

TERM SHEET FOR CHPE/TDI

THIS PROPOSED TERM SHEET IS SUBJECT TO REVIEW AND SHOULD NOT BE CONSIDERED FINAL PENDING APPROVAL BY COUNTIES OF WARREN AND WASHINGTON INDUSTRIAL DEVELOPMENT AGENCY (WWIDA) AND TOWNS AND THE RESULTS OF THE PUBLIC HEARING

THESE TERMS ARE NECESSARY TO GET THE APPROVALS OF THE TOWNS AND COOPERATION OF THE COUNTY BOARD AND THE WWIDA FOR THE PILOTS AND TAX ABATEMENTS

I. TERMS

A. Total annual payments (“Total Payments”) to be made during the Project’s first 30 years of commercial operation based on an estimated construction cost of \$285 million. Total Payments to be subject to proportional increase in the event that the estimated construction costs determined at IDA closing are in excess of the currently estimated construction cost. Total Payments would be fixed at the time of IDA closing based the estimated construction costs at IDA closing and applicable tax rates. Total Payments to equal the amounts identified as “PILOT Payment” on one of the schedules attached as Exhibit A with the choice between payment schedules made by the WWIDA prior to PILOT Agreement execution. The first Total Payment will be paid following achievement of commercial operation and will be subject to a fixed percentage escalator.

B. Taxing jurisdiction percentage shares of Total Payments to be adjusted as of year construction completed.

C. Aggregate sales tax abatement amount to be adjusted to estimated construction costs at IDA closing.

D. Total Payment amount will be divided into community host benefit payments for municipalities (“Community Host Benefit Payments”), benefit payments for school districts (“School District Benefit Payments”, and together with Community Host Benefit Payments, “Benefit Payments”), and payments in lieu of tax (“PILOT Payments”) in accordance with a percentage split to be determined. The percentage split of Total Payments to be approved by all involved Tax Jurisdictions, if required by applicable law. All documents will be in form and substance satisfactory to the WWIDA, including issues regarding the cross-defaults of such agreements.

E. Mortgage recording tax abatement amount to be adjusted based on final mortgage amount (Washington County is calculated at 1.25%).

F. An independent consultant will be retained by WWIDA at the agreed-upon reasonable expense of TDI to verify proper calculations of the abatements.

G. An independent consultant will be retained by WWIDA at the agreed-upon reasonable expense of TDI to verify estimated construction costs.

H. WWIDA will charge a \$7,500 annual administrative fee to compensate for administering the distribution of Total Payments. Such fee will cover the administrative cost of the WWIDA and the WWCDC for such administration and distribution of Total Payments.

I. Under the PILOT Agreement TDI would not have the option to terminate the PILOT Agreement prior to its expiration date or to challenge its assessment under Article 7 of the Real Property Tax Law or equivalent New York State law, without the prior written consent of the WWIDA.

J. Benefit Payments to be structured under agreements with the applicable

municipalities, school districts and/or Washington County and the WWIDA or the Counties of Warren and Washington Civic Development Corporation (“WWCDC”). The determination of whether such agreements will be with the WWIDA or the WWCDC shall be made by the WWIDA.

K. Prior to the execution and delivery of the PILOT Agreement and any host community benefit agreement, the WWIDA will be provided with information satisfactory to the WWIDA describing the Project, including detail regarding (1) how the transmission line will exit the water and enter the land in Washington County, and (2) the installation of the transmission line in the roadways and the extent of the reconstruction of such roads in connection with such installation.

L. The WWIDA may hold a public hearing in each town in which the Project is located. If requested by the WWIDA, the project applicant agrees to attend such hearing and be available for a brief presentation and question/answer.

II. BENEFITS

A. Total Payments to be based on the \$285 million construction cost estimate previously provided (to be further refined with the estimated construction costs at IDA closing), the payment schedules of which are attached hereto as Exhibit A.

B. Total Payments to be divided into PILOT Payments and Benefit Payments. 70% of Total Payments shall be apportioned to PILOT Payments and 30% of Total Payments to be apportioned to Benefit Payments. Benefit Payments to be paid to the WWIDA (or the WWCDC, as the case may be) and distributed to the involved County, Towns, Villages, and School Districts. These percentages may be revised to reflect the interests of the taxing jurisdictions, with the consent of all involved tax jurisdictions.

C. WWIDA IDA Fee (determined in accordance with the published IDA Fee Schedule) and first installment of annual administrative fee to be paid at IDA closing.

D. Economic Development Payments. In recognition of the impact that construction of the Project will have within Washington County, the following payments (“Economic Development Payments”) shall be made:

1. Upon closing of the construction financing for the Project, TDI will make an Economic Development Payment of \$2,000,000 to the WWIDA (or the WWCDC, as the case may be).

2. Upon commencement of commercial operation of the Project, TDI will make an Economic Development Payment of \$2,000,000 to the WWIDA (or the WWCDC, as the case may be).

III. REASONS WHY PILOT, SALES, AND MORTGAGE TAX ABATEMENT SHOULD BE NEGOTIATED

While the route in sister counties are mostly by rail there is 20 miles of the proposed route on roads which will impact local travel by dairy farmers, agricultural products, tourists, residents and seasonal residents causing travel disruptions. Additionally the crossing where the Transmission line comes out of Lake Champlain is an extremely important area for the Town of Putnam. This area provides singular point of access to the Lake and especially to multiple seasonal homes which will create considerable inconvenience during construction.

Normally when we award benefits it is because there is economic development that occurs creating jobs and income for the community through purchases of goods, employment, business development, and services to the community. Here there is none.

EXHIBIT A
PILOT SCHEDULE

- SEE ATTACHED -