

Resolution of the New York City Industrial Development Agency Amending a Resolution Adopted on March 12, 2024 and entitled “Resolution inducing the financing of an industrial facility for Equinor Wind US LLC as a Straight-Lease Transaction, and authorizing and approving the execution and delivery of agreements in connection therewith”

WHEREAS, New York City Industrial Development Agency (the “Agency”) is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “Act”), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, on March 12, 2024, the Agency adopted a resolution entitled “Resolution inducing the financing of an industrial facility for Equinor Wind US LLC as a Straight-Lease Transaction, and authorizing and approving the execution and delivery of agreements in connection therewith” (the “Original Resolution”); and

WHEREAS, pursuant to the Original Resolution, the Agency authorized two industrial projects, one for SBMT Asset LLC, a Delaware limited liability company (“SBMT Asset”), such industrial project being referred to as the “SBMT Asset Project”, and one for Empire Offshore Wind LLC, also a Delaware limited liability company (“EOW”), such second industrial project being referred to as the “EOW Project”, both such industrial projects being in support of a future wind turbine facility which shall generate offshore wind power to connect to the power grid of The City of New York (the “City”); and

WHEREAS, it is provided in Article IV(A)(1)(c) of the Agency’s Uniform Tax Exemption Policy (the “UTEP”) that, other than for developer projects, the transfer by the Recipient (as defined in the UTEP) or its affiliates of “a controlling interest in the Project facility to unrelated persons or entities prior to completion of the Project improvements” will constitute a “Recapture Event” (as defined in the UTEP); and

WHEREAS, it is further provided in Article V of the UTEP that the Agency may deviate from the UTEP (a “Deviation”) with the approval of the Board of Directors of the Agency if the staff of the New York City Economic Development Corporation (“NYCEDC”) shall present to the Board of Directors of the Agency, in writing, the following information and conclusions for its consideration: (a) the content of the Deviation, (b) the reason why the Deviation is needed, and (c) the disadvantage to the City if the Deviation is not approved and the proposed project does not proceed; and

WHEREAS, each of SBMT Asset and EOW have advised the Agency that it is critical to their business model and goal that each be able to transfer their respective project, either through a transfer of title to the respective project, or a transfer of ownership in the membership interests in SBMT Asset and in EOW, or otherwise (a “Transfer”), prior to the completion of the respective project, and have requested that the Board of Directors authorize a

Deviation from the UTEP such that no such transfer shall constitute a “Recapture Event” under the UTEP or the related project documents; and

WHEREAS, the staff of NYCEDC has provided a memorandum to the Board of Directors of the Agency attached hereto as Exhibit A (the “Staff Memorandum”) setting forth the basis for the Board of Directors to approve a Deviation from the UTEP with respect to each of the SBMT Asset Project and the EOW Project to permit a Transfer as a Deviation from the UTEP so as not to constitute a Recapture Event; and

WHEREAS, the Board of Directors of the Agency desires to amend the Original Resolution and approve a Deviation from the UTEP with respect to a Transfer of the SBMT Asset Project and the EOW Project;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY HEREBY RESOLVES AS FOLLOWS:

Section 1. Except as hereby expressly amended, the Original Resolution is in all respects ratified and confirmed, and all the terms, provisions and conditions thereof shall be and remain in full force and effect, and this Resolution and all of its terms, provisions and conditions shall be deemed to be a part of the Original Resolution.

Section 2. Based upon the Staff Memorandum, the Board of Directors of the Agency hereby approves a Deviation from the UTEP with respect to a Transfer of the SBMT Asset Project and the EOW Project such that a Transfer shall not constitute a Recapture Event under the related project documents.

Section 3. This Resolution shall take effect immediately upon its adoption.

ADOPTED: January 28, 2025

EXHIBIT A

MEMORANDUM

To: Maria Torres-Springer, First Deputy Mayor

From: Andrew Kimball, Chairman
New York City Industrial Development Agency

Subject: **Deviation from Uniform Tax Exemption Policy for SBMT Asset LLC and Empire Offshore Wind LLC Projects**

Date: January __, 2025

Purpose

At its March 12, 2024 meeting, the Board of Directors of the New York City Industrial Development Agency (the “Agency”) voted to approve an inducement and authorizing resolution to provide financial assistance to SBMT Asset LLC (“SBMT Asset”) and Empire Offshore Wind LLC (“Empire”; together with SBMT Asset, the “Applicants”), wholly owned indirect subsidiaries of Equinor, in connection with the project described below. The purpose of this memorandum is to notify you of a proposed deviation from the Agency’s Uniform Tax Exemption Policy (“UTEP”) that will be presented to the Board of Directors at the January 28, 2025 meeting in connection with the Applicant’s project.

Company Background

Equinor is a multinational energy company developing oil, gas, wind and solar energy and is headquartered in Stavanger, Norway, with a majority ownership stake held by the Norwegian government. Today it has substantial international activities beyond the European continent, operating in over 30 countries with over 21,000 employees. Equinor is a leader in the development of offshore wind, with over 1 gigawatt in operations. Equinor’s future, 810-Megawatt (MW) Empire Wind I OSW (“Empire Wind I”) development, which will connect into South Brooklyn Marine Terminal, will be Equinor’s first offshore wind farm outside of Europe. Equinor has an extensive pipeline of projects in development, with plans to achieve over 12 gigawatts of wind energy internationally by 2030.

The Projects

The Applicants seek financial assistance in connection with two interrelated projects to be comprised of improvements at South Brooklyn Marine Terminal (the “SBM Terminal”) and the acquisition and installation of electrical cables (the “Cables”) that will connect offshore wind (“OSW”) power from the future, 810-Megawatt (MW) Empire Wind I OSW (“Empire Wind I”) development to the New York City (the “City” or “NYC”) power grid. The SBM Terminal is a

City-owned site located on an approximately 66.2 acre parcel of land in Sunset Park, Brooklyn, comprising all or a portion of Tax Block 662, lots 1, 130, 136, 137 and 155 on the Tax Map for the Borough of Brooklyn. The SBM Terminal is leased by the City to New York City Economic Development Corporation (“EDC”) and is subleased by EDC to SSBMT, L.P. (“SSBMT”), a Delaware limited partnership. SSBMT is subleasing the SBM Terminal to SBMT Asset, a lesser portion of which is sub-subleased to Empire. The aggregate total cost of the Projects is \$1,803,072,111, of which the SBMT Project is approximately \$1,154,124,191, and the EOW Project is approximately \$648,947,920. The financial assistance proposed to be conferred by the Agency will consist of payment in lieu of taxes for the Cables comprising the EOW Project, not to exceed \$45,000,000 Net Present Value, and an exemption from City and State sales and use taxes for each Project, not to exceed \$15,000,000 in the aggregate.

Deviations from the Agency’s UTEP, Generally

The Agency’s UTEP sets forth general guidelines for the provision of financial assistance to qualifying projects and procedures for deviation therefrom, all as required by Article 18-A of the General Municipal Law of the State of New York (“GML”). Pursuant to Section 874(4) (b) of the GML, written notice of the proposed deviation from the Agency’s UTEP must be provided to the chief executive officer of the affected tax jurisdiction, describing the details of and reasons for such a deviation.

Deviation for the SBMT Asset LLC & Empire Offshore Wind LLC Project

In accordance with the GML, the Agency has adopted the UTEP. The UTEP provides that it is a Recapture Event if there is a transfer by the Recipient or its affiliates of a controlling interest in the Project facility to unrelated persons or entities prior to completion of the Project improvements. A deviation from UTEP is necessary because Equinor has informed the Agency that it may seek to transfer a controlling interest in SBMT Asset and/or Empire prior to the completion of the Project improvements.

Justifications for Deviation from the Agency’s UTEP

The growing OSW industry has an important role to play in New York City’s transition to clean energy over the coming decades. With the City committed to 100-percent clean electricity by 2040 and carbon neutrality by 2050, this requires a shift to renewable energy from many sources. OSW is a vital part of this shift. Nationally, enough offshore wind will be built in just nine years to power 10 million homes with clean, renewable energy. A new industry will be created in the US to make this happen, with the potential to equitably distribute economic benefits to workers, utility customers, and communities.

Announced in September 2021, the Offshore Wind NYC (the "OSW Plan") is the City’s plan to leverage its expertise in maritime infrastructure development, world-class talent base and workforce development system, and capacity for innovation across sectors—all while centering a focus on equity. The OSW Plan has three core strategies:

1. Sites and Infrastructure: Developing best-in-class infrastructure that will support the construction and operation of 12 GW of offshore wind.

2. **Businesses and Workforce:** Preparing local workers and businesses to seize upon the opportunities that will be created by infrastructure investments.
3. **Research and Innovation:** Promoting innovation in offshore wind to ensure that new technologies and approaches are created in New York City.

This OSW Plan will enable NYC to support offshore wind projects up and down the East Coast. Further, NYC will be able to export innovative technologies and processes to advance OSW projects around the world. Key to the Plan is the development of the SBM Terminal into one of the largest OSW port facilities in the United States. The SBM Terminal is poised to play a pivotal role as a marshaling port, operations and maintenance base, and an electricity interconnection point, that will be a forerunner serving OSW farms in New York and along the East Coast, starting with Empire Wind I. The Applicants have stated that without the Agency's support, the Applicants could not move forward with the Project due to its high cost.

Notification

For the reasons set forth herein, the two Projects and the proposed deviation from the Agency's UTEP will be presented to the Agency's Board of Directors for approval at its January 28, 2025 meeting.