

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
**INDUCEMENT RESOLUTION**  
 LF Bioenergy LF1 LLC [Project Number 4001-22-01]  
 Resolution No. IDA-22-02-01  
 February 22, 2022

A regular meeting of the St. Lawrence County Industrial Development Agency (the “Issuer”) was convened on February 22, 2022 at 4:00 p.m., local time, in the Main Conference Room of the Ernest J. LaBaff Industrial Building, 19 Commerce Lane, Canton, New York.

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

MEMBER	PRESENT	ABSENT
Blevins, Lynn (via teleconference)	X	
Hall, Mark C. (via teleconference)	X	
LaBaff, Ernest (via teleconference)	X	
McMahon, Andrew (via teleconference)	X	
Morrill, Steven (via teleconference)	X	
Reagen, James (via teleconference)	X	
Staples, Brian W. (via teleconference)	X	

As indicated above, certain of the members of the Issuer present participated in the meeting either in person or remotely pursuant to Chapter 417 of the Laws of 2021 as signed into law on September 2, 2021, as amended by Chapter 1 of the Laws of 2022 as signed into law on January 14, 2022.

The following persons were ALSO PRESENT: Staff (Patrick Kelly, Kimberly Gilbert, Richard Williams and Lori Sibley); and Christopher C. Canada, Esq. (Bond Counsel) via teleconference.

After the meeting had been duly called to order, Chairman Staples announced that, among the purposes of the meeting, was to consider and take action on certain matters pertaining to proposed project for the benefit of LF Bioenergy LF1 LLC (the “Company”).

On motion duly made by Mr. LaBaff and seconded by Mr. McMahon, the following resolution was placed before members of the Issuer:

**A RESOLUTION TAKING OFFICIAL ACTION TOWARDS THE ISSUANCE OF UP TO \$20,000,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF AN ANAEROBIC DIGESTER TO BE LOCATED ON AN APPROXIMATELY 8 ACRE PARCEL OF LAND ON 925 COUNTY ROUTE 54 IN THE TOWN OF LAWRENCE, ST. LAWRENCE COUNTY, NEW YORK, ALL FOR THE BENEFIT OF LF BIOENERGY LF1 LLC; (2) DESCRIBING THE FORMS OF FINANCIAL ASSISTANCE BEING CONTEMPLATED BY THE ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY WITH**

**RESPECT TO SUCH PROJECT; AND (3) AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT BY AND BETWEEN THE ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AND LF BIOENERGY LF1 LLC. WITH RESPECT TO SUCH FINANCING AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF SUCH FACILITY.**

WHEREAS, Title 1 of Article 18 A of the General Municipal Law of the State of New York (the “Enabling Act”) was duly enacted into law as Chapter 1030 of the Laws of 1969 of the State of New York (“State”); and

WHEREAS, the Issuer was created, pursuant to and in accordance with the provisions of the Enabling Act, by Chapter 358 of the Laws of 1971 of the State, (collectively, with the Enabling Act, the “Act”), and is empowered under the Act to undertake the Project (as hereinafter defined) in order to so promote job opportunities, health, general prosperity and economic welfare of the people of the State and improve their standard of living; and

WHEREAS, the Enabling Act authorizes and provides for the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and dispose of land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction which shall be suitable for manufacturing, warehousing, civic, commercial and research facilities, including recreation facilities, in order to advance job opportunities, health, general prosperity and economic welfare of the people of the State and to improve their standard of living; and

WHEREAS, to accomplish its stated purposes, the Issuer is authorized and empowered under the Act to issue its industrial development revenue bonds to finance the cost of the acquisition, construction, reconstruction and installation of one or more “projects” (as defined in the Act), to acquire, construct, reconstruct and install said projects 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, LF Bioenergy LF1 LLC, a Delaware limited liability company duly qualified and authorized to do business in the State of New York (the “Company”), has presented an application (the “Application”) to the Issuer, copies of which were presented at this meeting and a copy of which is on file at the office of the Issuer, requesting that the Issuer consider undertaking a project (the “Project”) consisting of the following: (A) (1) the acquisition of an interest in an approximately eight (8) acre parcel of land located at 925 County Route 54 in the Town of Lawrence, St. Lawrence County, New York (the “Land”), (2) the construction on the Land of an anaerobic digester to process cow manure produced by approximately 4,500 dairy cows, including flushing systems, a new manure handling system, a hydrolyzer and agitators (collectively, the “Facility”), and (3) the acquisition and installation therein and thereon of certain machinery and equipment (the “Equipment”), all of the foregoing to constitute an anaerobic digester and other directly and indirectly related activities (the Land, the Facility and the Equipment being collectively referred to herein as the “Project Facility”); (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively, the “Financial Assistance”); (C) the financing of a

portion of the costs of the foregoing by the issuance of its industrial development revenue bonds in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, presently estimated to be \$18,000,000 and in any event not to exceed \$20,000,000 (the “Bonds”); and (D) the lease (with an obligation to purchase) or sale of the facilities financed with the Bonds to the Company or such other person as may be designated by the Company and agreed upon by the Issuer; and

WHEREAS, the Issuer has given due consideration to the Application, and to representations by the Company that (A) issuance of the Bonds and the granting by the Issuer of the Financial Assistance with respect to the Project will be an inducement to the Company to undertake the Project in St. Lawrence County, New York and (B) the completion of the Project will not result in the removal of a plant or facility of any proposed occupant of the Project Facility from one area of the State of New York to another area in the State of New York and will not result in the abandonment of one or more plants or facilities of any occupant of the Project Facility located in the State of New York; and

WHEREAS, the Issuer desires to encourage the Company to preserve and advance the job opportunities, health, general prosperity and economic welfare of the people of St. Lawrence County, New York by undertaking the Project in St. Lawrence County, New York; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended, and the regulations (the “Regulations”) adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the “SEQR Act”), the Issuer has not yet made a preliminary determination as to the potential environmental significance of the Project and therefore has not yet determined whether an environmental impact statement is required to be prepared with respect to the Project; and

WHEREAS, with respect to any portion of the Bonds intended to be issued as federally tax-exempt obligations, interest on such portion of the Bonds will not be excludable from gross income for federal income tax purposes unless (A) pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations of the United States Treasury Department thereunder (the “Treasury Regulations”), the issuance of such portion of the Bonds (the “Tax-Exempt Bonds”) is approved by the St. Lawrence County Board of Legislators after the Issuer has held a public hearing on the nature and location of the Project Facility and the issuance of the Tax-Exempt Bonds; (B) pursuant to Section 142(a)(6) and Section 144(a)(12) of the Code, at least ninety-five percent (95%) of the net proceeds of the Tax-Exempt Bonds are used to provide a “manufacturing facility”, as defined in Section 144(a)(12)(C) of the Code, and/or an “exempt facility”, within the meaning of Section 142 of the Code; and (C) pursuant to Section 146 of the Code, there is allocated to the Tax-Exempt Bonds a portion of the private activity bond volume cap of the Issuer and/or the State of New York sufficient to equal the face amount of the Tax-Exempt Bonds; and

WHEREAS, although the resolution authorizing the issuance of the Bonds and the undertaking of the Project has not yet been drafted for approval by the Issuer, a preliminary agreement (the “Preliminary Agreement”) relative to the proposed issuance of the Bonds and the undertaking of the Project by the Issuer has been presented for approval by the Issuer;

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

Section 1. The Issuer has reviewed the Application and, based upon the representations made by the Company to the Issuer in the Application and at this meeting, the Issuer hereby makes the following findings and determinations with respect to the Project:

(A) The issuance of the Bonds by the Issuer with respect to the Project will relieve and reduce unemployment, promote and provide for additional and maximum employment, better and maintain job opportunities for the inhabitants of St. Lawrence County, New York, and thereby serve the public purposes of the Enabling Act; and

(B) It is desirable and in the public interest to issue the Bonds in a principal amount sufficient to pay a portion of the costs of undertaking the Project, together with necessary incidental expenses in connection therewith (collectively, the "Project Costs"), which Project Costs are presently estimated to be in the amount of \$23,600,000;

provided, however, that the foregoing determinations shall not entitle or permit the Company to commence the undertaking of the Project, nor commit the Issuer to issue any Bonds with respect to the Project, unless and until the Issuer shall decide to proceed with the Project following a determination by the Issuer that all requirements of the SEQR Act that relate to the Project and to the issuance of the Bonds have been fulfilled.

Section 2. If, following full compliance with the SEQR Act and the requirements of the Enabling Act, including the public hearing requirements set forth in Section 859-a of the General Municipal Law, the Issuer adopts a future resolution (the "Future Resolution") determining to proceed with the Project and the Company complies with all conditions set forth in this resolution, the Preliminary Agreement and the Future Resolution, the Issuer will (A) authorize the issuance of the Bonds in such principal amount and with such maturities, interest rate or rates, redemption terms and other terms and provisions as shall be determined in accordance with the provisions of a further resolution of the Issuer; (B) acquire, construct and install the Project Facility, or cause the Project Facility to be acquired, constructed and installed; (C) lease (with the obligation to purchase) or sell the Project Facility to the Company pursuant to a lease agreement or an installment sale agreement between the Issuer and the Company whereby the Company will be obligated, among other things, (i) to make payments to the Issuer in amounts and at times so that such payments will be adequate to pay the principal of, premium, if any, and interest on the Bonds and (ii) to pay all costs incurred by the Issuer with respect to the Project and/or the Project Facility, including all costs of operation and maintenance, all taxes and other governmental charges, any required payments in lieu of taxes, and all reasonable fees and expenses incurred by the Issuer with respect to or in connection with the Project and/or the Project Facility; and (D) secure the Bonds in such manner as the Issuer, the Company and the purchasers of the Bonds shall mutually deem appropriate; all as contemplated by the Preliminary Agreement. If the proceeds from the sale of the Bonds are insufficient to finance the entire cost of the undertaking of the Project, the Issuer will, upon request of the Company and subject to the provisions of the Preliminary Agreement and Section 3 hereof, use its best efforts to effect the issuance from time to time in the future of additional bonds, whether on a parity with the Bonds or otherwise, for the purpose of paying the cost of completing the undertaking of the Project.

Section 3. If the Issuer adopts the Future Resolution, the issuance of the Bonds and any additional bonds, as contemplated by Section 2 of this resolution, and the granting of any other Financial Assistance with respect to the Project by the Issuer, as contemplated by Section 2 of this

resolution, shall be subject to: (A) the determination by the members of the Issuer to proceed with the Project following a determination by the members of the Issuer that all requirements of Section 859-a of the Act that relate to the Project have been fulfilled; (B) execution and delivery by the Company of the Preliminary Agreement, which sets forth certain conditions for the issuance of the Bonds, and the granting of any other Financial Assistance with respect to the Project by the Issuer, and satisfaction by the Company of all the terms and conditions of the Preliminary Agreement applicable to the Company; (C) agreement by the Issuer, the Company and the purchasers of the Bonds on mutually acceptable terms for the Bonds and for the sale and delivery thereof and mutually acceptable terms and conditions for the security for the payment thereof; (D) agreement between the Company and the Issuer as to payment by the Company of payments in lieu of taxes with respect to the Project Facility, together with the administrative fee of the Issuer with respect to the Project; (E) if any portion of the Financial Assistance to be granted by the Issuer with respect to the Project is not consistent with the Issuer's uniform tax exemption policy, the Issuer must follow the procedures for deviation from such policy set forth in Section 874(b) of the Act prior to granting such portion of the Financial Assistance; (F) if interest on any portion of the Bonds is to be treated as excludable from gross income for federal income tax purposes, (1) at least ninety-five percent (95%) of the net proceeds of such portion of the Bonds must be used to provide a "manufacturing facility", as defined in Section 144(a)(12)(C) of the Code, and/or an "exempt facility" within the meaning of Section 142 of the Code, (2) the St. Lawrence County Board of Legislators must have approved the issuance of such portion of the Bonds after a public hearing on the issuance of the Bonds and the nature and location of the Project Facility has been held by the Issuer, as required by Section 147(f) of the Code, and (3) unless the Issuer has sufficient unused allocation of private activity bond volume limit from the State of New York for the particular calendar year in which such portion of the Bonds are proposed to be issued and has determined to allocate to such portion of the Bonds a portion of such unused allocation of private activity bond volume limit, the Issuer must have received notice from the New York State Commissioner of Economic Development that the Issuer has received a supplemental allocation for such portion of the Bonds from the Statewide Bond Reserve held by the Commissioner of Economic Development, all as provided in Section 146 of the Code, it being understood that by enacting this resolution the Issuer is not committing itself to make such an allocation or to issue such portion of the Bonds if such an allocation is not made or received; (G) a determination by the members of the Issuer to proceed with the issuance of the Bonds and the granting of such other Financial Assistance following determinations by the members of the Issuer that the public hearing and notice requirements and other procedural requirements of Section 859-a of the Act have been complied with; and (H) the following additional condition(s): \_\_\_\_\_.

Section 4. The form, terms and substance of the Preliminary Agreement (in substantially the form presented to this meeting and attached hereto) are in all respects approved, and the Chairperson, Vice Chairperson or Chief Executive Officer of the Issuer is hereby authorized, empowered and directed to execute and deliver said Preliminary Agreement in the name and on behalf of the Issuer, said Preliminary Agreement to be substantially in the form presented to this meeting, with such changes therein as shall be approved by the officer executing same on behalf of the Issuer, the execution thereof by such officer to constitute conclusive evidence of such officer's approval of any and all changes or revisions therein from the form now before this meeting.

Section 5. The officers, agents and employees of the Issuer are hereby directed to proceed to comply with the provisions of the SEQRA Act and to do such things or perform such acts as may allow the Issuer to proceed to its final consideration of the Project.

Section 6. It is intended that this resolution shall constitute an affirmative official action toward the issuance of the Bonds within the meaning of Section 1.103-8(a)(5) and Section 1.150-2(e)(1) of the United States Treasury Regulations.

Section 7. The Company is hereby authorized to conduct such environmental, engineering, economic, feasibility and other studies and preliminary planning and budgetary processes necessary or convenient to enable the Issuer to make its final determination whether to approve the Project, and the Company is further authorized to advance such funds as may be necessary for such purpose, subject, to the extent permitted by law, to reimbursement from the proceeds of the sale of the Bonds, if the Bonds are issued; provided, however, that such authorization shall not entitle or permit the Company to commence the undertaking of the Project unless and until the Issuer shall determine to proceed with the Project following a determination by the Issuer that all requirements of the SEQRA Act that relate to the Project and to the issuance of the Bonds have been fulfilled. This resolution constitutes a determination of compliance with technical requirements within the meaning of Section 617.3(c) of the Regulations and does not constitute, and shall not be deemed to constitute, either an approval by the Issuer of the Project for the purposes of the SEQRA Act or a commitment by the Issuer to issue the Bonds except upon satisfaction of the requirements of the SEQRA Act, the requirements set forth in Section 3 hereof and the requirements set forth in the Preliminary Agreement.

Section 8. The law firm of Hodgson Russ LLP is hereby appointed Bond Counsel to the Issuer with respect to all matters in connection with the Project and the issuance of the Bonds. Bond Counsel for the Issuer is hereby authorized, at the expense of the Company, to work with the Company, counsel to the Company, counsel to the Issuer, the purchasers of the Bonds and others to prepare, for submission to the Issuer, all documents necessary to effectuate the authorization, issuance, sale and delivery of the Bonds and the other transactions contemplated by this resolution.

Section 9. The Issuer hereby authorizes the Chairperson, Vice Chairperson or Chief Executive Officer of the Issuer, prior to the issuance of any portion of the Bonds with respect to the Project, after consultation with the directors of the Issuer, (A) (i) to establish the time, date and place for a public hearing of the Issuer to hear all persons interested in the Project and the proposed financial assistance being contemplated by the Issuer with respect to the Project; (ii) to cause notice of such public hearing to be given to the public by publishing a notice of such hearing in a newspaper of general circulation available to residents of the Town of Lawrence, St. Lawrence County, New York, such notice to comply with the requirements of Section 859-a of the General Municipal Law and to be published no fewer than ten (10) days prior to the date established for such public hearing; (iii) to cause notice of said public hearing to be given to the chief executive officer of the county and each town, village and school district in which the Project is to be located no fewer than ten (10) days prior to the date established for said public hearing; (iv) to conduct such public hearing; and (v) to cause a report of said public hearing fairly summarizing the views presented at said public hearing to be promptly prepared and cause copies of said report to be made available to the directors of the Issuer and (B) to satisfy the public approval requirements contained in Section 147(f) of the Code.

Section 10. The Chairperson, Vice Chairperson and Chief Executive Officer are hereby authorized and directed to distribute copies of this resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this resolution.

Section 11. This resolution shall take effect immediately.

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

<b>MEMBER</b>	<b>YEA</b>	<b>NAY</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
Blevins, Lynn	X			
Hall, Mark C.	X			
LaBaff, Ernest	X			
McMahon, Andrew	X			
Morrill, Steven	X			
Reagen, James	X			
Staples, Brian W.	X			

The resolution was thereupon declared duly adopted.

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