

**RESOLUTION AUTHORIZING PILOT DEVIATION
AND FIFTH 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 11, 2017 at 12:00 o'clock p.m., local time.

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

PRESENT:

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

EXCUSED:

Mark Leta	Member
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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 Keith Defayette, seconded by Michael E. Zurlo, to wit:

Resolution No. 12-17-01

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

12-11-17

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 Town of Plattsburgh (the “Town”), the Beekmantown Central School District (the “School District”) and Clinton County (the “County”, and collectively with the Town and the School District, the “Taxing Entities”), 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 further amended pursuant to a fourth amendment to payment in lieu of tax agreement dated as of December 1, 2016 (the “Fourth 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, the Third 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”), each 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; and

WHEREAS, currently the Company pays (A) \$420,000 a year to the affected tax jurisdictions pursuant to the Existing Payment in Lieu of Tax Agreement and (B) an additional \$280,000 a year to the Town of Plattsburgh (the “Town”) pursuant to a host community agreement (the “Host Community Agreement”) between the Company and the Town; and

WHEREAS, pursuant to a request from the Company dated May 31, 2016, as supplemented by additional requests dated June 29, 2016 and May 16, 2017 (collectively, the “Pilot Request”), the Company requested that the Agency amend the Existing Payment in Lieu of Tax Agreement to (A) extend the term thereof through the end of calendar year 2023 and (B) reduce the payments due under the Existing Payment in Lieu of Tax Agreement and the Host Community Agreement by 37.5%; and

WHEREAS, pursuant to the Pilot Request, the Agency, by resolution adopted on August 8, 2016 (the “Public Hearing Resolution”), 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 (1) 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”), (2) 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 (3) 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”) 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 Public Hearing Resolution, 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 requested amendments to the Existing Payment in Lieu of Tax Agreement; and

WHEREAS, in order to give the Agency time to hire an independent consultant intended to provide the Agency with information regarding the financial future and viability of the Project and the impact of the requested amendment to the Existing Payment in Lieu of Tax Agreement, the Agency entered into the Fourth Amendment to Payment in Lieu of Tax Agreement extending the term of the Existing Payment in Lieu of Tax Agreement until the end of calendar year 2017; and

WHEREAS, the Agency has now (A) hired an independent consultant (the “Consultant”) to provide the Agency with information regarding the financial future and viability of the Project and the impact of the requested amendment to the Existing Payment in Lieu of Tax Agreement, and (B) received report from the Consultant (the “Consultant’s Report”) describing the financial future and viability of the Project and the impact of the requested amendment to the Existing Payment in Lieu of Tax Agreement; and

WHEREAS, pursuant to the Pilot Request, the Agency, by resolution adopted on October 16, 2017 (the “Pilot Deviation Notice Resolution”), authorized the Executive Director of the Agency to (A) give notice to the chief executive officers of the affected tax jurisdictions of a proposed revised deviation from the Agency’s uniform tax exemption policy in connection with the Pilot Request, a copy of which notice is attached as Exhibit A hereto (the “Pilot Deviation Notice”), and (B) invite comments from said chief executive officers with respect to the Pilot Request; 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/conditions (collectively, the “Modifications”):

(A) OPTION A: if the affected tax jurisdictions pass resolutions by December 15, 2017 agreeing that the payments in lieu of tax revenues will be distributed each year in accordance with the sliding scale attached hereto as Schedule I or in accordance with a different agreed upon distribution method (such sliding scale distribution or alternative distribution method being collectively referred to as the “Agreed Distribution Method”), then the Fifth Amendment to Payment in Lieu of Tax Agreement shall provide that (1) the term of the Fifth Amendment to Payment in Lieu of Tax Agreement shall extend through the end of calendar year 2023, (2) the Fifth Amendment to Payment in Lieu of Tax Agreement shall provide that the Company shall pay an amount equal to \$273,000 per year to the Treasurer for the benefit of the Taxing Entities and (3) the payments received by the Treasurer under the Fifth Amendment to Payment in Lieu of Tax Agreement shall be distributed each year by the Treasurer to the Taxing Entities in accordance with the Agreed Distribution Method, subject to the following contingencies (the “Option A Contingencies”):

(a) on or before March 31 of each calendar year of the term of the Fifth Amendment to Payment in Lieu of Tax Agreement, the Company shall provide to the Agency an audited financial statement (each, an “Audited Financial Statement”) showing, among other things, the Project Facility’s “free cash flow” (as defined by adding depreciation, amortization and operating income from audited financial statements for the prior fiscal year);

(b) if in any calendar year during the term of the Fifth Amendment to Payment in Lieu of Tax Agreement the Company fails to deliver an Audited Financial Statement to the Agency as required by the preceding clause, or if an Audited Financial Statement delivered to the Agency pursuant to the preceding clause shows that the Project Facility’s “free cash flow” (as defined by adding depreciation, amortization and operating income from audited financial statements for the prior fiscal year) exceeds the 2015 total of \$4,834,000, then the payment in lieu of tax payment to be paid by the Company in such calendar year shall be increased to \$420,000; and

(c) the Company and the Town enter into an agreement that includes (1) withdrawal of the Company’s Article 7 petition; (2) the Company is required to pay annual payments of at least \$182,000 per year to the Town under the Host Community Agreement; (3) agreement by the Company to accept and not challenge the current \$32 million assessed value on the Project facility through the end of calendar year 2022; and (4) agreement by the Town and the Company that, in calendar year 2023, the Town will reduce the Facility’s assessed value such that, in the first year the Project Facility returns to the tax rolls, the new assessed value yields a total of approximately \$455,000 in general taxes payable to the Taxing Entities at current tax rates (excluding special district taxes); OR

(B) OPTION B: if the affected tax jurisdictions do not pass resolutions by December 15, 2017 as described under OPTION A above, then the Fifth Amendment to Payment in Lieu of Tax Agreement shall provide that (1) the term of the Fifth Amendment to Payment in Lieu of Tax Agreement shall extend through the end of calendar year 2023, (2) the Fifth Amendment to Payment in Lieu of Tax Agreement shall provide that the Company shall pay an amount equal to \$273,000 per year to the Treasurer for the benefit of the Taxing Entities and (3) the payments received by the Treasurer under the Fifth Amendment to Payment in Lieu of Tax Agreement shall be distributed each year by the Treasurer to the Taxing Entities in the same manner as normal taxes would be so distributed (i.e., a pro rata distribution), subject to the following contingencies (the “Option B Contingencies”):

(a) on or before March 31 of each calendar year of the term of the Fifth Amendment to Payment in Lieu of Tax Agreement, the Company shall provide to the Agency an audited financial statement (each, an “Audited Financial Statement”) showing, among other things, the Project Facility’s “free cash flow” (as defined by adding depreciation, amortization and operating income from audited financial statements for the prior fiscal year);

(b) if in any calendar year during the term of the Fifth Amendment to Payment in Lieu of Tax Agreement the Company fails to deliver an Audited Financial Statement to the Agency as required by the preceding clause, or if an Audited Financial Statement delivered to the Agency pursuant to the preceding clause shows that the

Project Facility's "free cash flow" (as defined by adding depreciation, amortization and operating income from audited financial statements for the prior fiscal year) exceeds the 2015 total of \$4,834,000, then the payment in lieu of tax payment to be paid by the Company in such calendar year shall be increased to \$420,000; and

(c) the Company and the Town enter into an agreement that includes (1) withdrawal of the Company's Article 7 petition; (2) the Company is required to pay annual payments of at least \$182,000 per year to the Town under the Host Community Agreement; (3) agreement by the Company to accept and not challenge the current \$32 million assessed value on the Project facility through the end of calendar year 2022; and (4) agreement by the Town and the Company that, in calendar year 2023, the Town will reduce the Facility's assessed value such that, in the first year the Project Facility returns to the tax rolls, the new assessed value yields a total of approximately \$455,000 in general taxes payable to the Taxing Entities at current tax rates (excluding special district taxes); and

WHEREAS, having complied with the requirements of Section 859-a of the Act and with the requirements of SEQRA relating to the Fifth Amendment to Payment in Lieu of Tax Agreement, the Agency now desires to make its final determination whether to proceed with the Fifth Amendment to Payment in Lieu of Tax Agreement and to authorize the execution and delivery of the Fifth 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 has complied with the requirements of Section 859-a of the Act and the requirements of SEQRA that relate to the Fifth Amendment to Payment in Lieu of Tax Agreement and the Pilot Request.

(B) The Agency has considered any and all responses from the affected tax jurisdictions to the Pilot Deviation Notice.

(C) The Agency has reviewed and responded to any written comments received from any affected tax jurisdiction with respect to the proposed Pilot Request.

(D) The Agency has given reviewed the Consultant's Report and the comments received from the affected tax jurisdictions with respect to the proposed Pilot Request and Fifth Amendment to Payment in Lieu of Tax Agreement, and proposes to implement the Modifications, subject to the applicable contingencies.

Section 2. Based on the findings and determinations in Section 1 above and subject to the Contingency, the Agency hereby determines to deviate from the Agency's uniform tax exemption policy with respect to the terms of the proposed Fifth Amendment to the Payment in Lieu of Tax Agreement, said Fifth Amendment to the Payment in Lieu of Tax Agreement to contain the terms requested in the Pilot Request, as modified by the Modifications and subject to the applicable contingencies.

Section 3. Upon preparation by counsel to the Agency of a Fifth 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 Fifth 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 4. 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 Fifth 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 Fifth Amendment to Payment in Lieu of Tax Agreement binding upon the Agency.

Section 5. 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	Yes
David Hoover	VOTING	Yes
Michael E. Zurlo	VOTING	Yes
Kim Murray	VOTING	Yes
Keith Defayette	VOTING	Yes
Mark Leta	VOTING	Absent
John VanNatten	VOTING	Yes

The foregoing Resolution was thereupon declared duly adopted.

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

I, the undersigned (Assistant) 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 11, 2017 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 11th day of December, 2017.


Michael E. Zurlo, Secretary



EXHIBIT A
PILOT DEVIATION LETTER
- SEE ATTACHED -

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY

190 Banker Road, Suite 500
Plattsburgh, New York 12901
TEL: (518) 563-3100
FAX: (518) 562-2232

November 8, 2017

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

Cathy Buckley, 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 Fifth PILOT Amendment Request

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
 Cathy Buckley, School Board President
 November 6, 2017
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Simultaneously with the execution and delivery of the Installment Sale Agreement, 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.

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 further amended pursuant to a fourth amendment to payment in lieu of tax agreement dated as of December 1, 2016 (the "Fourth 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, the Third 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). 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

Harry J. McManus, Chairperson
Michael E. Zurlo, County Administrator
Michael S. Cashman, Supervisor
Mr. Dan Mannix, Superintendent
Cathy Buckley, School Board President
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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) 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, 2017.

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

By resolution adopted by the members of the Agency on October 16, 2017 (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 Fifth 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 Fifth Amendment to Payment in Lieu of Tax Agreement would provide the following:

(A) 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.

(B) "(iv) (A) Notwithstanding the provisions of paragraph (d)(i) and paragraph (d)(iii) of this Section 2.02, if the Project Company shall enter into a Tolling Agreement (as defined in subparagraph (d)(iv)(C) 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 in subparagraph (d)(iv)(D) 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 in subparagraph (d)(iv)(D) 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:

Harry J. McMamus, Chairperson
 Michael E. Zurlo, County Administrator
 Michael S. Cashman, Supervisor
 Mr. Dan Mannix, Superintendent
 Cathy Buckley, School Board President
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Pilot Payment Date	Amount
April 1, 2009	\$850,000
October 1, 2009	\$850,000
Each April 1 and October 1 occurring after 2017 during the Tolling Term	\$131,250

(B)(1) Each semi-annual payment payable pursuant to this paragraph (d)(iv) of this Section 2.02 through and including calendar 2009 shall be distributed by the Treasurer to the Taxing Entities specified below in the percentage specified below of the aggregate amount of each such semi-annual payment:

Town of Plattsburgh	60%
Beekmantown School District	20%
County of Clinton	<u>20%</u>
	100%

(2) Commencing in calendar year 2018, each semi-annual payment payable pursuant to this paragraph (d)(iv) of this Section 2.02 shall be distributed by the Treasurer to the Taxing Entities specified below in the percentage specified below of the aggregate amount of each such semi-annual payment:

Town of Plattsburgh	one-third
Beekmantown School District	one-third
County of Clinton	<u>one-third</u>
	100.00%

The Fifth 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 Fifth 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 Fifth Amendment to Payment in Lieu of Tax Agreement. The Agency expects to consider whether to approve the terms of the Fifth Amendment to Payment in Lieu of Tax Agreement at its meeting scheduled for December 11, 2017 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 Fifth 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, located in Zone D of New York State's energy market.

2. **The present use of the property:** Cogeneration facility.

3. **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 reduction in PILOT payments will assist in retaining 20 jobs at the facility, 19 of which have salaries above the County median salary.

4. **The estimated value of new tax exemptions to be provided:**
Reduction of current annual PILOT payments by approximately 37.5%, from \$420,000 to \$262,500.

5. **The economic impact of the Proposed Pilot Agreement on affected tax jurisdictions:**

The proposed reduction in PILOT Payments may help avoid the potential negative impacts should the Project mothball or leave the area. Current economic impact includes direct payroll, payments to taxing jurisdictions, reduction of costs for adjacent manufacturers through steam generation, and multiplier impacts in the regional economy.

6. **The impact of the Proposed Pilot Agreement on existing and proposed businesses and economic development projects in the vicinity:**

The Company provides steam generation for adjacent manufacturers Georgia Pacific and Pactiv. This steam generation has been identified by Georgia Pacific as being of significant importance in keeping costs within feasible limits for continued operation. The proposed pilot amendment would therefore assist in retaining 220 manufacturing jobs at Georgia-Pacific and Pactiv, with salaries typically above the County median salary.

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, Fifth PILOT amendment would begin January 1, 2018 and extend through 2023.

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 reduced annual PILOT payment of \$262,500. The current annual PILOT payment is \$420,000. This represents a reduction of 37.5% in revenue for taxing jurisdictions.

Harry J. McManus, Chairperson
Michael E. Zurlo, County Administrator
Michael S. Cashman, Supervisor
Mr. Dan Mannix, Superintendent
Cathy Buckley, School Board President
November 6, 2017
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The Agency will consider the Project and the Fifth Amendment to Payment in Lieu of Tax Agreement (and the proposed deviation from its Policy) at the Agency's December 11th 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 §74(4)(c) of the General Municipal Law, prior to taking final action at the Meeting, the Agency will review and respond to any written comments received from any affected tax jurisdiction with respect to the proposed deviation. The Agency will also allow any representative of any affected tax jurisdiction present at the Meeting to address the Agency regarding the proposed deviation.

Very truly yours,

COUNTY OF CLINTON INDUSTRIAL
DEVELOPMENT AGENCY

By: Melissa McManus

SCHEDULE I

- SEE ATTACHED -

Saranac Power Partners - 5th Amendment

35% Reduction - Sliding Scale to Pro Rata Distribution (Plan A)

	Per Megawatt	GW	Total Resulting Payment	HCA	PILOT
Current Local Share	\$2.84550	146,000	\$419,893.00	\$ 280,000.00	\$419,893.00
Requested Local Share 37.5%					
Requested Local Share Reduction	\$1.78	246,000	\$437,495.63	\$ 175,000.00	\$262,495.63

Assumptions:
 \$ 32,000,000 Maintains Current Assessed Value
 \$ 273,000 Requested Reduction (PILOT)
 \$ 182,000 Requested Reduction (TOWN - HCA)

Current tax rates Pro-Rata Percentage	1.01078 4.2%		5.823406 24.4%		17.292517 71.4%		3.031396			
	City (2/3)	Town (1/3)	City (2/3)	Town (1/3)	City (2/3)	Town (1/3)	Town (HCA)	PILOT	Total	Total
2018	\$ 60,666.67	\$ 30,333.33	\$ 91,000.00	\$ 91,000.00	\$ 91,000.00	\$ 97,004	\$ 182,000.00	\$ 97,004.35	\$ 182,000.00	\$ 352,004.35
2019	\$ 50,613.60	\$ 25,006.80	\$ 86,049.60	\$ 111,930.00	\$ 132,405.00	\$ 97,004	\$ 182,000.00	\$ 97,004.35	\$ 182,000.00	\$ 352,004.35
2020	\$ 39,585.00	\$ 19,792.50	\$ 81,217.50	\$ 132,405.00	\$ 153,315.80	\$ 97,004	\$ 182,000.00	\$ 97,004.35	\$ 182,000.00	\$ 352,004.35
2021	\$ 28,828.80	\$ 14,414.40	\$ 76,440.00	\$ 174,119.40	\$ 194,922.00	\$ 97,004	\$ 182,000.00	\$ 97,004.35	\$ 182,000.00	\$ 352,004.35
2022	\$ 18,272.80	\$ 9,136.40	\$ 71,471.40	\$ 174,119.40	\$ 194,922.00	\$ 97,004	\$ 182,000.00	\$ 97,004.35	\$ 182,000.00	\$ 352,004.35
2023	\$ 7,844.00	\$ 3,822.00	\$ 66,612.00	\$ 174,119.40	\$ 194,922.00	\$ 97,004	\$ 182,000.00	\$ 97,004.35	\$ 182,000.00	\$ 352,004.35
Six Year Totals	\$ 205,010.87	\$ 102,505.43	\$ 472,790.50	\$ 857,693.20	\$ 582,028.11	\$ 1,092,000.00	\$ 3,312,028.11			

**COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY
SARANAC POWER PARTNERS - 5TH AMENDMENT TO PILOT AGREEMENT
REDUCTION SUMMARY TOTALS**

Years 2018 - 2023

Current PILOT and HCA			37.5% Reduction			35% Reduction			30% Reduction		
		Current Agreement	Sliding Scale	Pro-Rata	Company Savings	Sliding Scale	Pro-Rata	Company Savings	Sliding Scale	Pro-Rata	Company Savings
Town	1/3	\$ 280,000.00	\$ 98,561.27	\$ 21,903.54		\$ 102,503.72	\$ 22,779.69		\$ 110,388.63	\$ 24,531.97	
City	2/3	\$ 560,000.00	\$ 197,122.55	\$ 43,807.09		\$ 205,007.45	\$ 45,559.37		\$ 220,777.25	\$ 49,063.94	
County		\$ 840,000.00	\$ 454,598.67	\$ 385,079.59		\$ 472,782.62	\$ 400,481.78		\$ 509,150.51	\$ 431,289.15	
School		\$ 840,000.00	\$ 824,691.25	\$ 1,124,183.52		\$ 857,678.91	\$ 1,169,150.86		\$ 923,654.21	\$ 1,259,085.55	
Town - HCA		\$ 1,680,000.00	\$ 1,050,000.00	\$ 1,050,000.00		\$ 1,092,000.00	\$ 1,092,000.00		\$ 1,176,000.00	\$ 1,176,000.00	
Town - SD		\$ 582,026.11	\$ 582,026.11	\$ 582,026.11		\$ 582,026.11	\$ 582,026.11		\$ 582,026.11	\$ 582,026.11	
		\$ 4,782,026.11	\$ 3,206,999.86	\$ 3,206,999.86	\$ (1,575,026.25)	\$ 3,311,998.81	\$ 3,311,998.81	\$ (1,470,027.30)	\$ 3,521,996.71	\$ 3,521,996.71	\$ (1,260,029.40)