

**TAX INCREMENT FINANCING AGREEMENT
BETWEEN
THE TOWN OF DOUGLAS
AND
AMERICAN PRO WIND, LLC**

This Agreement is made this ____ day of _____, 2009 by and between the Town of Douglas, a municipal corporation duly organized under the laws of the Commonwealth of Massachusetts, having a principal place of business at 29 Depot Street, Douglas, MA 01516, acting through its Town Meeting (hereinafter called "the TOWN") and American Pro Wind, LLC with a place of business at 195 Libbey Parkway, Weymouth, MA 02189, or its successor, nominee, or assignee, (hereinafter called the "COMPANY").

WHEREAS, the TOWN strongly supports increased economic development to provide additional jobs for residents of the TOWN, to expand commercial and industrial activity within the TOWN and to develop a healthy economy and a stronger tax base;

WHEREAS, the TOWN has been designated as a member of the Blackstone Valley Economic Target Area (the "ETA") by the Massachusetts Economic Assistance Coordinating Council (the "EACC");

WHEREAS, the FACILITY is located within the Douglas Woods Economic Opportunity Area to be designated as such by the EACC (the "EOA");

WHEREAS, the Certified Project will further the economic development goals and the criteria established for the ETA and the EOA;

WHEREAS, the COMPANY has under written agreement, with intent to purchase, the Project land parcels and whereas the COMPANY plans to construct a Commercial Wind Farm and to make other improvements to said land parcels located in the Town of Douglas and identified on the Douglas Assessor's Maps as Lots 205-2, 205-3, 206-1, 207-1, 207-2, 207-4, 207-5, 230-2 and 230-4, together referred to as the TIF Zone, and to obtain certain tax incentives from the TOWN for said land and improvements; and

WHEREAS, the TOWN is willing to grant said tax incentives in return for an undertaking of the COMPANY

- (1) to make the capital investment at said facility and
- (2) to create three (3) net, new, permanent, fulltime jobs in conjunction with the COMPANY's facility operations and zero (0) net, new, permanent, Part-time jobs.

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

A. DEFINITIONS

The Effective Date: Pursuant to 760 CMR 22.04(d), the Effective Date for the Property Tax Exemptions and PILOT Payments pursuant to this Agreement and described in Schedules 1 and 2 (below) shall be the July 1st following date on which the EACC approves the TIF Plan.

PILOT Term: The eighteen year period following the Effective Date when the PILOT Payments pursuant to this Agreement and described in Schedule 1 are in effect. As allowed under Section B-9 the COMPANY has the option to convert the PILOT Payment Term and the Exemption Term into a seventeen-year period.

Exemption Term: The eighteen year period, beginning on the date that the Property first becomes Eligible for Exemption, during which period the exemptions pursuant to this TIF Agreement, and described in Schedule 2 below, take effect. As allowed under Section B-9 the COMPANY has the option to convert the Exemption Term and the PILOT Payment Term into a seventeen-year period.

Base Valuation: The assessed value established for the most recent fiscal year immediately prior to the fiscal year in which the property first becomes eligible for an exemption under 760 CMR 22.05(4).

Adjustment Factor: The number calculated in any given year, as provided in Clause (iii) of Section 59 of Chapter 40.

Incremental Valuation: The Incremental Valuation shall mean the amount by which the Valuation exceeds the product of (i) the Base Valuation and (ii) the Adjustment Factor determined in accordance with Section 59 of the Chapter 40 of the General Laws.

B. THE COMPANY'S OBLIGATIONS

1. The COMPANY intends to build a new facility, located in Douglas, Massachusetts. New investments for the project are estimated to be a total of approximately \$65,582,000 consisting of feasibility and pre-development costs estimated to be \$1,892,000, Land Costs estimated to be \$4,300,000, Soft Costs estimated to be \$1,310,000, Equipment Costs estimated to be \$42,990,000 and construction costs estimated to be \$15,090,000. Of the total project investment of \$65,582,000, it is estimated that \$60,182,000 will occur in Douglas at the project site and \$5,400,000 will occur in Webster, Massachusetts for electrical infrastructure, transmission lines, and a substation. The result of the Douglas portion of this investment will be an estimated increase in property value of \$52,800,000 (est.), as determined by the Town of Douglas Assessor's Office. The total project investment cost could vary substantially through the site plan and construction process.
2. The COMPANY expects to create three (3) net, new, permanent, full-time positions, and zero (0) net, new permanent part-time positions, all of which will be created by the end of calendar year 2012. The COMPANY shall agree to operate a business and make all commercially reasonable efforts to maintain and add to the level of jobs described as long as the Tax Increment Financing Agreement is effective.

3. If the COMPANY decides to sell one or more of the facilities documented in this Agreement or the business or to otherwise transfer control of one or more of said facilities or business and/or its operation, the COMPANY shall give the TOWN as much notice as is practicable and will make reasonable good faith efforts to provide at least 30-days notice. Said notice shall be given to: The Town of Douglas through their Executive Administrator.
4. During the period of this TIF Agreement, in the event that a land sale or swap is conducted by the COMPANY with the Commonwealth of Massachusetts that directly results in less taxable land for the Town of Douglas, then the COMPANY and the TOWN will mutually agree to a set of annual payments to be made by the COMPANY to the TOWN that will equal the reduction in real estate taxes directly created by the sale or swap. The land values used for the calculation of these payments shall be based upon the pre-project land values of the affected parcels plus normal appreciation. These payments shall be made up until the end of the period of this TIF Agreement.
5. This TIF Agreement and its terms apply only to the wind farm project, including up to 13 wind turbines and any and all infrastructure (buildings, roads, transmission lines, energy equipment, machinery and equipment, land improvements, etc.) that are related to the construction, operations, and maintenance of the wind farm facility. Any future commercial developments on the site (including solar energy farms, non-wind power generation, manufacturing, office, or any other industrial or commercial developments) will not automatically receive the local tax benefits of this TIF Agreement and will have to be addressed through a mutually agreed upon amendment to the Certified Project and this TIF Agreement.
6. The COMPANY shall provide to the TOWN Annual Reports for each fiscal year of the TIF Agreement beginning with Fiscal Year 2011. The reporting period for each annual report should be July 1 through June 30 and the report should be available to the TOWN within 90 days of the end of the reporting period. Said reports, which will be forwarded by the COMPANY to the TOWN shall contain the following information: (a) employment levels at the facility at the beginning and end of the reporting period, (b) the specific number of ETA /EOA residents employed at the facility at the beginning and end of the reporting period; (c) the COMPANY'S financial contribution to the TOWN (i.e. property taxes, motor vehicle excise taxes, water and sewer fees, and charitable contributions relating to the TOWN or its Districts) for the preceding fiscal year; (d) updated financial summary, describing revenue, net income, and a list of investments made in real and personal property; and (e) a description of any private investment made for the benefit of the community during the reporting period, and (f) a copy of the most recent quarterly WR-1 form filed with the Massachusetts Department of Revenue Employer's Quarterly Report of Wages Paid or a list of employees identified by an employee number, name address, wages and place of residence as agreed upon by the Town of Douglas. The COMPANY will also provide the TOWN with any information related to this project deemed to be reasonably necessary to the TOWN and deemed to be legally available to the TOWN spanning the duration of the Tax Increment Financing Agreement.

7. It shall be a material obligation of the COMPANY to provide to the Town Assessor a listing of all Income (including copies of all leases, rent rolls or other tenant listing) and expenses (in summary form) pertaining to the operation of the Certified real estate. Such Income and Expense Statement shall be delivered by the COMPANY to the TOWN for each fiscal year of the TIF Agreement. The information shall be delivered to the Town Assessor by September 30 following each fiscal year of the TIF Agreement and may be delivered as part of the Annual Report described above.
8. The COMPANY agrees to make an annual Payment In Lieu Of Taxes (PILOT) to the TOWN spanning the eighteen-year duration of the Tax Increment Financing Agreement. During the PILOT Term, Annual PILOT Payments shall be made in the Dollar Amounts and during the Fiscal Years as provided within the following Schedule 1. The eighteen (18) scheduled annual payments shall each be divided by four and paid on a quarterly basis. The four equal quarterly payments shall be paid on or before August 1, November 1, February 1 and May 1 of each Fiscal Year beginning on the Effective Date. During the first three years of this TIF Agreement, the COMPANY shall make an Annual PILOT Payment to the TOWN equal to the amount of the Incremental Valuation of the Property on the prior January 1st as determined by the Board of Assessors divided by 1000 and then multiplied by the current fiscal year's Commercial Tax Rate. During these payment periods the first two quarterly payments will be calculated using the tax rate of the prior fiscal year. The final two quarterly payments will be calculated in such a manner that the remaining two payments will beget the TOWN the entire required Annual Pilot Payment.
9. The COMPANY reserves the option to convert this agreement into a seventeen-year period. Said option includes both the Exemption Term and the PILOT Payment Term identified on Schedules 1 and 2 below. To exercise said option, the COMPANY must give written notice to the TOWN on or before January 1, 2012.
10. Upon the COMPANY providing the TOWN with the proper notice as described in Section B-9 above, the Fixed PILOT Payments identified on Schedule 1 will commence on the following July 1 as shown in Schedule 1, and both the PILOT Payments listed on Schedule 1 and the Property Tax Exemptions listed on Schedule 2 will end one year early, as shown in Schedules 1 and 2. If the COMPANY fails to exercise the option as allowed under Section B-9 above, the Fixed PILOT Payments identified on Schedule 1 and the Property Tax Exemptions identified on Schedule 2 will remain the same.
11. It is understood by all parties that American Pro Wind LLC will be solely responsible for making all PILOT payments pursuant to this TIF Agreement.

COMPANY PILOT Payment Schedule

Year (1)	Annual Payments if the Option Described in B-9 is Not Exercised by the COMPANY	Annual Payments if the Option Described in B-9 is Exercised by the COMPANY
1	TBD According to Formula in Section B-8 Above	TBD According to Formula in Section B
2	TBD According to Formula in Section B-8 Above	TBD According to Formula in Section B
3	TBD According to Formula in Section B-8 Above	\$151,120
4	\$151,120	\$152,150
5	\$152,150	\$153,250
6	\$153,250	\$154,365
7	\$154,365	\$155,540
8	\$155,540	\$156,775
9	\$156,775	\$158,060
10	\$158,060	\$159,400
11	\$159,400	\$160,800
12	\$160,800	\$162,260
13	\$162,260	\$162,740
14	\$162,740	\$163,230
15	\$163,230	\$163,740
16	\$163,740	\$164,255
17	\$164,255	\$164,790
18	\$164,790	NA – PILOT Term Expired After Year 17
Total	TBD	TBD

Footnotes:

(1) "Year" shall mean the TOWN's fiscal year period (July 1 – June 30) and Year 1 of this PILOT Payment Schedule shall begin on the Effective Date.

13. The COMPANY shall make reasonable efforts to cooperate and coordinate with the Douglas School Department to provide information for inclusion in the school curriculum related to the science, economics and policy surrounding wind energy. To the extent feasible, and consistent with safety, legal, and insurance requirements, the COMPANY will allow the Facility to be occasionally used for educational presentations and tours for school personnel and students.
14. The COMPANY shall make a one-time gift payment to the Town of Douglas in the amount of \$15,000 for the purpose of helping to defray the legal and consulting costs related to the development and approval of the TIF Agreement. This payment shall be made prior to June 15, 2010.
15. Approval of this Agreement is contingent upon the COMPANY'S ability to meet the requirements documented within all local regulations, By-Laws, permits and/or variances pertaining to this project, as governed by the TOWN and local boards and commissions empowered by the TOWN to oversee the implementation of said regulations, By-Laws, permits, special permits and/or variances.

C. THE TOWN'S OBLIGATIONS

1. The TOWN shall grant a tax increment financing exemption to the COMPANY in accordance with Massachusetts General Laws, Chapter 23A; Section 3A, Chapter 40; Section 59, and Chapter 59; Section 5 for Town Assessor's Map Lots 205-2, 205-3, 206-1, 207-1, 207-2, 207-4, 207-5, 230-2 and 230-4 The exemption shall be granted and shall apply only to the new value of the land and facility as described in B1 above.

***The COMPANY
Proposed TIF Plan***

FY 2010 Assessed Value:	\$1,870,700 (estimated)
FY 2010 Annual Taxes:	\$22,036.85 (estimated)
FY 2010 Tax Rate:	\$11.78 (estimated)
Increment:	\$50,929,300 (estimated)
New Value at completion:	\$52,800,000 (estimated)

In anticipation of an increase in value to the property as determined by the Town of Douglas Assessor's Office. The following exemption percentage and exemption schedule will apply toward the increase in assessed value from the base value (Base = \$1,870,700; Increase in Assessed Value = \$50,929,300 [est.]) resulting from the completion of construction and equipment purchases by the COMPANY, as determined by the Town of Douglas Assessor's Office, and reviewed each subsequent year until the renovation is completed. All exemptions will be enacted upon realization of an increase in the assessed value of the noted property that results from new investment specific to this project.

2. The Property Tax Exemption (Real Estate and Personal Property) provided to the COMPANY under this agreement shall be as listed in the following Schedule 2:

Schedule 2

The COMPANY Tax Exemption Schedule

Year (1)	Real Estate Taxes Exemption	Personal Property Taxes Exemption	Total Property Taxes Exemption	Real Estate Taxes Exemption if Option B-9 is Exercised	Personal Property Taxes Exemption If Option B-9 is Exercised	Total Property Taxes Exemption If Option B-9 is Exercised
1	100%	100%	100%	100%	100%	100%
2	100%	100%	100%	100%	100%	100%
3	100%	100%	100%	100%	100%	100%
4	100%	100%	100%	100%	100%	100%
5	100%	100%	100%	100%	100%	100%
6	100%	100%	100%	100%	100%	100%
7	100%	100%	100%	100%	100%	100%
8	100%	100%	100%	100%	100%	100%
9	100%	100%	100%	100%	100%	100%
10	100%	100%	100%	100%	100%	100%
11	100%	100%	100%	100%	100%	100%
12	100%	100%	100%	100%	100%	100%
13	100%	100%	100%	100%	100%	100%
14	100%	100%	100%	100%	100%	100%
15	100%	100%	100%	100%	100%	100%
16	100%	100%	100%	100%	100%	100%
17	100%	100%	100%	100%	100%	100%
18	100%	100%	100%	NA – Exemption Term Expired	NA – Exemption Term Expired	NA – Exemption Term Expired

Footnote: (1) “Year” shall mean the TOWN’s fiscal year period (July 1 – June 30) and Year 1 of this Tax Exemption Schedule shall begin on the Effective Date.

3. The Town Meeting approved the provisions of this TIF Agreement on November 16, 2009. (See attached Certified Vote).

D. ADDITIONAL PROVISIONS

1. Pursuant to 760 CMR 22.05, this Agreement shall be binding upon subsequent owners of the property and successors, nominees, and assigns of the COMPANY.
2. It is understood and agreed by all parties that the terms of this TIF agreement will not increase the real estate tax liability of the current owners of the land parcels contained within the TIF Zone during the period of their ownership any more than would result in the absence of this TIF Agreement.
3. Upon failure of the COMPANY to fulfill all material obligations of Sections B1 through B14 under this Agreement, the TOWN will notify the COMPANY in writing of such failure and will allow 60 days from the date of such notification for the COMPANY to remedy the failure (and to notify the TOWN of such remedy in writing) or to provide to the TOWN a written corrective action plan that specifically demonstrates how and when the failure will be remedied. The TOWN will notify the COMPANY within 30-days of receiving the corrective action plan whether it accepts or rejects the plan. In any event, if the failure has not been remedied within 90-days of notification by the TOWN to the COMPANY, and if the COMPANY fails to implement the corrective action plan agreed to by the TOWN in a timely fashion, then the TOWN reserves the right to apply to the Economic Assistance Coordinating Council (EACC) for decertification of the project.
4. This Agreement is subject to MGL c 23A, section 3A - 3F inclusive, MGL c. 40, section 59; MGL c. 6A; and St. 1993 c. 19.

Executed as to form, on the day and year first written above.

Town Of Douglas

American Pro Wind, LLC

BOARD OF SELECTMEN

President

James Sullivan
Owner Parcels
(205-2, 205-3, 206-1,
207-1, 207-2, 230-2)

David Rudick
Owner
Parcel 230-4

Joseph Malloy
Owner
Parcel 207-5

James Seraphin
Owner
Parcel 207-4