

Amendment 1 to Council Resolution No. 34-2023

**BY: The Chairperson at the request
of the County Executive**

**Legislative Day 3
Date: March 6, 2023**

Amendment No. 1

(This amendment adds a provision stipulating varying abatement percentages contingent upon the amount of energy generated to County subscribers versus energy generated to non-County subscribers.)

- 1 Remove the Payment in Lieu of Taxes Agreement, attached as Exhibit 1, and substitute a revised
- 2 Payment in Lieu of Taxes Agreement as attached to this Amendment.

Project: Community Power at
Roxbury Road - Howard
County Solar Project

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS PAYMENT IN LIEU OF TAXES AGREEMENT (this “PILOT Agreement”) is made this ___ day of _____, 2023 (the “Effective Date”), by and among **Howard County, Maryland**, a body corporate and politic of the State of Maryland (the “County”) on the one hand, and **Community Power Group LLC**, a Delaware limited liability company authorized to do business in Maryland, with offices at 5636 Connecticut Avenue NW, #42729, Washington DC 20015 (the “Facility Owner”), and **Dale Haylett, Jr.**, with a mailing address of 14777 Roxbury Road, Glenelg, MD 21737 (the “Landowner”) on the other hand. Each of the County, the Facility Owner and the Landowner are a “Party” and, collectively, the “Parties”.

RECITALS

A. The County has established policies to support the implementation of renewal energy projects located in Howard County.

B. The Facility Owner has entered into a Lease Agreement (the “Lease Agreement”) with the Landowner, the owner in fee simple of that parcel of real property in the County at Roxbury Road, Glenelg, MD 21737, Howard County Parcel ID: 04-331656, totaling approximately 16.50 acres, described in the deed dated March 12, 1997, liber 3941, folio 0554 (the “Property”), to lease a portion of the Property.

C. The Facility Owner is or will be the owner of certain personal property located on the Property (the “Personal Property”) that will be used for the solar generation of electricity (the “Project”).

D. The Facility Owner has requested that the County permit the Facility Owner to make payments in lieu of any County real and personal property taxes pursuant to Section 7-514 of the Tax-Property Article of the *Annotated Code of Maryland* (the “Act”). Section 7-514 of the Act authorizes the County to agree to such payment in lieu of Property Taxes, as set forth below:

(a) *Agreement with owner of facility for generation of electricity.*

- (1) The governing body of a county or municipal corporation may enter into an agreement with the owner of a facility for the generation of electricity that is located or locates in the county or municipal corporation for a negotiated payment by the owner in lieu of taxes on the facility.
- (2) An agreement for a negotiated payment in lieu of taxes under this section shall provide that, for the term specified in the agreement:

- (i) The owner shall pay to the county or municipal corporation a specified amount each year in lieu of the payment of county or municipal corporation real and personal property tax; and
- (ii) all or a specified part of the real and personal property at the facility shall be exempt from county or municipal corporation property tax for the term of the agreement.

F. The County Council of Howard County, Maryland approved the form of this PILOT Agreement by Resolution (CRXXX-202_), dated _____, a copy of which is attached hereto as Exhibit “A”.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County, the Facility Owner, and the Landowner agree as follows:

1. Abatement of County Real Property Taxes for Solar Generation of Electricity.

(a) From the Commercial Operations Date (as defined herein) and continuing for twenty (20) years, the County Real Property taxes imposed on the Property shall be exempted as follows:

(i) If 50% or more of the energy generated is subscribed to customers located in Howard County, the County shall exempt, upon the condition that the Landowner pay to the County \$1 per year in lieu of such exempted taxes:

1. 50% of all real property taxes for the property in Years 1 through 10 of the Agreement Period;

2. 25% of all real property taxes for the property in Years 11 through 20 of the Agreement Period;

(ii) If less than 50% of the energy generated is subscribed to customers located in Howard County, the County shall exempt, upon the condition that the Landowner pay to the County \$1 per year in lieu of such exempted taxes:

1. 37.5% of all real property taxes for the property in Years 1 through 10 of the Agreement Period;

2. 12.5% of all real property taxes for the property in Years 11 through 20 of the Agreement Period;

~~(i) From the Commercial Operations Date through ten years (10) from the Commercial Operations Date, 50% of County Real Property taxes shall be~~

~~exempt, upon the condition that the Facility Owner pay to the County \$1 per year in lieu of such taxes; and~~

~~(ii) For years eleven (11) through twenty (20) after the Commercial Operations Date, 25% of County Real Property taxes shall be exempt, upon the condition that the Facility Owner pay to the County \$1 per year in lieu of such taxes.~~

- (b) The Landowner shall continue to be obligated for, and pay to the County, the full amount of any County fire tax, front foot benefit assessment charge, ad valorem charge, and any other charges that may appear on the Property's Real Property tax bill (the "County Assessments") as they become due on the Property;
- (c) Any exemption under Section 1(a) above applicable to less than a full taxable year shall be prorated on a per diem basis;
- (d) For purposes of this Agreement "Commercial Operations Date" shall mean the date on which the Project generates electric energy on a commercial basis, and the interconnection to the contracted local electric utility's electric grid has been authorized and is functioning in accord with all standards required by the utility.

2. Abatement of County Personal Property Taxes for Solar Generation of Electricity.

(a) From the Effective Date and continuing for a period of twenty (20) years from the Commercial Operations Date, the Personal Property taxes imposed on the Facility Owner, based on an assessment of the Personal Property located at the Project and used to generate and deliver electricity, shall be exempted as follows:

(i) If 50% or more of the energy generated is subscribed to customers located in Howard County, the County shall exempt, upon the condition that the Landowner pay to the County \$1 per year in lieu of such exempted taxes:

- 1. 100% of all personal property taxes for the property in Years 1 through 10 of the Agreement Period;
- 2. 50% of all personal property taxes for the property in Years 11 through 20 of the Agreement Period;

(ii) If less than 50% of the energy generated is subscribed to customers located in Howard County, the County shall exempt, upon the condition that the Landowner pay to the County \$1 per year in lieu of such exempted taxes:

- 1. 75% of all personal property taxes for the property in Years 1 through 10 of the Agreement Period;
- 2. 25% of all personal property taxes for the property in Years 11 through 20 of the Agreement Period;

~~(i) From the Commercial Operations Date through ten years (10), 100% of County personal property taxes for the Personal Property shall be exempt, upon the condition that the Facility Owner pay to the County \$1 per year in lieu of such taxes; and~~

~~(ii) For years eleven (11) through twenty (20) after the Commercial Operations Date, 50% of County personal property taxes for the Personal Property shall be exempt, upon the condition that the Facility Owner pay to the County \$1 per year in lieu of such taxes.~~

(b) The exemptions are contingent on the following:

(i) The Facility Owner must submit all required personal property tax returns to the Maryland State Department of Assessment and Taxation. The Personal Property tax abatement shall then be applied by the County.

(ii) The Facility Owner must remain in good standing with the Maryland Department of Assessments and Taxation and pay any and all other County fees and assessment, and must submit an annual report to the County by July 31 of each year that details the operations of the Facility, including the amount of electricity generated during the preceding fiscal year, which begins on July 1 and ends on June 30.

(c) The exemptions under Section 2(a) above applicable to less than a full taxable year shall be prorated on a per diem basis.

3. Representations and Warranties.

(a) The County represents and warrants to the Facility Owner that it has the authority to abate the County Real Property and Personal Property Taxes for property located in Howard County.

(b) The Landowner represents and warrants to the County that it is eligible in all respects to enter into this PILOT Agreement.

(c) The Facility Owner represents and warrants to the County that it is eligible in all respects to enter into this PILOT Agreement and to make payments in lieu of taxes under the Act.

(d) The Facility Owner, will develop, construct, and provide for the operation of the Project, at full buildout, which will generate up to 1.50 MWAC.

(e) The Facility Owner covenants and agrees that it will do all things necessary to remain eligible to make payments in lieu of taxes in accordance with the Act.

4. Term of Agreement.

(a) This Agreement shall remain in effect until the earlier to occur of:

- (i) the expiration of twenty (20) years from the Commercial Operations Date;
- (ii) the date on which the Landowner ceases to be the fee simple owner of the Property;
- (iii) the date on which the Facility Owner ceases operation of the Project;
- (iv) any default by the Landowner or Facility Owner under this PILOT Agreement, which shall include but is not limited to the failure of the Facility Owner or Landowner to pay the County for any amounts due under this PILOT Agreement;

(b) The County may terminate this Agreement for its convenience if at any time the County determines that such termination is in the best interest of the County. In the event of such termination, any exemption applicable to less than a full taxable year shall be prorated on a per diem basis up to the date of termination.

5. State Taxes. The Landowner acknowledges and agrees that it shall pay all State real property taxes due with respect to the Property.

6. Assignment. This Agreement may not be assigned without the prior written approval of the County such consent not to be unreasonably withheld or conditioned or delayed; provided however that by providing written notice to the County and the Landowner, the Facility Owner may assign any or all of its interests in this PILOT Agreement in connection with any financing of the Project or to an affiliate or a third party purchaser who assumes ownership of the Project. Any assignee shall be bound by all obligations and assume all benefits of the assignor hereunder.

7. Entire Agreement. This PILOT Agreement represents the entire understanding and agreement of the Parties.

[Signature pages follow]

IN WITNESS WHEREOF, the County, the Facility Owner, and the Landowner by their duly authorized representatives have signed this Agreement as of the date first written above.

WITNESS/ATTEST:

FACILITY OWNER:

Community Power Group, LLC

Name:

By: _____
Name:

WITNESS/ATTEST:

LANDOWNER:

Name:

Dale Haylett, Jr.

ATTEST:

HOWARD COUNTY, MARYLAND

Lonnie Robbins
Chief Administrative Officer

By: _____
Calvin Ball
County Executive
Date: _____

APPROVED for Form and Legal
Sufficiency this _____ day
of _____, 202_

APPROVED by Department of Finance:

Gary W. Kuc
County Solicitor

Rafiu Ighile, Director

Reviewing Attorney:

Kristen Bowen Perry
Deputy County Solicitor

[Notaries continue on the following pages.]

STATE OF MARYLAND, HOWARD COUNTY, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 202__, before me, the subscriber, a Notary Public of the State of Maryland, in and for the County aforesaid, personally appeared _____, and [s/he] acknowledged that [s/he] executed the Payment in Lieu of Taxes Agreement for the purposes therein contained, and [s/he] further acknowledged the same to be the [his/her] act [on behalf of if corporate owner].

AS WITNESS my Hand and Notarial Seal:

Notary Public

My Commission Expires:

STATE OF MARYLAND, HOWARD COUNTY, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 202__, before me, the subscriber, a Notary Public of the State of Maryland, in and for the County aforesaid, personally appeared _____, and [s/he] acknowledged that [s/he] executed the Payment in Lieu of Taxes Agreement for the purposes therein contained, and [s/he] further acknowledged the same to be the [his/her] act [on behalf of if corporate owner].

AS WITNESS my Hand and Notarial Seal:

Notary Public

My Commission Expires:

STATE OF MARYLAND, HOWARD COUNTY, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 20__, before me, the subscriber, a Notary Public of the State of Maryland, in and for the County aforesaid, personally appeared **Calvin Ball**, the County Executive of Howard County, Maryland, and he acknowledged that he executed the Payment in Lieu of Taxes Agreement for the purposes therein contained, and further acknowledged the same to be the act of Howard County, Maryland.

AS WITNESS my Hand and Notarial Seal:

Notary Public

My Commission Expires:

I CERTIFY THAT:

- (a) I am an attorney admitted to practice before the Court of Appeals of Maryland; and
- (b) I prepared the foregoing Payment in Lieu of Taxes Agreement.

Kristen Bowen Perry

Exhibit A

Council Resolution No. _____