

NCIDA

APPLICATION FOR ASSISTANCE

NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Each applicant seeking assistance must complete the accompanying application material which includes the Application for Assistance and Environmental Assessment form. A non-refundable application fee of \$1,000.00 must be included with this application, payable to the Niagara County Industrial Development Agency. Every project seeking NCIDA assistance must use best efforts to use local labor for the construction of new, expanded or renovated facilities.

Please answer all questions. Use "none" or "not applicable" where necessary. Information in this application may be subject to public review under New York State Law, except for information that is considered deniable by the Freedom of Information Law. This form is available online at our web page at www.nccedev.com.

I. APPLICANT DATA

A.

APPLICANT NAME Sterling Energy Group, Inc. as agent for SPE - wholly owned LLC to be formed for financing purpose

ADDRESS 532 Connecticut St.

CITY/STATE/ZIP Gary, IN 46402

B. APPLICANT'S OFFICER RESPONSIBLE FOR COMPLETING THIS APPLICATION

NAME William J. Harrington

TITLE President & CEO

MAILING ADDRESS 532 Connecticut St

CITY/STATE/ZIP Gary, IN 46402

TELEPHONE 219-886-0661

FAX 219-886-1388

E-MAIL info@seginc.biz

APPLICANT'S TAX ID NUMBER 45-4728859

6311 Inducon Corporate Drive, Suite One, Sanborn, New York 14132
(716) 278-8760 Fax (716) 278-8769

- C. BUSINESS TYPE
- Sole Proprietorship
 - Partnership
 - Privately-held Corporation
 - Public Corporation
 - Not-for-Profit Corporation
 - LLC
 - Other

D. STATE OF INCORPORATION:

Indiana

- E. IS APPLICANT AUTHORIZED TO DO BUSINESS IN NEW YORK STATE? Yes No

F. PRINCIPAL STOCKHOLDERS (Owners of 20% or more of Stock Outstanding)

<u>Name</u>	<u>%</u>	<u>Corporate Title</u>
<u>William J. Harrington</u>	<u>37.4</u>	<u>President & CEO</u>
<u>Fred L. Solomon</u>	<u>24.9</u>	<u>Executive Vice President</u>

G. Has the Applicant (or any related entity) received previous NCIDA assistance?

- Yes No

If yes, please give year(s) and project location

2013, Niagara Falls, NY (same project) assignment of PILOT for purchase of Niagara Generation, LLC

H. APPLICANT'S LEGAL COUNSEL

FIRM NAME Hiscock & Barclay

ADDRESS One Park Place

CITY/STATE/ZIP Syracuse, NY 13202

TELEPHONE 315-425-2710

ATTORNEY'S NAME Richard R. Capozza

E-MAIL rcapozza@hblaw.com

II. PROJECT & OCCUPANCY DATA

A. LOCATION OF PROPOSED PROJECT FACILITY

ADDRESS 5300 Frontier Avenue, Niagara Falls, NY 14304

PRINCIPAL USE Power Plant - Generation Facility

SBL # _____

ZONING _____

B. INDICATE MUNICIPAL JURISDICTION

TOWN _____

VILLAGE _____

CITY Niagara Falls

SCHOOL DISTRICT _____

C. CURRENT OWNERSHIP OF PROPERTY

CURRENT OWNER Niagara Generation, LLC under lease relationship with NCIDA

CURRENT ASSESSMENT \$30,000,000

CURRENT TAXES (ANNUAL) \$310,000 - PILOT

CURRENT BUSINESS OPERATING AT LOCATION? Yes

IF YES, EXPLAIN: Biomass Power Plant operating at location

D. Who are the principal user(s) of the facility (the "Company")? If there are multiple users, please indicate on attached sheet. If same as Applicant indicate the "same" below.

COMPANY NAME Niagara Generation, LLC

ADDRESS 5300 Frontier Ave

CITY/STATE/ZIP Niagara Falls, NY 14304

CONTACT Greg Myers, Plant Manager

TELEPHONE 716-236-4107 x302

TAX ID # 32-0037383

% OF FACILITY TO BE OCCUPIED BY COMPANY 100

E. Are other facilities or related companies located within New York State: Yes No

LOCATION _____

If there are other company facilities within the State, will any of these close or be subject to reduced activity?

Yes No

F. Has the company actively sought sites and/or facilities in another country or state?

Yes No

If yes, please describe on separate sheet.

G. Description of project (check one or more)

- New Construction Sq. Footage _____
- Addition to existing facility Sq. Footage _____
- Renovation and modernization of existing facility
- Acquisition and modernization of existing facility
- New machinery and equipment Production Non-Production
- Other (specify) Permanent Financing

- H. Provide a general narrative description of the project, including history and background on user(s) of the facility. Provide information on (Appendix A) for user(s) of the facility. Describe reasons why this project is necessary and its effect it will have on Applicant. Include site plans, renderings, photos, etc.

Power Plant in Niagara Falls, NY has been retrofit and brought back on line generating ~30 MWh of power capacity with plans to increase to over 40 MWh. NiGen has completed most of the retrofit work and has brought in 27 permanent jobs. NiGen is now in a position to provide permanent financing on the facility through a bond financing. This financing will provide capital to finish the ongoing retrofit and provide adequate debt reserves for operations. A new Single Purpose Entity wholly owned NiGen's Owner, Sterling Energy Group, Inc. will be created for the purpose of this bond offering.

III. COMPANY EMPLOYMENT INFORMATION

- A. Total current employment within Niagara County is

FULL-TIME: 27

PART-TIME: _____

Current Annual Payroll Including benefits

\$ 2,400,000

- B. Projected Employment:

Applicant or principal user(s) must complete Appendix A.

IV. EMPLOYMENT IMPACT

Every project seeking NCIDA assistance must use best efforts to use Niagara County labor for the construction of new, expanded or renovated facilities. This requirement includes all project employees of the General Contractor, Subcontractor or sub to a Subcontractor, working on the project. Applicant agrees and understands the obligations herein, and agrees to transmit and convey in a timely fashion this requirement to all applicable contractors, subcontractors, suppliers and materialmen.

A. Will Niagara County contractors and/or subcontractors be utilized for the construction project?

Yes No

B. What is the estimated number of construction jobs to be created at the project site from

Niagara County: 20 Erie County: _____ Other Areas: _____

V. APPLICANT PROJECT COSTS AND FINANCING

A. Estimate the costs necessary for the construction, acquisition, rehabilitation, improvement and/or equipping of the project by the applicant.

Estimated Costs Eligible for Sales Tax Exemption Benefit

a. Building Construction or Renovation Costs	a.	\$ _____
b. Sitework	b.	\$ _____
c. Non-manufacturing Equipment	c.	\$ _____
d. Furniture, Fixtures	d.	\$ _____
e. Other (specify)	e.	\$ _____
f. Subtotal	f.	\$ _____

Estimated Costs Not Subject to Sales Tax

g. Land and/or building purchase	g.	\$ _____
h. Manufacturing Equipment	h.	\$ _____
i. Soft Costs (Legal, Architect, Engineering)	i.	\$ _____
j. Other (specify)	j.	\$ _____
k. Subtotal	k.	\$ _____

Total Project Costs	f & k	\$ _____
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B. Indicate how the project will be financed

a. Tax-Exempt IRB	a.	\$ _____
b. Tax-Exempt Bond	b.	\$ _____
c. Taxable IRB	c.	\$ _____
d. Bank Financing	d.	\$ _____
e. Public Financing	e.	\$ _____
f. Equity	f.	\$ _____

TOTAL SOURCES		\$ _____
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Estimated Amount of Mortgage		\$ _____
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- C. If applicant expects the Tax-Exempt IRB to exceed \$1,000,000, what is the dollar value of "capital expenditures" that the applicant and company, or any related company or person, has expended within the last three years in the municipality in which the proposed project is to be located and expects to expend in that municipality three years after the bond issue?

- D. Has the applicant made any arrangements for the financing of the project? Yes No

If so, please specify bank, underwriter, etc.

Ziegler

VI. PROJECT CONSTRUCTION INFORMATION

- A. What is the proposed commencement date of construction or acquisition of the project?

Commenced November 2013

- B. Outline the timetable for the project, indicating when project will be in full use.

January 2015

VII. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

- A. Job Listings. In accordance with Section 858-b(2) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entities") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the Project is located.
- B. First Consideration for Employment: In accordance with Section 858-b(2) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the Applicant will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the Project.
- C. Annual Sales Tax Filings: In accordance with Section 874(8) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the Applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the Applicant and all consultants or subcontractors retained by the Applicant.
- D. Annual Employment Reports: The Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the Applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.
- E. Absence of Conflicts of Interest: The Applicant has received from the Agency a list of the members, officers and employees of the Agency. No member, officer or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described: _____.
- F. Local Labor: The Applicant understands that the residents of Niagara County will be providing assistance to the project. The Applicant further understands that every project seeking NCIDA assistance must use best efforts to use Niagara County labor for the construction of new, expanded or renovated facilities. This requirement includes all project employees of the General Contractor, Subcontractor or sub to a Subcontractor, working on the project. Applicant agrees and understands the obligations herein, and agrees to transmit and convey in a timely fashion this requirement to all applicable contractors, subcontractors, suppliers and materialmen.

G. Hold Harmless. Applicant hereby releases Niagara County Industrial Development Agency and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. Applicant hereby understands and agrees, in accordance with Section 875(3) of the New York General Municipal Law, that any New York State and local sales and use tax exemption claimed by Applicant and approved by the Agency in connection with the Project may be subject to recapture by the Agency under such terms and conditions as will be set forth in the Agent Agreement to be entered into by and between the Agency and the Applicant. The Applicant further represents and warrants that the information contained in this Application, including without limitation information regarding the amount of New York State and local sales and use tax exemption benefits, is true, accurate and complete. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with the respect to the Project, then, in the event, upon presentation of an invoice regarding the same, the Applicant shall pay to the Agency, its age or assigns, all incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

Name of Applicant's Officer Responsible for Completing Application:

(Please Print)

WILLIAM J. HARRINGTON

Signature

William J. Harrington

Date of Application

OCTOBER 4, 2014

VIII. ENVIRONMENTAL ASSESSMENT

New York State law requires that an Environmental Assessment Form (EAF) must be completed and submitted along with this application. Attach the EAF which was submitted to the municipality.

CERTIFICATION

William J. Harrington

Name of chief executive of the company submitting application

Deposes and says that he/she is the CEO of Sterling Energy Group, Inc., the corporation named in the attached application; that he/she has read the foregoing application and knows the contents thereof; that the same is true to his/her knowledge. Deponent further says the reason this verification is made by the deponent and not by Sterling Energy Group, Inc., (company name) is because the said company is a corporation. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his/her own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his/her duties as an officer of and from the books and papers of said corporation.

As officer of said corporation (hereinafter referred to as the "applicant") deponent acknowledges and agrees that applicant shall be and is responsible for all costs incurred by the nonprofit Niagara County Industrial Development Agency (hereinafter referred to as the "Agency") acting on behalf of the attached application whether or not the application, the project it describes, the attendant negotiations and ultimately the necessary issue of bonds and/or completion of the lease/leaseback transaction are ever carried to successful conclusion. If, for any reason whatsoever, the applicant fails to act within a reasonable or specified period of time to take reasonable, proper, or requested actions or withdraws, abandons, cancels, or neglects the application or if the Agency or applicant are unable to identify buyers willing to purchase the total bond issue required or facilitate the lease/leaseback transaction, then upon presentation of invoice, applicant shall pay to the Agency, its agents, or assigns all actual costs involved in conduct of the application, up to that date and time, including but not necessarily limited to fees of bond counsel for the Agency and fees of general counsel for the Agency. Upon successful conclusion and sale of the required bond issue or completion of the lease/leaseback transaction, the applicant shall pay to the Agency an administrative fee set by the Agency. The cost incurred by the Agency and paid by the applicant, including bond counsel and the Agency's general counsel's fees and the administrative fee, may be considered as a cost of the project and included as part of the resultant bond issue or lease/leaseback transaction.

Applicant hereby releases Niagara County Industrial Development Agency and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. Applicant hereby understands and agrees, in accordance with Section 875(3) of the New York General Municipal Law, that any New York State and local sales and use tax exemption claimed by Applicant and approved by the Agency in connection with the Project may be subject to recapture by the Agency under such terms and conditions as will be set forth in the Agent Agreement to be entered into by and between the Agency and the applicant.

The Applicant further represents and warrants that the information contained in this Application, including without limitation information regarding the amount of New York State and local sales and use tax exemption benefits, is true, accurate and complete. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with the respect to the Project, then, in the event, upon presentation of an invoice regarding the same, the Applicant shall pay to the Agency, its agent or assigns, all incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

WILLIAM J. HALLINGTON
Print Name of Chief Executive

William J. Hallington
Signature

NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

PROJECTED EMPLOYMENT*

	Full-Time	Part-Time	Total	Total Payroll*
Total number of employees within Niagara County at the date of Application	27	+		2400000
Total number of employees to be directly IMPACTED by the project		+		
ADD: Number of new jobs to be created during the first year after completion:		+		
Total end of First Year:	27	+		2450000
ADD: Number of new jobs to be created during the second year after completion:		+		
Total end of Second Year:	27	+		2500000
ADD: Number of new jobs to be created during the third year after completion:		+		
Total end of Third Year:	27	+		2550000
Estimated Average annual salary of NEW jobs created:	_____			
Expected high salary of NEW jobs created:	_____			
Expected low salary of NEW jobs created:	_____			

List types of jobs (i.e. production, managerial, clinical, engineering, etc.) to be created.

*Applicant or principal user(s) as noted in Section III B of application (includes benefits)

WILLIAM J. HARRINGTON
Print Name

William Harrington
Signature

Oct 4, 2014
Date

617.20
Appendix B
Short Environmental Assessment Form

Instructions for Completing

Part 1 - Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

Part 1 - Project and Sponsor Information			
Sterling Energy Group, Inc and related entity to be created			
Name of Action or Project: Niagara Generation			
Project Location (describe, and attach a location map): 5300 Frontier Ave., Niagara Falls, NY 14304			
Brief Description of Proposed Action: Power Plant in Niagara Falls, NY has been retrofit and brought back on line generating ~30 MWh of power capacity with plans to go over 40 MWh. This has brought in 27 permanent jobs. Sterling Energy Group management has been staying in local hotels and local contractors have been used. Once retrofit of power plant and construction of fuel site complete, plant will provide over 40 MWh of power to the area creating 27 jobs generating annual payroll of approximately \$2 Million.			
Name of Applicant or Sponsor: Sterling Energy Group, Inc and related entity to be created		Telephone: 219-886-0661	
		E-Mail: jason.sharp@seginc.biz	
Address: 532 Connecticut St.			
City/PO: Gary		State: IN	Zip Code: 46402
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.			NO <input type="checkbox"/>
			YES <input checked="" type="checkbox"/>
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? If Yes, list agency(s) name and permit or approval:			NO <input type="checkbox"/>
			YES <input checked="" type="checkbox"/>
3.a. Total acreage of the site of the proposed action?		5 acres	
b. Total acreage to be physically disturbed?		0 acres	
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor?		5 acres	
4. Check all land uses that occur on, adjoining and near the proposed action.			
<input type="checkbox"/> Urban <input type="checkbox"/> Rural (non-agriculture) <input checked="" type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input type="checkbox"/> Residential (suburban) <input type="checkbox"/> Forest <input type="checkbox"/> Agriculture <input type="checkbox"/> Aquatic <input type="checkbox"/> Other (specify): _____ <input type="checkbox"/> Parkland			

18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)? If Yes, explain purpose and size: _____	NO	YES
_____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility? If Yes, describe: _____	NO	YES
_____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste? If Yes, describe: _____	NO	YES
_____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE		
Applicant/sponsor name: <u>William J. Harrington</u>	Date: <u>Nov 13, 2014</u>	
Signature: <u>William Harrington</u>		

Part 2 - Impact Assessment. The Lead Agency is responsible for the completion of Part 2. Answer all of the following questions in Part 2 using the information contained in Part 1 and other materials submitted by the project sponsor or otherwise available to the reviewer. When answering the questions the reviewer should be guided by the concept "Have my responses been reasonable considering the scale and context of the proposed action?"

	No, or small impact may occur	Moderate to large impact may occur
1. Will the proposed action create a material conflict with an adopted land use plan or zoning regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Will the proposed action result in a change in the use or intensity of use of land?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Will the proposed action impair the character or quality of the existing community?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Will the proposed action have an impact on the environmental characteristics that caused the establishment of a Critical Environmental Area (CEA)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Will the proposed action result in an adverse change in the existing level of traffic or affect existing infrastructure for mass transit, biking or walkway?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Will the proposed action cause an increase in the use of energy and it fails to incorporate reasonably available energy conservation or renewable energy opportunities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Will the proposed action impact existing:		
a. public / private water supplies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. public / private wastewater treatment utilities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Will the proposed action impair the character or quality of important historic, archaeological, architectural or aesthetic resources?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Will the proposed action result in an adverse change to natural resources (e.g., wetlands, waterbodies, groundwater, air quality, flora and fauna)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	No, or small impact may occur	Moderate to large impact may occur
10. Will the proposed action result in an increase in the potential for erosion, flooding or drainage problems?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Will the proposed action create a hazard to environmental resources or human health?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Part 3 - Determination of significance. The Lead Agency is responsible for the completion of Part 3. For every question in Part 2 that was answered "moderate to large impact may occur", or if there is a need to explain why a particular element of the proposed action may or will not result in a significant adverse environmental impact, please complete Part 3. Part 3 should, in sufficient detail, identify the impact, including any measures or design elements that have been included by the project sponsor to avoid or reduce impacts. Part 3 should also explain how the lead agency determined that the impact may or will not be significant. Each potential impact should be assessed considering its setting, probability of occurring, duration, irreversibility, geographic scope and magnitude. Also consider the potential for short-term, long-term and cumulative impacts.

Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action may result in one or more potentially large or significant adverse impacts and an environmental impact statement is required.

Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action will not result in any significant adverse environmental impacts.

_____ 11/13/14
Name of Lead Agency Date

S. LANGDON DPP
Print or Type Name of Responsible Officer in Lead Agency Title of Responsible Officer

Signature of Responsible Officer in Lead Agency Signature of Preparer (if different from Responsible Officer)

PRINT