

YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AND

PENN YAN SOLAR I LLC

TAX AGREEMENT

Project Address:
Hansen Point Road
Town of Torrey
Yates County

Tax Map No.:
52.03-1-20

Affected Tax Jurisdictions:
Yates County
Town of Torrey
Penn Yan Central School District

Dated as of February 1, 2021

TAX AGREEMENT

THIS **TAX AGREEMENT**, dated as of February 1, 2021 (the "Tax Agreement"), is by and between the **YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation duly existing under the laws of the State of New York, with offices at One Keuka Business Park, Suite 104, Penn Yan, New York 14527 (the "Agency") and **PENN YAN SOLAR I LLC**, a limited liability company duly organized and validly existing under the laws of the State of New York, with offices at c/o C2 Energy Development LLC, 99 Park Avenue, Suite 1700, New York, New York 10016 (the "Company").

WITNESSETH:

WHEREAS, the Agency was created by Chapter 113 of the Laws of 1975 of the State of New York pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York (collectively, the "Act") as a body corporate and politic and as a public benefit corporation of the State of New York (the "State"); and

WHEREAS, the Company has submitted an application (the "Application") to the Agency requesting the Agency's assistance with respect to a certain project (the "Project") consisting of: (A) the acquisition by the Agency of a leasehold or other interest in approximately 25 acres of real property located at Hansen Point Road, Town of Torrey, Yates County, New York (the "Land", being more particularly described as a portion of tax parcel No. 52.03-1-20, as may be subdivided and assigned a new tax parcel ID and property address); (B) the planning, design, construction and operation of a 5MWac solar electrical generation system, including panel foundations, inverters, transformers, interconnect wiring, utility connections, sitework, landscaping, fencing, security and related improvements (collectively, the "Improvements"); and (C) the acquisition and installation in and around the Improvements of certain items of equipment, machinery and other tangible personal property (the "Equipment"; and, collectively with the Land and the Improvements, the "Facility"); and

WHEREAS, in order to induce the Company to acquire, construct and equip the Facility, the Agency is willing to take a leasehold interest in the Land, the Improvements, the Equipment and the personal property constituting the Facility pursuant to a certain Lease Agreement, dated as of February 1, 2021 (the "Lease Agreement"), and thereafter to lease said Land, Improvements, Equipment and personal property back to the Company pursuant to the terms and conditions of a certain Leaseback Agreement, dated as of February 1, 2021 (the "Leaseback Agreement"); and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes imposed upon real property and improvements owned by it or under its jurisdiction, control or supervision, other than special ad valorem levies, special assessments and service charges against real property which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provisions for payments-in-lieu-of-taxes by the Company for the benefit of

Yates County (the "County"), the Town of Torrey (the "Town") and the Penn Yan Central School District (the "School District" and, collectively with the County and the Town, the "Affected Tax Jurisdictions").

NOW, THEREFORE, in consideration of the covenants herein contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

Section I - Payment in lieu of Ad Valorem Taxes:

Section 1.1 A. Subject to the completion and filing by the taxable status date **March 1, 2021** (the "Taxable Status Date") of New York State Form RP-412-a Application For Real Property Tax Exemption (the "Exemption Application") under Section 412-a of the New York State Real Property Tax Law (the "RPTL") and Section 874 of the Act and the approval of the Exemption Application by the appropriate assessors or Board of Assessment Review, the Facility shall be exempt from Real Estate Taxes (as hereinafter defined) commencing with the 2021-22 School District tax year, and the 2022 County and Town tax years. For purposes of the foregoing "Real Estate Taxes" means all general levy real estate taxes levied against the Facility by the County, the Town and the School District. The Company shall provide the Agency with the information necessary for the completion and filing of the Exemption Application and shall provide such additional information and take such actions as are required by the appropriate assessors or Board of Assessment Review to process and approve the Exemption Application. Notwithstanding anything contained herein or in the Leaseback Agreement to the contrary, in the event the exemption from Real Estate Taxes is denied for any reason, the Company shall pay (and hereby agrees to pay) all Real Estate Taxes levied upon the Facility as they become due. After giving written notice to the Agency, the Company may, in good faith, contest the denial of the Exemption Application, provided that (i) the overall operating efficiency of the Facility is not impaired and the Facility continues to qualify as a "project" under the Act; (ii) neither the Facility nor any part of or interest in it would be in any danger of being sold, forfeited or lost; or (iii) neither the Company nor the Agency, as a result of such contest, shall be in any danger of any civil or criminal liability. The Company hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Company, arising from the denial of an exemption from Real Estate Taxes.

B. Agreement to Make Payments. As long as the Facility is owned by or leased to the Agency, the Company agrees to pay annually to the Affected Tax Jurisdictions as a payment-in-lieu-of-taxes, on or before February 1 of each year for School District taxes, and County and Town taxes (collectively, the "Payment Date"), commencing on February 1, 2023, an amount equal to the Total Tax Payment, as described in **Schedule A** attached hereto. The Company shall make all such Total Tax Payments in the amounts and on the dates specified above, whether or not any such Total Tax Payment is billed by the Agency, the Affected Tax Jurisdictions, or any other party.

The parties agree and acknowledge that payments made hereunder are to obtain revenues for public purposes, and to provide a revenue source that the Affected Tax Jurisdictions would otherwise lose because the subject parcels are not on the tax rolls.

1.2 Allocation. A. The Agency shall remit to the Affected Tax Jurisdictions amounts received hereunder, *if any*, within thirty (30) days of receipt of said payment and shall allocate said payments among the Affected Tax Jurisdictions in the same proportion as ad valorem taxes would have been allocated but for the Agency's involvement, unless the Affected Tax Jurisdictions have consented in writing to a specific allocation.

1.3 Tax Rates. For purposes of determining the allocation of the Total Tax Payment among the Affected Tax Jurisdictions, the Agency shall use the last tax rate utilized for levy of taxes by each such jurisdiction. For County, Town and special district purposes, the tax rates used to determine the allocation of the Total Tax Payment shall be the tax rates relating to the calendar year which includes the Payment Date. For School District purposes, the tax rates used to determine the Total Tax Payment shall be the rate relating to the School District year which includes the Payment Date.

1.4 Valuation of Future Additions to the Facility. If there shall be a future addition to the Facility constructed or added in any manner after the date of this Tax Agreement, the Company shall notify the Agency of such future addition ("Future Addition"). The notice to the Agency shall contain a copy of the application for a building permit, plans and specifications, and any other relevant information that the Agency may thereafter request. Upon the earlier of substantial completion, or the issuance of a certificate of occupancy for any such Future Addition to the Facility, the Company shall become liable for payment of an increase in the Total Tax Payment. The Agency shall notify the Company of any proposed increase in the Total Tax Payment related to such Future Addition. If the Company shall disagree with the determination of assessed value for any Future Addition made by the Agency, then and in that event that valuation shall be fixed by a court of competent jurisdiction. Notwithstanding any disagreement between the Company and the Agency, the Company shall pay the increased Total Tax Payment until a different Total Tax Payment shall be established. If a lesser Total Tax Payment is determined in any proceeding or by subsequent agreement of the parties, the Total Tax Payment shall be re-computed and any excess payment shall be refunded to the Company or, in the Agency's sole discretion, such excess payment shall be applied as a credit against the next succeeding Total Tax Payment(s).

1.5 Period of Benefits. The tax benefits provided for herein should be deemed to include (i) the 2021-22 School District tax year through the 2050-51 School District tax year, and (ii) the 2022 County and Town tax years through the 2051 County and Town tax years. This Tax Agreement **shall expire on December 31, 2051**; *provided, however*, the Company shall pay (i) the 2051-52 School District tax bill, and (ii) the 2052 County and Town tax bills on the dates and in the amounts as if the Agency were not in title on the tax status date with respect to said tax years. In no event shall the Company be entitled to receive tax benefits relative to the Facility for more than the periods provided for herein, unless the period is extended by amendment to this Tax Agreement executed by both parties after any applicable public hearings. The Company agrees that it will not seek any tax exemption for the Facility while this Tax Agreement is in effect, which could provide benefits for more than the periods provided for herein and specifically agrees that the exemptions provided for herein, to the extent actually received (based on the number of lease years elapsed), supersede and are in substitution of the exemptions provided by Section 485-b of the RPTL. It is hereby agreed and understood that the Affected

Tax Jurisdictions can rely upon and enforce the above waiver to the same extent as if they were signatories hereto.

Section II - Special District Charges, Special Assessments and Other Charges.

2.1 Special district charges, special assessments, and special ad valorem levies (specifically including but not limited to fire district charges), and pure water charges and sewer charges are to be paid in full in accordance with normal billing practices.

Section III - Transfer of Facility.

3.1 In the event that the Facility is transferred from the Agency to the Company (the lease/leaseback agreements are terminated), and the Company is ineligible for a continued tax exemption under some other tax incentive program, or the exemption results in a payment to the Affected Tax Jurisdictions in excess of the payment described in Section I herein, or this Tax Agreement terminates and the property is not timely transferred back to the Company, the Company agrees to pay no later than the next tax lien date (plus any applicable grace period), to each of the Affected Tax Jurisdictions, an amount equal to the taxes and assessments which would have been levied on the Facility if the Facility had been classified as fully taxable as of the date of transfer or loss of eligibility of all or a portion of the exemption described herein or date of termination.

Section IV - Assessment Challenges.

4.1 The Company shall have all of the rights and remedies of a taxpayer as if and to the same extent as if the Company were the owner of the Facility, with respect to any proposed assessment or change in assessment with respect to the Facility by any of the Affected Tax Jurisdictions and likewise shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall 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 tax equivalent provided for herein.

4.2 The Company shall have all of the rights and remedies of a taxpayer with respect to any tax, service charge, special benefit, ad valorem levy, assessment, or special assessment or service charge in lieu of which the Company is obligated to make a payment pursuant to this Tax Agreement, as if and to the same extent as if the Company were the owner of the Facility.

4.3 The Company shall (i) cause the appropriate real estate tax assessment office and tax levy officers to assess the Facility and apply tax rates to the respective assessments as if the Facility were owned by the Company and (ii) file any accounts or tax returns required by the appropriate real estate tax assessment office and tax levy officers.

Section V - Changes in Law.

5.1 To the extent the Facility is declared to be subject to taxation or assessment by an amendment to the Act, other legislative change, or by final judgment of a Court of competent

jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

Section VI - Events of Default.

6.1 The following shall constitute "Events of Default" hereunder. The failure by the Company to: (i) make the payments described in Section I within thirty (30) days of the Payment Date (the "Delinquency Date"); (ii) make any other payments described herein on or before the last day of any applicable cure period within which said payment can be made without penalty; or (iii) the occurrence and continuance of any Events of Default under the Leaseback Agreement after any applicable cure periods. Upon the occurrence of any Event of Default hereunder, in addition to any other right or remedy the Agency and/or the Affected Tax Jurisdictions may have at law or in equity, the Agency and/or Affected Tax Jurisdictions may, immediately and without further notice to the Company (but with notice to the Agency with respect to actions maintained by the Affected Tax Jurisdictions) pursue any action in the courts to enforce payment or to otherwise recover directly from the Company any amounts so in default. The Agency and the Company hereby acknowledge the right of the Affected Tax Jurisdictions to recover directly from the Company any amounts so in default pursuant to Section 874(6) of the Act and the Company shall immediately notify the Agency of any action brought, or other measure taken, by any Affected Tax Jurisdiction to recover any such amount.

6.2 If payments pursuant to Section I herein are not made by the Delinquency Dates, or if any other payment required to be made hereunder is not made by the last day of any applicable cure period within which said payment can be made without penalty, the Company shall pay penalties and interest as follows. With respect to payments to be made pursuant to Section I herein, if said payment is not received by the Delinquency Date defined in Section 6.1 herein, the Company shall pay, in addition to said payment, (i) a late payment penalty equal to five percent (5%) of the amount due and (ii) for each month, or any part thereof, that any such payment is delinquent beyond the first month, interest on the total amount due plus the late payment penalty, in an amount equal to one percent (1%) per month. With respect to all other payments due hereunder, if said payment is not paid within any applicable cure period, the Company shall pay, in addition to said payment, the greater of the applicable penalties and interest as determined hereunder or penalties and interest which would have been incurred had payments made hereunder been tax payments to the Affected Tax Jurisdictions.

Section VII - Assignment.

7.1 No portion of any interest in this Tax Agreement may be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise obtain any benefits of the Company hereunder without the prior written consent of the Agency, which shall not be unreasonably withheld or delayed.

Section VIII - Miscellaneous.

8.1 This Tax Agreement may be executed in any number of counterparts each of which shall be deemed an original but all of which together shall constitute a single instrument.

8.2 All notices, claims and other communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or mailed first class, postage prepaid, as follows:

To the Agency: Yates County Industrial Development Agency
One Keuka Business Park, Suite 104
Penn Yan, New York 14527
Attn: Chairman

With a Copy To: Harris Beach PLLC
99 Garnsey Road
Pittsford, New York 14534
Attn: Russell E. Gaenzle, Esq.

To the Company: Penn Yan Solar I LLC
c/o C2 Energy Development LLC
99 Park Avenue, Suite 1700
New York, New York 10016
Attn: Candice Michalowicz

With a Copy To: C2 Energy Capital
99 Park Avenue, Suite 1700
New York, New York 10016
Attn: Joseph Eno, Esq.

or at such other address as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.

8.3 This Tax Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the federal or state courts located in Genesee County, New York.

8.4 Notwithstanding any other term or condition contained herein, all obligations of the Agency hereunder shall constitute a special obligation payable solely from the revenues and other monies, if any, derived from the Facility and paid to the Agency by the Company. No member of the Agency nor any person executing this Tax Agreement on its behalf shall be liable personally under this Tax Agreement. No recourse shall be had for the payment of the principal or interest on amounts due hereunder or for any claim based upon or in respect of any modification of or supplement hereto against any past, present or future member, officer, agent, servant, or employee, as such, of the Agency, or of any successor or political subdivision, either directly or through the Agency or any such successor, all such liability of such members, officers, agents, servants and employees being, to the extent permitted by law, expressly waived

and released by the acceptance hereof and as part of the consideration for the execution of this Tax Agreement.

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[Signature Page to Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Tax Agreement as of the day and year first above written.

**YATES COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: 
Name: Ryan Hallings
Title: Chairman

PENN YAN SOLAR I LLC

By: _____
Name: Candice Michalowicz
Title: Officer

[Signature Page to Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Tax Agreement as of the day and year first above written.

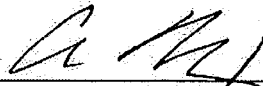
**YATES COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____

Name: Ryan Hallings

Title: Chairman

PENN YAN SOLAR I LLC

By:  _____

Name: Candice Michalewicz

Title: Officer

SCHEDULE A-1

TO

Tax Agreement dated as of February 1, 2021

by and between the Yates County Industrial Development Agency

and

Penn Yan Solar I LLC

<u>Tax Year</u>	<u>School District Tax Year</u>	<u>County and Town Tax Year</u>	<u>Total Tax Payment</u>
Interim	2020-21	2021	Full Taxes
1	2021-22	2022	(Base Valuation Payment), plus \$21,125
2	2022-23	2023	(Base Valuation Payment), plus \$21,548
3	2023-24	2024	(Base Valuation Payment), plus \$21,978
4	2024-25	2025	(Base Valuation Payment), plus \$22,418
5	2025-26	2026	(Base Valuation Payment), plus \$22,866
6	2026-27	2027	(Base Valuation Payment), plus \$23,324
7	2027-28	2028	(Base Valuation Payment), plus \$23,790
8	2028-29	2029	(Base Valuation Payment), plus \$24,266
9	2029-30	2030	(Base Valuation Payment), plus \$24,751
10	2030-31	2031	(Base Valuation Payment), plus \$25,246
11	2031-32	2032	(Base Valuation Payment), plus \$25,751
12	2032-33	2033	(Base Valuation Payment), plus \$26,266
13	2033-34	2034	(Base Valuation Payment), plus \$26,792
14	2034-35	2035	(Base Valuation Payment), plus \$27,327
15	2035-36	2036	(Base Valuation Payment), plus \$27,874
16	2036-37	2037	(Base Valuation Payment), plus \$28,431
17	2037-38	2038	(Base Valuation Payment), plus \$29,000
18	2038-39	2039	(Base Valuation Payment), plus \$29,580
19	2039-40	2040	(Base Valuation Payment), plus \$30,172
20	2040-41	2041	(Base Valuation Payment), plus \$30,775
21	2041-42	2042	(Base Valuation Payment), plus \$31,391
22	2042-43	2043	(Base Valuation Payment), plus \$32,018
23	2043-44	2044	(Base Valuation Payment), plus \$32,659
24	2044-45	2045	(Base Valuation Payment), plus \$33,312
25	2045-46	2046	(Base Valuation Payment), plus \$33,978
26	2046-47	2047	(Base Valuation Payment), plus \$34,658
27	2047-48	2048	(Base Valuation Payment), plus \$35,351
28	2048-49	2049	(Base Valuation Payment), plus \$36,058
29	2049-50	2050	(Base Valuation Payment), plus \$36,779
30	2050-51	2051	(Base Valuation Payment), plus \$37,515

For the term of this Tax Agreement, the Company shall continue to pay full taxes based on the assessed value of the Land as of the date of this Tax Agreement prior to the completion of any Improvements (the "Base Valuation"). During the term of this Tax Agreement, the Base Valuation of the Land shall be increased from time to time by the percentage increase in the assessed valuation in all taxable real property in the Town of Torrey, Yates County, New York, as of the respective tax status date for the tax year for which the recalculation is being made. The Base Valuation Payment component for each Total Tax Payment shall be calculated by multiplying the Base Valuation by the respective tax rate for each affected tax jurisdiction (after application of any applicable equalization rate).

In addition to the Base Valuation Payment, the Company shall also pay an amount equal to \$4,225 per MWac PV solar electrical generation capacity, which as of the date of this Tax Agreement is 5MWac, with such amount escalating at 2% per year during the term hereof. Any future upgrades to the Project increasing the MWac PV solar electrical generation capacity shall increase the amounts payable hereunder accordingly. The Company shall certify annually to the Agency the true and correct amount of the Project's per MWac PV solar electrical generation capacity as part of its annual certification required pursuant to that certain Project Agreement, dated as of February 26, 2021 and entered into by the Agency and Company (the "Project Agreement"). After the thirtieth (30th) Tax Year, the Facility shall be subject to full taxation by the affected taxing jurisdictions.