

NORWICH-CHENANGO SOLAR, LLC
and
CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Chenango County Industrial Development Agency
2018 Real Estate Lease
(Norwich-Chenango Solar, LLC)

Chenango County, Town of Norwich, Norwich Central School District

Tax Map Parcel Nos. 124.-1-1.4, 124.-1-1.5, 124.-1-1.6,
124.-1-1.21, 124.-1-1.22 and 124.-1-1.23

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of May 1, 2018, is by and between **NORWICH-CHENANGO SOLAR, LLC**, a New York limited liability company having an address of 601 13th Street NW, Suite 450 S, Washington, DC 20005 (the "Company") and **CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an industrial development agency and a public benefit corporation of the State of New York having its principal office at 15 South Broad Street, Norwich, New York 13815 (the "Agency").

W I T N E S S E T H:

WHEREAS, the Agency is authorized and empowered by the provisions of Title 1 of Article 18-A of the General Municipal Law, Chapter 99 of the Consolidated Laws of New York, as amended, (the "Enabling Act"), and Chapter 580 of the Laws of 1973 of the State of New York, as amended, constituting Section 914-a of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of, among others, industrial, manufacturing, warehousing, commercial, research and recreation facilities for the purpose of promoting, attracting and developing economically sound commerce and industry in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, the Company desires to acquire, construct and equip, upon an approximately 79± acre parcel of real property leased by the Company at 5050 State Highway 23 in the Town of Norwich, Chenango County, New York (currently designated as Town of Norwich Tax Map Parcel Nos. 124.-1-1.4, 124.-1-1.5, 124.-1-1.6, 124.-1-1.21, 124.-1-1.22 and 124.-1-1.23), a 12 MWac community solar array project to be used to generate electricity that will allow residential subscribers to receive renewable energy that will offset traditional power sources for the equivalent of more than 2,600 average New York homes (the "Solar Facility"), and the acquisition and installation of equipment in the Solar Facility (the "Equipment") (the Solar Facility and the Equipment is referred to collectively as the "Facility" and the acquisition, construction and equipping of the Facility is referred to collectively as the "Project"); and

WHEREAS, in order to induce the Company to develop the Facility, the Agency is willing to accept a leasehold interest in the Facility pursuant to a Lease Agreement dated of even date herewith and lease the Facility back to the Company pursuant to the terms and conditions contained in a Leaseback Agreement dated of even date herewith; and

WHEREAS, the Agency has agreed to accept a leasehold interest in the Facility in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, the Facility (which, for the avoidance of doubt, is comprised of the Equipment and the Solar Facility located at Tax Map Parcel Nos. 124.-1-1.4, 124.-1-1.5, 124.-1-1.6, 124.-1-1.21, 124.-1-1.22 and 124.-1-1.23) Town of Norwich, Chenango County) will be exempt from real property taxes, general property taxes, general school district taxes, general assessments, service charges or other governmental charges of a similar nature levied (the "Exempt Taxes") and/or assessed upon the Facility or the interest therein of the Company or the occupancy thereof by the Company commencing March 1, 2019, the taxable status date, because the Agency has a leasehold interest in the Facility and the Facility is used for a purpose within the meaning of the applicable Constitutional and statutory provisions, including the Enabling Act, provided, however, such exemption does not extend to special assessments or ad valorem levies; and

WHEREAS, the Company understands that it, as lessee of the Facility leased by the Agency, will, in fact, have Exempt Taxes to pay under the provisions of the Leaseback Agreement from the first date of the Exemption Term (as that date is determined by the parties and described herein) through the term of the Leaseback Agreement (the "Exemption Term"); and

WHEREAS, each year of the Exemption Term is more particularly set forth on Schedule B attached hereto (each year being referred to as an "Exemption Year"); and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provision for payments-in-lieu-of-taxes and such assessments by the Company to the Town of Norwich, or any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be, wholly or partially located, Chenango County, the Norwich City School District and appropriate special districts (hereinafter each a "Taxing Authority" and collectively the "Taxing Authorities") in which any part of the Facility is or is to be located; and

WHEREAS, all defined terms herein as indicated by the capitalization of the first letter thereof and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Leaseback Agreement.

NOW, THEREFORE, to provide for certain payments to the Taxing Authorities, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The Company shall pay to the Chenango County Real Property Tax Department (the "Department") on behalf of each Taxing Authority:

(a) all taxes that are due with respect to the Facility prior to the Exemption Term, no later than the last day during which such payments may be made without penalty; and

(b) all special assessments and ad valorem taxes coming due and payable during the term of the Lease Agreement and the Leaseback Agreement for which the Facility is not exempt, no later than the last day during which such payments may be made without penalty.

2. (a) The Company shall pay to the Department, on behalf of each Taxing Authority listed on Schedule A attached hereto and made a part hereof an amount in lieu of the Exempt Taxes (the "PILOT Payments") during each Exemption Year as more particularly described in Schedule B hereto, with such payments to be made in accordance with Schedule C hereto and made a part hereof.

Anything herein to the contrary, notwithstanding, this Agreement shall terminate on the date on which the Leaseback Agreement shall terminate and the Agency shall terminate its leasehold interest in the Facility pursuant to the Lease Agreement. The benefits under this Agreement are subject to the terms and conditions of a certain Job Creation and Recapture Agreement dated as of May 1, 2018.

(b) Anything herein to the contrary, notwithstanding, upon the failure of the Company in making any payment when due hereunder and upon failure to cure such default within thirty (30) days of receipt of notice as herein provided, shall constitute an Event of Default under Section 7.1(a)(vi) of the Leaseback Agreement, and the Agency may take any one or all remedial steps afforded it in Section 7.2 of the Leaseback Agreement; provided, however, nothing herein contained shall be deemed to limit any other rights and remedies the Agency may have hereunder or under any other Transaction Document.

3. As more particularly described on Schedule C hereto, the Company will make PILOT Payments to the Department, on behalf of each Taxing Authority hereunder for each Exemption Year by making the required payment to the Department

no later than the last day during which such Exempt Taxes could otherwise be made without penalty as if the Agency did not have a leasehold or other interest in the Facility.

4. The PILOT Payments to be made by the Company pursuant to this Agreement are intended to be in lieu of all Exempt Taxes that would have to be paid on the Facility leased to the Company by the Leaseback Agreement if the Agency did not have a leasehold or other interest in the Facility. Payments made pursuant to this PILOT Agreement are not intended to be in lieu of real property taxes payable with respect to the Land (which shall remain privately taxed) but are made in lieu of any increase in taxes resulting from the installation, construction or operation of the Facility.

5. If by reason of a change in the Constitution or laws of the State of New York, or an interpretation of the Constitution or the laws of the State of New York by the Court of Appeals (or such lower court from which the time to appeal has expired) of the State of New York, or for any other reason, the Company is required to pay any tax which the payments specified herein are intended to be in lieu of, the Company may deduct the aggregate of any such payments made by it from the amount herein agreed to be paid in lieu of such taxes and need only pay the difference. Furthermore, inasmuch as the PILOT Payments herein agreed to be made by the Company are intended to be in lieu of all Exempt Taxes, it is agreed that said payments shall not, as to any Exemption Year, be in an amount greater than would be payable for such year for such Exempt Taxes, in the aggregate, by a private corporation on account of its ownership of the Facility.

6. This Agreement shall be binding upon the successors and assigns of the parties.

7. It is the intent of the parties that the Company will have all the rights and remedies of a taxpayer with respect to any real property or other tax, service charge, special benefit, ad valorem levy, assessment or special assessment or service charge because of which, or in lieu of which, the Company is obligated to make a payment hereunder, as if and to the same extent as if the Agency did not have a leasehold or other interest in the Facility. It is the further intent of the parties that the Company will have all of the rights and remedies of a taxpayer as if and to the same extent as if the Agency did not have a leasehold or other interest in the Facility with respect to any proposed assessment or change in assessment concerning the property, or any portion thereof, whether through an assessor, board of assessment review, court of law, or otherwise and likewise will be entitled to protest before and be heard by such assessor, board of assessment review, court of law or otherwise and will be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount

of any assessment or the validity or amount of any taxes that would have been payable but for the provisions hereof. In the event, however, that a court of competent jurisdiction shall enter an order or judgment determining or declaring that, by reason of the Agency's interest in the Facility, the Company does not have the right to bring a proceeding to review such assessment under the Real Property Tax Law or any other law, then the Company shall have the right to contest such assessment in the name and as the agent of the Agency, and the Agency agrees to cooperate with the Company in all respects in any such proceeding at the sole cost and expense of the Company. Notwithstanding anything herein to the contrary, for so long as this Agreement is in effect, the Company hereby unconditionally and irrevocably waives its right, if any, to apply for and/or receive the benefit of any other real property tax exemption with respect to the Facility, including, without limitation, any real property tax exemption that may be available under Section 485-b and Section 485-e of the Real Property Tax Law.

8. All amounts payable by the Company hereunder will be paid to the Department, on behalf of respective Taxing Authority, and will be payable in such lawful money of the United States of America as at the time of payment is legal tender for the payment of public and private debts, including a check payable in such money.

9. (a) If any term or provision hereof should be for any reason held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such term or provision will be deemed separate and independent and the remainder hereof will remain in full force and effect and will not be invalidated, impaired or otherwise affected by such holding or adjudication.

(b) This Agreement may not be effectively amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto.

(c) All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, to the Agency or the Company, as the case may be, addressed as follows:

To the Agency: County of Chenango Industrial Development Agency
15 Broad Street
Norwich, New York 13815

With a copy to: Bond, Schoeneck & King, PLLC
One Lincoln Center
Syracuse, New York 13202
ATTN: Kevin M. Pole, Esq.

To the Company: Norwich-Chenango Solar, LLC
c/o Distributed Sun LLC
601 13th Street NW
Suite 450 S
Washington, DC 20005

With a copy to: Richard W. Cook, Esq.
Hancock Estabrook, LLP
1500 AXA Tower I
100 Madison Street
Syracuse NY 13202

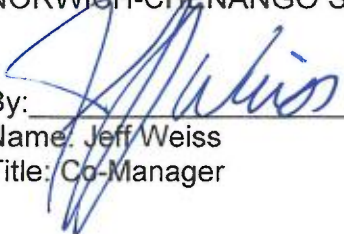
provided, that the Agency or the Company may, by notice given hereunder to the other, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this **PILOT Agreement** as of the date first above written.

NORWICH-CHENANGO SOLAR, LLC

By:  _____
Name: Jeff Weiss
Title: Co-Manager

CHENANGO COUNTY INDUSTRIAL
DEVELOPMENT AGENCY


By: _____
Name: Eric Larsen
Title: Chairman

IN WITNESS WHEREOF, the parties have executed this **PILOT Agreement** as of the date first above written.

NORWICH-CHENANGO SOLAR, LLC

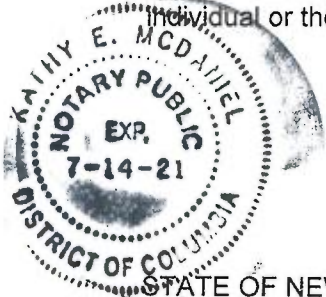
By: _____
Name: Jeff Weiss
Title: Co-Manager

CHENANGO COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By:  _____
Name: Eric Larsen
Title: Chairman

DISTRICT OF COLUMBIA): ss.:

On the 22nd day of May, 2018 before me, the undersigned a notary public in and for said state, personally appeared Jeff Weiss, personally known to me or proved to me on the basis of satisfactory evidence to be the Co-Manager of **NORWICH-CHENANGO SOLAR, LLC**, and the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.



Kathy E. McDaniel

Notary Public

KATHY E. MCDANIEL
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires July 14, 2021

STATE OF NEW YORK)
: ss.:
COUNTY OF CHENANGO)

On the ____ day of May, 2018 before me, the undersigned a notary public in and for said state, personally appeared ERIC LARSEN, personally known to me or proved to me on the basis of satisfactory evidence to be the Chairman of the **CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, and the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

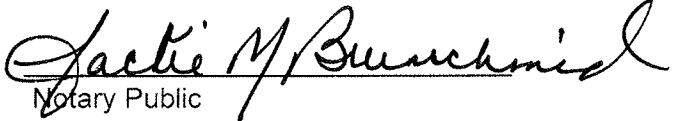
DISTRICT OF COLUMBIA) : ss.:

On the ____ day of May, 2018 before me, the undersigned a notary public in and for said state, personally appeared Jeff Weiss, personally known to me or proved to me on the basis of satisfactory evidence to be the Co-Manager of **NORWICH-CHENANGO SOLAR, LLC**, and the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
 : ss.:
COUNTY OF CHENANGO)

On the 1st day of ~~May~~ June, 2018 before me, the undersigned a notary public in and for said state, personally appeared ERIC LARSEN, personally known to me or proved to me on the basis of satisfactory evidence to be the Chairman of the **CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, and the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.


Notary Public

JACKIE M. BRUNSCHMID
Notary Public - State of New York
No. 01BR6013020
Qualified in Chenango County
My Commission Expires Sept. 8, 2018

SCHEDULE A

COUNTY OF CHENANGO

Attn: Receiver of Taxes

TOWN OF NORWICH

Attn: Receiver of Taxes

NORWICH CITY SCHOOL DISTRICT

Attn.: Receiver of Taxes

SCHEDULE B

EXEMPTION YEARS

The property tax abatement schedule deviates from the IDA's standard abatement schedule. The term of the PILOT Agreement is thirty (30) years. The PILOT Agreement is based upon anticipated capacity of 12 megawatts multiplied by an agreed upon payment of \$4,500 per megawatt (AC) in years one through five. At the end of year five and at the end of each successive five-year period, payments will increase by 11.99%.

With respect to the portion of the assessed value of the subject premises attributable to the improvements to be constructed thereon, the following percentages of the general real property taxes which would be due in respect of the improvements to the premises (i.e., the assessed value of the improvements to the premises) but for its record ownership by the Agency (but without any reference to, or utilization of, Section 485-b of the Real Property Tax Law of the State of New York), based on a current assessment of such improvements, commencing the first tax status date following the date of execution of the PILOT Agreement (assumes PILOT execution after March 1, 2018 but prior to March 1, 2019):

	<u>YEAR OF EXEMPTION</u>	<u>MW</u>	<u>\$/Mwac</u>	<u>Total</u>
1	2019-20 School; 2020 Town & County	12	\$4,500	\$54,000
2	2020-21 School; 2021 Town & County	12	\$4,500	\$54,000
3	2021-22 School; 2022 Town & County	12	\$4,500	\$54,000
4	2022-23 School; 2023 Town & County	12	\$4,500	\$54,000
5	2023-24 School; 2024 Town & County	12	\$4,500	\$54,000
6	2024-25 School; 2025 Town & County	12	\$5,040	\$60,480
7	2025-26 School; 2026 Town & County	12	\$5,040	\$60,480
8	2026-27 School; 2027 Town & County	12	\$5,040	\$60,480
9	2027-28 School; 2028 Town & County	12	\$5,040	\$60,480
10	2028-29 School; 2029 Town & County	12	\$5,040	\$60,480
11	2029-30 School; 2030 Town & County	12	\$5,644	\$67,728
12	2030-31 School; 2031 Town & County	12	\$5,644	\$67,728
13	2031-32 School; 2032 Town & County	12	\$5,644	\$67,728
14	2032-33 School; 2033 Town & County	12	\$5,644	\$67,728
15	2033-34 School; 2034 Town & County	12	\$5,644	\$67,728
16	2034-35 School; 2035 Town & County	12	\$6,321	\$75,852
17	2035-36 School; 2036 Town & County	12	\$6,321	\$75,852
18	2036-37 School; 2037 Town & County	12	\$6,321	\$75,852
19	2037-38 School; 2038 Town & County	12	\$6,321	\$75,852
20	2038-39 School; 2039 Town & County	12	\$6,321	\$75,852
21	2039-40 School; 2040 Town & County	12	\$7,078	\$84,936
22	2040-41 School; 2041 Town & County	12	\$7,078	\$84,936
23	2041-42 School; 2042 Town & County	12	\$7,078	\$84,936
24	2042-43 School; 2043 Town & County	12	\$7,078	\$84,936

25	2043-44 School; 2044 Town & County	12	\$7,078	\$84,936
26	2044-45 School; 2045 Town & County	12	\$7,927	\$95,124
27	2045-46 School; 2046 Town & County	12	\$7,927	\$95,124
28	2046-47 School; 2047 Town & County	12	\$7,927	\$95,124
29	2047-48 School; 2048 Town & County	12	\$7,927	\$95,124
30	2048-49 School; 2049 Town & County	12	\$7,927	\$95,124
	Thereafter no abatement, full taxes paid			

SCHEDULE C

ADMINISTRATION OF PILOT PAYMENTS BY CHENANGO COUNTY REAL PROPERTY TAX DEPARTMENT

The Chenango County Real Property Tax Department, hereinafter referred to as "Department", shall administer this Agreement on behalf of all the parties hereto. Such administration shall consist of the following:

A. In each of the exemption years the Department shall calculate the amount of payment in lieu of taxes that the Company is obligated to make to the Town, County and School District. The calculation shall include general taxes owed pursuant to Schedule B of this Agreement plus special assessments, if any, and special ad valorem levies, if any. Such calculation shall include any taxes levied on behalf of a fire district, fire protection district, refuse district.

B. The Department shall forward a statement of the amount due to the Company at Norwich-Chenango Solar, LLC, c/o Distributed Sun LLC, 601 13th Street NW, Suite 450 S, Washington, D.C. 20005, or such other address as the Company may designate in writing. The statement of the amount due, payable to "Chenango County Treasurer", shall be mailed by the Department to the Company at the same time tax bills are mailed to all taxable property owners. The statement shall include a due date after which payment shall be delinquent and subject to interest and penalty charges. The amount of interest and penalty shall be stated and shall be at the same rate as imposed upon all past due tax payments.

C. The Department, working in coordination with the Chenango County Treasurer, shall collect from the Company, the amount due and shall remit same as follows: the Department and Treasurer shall allocate all payments received among the Town, County, School District, fire district (or fire protection district) and refuse district, and shall cause each of the aforesaid's proportionate share to be paid to each within 30 days after receipt by the Chenango County Treasurer. The payments in lieu of taxes shall be allocated among the Town, County, School District, fire district (or fire protection district) and refuse district in proportion to the amount of real property tax, special assessment and ad valorem levies which would have been received by the Town, County, School District, fire district (or fire protection district) and refuse district, had the Premises not been tax exempt due to Agency's ownership interest.