

**Niagara Wind Power, LLC - Steel Winds I Replacement Project
Erie Wind, LLC - Steel Winds II Replacement Project
\$21,464,287
INDUCEMENT RESOLUTION**

ELIGIBILITY
<ul style="list-style-type: none"> • NAICS Section - 221115
COMPANY INCENTIVES
<ul style="list-style-type: none"> • 15-year Custom PILOT
EMPLOYMENT
<ul style="list-style-type: none"> • Retained Jobs - 3 • Annual payroll: \$240,000
PROJECT HISTORY
<ul style="list-style-type: none"> • 11/18/2019 - Public hearing held. Transcript attached. • 11/ 20/2019 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA. • 11/20/2019 -Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Niagara Wind Power, LLC - Steel Winds I Replacement Project
Erie Wind, LLC - Steel Winds II Replacement Project

Project Address: 2303 Hamburg Turnpike
Lackawanna, New York 14218
(Lackawanna City School District)

Agency Request

Approval of a custom 15 -year payment-in-lieu-of-tax (“PILOT”) Agreement.

	Steel Winds I	Steel Winds II
Manufacturing Equipment	\$13,771,429	\$3,442,858
Soft Costs	\$ 1,000,000	\$ 250,000
Other Costs (Installation)	\$ 2,400,000	\$ 600,000
Total Project Cost	\$17,171,429	\$4,292,858
85%	\$14,595,714	\$3,648,929

Company Description

Niagara Wind Power, LLC and Erie Wind, LLC (“Niagara and Erie”) are the owners and operator of the existing Steel Winds I and Steel Winds II facilities located in the City of Lackawanna. Combined they account for ten 2.5 megawatt turbines at the former Bethlehem Steel site. Energy generated at the facility is sold into the New York Independent System Operator (“NYISO”) market.

Project Description

Niagara and Erie propose to extend the useful life of the wind turbines by engaging in a replacement project that would update the equipment and continue to generate real property taxes under a custom payment -in-lieu of tax (“PILOT”) arrangement.

Due to persistent maintenance issues with the existing turbines, which are no longer being manufactured, Niagara and Erie will replace the existing nacelle (enclosed engine housing), rotor, hub and blades for each turbine with new equipment from a different manufacturer without disrupting the existing tower, foundation and electrical equipment.

Custom PILOT Terms

Currently the existing turbines are generating \$80,000/year to the City of Lackawanna under a custom payment plan.

A new 15-year custom PILOT has been negotiated and for years 1-10 will provide \$10,000 per megawatt hour, per turbine - (\$10,000 x 2.5 mwh x 10 turbines = \$250,000). Years 11-15 will increase to \$10,500 per megawatt hour, per turbine. Under this arrangement which includes Erie County, the City of Lackawanna and the Lackawanna School District, the municipalities will share, on a pro rata basis, \$250,000 per year during years 1-10 and \$262,500 per year during years 11-15.

New Tax Revenue Estimated

Current Yearly Taxes paid to City of Lackawanna Under Custom PILOT	Additional County Revenue over 15-year abatement period	Additional Local Revenue Over 15-year abatement period
\$80,000	\$302,565	\$3,509,936
Combined Tax Rate: \$82.66		

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total project amount = \$21,464,287 85% = \$18,244,643
Employment	Same as recapture period	Maintain 100% of retained jobs Retained jobs: 3 Recapture Employment = 3
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Same as recapture period	Adherence to Policy
Unpaid Tax	Same as recapture period	Adherence to Policy
Recapture Period	Coincides with 15-year PILOT Term	Recapture of Real Property Taxes

Recapture applies to:
Real Property Taxes

Recapture

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At completion of the project company must certify i) total investment amount is equal to or greater than 85% of the anticipated project amount; ii) company has maintained 3 FTE, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.