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NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

PUBLIC HEARING FOR AES EASTERN ENERGY, L.P.,
and SOMERSET CAYUGA HOLDING CO., INC.

May 22, 2012
4:00 P.M.

Taken at: Somerset Town Hall
8700 Haight Road,
Barker, New York 14102

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PRESENT FOR NCIDA:

HENRY SLOMA, Chairman,
SUSAN LANGDON, Director of Project Development
As Hearing Officer.

REPORTED BY:

DAWN M. SITERS, Court Reporter.

PUBLIC ATTENDANCE NOTED ON ATTACHED SIGN-IN SHEET

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1 MS. LANGDON: Good

2 afternoon. My name is Susan Langdon, Director of
3 Project Development for the Niagara County
4 Industrial Development Agency. I'll be serving as
5 public hearing officer for this public hearing.

6 It's now 4:02 P.M.

7 The purpose of this hearing is to
8 solicit comments, both written and oral, on the
9 proposed PILOT modification for the AES Eastern
10 Energy, L.P. project in the Town of Somerset, New
11 York. For your review, I have a copy of the project
12 application, project summary and cost/benefit
13 analysis, and the public hearing notice on the table
14 up front here.

15 Please be advised that this is not
16 a debate, or a question-and-answer session. We are
17 here to record your comments, and present a
18 transcript of these proceedings to the Niagara
19 County Industrial Development Agency Board of
20 Directors for their consideration in their decision
21 relative to this project.

22 The project involves modification
23 of the Payment-In-Lieu-Of-Tax Agreement. The PILOT

1 payment with respect to the premises shall be in the
2 amounts set forth below.

3 School: 2012 - 2013, seven
4 million five hundred eighty four thousand dollars;
5 2013 - 2014, four million five hundred fifty
6 thousand four hundred and forty dollars;
7 2014 - 2015, three million thirty-three thousand six
8 hundred dollars.

9 County: 2013, two million five
10 hundred twenty-two thousand six hundred eighty-eight
11 dollars; 2014, one million six hundred sixty-four
12 thousand five hundred forty-four dollars; 2015, one
13 million six hundred twelve thousand eight hundred
14 dollars.

15 And the town: 2013, seven hundred
16 forty-one thousand three hundred twelve dollars;
17 2014, four hundred eighty-nine thousand fifty-six
18 dollars; 2015, four hundred seventy-three thousand
19 six hundred dollars.

20 The distribution percentages
21 remain unchanged. For school, fifty-nine point two
22 five percent; the county, thirty-one point five
23 percent; the town, nine point two five percent.

1 Notice of Public Hearing: Notice
2 is hereby given that a public hearing pursuant to
3 Article 18-A of the New York General Municipal Law
4 will be held by the Niagara County Industrial
5 Development Agency (the "Agency") on the 22nd day of
6 May, 2012 at 4:00 P.M. local time, at the Somerset
7 Town Hall, 8700 Haight Road, Barker, New York 14012
8 in connection with the follow matter.

9 AES Eastern Energy, L.P. and
10 Somerset Cayuga Holding Company, Inc., for itself,
11 or on behalf of an entity formed, or to be formed
12 (collectively, the "Company"), have requested the
13 Agency's assistance with (i) the approval of
14 transfer of AES's interest in and to the existing
15 facility located at 7725 Lake Road in the Town of
16 Somerset, Niagara County, New York (the "Facility")
17 to Somerset Cayuga Holding Company, Inc., or its
18 designee; (ii) the amendment of the PILOT Agreement
19 to reflect a reduction of the PILOT payments; (iii)
20 the modification of the existing Security Payment
21 Schedule; (iv) the amendment and reinstatement of
22 the Lease Agreement and Leaseback Agreement to
23 reflect the current state of title to the Land and

1 the Improvements after the application of the order
2 of the Bankruptcy Court; (v) a mortgage recording
3 tax exemption for the secured financing to be
4 obtained by the Company following the transfer of
5 title to the Company, including the assignment of
6 AES's position under the newly-amended Lease
7 Agreement and Leaseback Agreement. The Agency has
8 previously provided financial assistance (the
9 "Financial Assistance") to the Company for
10 qualifying portions of the Project, consisting of
11 partial real property tax abatement in the form of a
12 certain Payment-In-Lieu-Of-Tax Agreement (the
13 "Existing PILOT.")

14 Pursuant to the Company's request
15 to modify the terms of the existing PILOT, the
16 Agency will consider acquiring, or retaining title
17 to, or a leasehold interest in, the Facility, and
18 lease the Facility back to the Company. The Company
19 will operate the Facility during the term of the
20 lease. At the end of the lease term, the Company
21 will purchase the Facility from the Agency, or if
22 the Agency holds a leasehold interest, the leasehold
23 interest will be terminated. The Agency

1 contemplates that it will provide financial
2 assistance (the "Financial Assistance") to the
3 Company for qualifying portions of the Project,
4 consisting of a modification of the Existing PILOT
5 between the Agency and the Company.

6 A representative of the Agency
7 will be at the above-stated time and place to
8 present a copy of the Company's amended application,
9 and hear and accept written and oral comments from
10 all persons with views in favor of, or opposed to,
11 or otherwise relevant to the proposed changed to the
12 Existing PILOT.

13 This public hearing is being
14 conducted in accordance with Subdivision of 2 of
15 Section 859-a of the New York General Municipal Law.
16 Dated: April 18, 2012. Niagara County Industrial
17 Development Agency; by Samuel M. Ferraro, Executive
18 Director.

19 I will now open the hearing for
20 public comments. Please remember to give your name,
21 address, and organization you represent. Direct all
22 comments to the Chair. Your comments should be made
23 on this project only.

1 I'll open up the hearing. Would
2 anyone like to speak? Sir?

3 JOHN HARRIS: I have a
4 question. Why didn't this group of bondholders go
5 out to the investing community and raise the money
6 on their own, like every other company that goes
7 through bankruptcy and has to reform as a brand-new
8 company goes out and raises money, either via an
9 equity holding, bond holding, common stock holding?
10 Why did they come down here and ask the residents;
11 me, and everybody else, my neighbors, to help them
12 pull this company out of their financial difficulty?
13 They have the ability to go to the market and raise
14 money themselves. I don't think they even tried.

15 MS. LANGDON: What's your
16 name?

17 JOHN HARRIS: These twenty
18 institutional investors that own the bonds, or the
19 rights to this company property over here, have the
20 ability to go into the equity market and raise more
21 money on their own. They will pay whatever existing
22 rate has to be paid. I don't know whether it would
23 be three percent, six percent, nine percent, twelve

1 percent on high-yield bonds. But they would be able
2 to raise that money and keep this thing going over
3 here.

4 Why do you come to us and expect
5 us to help them out, when they didn't even take the
6 option that most people take, or that most companies
7 take when they run into bankruptcy?

8 An airline company goes into
9 bankruptcy; boom, within a week of it being filed
10 it's up and running, it's still flying. If
11 they're -- they've either had an equity offering, or
12 a bond offering, raised more money, and kept flying.
13 Plenty of companies do this.

14 General Motors did it. They went
15 bankrupt. What'd they do? They floated another
16 stock issue.

17 Does this company think about
18 that? These are institutional investors. They have
19 the ability to raise this money.

20 MS. LANGDON: Could you give
21 us your name and address for the record?

22 JOHN HARRIS: John Harris,
23 9203 Somerset Drive, Barker, New York.

1 MS. LANGDON: Thank you.

2 Anybody else wish to speak? Richard?

3 RICHARD MEYERS: Richard

4 Meyers, 8408 Lake Road, Barker.

5 You all have -- at least all that
6 are involved here, have received my e-mails
7 concerning the property to the west of AES. It's my
8 suggestion that the property formerly known as AES
9 West be segregated from this PILOT, so it can -- so
10 an agreement can be reached to get that property
11 shovel-ready, get it marketed, get another business
12 in here, so we're not just sitting here, you know,
13 trying only to help our one major business in town.
14 We would like to have other businesses to kind of
15 cushion the blow, so when AES goes through their up
16 and down times, we don't have to go up and down with
17 them.

18 I think this is something -- I'd
19 put two hundred thousand dollars in the town budget,
20 just so that when this discussion came up we would
21 be able to at least have partial funding to get that
22 property shovel-ready, as long as the agreement was
23 made, the negotiations were done. And it doesn't

1 seem like that has happened. Maybe I'm missing
2 something in this agreement. But from what I can
3 tell from the literature handed out, there's been no
4 talk of using that property to market, to bring in
5 new business to help soften this blow.

6 MS. LANGDON: Thank you.
7 Anyone else? Mr. Harris?

8 JOHN HARRIS: Is there
9 anybody in this room that represents these twenty
10 institutional investors right now? Anybody?
11 Nobody? Apparently -- maybe -- they're not
12 interested? They're only interested in our money?
13 They're not interested in coming here?

14 I don't think they have any
15 interest in you or me, or anybody else in this room.
16 Their only interest is keeping as much skin as they
17 can in the game, and money on top of that skin, and
18 not losing any money. That's their interest. They
19 could care less about any residents in Somerset or
20 Barker. They do not care. If they cared, they'd be
21 here.

22 MS. LANGDON: We get your
23 point, Mr. Harris. Thank you.

1 Anyone else wish to speak?

2 ROY PLUMMER: Roy Plummer,
3 9521 Somerset Drive, Barker.

4 I've been a resident here for
5 quite a while. In fact, I was on one of the first
6 committees that met down at the power plant to talk
7 about their problems; and this is like in '74, '76.
8 And their conversation, again, was reduce the
9 taxes -- taxation on it. And I think I agree with
10 Mr. Harris completely, that's direct money to them.
11 Save a dollar there, we pay for it as the residents
12 of Niagara County, and also in the Town of Somerset,
13 we pay it through school taxes. We pay it every
14 time we turn around. We pay it through our Town of
15 Somerset taxes.

16 I think the only person is -- our
17 representative from the school, in the last
18 go-around, sent a letter to all the residents on the
19 possibility of how it could affect our school taxes.
20 People could relate to that. And we know how it
21 related, because we could see our tax budget, see
22 the things that had to be taken down and everything,
23 just to balance our budgets. And some cost-saving

1 measures; I don't think they're bad, don't
2 misinterpret what I'm saying. But I think it's time
3 we had a bit of realization.

4 I think back when we were voting
5 on this through a Lockport firm that owned it first
6 and everything. I can think of the residents and
7 their concerns for -- what was it?

8 SHIRLEY PLUMMER: NYSEG?

9 ROY PLUMMER: -- NYSEG, yes.

10 And we had one resident over here on Hosmer that was
11 concerned about the high line running across her
12 farm, and how that was going to affect her animals,
13 and her own family right there. So Fred Doolittle;
14 those of you from the town here, remember Fred
15 coming out and settling it, the NYSEG plant, and
16 everything. He did a marvelous job, and was very
17 helpful.

18 I had to pick kids up on Lake
19 Road. And so we ended up having to expand our
20 budget to have roadside/curbside pickup, because the
21 workers were coming so fast, and coming down and
22 would hit -- we were afraid they would hit our
23 students. And we had students coming in from other

1 states, where their fathers, they went from power
2 plant to power plant to work on them.

3 If you're worried about power
4 plants being taken down, I haven't seen many going
5 along the road where they're taking parts out from
6 it and shipping them to other countries, or anything
7 like that. That's a facade that's being put out.
8 That's a scare tactic and everything.

9 And the same way with that last
10 one that I was involved in, in reducing the taxation
11 on it, when the consensus was let's have a neutral
12 firm come in and assess this, so it can't be a
13 person here that says he's in favor of Joe or
14 Buster, or anything else. This is a legitimate firm
15 that can tell us what it's worth, not people
16 stroking their beards and trying to make money or
17 save money.

18 And I think we need to be
19 proactive and analyze, as Mr. Harris said, on how
20 they're trying to raise this money. Is it
21 dollar-for-dollar? Hey, do you want them to use
22 your dollars; or do you want them to go to a
23 legitimate way of getting those dollars?

1 Anyway, I like the idea. They're
2 talking about the future over here, and trying to
3 make it a more viable piece of property, because
4 we're thinking now. But the main reason I mention
5 these things is we're suffering from a long history
6 of trying to reduce the tax load down here; right
7 from the beginning, within four years or so from
8 when it was built. So it's always going to be that
9 way. I think that's part of the way and the facade
10 of the power industry.

11 But anyway, I think it needs a lot
12 of study, and a lot of -- I know -- in regards to
13 one more last thing. I read the Nine Mile Point.
14 It's an atomic plant and everything. And it was
15 forecast back then we'd have a lot of kids here, a
16 lot of families coming here. No; that never
17 happened. It's just like the Nine Mile Point said,
18 the fact that it was -- people would come here, just
19 a few, but they would travel to where the services
20 were for their kids. And that's what happened.
21 That's the way it was.

22 We need to do some of that
23 investigation, I think, and not shoot from the hip,

1 or stroke our beards, but really get down to it, and
2 not for the immediate answer to take care of this,
3 but for the long-term. Because this is the
4 lifestyle of a power plant, I think. Thank you.

5 MS. LANGDON: Thank you.

6 JOHN HARRIS: Could I ask
7 one more question?

8 MS. LANGDON: Mr. Harris?

9 JOHN HARRIS: Has anybody in
10 this room ever been a common stockholder of the AES
11 Corporation? If you have, would you raise your
12 hand. Or ever been a bondholder of any AES -- of
13 AES's bonds? Nobody?

14 Well, I'll raise my hand. I have
15 been a stockholder in AES, and I have been a
16 bondholder in AES. I'm no longer a stockholder of
17 AES. I'm no longer a bondholder of AES. Because
18 AES is a company that comes in and buys a power
19 plant for a third to a half of what it's worth; they
20 run it; they squeeze it; and they dump it.

21 And if you don't believe me, just
22 take a look at their business description, or go to
23 any analyst that follows AES, and look at what

1 they've done in the last twenty years, not only in
2 the United States, but in every other damn
3 company -- country where they operate. They buy it
4 for half of the market price, or a third of the
5 market price; they run it; they squeeze it; in other
6 words, they squeeze everybody in here; and then they
7 dump it.

8 MS. LANGDON: Okay. Mr.
9 Harris, we get your point. Thank you.

10 JOHN HARRIS: Well, I hope
11 you do. Because unless you've got skin in the game
12 or something, it doesn't make any difference, it's
13 neither here nor there. But all the residents of
14 this town have skin in the game.

15 We have a plant over here, that
16 when I'm looking over here on my way today, I see
17 nothing coming out of the stack. Boy, they're off
18 to a real good start. That's a good way to make
19 money; don't run the plant, just let it sit idle.
20 How long are you going to let it sit idle? Until we
21 pay them seventy million dollars, and they run
22 through that in payroll, and then they're done; and
23 then what.

1 MS. LANGDON: Okay. Thanks
2 again for your comments.

3 JOHN HARRIS: You're
4 welcome.

5 MS. LANGDON: Anyone else?
6 Sir?

7 JAMES HOFFMAN: I've prepared
8 a statement, around which I intend to ad lib.

9 I'm Jim Hoffman, Town of Somerset,
10 8737 Lake Road; experienced taxpayer in the Town of
11 Somerset.

12 A viable plant, AES plant, or by
13 some other name, is of benefit to all of us.
14 Unfortunately, that's not the case. Under the
15 circumstances -- and there have been other points
16 made, but I'm dealing with the circumstances that
17 we face right now, which is the potential
18 implementation of the revised PILOT. Under the
19 circumstances, it's difficult not to support what's
20 happening, because the options that I see are
21 poorer; walking away from the plant and getting
22 nothing. Succumbing to a revision of the current
23 PILOT heads a short list of poor options we all

1 face. Unfortunately, until the political climate
2 that surrounds environmental and energy policies
3 changes at the state and federal level, I think that
4 the prognosis for coal-fired power plants is pretty
5 poor. Good luck to the bondholders that have
6 elected to invest.

7 I think as far as the PILOT itself
8 is concerned, your analysis paints a much rosier
9 picture of the economic impact locally than I see.
10 Mostly because it doesn't take into account my
11 reduced purchasing power, because I think I'm going
12 to get a heavy hit on the taxes; or the reduced
13 services that are offered at the town, county and
14 school levels. So I don't think that I've seen a
15 good identification and a good discussion of what's
16 going to happen when this PILOT is implemented. And
17 I haven't seen any official numbers, although
18 they've been scattered through the press quite a
19 bit. And what I see is in '13 and '14 as much as a
20 twenty-five percent reduction in available monies to
21 cover school and town budgets. How is that going to
22 be -- how is that going to be covered? I haven't
23 heard a lot of good discussion about that.

1 And by the way, I have talked to
2 Senator Maziarz, and I have talked to Mr. Hawley,
3 and I've explained our plight. And I've even
4 invited them to this public hearing; them or their
5 representatives. I'm not sure if anybody showed up.
6 I know that Hawley and Maziarz haven't, but maybe
7 somebody else has.

8 There are some actions I think we
9 all can take to alleviate this situation. New York
10 State is a very business-unfriendly state. And part
11 of the plight that AES is in is because of that.
12 For instance, I was just in Pennsylvania this
13 weekend, Williamsport; gasoline, half a dollar
14 cheaper a gallon. Machinery and pipes and trucks
15 running all over the place, because they are
16 allowing fracking. What is New York State doing?
17 New York studied it for four years; still hasn't
18 done a thing.

19 But anyway, we can do some things.
20 Call on our state legislature to evaluate and
21 eliminate unfunded mandates. Cases in point might
22 be the Tri-Borough Amendment, and some of the
23 Medicaid things. New York spends more than Texas

1 and California combined in Medicaid outlay. How'd
2 that all happen?

3 Get New York State out of the
4 Regional Greenhouse Gas Initiative; pull out of
5 RGGI. It's a consortium of organizations in the
6 northeast states that are really dedicated to
7 driving coal-fired power plants, and even gas-fired
8 operations, out of existence in the name of clean
9 air, and all that kind of thing. I'm sure there are
10 compromises.

11 And then, again, talking to
12 Senator Maziarz -- and you should talk to them,
13 particularly George. He will call you, and he will
14 tell it like it is. Support New York State Senate
15 Bill 7391, being introduced by Maziarz at this very
16 moment. He's looking for an Assembly sponsor. This
17 bill places severe restrictions on construction of
18 the New York City Extension Cord. I don't know if
19 you know what that is; but it's an idea and a
20 proposal to pull Canadian hydropower out of Quebec,
21 underground power line right to New York City, and
22 serve New York City out of Canada, and let Western
23 New York and the power plants here, and the jobs and

1 the people go down the sewer. And Maziarz is
2 putting some roadblocks in the way of that
3 particular idea.

4 These are some of the things we
5 can do. You know, you really get the government you
6 deserve. And if you're not active, and if you don't
7 contact your representatives, and even people that
8 don't represent you, but represent some other
9 faction -- I think we have to put pressure on our
10 local, state, school and federal level, and get some
11 of these things straightened out.

12 Thank you for your time.

13 MS. LANGDON: Thank you.

14 Any other speakers? Sir?

15 MORGAN JONES: Just like to
16 say a few words. Morgan Jones, town attorney for
17 the Town of Somerset.

18 The reason we're at this point at
19 this time is there have been a number of meetings
20 that we've had in a rather hurried fashion in the
21 last month and a half here. But as you all know,
22 AES filed bankruptcy at the beginning of the year.
23 And the facts behind that are that the price of coal

1 is going up, and the price of gas is really going
2 down because there's been so much produced in the
3 Marcellus, and therefore, the electricity -- the
4 price of electricity has gone down. So for various
5 months last year the plant had to shut down, because
6 the cost of producing electricity was more than what
7 they could sell it for. That's been the case this
8 year, as well.

9 In the Bankruptcy Court there was
10 a plan generated for the so-called bondholders to
11 buy out the facility and try and finance it to keep
12 it going. In the State of New York I think there
13 are four coal-fired plants that were involved, two
14 of which are shut down, and will be permanently shut
15 down. I don't know where Cayuga is going to end up.
16 But at least Somerset is viewed as the most likely
17 of the coal-fired plants in the state and the county
18 to stay and succeed if it's possible.

19 Out of the twenty bondholders or
20 so that were in originally, most of them have
21 refused to put any more money in. But there are six
22 or eight that are funding about a seventy million
23 dollar investment if they conclude it -- if they can

1 conclude it within the next month or two. And if
2 they can get; A, an acceptable PILOT, and B, an
3 acceptable renegotiation of the labor contract.

4 I can't speak on the labor
5 contract. But I know the representatives from the
6 town, the county and the school have had numerous
7 meetings. And in view of those facts, they've all
8 endorsed the -- by resolution, they've endorsed the
9 PILOT that's before you.

10 The alternative is to not support
11 the PILOT, and probably cause the shutdown of the
12 plant permanently, which will generate absolutely no
13 tax money.

14 Given those two alternatives, we
15 have no time left to negotiate anything at this
16 point that concerns the PILOT. And given those two
17 alternatives, town officials, county officials, and
18 the school board have opted to support the PILOT, in
19 hopes that we can entice AES Somerset to stay in
20 business, and hopefully become profitable at some
21 point in the future.

22 You've talked about, you know,
23 bondholders going out into the market to generate

1 money by borrowing or whatever. Well, to do so they
2 have to convince sophisticated lenders that they're
3 capable of making a profit at this plant. And when
4 you show that the coal prices have gone up like
5 this -- and you know, I could show you some of the
6 numbers and the statistics that support this -- when
7 you see coal prices going up like that, gas prices
8 going like this, and the price of electricity going
9 like this, there's no profit margin in there with
10 the current PILOT payments and the current labor
11 costs. If those can be reduced, we have a chance of
12 having a stream of money coming, not only from AES,
13 the investors, but their employees, and the
14 taxpayers.

15 And if this PILOT doesn't go
16 through, and that doesn't happen, there will be no
17 tax dollars.

18 And the other way to look at it
19 is, we all pay taxes based on the value of our
20 property. If, in fact, the value of this coal-fired
21 power plant is dropped down to next to nothing, they
22 don't owe any taxes. I mean, it's not like they're
23 taking money away from us, it's just that we must be

1 very disappointed that we're not going to be able to
2 get money because of the fact that the plant isn't
3 making money. So we really need to support the
4 plant being profitable, to keep it in operation and
5 take whatever tax dollars we can, based on a
6 reasonable assessed valuation for that plant.

7 That's all I want to say.

8 MS. LANGDON: Thank you.

9 Anyone else?

10 RICHARD MEYERS: Well, it's
11 just that I think Morgan did a good summary of
12 what's going on here -- Richard Meyers -- a good
13 summary. But to keep the PILOT so incapsulated that
14 you don't look for alternatives, you know, let's
15 just hope and pray that they come back, and the
16 plant's all healthy and we're -- everything is good
17 again; there's got to be an alternative. And it
18 looks like nobody looked it at.

19 MS. LANGDON: Sir?

20 DALE HOWARD: Dale Howard,
21 8663 Huntington Beach in Barker.

22 As a novice in this, and maybe
23 this is oversimplifying it, but we have a plant

1 which is teetering. We don't know the future. The
2 IDA should be looking at another use. There should
3 be another use in the works in the event that this
4 fails.

5 I mean, this is waterfront
6 property. And I realize there's a plant there, but
7 if you look around the Great Lakes, there's a lot of
8 vacant plants. So maybe you want to start looking
9 at not putting all our eggs in one basket, by having
10 a plan just in case this one fails.

11 That's it.

12 MS. LANGDON: Thank you.

13 Anyone else? Sir?

14 FLOYD KOERNER: Floyd Koerner
15 from 9159 Lake Road. Floyd Koerner, K-O-E-R-N-E-R.

16 I just have a question. What was
17 the purchase price of the plant through bankruptcy?

18 MS. LANGDON: I don't know.

19 FLOYD KOERNER: Somebody
20 bought it.

21 UNIDENTIFIED SPEAKER: Something
22 like two sixty-seven.

23 FLOYD KOERNER: Two hundred

1 and sixty-seven million dollars?

2 UNIDENTIFIED SPEAKER: For the
3 two plants.

4 FLOYD KOERNER: For the two
5 plants.

6 UNIDENTIFIED SPEAKER: Cayuga
7 and --

8 FLOYD KOERNER: We had a
9 meeting here a couple of weeks ago when I suggested,
10 you know, maybe the town, the county, could get
11 bonds themselves to own the plant, so we don't have
12 to go through this on a -- it seems like an annual
13 basis, for the town and school to get the PILOTs
14 readjusted.

15 The Regional Greenhouse Gases;
16 it's almost like reduce the PILOT so they can afford
17 the Regional Greenhouse Gases. So it's kind of a
18 trade-off, I guess we'll be sending money to New
19 York City.

20 Other than that, that's all I have
21 to say.

22 MS. LANGDON: Thank you.

23 Any other comments?

1 There being no other comments;
2 it's 4:30, I'll close the hearing. Thank you,
3 everybody, for coming. Thank you for your comments.
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NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Article 18-A of the New York General Municipal Law will be held by the Niagara County Industrial Development Agency (the "Agency") on the 22nd day of May, 2012, at 4:00 p.m., local time, at the Somerset Town Hall, 8700 Haight Road, Barker, New York 14012, in connection with the following matter:

AES EASTERN ENERGY, L.P. and SOMERSET CAYUGA HOLDING CO., INC., for itself or on behalf of an entity formed or to be formed (collectively, the "Company"), have requested the Agency's assistance with (i) the approval of transfer of AES' interest in and to the existing facility located at 7725 Lake Road in the Town of Somerset, Niagara County, New York (the "Facility") to Somerset Cayuga Holding Co., Inc. or its designee, (ii) the amendment of the PILOT Agreement to reflect a reduction of the PILOT payments, (iii) the modification of the existing Security Payment Schedule, (iv) the amendment and restatement of the Lease Agreement and Leaseback Agreement to reflect the current state of title to the Land and the Improvements after the application of the order of the Bankruptcy Court, and (v) a mortgage tax exemption for the secured financing to be obtained by the Company following the transfer of title to the Company including the assignment of AES' position under the newly amended Lease Agreement and Leaseback Agreement. The Agency has previously provided financial assistance (the "Financial Assistance") to the Company for qualifying portions of the Project, consisting of partial real property tax abatement in the form of a certain payment-in-lieu-of-tax agreement (the "Existing PILOT").

Pursuant to the Company's request to modify the terms of the existing PILOT, the Agency will consider acquiring or retaining title to, or a leasehold interest in, the Facility and lease the Facility back to the Company. The Company will operate the Facility during the term of the lease. At the end of the lease term, the Company will purchase the Facility from the Agency, or if the Agency holds a leasehold interest, the leasehold interest will be terminated. The Agency contemplates that it will provide financial assistance (the "Financial Assistance") to the Company for qualifying portions of the Project, consisting of a modification of the Existing PILOT between the Agency and the Company.

A representative of the Agency will be at the above-stated time and place to present a copy of the Company's amended application and hear and accept written and oral comments from all persons with views in favor of or opposed to or otherwise relevant to the proposed changes to the Existing PILOT.

This public hearing is being conducted in accordance with Subdivision 2 of Section 859-a of the New York General Municipal Law.

DATED: April 18, 2012

**NIAGARA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____


Samuel M. Ferraro
Executive Director

PUBLIC HEARING SIGN IN SHEET

AES Eastern Energy, LP & Somerset Cayuga Holding Co. Inc's Designee

May 22, 2012 - 4:00 p.m.

Somerset Town Hall, 8700 Haight Road, Barker, NY 14012

Name	Address	Affiliation	Do you Wish to Speak?
W. DeRass	Niagara County Courthouse Lockport, NY 14094	County legs	No
GARY A CT	7155 WEST SOMERSET APPLETON NY 14008	TOWN BOARD	NO
JOHN B. HARRIS	14025 9203 SOMERSET DR. BKR N.Y.	RESIDENT	SHURE
John Syracuse	6091 Gordon Rd Newtowne, N.Y. 14108 8603 Huntington Beach Rd. Barker, N.Y. 14012	Resident/ NC legislator	No
DALE M. HOWARD	Barker, N.Y. 14012	Resident	No
JAMES C GUFFMAN	8737 Lake Rd Barker, NY 14012	RESIDENT.	YES
Jack White	8772 Haight Rd Barker NY 14012	Resident, PM AES Somerset	NO
Richard Meyers	8408 Lake Rd Barker, NY 14012	Resident	
Earl Wells	551 Franklin St Barker NY 14012		NO

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Name	Address	Affiliation	Do you Wish to Speak?
Morgan Jones	76 West Avenue Lockport NY 14094	Town attorney	NO
ANU ENBERT	1167 BARKER RD. BARKER NY	TOWN SUPERVISOR	NO/POSSIBLY
EMILY BETH SMITH	8703 Intervenor Barker NY	Resident	NO
Floyd Koerner	9159 Lake Rd Barber		NO
Roger Klara	9288 Coleman Rd Barker CSD	Resident School Superintendent	NO
Shirley Plummer	9521 Somerset Dr Barker	resident	Possibly
Roy J. Plummer	9521 Somerset Dr. Barker	Resident	?
Allison Brady	1620 Quaker Rd.	School Business Admin.	No

RE: Statement at NCIDA Public Hearing on 5/22/12 regarding revised PILOT for AES Eastern Energy

A viable profitable AES Power Plant is in the best interests if all of us. Unfortunately this is not the case, so it is difficult not to support the proposed PILOT revisions at this time, assuming that claw back provisions are being retained as I have been assured that they are. Succumbing to a revision of the current PILOT heads a short list of poor options we all face. Unfortunately until the political climate that surrounds energy and environmental policies changes at the State and Federal level, the future for coal burning power plants is not bright.

The economic analysis accompanying the revised PILOT application presents far too rosy a picture of the financial impact on our community as it does not factor in to account court ordered wage reductions, the reduced purchasing power of the public as the result of the significantly increased taxes that are sure to come, nor the impact of the lost revenue on the municipalities and the Barker School District. The specific impact in dollars and cents has never been relayed to the public by our appointed and elected officials. Reduced services and increased taxation surely will follow. What are the extent of these? Some impacts will be draconian as they appear to cut anticipated revenues by over 20% of current budgets

There are actions that can be taken to alleviate some of the impacts we face in Business unfriendly New York State. A few are listed below.

- Call on our State Legislators evaluate and eliminate unfunded mandates as promised. Cases in point; The Tri -borough Amendment, Medicaid issues imposed on counties.
- Get New York State out of The Regional Greenhouse Gas Initiative, a consortium of Northeastern States that is intent on driving coal fired power plants out of business.
- Support New York State Senate Bill 7391 Being introduced By George Marzipan. This Bill places severe limitations on construction of the "New York City Extension Cord". This is a proposed underground electrical transmission line that will import Canadian hydro power to New York City. This line will tunnel under Lake Champlain and the Hudson River on its way to The City. All this while viable power plants in the western part of the state are being driven out of business and the State power grid disintegrates

James C. Hoffman
Resident Town of Somerset
5/22/12