


RUSKIN MOSCOU FALTISCHEK P.C.
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June 4, 2021

Suffolk County Industrial Development Agency
H. Lee Dennison Building
100 Veterans Memorial Hwy # 3
Hauppauge, NY 11788

Attention: Anthony J. Catapano, Executive Director

Re: Lease Agreement effective December 15, 1993, as Amended and Restated effective November 1, 1998 (the "Lease Agreement") Between Nissequogue Cogen Partners ("Applicant") and The Suffolk County Industrial Development Agency ("IDA")
Re: Cogeneration Facility on the Campus of SUNY Stony Brook

Dear Mr. Catapano:

We represent the Applicant, a party to the above referenced Lease Agreement (referred to as "the Agreement"). The Applicant respectfully requests an extension of the term of the Agreement, currently scheduled to expire on December 15, 2023 for a period of seven (7) years to be consistent with the proposed seven (7) year extension of the agreement for energy between the Applicant and SUNY Stony Brook described below. Defined terms herein shall have the meanings ascribed in the Lease Agreement.

The Lease Agreement was entered into in connection with the construction of the Facility. The Facility is located on the State University of New York at Stony Brook's campus ("SUSB"), the underlying property being owned by the State of New York and therefore exempt from real property tax pursuant to Real Property Tax Law Section 404. The Facility was developed to provide SUSB with a reliable and cost efficient source of electricity and thermal energy needed to operate the campus. The commercial operation date of the Facility was April 6, 1995.



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The plant incorporates a simple-cycle cogeneration process consisting primarily of one LM6000 combustion turbine generator (“CTG”) manufactured by GE, which exhausts hot combustion gases into a heat recovery steam generator (“HRSG”). In the simple-cycle configuration, the Facility was designed to produce up to 41MW of gross power while supplying up to 330,000 lb/hr of 600 psig export steam. The Facility has been designed to maximize operating flexibility such that it may be operated efficiently over a wide range of loads and variable steam demands. The HRSG supplies steam at two pressure levels to SUSB’s Central Heating and Refrigeration Plants located in the West and East campuses. The Facility was financed in part through the initial issuance of variable rate bonds issued by the IDA in 1993, which were later redeemed through the issuance of fixed rate 1998 bonds (“Bonds”) in the amount of \$74,200,000. The Bonds are special obligations of the Issuer payable solely from the revenues and receipts derived from the lease of the Facility to the Applicant pursuant to an Amended and Restated Lease Agreement (or from the enforcement of the security provided by the Mortgage, the aforementioned Lease Agreement and other security documents). The Bonds have a maturity date of January 1, 2023, when final payment will be remitted.

SUSB agreed to purchase the electric power and steam output pursuant to a Thermal Energy and Electric Energy Supply Contract (“the Contract”) that currently expires on April 1, 2023. The committed supply volume was intended to cover SUSB’s total electric power requirements originally estimated to be up to 36.125MW and total thermal energy requirements up to 280,000 lbs of steam per hour.

Since commercial operation commenced, the SUSB campus and its energy needs have grown. The Applicant and SUSB have entered into a Letter of Intent dated October 7, 2020 (copy annexed) pursuant to which the parties have memorialized the terms and conditions under which they intend to negotiate and enter into an amended and restated Contract that will extend the term an additional seven years to March 31, 2030. This extension will address the continued needs of SUSB for a reliable source of electric and thermal energy.

The assurance of continued exemption of the Facility from real property taxes is an essential component of the ability of the Applicant to provide the services to SUSB on a cost effective basis should the Agreement expire. The requested extension will allow the status quo to be maintained. The assurance to the Applicant and SUSB that during the extended term of the Lease there will be no real estate taxes after the Bonds have been paid in full is also vital since the Letter of Intent contemplates a meaningful investment in improvements to the Facility by the Applicant to enhance its resiliency and SUSB will suffer additional cost as it must assume any taxes assessed as a pass through pursuant to the extension of the electric supply agreement. This is an important element in the overall transaction that the Applicant contemplates will be negotiated as part of the extension of



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the lease with SUSB. A letter from SUSB in support of this request (which they have indicated will be forthcoming) will be separately provided.

We and the Applicant would be happy to attend any meetings or conference calls to further explain the necessity of the extension and support the request.

Please advise if there are any further documents or information the IDA needs in order to grant this relief.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Michael L. Faltishek', written over the typed name. The signature is highly stylized with large loops and flourishes.

MICHAEL L. FALTISCHEK
For the Firm

MLF/amz
Enclosure

RUSKIN MOSCOU FALTISCHEK P.C.

October 7, 2020

Nissequogue Cogen Partners
c/o Calpine Corporation
717 Texas Avenue, Suite 1000
Houston, TX 77002

Stony Brook University
Administration Building
Stony Brook, NY 11794

This letter and the summary attached hereto as **Exhibit A** (collectively, the "Letter of Intent") together constitute a preliminary non-binding mutual indication of intent on the part of each of Stony Brook University ("SBU") and Nissequogue Cogen Partners ("NCP" and together with SBU, the "Parties") with respect to the proposed extension of (i) the Site Permit, dated as of March 1992, as amended (the "Site Permit"), pursuant to which NCP operates and maintains a cogeneration project at SBU, and (ii) the Thermal Energy and Electric Energy Supply Contract dated as of February 1992, as amended (the "Energy Supply Agreement"), pursuant to which NCP sells thermal and electric energy to SBU. This Letter of Intent does not reflect all of the terms and conditions which would be contained in legally binding agreements to extend the Site Permit and the Energy Supply Agreement and related documents (collectively, the "Definitive Agreements").

1. Definitive Agreements. The Parties will undertake in good faith to complete mutually satisfactory Definitive Agreements memorializing the principles outlined in Exhibit A.
2. Expenses: Each of the Parties agrees to bear its own transaction expenses in connection with the proposed transactions contemplated hereby.
3. Confidentiality: Until the consummation of any Definitive Agreements, the Parties agree that neither SBU nor NCP, nor any party acting on their behalf will, without the consent of the other Party, make any public announcement about the Definitive Agreements or their specific terms.
4. Governing Law: This Letter of Intent shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the laws of the State of New York or any other jurisdiction that would result in the application of the law of any other jurisdiction.
5. Amendments: No modification or amendment may be made to this Letter of Intent (including Exhibit A) unless such modification or amendment is made in writing and executed by the Parties hereto.
6. Binding Effect: It is understood that this Letter of Intent constitutes only a statement of the mutual intentions of the Parties hereto and does not contain all matters upon which agreement must be reached in order for Definitive Agreements to be executed. This Letter of Intent (including Exhibit A) therefore does not constitute a binding commitment, or any offer by any Party to enter into a binding commitment, with respect to the Definitive Agreements. Any binding agreement between the Parties shall be conditioned upon the negotiation and execution of the Definitive Agreements in a form satisfactory to each Party,

and satisfaction of the conditions to be set forth in such Definitive Agreements. No past or future action, course of conduct, implied obligation of good faith and fair dealings, or failure to act relating to the negotiation of the terms of the proposed Definitive Agreements, whether or not a Party claims to have relied on, or detrimentally changed its position because of, any of the foregoing, will give rise to or serve as a basis for any obligation or other liability on the part of the Parties.

[The remainder of this page is intentionally blank.]

The foregoing Letter of Intent is agreed to and accepted effective as of the date first set forth above.

STONY BROOK UNIVERSITY

By: [Signature]

Title: Senior President

NISSEQUOGUE COGEN PARTNERS

By: CALPINE STONY BROOK, INC.,

DocuSigned by:
a general partner
[Signature]

AEEC9AD5705645E...
By: _____

DS
DL

Title: Vice President

By: STONY BROOK COGENERATION INC.,

DocuSigned by:
a general partner
[Signature]

AEEC9AD5705645E...
By: _____

DS
DL

Title: Vice President

EXHIBIT A

SBU and NCP are discussing extensions of the Thermal Energy and Electric Energy Supply Contract and Site Permit entered into between the Parties in 1992, as amended, according to the following principles:

1. The Parties recognize that State University of New York policies, and more broadly, New York State energy policies, have changed and that SBU needs to proceed in a manner that is consistent with these policies.
2. To ensure reliability of the electric and steam systems as new policies are implemented, the term would be extended for no more than seven (7) years.
3. SBU would be permitted to install and operate renewable resources on its Main Campus. The quantity of permissible renewable resources would increase over time.
4. Subject to completion of the extension, a negotiated credit would be applied to existing pricing and the pricing during the extension term would be adjusted over time to be more consistent with the actual cost of production, inclusive of overheads, return, escalation, planned outages, and other factors commonly considered in transactions of this type.
5. The Parties recognize the need to maintain operational stability of the cogeneration plant for the benefit of SBU, its students, faculty, employees, and the many persons who utilize the on-campus medical facilities. Accordingly, the Parties would coordinate with each other and take steps to ensure that the plant continues to operate in a stable and reliable manner.
6. NCP would be responsible for all production costs associated with station power.
7. The Parties would agree to take reasonable actions to allow NCP to maintain its Qualifying Facility status under federal law.
8. To increase the resiliency of the plant, NCP would install black start capability by December 31, 2023, at its sole cost.
9. The Parties would work together and with the Suffolk County Industrial Development Agency to secure a continuation of the property tax exemption for the plant.
10. The Parties would share the net profits associated with any market sales of electricity.
11. Existing notice provisions would be continued with some modifications.
12. NCP would engage three SBU engineering students each year as interns.