

**PILOT DEVIATION RESOLUTION  
CASP, LLC PROJECT**

A regular meeting of the Yates County Industrial Development Agency (the "Agency") met in regular session at the offices of the Agency located at One Keuka Business Park in Penn Yan, Yates County, New York on May 16, 2007 at 8:00 o'clock, a.m., local time.

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

PRESENT:

Jeff Gifford	Chairman
Taylor Fitch	Vice Chairman
Susan Andersen	Secretary
Dave Reeve	Treasurer
Jerry Hiller	Assistant Secretary/Treasurer
Jim McMullen	Member
Tim Trombley	Member

ABSENT:

None.

THE FOLLOWING PERSONS WERE ALSO PRESENT:

Doreen J. Jensen	Acting Executive Director
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The following resolution was offered by Dave Reeve, seconded by Jim McMullen, to wit:

Resolution No. \_\_\_\_\_

RESOLUTION APPROVING A DEVIATION FROM THE AGENCY'S  
UNIFORM TAX EXEMPTION POLICY WITH RESPECT TO THE CASP,  
LLC PROJECT.

WHEREAS, Yates County Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of 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 113 of the 1975 Laws of New York, as amended, constituting Section 893-b of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research, recreation and civic facilities, among others, for the purpose of promoting, attracting and

developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more "projects" (as defined in the Act) or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, CASP, LLC (the "Company") has presented an application (the "Application"), to the Agency, requesting that the Agency consider undertaking a project (the "Project") consisting of the following: (A) (1) the acquisition of an interest in a parcel of land located at 105 Horizon Park Drive, in the Village of Penn Yan, Yates County, New York (the "Land"), (2) the renovation of a portion or portions of the existing building located on the Land containing, in the aggregate, approximately 30,000 square feet of space (the "Existing Facility"), (3) the construction of an addition to the Existing Facility constituting an additional 11,776 square feet of space (the "Addition") (the Existing Facility and the Addition hereinafter collectively referred to as the "Facility"), (4) the acquisition and installation thereon and therein of various machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment hereinafter collectively referred to as the "Project Facility"), all of the foregoing to constitute an expansion and improvement of the existing dairy food products facility and storage area, such facility to be owned and operated by the Company as facilities for the creation and storage of dairy 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 estate transfer taxes, mortgage recording taxes and real property taxes (the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, pursuant to a resolution adopted by the Agency on December 20, 2006, (the "Public Hearing Resolution"), the Executive Director of the Agency (A) caused notice of a public hearing of the Agency pursuant to Section 859-a of the Act (the "Public Hearing") 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 January 8, 2006 to the chief executive officers of the county and of each city, town, village and school district in which the Project is to be located, (B) caused notice of the Public Hearing to be published on January 10, 2007 in The Chronicle-Express, a newspaper of general circulation available to the residents of the Village of Penn Yann, (C) conducted the Public Hearing on February 16, 2007, at 10:00 o'clock a.m., local time at the offices of the Town of Milo, located at 137 Main Street in the Village of Penn Yann, Yates County, New York, and (D) prepared a report of the Public Hearing (the "Report") which fairly summarized the views presented at said public hearing and distributed same to the members of the Agency; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act") and the regulations (the

“Regulations”) adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, “SEQRA”), by resolution adopted by the members of the Agency on February 28, 2007 (the “SEQR Resolution”), the Agency (A) determined that the Project constituted an “unlisted action” under SEQRA, (B) determined that the Project would not have a “significant effect on the environment” pursuant to SEQRA and, therefore, that no environmental impact statement need be prepared with respect to the Project and (C) authorized the issuance of a “negative declaration” with respect to the Project (as said quoted terms are used in SEQRA); and

WHEREAS, in connection with the Project, the Company requested that the Agency deviate from its uniform tax exemption policy with respect to the Project Facility; and

WHEREAS, pursuant to Section 874(4) of the Act, the Executive Director of the Agency sent a letter dated April 16, 2007, (the “Pilot Deviation Letter”), which Pilot Deviation Letter is attached hereto as Exhibit A, to the chief executive officers of the affected tax jurisdictions, each representing a county, town and school district in which the Project Facility is located (collectively, the “Affected Tax Jurisdictions”) notifying said chief executive officers of the proposed deviation from the Agency’s uniform tax exemption policy in connection with the Project (the “Proposed Deviation”), and the reasons therefor; and

WHEREAS, the Agency now desires to adopt the Proposed Deviation;

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

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

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

(B) The Agency has permitted all individuals attending this meeting, including any representative from an Affected Tax Jurisdiction, to address the Agency regarding the Proposed Deviation.

(C) The Agency has responded to all written comments received with respect to the Proposed Deviation.

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

Section 3. This Resolution shall take effect immediately.

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

Jeff Gifford	VOTING	<u>Yes</u>
Taylor Fitch	VOTING	<u>Yes</u>
Susan Andersen	VOTING	<u>Yes</u>
Dave Reeve	VOTING	<u>Yes</u>
Jerry Hiller	VOTING	<u>Yes</u>
Jim McMullen	VOTING	<u>Yes</u>
Tim Trombley	VOTING	<u>Yes</u>

The foregoing Resolution was thereupon declared duly adopted.

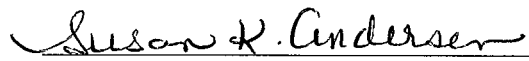
STATE OF NEW YORK            )  
  ) SS.:  
COUNTY OF YATES            )

I, the undersigned (Assistant) Secretary of Yates County Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY that I have compared the foregoing extract of the minutes of the meeting of the members of the Agency, including the resolution contained therein, held on May 16, 2007, with the original thereof on file in my office, and that the same is a true and correct copy of such proceedings of the Agency and of such resolution set forth therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public, and due notice of the time and place of said meeting was given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present through said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 16 day of May, 2007.

  
\_\_\_\_\_  
(Assistant) Secretary

(SEAL)

EXHIBIT A  
PILOT DEVIATION LETTER

YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY

One Keuka Business Park

Penn Yan, New York

TEL: (315) 536-7328

FAX: (315) 536-2389

April 16, 2007

Hon. Robert Multer, Chair  
County Legislature  
County Building  
Penn Yan, New York 14527

Norman A. Snow, Supervisor  
Town of Milo  
137 Main Street  
Penn Yan, New York 14527

Hon. Douglas J. Marchionda, Jr., Mayor  
Village of Penn Yan  
PO Box 426  
Penn Yan, New York 14527

Ann Orman, Superintendent  
Penn Yan Central School District  
One School Drive  
Penn Yan, New York 14527

RE: Yates County Industrial Development Agency  
Proposed 2007 CASP, LLC Project

Dear Ladies and Gentlemen:

On July 22, 2003 (the "2003 Closing"), the Yates County Industrial Development Agency (the "Agency") granted certain financial assistance to CASP, LLC (the "Company") to assist in financing a project (the "2003 Project") consisting of the following: (A) (1) the acquisition of an interest in a parcel of real estate described as Lot #11 and containing approximately 2.5 acres, located in the Horizon Business Park on Route 14A in the Village of Penn Yan, Yates County, New York (the "Land"); (2) the construction on the Land of a building to contain approximately 20,000 square feet of space (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 "2003 Project Facility"), all of the foregoing to constitute a facility to be operated by the Company for the processing of various low acid dairy products and 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 taxes, real estate transfer taxes, mortgage recording taxes and real property taxes (collectively, the "Financial Assistance"); and (C) the lease of the 2003 Project Facility to the Company pursuant to a lease agreement dated as of July 1, 2003, by and between the Company and the Agency.

In connection with the 2003 Project, the Agency granted the Company exemptions from real property taxes pursuant to a payment in lieu of tax agreement entered into by and between the Agency and the Company (the "2003 PILOT Agreement"). The 2003 PILOT Agreement exempts the 2003 Project Facility from real property taxes and requires the Company to make payments in lieu of taxes as follows:

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<u>Tax Year Commencing in Calendar Year</u>	<u>Existing Assessment of the Land</u>	<u>Percentage of Assessed Value of the 2003 Project Facility</u>
2004	100%	0%
2005	100%	0%
2006	100%	0%
2007	100%	0%
2008	100%	0%
2009	100%	0%
2010	100%	10%
2011	100%	20%
2012	100%	30%
2013	100%	40%
2014	100%	50%
2015	100%	60%
2016	100%	70%
2017	100%	80%
2018	100%	90%
2019	100%	100%
Thereafter	100%	100%

On August 4, 2005 (the "2005 Closing"), the Agency granted certain financial assistance to the Company to assist in financing a project (the "2005 Project") consisting of the following: (A) (1) the acquisition of a parcel of real estate (the "New Parcel") containing approximately 0.85 acres and located adjacent to Lot #11 in the Horizon Business Park on Route 14A in the Village of Penn Yan, Yates County, New York (the "Existing Parcel")(the New Parcel and the Existing Parcel hereinafter collectively referred to as the "Land"); (2) the construction on the Land of an addition containing approximately 8,500 square feet of space (the "Addition") to the existing approximately 20,000 square foot facility located on the Land (the "Existing Facility") (the Addition and the Existing Facility hereinafter collectively referred



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to as 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 collectively referred to as the "2005 Project Facility"), all of the foregoing to constitute a facility to be operated by the Company for the processing of various low acid dairy products and 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 exemption from certain sales taxes, deed transfer taxes, mortgage recording taxes and real property taxes (the "Financial Assistance"); and (C) the lease of the 2005 Project Facility to the Company pursuant to a lease agreement dated as of July 1, 2005, by and between the Company and the Agency.

In connection with the 2005 Project, the Agency granted the Company exemptions from real property tax pursuant to a payment in lieu of tax agreement entered into by and between the Agency and the Company (the "2005 PILOT Agreement"). The 2005 PILOT Agreement exempts the 2005 Project Facility from real property taxes and requires the Company to make payments in lieu of taxes as follows:

<u>Tax Year Commencing in Calendar Year</u>	<u>Existing Assessment of the Land</u>	<u>Percentage of Assessed Value of the 2005 Project Facility</u>
2006	100%	0%
2007	100%	0%
2008	100%	0%
2009	100%	0%
2010	100%	0%
2011	100%	10%
2012	100%	20%
2013	100%	30%
2014	100%	40%
2015	100%	50%
2016	100%	60%
2017	100%	70%
2018	100%	80%

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2019	100%	90%
2020	100%	100%
Thereafter	100%	100%

In December, 2006, the Company presented an application to the Agency, a copy of which is on file at the office of the Agency, requesting that the Agency consider undertaking a project (the "2007 Project") consisting of: (A) (1) the acquisition of an interest in a parcel of land located at 105 Horizon Park Drive, in the Village of Penn Yan, Yates County, New York (the "Land"), (2) the renovation of a portion or portions of the existing building located on the Land containing, in the aggregate, approximately 30,000 square feet of space (the "Existing Facility"), (3) the construction of an addition to the Existing Facility constituting an additional 11,776 square feet of space (the "Addition") (the Existing Facility and the Addition hereinafter collectively referred to as the "Facility"), (4) the acquisition and installation thereon and therein of various machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment hereinafter collectively referred to as the "2007 Project Facility"), all of the foregoing to constitute an expansion and improvement of the existing dairy food products facility and storage area, such facility to be owned and operated by the Company as facilities for the creation and storage of dairy 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 estate transfer taxes, mortgage recording taxes and real property taxes (the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the 2007 Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency.

In connection with the 2007 Project, the Company has requested that the Agency enter into a payment in lieu of tax agreement (the "Proposed 2007 PILOT Agreement"), the proposed terms of which would deviate from the Agency's Uniform Tax Exemption Policy (the "Policy"). The Proposed 2007 PILOT Agreement would not provide any abatements for any special assessments levied on the Combined Project Facility (defined below).

The terms of the Proposed 2007 PILOT Agreement would supersede the terms of the 2003 PILOT Agreement and the terms of the 2005 PILOT Agreement. The 2003 Project Facility and the 2005 Project Facility would then be combined with the 2007 Project Facility (the 2003 Project Facility, the 2005 Project Facility and the 2007 Project Facility, hereinafter collectively referred to as the "Combined Project Facility") for purposes of providing a single uniform payment in lieu of tax agreement that would govern the real property tax abatements of the Combined Project Facility. The Proposed 2007 PILOT Agreement would provide exemptions from real property taxes for the Combined Project Facility and would require the Company to make payments in lieu of taxes according to the following schedule:

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<u>Tax Year Commencing in Calendar Year</u>	<u>Existing Assessment of the Land</u>	<u>Percentage of Assessed Value of the Combined Project Facility</u>
2007	100%	0%
2008	100%	0%
2009	100%	0%
2010	100%	0%
2011	100%	0%
2012	100%	12.5%
2013	100%	25%
2014	100%	37%
2015	100%	50%
2016	100%	62.5%
2017	100%	75%
2018	100%	87.5%
2019	100%	100%
Thereafter	100%	100%

The terms of the Proposed 2007 PILOT Agreement deviate from the Agency's Uniform Tax Exemption Policy (the "Policy"). The Proposed 2007 PILOT Agreement effectively extends the real property tax abatement period for the 2003 Project Facility and modifies the duration and percentage of real property taxes applicable to the Combined Project Facility.

Under the Agency's Policy, manufacturing projects similar to the 2003 Project, the 2005 Project and the 2007 Project receive a standard 15 year payment in lieu of tax agreement. The 2003 PILOT Agreement Schedule and the 2005 PILOT Agreement Schedule, which have been provided above, detail the specific terms of a standard 15 year payment in lieu of tax agreement under the Agency's Policy. In contrast to the standard 15 year payment in lieu of tax agreement under the Agency's Policy, the Proposed 2007 PILOT Agreement is effective for a period of only 13 years and the return to a full value assessment of the Combined Project Facility occurs more expeditiously than the standard 15 year payment in lieu of tax agreement.

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The purpose of this letter is to inform you of such deviation and that the Agency is considering the terms of the Proposed 2007 PILOT Agreement. The Agency expects to consider whether to approve the terms of the Proposed PILOT Agreement at its meeting scheduled for May 16, 2007 at 8:00 o'clock, a.m., local time at One Keuka Business Park in the Town of Jerusalem, Yates County, New York (the "Meeting"). This letter is forwarded to you for purposes of complying with Section 874 of the General Municipal Law of the State of New York, which requires a thirty (30) day notice prior to the Agency taking final action with respect to the Proposed 2007 PILOT Agreement.

The Agency is considering the following factors, enumerated under the Policy, in considering the proposed deviation:

1. The nature of the 2007 Project:

The 2007 Project involves the expansion and improvement of the existing dairy food products facility and storage area.

2. The nature of the property before the 2007 Project begins:

The property is currently being used as a dairy food products facility and storage area.

3. The economic condition of the area at the time of the application and the economic multiplying effect that the 2007 Project will have on the area:

At the time of the application, the economic condition of the area was in need of growth. The 2007 Project will create jobs, thus generating revenue for the affected towns, villages and surrounding areas.

4. The extent to which the 2007 Project will create or retain permanent, private sector jobs and the number of jobs to be created or retained and the salary range of such jobs:

Over the first two years of the 2007 Project, approximately 10 permanent, professional/managerial full time jobs will be created by the 2007 Project.

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

The Proposed 2007 PILOT Agreement will result in the Company receiving additional tax abatements. When compared with the tax exemptions provided by the Agency's Policy, the Company will receive approximately \$30,000 in additional tax abatements. The structure of the Proposed 2007 PILOT Agreement is designed to provide the Company with increased cash-flow in the start-up period of the business and a slightly more rapid phase-in to full value of the Combined Project Facility. Combining the Company's three parcels into one payment in lieu of tax agreement will also result in administrative efficiency due to the need for only one payment in lieu of tax billing.

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6. The economic impact of the 2007 Project and the proposed tax exemptions on affected tax jurisdictions:

The Proposed 2007 PILOT Agreement is substantial, which is an incentive to the Company to continue to develop the Combined Project Facility in Yates County.

7. The impact of the 2007 Project on existing and proposed businesses and economic development projects in the vicinity:

The impact of the 2007 Project is a positive one on the community, as it provides jobs to the community.

8. The amount of private sector investment generated or likely to be generated by the 2007 Project:

The investment by the private investors will be approximately \$5,000,000.

9. The effect of the 2007 Project on the environment:

A review under the State Environmental Quality Review Act ("SEQR") and the accompanying regulations has not been completed by the Agency as of the date of this letter.

10. The likelihood of accomplishing the 2007 Project in a timely fashion:

It is anticipated that the 2007 Project will be accomplished in a timely fashion.

11. The extent to which the 2007 Project will require the provision of additional services including, but not limited to, additional educational, transportation, police, emergency medical or fire services:

It is not anticipated that the 2007 Project will have a tremendous burden upon the educational facilities for any school district within Yates County. After the completion of the 2007 Project, the employment at the 2007 Project is not anticipated to generate a substantial burden on the highways of the affected villages or towns of Yates County. All necessary emergency medical and police services are available in the affected towns.

12. The extent to which the 2007 Project will provide additional sources of revenue for municipalities and school districts in which the 2007 Project is located:

The Proposed 2007 PILOT Agreement will provide a source of revenue for the affected taxing jurisdictions.

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13. The extent to which the 2007 Project will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the 2007 Project is located:

The benefit is a positive one economically, in that the 2007 Project will create permanent jobs in an area, which except for the 2007 Project would not have additional jobs.

The Agency will consider the 2007 Project and the Proposed 2007 PILOT Agreement (and the proposed deviation from its Policy) at the Meeting. The Agency will welcome any written comments that you might have on this proposed deviation from the Agency's Uniform Tax Exemption Policy. In accordance with Section 874(4)(c) of the General Municipal Law, prior to taking final action at the Meeting, the Agency will review and respond to any written comments received from any affected tax jurisdiction with respect to the proposed deviation. The Agency will also allow any representative of any affected tax jurisdiction present at the Meeting to address the Agency regarding the proposed deviation.

Very truly yours,

YATES COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By: s/ Doreen J. Jensen  
Doreen J. Jensen, Acting Executive Director