

**CLARIFYING RESOLUTION**  
(Royal Wine Corporation – Phase 2 Project)

A regular meeting of the Orange County Industrial Development Agency held on April 24, 2024, at 5:00 p.m. (local time) at the Orange County Industrial Development Agency headquarters, 4 Crotty Lane, Suite #100, New Windsor, New York 12553.

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

**MEMBERS PRESENT:** Jeff Crist, Dearn Tamburri, Sue Walski, Linda Muller, Vincent Odock, Marc Greene

**THE FOLLOWING PERSONS WERE ALSO PRESENT:** Bill Fioravanti, Marty Borrás, Kelly Reilly, Susan Katzoff, Brian Sanvidge, Jose Rojas, John Cappello, Brian Leentjes(zoom)

The following Resolution was offered by D. Tamburri and seconded by S. Walski:

**RESOLUTION CLARIFYING PROJECT COSTS**

**WHEREAS**, by Title I of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 390 of the Laws of 1972 of the State of New York (the "**State**"), as amended (hereinafter collectively called the "**Act**"), the **ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called the "**Agency**") was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping industrial, manufacturing and commercial facilities as authorized by the Act; and

**WHEREAS**, at the request of Goshen Developer JV, LLC, a New York limited liability company ("**GDJV**") and Royal Wine Corporation, a New York corporation, or an entity to be formed (the "**Company**"), the Agency previously undertook the first phase of multi-faceted project (the "**First Phase**") consisting of: (A)(i) the acquisition of a leasehold interest in approximately 82 acres of vacant land located at 2500 State Route 17M, Goshen, New York (Tax Map No. 117-1-1.222) (the "**Land**"); (ii) the construction of an approximately 626,862 base building to house a production/manufacturing facility to also include a visitors' center and retail sales center for the GDJV and Company's juice and wine production as well as associated site improvements including, but not limited to, parking, infrastructure, mechanical systems, special epoxy flooring, cooling systems, interior concrete tank pads and upgraded utilities as well as exterior site improvements (the "**Building**"); (iii) the acquisition and installation in and on the facility of furniture, fixtures and equipment; (B) the granting of certain financial assistance in the form of exemptions from State and local sales and use tax, mortgage recording tax and real property tax; (C) the appointment of the GDJV and the Company or its designee as an agent of the Agency in connection with the acquisition, construction, equipping and completion of the First Phase; and (D) the acquisition of an interest in the First Phase pursuant to a lease agreement and a bill of sale

from the GDJV and the Company to the Agency; and the sublease of the First Phase back to the GDJV and the Company pursuant to a leaseback agreement; and

**WHEREAS**, at the further request of the Company, and as more fully set forth in the Company's application to the Agency (the "**Application**"), following a public hearing on July 17, 2023, and the Agency's review of, among other things, the cost benefit analysis associated with the Project, the Agency, by resolution adopted August 16, 2023, resolved to undertake the second phase of the multi-faceted project (the "**Project**") consisting of: (A)(i) the continuation of a leasehold interest in the Land; (ii) the build-out of the Building to provide for juice product manufacturing space, distribution center, office space, visitors center and tasting room, grape crushing area, storage space and production area (collectively, the "**Facility**"); (iii) the acquisition and installation in and on the Facility of tenant specific equipment, fixtures and furnishings, including but not limited to: processing/manufacturing equipment, bottling lines, storage tanks, racking, infrastructure upgrades, office and amenity fit-out, storefront glass in viewing areas for tours, and displays for retail sales and furnishings (the "**Equipment**" and together with the Land and the Facility, the "**Project Facility**"); (B) the granting of certain financial assistance in the form of exemption from State and local sales and use tax (the "**Financial Assistance**"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, equipping and completion of the Project Facility; and (D) the acquisition of an interest in the Land and Facility by the Agency pursuant to a lease agreement and the acquisition of an interest in the Equipment pursuant to a bill of sale from the Company to the Agency; and the sublease of the Project Facility back to the Company pursuant to a leaseback agreement; and

**WHEREAS**, as set forth in the Application, the Company originally projected the Project would cost \$72,250,000 ("**Original Project Costs**"), inclusive of \$54,750,000 in manufacturing equipment ("**Original Mfg Equipment**") and \$14,000,000 in non-manufacturing furniture, fixtures and equipment subject to the Agency's Financial Assistance in the form of exemptions from State and local sales and use taxes (the "**STE Equipment**"). The Original Mfg Equipment benefits from a distinct tax exemption under State law and therefore was *not* included in the amount of Financial Assistance awarded to the Project by the Agency; and

**WHEREAS**, by correspondence dated April 4, 2024, the Company advised that it determined to repurpose certain manufacturing equipment from other corporate locations and incorporate same into the Project thereby reducing the costs associated with the Original Mfg Equipment from \$54,750,000 to \$28,500,000 ("**New Mfg Equipment**"). The amount of the STE Equipment has not changed; and

**WHEREAS**, as a result of the reduction in the cost associated with the New Mfg Equipment, the total Project cost has been reduced from \$72,250,000 to \$46,000,000 ("**Cost Reduction**"); and

**WHEREAS**, staff prepared a new cost benefit analysis ("**CBA**") based upon the reduction in Project costs as set forth herein. A copy of the CBA is attached hereto at **Exhibit "A"** and demonstrates a local cost benefit ratio of 106:1 and a State cost benefit ratio of 5:1; and

**WHEREAS**, the Cost Reduction does not reduce the associated employment benefits of this Project. The Project is still anticipated to create over 200 construction jobs and 55 post-construction FTE positions; and

**WHEREAS**, pursuant to Article 8 of the Environmental Conservation Law of the State of New York, as amended, and the regulations of the Department of Environmental Conservation of the State of New York promulgated thereunder (collectively referred to hereinafter as “*SEQRA*”), the Agency has determined that no further action or review is required hereunder.

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

**SECTION 1.** The Agency hereby acknowledges the Cost Reduction and determines that the cost benefit ratios associated with the Project, even with the Cost Reduction, are beneficial to the citizens of Orange County, and the Project still constitutes a project under the Act. The Cost Reduction does not require a new public hearing. The Agency hereby confirms the award of the Financial Assistance to the Project as set forth in the Agency's August 16, 2023 resolution.

**SECTION 2.** No covenant, stipulation, obligation or agreement contained in this resolution or any document referred to herein shall be deemed to be the covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Agency in his or her individual capacity. Neither the members nor officers of the Agency, nor any person executing any documents referred to above on behalf of the Agency, shall be liable thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

**SECTION 3.** Bousquet Holstein PLLC, as counsel to the Agency, is hereby authorized to work with the Company and others to prepare for submission to the Agency, all documents necessary to effectuate the grant of Financial Assistance.

**SECTION 4.** The Secretary, the Chief Executive Officer of the Agency are hereby authorized and may distribute copies of this Resolution and do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

**SECTION 5.** These Resolutions 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:

|                    | <u><i>Yea</i></u> | <u><i>Nay</i></u> | <u><i>Absent</i></u> | <u><i>Abstain</i></u> |
|--------------------|-------------------|-------------------|----------------------|-----------------------|
| Jeffrey D. Crist   | X                 |                   |                      |                       |
| Dean Tamburri      | X                 |                   |                      |                       |
| Vincent Odock      | X                 |                   |                      |                       |
| Marc Greene        | X                 |                   |                      |                       |
| Giovanni Palladino |                   |                   | X                    |                       |
| Susan Walski       | X                 |                   |                      |                       |
| Linda Muller       | X                 |                   |                      |                       |

The Resolutions were thereupon duly adopted.

STATE OF NEW YORK )  
COUNTY OF ORANGE ) ss:

I, the undersigned Chief Executive Officer of the Orange County Industrial Development Agency, **DO HEREBY CERTIFY:**

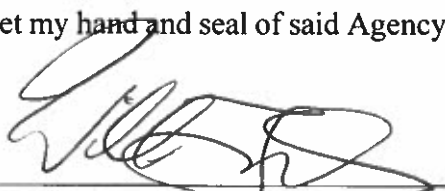
That I have compared the foregoing extract of the minutes of the meeting of the Orange County Industrial Development Agency (the "**Agency**") including the resolution contained therein, held on April 24, 2024, with the original thereof on file in the office of the Agency, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to.

**I FURTHER CERTIFY** that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with Article 7.

**I FURTHER CERTIFY** that there was a quorum of the members of the Agency present throughout 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 modified.

**IN WITNESS WHEREOF**, I have hereunto set my hand and seal of said Agency this 24<sup>th</sup> day of April, 2024.

  
\_\_\_\_\_  
William Fioravanti, Chief Executive Officer

(S E A L)

KEDEM



April 4, 2024

Via email ([bfioravanti@ocnyida.com](mailto:bfioravanti@ocnyida.com))  
Orange County Industrial Development Agency  
4 Crotty Lane  
New Windsor, New York 12553  
Attention: William Fioravanti, Chief Executive Officer

Re: Update to Application for Financial Assistance Dated 6/12/23 as revised 8/8/23  
(the "Application")

Dear Bill:

I hope you are well. Thank you and the Board of Directors of the Orange County Industrial Development Agency for your and their courtesy in accommodating the following revised request.

Please be advised that the projected capital expenditures anticipated for our Goshen Phase 2 project's manufacturing equipment has been amended, as described in the enclosures itemized below. This anticipated update is primarily due to operational decisions to repurpose and relocate certain existing manufacturing equipment from our Bayonne and Marlboro facilities, instead of acquiring such equipment in new capital purchases as previously anticipated; as well as some costing coming in lower than planned.

Please note that this update will not affect anticipated jobs, operations or output at the project, all of which remains as previously planned. In addition, this update does not affect the anticipated equipment purchases for which we seek incentives (i.e., racking and miscellaneous equipment – a total of \$14 million) as applied for in the Application.

In furtherance of this update, please find enclosed the following:

1. Revised completed pages 15-17 of the Phase 2 Application form.
2. Project Narrative submitted with our Application, now in amended and restated form to reflect the update. (The appendices to the original Project Narrative are not affected by the update and are not revised or enclosed.)
3. Newly executed and notarized verification page

Thank you again for your help with this matter.

Sincerely yours,

  
Sheldon L. Ginsberg  
Executive Vice President &  
Chief Financial Officer

**Subject:** FW: Royal Wine

**Date:** Wednesday, April 17, 2024 at 1:39:22 PM Eastern Daylight Time

**From:** Kelly Reilly

**To:** Kelly Reilly

**From:** Sheldon Ginsberg <[sginsberg@royalwine.com](mailto:sginsberg@royalwine.com)>

**Date:** April 16, 2024 at 10:57:24 AM EDT

**To:** Bill Fioravanti <[bfioravanti@ocnyida.com](mailto:bfioravanti@ocnyida.com)>

Dear Bill, Hope all is well. To memorialize our earlier conversation: In our recent revised application we further amended our narrative to focus primarily only on our Grape Juice production. This is the Kedem Grape Juice product that accounts for well over 90% of the products we produce and will 100% be bottled in Goshen. We took out the reference to wine – which is the less than 10%, as our final decision process is a little less clear on this production and we wanted to be as straightforward as possible in our presentation. None of this changes our employment or other commitments. Thanks for your help in this matter. Best regards, Shelley

Sheldon L. Ginsberg  
Executive Vice President and  
Chief Financial Officer  
Royal Wine Corp. | Kenover Marketing Corp.  
63 Lefante Way  
Bayonne, New Jersey 07002  
Ph: 718 534 0162  
Fax: 815 301 3176

## Project Narrative

Section and paragraph references appearing below in this Project Narrative are references to the application form's sections and paragraphs. The end of this Project Narrative includes certain attachments referenced in the application form's Section IV ("Employment Plan").

### I. Applicant Information

#### F) Principal Owners/Officers/Directors (list owners with 15% or more in equity holdings with percentage ownership):

##### Royal Wine Corp. ("Royal Wine")

| <u>Name</u>      | <u>Office Held</u>               | <u>% of Ownership</u> | <u>% of Voting Rights</u>          |
|------------------|----------------------------------|-----------------------|------------------------------------|
| David Herzog     | Director; Non-Executive Chairman | 0%*                   | In proportion with his ownership % |
| Mordechai Herzog | Director; CEO                    | 30.291%**             | In proportion with his ownership % |
| Aaron Herzog     | Director; Secretary-Treasurer    | Less than 15%         | In proportion with his ownership % |
| Nathan Herzog    | Director; President              | Less than 15%         | In proportion with his ownership % |
| Michael Herzog   | Director; Vice President         | Less than 15%         | In proportion with his ownership % |
| Eli Herzog       | Vice President                   | Less than 15%         | In proportion with his ownership % |
| Sheldon Ginsberg | Executive VP; CFO                | 0%                    | 0%                                 |

\* David Herzog is trustee of two trusts owning Royal Wine Corp., as follows: (1) David Herzog Trust f/b/o Mordechai Herzog owns 23.362% of the shares of Royal Wine Corp., and (2) David Herzog f/b/o Judith Buchler Herzog owns 5.75% of the shares of Royal Wine Corp.

\*\* Mordechai Herzog owns 6.929% of the shares of Royal Wine Corp., and additionally, as indicated above, he is beneficiary of David Herzog Trust f/b/o Mordechai Herzog owning 23.362% of Royal Wine Corp.'s shares.

### G) Corporate Structure.

Royal Wine Corporation is a New York corporation formed on June 29, 1948. Its ownership structure is set forth above.



## **N) Brief description of Company History (formation, growth, transitions, location):**

For over 60 years, Royal Wine Corp. ([www.royal.com](http://www.royal.com)) has been owned and operated in the United States by the Herzog family, whose winemaking roots date back eight generations to 19th century Czechoslovakia. Founded in 1848, the Herzog Family Winery was renowned as the wine supplier to Austro-Hungarian Emperor Franz Joseph, eventually earning Phillip Herzog (1843-1918) the royal title of Baron. Ultimately, the winery was seized by the Nazis at the onset of WWII, and in order to survive the Herzogs were forced to go into hiding for the duration of the war. In 1948, after the Communist takeover in Czechoslovakia, Eugene Herzog, the family patriarch, moved the family to the United States. Settling in New York City, Eugene founded Royal Wine Corporation with six partners. His initial roles at Royal Wine were winemaker, truck driver and salesman, and a portion of his salary was paid with company shares. By 1958, Eugene emerged as majority shareholder and he purchased all of the stock of the company. Eugene, with his four sons, had Royal Wine trademark the now-famous brand name “Kedem” and pursued the family quest to recapture the former splendor of the Herzog family name.

Royal Wine began modestly with one line of traditional wines intended for sacramental purposes. But the Herzogs set their sights on redefining the kosher wine industry and setting progressively higher standards for that market. Today, in its eighth generation of family ownership, the family’s wine business, operating in the most recent decades as Royal Wine Corporation, is the unequivocal leader in the kosher wine and beverage industry, offering a wide range of quality kosher products produced and sold using modern production methods and innovative packaging and marketing. All Royal Wine products are certified kosher and thus prepared in compliance with the highest standards of cleanliness and purity, requiring meticulous care and pristine wine making conditions. Royal Wine owns a winery and vineyards in California where it produces some of the finest wines the United States. In 2005 Royal Wine inaugurated a new state-of-the-art winery in Ventura County ([www.herzogwinecellars.com](http://www.herzogwinecellars.com)) which includes wine making tours, a wine tasting room and a five-star (27 Zagat rating) kosher restaurant. Royal Wine also owns a winery and land in New York state where it crushes, blends, processes, stores and maintains a 12-month inventory of bulk wine and juice. This wine and juice is then trucked each day by tanker to the company’s bottling and packaging facility at its Bayonne, New Jersey headquarters where the wine and juice are readied for sale. It is believed that Royal wine is one of the largest purchasers of New York State concord grapes. Royal Wine prides itself on providing the finest wines, spirits liqueur, grape juice, and kosher foods from all over the world, offering products imported from Italy, Israel, France, Scotland, New Zealand, Australia, Spain, Portugal, Argentina and Canada.

## **II. Project Information**

### **E) Are any variances needed?**

Yes, as follows. The project as proposed required certain variances to comply with the Village Zoning Ordinance regarding maximum permitted building height, maximum permitted height for

accessory structures, minimum parking requirements, and the requirement that site access must be by means other than direct access from a State or County highway.

The fee owner and developer of the subject property, Goshen Developer JV, LLC (or the predecessor fee owner) made an application to the Village of Goshen Zoning Board of Appeals (ZBA) to seek relief from maximum building height, maximum height of accessory structures, parking requirements, and site access from state or county highways. The ZBA in its April 24, 2022, decision granted relief as follows:

- Grant of an area variance permitting a building height of 56 feet where 35 feet is the maximum allowed.
- Grant of an area variance permitting a reduction in the number of the required parking spaces from 1,184 to 494;
- Grant of an area variance for relief from the Village Code Section 5.5.1 which prohibits direct access off a State or County Highway.
- An interpretation that the proposed outdoor storage tanks comply with the Bulk Table in terms of the height permitted for accessory structures or, in the alternative, an area variance permitting the proposed outdoor storage tanks to have a maximum height of 46 feet.

**G) Overall Tenant FF&E Fit Out Plan:**

Attached is an overall Tenant Fit Out Plan including racking, bottling, crushing, processing, de-juicing, decanting, cellar, packing and storage areas. **See Appendix B, attached.**

**H) Statement describing project (i.e., land acquisition, construction of manufacturing facility, etc.):**

In October 2020 the Boston-Based real estate development company, GFI Partners LLC (via its special purpose affiliate, Goshen Property Owner, LLC (“GFI”)) purchased the project site which consists of approximately 81.9 acres within the Industrial Park Zoning District of the Village of Goshen. GFI applied for an amended Site Plan approval and received Planning Board approval for the amendment in November 2020.

In February 2023, GFI sold and conveyed its fee interest in the property to Goshen Developer JV, LLC (the “**Developer JV**”), as contemplated by the Phase One Application collectively submitted to OCIDA by the Developer JV and Royal Wine as co-applicants thereunder.

Royal Wine entered into a lease agreement with the Developer JV to occupy the entire facility. The lease provides that (subject, as expressly set forth in the lease, to incentives being granted as applied for in this Application), the landlord approved the installation by Royal Wine of the Phase Two fit out items that are the subject of this Phase Two Application, as tenant improvements under the lease, i.e., for Royal Wine’s consolidation, production, storage and distribution of their products.

Royal Wine is an 8th-generation family-owned and -managed business, and is the largest kosher wine and grape juice producer, importer, and distributor in the United States. Based on Royal Wine's evaluation and benefits received from OCIDA for Phase One construction, Royal Wine has determined that, subject to receiving the incentives being applied for in this Application, the site is economically viable as a production facility and tourist visitor center as described below. Under this application Royal Wine plans to fit out the facility accordingly and operate its production facility and tourist visitor center there. As previously explained in the Phase One Application (i.e., in its sections explaining that Royal Wine contemplated to subsequently submit this Phase Two Application), the tenant improvement fit out that comprises Phase Two and is the subject of this Application would allow Royal Wine to consolidate operations from four different locations (one of them in New York and three of them in New Jersey) and will provide space for the expansion of its kosher food and juice businesses.

As a matter of context, the Developer JV is a 50-50 joint venture between affiliates of GFI and affiliates of Royal Wine. Royal Wine and the Developer were co-applicants in the Phase One application to OCIDA. Phase One is currently under construction hereunder, with the Developer Applicant and Royal Wine each applying hereunder in respect of Phase One. (Of the two co-applicants in the Phase One Application, the more substantive applicant was the Developer JV which is the fee owner and developer of the property. However, Royal Wine was listed as a co-applicant (*i.e.*, along with the Developer JV) under the Phase One Application for the following two reasons: (i) for continuity, as the Phase One Application contemplated that Royal Wine would subsequently submit this Phase Two Application (and if Phase Three becomes necessary, Royal Wine would also subsequently submit a Phase Three Application), and (ii) because a minority portion of the base building construction costs, which are tenant customizations to allow for the Phase Two fit out, are to be borne by Royal Wine.)

As contemplated in the Application for Phase One, Royal Wine is submitting this subsequent Application to request a sales tax exemption for Phase Two. A previously submitted Phase Two Application for the same incentives sought hereunder was approved. Royal Wine hereby submits this revised Phase Two Application to reflect a reduction to the overall projected total capital expenditures anticipated for Phase Two, to approximately \$46,000,000. The reduction is primarily due to operational decisions to repurpose and relocate certain existing manufacturing equipment from our Bayonne and Marlboro facilities, instead of acquiring such manufacturing equipment in new capital purchases as previously anticipated; as well as some costing coming in lower than planned. As a point of reference, this reduction affects only manufacturing equipment for which Royal Wine does not seek (and has not sought) incentives. Royal Wine continues in this revised Phase Two Application to seek sales tax incentives on only \$14 million of the overall Phase Two cost projection of \$46,000,000. The requested incentives are for sophisticated electronic racking systems and miscellaneous equipment, which are not affected by the manufacturing equipment projected cost reduction described above.

Royal Wine also, as explained in the Phase One Application, additionally contemplates to subsequently submit an Application for incentives for Phase Three, if Phase Three is determined to be necessary. (If determined to be necessary, Phase Three, which is not the subject of this

Application, would be a water treatment facility as more fully described in the Phase One Application).

Phase One construction includes site work, infrastructure, and the building shell and slab. As explained above and in greater detail in the Phase One Application, the Phase One construction also includes certain customizations to the base building to make it specifically suitable for the juice production facility described below. As explained above and in greater detail below (see “Project Phasing” below), the cost of such Phase One customization is to be paid for by Royal Wine; all other Phase One costs are to be paid for by the Developer..

**Proposed Building; Consolidation of Existing Facilities; Relocation of Jobs**

The applicants herein propose for the Developer Applicant to build a production/ manufacturing facility at the 2500 Route 17M site. The facility is intended to consolidate Royal Wine’s operations from four existing facilities:

- **Marlboro, NY:** This facility is currently where, among other operations, grapes are received, crushed, blended, processed and the grape juice is stored, prior to being shipped for packaging to Royal Wine’s Bayonne, NJ facility. All of the 14 full-time jobs presently performing these juice production functions at the Marlboro, NY facility would be preserved and relocated to the new Goshen, NY facility. The individuals presently working as these Marlboro employees would continue to work for Royal Wine either at Goshen or in Marlboro. In most cases Goshen is geographically located much closer to their New York home than is Marlboro.
- **Bayonne, NJ:** This facility is where all bulk juice and bulk wine is received, prepared for packaging, and then bottled. This facility also provides initial warehousing and distribution of the juice and wine products. As detailed below, 36 full-time jobs presently at Bayonne, NJ are contemplated to be moved to Goshen, NY. For the most part, this also will significantly reduce commuting time for many employees who live in the Monroe, NY and Spring Valley, NY areas.
- **Pennsauken, NJ & Newark, NJ.** These distribution and warehousing facilities will be relocated to Goshen, NY. Approximately 5 contracted full-time jobs are expected to be moved from these two New Jersey facilities and relocated to Goshen, NY. The remaining (i.e., to be newly created) 45 full-time job positions required at the new Goshen facility, to perform the functions presently performed at these two New Jersey facilities, would be filled with hires from the Local Labor Market Area.

Please see Section IV below for further details of the foregoing information regarding Royal Wine’s employees who would be relocating to the new Goshen facility.

**The proposed facility, as fit out by Phase Two, would be comprised of the following functions/areas:**

The new Goshen facility will consist of a multi-story building totaling approximately 626,862 Square Feet (sf) with a building footprint of approximately 550,000 sf. There are 26 loading docks proposed on the northerly side of the building and 6 on the westerly side of the building. Total number of proposed docks is 32.

- **Office Space:** This space will be comprised of plant level offices, employee facilities, computer server rooms, manager's offices, conference rooms, break room areas, rabbinical functions and record storage.
- **Visitors Center & Tasting Room** will provide tours of the facility for guests, tasting room and retail sales. There is also a proposed outdoor patio to accommodate guest while touring the facility and sampling the products.
- **Grape Crushing area:** This area is a multi-story multi-functional area which includes grape crushing, grape juice processing, de-juicing, decanting, filter waste room, receiving and filtration.
- **Cellar Space:** This is a bulk juice storage area where the juice will be stored in tanks ready for processing and bottling.
- **Production:** This area includes secondary processing, packing, bottling, labs, and packing materials.
- **Inventory Storage:** This area includes labeling, palletizing finished products, storage of Royal Wine's finished goods, receiving, repack area, cold dock, cooler and freezer areas, and drivers' room.
- **Mechanical Areas:** These areas include the machine room, maintenance room, and mechanical room.

In addition to the main building, there may potentially be a water pretreatment facility housed within a building of approximately 1800 sf. east of the production/manufacturing facility, as discussed in more detail below. Accessory structures also include the expansion of twelve outdoor storage tanks at a maximum height of 46' along the easterly side of the main building and a weigh station.

### **Project Phasing:**

- **Phase One – Base Building Construction:** As explained in the Phase One Application, during Phase One which is presently ongoing (and is not the subject of this Application), the Developer is constructing site improvements, parking, infrastructure, mechanical systems, and the approximately 626,862 sf base building. The interior space containing the visitors center and retail sales center will be constructed during Phase One, and fit out of this space is a portion of the Phase Two construction.. Phase One will include certain custom-building construction necessary specifically to make the facility suitable for Royal Wine's production facility; these customizations include but are not limited to special epoxy flooring, cooling systems, interior concrete tank pads, in-floor drainage, additional

demising walls, under slab installation for freezers, charging stations for forklifts, visitors center patio and decorative retaining wall, specialty paints, upgrade of utilities, concrete pads for exterior tanks, IT/AV /Tel-Data and freezer space.

It is anticipated that construction of Phase One will be completed by the end of 2024 and is presently resulting in hundreds of construction jobs with most of them being filled by Hudson Valley residents.

- **Phase Two – Tenant FF&E Fit Out:** During Phase Two, Royal Wine as the tenant would be purchasing and installing its tenant-specific equipment, fixtures, and furnishings. These items include processing/manufacturing equipment, bottling lines, storage tanks, racking, infrastructure upgrades, and office and amenity fit out. The visitors center fit out will include the installation of storefront glass in viewing areas for tours, and displays for retail sales and furnishings. Upon completion of Phase Two, the building would be ready for occupancy and for manufacturing and distribution of the end products. It is anticipated that Phase Two (including construction, equipment installation, and start-up) could also infuse millions of dollars of capital investment into the regional economy. It is presently estimated that the costs for Phase Two would be approximately \$46,000,000 to be paid for by Royal Wine. (Royal Wine notes that at the time the Phase One Application was submitted in June 2022, Royal Wine was still in the process of formulating the plans and specifications for Phase Two. At that time, as a very preliminary matter, Phase Two costs projected to fall within an estimated range of approximately \$20 million-\$30 million. Accordingly, that \$20 million-30 million estimated cost range for Phase Two was indicated in the Phase One Application's discussion of Phase Two. However, since that time, the formulations of Phase Two plans and specifications have become more concretized, and are presently anticipated to be much greater, at approximately \$46,000,000.)

Royal Wine expects that its purchasing and installation of assets for Phase Two would commence promptly upon OCIDA's granting of the incentives (i.e., sales and use tax exemptions) being applied for under this Application, and that such purchasing would continue throughout a period expected to end within three (3) to four (4) years following the completion of Phase One and Royal Wine's moving into the facility, or approximately by the end of 2027. However, the majority of Phase Two purchasing is anticipated to occur prior to such move-in date, or by approximately the end of the second quarter of 2025. It bears noting that in the present market environment, the lead time for purchasing certain equipment generally, and including specifically for Phase Two, has become quite elongated, in some cases as long as twelve months and in all cases to such an extent that timely benefits awarding and purchase ordering has become of increased importance.

- **Phase Three – Startup & Sewer Treatment Design:** It is anticipated that some level of pre-treatment of production effluent may potentially be required before it can be discharged to the Village's sewer collection system. In Phase Three, during the first year of the facility's production operations, effluent would be sampled and characterized to provide the data required to determine whether the pre-treatment is necessary. If it is found to be

necessary, then such data will be used to design and construct an on-site wastewater treatment system. Subject to such necessity determination, the wastewater treatment facility would anticipate to be designed and permitted during the second year, and constructed at a cost of approximately \$2,000,000 - \$3,000,000 during the third year.

Finally, this ambitious project includes a **visitor center and tasting room** which is consistent with the region's thriving agritourism business. In its production of wines and grape juice, Royal Wine -- one of the largest purchasers of New York State concord grapes -- uses grapes grown in the region and throughout the State of New York. The demand for grapes as a result of this facility will provide additional support to the regional and state agribusiness.

It is expected that Royal Wine will subsequently submit an application for Phase Three costs, if Phase Three is determined to be necessary.

**I) Statement describing the impact of incentives on this project, should they be granted:**

This application is for Phase Two which includes FF&E Fit Out inside the base building (i.e., the base building that is presently in the process of being constructed as Phase One of the project).

**The benefits sought with this Application are a sales and use tax exemption, for Phase Two only.**

The beneficial impacts of the requested relief make the base building costs competitive with other sites outside of the region and state. Savings from the benefits sought can be passed down to the end user, who in this case will also be making a substantial capital investment in equipping and building out the base building prior to their occupancy.

As explained above, and as contemplated by the Phase One Application, it is anticipated that Royal Wine will subsequently request benefits for Phase Three, if Phase Three is determined to be necessary.

**J) Statement describing the economic benefit of the surrounding community resulting from this project:**

The proposed project will have significant economic and community benefits during construction and post construction during the long-term operations. The project at completion will provide net fiscal benefits to each of the six taxing jurisdictions that the site is subject to even with the benefits sought in this application. During the construction of Phase One and Phase Two (and Phase Three, if Phase Three is determined to be necessary), the following benefits would be realized:

- Hundreds of direct construction-related jobs will be generated during Phase One and the implementation of Phase Two installation including significantly from implementation and installation of Phase Two. The construction jobs will be filled from the Local Labor Market Area to the extent not impracticable.

- Infusion of millions of dollars of capital in the local and regional markets during the construction of Phase One.
- Infusion of millions of dollars of capital in the local and regional markets during the construction of Phase Two
- Infusion of millions of dollars of capital in the local and regional markets during the construction of Phase Three.
- Secondary benefits of additional expenditures from employees will be realized by regional business down the supply chain.
- Offsite roadway mitigation measures that will be implemented during construction including upgrades to signalization on Route 17M that will provide a community benefit to local travelers. Also, a dedicated westbound left turn lane is proposed to provide for safer vehicular movement into the existing Orange County Department of Public Works Main Facility.
- Federal and State income tax generated from salaries paid during construction.
- Guided tours and tasting room will attract consumers, summer camps, children and tourists and should generate spillover effects to other Goshen area attractions and businesses.

The following are economic benefits to the surrounding community from the project post construction:

- Additional net tax revenues to the six taxing jurisdictions including the Village, Town, County, fire district, school district, and library in perpetuity.
- Retention of fourteen (14) full-time jobs with benefits within the Local Labor Market Area.
- Relocation of New Jersey jobs to Goshen, New York: Thirty-six (36) employees in well-paid jobs with benefits currently working in Bayonne, New Jersey are expected to relocate their workplace to Goshen. Most of these employees are New York residents who live closer to Goshen than to their current New Jersey workplace and would now pay primarily New York State taxes. It is additionally anticipated that approximately five (5) jobs would relocate to Goshen from Newark, New Jersey and/or Pennsauken, New Jersey.
- Creation of forty-five (45) new full-time well-paid jobs with robust benefits and strong advancement opportunities. Many of these new jobs would replace current positions at Royal Wine's Newark, New Jersey and Pennsauken, New Jersey facilities.
- Retention of twenty (20) seasonal jobs.
- Household expenditures by new and retained employees within the surrounding community business.



- The proposed visitors center and tasting room would expand the agritourism opportunities within the region and generate sales tax from retail sales and are expected to yield spillover benefits to other local attractions including Legoland and downtown Goshen businesses.
- Operations/manufacturing will support regional and state agribusiness through purchasing raw materials for production.
- Additional federal and New York state income taxes based on retained and new jobs.
- Goshen Publicity: Royal Wine produces well in excess of 10 million bottles of products per year. Each bottle is required to indicate its place of manufacture. In this case, every label will proudly read “Produced in Goshen, N.Y”. Please see attached juice bottle label rendering. **See Appendix C, attached.**

**III. Project Costs & Financing A) Estimated Project Costs:**

Phase Two:

The following sets forth a breakdown of capital costs anticipated to be expended in this project’s Phase Two for which the Applicant seeks an OCIDA sales tax exemption. Please note the anticipated cost estimations projected as follows do not include sales tax, or \$28,500,000 in projected hard costs plus \$3,500,000 in projected soft costs for Phase Two expenditures for which the Applicant does not seek OCIDA incentives.

|  |                     |
|--|---------------------|
| Racking system for production, warehouse, and freezer:                 | \$12,000,000        |
| Miscellaneous equipment  | <u>\$2,000,000</u>  |
| <b>Total Phase Two Costs for which the Applicant seeks incentives:</b> | <b>\$14,000,000</b> |

*[Remainder of page intentionally left blank]*

Phase Three (if necessary):

\$2 million to \$3 million (current estimate, to be paid by Royal Wine)

Project refinancing; estimated amount (for refinancing of existing debt only): N/A

Sources of Funds for Phase Two Project Costs:

Bank Financing: \$36,800,000 (or 80%).

Equity (excluding equity that is attributed to grants/tax credits): \$9,200,000 (or 20%).

Tax Exempt Bond Issuance (if applicable): \$0.

Taxable Bond Issuance (if applicable) \$0.

Public Sources (Include sum total of all state and federal grants and tax credits): N/A

Identify each state and federal grant/credit None

Total Sources of Funds for the Project:

**Part E) of Section III:**

Inter-Municipal Move Determination

Question 6. Will any other companies or related facilities within the state close or be subject to reduced activity as a result of this Project? If so please list the town and county of the location(s)

**Yes, some of the operations presently conducted at Applicant's facility located in Marlboro, NY (Ulster County) is expected to be moved to the Project in Goshen, NY, as further described below.**

Question 7. Will the completion of the Project result in the removal of a plant or facility of the Applicant from one area of the State of New York to another area of the State of New York?

**Yes**

Question 8. Will the project result in the abandonment of one or more plants or facilities located in the State of New York? **No**

**Please note that the Applicant's "yes" responses to Questions 6 and 7 are references to the anticipated reduction (but not full closure) of Royal Wine's Marlboro, NY facility, to relocate its crushing/processing operations into the contemplated Goshen facility.**

a. If any answer to questions 6, 7 or 8 above is yes, is the Project reasonably necessary to discourage the Applicant from removing such other plant or facility to a location outside of the State of New York? **No.**

b. If any answer to questions 6, 7 or 8 above is yes, is the Project reasonably necessary to preserve the competitive position of the Applicant in its respective industry? **Yes, as follows.**

**Section 862 of New York State’s General Municipal Law provides the following exception to its restriction on the use of Agency funds for a project that would result in a manufacturing plant’s abandonment or inter-state relocation:**

*“[The] restriction shall [not] apply if . . . the project is . . . . reasonably necessary to preserve the competitive position of the project occupant [i.e., in this case, Royal Wine] in its respective industry.”*

**This exception indeed applies to this Application, because the Marlboro reduction and partial relocation are reasonably necessary to preserve Royal Wine’s competitive position. Specifically, the Marlboro plant’s reduction and relocation would eliminate a highly unusual, expensive and inefficient logistical complexity in Royal Wine’s production touchpoint flowchart. This unusual, expensive and inefficient complexity has grapes being crushed into bulk juice/wine in one location (i.e., Marlboro); and then processed, bottled, packaged and labeled into salable units in an entirely different location (presently, in Bayonne, NJ – which is 80 miles away from Marlboro). The bulk wine/juice must presently be transported by tanker trucks from Marlboro to Bayonne every single day on which bottling is conducted, at increasingly great cost and operational inefficiency. Consolidating these processes into one location, and eliminating an unnecessary manufacturing touchpoint and redundancies in quality control, blending and costing issues, are all reasonably necessary for Royal Wine to preserve its competitive position in its industry.**

**In addition, moving these employees into one location together with the other production employees is projected to bring to bear an ability to better cross-train employees across their respective varied roles and responsibilities – such as blending, bottling, tasting, quality control and laboratory work. This improved cross-training would result in better, more broadly trained employees, who would be more highly satisfied with their jobs and would thus be retained at improved rates. Further, all of this would be expected to improve product quality. These advantages, ultimately, would preserve and enhance Royal Wine’s competitive positioning in the industry.**

**Moreover, the crushing operation in Marlboro presents a competitive disadvantage insofar as employee commuting inconvenience is a significant factor in the job marketplace. It is noteworthy that a majority of the Marlboro employees (who would continue to work for Royal Wine in Goshen) live significantly closer to Goshen than to Marlboro. The relocation of the Marlboro operations and of these jobs to Goshen would be helpful to employee job satisfaction (among other benefits, such as to the environment) that would predictably flow from much shorter employee commuting distances. This would significantly boost employee morale and retention, which are significant factors in preserving competitiveness in the industry.**

**We also note, for context, that even once the Goshen site becomes operational, the Marlboro facility is expected to be neither abandoned nor entirely relocated. Rather, the**

**Marlboro facility would be expected to continue to operate, albeit with a reduced functionality.**

**O. 7.) Project Data:**

The project includes plans for Royal Wine to operate its juice production facility at the project site. This is Royal Wine’s long-term commitment to house its production headquarters in Goshen, as a combination of several current Royal Wine operational facilities. The consolidated production operations at Goshen would include receiving, crushing, blending and processing the grapes as the basic production steps to manufacture juice at the Goshen facility. The juice will be held in bulk storage in the cellar portion of the building or in the outdoor storage tanks, until it is further processed to grape juice. The grape juice would then be bottled, packaged, labeled and stored at the facility until it is distributed to the market place. The manufacturing at the project would anticipate 10 million grape juice bottles produced annually (consistent with current production volume). The bottles’ labels would proudly announce “Produced in Goshen, NY”. Please see the attached rendering of “Produced in Goshen, NY” bottle label.

The Visitors Center will be comprised of guest services, tasting area, small retail area, hospitality functions and a gathering area where the Herzog family history will be told. Connected to this space will be the “Tour Corridor” which will run north from the Visitors Center which will provide overhead viewing access to the cellars, bottling, blending areas and terminate at the grape crushing operation. Also proposed is a patio/seating area at the Visitors Center entry located at the southeast corner of the building. Peak season for the Visitors Center will be the months between Memorial Day and Labor Day based on other facilities the Applicant owns and operates. Sundays are also the busiest day of the week. During the summer months it is anticipated that the Visitors Center will receive 2-3 buses per week. These buses will be scheduled and transport primarily children to tour the facility to see where Kedem grape juice is produced. As noted above there will be a retail operation associated with the Visitor Center and based on sales at the Applicant’s other facilities, it is expected to generate approximately 1.5 million dollars in sales annually.

The office space at the project is expected to cover 7300 square feet per floor, on two floors (i.e., approximately 14,600 total square feet). The office space would generally include typical cubicles, a few manager offices, as well ancillary areas typical for commercial offices.

**IV. Employment Plan**

The potential employment described in the application is contingent upon the granting of the requested benefits in respect of Phase One and Phase Two such that the base building can be built and its construction customized as required, and outfitted with equipment and furnishings for, a production facility and tourist visitor center. The employment projection information set forth in

this application – both regarding employee retention and the creation of new jobs – would depend on Royal Wine being able to customize the building to make it suitable as a production facility.

Explanation regarding the projected information set forth in the tables depicted in Section IV: Royal Wine’s best understanding of the intention of the column headings in the table in Section IV, Item A - “Current Employee Headcount” - and thus in how the table has been completed in this application, is the following: The first column regarding “relocation” of employees covers those individuals who work at Royal Wine’s facilities and are expected to continue in their positions at the new Goshen facility. These existing facilities are located in Marlboro, NY; Bayonne, NJ; Pennsauken, NJ; and Newark, NJ. (Please see above Section F of this Project Narrative for a per-facility breakdown of the information set forth in the “relocation” column). The second column in the Item A table, regarding “retained” employees if financial assistance is granted, refers to the same such employees; there is no difference in outcome between the first and second columns. The third column of the Item A table, “created” jobs if financial assistance is granted, includes newly created Goshen positions that would replace current jobs to be eliminated at (i.e., employees who will not be relocated from) the New Jersey facilities.

It is anticipated that the new FTE and PTE jobs would be filled by residents from the Local Labor Market Area. It is anticipated that the average fringe benefits for the new hires will be commensurate with the current fringe benefits generally provided by Royal Wine to its employees, which include health and dental benefits, life insurance, disability, and a 401-k plan. (See attachment for Item E, referenced below.)

Consistent with current programs offered by Royal Wine, including job training and advancement opportunities, will be available to all retained and new employees.

Regarding the table in Item B, we provided average salaries (as opposed to not ranges) in completing this table, and understand that a further break down is thus not requested.

---

Attachment for Item “D” of Section IV-Employment Plan  
Projected Hiring Plan if Conducted on Monthly Basis

As Royal Wine transitions into the new Goshen facility, it intends to then close or repurpose its existing distribution facilities, and to hire staffing for the new Goshen facility in a timeframe incrementally spread over the first three years of operations there (and more heavily weighted towards the first two years). At the present time, however, it would be difficult to project a monthly breakdown of this information.

Attachment for Item “E” of Section IV-Employment Plan  
Description of Employee Benefits Package

Royal Wine’s robust employee benefits package includes a health package (including medical, dental, vision and hospital), life insurance, disability, and a 401-k plan. Please see attached Royal Wine employee benefits brochure for further information in this regard. It is expected that relocated employees would continue to receive their current employee fringe benefits, which are generally as described in the attached brochure. It is also anticipated that the fringe benefits for the new hires will be commensurate with the current fringe benefits generally provided by Royal Wine to its employees. **See Appendix D, attached.**

Attachment for Item “F” of Section IV-Employment Plan  
Description of Internal Training and Advancement Opportunities

Royal Wine diligently trains all of its employees to expertly and responsibly perform their specific functions. Further, Royal Wine takes great pride in its “open door” policy and strongly encourages employees to freely exchange their ideas regarding their jobs. These policies were purposefully designed to robustly promote employee initiative and to foster employee growth and advancement. Royal Wine has an excellent track record in this regard and more generally in employee job satisfaction and retention. It is Royal Wine’s desire and policy to always seek to promote employees from within, before filling a position with an external hire.

7. If any space in the project is to be leased to third parties, indicate total square footage of the project amount to be leased to each tenant and proposed use by each tenant.

N) NAICS Code: 312130

**III. PROJECT COSTS & FINANCING**

**A) Estimated Project Costs**

1. State the costs reasonably necessary for the acquisition, construction, and/or renovation of the Project:

| Description of Cost Type  | Total Budget Amount |
|---|---------------------|
| Land Acquisition  | Phase One           |
| Site Work/Demo  | Phase One           |
| Building Construction & Renovation                                      | Phase One           |
| Furniture, Fixtures   | \$14,000,000        |
| Equipment Subject to NYS Production Sales Tax Exemption (Manufacturing) | \$28,500,000        |
| Engineering/Architects Fees   | \$300,000           |
| Financial Charges   | \$0                 |
| Legal Fees  | \$100,000           |
| Other   | \$3,100,000         |
| Management /Developer Fee   | \$0                 |
| Total Project Cost  | \$46,000,000        |
| Total Construction Budget (Project Cost – Acquisition Costs)            | \$46,000,000        |

Project refinancing; estimated amount (for refinancing of existing debt only)

\$ See Project Narrative

2. Sources of Funds for Project Costs:

(a) Bank Financing:

\$ See Project Narrative

(b) Equity (excluding equity that is attributed to grants/tax credits) See Project N

- (c) Tax Exempt Bond Issuance (if applicable) \$ See Project Narrative
- (d) Taxable Bond Issuance (if applicable) \$ See Project Narrative
- (e) Public Sources  
(include sum total of all state and federal grants and tax credits) \$ See Project Narrative

Identify each state and federal grant/credit:

See Project Narrative \$ \_\_\_\_\_

See Project Narrative \$ \_\_\_\_\_

See Project Narrative \$ \_\_\_\_\_

See Project Narrative \$ \_\_\_\_\_

Total Sources of Funds for Project Costs: \$ \_\_\_\_\_

The total amount of public sector funding should equal the public sector amount listed in (2)(e) above.

**B) Financial Assistance Requested (estimated values):**

Applicants requesting exemptions and/or abatements from OCIDA must provide the estimated value of the savings they anticipate receiving. New York State regulations require OCIDA to recapture any benefit that exceeds the amount listed in this application.

1. Is the Applicant expecting that the financing of the Project will be secured by one or more mortgages:  Yes  No

If yes, list amount requested and name of lender: \_\_\_\_\_

2. Benefits Requested:

- Sales Tax Exemption     Tax-Exempt/ Taxable Revenue Bond
- Mortgage Recording Tax Exemption     Real Property Tax Agreement

**C) Amount of Exemption/Abatement Requested:**

IDA PILOT Benefit:

1. Is the Applicant requesting a payment in lieu of tax agreement (PILOT) for the purpose of a real property tax abatement?  Yes  No

*If yes, identify from the Agency's UTEP the category of PILOT requested:*

\_\_\_\_\_



Is the Applicant requesting any real property tax abatement that is **inconsistent** with the Agency's UTEP?  Yes  No

*Please contact the Executive Director prior to submission of this Application for assistance with PILOT calculation.*

**Sales and Use Tax:**

2. Estimated value of Sales Tax exemption for facility construction, fixtures and equipment:

$$\text{\$ } \underline{14,000,000} \quad \cdot \quad \text{X} \quad .08125 \text{ (4.125\% State, 4\% local)} = \text{\$ } \underline{1,137,500}$$

\*(Amount of project cost subject to tax)

**Mortgage Recording Tax Exemption Benefit:**

3. Estimated value of Mortgage:  $\text{\$ } \underline{\hspace{2cm}}$

Estimated value of Mortgage Recording Tax exemption:

$$\text{\$ } \underline{\hspace{2cm}} \quad \text{X} \quad .0075 \quad = \quad \text{\$ } \underline{\hspace{2cm}}$$

(Projected Amount of Mortgage X Mortgage Recording Tax = Total)

\*\*To calculate the value of this exemption take 1.05% of the mortgage amount from (C)(3) above to get the "mortgage recording tax" and then multiply the mortgage recording tax figure by 75%. You will receive an exemption equal to 75% of the mortgage recording tax.

**Tax-Exempt/ Taxable Revenue Bond Benefit:**

Amount of Bonds, if requested:  $\text{\$ } \underline{\text{N/A}}$

Is a purchaser for the Bonds in place?  Yes or  No

**D) Likelihood of Undertaking Project without Receiving Financial Assistance**

Please confirm by checking the box below, will this project move forward without the requested incentives?

Yes or  No

If the Project will be undertaken without Financial Assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be given economic incentives by the Agency:

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY APPLICATION

VERIFICATION

STATE OF New Jersey )  
 ) SS.:  
COUNTY OF Hudson )

Sheldon L. Ginsberg, deposes and says that s/he is the  
(Name of Individual)  
Executive Vice President and Chief Financial Officer of Royal Wine Corporation  
(Title) (Applicant Name)

that s/he is the CEO or a person authorized to bind the company/applicant, and has personally completed and read the foregoing Application, which includes and incorporates all attachments and exhibits, and knows the contents thereof and that the same is true, accurate, and complete to the best of her/his knowledge, as subscribed and affirmed under the penalties of perjury. The grounds of deponent's beliefs relative to all matters in the said Application which are not stated upon her/his own personal knowledge are investigations which the deponent has caused to be made concerning the subject matter of the Application as well as, if applicable, information acquired by deponent in the course of her/his duties/responsibilities for the Applicant and from the books and records of the Applicant. The deponent also acknowledges the receipt of the schedules attached to the Application, including but not limited to the Agency's fee schedule and assumes responsibility for payment of any and all applicable fees as described therein. Deponent further acknowledges review and understanding of the Agency's published policies, including but not limited to the Agency's Recapture Policy, and agrees on behalf of the Applicant to be bound by and comply with, all such policies.

[Signature]  
Applicant Representative's Signature  
Executive Vice President and Chief Financial Officer  
Title

Subscribed and sworn to before me this  
4<sup>th</sup> day of APRIL, 2024.  
[Signature]  
Notary Public



# Orange County Industrial Development Agency

## MRB Cost Benefit Calculator

Date: April 12, 2024  
 Project Title: Royal Wine - Phase II (analysis revised April '24)  
 Project Location: 2500 NYS Route 17M Goshen, NY 10924



### Economic Impacts

Summary of Economic Impacts over the Life of the PILOT

**Project Total Investment**  
 \$46,000,000

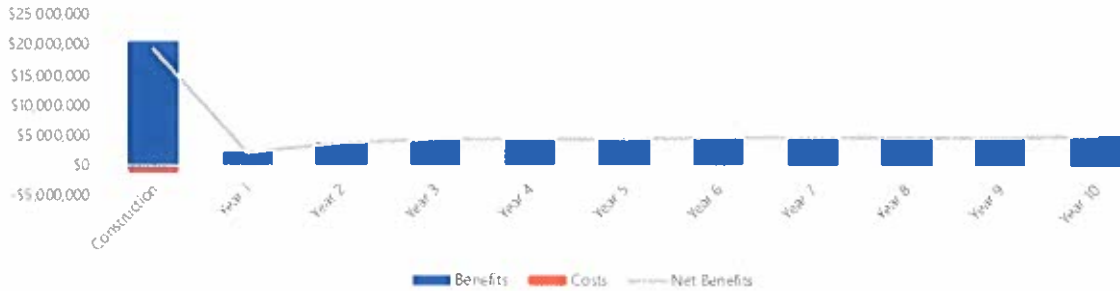
|             | Temporary (Construction) |              |              |
|-------------|--------------------------|--------------|--------------|
|             | Direct                   | Indirect     | Total        |
| Jobs        | 173                      | 85           | 258          |
| Earnings    | \$14,323,592             | \$5,008,046  | \$19,331,638 |
| Local Spend | \$39,100,000             | \$17,236,391 | \$56,336,391 |

|          | Ongoing (Operations) |              |              |
|----------|----------------------|--------------|--------------|
|          | Direct               | Indirect     | Total        |
| Jobs     | 55                   | 39           | 94           |
| Earnings | \$26,559,442         | \$14,658,616 | \$41,218,058 |

Figure 1

Net Benefits



Net Benefits chart will always display construction through year 10, irrespective of the length of the PILOT

Figure 2

Total Jobs

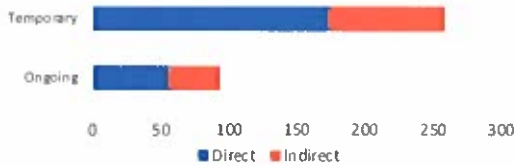


Figure 3

Total Earnings



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Ongoing earnings are all earnings over the life of the PILOT

## Fiscal Impacts

### Estimated Costs of Exemptions

|  | Nominal Value      | Discounted Value*  |
|--|--------------------|--------------------|
| Property Tax Exemption                 | \$0                | \$0                |
| Sales Tax Exemption                    | \$1,137,500        | \$1,137,500        |
| Local Sales Tax Exemption              | \$530,833          | \$530,833          |
| State Sales Tax Exemption              | \$606,667          | \$606,667          |
| Mortgage Recording Tax Exemption       | \$0                | \$0                |
| Local Mortgage Recording Tax Exemption | \$0                | \$0                |
| State Mortgage Recording Tax Exemption | \$0                | \$0                |
| <b>Total Costs</b>                     | <b>\$1,137,500</b> | <b>\$1,137,500</b> |

### State and Local Benefits

|   | Nominal Value       | Discounted Value*   |
|---|---------------------|---------------------|
| <b>Local Benefits</b>                       | <b>\$60,920,563</b> | <b>\$56,379,693</b> |
| To Private Individuals                      | <b>\$60,549,696</b> | <b>\$56,096,470</b> |
| Temporary Payroll                           | \$19,331,638        | \$19,331,638        |
| Ongoing Payroll                             | \$41,218,058        | \$36,704,832        |
| Other Payments to Private Individuals       | \$0                 | \$0                 |
| To the Public                               | <b>\$370,867</b>    | <b>\$343,223</b>    |
| Increase in Property Tax Revenue            | \$0                 | \$0                 |
| Temporary Jobs - Sales Tax Revenue          | \$118,406           | \$118,406           |
| Ongoing Jobs - Sales Tax Revenue            | \$252,461           | \$224,817           |
| Other Local Municipal Revenue               | \$0                 | \$0                 |
| <b>State Benefits</b>                       | <b>\$3,148,584</b>  | <b>\$2,913,896</b>  |
| To the Public                               | <b>\$3,148,584</b>  | <b>\$2,913,896</b>  |
| Temporary Income Tax Revenue                | \$869,924           | \$869,924           |
| Ongoing Income Tax Revenue                  | \$1,854,813         | \$1,651,717         |
| Temporary Jobs - Sales Tax Revenue          | \$135,321           | \$135,321           |
| Ongoing Jobs - Sales Tax Revenue            | \$288,526           | \$256,934           |
| <b>Total Benefits to State &amp; Region</b> | <b>\$64,069,148</b> | <b>\$59,293,590</b> |

### Benefit to Cost Ratio

|                    | Benefit*            | Cost*              | Ratio       |
|--------------------|---------------------|--------------------|-------------|
| Local              | \$56,379,693        | \$530,833          | 106:1       |
| State              | \$2,913,896         | \$606,667          | 5:1         |
| <b>Grand Total</b> | <b>\$59,293,590</b> | <b>\$1,137,500</b> | <b>52:1</b> |

\*Discounted at 2%

### Additional Comments from IDA

This cost-benefit analysis was revised by OCIDA a second time on 4.12.24 after a supplemental application from RWC was received, reflecting a revised capital expenditure figure of \$46,000,000. RWC is also changing its production plans, shifting from wine and juice manufacturing to juice manufacturing only.

Does the IDA believe that the project can be accomplished in a timely fashion?

Yes

# EXHIBIT "A"

## Cost Benefit Analysis

### Orange County Industrial Development Agency MRB Cost Benefit Calculator

Date: April 12, 2024  
Project Title: Royal Wine - Phase II (analysis revised April '24)  
Project Location: 2500 NYS Route 17M Goshen, NY 10924



### Economic Impacts

Summary of Economic Impacts over the Life of the PILOT

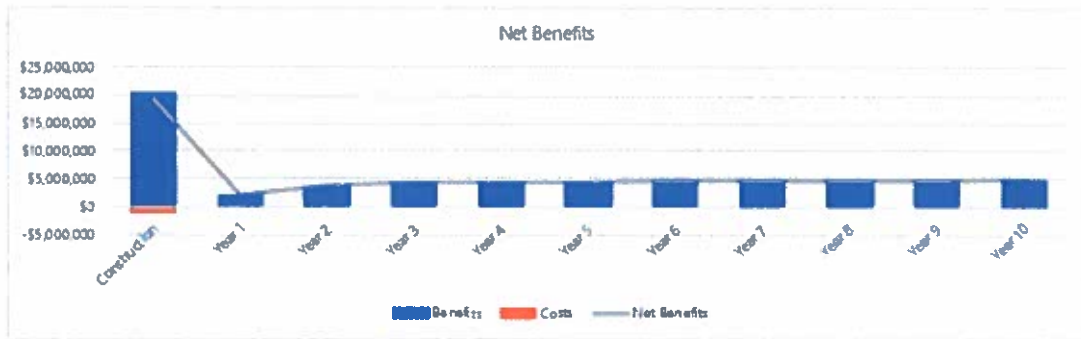
Project Total Investment  
\$46,000,000

|             | Temporary (Construction) |              |              |
|-------------|--------------------------|--------------|--------------|
|             | Direct                   | Indirect     | Total        |
| Jobs        | 173                      | 85           | 258          |
| Earnings    | \$14,323,998             | \$5,008,046  | \$19,332,044 |
| Local Spend | \$31,100,000             | \$17,236,391 | \$48,336,391 |

|          | Ongoing (Operations)<br>Aggregate over life of the PILOT |              |              |
|----------|--|--------------|--------------|
|          | Direct   | Indirect     | Total        |
| Jobs     | 55   | 39           | 94           |
| Earnings | \$26,558,442   | \$14,658,616 | \$41,217,058 |

Figure 1



Net benefits (that all always display cumulative) through year 10 irrespective of the length of the PILOT

Figure 2

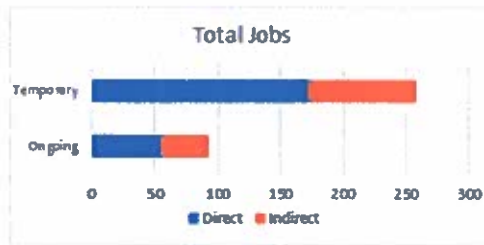


Figure 3

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Ongoing earnings are all earnings over the life of the PILOT

# Fiscal Impacts



## Estimated Costs of Exemptions

|  | Nominal Value      | Discounted Value*  |
|--|--------------------|--------------------|
| Property Tax Exemption                 | \$0                | \$0                |
| Sales Tax Exemption                    | \$1,137,500        | \$1,137,500        |
| Local Sales Tax Exemption              | \$530,833          | \$530,833          |
| State Sales Tax Exemption              | \$606,667          | \$606,667          |
| Mortgage Recording Tax Exemption       | \$0                | \$0                |
| Local Mortgage Recording Tax Exemption | \$0                | \$0                |
| State Mortgage Recording Tax Exemption | \$0                | \$0                |
| <b>Total Costs</b>                     | <b>\$1,137,500</b> | <b>\$1,137,500</b> |

## State and Local Benefits

|   | Nominal Value       | Discounted Value*   |
|---|---------------------|---------------------|
| <b>Local Benefits</b>                       | <b>\$60,520,563</b> | <b>\$56,379,693</b> |
| To Private Individuals                      | \$50,549,696        | \$48,008,470        |
| Temporary Payroll                           | \$79,137,630        | \$79,331,630        |
| Ongoing Payroll                             | \$47,211,058        | \$36,704,832        |
| Other Payments to Private Individuals       | \$0                 | \$0                 |
| To the Public                               | \$370,867           | \$343,223           |
| Increase in Property Tax Revenue            | \$0                 | \$0                 |
| Temporary Jobs - Sales Tax Revenue          | \$718,406           | \$718,406           |
| Ongoing Jobs - Sales Tax Revenue            | \$252,463           | \$224,817           |
| Other Local Municipal Revenue               | \$0                 | \$0                 |
| <b>State Benefits</b>                       | <b>\$3,148,594</b>  | <b>\$2,913,896</b>  |
| To the Public                               | \$3,148,594         | \$2,913,896         |
| Temporary Income Tax Revenue                | \$869,924           | \$869,924           |
| Ongoing Income Tax Revenue                  | \$1,654,873         | \$1,653,717         |
| Temporary Jobs - Sales Tax Revenue          | \$735,321           | \$735,321           |
| Ongoing Jobs - Sales Tax Revenue            | \$788,526           | \$256,934           |
| <b>Total Benefits to State &amp; Region</b> | <b>\$64,068,148</b> | <b>\$59,293,590</b> |

## Benefit to Cost Ratio

|                    | Benefit*            | Cost*              | Ratio       |
|--------------------|---------------------|--------------------|-------------|
| Local              | \$56,379,693        | \$530,833          | 106:1       |
| State              | \$2,913,896         | \$606,667          | 5:1         |
| <b>Grand Total</b> | <b>\$59,293,590</b> | <b>\$1,137,500</b> | <b>52:1</b> |

\*Discounted at 2%

### Additional Comments from IDA

This cost-benefit analysis was revised by OCIDA a second time on 4/12/24 after a supplemental application from RWC was received, reflecting a revised capital expenditure figure of \$46,000,000. RWC is also changing its production plans, shifting from wine and juice manufacturing to juice manufacturing only.

Does the IDA believe that the project can be accomplished in a timely fashion? **Yes**