

AGREEMENT FOR MUNICIPAL TAX PAYMENTS

THIS AGREEMENT FOR MUNICIPAL TAX PAYMENTS (“Agreement”), made and entered into as of January ____, 2023, by and between Canton Hydro, LLC (the “Company”), a limited liability company organized and existing under the laws of the State of Connecticut, having an office and principal place of business at _____, _____, CT, and the Town of Canton, a municipal corporation located in the County of Hartford and State of Connecticut, acting herein by Robert Skinner, its Town Administrator, duly authorized (the “Town”).

RECITALS

- A. The Company is developing the Collinsville Hydro Project (the “Project”) on land owned by the State of Connecticut and leased to the Company and located within the Town of Canton as is more particularly described in Exhibit A attached hereto and made a part hereof (the “Real Property”), which lease is recorded in Book 446, Page 106 of the Canton Land Records (the “Lease”); and
- B. The Project will create clean renewable energy and offset 3.2 million tons of CO₂ annually; and
- C. The Project will raise the water level and the upper impoundment area, enhancing recreation and will provide upstream and downstream fish and eel passage; and
- D. The Project will preserve the historic powerhouse and provide active oversight of the Upper Collinsville Dam Hydroelectric Project area, and
- E. Upon completion, the Project will be a Class I renewable energy source pursuant to Connecticut General Statutes; and
- F. Section 12-81 of the Connecticut General Statutes (“CGS”) provides that a municipality may agree, upon approval by its legislative body, to abate taxes for a Class I renewable energy source; and
- G. The Project meets the requirements of CGS Section 12-81, which permits tax abatement agreements under certain conditions, since the Project will be a Class I renewable energy source; and

- H. The Town deems it desirable to enter into this Agreement so that the tax abatement will serve as an inducement to the Company to complete the development of the Project and the continuing operation of the Class I renewable energy source; and
- I. This Agreement has been authorized by an affirmative vote of the legislative body of the Town on _____ in accordance with CGS Section 12-81; and
- J. It is the intent of the parties hereto that this Agreement shall cover both the real property assessment and the personal property assessments for the Project (collectively the “Project Property”) described in this Agreement.
- K. This Agreement is intended, in part, to resolve the issues that are the subject of a number of civil litigation cases pending in the Judicial District of New Britain involving the parties. The resolution of those cases is part of the consideration for the parties in entering this Agreement.

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:
 - a. The “Project Property” means all the real property, including site improvements and structures and all the personal property that make up the Project.
 - b. The “Commencement Date” means July 1, 2023.
2. Abatement Period. The Abatement Period shall begin on the Commencement Date and continue for the period of the tenancy provided in the Lease, provided the Project continues to qualify for the abatement pursuant to the Connecticut General Statutes. During the Abatement Period the assessment of the Project Property for purposes of taxation shall be based upon the Determination of Tax Payment as determined in accordance with the provisions of Section 3 below. Any taxes levied on an assessment based upon a value that exceeds the Annual Tax Payment are hereby abated in full. During the assessment years in which the Completion Date or the termination date of this Agreement falls, the taxes abated pursuant to this Agreement shall be pro-rated over said assessment years.

3. Determination of Tax Payment. As a further inducement for the Town and the Company (collectively the “Parties”) to enter this Agreement, the Parties agree that the Company will pay \$30,000 in taxes in the initial year of the Abatement Period (the “Tax Payment”). The Tax Payment will increase annually in proportion to the general mill rate imposed on all taxpayers in the Town. By way of example, in the event that the mill rate increases by two percent, the Tax Payment will increase by two percent. It is further agreed that the Tax Payment for any year during the Abatement Period will be no less than the prior year Tax Payment in the event that the mill rate decreases. The Tax Payment will be paid on July 1 in each year of the Abatement Period.
4. Legal Compliance. The Company agrees to abide by all applicable local ordinances and state statutes and to perform all work and to operate the Project in compliance with such statutes and ordinances. The Company further agrees to remain current in the payment of the Tax Payments to the Town. The Town shall have full authority to pursue any unpaid Tax Payments required pursuant to this Agreement as municipal taxes pursuant to the process provided in the state statutes. Such authority shall not be extinguished by the termination of this Agreement. The parties agree that the Tax Payments to be paid pursuant to this Agreement shall not be impacted by any change in legislation regarding the exemption of Class I renewable energy sources.
5. Termination. If the Company defaults under the terms of this Agreement, the Agreement shall be subject to immediate termination.
6. Amendments. This Agreement may not be modified or amended except by a written agreement signed by both parties.
7. Assignability. This Agreement shall be binding upon the parties, their successors, executors, administrators and assigns. The parties shall not assign this Agreement without the written consent of the other party.
8. Severability. A ruling by any court or administrative body that a portion of this Agreement is invalid or unconstitutional shall have no effect on the other terms hereof which shall remain in full force and effect and binding on the parties.
9. Applicable Law. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Connecticut.

IN WITNESS WHEREOF, the parties have executed this Tax Abatement Agreement and affixed their seals hereto, as of the date first above mentioned.

Signed and delivered in the presence of:

Town of Canton

By: _____
Robert Skinner
Its Town Administrator

Canton Hydro, LLC

By: _____
Its
Duly Authorized

State of Connecticut

ss. Canton

County of Hartford

On this the ___ day of _____, 2018, before me, _____, the undersigned officer, personally appeared Robert Skinner who acknowledged himself to be the Town Administrator of the Town of Canton, a municipality, and that he, as such Town Administrator, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the town by himself as Town Administrator.

In witness whereof I hereunto set my hand.

Commissioner of the Superior Court

STATE OF CONNECTICUT)

) ss:

COUNTY OF HARTFORD)

On this the ___ day of _____, 2018, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of Canton Hydro, LLC, a limited liability company, and that he, as such __, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as _____.

In witness whereof I hereunto set my hand.

Commissioner of the Superior Court
Notary Public
My Commission Expires: