates (and policies, if available) of casualty, liability, workers' compensation and other insurance required pursuant to the Lease Agreement.	CC	--

	<u>Production Response.</u>	<u>Execution Response.</u>
11. Closing Receipt.	HR	C,A
B. <u>Items to be delivered by the Agency:</u>		
1. General Certificate of the Agency regarding incumbency and signatures of officers, execution of the Basic Documents and the other documents to be executed by the Agency in connection therewith (the "Agency Documents"), no litigation and continued existence, with the following items included as exhibits:	HR	A
Exhibit A - Chapter 62 of the Laws of 1973;	HR	--
Exhibit B - Certificate of Establishment and Certificates of Appointment of the current members of the Agency, certified by the New York State Department of State, Miscellaneous Records Unit;	HR	--
Exhibit C - By-Laws of the Agency;	HR	--
Exhibit D - Public Hearing Resolution;	HR	A
Exhibit E - SEQR Resolution;	HR	
Exhibit F - Proof of the mailing of the Public Hearing Resolution to the chief executive officers of the affected tax jurisdictions;	A	A
Exhibit G - Proof of the mailing of notice of the Public Hearing to the chief executive officers of the affected tax jurisdictions;	A	A
Exhibit H - Proof of publication of notice of the Public Hearing;	HR	A
Exhibit I- Proofs of posting notice of the Public Hearing;	HR	A
Exhibit J - Report of the Public Hearing; and	A	A
Exhibit K - Approving Resolution.	HR	A
2. Certificate Regarding No Conflicts of Interest.	HR	A
3. Sales Tax Exemption Letter.	HR	A
4. Real Property Tax Exemption Form.	HR	A
5. Proof of (A) Mailing and (B) filing of Real Property Tax Exemption Form to the chief executive officer of the tax assessor of the affected tax jurisdiction.	HR	HR
6. Thirty-Day Sales Tax Report.	HR,CC	A

	<u>Production Response.</u>	<u>Execution Response.</u>
7. Proof of Mailing of Thirty-Day Sales Tax Report to the New York State Department of Taxation and Finance.	HR,CC	HR
8. Special Counsel Disclosure Statement.	HR	HR
C. <u>Items to be delivered by the Company:</u>		
1. General Certificate of the Company regarding incumbency and signatures of officers, execution of the Lease Agreement and other Basic Documents to which the Company is a party (the "Company Documents"), no litigation and continued existence, with the following items included as exhibits:	HR,CC	C,CC
Exhibit A - Certificate of Incorporation of the Company, certified by the State of New York Department of State, Corporations Unit;	CC	--
Exhibit B - By-laws of the Company;	CC	--
Exhibit C - Certificate of Good Standing relating to the Company, certified by the State of New York Department of State, Corporations Unit;	CC	--
Exhibit D - Resolution of the officers of the Company approving and authorizing the execution and delivery by the Company of the Company Documents; and	CC	--
Exhibit E - Pending Litigation.	CC	--
2. Affidavit of the Company.	HR	C
D. <u>Opinions of Counsel:</u>		
1. Opinion of Campany, McArdle & Randall, PLLC, counsel to the Agency, addressed to the Agency and the Company.	HR	AC
2. Opinion of Timothy A. Farley, PC, counsel to the Company, addressed to the Agency and the Company.	HR	CC
3. Opinion of Hodgson Russ LLP, Agency and Special counsel, addressed to the Agency and the Company.	HR	HR

**IV. ACTION TO BE TAKEN CONCURRENTLY WITH
OR AFTER THE CLOSING:**

1. The Underlying Lease (or a memorandum thereof), the License to Agency, and the Lease Agreement (or a memorandum thereof) are to be recorded by Title Company or the Company in the office of the County Clerk of Lewis County, New York.

2. The Real Property Tax Exemption Form, with a copy of the Payment in Lieu of Tax Agreement attached thereto, is to be (A) filed with the appropriate assessor(s) of the Affected Tax Jurisdictions and (B) mailed to the chief executive officers of each of the Affected Tax Jurisdictions.

3. The Thirty-Day Sales Tax Report is to be mailed to the New York State Department of Taxation and Finance.