

**MINUTES OF INDUSTRIAL DEVELOPMENT AGENCY
REGULAR MEETING
THURSDAY, FEBRUARY 27, 2020 – 8:10 A.M.
67 N. MAIN STREET, NEW CITY, NY 10956**

Members Present: Eric Dranoff, Howard Hellman, Tim Riley, Peggy Zugibe

Staff: Steven Porath, Executive Director

IDA Counsels: Brian Quinn, Esq., Lino Sciarretta, Esq.

Guests: Darius Chafizadeh, Esq., representing Genon; Jonathan Sacks, SVP, Genon; Isaac Lefkovitz, Suffern Partners, LLC

Noting that sufficient advance public notice had been given and there being a quorum present, the regular meeting of the Rockland County Industrial Development Agency was called to order at 8:10 a.m. by Chair E. Dranoff.

Roll Call:

Present: Eric Dranoff, Howard Hellman, Timothy Riley, Peggy Zugibe

Action Items:

- *Authorizing Resolution: Genon Bowline Power Project.*
- S. Porath introduced the project, which involves the applicant's request for mortgage recording tax exemption on project financing.
- John Sacks, of Genon, discussed the company's investment plans at the site in detail, as well as the company's short and longer term energy-providing strategies and capabilities.
- Members of the board asked questions regarding equipment being purchased and the capabilities of the plant, as well as requesting information on the direct benefit to the community. Genon provided responses to the questions. (SEE ATTACHED GENON STATEMENT.)
- *With no other discussion, a motion was made by T. Riley, seconded by P. Zugibe, to authorize the project. All in favor. Motion passed, 4-0.*

- *Inducement Resolution: Suffern Partners, LLC*
- Isaac Lefkovitz, president of Suffern Partners, provided an overview of the project. The project involves the (a) construction of a proposed 500,000 square foot facility to manufacture paper cups and related products; and (b) the redevelopment of the former Novartis campus to provide facilities for new commercial and manufacturing operations.
- Following discussion, the board advised Mr. Lefkovitz to consider submitting two separate applications: (1) for the proposed manufacturing facility, and (2) for the site redevelopment. Mr. Lefkovitz agreed to do so.
- The resolution before the board was tabled with no further action.

New Business:

- S. Porath noted that the Agency has received the equipment needed to provide video of board meetings and public hearings. He noted that technical issues have delayed implementation but anticipates the matter to be resolved quickly for future meetings.

Old Business:

- *Prevailing Wage Policy Discussion*
 - The board continued discussion of a possible amendment(s) to its existing prevailing wage policy.
 - The board agreed to continue discussion at the next meeting.

Treasurer's Report:

- Members reviewed and approved the January 2019 Financial Report.

Members approved the meeting minutes.

Meeting was adjourned.

Bowline Mortgage Exemption Request—Rockland IDA

The applicant will appear by Jonathan Sacks, Sr. Vice President, Strategy and Corporate Development of GenOn Holdings Inc. and Vice President of GenOn Bowline, LLC as well as by counsel, Harris Beach PLLC.

As the IDA members are aware, GenOn Bowline (Bowline) is requesting a mortgage recording tax exemption for the pending financing of the Bowline facility which is being put in place as the capstone to a multi-year effort to restore the performance of the facility after years of degradation. Today, we are amending our request downward from a request for a mortgage exemption based on a \$225MM mortgage to a mortgage of no more than \$210MM. This reduces the amount of the requested mortgage recording tax exemption by approximately \$157,000.

The \$2.7 million value (and more) that Bowline receives from the requested exemption is being put back directly into the Bowline facility by way of capital investment. More specifically, Bowline is using the money from the exemption to invest in a spare generator step-up transformer costing \$3.6 million. The step-up transformer is key piece of equipment for any power plant. It connects the power plant to the transmission system. This piece of equipment is highly specialized and has a lead time of over one (1) year from order to delivery. Our transformer will be delivered in March 2021.

Beginning in 2015-2016, a \$106MM+ capital investment program was embarked to refurbish/restore virtually every major component of the facility.

Two examples of the results of these efforts are:

- In 2014 the output of Unit 2 was only 30% of design condition. The capital investment in the plant has restored Unit 2 to full output. Both units at Bowline perform above original design conditions and we are working with the NYISO to recognize additional generation potential at Bowline.
- The outage rate of the units has decreased from over 20% which is unsatisfactory based on industry benchmarks down to sub-5% rate which is exemplary for these types of units. This translates directly into more reliable power for the Lower Hudson Valley and New York.

The restoration of Bowline (the facility) took on additional importance with the announcement of the retirement of Indian Point effective as of April 2020 and April 2021.

These investments have improved electric reliability for the Lower Hudson Valley and New York City.

This \$100MM+ investment was made using internal corporate cash. Given the state of the facility prior to these upgrades, it was unlikely that Bowline could have borrowed the money necessary to make these repairs and refurbishments. In the unregulated power business it is common for facility owners to borrow funds for major capital improvements and for the lender to place a mortgage on the property. No such mortgage exemption was sought back in 2015 because borrowing wasn't in the cards for Bowline.

When we think about the net loan proceeds from this financing (which are closer to \$175MM-\$180MM after lender-required reserves and fees are deducted from the overall loan amount), repaying the \$100MM+ of corporate investment coupled with the annual funding amounts over the next 5 years, Bowline is making a \$200MM spend to reinvigorate the plant, make additional capital improvements, retain jobs and ensure reliable service to the region.

- Bowline employs 34 people at the facility with an annual labor spend of over \$6MM. (\$30MM over 5 years)
- In addition to the transformer spend referenced above, Bowline has planned additional capital expenditures of approx. \$9MM between 2020 and 2024.
- Additionally, Bowline has over \$8MM per year in recurring O&M and local contractor spend. (\$41MM between 2020 and 2024)
- Bowline also pays ~\$3.4MM/yr in property taxes. (\$14MM between 2020 and 2024)

Bowline appreciates the efforts of the Rockland IDA and the consideration of this application to provide for investment in electric reliability for all businesses and residences in Rockland County and the Lower Hudson Valley.

Thank you. We are available to answer any questions you may have.