

PILOT AGREEMENT

WHEREAS, the City of Holyoke Gas & Electric Department (“HG&E”, or “Property Owner”), a Municipal Corporation having a mailing address of 99 Suffolk Street, is the owner of certain property at 91 Mueller Road in Holyoke, Massachusetts (Parcel ID #'s: 182-00-004, 182-00-005 and 188-00-005) and on Meadow Street in Holyoke, Massachusetts (Parcel ID#'s: 082-00-109 (collectively the “Property”); and

WHEREAS, HG&E has entered into a nominal long-term lease for the property with Holyoke Solar, LLC, an affiliate of Constellation Energy with a mailing address of 100 Constellation Way, Suite 1200C, Baltimore, MD 21202; and

WHEREAS, Holyoke Solar, LLC developed a Large Scale Ground Mounted Solar Facility on the Property (the “Project”) pursuant to and as described within the Holyoke Zoning Regulations included within Appendix A of the Holyoke Revised Code of Ordinances, Section 7.9 Solar Facilities; and

WHEREAS, HG&E and its ratepayers benefit from the Project through a long-term Power Purchase Agreement (“PPA”) between HG&E, through its wholly-owned affiliate Holyoke Solar Cooperative, and Holyoke Solar, LLC whereby HG&E will purchase all of the output of the Project at below market rates for its ratepayers; and

WHEREAS, HG&E, through the terms of the PPA, has assumed any responsibility Holyoke Solar, LLC may have for all real and personal property taxes associated with the Project in return for the below market rates; and

WHEREAS, HG&E and the City (also referred to individually as “Party” or collectively as “Parties”), under the authority of M.G.L. c. 59, §38H(b), desire to execute an agreement for payment in lieu of taxes (PILOT) on the Project in order to otherwise exempt Holyoke Solar, LLC and HG&E from the payment of personal property taxes for the Project; and

WHEREAS, HG&E and the City have reached this PILOT Agreement as the result of good faith negotiations towards an annual payment in lieu of personal property taxes as described more fully herein; and

WHEREAS, HG&E agrees that the PILOT payment associated with this Agreement will be in addition to any PILOT payment currently, and in future, separately made by HG&E to the City on an annual basis; and

WHEREAS, HG&E and the City acknowledge that a comprehensive agreement fixing and maintaining mutually acceptable, reasonable, and accurate in lieu of tax payments for the Project for each fiscal year from 2012 through 2032 is appropriate and serves their respective interests.

NOW, THEREFORE, HG&E and the City agree as follows:

1. The Parties acknowledge that this Agreement is fair and beneficial to them because it resolves all tax issues between them with resulting alleviation of economic and financial uncertainty related to the Project. Moreover, both Parties value the tax and economic stability achieved by this Agreement because it will result in steady, predictable and reasonable tax payments for the Project.

2. The Parties acknowledge that this Agreement contemplates any increases in real property taxes on the Property that may be assessed solely as a result of the Project. This Agreement shall not otherwise impact the City's ability to raise or lower real property taxes in the ordinary course of its tax assessment practices. The Property Owner shall remain responsible for all real property taxes, if separately applicable or as included in such Property Owner's separate PILOT to the City each year.

3. The amount which HG&E shall pay to the City in lieu of personal property taxes for the Project for each fiscal year commencing with fiscal year 2012 representing period from July 1, 2011 through June 30, 2012 shall be based upon the capacity of the Project which shall be defined as follows:

The capacity shall be the amount of total nameplate capacity as measured in megawatt direct current (DC) in service during such fiscal year. For informational purposes, a megawatt is equal to one thousand kilowatt (1 MW = 1000 kW).

The Project began commercial operation on December 27, 2011 with a total nameplate capacity of 4.524 megawatt (MW-DC).

HG&E shall deliver to the Assessors of the City of Holyoke the calculations required by this paragraph, if any changes, together with appropriate backup data on or before August 1st of each fiscal year.

4. The amount in lieu of personal property tax paid in each fiscal year by HG&E to the City on account of the Project shall be \$5,000 per megawatt as described in Section 3 above, adjusted for any pro rata portion of a megawatt. The Parties agree that the first year payment will be pro rated based on the date of commercial operation during such applicable fiscal year.

Fiscal year 2012 shall be \$11,310 (5.424 megawatt X \$5,000 per megawatt / 2 for half year of operation), while fiscal year 2013 will be \$22,620 representative of a full year of operation. Subsequent years will be the same under this Agreement subject to any change in size of system as required to be reported under Section 3. The assessors may allocate the value on which the tax is based between the Project's real property and personal property in their determination of full and fair cash value of each.

For each fiscal year, HG&E shall make four equal quarterly payments by the 1st of August, November, February and May or as otherwise agreed between Parties. Payments are to be remitted to the Treasurer's Office, 536 Dwight Street, Room 17, Holyoke, MA 01040. Failure to make timely payments may, at the discretion of the City be subject to 12% compounded interest rates as allowed by law.

HG&E acknowledges that this agreement shall serve as sufficient notice of when payments are due and further acknowledges that the City will not send quarterly invoices and or reminders.

5. This Agreement is entered into in good faith to achieve predictability and economic stability for both Parties by establishing reasonable, accurate, and reliable in lieu of tax payments for the Project. Accordingly, HG&E and the City agree that neither Party shall seek to use the fair market values established by this Agreement in any future proceedings regarding the value of HG&E's property in the City or in any other proceeding regarding the value of other HG&E property, except as provided in paragraph 6 of this Agreement.

6. This Agreement shall terminate at the end of fiscal year 2032 unless both Parties agree to extend the Agreement with its current terms, such agreement to be in writing.

7. The Parties have entered into this Agreement only after full and due consideration thereof and with the advice of their counsel.

8. The Parties agree that, if any provision of this Agreement is determined invalid or unenforceable, the entire Agreement shall be invalid and unenforceable.

9. HG&E, on behalf of itself and any successors to or assigns of its interest in the Project, and the City shall act in good faith to carry out this Agreement and to resolve amicably any disputes or disagreements which may arise hereunder.

10. This Agreement is subject to approval by the City of Holyoke acting through its Mayor and its Board of Assessors.

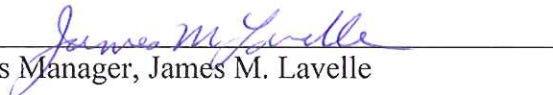
11. This Agreement is full, final and complete expression of the Parties' agreement on all personal property tax issues respecting the Project at the Property in the City of Holyoke.

Executed this th 17 day of September, 2012, by the undersigned who represent that they are fully and duly authorized to act on behalf of their principals.

CITY OF HOLYOKE

By 
Its Mayor, Alex B. Morse

HOLYOKE GAS & ELECTRIC DEPT.

By 
Its Manager, James M. Lavelle