

**STATEWIDE LOCAL DEVELOPMENT CORPORATION**

at the offices of the  
New York State Urban Development Corporation  
d/b/a Empire State Development  
633 Third Avenue  
New York, New York 10017

Meeting of the Directors

Monday

October 6, 2014 – 3:15 p.m.

**AGENDA**

**I. CORPORATE ACTION**

- A. Approval of the Minutes of the July 31, 2014 Director's Meetings

**II. FOR CONSIDERATION**

- A. Cazenovia (Madison County – Central New York Region) – JDA Loans for the benefit of Chapman Properties, LLC d/b/a Empire Farmstead Brewery – Authorization to Act and Perform as LDC on JDA Real Estate and Machinery and Equipment Loans; Take Related Actions; Determination of No Significant Effect on the Environment

**STATEWIDE LOCAL DEVELOPMENT CORPORATION**

Meeting of the Directors  
Held at the New York City Regional Office  
633 Third Avenue  
New York, New York 10017

July 31, 2014

**MINUTES**

**In Attendance  
Directors:**

Mehul Patel (Acting Chair)  
Susan Shaffer, Vice President - Loans and Grants

**Present for Statewide:**

Eileen McEvoy, Secretary  
Antovk Pidedjian, Assistant Secretary (via telephone)  
Ray Salaberrios, Senior Vice President

**Present for ESD:**

John Bozek, Senior Financial Analyst  
Maria Cassidy, Deputy General Counsel  
Ross Freeman, Assistant Vice President – Real Estate and  
Project Finance  
Robert Kwon, Vice President – Portfolio Management

The meeting of the Statewide Local Development Corporation, a local development corporation created under the New York State law, was called to order at 1:39 p.m. by Acting Chair Patel. It was noted for the record that notices to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Acting Chair Patel noted that the public is free to comment on any matters on the Agenda.

The Acting Chair then called for a motion to approve the Minutes of the June 26, 2014 Directors' meeting.

**APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JUNE 26, 2014 MEETING OF THE DIRECTORS OF THE STATEWIDE LOCAL DEVELOPMENT CORPORATION**

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RESOLVED, that the Minutes of the meeting of the Corporation held on June 26, 2014, as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

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Acting Chair Patel then asked Mr. Salaberrios to present an item relating to a JDA real estate acquisition loan for the benefit of the New York and New Jersey Sandy Hook Pilot's Benevolent Associations.

Mr. Salaberrios explained JDA's proposed \$3,435,000 loan will be used towards the construction of a facility located on Staten Island, New York.

Mr. Salaberrios then noted that the total real estate project cost is \$5,725,000.

Mr. Salaberrios explained the New York New Jersey Sandy Hook Pilots Benevolent Associations are the sole providers of pilotage services to ships entering and departing from the

**DRAFT – SUBJECT TO REVIEW AND REVISION**

port. He added that the base of operations, located on the North Shore of Staten Island, suffered severe damage as a result of Hurricane Sandy and an entire new building is needed.

Mr. Salaberrios explained that the project calls for the construction of a 14,000 square foot facility. The facility will house a machine and energy repair shop, administrative offices, pilot dispatch and operations command center and will include the installation of back-up systems for communication systems and power.

Mr. Salaberrios went on to note that the \$5.7 million project will support 20 construction jobs and retain 130 jobs.

Mr. Salaberrios went on to provide the reasons that staff believes that the loan should be approved.

Among those reasons cited by Mr. Salaberrios were that the Associations are financially strong and that the associated members are only paid after the Association pays out all collective pilotage fees to operating costs, with debt service being one of the operating costs.

Director Shaffer questioned the fact that Mr. Salaberrios stated that the project started in May. Mr. Salaberrios noted that they projected that the project would start in May and design of the facility and bulk head rehabilitation did start in May. He added that the construction has not yet started.

Director Shaffer asked what money was being used for that work.

Mr. Salaberrios stated that they were using their own money. He further stated that JDA allows the borrower to have certain costs up front that JDA will refund to them as the project is completed.

Following the full presentation, the Acting Chair called for questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Staten Island (New York City Region – Richmond County) – United New York Sandy Hook Benevolent Association & United New Jersey Sandy Hook Benevolent Association – Authorization to Act and Perform as LDC on JDA Real Estate Loan for the benefit of United New York Sandy Hook Benevolent Association & United New Jersey Sandy Hook Benevolent Association and to Take Related Action

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RESOLVED, that the Chairman of the Corporation, or his designee(s) be, and each of them hereby, authorizes a real estate loan from the New York Job Development Authority for the benefit of United New York Sandy Hook Benevolent Association & United New Jersey Sandy Hook Benevolent Association, representing 60% of eligible project costs, not to exceed \$3,435,000, to be funded from the proceeds of New York State Guaranteed Special Purpose Fund bonds or notes, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting and subsequently to the JDA Board, with such changes as the Chief Executive Officer of the JDA or his designee(s) may deem appropriate; and be it further

RESOLVED, that the Chairman of the Corporation, or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolution; and be it further

RESOLVED, that the provision of financial assistance by the Corporation is expressly contingent upon: (1) JDA receipt of the approval of the Public Authorities Control Board, as applicable (2) receipt of funds from JDA and (3) the receipt of all other necessary approvals.

\* \* \*

Mr. Salaberrios then presented a JDA real estate loan and a machinery and equipment loan to The Case Group, LLC for the Member's consideration.

Mr. Salaberrios provided a detailed background account of the information with regard to this project.

Mr. Salaberrios noted that the real estate loan is in the amount of \$1,380,000. The rate, which is currently 4.54 percent, he added, will be fixed at closing. Mr. Salaberrios further noted that it will be a ten year loan with a 20 year amortization.

The machinery and equipment loan, Mr. Salaberrios explained, will be in the amount of \$900,000 and the rate will be fixed at closing.

In answer to questions raised by Directors Patel and Shaffer, Mr. Salaberrios provided current and historical background with regard to the relationship between JDA and the borrower.

Following the full presentation, Chair Adams called for questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Green Island (Capital Region – Albany County) – The Case Group LLC –  
Authorization to Act and Perform as LDC on JDA Real Estate and Machinery and  
Equipment Loans for the benefit of The Case Group LLC and to Take Related Action

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RESOLVED, that the Chairman of the Corporation, or his designee(s) be, and each of them hereby, authorizes a real estate loan from the New York Job Development Authority for the benefit of The Case Group LLC representing 60% of eligible real estate project costs, not to exceed \$1,380,000, and representing 60% of eligible project cost for machinery and equipment, not to exceed \$900,000, to be funded from the proceeds of New York State Guaranteed Special Purpose Fund bonds or notes, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting and subsequently to the JDA Board, with such changes as the Chief Executive Officer of the JDA or his designee(s) may deem appropriate; and be it further

RESOLVED, that the Chairman of the Corporation, or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolution; and be it further

RESOLVED, that the provision of financial assistance by the Corporation is expressly contingent upon: (1) JDA receipt of the approval of the Public Authorities Control Board, as applicable (2) receipt of funds from JDA and (3) the receipt of all other necessary approvals.

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There being no further business, the meeting was adjourned at 1:47 p.m.

Respectfully submitted,

Eileen McEvoy  
Corporate Secretary

FOR CONSIDERATION

October 6, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Cazenovia (Madison County-Central New York Region) – JDA Loans for the benefit of Chapman Properties, LLC d/b/a Empire Farmstead Brewery.

RE: Authorization to Act and Perform as LDC on JDA Real Estate and Machinery and Equipment Loans; Take Related Actions; Determination of No Significant Effect on the Environment

JDA Loan Terms (Real Estate)	
<b>Borrower:</b>	Chapman Properties, LLC d/b/a Empire Farmstead Brewery
<b>Economic Region:</b>	Central New York (Cazenovia)
<b>Loan Amount Requested:</b>	\$2,196,000
<b>Rate:</b>	4.83% (fixed)
<b>Term:</b>	20 years
<b>Classification:</b>	IIC+, projected IA+
<b>Distressed Area:</b>	No
<b>Initial Payment:</b>	\$14,287.19

JDA Loan Terms (Machinery & Equipment)	
<b>Borrower:</b>	Chapman Properties, LLC d/b/a Empire Farmstead Brewery
<b>Economic Region:</b>	Central New York (Cazenovia)
<b>Loan Amount Requested:</b>	\$1,398,300
<b>Rate:</b>	4.83% (fixed)
<b>Term:</b>	20 years
<b>Classification:</b>	IIC+, projected IA+
<b>Distressed Area:</b>	No
<b>Initial Payment:</b>	\$9,097.35

JDA Budget			
Uses		Sources	
Building Construction	\$3,660,000	JDA Loans	\$3,594,300 60%
Brewery Equipment	2,330,500	Oneida Bank Loan	1,797,150 30%
		Equity	599,050 10%
<b>Total JDA Project Cost</b>	<b>\$5,990,500</b>	<b>Total JDA Project Financing</b>	<b>\$5,990,500</b>
Pre-Construction Soft Costs	1,195,499	Grant Funding (Bridge Loan)	1,530,000
Inventories and Working Capital	943,263	Additional Equity	573,762
Land Acquisition	265,000	Madison County IDA Loan	300,000
<b>Total Project Costs</b>	<b>\$8,394,262</b>	<b>Total Project Sources</b>	<b>\$8,394,262</b>

**Security:** A second lien on the real estate located at 33 Rippleton Road, Cazenovia, New York. The expected appraised value of the real estate collateral is \$3,500,000. JDA will also have a co-equal first lien on all equipment purchased with the Materials and Equipment Loan. The value of the equipment is \$2,330,500.

**Guarantors:** Repayment of the Loans shall be guaranteed by Walton Street Brewing Corp.; Empire Farmstead Brewery, Inc.; Empire Brewing Company, Inc.; and a personal guaranty will be provided by David Katleski.

**Job Information (at project site):**

**New Jobs Projected:** 35 full-time permanent jobs by the first anniversary date of disbursement, 50 full-time permanent jobs the third anniversary date of disbursement, and 75 full-time permanent jobs by the fifth anniversary date of disbursement.

**JDA Loan Amount per job:** \$47,924

**Project Summary:**

**Borrower:** Chapman Properties, LLC dba Empire Farmstead Brewery  
33 Rippleton Road,  
Cazenovia, NY 13035

**Contact:** David Katleski, President & Founder  
Phone: 315-256-7608  
Fax: 315-475-7103

This report concerns two proposed New York Job Development Authority (“JDA”) loans for the amount of \$2,196,000 and \$1,398,300, respectively (collectively, the “JDA Loans”). The Real Estate portion of \$2,196,000 is to be used to take out 60% of an interest-only loan provided by Oneida Savings bank for the construction of a facility located in Cazenovia, New York (the “Real Estate Project”). The \$1,398,300 loan is to be used to take out 60% of an interest-only loan

provided by Oneida Savings Bank for the acquisition of brewing equipment (the "M&E Loan"). The total amount of the JDA Loans is \$3,594,300.

Project location: 33 Rippleton Road,  
Cazenovia, NY 13035

Project Completion: 2nd Quarter 2015

## 1) PROJECT OVERVIEW AND RECOMMENDATION

### Background

Empire Brewing Company ("Empire" or "the Company"), established in 1994, is an award-winning brewer of handcrafted ales and lagers. The Company utilizes all-natural ingredients that are fresh and locally sourced products from over sixty Central New York farmers. In 2007, Empire modified its business model to focus on sustainability. Empire defines their business philosophy with the phrases "Eat Where You Live™" and "We Grow Beer™" and attempts to embody the practice "Be Excellent" in all facets of business.

Empire operates a successful brewery with an award-winning contemporary downtown bar and grill on the premises in Armory Square, Syracuse. The food menu is complemented by a diverse selection of hand-crafted ales and lagers. In addition to beer, the Empire offers cocktails and wines. The atmosphere is casual. The brewing facility is housed in a glass-enclosed work area which provides a view of the massive copper and stainless steel brewing vessels. The food is prepared in an open-performance kitchen allowing patrons clear visibility of the chef and his assistants.

In 2010 the Company began distributing its beer off-premise to wholesalers and retailers throughout New York, but has never bottled its own beer for sale on store shelves. With bulk distribution, Empire Brewing has reached its production capacity at its Syracuse brewpub and at its contract-brewing partner, Greenpoint Beer Works (GPBW), in Brooklyn. GPBW is producing four types of Empire's beer in kegs for distribution within New York State. Distribution is handled in the New York City region by Manhattan Beer Distributors, a partnership that is slated to continue and expand as Empire opens its farmstead brewery. Empire presently has three other New York State distributors covering all of Upstate New York: A.L. George LLC, McCraith Beverages, Inc., and McCraith's subsidiary High Peaks Distributing. Agreements are pending with additional distributors in eastern New York, New Jersey, and Pennsylvania.

In order to meet increasing demand, Empire has decided to expand its operations with the launch of its Empire Farmstead Brewery, a 22-acre farm with a 28,000-square-foot brewery and packaging plant located on Route 13 in Cazenovia.

The new facility will expand production from 4,500 barrels per year to 17,000 barrels in year one, and 20,000 barrels by year three (1 barrel = 31 gallons).

Construction Cost Breakdown	
Building Envelope	\$ 1,235,000
Excavation work	\$ 590,000
HVAC	\$ 378,000
Concrete & Stone Work	\$ 357,000
Electrical	\$ 275,000
Plumbing	\$ 185,000
Interior build-out and finishes	\$ 150,000
Closing and Soft Costs	\$ 125,000
Glass, door, framing	\$ 118,000
Utility infrastructure	\$ 100,000
Agricultural & Landscaping	\$ 75,000
Sprinkler system	\$ 72,000
<b>TOTAL</b>	<b>\$3,660,000</b>

### Project Description

Empire Farmstead Brewery is slated to open in Cazenovia in spring of 2015 and is poised to be the first Farm Brewery in New York State of its kind. The 28,000 square foot building will be situated on an undeveloped 21.7-acre property at 33 Rippleton Road (Route 13) in Cazenovia, NY. The objective of the Empire Farmstead Brewery is to expand the existing brewing facility and agricultural component of Empire Brewing Company to a stand-alone manufacturing and

agritourism facility. The site will be developed for educational and beer production purposes, and the owner is working in partnership with Morrisville State College. The College is in the process of implementing a new Brewing Studies program and is working directly with Empire's team to develop and manage the program using the farmstead to provide practical business and brewing experiences.

The agricultural component is being designed in conjunction with Professor Matthew Potteiger and the graduate student body from the Department of Landscape Architecture, State University of New York, College of Environmental Science and Forestry ("ESF"). The Empire Farmstead Brewery was the class project for ESF's spring 2012 semester.

Beer manufactured in Cazenovia will be packaged in kegs, bottles and cans for regional, national and international distribution. The agricultural component will include hops, lavender, vegetables, herbs, and fruits for use in the brewing process and to support the food production needed at both facilities. There will be a tasting room/gift shop and restaurant that will maintain a carbon footprint of 30 miles.

The \$8.39MM project is expected to support 20 construction jobs and create 35 permanent, full-time jobs in year one, 50 by year three, and 75 by five years after loan disbursement. Currently in design and permitting phase, the construction is expected to

Brewery Equipment Cost Breakdown		
Equipment	Supplier	Cost
Brewhouse Tanks*	JVNW	\$ 751,500
Bottling Line*	Prospero	\$ 420,000
Fermentation Vessels*	JBF	\$ 330,500
Centrifuge*	Westalia by GEA	\$ 252,000
Grain Handling: Mill, Augers and Motors*	Malt Handling Inc	\$ 101,400
Steam Boiler*	Modular Comfort Systems	\$ 95,000
Keg Filler/Cleaner*	Lambrechts	\$ 85,000
Glycol Chiller*	G&D Chillers	\$ 82,100
Brewery Cooler	Gerharz	\$ 57,000
Temperature Control System	Zajac Processing	\$ 55,000
Grain Silos	Briess	\$ 41,000
Warehouse Forklift	Thomson Equipment	\$ 15,000
Pallet Wrapper	Wolftec	\$ 11,000
Portable Hose and Pump	CPE Systems	\$ 10,000
Process Water Treatment System	ESIL	\$ 10,000
Air Compressor	D&W Diesel	\$ 9,000
Domestic Water Treatment System	Kissain Water Treatment	\$ 5,000
<b>TOTAL</b>		<b>\$2,330,500</b>

\* Documented useful life of 20 years +

begin in September 2014 and be completed by May 2015. The Company came to JDA for permanent financing of \$3.594MM in conjunction with Oneida Savings Bank. JDA proposes to provide 60% of permanent financing, extending over 20 years for both the construction portion and the equipment portion. Since JDA would be providing permanent, take-out financing, the entire project would need to already be completed and the other funding sources, including Oneida Savings Bank and the other grants/loans listed below would have had to been realized. The owner has already invested over \$1MM in equity to finance the soft costs and design aspects of the Project.

Other sources of financing include a \$300k Madison County IDA loan, a CFA award from the Regional Council for \$550k, and Community Development Block Grant money. Oneida Savings Bank has agreed to a 2% interest-only line of credit for \$1.53MM to cover additional start-up costs for the brewery while the approved grants are awaiting funding triggers to be disbursed.

### **Market Analysis**

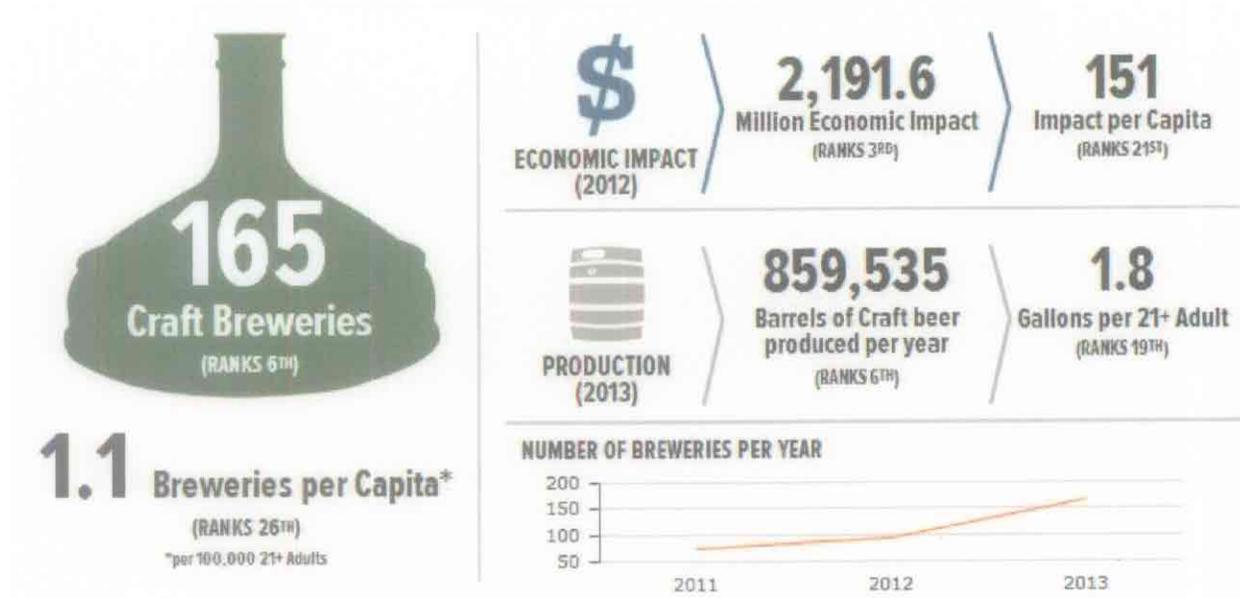
Craft beer is big business in New York State and around the country. There are now more than 2,500 breweries operating in the US, with another 1,500 in planning stages. "Craft" brewers are defined as being independently owned and producing less than 6 million barrels a year.

Today, New York State is home to over 150 acres of hops production and 1,500 acres of barley production that support almost 150 breweries. This heightened agriculture production is the result of the increased demand driven by the new wave of breweries being established across the State. In 2011, the State Liquor Authority has issued 99 new brewery licenses representing an increase of 177 percent over the prior year. The number of New York State craft breweries grew from 95 in 2012 to 165 in 2013. New York State craft beer sales currently rank 3rd in the country with an Economic Impact of \$2.2 Billion dollars. The State's craft breweries increased production by 26% from 557k barrels in 2011 to 860k barrels in 2013. Nationally, the craft beer segment grew by 21% by volume and 24% by dollar sales in the first quarter of 2014.<sup>1</sup>

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<sup>1</sup> NYS Brewers Association State of the State 2014. <http://thinknydrinkny.com/about/education/>

## NEW YORK STATE CRAFT BEER PRODUCTION & SALES DATA, 2013



(Source: <http://www.brewersassociation.org/statistics/by-state/?state=NY>)

Governor Cuomo has introduced several reforms to help strengthen and grow New York State's brewing industry. Recognizing the success of the State's farm wineries, the Governor signed legislation creating a new farm brewery license. This new license allows New York State breweries to operate like the State's farm wineries if they use primarily New York State agricultural ingredients. This innovative licensing process resulted in the State's issuance of 32 new farm brewery licenses in just 15 months. As a result, the demand for New York State grown hops and barley has exploded. Since 2012 all small breweries have been eligible for tax credits against personal income and business taxes for beer made in New York.

### Recommendation

ESD staff acknowledges that this analysis is based on projections and can be deemed riskier than our normal JDA loans. However, in determining our recommendations on why to proceed with the Project, there are some compelling factors that lead staff to recommend approval. JDA was created to assist, promote, encourage develop and advance the general prosperity and economic welfare of the people of New York State and to improve their standard of living. The Company meets the definition of a company in need of special assistance under section 1823 of the JDA Act (the "Act"), in that:

- The Company has shown that funds equal to the amount of the proposed JDA Loans are not reasonably available from other sources at a comparable cost of borrowing;
- There is potential for the Company to create jobs in New York State;
- The community will derive measurable benefits for the approval of the Project; and
- There is interaction with the economic development programs administrated by ESD and other New York State economic development programs.

Also, the Company qualifies as an agriculture business in need of assistance under section 1835 of the Act, which states that “[t]he legislature has continuously acknowledged the importance of farming by establishing a variety of programs to promote a strong agriculture economy.”

Due to an uncertain economic climate, the agriculture industry has difficulty attracting investment capital upon reasonable terms. JDA is authorized to provide financing to businesses that serve farmers and which would otherwise face difficulties in obtaining capital at a reasonable cost for establishing or expanding their enterprises and businesses.

In addition to meeting these goals and requirements of the Act, this Project demonstrates a strong potential to further enhance the success of the Governor’s initiative to grow New York’s strength in agribusiness, tourism and artisanal food and beverage production.

The JDA Loans are also recommended for approval based on the following:

- Based on projected financials, the Company is expected to have the ability to repay the JDA loans with a projected Debt Service Coverage Ratio (“DSCR”) that meets JDA’s minimum standard of 1.20.
- Empire Brewing Company is a well-established business that has operated successfully for 20 years, has a strong network of NYS distributors, and an owner that has good experience in the industry.
- At the completion of the Project, 50 permanent, full-time jobs will be created by three years after loan disbursement.

## 2) COVENANTS AND CONDITIONS

The JDA Loans are predicated upon the following financial conditions:

- The Chapman Properties, LLC must obtain firm commitments satisfactory to JDA from responsible financial sources for the total project cost exclusive of any loan requested from JDA.
- The Chapman Properties, LLC must provide an appraisal of the subject property that indicates a loan to value not to exceed 90% at the time of closing.
- The Chapman Properties, LLC must maintain a minimum debt service coverage ratio of 1.20 throughout the term of the JDA Loans.
- The Chapman Properties, LLC must meet all other standard JDA requirements as follows:

- a. Completion of the Project to the satisfaction of JDA, as evidenced by a certificate of occupancy and such other certification (including environmental approvals) required for the Facility to be used for the purposes intended and evidence of the purchase and installation of the machinery and equipment.
- b. Execution and delivery of the Note, the Security Agreement, the Mortgage and Loan and Use Agreement (furnished by JDA), and related documents by the Chapman Properties, LLC, all satisfactory to JDA.
- c. Procurement by the Chapman Properties, LLC of funds which shall be used at or prior to the closing to pay the Project Cost, exclusive of the proceeds of the JDA Loans.
- d. Receipt by JDA of policies of insurance, including flood insurance if required, in amount, form and substance and issued by companies satisfactory to JDA.
- e. Receipt by JDA of an itemized statement of Project Cost, satisfactory to JDA.
- f. Receipt by JDA of financing documents of other lender(s) satisfactory to JDA.
- g. Satisfaction of such other conditions as JDA, with advice of counsel, deems necessary or advisable to effectuate the JDA Loans, secure the interest of JDA and insure compliance with the JDA Statute and applicable provisions of the Internal Revenue Code.
- h. Execution of documents to permit monthly electronic debit of the Chapman Properties, LLC's checking account to repay the JDA Loans.
- i. Compliance with ADDITIONAL REQUIREMENTS stipulated in all Schedules, Exhibits and Riders, attached hereto and made a part hereof.
- j. Compliance with any other terms and conditions deemed to be necessary and appropriate in the opinion of the General Counsel of JDA.
- k. Chapman Properties, LLC will contribute at least 10% in equity to the Project. Equity is defined as any non-debt source of capital and should be auditable through the Chapman Properties, LLC's financial statements or the Chapman Properties, LLC's accounts, if so requested by JDA.
- l. Subordination of any loans to the Chapman Properties, LLC from those certain officers and members of Chapman Properties, LLC stipulated herein in a manner satisfactory to JDA.
- m. The Chapman Properties, LLC shall not enter into any agreement by which the terms of payment of any principal or interest under any other bank loan are waived, modified, deferred, delayed,

increased or reduced in rate or amount, without the prior written consent of JDA.

- n. All certifications and permits for the operating purposes of the Facility to be in full force and effect prior to closing the JDA Loans.
- o. Subordination of any leases which may affect the Facility to the Mortgage.

### **3) ENVIRONMENTAL REVIEW**

The Village of Cazenovia Board of Trustees, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be a Type I Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on June 12, 2013. ESD staff on behalf of the JDA reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the JDA make a Determination of No Significant Effect on the Environment.

### **4) NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY**

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise ("MWBEs") for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 25%. The overall goal shall include a Minority Business Enterprise ("MBE") Participation Goal of 9% and a Women Business Enterprise ("WBE") Participation Goal of 16% related to the total value of ESD's funding.

### **5) ADDITIONAL SUBMISSIONS TO MEMBERS**

New York State Map  
JDA Loan Underwriting Classification System  
Diagrams and Photos  
Bank Commitment Letters

October 6, 2014

Cazenovia (Madison County - Central New York Region) – Empire Farmstead Brewery, Inc. – Authorization to Act and Perform as LDC on JDA Real Estate and Machinery and Equipment Loans for the benefit of Empire Farmstead Brewery, Inc. and to Take Related Action

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RESOLVED, that the Chairman of the Corporation, or his designee(s) be, and each of them hereby, authorizes a real estate loan from the New York Job Development Authority for the benefit of Empire Farmstead Brewery, Inc. representing 60% of eligible real estate project costs, not to exceed \$2,196,000, and representing 60% of eligible project cost for machinery and equipment, not to exceed \$1,398,300, to be funded from the proceeds of New York State Guaranteed Special Purpose Fund bonds or notes, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting and subsequently to the JDA Board, with such changes as the Chief Executive Officer of the JDA or his designee(s) may deem appropriate; and be it further

RESOLVED, that the Chairman of the Corporation, or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolution; and be it further

RESOLVED, that the provision of financial assistance by the Corporation is expressly contingent upon: (1) JDA receipt of the approval of the Public Authorities Control Board, as applicable (2) receipt of funds from JDA and (3) the receipt of all other necessary approvals.

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October 6, 2014

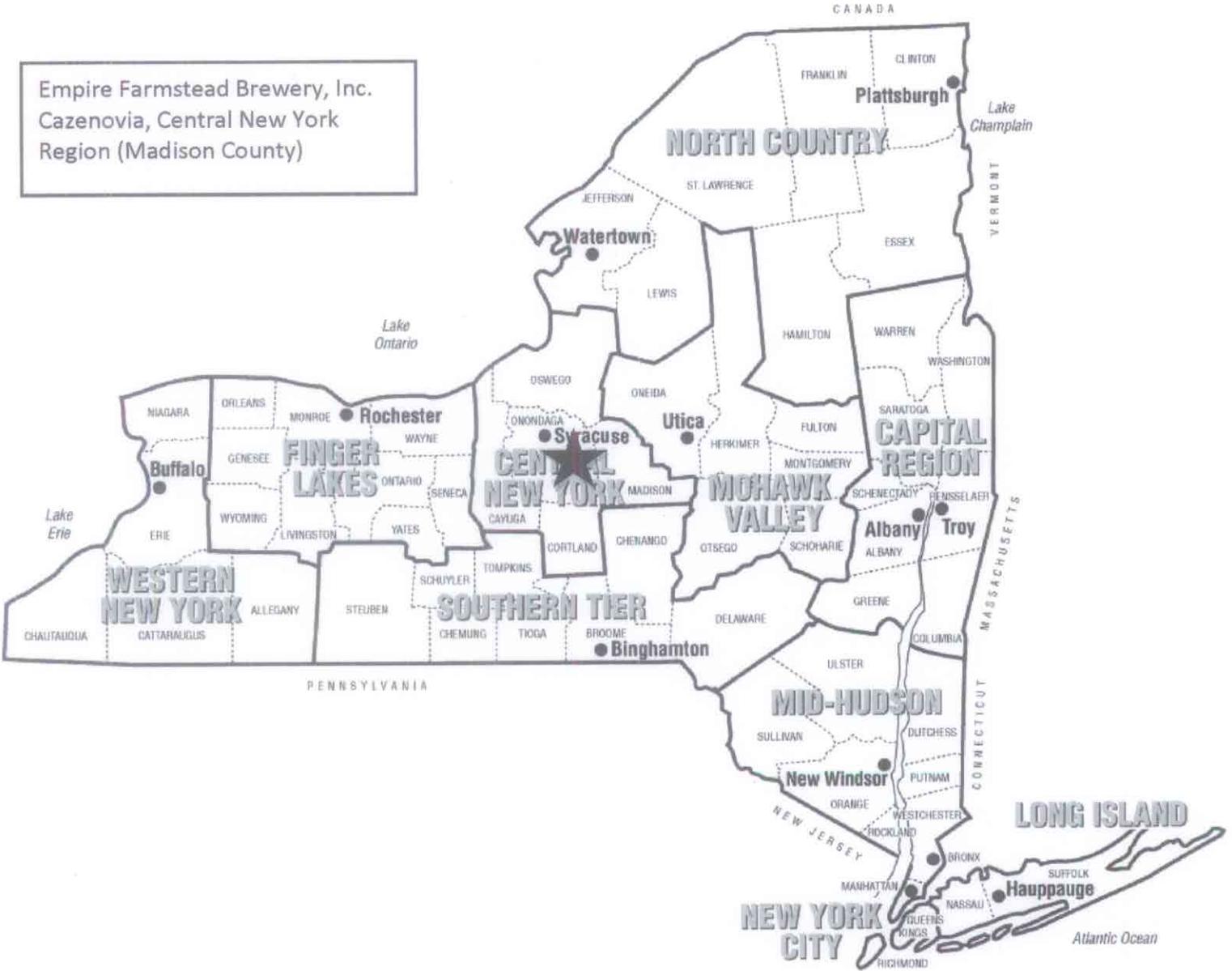
Central New York (Cazenovia) – Empire Farmstead Brewery, Inc. – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan and Machinery and Equipment Loan – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the materials submitted to the JDA with respect to the Empire Farmstead Brewery, Inc., the JDA hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*

Empire Farmstead Brewery, Inc.  
 Cazenovia, Central New York  
 Region (Madison County)



**JDA Underwriting Classification Chart**

	<b>Level I: Cash Flow</b>	<b>Level II: Default Risk</b>	<b>Level III: Collateral Value</b>
<b>I</b>	Actual or Adjusted Debt Service Coverage $\geq$ 1.2:1	<b>A</b> Score of $\geq$ 4 on the Default Risk Model Low Risk	Liquid value of collateral + + adjusted value of personal guarantee $\geq$ total loan value
<b>II</b>	Actual or Adjusted Debt Service Coverage $<$ 1.2:1, but with Projected Debt Service Coverage $\geq$ 1.2:1	<b>B</b> Score of 3 on the Default Risk Model Moderate Risk	Liquid value of collateral+ - adjusted value of personal guarantee $<$ total loan value
		<b>C</b> Score of $\leq$ 2 on the Default Risk Model Higher Risk	

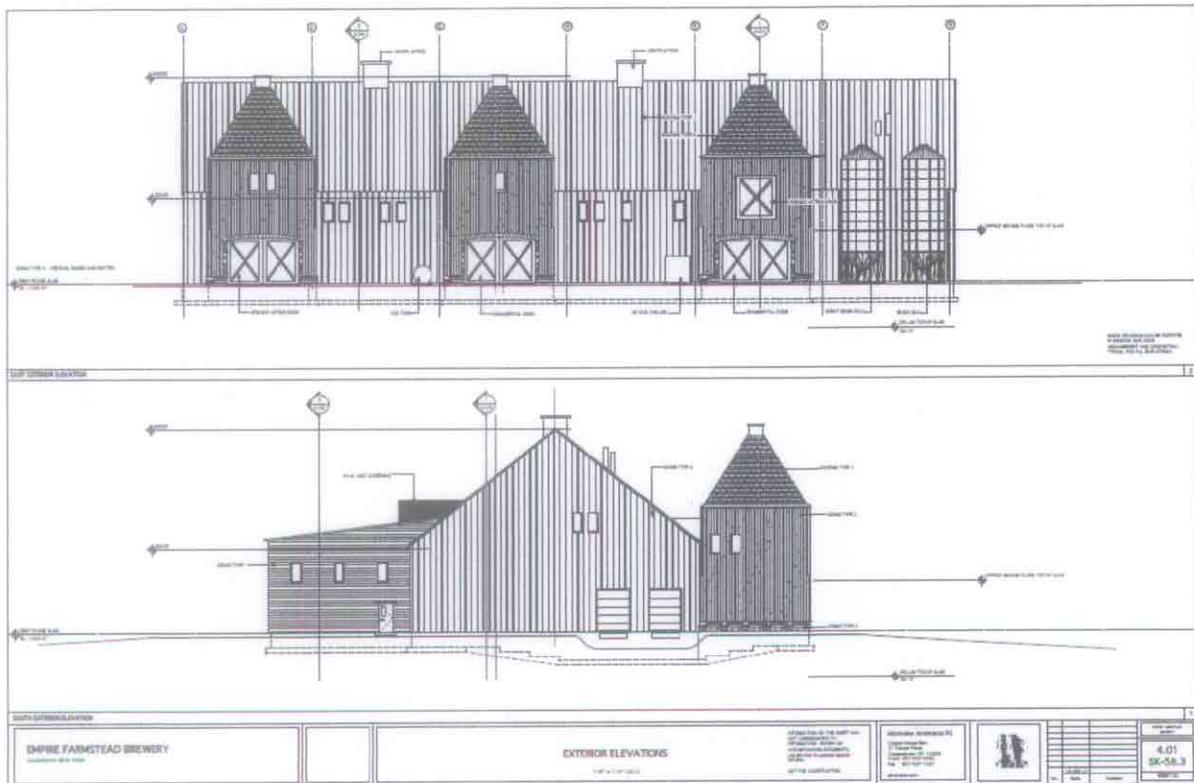
Diagrams and Photos

Map of 21.7 acre Empire Farmstead Brewery Site in relation to downtown Cazenovia





# Renderings of Empire Farmstead Brewery



Interior and Exterior View of Empire Brewing current location – Walton St. in Syracuse



## Press

### **Cuomo: 'Showstopper Ale,' brewed by Empire Brewing Co. in Syracuse, to debut at New York State** ROBERT HARDING

A central New York brewery will use local ingredients, including water from Skaneateles Lake, to brew a special beer that will debut at this year's New York State Fair.

The fair-themed beer, "State Fair Showstopper Ale," will be brewed by Empire Brewing Company in Syracuse and available at several venues throughout the fair, including the Taste NY Wine, Beer and Spirits Bar.

Gov. Andrew Cuomo, who announced the beer's upcoming debut in a statement Monday, called Showstopper Ale "a perfect fit" to represent the fair.

"A beer bearing the name of one of the most exciting agricultural events in the nation will help promote the fair beyond the borders of this state, and gives people yet another reason to visit the annual celebration," Cuomo said. "I congratulate the team behind Showstopper and wish them continued success."

According to Empire Brewing Company President David Katleski, the recipe for Showstopper Ale is based on the brewery's award-winning Skinny Atlas Light Ale.

To brew Showstopper Ale, Empire will use its own yeast, Skaneateles Lake water and New York barley and hops.

Tim Butler, brewing operations director at Empire Brewing Company, said he is "honored" to brew the first New York State Fair-themed beer.

"We have put a lot of thought into the design of this beer and I think we have come up with something that represents both the Great New York State Fair and Empire Brewing Company," Butler said. (Appeared on 7/30/2014 in <http://auburnpub.com/>)

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### **Empire Brewing Company seeking federal funding for expansion – CNY Business Journal**

ERIC REINHARDT

SYRACUSE, N.Y. — Empire Brewing Company, a Syracuse-based brewer of handcrafted ales and lagers, has plans to expand its operations and add jobs.

The brewery is working to build its Empire Farmstead Brewery in Cazenovia to grow hops and create a bottling facility. The brewery would use the facility to bottle its own beer for the first time in the company's 20-year history.

The expansion will create at least 50 jobs in Central New York and enable the craft brewery to expand its footprint across the state and the country.

That's according to U.S. Senator Charles Schumer (D-N.Y.), who today visited the local establishment to launch his push to secure federal funding for the expansion.

Empire Brewing is currently seeking \$200,000 in funding from the U.S. Department of Agriculture (USDA) to assist the expansion effort.

Schumer pledged his full support of Empire's efforts.

"They're looking to create a new model and become the next upstate New York brewer to take a major step forward and begin distributing their beer across the state," Schumer said in his remarks at the Armory Square restaurant.

Empire's model of having a brew pub, hops farm and bottling plant could help "propel" Central New York's craft-beer industry, he added.

The expansion will allow the company to better meet demand, seize more of the craft-beer market, and prepare for further expansion, the Democrat said.

Specifically, Empire is seeking \$200,000 in funding from the USDA Value-Added Producer grant program.

The program helps beginning farmers like Empire who are seeking to develop "value-added" products, according to Schumer's office.

"I will be calling Secretary of Agriculture [Thomas] Vilsack personally to tell him this should be a priority," Schumer told those gathered at the late-morning announcement.

In Empire's case, the grant would ultimately help to offset the costs of third-party ingredients, packaging, inventory management software, and product marketing, the office added.

"If it weren't for the [legislation permitting a] Farm Brewery license, this project would not exist," said David Katleski, owner of Empire Brewing and the current president of the New York State Brewers Association.

Gov. Andrew Cuomo in July 2012 signed the legislation establishing farm-brewery licenses. The legislation took effect in January 2013.

The farm-brewery license allows craft brewers that use products grown in New York to operate in a fashion similar to the state's farm wineries, the governor's office said in an Oct. 9, 2013 news release that welcomed 14 newly licensed farm breweries.

Empire Brewing started operations in 1994 at 120 Walton St. in Syracuse's Armory Square and has contract brewing operations in Brooklyn.

The company in 2010 began distributing its beer off-premise to wholesalers and retailers throughout New York, but has never bottled its own beer for sale on store shelves.

With bulk distribution, Empire Brewing has reached its production capacity at its Syracuse brewpub and at its contract-brewing partner, Greenpoint Beer Works, in Brooklyn.

In order to meet increasing demand, Empire decided to expand its operations with the launch of its Empire Farmstead Brewery, a 22-acre farm with a 28,000-square-foot brewery and packaging plant located on Route 13 in Cazenovia.

The new facility will expand production from 4,500 barrels per year to 20,000 barrels, according to Schumer's office.

The Farmstead Brewery is scheduled to open this fall, according to the brewer's website. (Appeared on 7/14/2014 in <http://www.cnybj.com/>)

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**Empire Farmstead Brewery in Cazenovia will be among the state's largest craft beer makers – Post-Standard** DON CAZENTRE

When the Empire Farmstead Brewery opens (as planned) next year in Cazenovia, it will have its own bottling line, a European-style beer hall and a farm that will grow much of its own hops, some of its own barley and many of its other beer ingredients.

It will instantly find itself among the largest breweries in the state (out of about 160 total), possibly even among the Top 5 largest New York craft brewers.

The Cazenovia brewery, to be located on a 22-acre farm on Route 13 adjacent to the Lorenzo State Historic Site, is a spin-off of the 20-year-old Empire Brewing Co. brewpub in Armory Square.

The Cazenovia brewery will have a brewhouse capable of producing 60 barrels of beer in a single batch. A barrel is 31 gallons, and is the standard measure for a brewery's size and output.

"It's going to be lot of fun," said Empire Brewing owner David Katleski. "It's going to be the biggest challenge of most of our lives."

New York's largest brewery, by far, is the Anheuser-Busch plant near Baldwinville, which is capable of producing four 1,000-barrel batches at a time.

It's followed by Rochester's Genesee (a 900-barrel brewhouse), and Utica's Matt/Saranac (500 barrels). Then comes Southern Tier near Jamestown (a total of 160 barrels in two brewhouses), and Olde Saratoga/Mendocino in Saratoga Springs (110 barrels).

At 60 barrels, the Empire farm brewery will slip in ahead of such recently opened 50-barrel brewhouses as Ithaca Beer Co. Schmaltz Brewing Co. in Clifton Park (near Albany), Davidson Bros. in Queensbury/Glens Falls and Brown's Brewing Co. in Hoosick Falls. Captain Lawrence is a 40-barrel brewery in Westchester County.

Empire's Cazenovia brewery will be twice as large as Syracuse's 30-barrel Middle Ages Brewing Co., and nearly 9 times bigger than the 7-barrel brewhouse at Empire's Armory Square brewpub.

Katleski hopes to break ground on the new brewery in August, begin producing bottled beer by February 2015 and open to the public by May. The site already has a working farm, where beer ingredients (and produce for the brewpub restaurant) are grown.

New York state had only about 10 breweries 20 years ago, and now has more than 160, many of them small craft or nano-breweries. Another 100 or so are in the planning stages. About 45 of the current breweries are operating under the state's farm brewery license, which offers incentives for using New York-grown ingredients.

Some of those farm breweries buy New York ingredients, while others grow at least a portion of their own. Empire will more than likely be the largest brewery in the state with plans to grow much of its own ingredients.

Katleski, who serves as president of the New York State Brewers Association, helped spearhead the farm brewery law as it won approval in the state Legislature in 2012.

On Monday, U.S. Sen. Charles Schumer stopped in to the Empire's Armory Square brewpub to pledge his aid in helping Katleski secure a \$200,000 grant from the U.S. Department of Agriculture. The grants go to businesses that grow and build in rural areas.

With the new brewery, Empire is likely to expand its payroll from the current 70 employees to about 120 or 140.

Schumer said the USDA grant is aimed at helping small companies like Empire, "which operate on the margins," get the financial support they need to grow. "It's a great thing for the local economy," Schumer said.

Since 2010, Empire has been operating at full capacity in Armory Square, and began making beer under contract at Greenpoint Beer Works in Brooklyn to supply draft accounts in the New York City area.

With the new brewery, Katleski's goal is to supply beer across New York state -- and possibly beyond. He notes that craft beer (as opposed to mass-market domestic lagers) now accounts for

about 8 percent of New York state beer sales, while it's 38 percent in Colorado and 30 percent in Oregon. By that standard, Katleski said, New York could probably accommodate more than 700 breweries.

"We have the room to grow," he said.

(Appeared on 7/15/2014 in [www.syracuse.com](http://www.syracuse.com))