

**COUNTIES OF WARREN AND WASHINGTON**  
**INDUSTRIAL DEVELOPMENT AGENCY**

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A special meeting of the Counties of Warren and Washington Industrial Development Agency was held on Monday, April 11, 2022 at 5:00 pm via Zoom.

The following were:

<b>PRESENT:</b>	Dave O'Brien	Chair
	Ginny Sullivan	Member
	Michael Bittel	Sec/Treasurer
	Mary King	Member
	Brian Campbell	Park Chair
	Chuck Barton	Member
	Craig Leggett	Vice Chair
	Mike Wild	Member
	Dan Bruno	Member

<b>ABSENT:</b>	Nick Caimano	Member
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***The following were also present:***

Kara Lais, Esq.	FitzGerald Morris Baker Firth, PC
Mike Ostrander	Executive Director, WWIDA
Tim Robinson	CFO, WWIDA
Jen Harvey	General Counsel, Etain & KDBF Ventures LLC
Hillary Peckham	COO, Etain & Member of KDBF Ventures LLC
Amy Peckham	CEO, Etain & KDBF Ventures LLC
Lesli Falk	Outside Counsel, Etain & KDBF Ventures LLC
Rob Gash	General Counsel, RIV Capital
Richard Levine	CFO, Etain & KDBF Ventures LLC
Matt Mundy	Chief Strategy Officer, RIV Capital

<b><i>Minutes were taken by:</i></b>	Alie Weaver	Office Administrator
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Roll call was taken, and a quorum was confirmed.

**KDBF Ventures LLC** – Ms. Amy Peckham explained that Etain was not able to organically fund their original expansion and partnered up with KDBF Ventures, who then secured a 5.5-million-dollar loan in 2019. After struggling with some roadblocks, including a National Grid easement, Etain and KDBF Ventures partnered with RIV Capital to provide the required capital to keep vertical integration for adult recreational use as the medical growth has been slow and limited. She noted that KDBF is not being sold; the project, original ownership, build-up plans, and new employee projections are not being changed.



She also noted that their family will be minority shareholders as well as maintain substantial roles at RIV Capital.

Ms. Hillary Peckham explained that RIV Capital is guaranteeing the lease, which is a prerequisite to the bank loan, now up to 8.5 million dollars, to finish the construction that is going from 25,000 square feet to 90,000 square feet. She stated that they are committed to contributing to the economic development of the community and this was their first criteria for any potential partnership. She also stated that all current employees will remain and receive bonuses from the proceeds on the Peckham family side. She noted that RIV Capital will enter a 10-year lease as a subtenant of Etain in Chestertown.

Ms. Lais stated that the sales tax exemption expiration date is July 31, 2022 and KDBF would need to address the IDA should there be a need for an increase and/or extension. She noted that their IDA-approved mortgage tax exemption has not yet been utilized. She also noted that they currently have a standard manufacturing PILOT in place with IDA including base value modifications through 2025 to accommodate the tax benefits given by the town and county prior to IDA involvement.

Ms. Lais specified that the sales tax benefit that has been approved is \$3 million dollars in purchases equaling \$210,000 in exemption. Mr. Levine noted that KDBF has not utilized any of the sales tax exemption allotment thus far.

Ms. Lais also specified that the mortgage tax exemption benefit that has been approved is \$5 million dollars equaling \$62,500 in exemption.

Ms. Lais noted that the estimated benefit of the PILOT is estimated at \$458,000 dollars.

Ms. Amy Peckham stated that the Chestertown facility's payroll for 2021 was \$1.6 million dollars.

Ms. Hillary Peckham stated that Warren County receives 22.5% of all Etain sales via New York State Excise Tax.

Ms. Amy Peckham stated that construction has been ongoing with the date of substantial completion being July 2022 and employee integration will begin thereafter.

Mr. Wild expressed concern about constituents raising concern over IDA benefits continuing after what appears to be a windfall.

Ms. Hillary Peckham stated that the shareholders will be receiving the transaction amount and not the business. She also stated that the IDA benefits are intended to develop economic development and promote job opportunities. Ms. Amy Peckham noted that the minimum wage at Etain is \$18.00/hour and is currently paying 23% above the average median income in Warren County.

Ms. Hillary Peckham also noted that without this transaction, Etain would not be able to continue at its current capacity and jobs would be lost.

Ms. Lais stated that this transaction does not create any defaults with KDBF Ventures LLC's agreement with the IDA and there are no grounds for recapture or change of benefits.

Mr. Mundy noted that RIV Capital has shared values and vision with KDBF/Etain and representatives have been onsite several times and are excited to continue the ongoing commitment to the project, work with the community and attract additional employees.

Mr. Leggett, as the Supervisor and Budget Officer for the Town of Chester, shared a draft spreadsheet of town-level projected PILOT savings after ten-years in comparison to a 485b.

Mr. Bittel stated that the incentives total approximately \$73,000/year while noting the 1.6-million-dollar payroll that Etain paid last year as well as the annual Excise Tax imposed on medical marijuana.

Ms. Amy Peckham explained that KDBF Ventures is the recipient of the IDA tax benefits and PILOT while Etain has been their tenant. She noted that when RIV Capital purchases Etain, RIV Capital will also be their tenant.

Mr. Barton inquired about the valuation being based on the entire business model vs. a particular facility.

Ms. Hillary Peckham stated that the valuation is based on the business model which includes the Etain brand line of products, patents, trademarks, proprietary manufacturing information and dispensaries.

Mr. Bittel made a motion to acknowledge and consent the transaction between Etain and RIV Capital and authorize Mr. O'Brien to sign a letter to that affect. Mr. Wild seconded and all voted in favor by roll call vote.

**Adjournment** – There being no further business, Mr. O'Brien adjourned the meeting at 6:39 pm.