



Town of Northfield, NH
Board of Selectmen
21 Summer Street, Northfield NH 03276

SUBJECT: Solar PILOT Agreement

DATE ISSUED: 5/7/24

PURPOSE: To reenter into a PILOT agreement previously accepted by the Selectboard

OVERVIEW: In 2020 the Board of Selectmen approved a PILOT agreement with Christopher Knight in order for him to move forward with his solar project at the end of Forrest Rd. This project has been approved through the Planning Board and Zoning Board. The project was set back due in part to COVID, which set back a lot of applications being approved at the State. Since then, the project has come forward again and they are ready to construct and finalize the project. In order to do so, they need an updated PILOT agreement. The reason for the PILOT agreement is because the funding involved in projects like these requires this type of agreement with the municipalities. In 2020, we had our utility assessors write up with agreement, it was agreed by both parties at that time.

Nothing has changed on this agreement except for the dates.

OBJECTIVE: To reenter into the PILOT agreement to finalize this project.

(Date)

Jason Durgin, Chair

Ross Cunningham

Scott McGuffin

**PAYMENT IN LIEU OF TAXES (PILOT) AGREEMENT BETWEEN
The Town of Northfield, New Hampshire AND Christopher Knight or assigns**

This Agreement for Payment in Lieu of Taxes (PILOT) (hereafter "Agreement") is made this 7th day of May 2024, under New Hampshire Revised Statutes Annotated (NHRSA) § 72:74, between the Town of Northfield, New Hampshire (hereafter "Town") and Christopher Knight (hereafter "Developer"), a New Hampshire resident with an address at 7 Merrimack Street, Concord, NH 03301.

Background

The developer seeks to develop a renewable solar power electric generating facility (the "Facility") to be located at Forrest Road (Map U0S, Lot 7), Northfield, New Hampshire. The developer expects the final installed Nameplate Capacity to be approximately one (1) megawatt alternating current (MWac). For the purposes of this Agreement, the term "Nameplate Capacity" shall mean the sum of all of the nameplate capacities for the total solar inverters installed and operating at the Facility. Once the project has reached commercial operation; as defined below, the parties will sign a letter of amendment to this Agreement specifying the actual Nameplate Capacity of the Facility (if applicable).

The Facility will be built on land to be purchased and owned by Christopher Knight or assigned, identified on Town Tax Maps as Tax Parcel Map U05, Lot 7. Under the Developer's lease agreement with the landowner, the landowner will be responsible for yearly ad valorem property taxes on the underlying land based on the fair market value of the commercial land which is subject to non-payment taxes under law NHRSA 80.

Under the Developer's lease agreement with the landowner, the Developer will be responsible for the PILOT payment on Facility structures and other improvements under NHRSA Chapter 72 (but not for taxes on the value of the underlying land, which will continue to be the landowner's responsibility, except when the CAMA system needs a land value to run, then a value will be placed at \$100 or the minimum required). A copy of the lease agreement will be supplied to the Town upon execution and if amended. The Facility will be assigned an independent map and lot ID separate from the land.

The Facility will be a "renewable generation facility", as defined in NHRSA §72:73 and NHRSA 374-F:3, V(f)(3). Under NHRSA §72:74, the owner of a renewable generation facility and the governing body of the municipality in which the facility is located may enter into a voluntary agreement to make payments in lieu of taxes ("PILOT").

The developer and the Town desire to enter into such a PILOT agreement under NHRSA §72:74. NOW THEREFORE, the parties hereto agree as follows:

Terms and Conditions

1. **Payments in Lieu of Taxes.** The developer will make payments in lieu of taxes to the Town for each tax year (April 1 to March 31) during the term of this Agreement, in accordance with Section 3 below. These PILOT payments for the Facility will be in lieu of any and all ad valorem real estate taxes otherwise payable under NHRSA Chapter 72, including all town, county, and local school district taxes.
2. **Term.** Mindful of RSA 72:74, VI, and VII, the parties have determined that a long-term agreement that considers and adjusts for potentially changed economic conditions will provide predictability of tax revenues and expenses, and, therefore, a PILOT agreement in excess of five years would be advantageous to both the Town and Developer. Accordingly, the term of this Agreement shall be twenty-one (21) years, beginning with a "transition tax year" described in Section 3(a) below and continuing thereafter for twenty (20) additional years (the "Operating Term") as described in Section 3(b) below. If the Facility fails to achieve commercial operation within thirty (30) months of execution of this Agreement, this Agreement shall be deemed void and of no effect. For the purposes of this Agreement, the term "commercial operation" shall be deemed to have occurred once the Facility has commenced placing and transmitting energy into the utility grid. The date on which the Developer commences transmitting energy into the electric system grid, either at the distribution or transmission level or directly to a consumer, shall be deemed the "Commercial Operation Date." The developer shall give the Town written notice of said Commercial Operation Date within seven (7)

days after it occurs, together with a proposed letter amendment confirming the Facility's actual Nameplate Capacity.

3.

- a. **Transition Tax Year Payment.** The tax year in which the Facility achieves commercial operation also referred to as "the Transition Tax Year," shall be the first tax year covered by this Agreement. Recognizing that construction of the Facility may not have commenced (or that if construction has commenced the Facility is likely to be only partially constructed) as of April 1 of said Transition Tax Year. and that the Developer's revenues for said tax year may be nonexistent or minimal, the PILOT payment for said Transition Tax Year will commence as of the Commercial Operation Date, prorated by calendar days:

| Year | PILOT Payment (\$/MW) |
|------|-----------------------|
| 1 | \$ 7,800 |
| 2 | \$ 7,800 |
| 3 | \$ 7,800 |
| 4 | \$ 7,800 |
| 5 | \$ 7,800 |
| 6 | \$ 3,000 |
| 7 | \$ 3,000 |
| 8 | \$ 3,000 |
| 9 | \$ 3,000 |
| 10 | \$ 3,000 |
| 11 | \$ 3,077 |
| 12 | \$ 3,077 |
| 13 | \$ 3,077 |
| 14 | \$ 3,077 |
| 15 | \$ 3,077 |
| 16 | \$ 3,154 |
| 17 | \$ 3,154 |
| 18 | \$ 3,154 |
| 19 | \$ 3,154 |
| 20 | \$ 3,154 |

The Transition Tax Year Payment will be made within ninety (90) days of the Commercial Operation Date.

- b. **PILOT Payments for 20-Year Operating Term.** Subject to possible adjustments up or down under Section 4 below, annual PILOT payments to the Town for the 20-year Operating Term shall be made according to the amounts as shown in the table at left and described as follows.

The PILOT payments for the Facility will be made on a per megawatt (MW) of Nameplate Capacity basis; Years 1-5 at \$7,800 per megawatt, Years 6-10 at \$3,000 per megawatt, Years 11-15 at \$3,077 per megawatt and Years 16-20 at \$3,154 per megawatt. The Year 1 payment will be made in the tax year that begins on April 1 following the Commercial Operation Date.

If the Facility's actual Commercial Operation Date occurs after December 31, 2025, then the schedule of annual PILOT payments during the Operating Term covered by this Section 3(6) will be amended to reflect that the first year of the Operating Term will be the tax year following the tax year in which commercial operation begins.

4. **Potential Adjustment of Increase in Capacity.** In the event that some or all of the Facility's nameplate capacity is increased during the term of the Agreement in such a way as to increase the Facility's total capacity, then PILOT payments beginning in the next tax year will be adjusted upwards accordingly based on that increase in Nameplate Capacity.
5. **Potential Adjustment of Reduction in Capacity.** In the event that some or all of the Facility's nameplate capacity is decreased during the term of the Agreement in such a way as to decrease the Facility's total capacity, then PILOT payments beginning in the next tax year will be adjusted downwards accordingly based on that reduction in Nameplate Capacity.
6. **Payment of Amounts Due.** Other than the Transition Tax Year Payment, which shall be made as set forth in Section 3 above, the Developer shall make the PILOT payments due hereunder for any given tax year in the Operating Term to the Town in two equal installments, at the Town Tax Collector's office, on July 1st and December 1st.
7. **Non-Payment.** Non-payment of any payment due the Town for the Facility shall constitute a default of this PILOT Agreement. In the event of Default for non-payment of the payments to be made pursuant to this Agreement, the Town, in addition to such other rights available to the Town at law or equity, shall be entitled to issue such notices and exercise all rights available to the Town pursuant to RSA chapter 80. It shall not be a defense to such a proceeding that the Developer is obligated under this Agreement to make payments in lieu of taxes rather than taxes. In the event of default for non-payment, after giving notice as required by the State to the Developer to pay outstanding tax, the Town may exercise the right to take the Facility pursuant to RSA 80, and the lessor of the land agrees to not disturb the Town's control and the right to lien and sell the Facility, provided the Town complies with the ground lease terms. Prior to the lien, taking, and/or sale, the Town will give notice to the Landowner and the landowner has the right to cure the default of the Facility.

8. **Lender's Right to Cure.** The Town shall send a copy of any notices issued in accordance with Paragraph 7 of this Agreement to the Developer's Lender by certified mail at the same time such notice is sent to the Developer. Developer's Lender shall have the same time and rights to cure any default as the Developer, and the Town shall accept a cure by the Developer's Lender as if such cure had been made by the Developer. The developer shall provide written notice to the Town as to the name and address of the Developer's Lender for such notices to be sent.
9. **Other Taxes Not Covered.** This Agreement covers only ad valorem real estate taxes payable under NHRSA Chapter 72. It does not include or cover other local, state, or federal taxes which may be payable on account of Facility revenues or activities, including the Land Use Change Tax, Timber Tax, State Utility Property Tax, Business Enterprise Tax, or Federal income Tax.
10. **Notices.** Any notice to be provided under this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by certified mail at the following addresses:

For the Town: Town of Northfield, 21 Summer Street, Northfield, NH 03276

For the Developer: Christopher Knight, 7 Merrimack Street, Concord, NH 03301

In the event of a change in the address of any party listed above, the responsible signatory (Developer in the case of itself, and/or its counsel) shall give the other party prompt written notice of such change of address, which shall be effective upon receipt.

11. **Miscellaneous.**

- a. This Agreement shall be construed and interpreted in accordance with the laws of the State of New Hampshire. In the event any term of this Agreement or the application of any such term shall be held invalid by any court having jurisdiction, the other terms of this Agreement and their application shall not be affected thereby and shall remain in full force and effect, provided that the remaining terms continue to preserve the essential economic terms of this Agreement.
- b. The terms and provisions contained in this Agreement constitute the final Agreement between the parties with respect to this Agreement and supersede all previous communications, representations, or agreements, either verbal or written. No modification or amendment to this Agreement shall be valid unless it is in writing and signed by both parties hereto.
- c. Developer shall have the right, in his sole discretion, to assign this Agreement to any bona fide purchaser, transferee, or assignee, provided that said purchaser, transferee, or assignee has the financial, managerial, and technical capacity to construct and operate the Facility as contemplated by the parties hereto. All covenants, agreements, terms, and conditions contained in this Agreement shall apply to and be binding upon the parties, their assigns, and successors. The developer shall provide written notice to the Town of any sale, transfer, or assignment not more than ten (10) days after such sale, transfer, or assignment takes effect.
- d. Section titles or subject headings in this Agreement are provided for the purpose of reference and convenience only and are not intended to affect the meaning of the contents or scope of this Agreement.
- e. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original instrument, but all of such counterparts together will constitute but one Agreement.

Town of Northfield, New Hampshire

Christopher Knight

Board of Selectmen

Jason Durgin, Chair

By: _____

Ross Cunningham

Name: _____

Scott McGuffin

Date: _____

Date: _____