

**RESOLUTION AUTHORIZING PILOT DEVIATION
AND FOURTH AMENDMENT TO PILOT AGREEMENT
SARANAC POWER PARTNERS, L.P.**

A regular meeting of County of Clinton Industrial Development Agency (the "Agency") was convened in public session in the offices of the Agency located at 190 Banker Road, Suite 500 in the Town of Plattsburgh, Clinton County, New York on December 12, 2016 at 12:00 o'clock p.m., local time.

The meeting was called to order by the (Vice) Chairperson of the Agency and, upon roll being called, the following members of the Agency were:

PRESENT:

David Hoover	Vice Chairperson
Michael E. Zurlo	Secretary
Kim Murray	Assistant Secretary
Keith Defayette	Treasurer
John VanNatten	Member

EXCUSED:

Trent Trahan	Chairperson
Mark Leta	Member

THE FOLLOWING PERSONS WERE ALSO PRESENT:

Melissa McManus	Executive Director
Barbara Shute	Recording Secretary
George W. Cregg, Jr., Esq.	Agency Counsel

The following resolution was offered by M. Zurlo, seconded by K. Murray, to wit:

Resolution No. 12-16-01

RESOLUTION AUTHORIZING (A) A DEVIATION FROM THE AGENCY'S UNIFORM TAX EXEMPTION POLICY AND (B) THE AMENDMENT OF AN EXISTING PILOT AGREEMENT IN CONNECTION WITH THE SARANAC POWER PARTNERS, L.P. PROJECT.

WHEREAS, County of Clinton 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 225 of the 1971 Laws of New York, as amended, constituting Section 895-f 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 commercial 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

12-12-16

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, on or about December 29, 1992 (the “Closing Date”), the Agency entered into an installment sale agreement dated as of December 29, 1992 (the “Installment Sale Agreement”) between the Agency and Saranac Power Partners, L.P. (the “Company”) and other related documents for the purpose of undertaking the following project (the “Project”) for the benefit of the Company: (A) (1) the acquisition of fee title to, leasehold interests in and certain easements to various parcels of real property located in the Town of Plattsburgh, Clinton County, New York (the “Land”), (2) the construction on the Land of a 240MW natural gas-fired cogeneration facility and related transmission lines and electrical energy interconnection facilities (the “Facility”) and (3) the acquisition and installation of various machinery and equipment (the “Equipment”) (the Land, the Facility and the Equipment hereinafter collectively referred to as the “Project Facility”); (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from sales taxes, real estate transfer taxes, mortgage recording taxes and real property taxes (the “Financial Assistance”); and (C) the sale of the Project Facility to the Company pursuant to the Installment Sale Agreement; and

WHEREAS, on or about December 29, 1992, the Agency acquired various interests in the Land pursuant to various conveyance documents executed on or about December 29, 1992 from the Company to the Agency; and

WHEREAS, simultaneously with the execution and delivery of the Installment Sale Agreement, (A) the Company and the Agency executed and delivered a payment in lieu of tax agreement dated as of December 29, 1992 (the “Original Payment in Lieu of Tax Agreement”, and sometimes hereinafter referred to as the “Existing Payment in Lieu of Tax Agreement”) by and among the Agency, the Company and The Development Corporation Clinton County, New York (f/k/a Clinton County Area Development Corp.), as agent (the “Pilot Mortgage Agent”) for the Agency and the “Taxing Entities” (as such term is defined in the Original Payment in Lieu of Tax Agreement), pursuant to which the Company agreed to pay certain payments in lieu of taxes with respect to the Project Facility to the Clinton County Treasurer (the “Treasurer”) for distribution to the appropriate Taxing Entities entitled to same pursuant to the provisions of the Existing Payment in Lieu of Tax Agreement, (B) the Agency filed with the assessor and mail to the chief executive officer of each “affected tax jurisdiction” (within the meaning of such quoted term in Section 854(16) of the Act) a copy of a New York State Board of Real Property Services Form 412-a (the form required to be filed by the Agency in order for the Agency to obtain a real property tax exemption with respect to the Project Facility under Section 412-a of the Real Property Tax Law) (the “Real Property Tax Exemption Form”) relating to the Project Facility and the Existing Payment in Lieu of Tax Agreement, and (C) the Company and the Agency executed and delivered a pilot mortgage dated as of December 29, 1992 (the “Original Pilot Mortgage”, and sometimes hereinafter referred to as the “Existing Pilot Mortgage”) from the Agency and the Company, as mortgagor, and the Pilot Mortgage Agent, as mortgagee (the “Pilot Mortgagee”), pursuant to which the Company and the Agency agreed to grant to the Pilot Mortgagee a mortgage lien on the Project Facility as security for, among other things, the obligation of the Company to make all payments and all other obligations of the Company for the benefit of the Agency and the Taxing Entities under the Original Payment in Lieu of Tax Agreement

(the Installment Sale Agreement, the Original Payment in Lieu of Tax Agreement, the Real Property Tax Exemption Form and the Original Pilot Mortgage being sometimes collectively referred to as the “Basic Documents”); and

WHEREAS, the Original Payment in Lieu of Tax Agreement was amended by a first amendment to payment in lieu of tax agreement dated as of March 1, 2009 (the “First Amendment to Payment in Lieu of Tax Agreement”), and further amended pursuant to a second amendment to payment in lieu of tax agreement dated as of December 1, 2009 (the “Second Amendment to Payment in Lieu of Tax Agreement”) and further amended pursuant to a third amendment to payment in lieu of tax agreement dated as of December 1, 2013 (the “Third Amendment to Payment in Lieu of Tax Agreement” and collectively with the First Amendment to the Payment in Lieu of Tax Agreement, the Second Amendment to Payment in Lieu of Tax Agreement and the Original Payment in Lieu of Tax Agreement, the “Existing Payment in Lieu of Tax Agreement”) by and among the Agency, the Company and The Development Corporation Clinton County, New York (f/k/a Clinton County Area Development Corp.), as agent (the “Pilot Mortgage Agent”) for the Agency and the “Taxing Entities” (as such term is defined in the Original Payment in Lieu of Tax Agreement); and

WHEREAS, pursuant to a request dated May 31, 2016 and supplemented by a follow-up request dated June 29, 2016 (collectively, the “Pilot Request”), the Company requested the Agency to once again amend the Existing Payment in Lieu of Tax Agreement to extend the term and reduce the payments due under the Existing Payment in Lieu of Tax Agreement (the “Fourth Amendment to Payment in Lieu of Tax Agreement”); and

WHEREAS, pursuant to the Pilot Request, the Agency, by resolution adopted on August 8, 2016 (the “Resolution Authorizing Pilot Deviation Letter and Public Hearing to Amend Pilot”), authorized the Executive Director of the Agency to (A) cause notice of a public hearing of the Agency (the “Public Hearing”), pursuant to Section 859-a of the Act, to be (i) mailed on November 3, 2016 to the chief executive officers of the county and of each city, town, village and school district in which the Project Facility is to be located (each, an “Affected Tax Jurisdiction”), (ii) published on November 11, 2016 in the Press Republican, a local newspaper of general circulation available to the residents of the Town of Plattsburgh, Clinton County, New York and (iii) posted on November 7, 2016 on the Agency’s website and also as a public bulletin board located at the Town of Plattsburgh offices located at 151 Banker Road in the Town of Plattsburgh, Clinton County, New York, (B) conduct the Public Hearing on November 30, 2016 at 3:00 o’clock p.m. in the office of the Agency located at 190 Banker Road, Suite 500 in the Town of Plattsburgh, Clinton County, New York, (C) prepare a report of the Public Hearing (the “Report”) and give a copy of the Report to each member of the Agency, (D) give notice of the proposed deviation from the Agency’s uniform tax exemption policy in connection with the Pilot Request (the “Pilot Deviation Notice”), attached hereto as Exhibit A, to the chief executive officers of the Affected Tax Jurisdictions, and (E) invite comments from said chief executive officers with respect to the Pilot Request; 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 adopted pursuant thereto by the Department of Environmental Conservation of the State of New York, being 6 NYCRR Part 617, as amended (the “Regulations” and collectively with the SEQR Act, “SEQRA”), by the Resolution Authorizing Pilot Deviation Letter and Public Hearing to Amend Pilot, the Agency determined that the Pilot Request constitutes a “Type II action” pursuant to 6 NYCRR 617.5(c)(26), and therefor that, pursuant to 6 NYCRR 617.6(a)(1)(i), the Agency has no further responsibilities under SEQRA with respect to the Pilot Request and the Fourth Amendment to Payment in Lieu of Tax Agreement; and

WHEREAS, the Fourth Amendment to Payment in Lieu of Tax Agreement will be a deviation from the Agency's uniform tax exemption policy in that the Fourth Amendment to Payment in Lieu of Tax Agreement will revise the payments in lieu of taxes made by the Company each year under the Existing Payment in Lieu of Tax Agreement as outlined above and in the Pilot Deviation Notice; and

WHEREAS, pursuant to Section 874(4) of the Act, prior to taking final action on such a deviation from the Agency's uniform tax exemption policy, the Agency must give the Affected Tax Jurisdictions prior written notice of the proposed deviation from the Agency's uniform tax exemption policy and the reasons therefore; and

WHEREAS, pursuant to the Pilot Deviation Notice, the Executive Director of the Agency notified the chief executive officers of the Affected Tax Jurisdictions of the proposed deviation from the Agency's uniform tax exemption policy; and

WHEREAS, as a result of discussions had by the Agency with the Affected Tax Jurisdictions, the Agency now desires to approve the Pilot Request, subject to the following modifications (collectively, the "Modifications"): (A) the term of the Fourth Amendment to Payment in Lieu of Tax Agreement shall be limited to one (1) year, not the original three (3) years requested by the Company and (B) the Fourth Amendment to Payment in Lieu of Tax Agreement shall require that the Company make the same Pilot Payment as outlined in the Existing Payment in Lieu of Tax Agreement; and

WHEREAS, having complied with the requirements of Section 859-a of the Act and with the requirements of SEQRA relating to the Fourth Amendment to Payment in Lieu of Tax Agreement, the Agency now desires to make its final determination whether to proceed with the Fourth Amendment to Payment in Lieu of Tax Agreement and to authorize the execution and delivery of a Fourth Amendment to Payment in Lieu of Tax Agreement incorporating the Modifications;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF COUNTY OF CLINTON 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 Notice.

(B) The Agency has reviewed and responded to any written comments received from any Affected Tax Jurisdiction with respect to the proposed Pilot Request.

(C) The Agency has given reviewed the comments received from the Affected Tax Jurisdictions with respect to the proposed Pilot Request and Fourth Amendment to Payment in Lieu of Tax Agreement, and proposes to implement the Modifications in response to said comments.

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 Fourth Amendment to the Payment in Lieu of Tax Agreement, said Fourth Amendment to the Payment in Lieu of Tax Agreement to contain the terms requested in the Pilot Request, as modified by the Modifications.

Section 3. The Agency hereby further determines that the Agency has now fully complied with the requirements of Section 859-a of the Act and the requirements of SEQRA that relate to the Fourth Amendment to Payment in Lieu of Tax Agreement and the Pilot Request.

Section 4. Upon preparation by counsel to the Agency of a Fourth Amendment to Payment in Lieu of Tax Agreement reflecting the terms of this resolution and approval of same by the Chairperson (or Vice Chairperson) of the Agency, the Chairperson (or Vice Chairperson) of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Fourth Amendment to Payment in Lieu of Tax Agreement, and, where appropriate, the Secretary (or Assistant Secretary) of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in such form as is approved by the Chairperson (or Vice Chairperson), the execution thereof by the Chairperson (or Vice Chairperson) to constitute conclusive evidence of such approval.

Section 5. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Fourth Amendment to Payment in Lieu of Tax Agreement, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Fourth Amendment to Payment in Lieu of Tax Agreement binding upon the Agency.

Section 6. 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:

Trent Trahan	VOTING	EXCUSED
David Hoover	VOTING	YES
Michael E. Zurlo	VOTING	YES
Kim Murray	VOTING	YES
Keith Defayette	VOTING	YES
Mark Leta	VOTING	EXCUSED
John VanNatten	VOTING	YES

The foregoing Resolution was thereupon declared duly adopted.

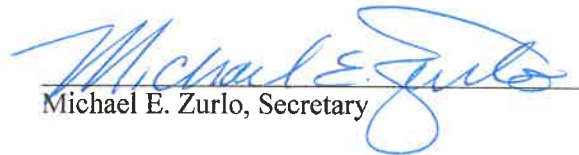
STATE OF NEW YORK)
) SS:
COUNTY OF CLINTON)

I, the undersigned Secretary of County of Clinton 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 December 12, 2016 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of the whole of such proceedings of the Agency and of such Resolution set forth therein 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 duly given in accordance with such Open Meetings Law; and (D) 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 rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 12th day of December, 2016.


Michael E. Zurlo, Secretary

STATE OF NEW YORK)
) SS:
COUNTY OF CLINTON)

I, the undersigned Secretary of County of Clinton 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 December 12, 2016 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of the whole of such proceedings of the Agency and of such Resolution set forth therein so far as the same relates to the subject matters therein referred to.

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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 12th day of December, 2016.

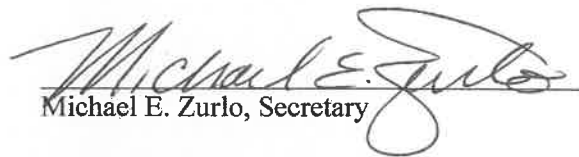

Michael E. Zurlo, Secretary

EXHIBIT A
PILOT DEVIATION LETTER

- SEE ATTACHED -

AFFIDAVIT OF MAILING
OF PILOT DEVIATION NOTICE LETTER FOR
FOURTH AMENDMENT TO PILOT AGREEMENT

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

The undersigned, being duly sworn, hereby states:

1. That on November 3, 2016, I mailed to the following individuals a copy of a letter (the "Pilot Deviation Notice Letter for Fourth Amendment to Pilot Agreement") informing said individuals of (A) a proposed deviation (the "Deviation") by County of Clinton Industrial Development Agency (the "Agency") from the Agency's Uniform Tax Exemption Policy relating to the Saranac Power Partners, L.P. Project to be undertaken by the Agency for the benefit of Saranac Power Partners, L.P. (the "Company") and (B) the time and place of the meeting of the members of the Agency at which the question of whether to proceed with said Deviation is scheduled to be considered by the Agency:

Harry J. McManus, Chairperson
County of Clinton
County Government Center
137 Margaret Street, Suite 208
Plattsburgh, New York 12901

Michael E. Zurlo, County Administrator
County of Clinton
County Government Center
137 Margaret Street, Suite 208
Plattsburgh, New York 12901

Michael S. Cashman, Supervisor
Town of Plattsburgh
151 Banker Road
Plattsburgh, New York 12901

Mr. Dan Mannix, Superintendent
Beekmantown Central School District
37 Eagle Way
West Chazy, New York 12992-2577

Andrew Brockway, School Board President
Beekmantown Central School District
37 Eagle Way
West Chazy, New York 12992-2577

2. That the letter attached hereto as Exhibit A is a duplicate copy of the Pilot Deviation Notice Letter for Fourth Amendment to Pilot Agreement which was mailed to the above individuals.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of November, 2016.



Sworn to before me this
3rd day of November, 2016.


Notary Public

CHRISTINE M JABAUT
Notary Public, State of New York
No. 01JA6155069
Qualified in Clinton County
Commission Expires ~~October 30, 2018~~

012064.00058 Business 15489914v1

EXHIBIT A
COPY OF PILOT DEVIATION NOTICE LETTER
FOR FOURTH AMENDMENT TO PILOT

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY
190 Banker Road, Suite 500
Plattsburgh, New York 12901
TEL: (518) 563-3100
FAX: (518) 562-2232

November 3, 2016

Harry J. McManus, Chairperson
County of Clinton
County Government Center
137 Margaret Street, Suite 208
Plattsburgh, New York 12901

Michael E. Zurlo, County Administrator
County of Clinton
County Government Center
137 Margaret Street, Suite 208
Plattsburgh, New York 12901

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151 Banker Road
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Beekmantown Central School District
37 Eagle Way
West Chazy, New York 12992-2577

Andrew Brockway, School Board President
Beekmantown Central School District
37 Eagle Way
West Chazy, New York 12992-2577

RE: County of Clinton Industrial Development Agency
Saranac Power Partners, L.P. Project

Dear Ladies and Gentlemen:

On or about December 29, 1992 (the "Closing Date"), the Agency entered into an installment sale agreement dated as of December 29, 1992 (the "Installment Sale Agreement") between the Agency and Saranac Power Partners, L.P. (the "Company") and other related documents for the purpose of undertaking the following project (the "Project") for the benefit of the Company: (A) (1) the acquisition of fee title to, leasehold interests in and certain easements to various parcels of real property located in the Town of Plattsburgh, Clinton County, New York (the "Land"), (2) the construction on the Land of a 240MW natural gas-fired cogeneration facility and related transmission lines and electrical energy interconnection facilities (the "Facility") and (3) the acquisition and installation of various machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment hereinafter collectively referred to as the "Project Facility"); (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from sales taxes, real estate transfer taxes, mortgage recording taxes and real property taxes (the "Financial Assistance"); and (C) the sale of the Project Facility to the Company pursuant to the Installment Sale Agreement.

Also, on or about December 29, 1992, the Agency acquired various interests in the Land pursuant to various conveyance documents executed on or about December 29, 1992 from the Company to the Agency.

Harry J. McManus, Chairperson
 Michael E. Zurlo, County Administrator
 Michael S. Cashman, Supervisor
 Mr. Dan Mannix, Superintendent
 Andrew Brockway, School Board President
 November 3, 2016
 Page 2

Simultaneously with the execution and delivery of the Installment Sale Agreement, (A) the Company and the Agency executed and delivered a payment in lieu of tax agreement dated as of December 29, 1992 (the "Original Payment in Lieu of Tax Agreement", and sometimes hereinafter referred to as the "Existing Payment in Lieu of Tax Agreement") by and among the Agency, the Company and The Development Corporation Clinton County, New York (f/k/a Clinton County Area Development Corp.), as agent (the "Pilot Mortgage Agent") for the Agency and the "Taxing Entities" (as such term is defined in the Original Payment in Lieu of Tax Agreement), pursuant to which the Company agreed to pay certain payments in lieu of taxes with respect to the Project Facility to the Clinton County Treasurer (the "Treasurer") for distribution to the appropriate Taxing Entities entitled to same pursuant to the provisions of the Existing Payment in Lieu of Tax Agreement, as amended by a first amendment to payment in lieu of tax agreement dated as of March 1, 2009 (the "First Amendment to Payment in Lieu of Tax Agreement") and further amended pursuant to a second amendment to payment in lieu of tax agreement dated as of December 1, 2009 (the "Second Amendment to Payment in Lieu of Tax Agreement") and further amended pursuant to a third amendment to payment in lieu of tax agreement dated as of December 1, 2013 (the "Third Amendment to Payment in Lieu of Tax Agreement" and collectively with the Original Payment in Lieu of Tax Agreement, the First Amendment to Payment in Lieu of Tax Agreement, the Second Amendment to Payment in Lieu of Tax Agreement, the "Existing Payment in Lieu of Tax Agreement"). The Existing Payment in Lieu of Tax Agreement presently provides the following:

If the Project Company shall enter into a Tolling Agreement (as defined below) with respect to the Project Facility and supply a copy of same to the Pilot Mortgage Agent on or before 15 days before any date set forth in the table below (each, a "Pilot Payment Date"), then thereafter through the end of the Tolling Term (as defined below), the Project Company shall make semi-annual PILOT Payments to the Treasurer for the benefit of the Taxing Entities on each Pilot Payment Date thereafter through the end of the Tolling Term (as defined below), each such semi-annual payment payable on any Pilot Payment Date to be in the amount specified opposite the related Pilot Payment Date in the table below:

Pilot Payment Date	Amount
April 1, 2009	\$850,000
October 1, 2009	\$850,000
Each April 1 and October 1 occurring after 2010 during the Tolling Term	\$210,000

If the Project Company (as defined in the Existing Payment in Lieu of Tax Agreement) shall enter into an agreement between the Company and a third party pursuant to which the Company is paid a fee for the commitment to generate electricity for a third party marketer (a "Tolling Agreement") with respect to the Project Facility and supply a copy of same to the Pilot Mortgage Agent on or before 15 days before any Pilot Payment Date (as defined in the Existing Payment in Lieu of Tax Agreement), the term "Tolling Term" shall mean the period of time commencing as of the first day of the month occurring three months prior to the initial Pilot Payment Date on which a PILOT Payment (as defined in the Existing Payment in Lieu of Tax Agreement)

Harry J. McManus, Chairperson
 Michael E. Zurlo, County Administrator
 Michael S. Cashman, Supervisor
 Mr. Dan Mannix, Superintendent
 Andrew Brockway, School Board President
 November 3, 2016
 Page 3

is due pursuant to this paragraph and ending on the earlier of (A) the termination of the term of the Tolling Agreement and (B) December 31, 2016.

The Company has requested that the Agency consider an additional amendment to the Original Payment in Lieu of Tax Agreement (the "Fourth Amendment to Payment in Lieu of Tax Agreement").

By resolution adopted by the members of the Agency on August 8, 2016 (the "Pilot Deviation Notice and Public Hearing Resolution"), the Agency authorized the Executive Director of the Agency to conduct a public hearing with respect to the proposed execution and delivery of the Fourth Amendment to Payment in Lieu of Tax Agreement. This letter is delivered to you pursuant to Section 874 of the General Municipal Law.

The proposed terms of the Fourth Amendment to Payment in Lieu of Tax Agreement would provide the following:

Currently, the Project Company is a party to a certain 2002 ISDA Master Agreement dated March 25, 2013 (the "Energy Management Agreement") by and between the Project Company and TransAlta Energy Marketing (U.S.) Inc., which Energy Management Agreement expires on May 31, 2017. Notwithstanding the foregoing, pursuant to this Payment in Lieu of Tax Agreement, if the Project Company shall enter into a Tolling Agreement (as defined below) with respect to the Project Facility and supply a copy of same to the Pilot Mortgage Agent on or before 15 days before any date set forth in the table below (each, a "Pilot Payment Date"), then thereafter through the end of the Tolling Term (as defined below), the Project Company shall make semi-annual PILOT Payments to the Treasurer for the benefit of the Taxing Entities on each Pilot Payment Date thereafter through the end of the Tolling Term (as defined below), each such semi-annual payment payable on any Pilot Payment Date to be in the amount specified opposite the related Pilot Payment Date in the table below:

Pilot Payment Date	Amount
April 1, 2017	\$164,062.50
October 1, 2017	\$164,062.50
Each April 1 and October 1 occurring after 2018 during the Tolling Term	\$164,062.50

If the Project Company shall enter into an agreement between the Company and a third party pursuant to which the Company is paid a fee for the commitment to generate electricity for a third party marketer (a "Tolling Agreement") with respect to the Project Facility and supply a copy of same to the Pilot Mortgage Agent on or before 15 days before any Pilot Payment Date (as defined in the Existing Payment in Lieu of Tax Agreement), the term "Tolling Term" shall mean the period of time commencing as of the first day of the month occurring three months prior to the initial Pilot Payment Date (as defined in the Existing Payment in Lieu of Tax Agreement) on which a PILOT Payment (as defined in the Existing Payment in Lieu of Tax Agreement) is due pursuant to this paragraph and ending on the earlier of (A) the termination of the term of the Tolling Agreement and (B) December 31, 2023.

Harry J. McManus, Chairperson
Michael E. Zurlo, County Administrator
Michael S. Cashman, Supervisor
Mr. Dan Mannix, Superintendent
Andrew Brookway, School Board President
November 3, 2016
Page 4

The Fourth Amendment to Payment in Lieu of Tax Agreement would not provide any abatements for any special assessments levied on the Project Facility.

The terms of the Fourth Amendment to Payment in Lieu of Tax Agreement deviate from the Agency's Uniform Tax Exemption Policy (the "Policy"). The Agency's Policy provides that applicants for this type of project would receive a Category 3 abatement, if not a deviation from the Policy since the Project was first evaluated prior to the adoption of the Agency's current Policy.

The purpose of this letter is to inform you of such deviation and that the Agency is considering the terms of the Fourth Amendment to Payment in Lieu of Tax Agreement. The Agency expects to consider whether to approve the terms of the Fourth Amendment to Payment in Lieu of Tax Agreement at its meeting scheduled for December 12, 2016 at 12:00 o'clock, p.m., local time at the offices of the Agency located at 190 Banker Road, Suite 500 in the Town of Plattsburgh, County of Clinton, 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 Fourth Amendment to Payment in Lieu of Tax Agreement.

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

1. **The nature of the Project:** 240 MW natural gas-fired cogeneration facility with transmission lines and electric energy interconnection facilities.
2. **The present use of the property:** cogeneration facility.
3. **The economic condition of the area at the time of the request of the Company and the economic multiplying effect that the Project will have on the area:** The Original Payment in Lieu of Tax Agreement was entered into in 1992 and was subsequently amended three times, twice in 2009 and once in 2013. Each amendment represented challenging economic times or issues for Clinton County and the immediate project area: closure of Plattsburgh AFB, impacts of 2008 recession, and continuing negative impacts of an economy that lags behind State and regional medians. This Project is a significant factor in our local economy, providing valuable energy services to two of our key employers and as well as backup energy to NYS networks.
4. **The extent to which the 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:** The Project will retain 20 jobs, no new jobs will be created.
5. **The estimated value of new tax exemptions to be provided:** There are no new tax exemptions being provided. The request is to extend the Original Payment in Lieu of Tax Agreement until 2023 and reduce current annual PILOT payments by approximately 22%. The current PILOT term is a three-year extension, ending in 2016.
6. **The economic impact of the Proposed Pilot Agreement on affected tax jurisdictions:** Local taxing jurisdictions with fragile tax bases are significantly impacted by large developments with gross taxes;

Harry J. McManus, Chairperson
Michael E. Zurlo, County Administrator
Michael S. Cashman, Supervisor
Mr. Dan Mammix, Superintendent
Andrew Brockway, School Board President
November 3, 2016
Page 5

the potential negative impacts should the Project downsize or leave the area, has been key factor in this Project since 1992 with multiplier impacts on those businesses and networks relying on their output.

7. The impact of the Proposed Pilot Agreement on existing and proposed businesses and economic development projects in the vicinity: The Company also provides direct services to Georgia Pacific and Pactiv. The impact on these major employers must also be factored into decisions that may impact the Company.

8. The amount of private sector investment generated or likely to be generated by the Proposed Pilot Agreement: None.

9. The effect of the Proposed Pilot Agreement on the environment: None.

10. Project Timing: cogeneration facility is completed.

11. The extent to which the Proposed Pilot Agreement will require the provision of additional services including, but not limited to, additional educational, transportation, police, emergency medical or fire services: No additional services required.

12. Anticipated tax revenues: The Company is requesting a new annual PILOT payment of \$328,125. The current PILOT annual PILOT payment is \$420,000. This represents a reduction of 21.875%. This request will not change special assessment agreements between the Company, the Town or the City of Plattsburgh.

13. The extent to which the Proposed Pilot Agreement will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the Project Facility is located: None at this time.

The Agency will consider the Project and the Fourth Amendment to Payment in Lieu of Tax Agreement (and the proposed deviation from its Policy) at the Meeting. The Agency would 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.

Harry J. McManus, Chairperson
Michael E. Zurlo, County Administrator
Michael S. Cashman, Supervisor
Mr. Dan Mannix, Superintendent
Andrew Brockway, School Board President
November 3, 2016
Page 6

Very truly yours,

COUNTY OF CLINTON INDUSTRIAL
DEVELOPMENT AGENCY

