

NEW HAVEN – VGL TERM SHEET

The purpose of this document is to recite certain terms on which the parties have reached agreement. This document is not a contract and is not enforceable as such. The fact that certain clauses refer to “this Agreement” simply reflects the language that the parties expect to be in the final agreement when and if it is executed. The parties intend to add other clauses and to refine the language of the clauses below.

1. Parties

Town of New Haven, Vermont (“the Town”)
78 North Street
New Haven, VT 05472
Acting by its Select Board

Vermont Green Line Devco, LLC (“VGL”)
A Delaware Limited Liability Company registered to do business in Vermont
401 Edgewater Place, Suite 680
Wakefield, MA 01880

2. Project Description and Location

The Project will consist of an underground direct current cable entering the Town from the North, which will be capable of transmitting up to a maximum of 400 Megawatts of Direct Current electricity (“the DC Cable”), to a Converter Station, which will convert the electricity to Alternating Current (“AC”), and an underground 345 kilovolt AC cable (“the AC Cable”) from the Converter Station to an existing Vermont Electric Power Company substation to the East of the Converter Station (“the VELCO Substation”). The Converter Station will consist of three (3) buildings and an exterior area totaling approximately six (6) acres, which will be fenced in. There will be equipment relating to the Converter Station functions both inside and outside the buildings. Except for the DC Cable and the AC Cable, such equipment shall be on the approximately six (6) acre area inside the fence. There will be an access road to the Converter Station, running from Route 17 to the Converter Station, in the approximate location depicted in Attachment 2. VGL will own or control approximately sixty (60) acres surrounding the Converter Station, in order to facilitate screening and sound attenuation. Existing trees and foliage will remain and the parties will agree on additional screening to be provided as needed and practicable.

Attachment 1 is a drawing showing the approximate heights and design of the buildings and some of the exterior equipment.

Attachment 2 is a Project-proposed Plan Layout of the footprint of the Converter Station, superimposed on a photograph of the property on which it will be situated. The elevation of the space on which the Converter Station is built will be approximately three hundred thirty two (332) feet above sea level. VGL and the Town agree that this is the preferred site for the Converter Station and that they will make all reasonable efforts to secure regulatory approval for this location.

Attachment 3 shows the position of present screening. VGL will provide additional screening in the vicinity of the Converter Station and, as needed, near abutting properties.

3. Construction

- a. No construction or site preparation shall take place prior to the issuance by the Public Service Board (“the PSB”) of a Certificate of Public Good authorizing construction and operation of the Project.
- b. Construction activities and related deliveries shall be restricted to the hours of 7:00 a.m. and 6:00 p.m. Mondays through Saturdays, except indoor construction activities which may be undertaken at any hour. No outdoor construction activities and related deliveries are allowed on Sundays and State and Federal Holidays. When necessary, with prior notice to abutting property owners, VGL may extend the hours for outdoor construction past 6:00 P.M, Monday through Saturday, provided that no activity may take place after dark. Construction equipment such as rock drills and chippers, and other equipment with equivalent noise levels shall not be used after 6:00 P.M. on any day.
- c. At least twenty-one (21) calendar days before commencement of construction, VGL shall supply the Town with complete, detailed plans and schedules relating to all construction activities that will take place in New Haven, in electronic and hard copy form, together with projected locations of such activities. Any changes in schedules or plans shall be furnished to the Town at least one(1) week before they are implemented. VGL shall not be required to provide information that is both confidential and competitively sensitive or that is Critical Energy Infrastructure Information (CEII) as defined by the Federal Energy Regulatory Commission.
- d. The Town shall designate representatives knowledgeable in the construction of buildings and electrical substation and transmission facilities to review the schedules and plans during the twenty-on (21) day period. VGL shall fully cooperate with these representatives, providing complete answers to any questions they may have, unless otherwise prohibited under the terms of a third-party non-disclosure agreement.

- e. VGL will identify a point of contact who will receive and answer construction and operation related complaints about the Project from Town residents. VGL will develop a complaint resolution protocol in consultation with the Town prior to the commencement of construction in New Haven. The protocol will include notice by VGL of its intent to start construction ten (10) days before the commencement of construction to all adjoining landowners and the New Haven Select Board, and the Town will post a copy of the notice and VGL contact information in the Town Hall.
- f. Upon completion of construction of the Project, VGL shall provide the Town with as-built drawings of all components of the Project, except those that are both confidential and competitively sensitive or that are Critical Energy Infrastructure Information (CEII) as defined by the Federal Energy Regulatory Commission.

4. Municipal Property Taxes, Supplemental Payments and Adjustments

a. Payments to Town

Beginning the year in which the Project is built and in commercial operation, and in each year thereafter through the fortieth (40th) year, VGL shall make total annual payments to the Town of \$1,400,000, increased beginning in the second (2nd) year after completion of construction and increasing annually thereafter, by one percent (1.0%) each year. As used herein, "commercial operation" means the time when the Project is built and available to convert and transmit power. The payment for the first year of commercial operation shall be pro-rated to reflect the fraction of the tax year prior to the date the Project is ready to operate. The difference between the total payment and the municipal property tax shall be designated a "Supplemental Payment." Supplemental Payments shall be made for forty years or until the Project is dismantled, whichever is shorter. At least two (2) years before the end of the forty (40) years, the parties shall negotiate in good faith to arrive at terms to govern their relations thereafter.

b. Property Tax Payments

Neither the tax on the Project attributable to municipal expenses or the municipal tax rate or the value of the Project shall not be fixed by this Agreement, and as such this Agreement shall not constitute a tax stabilization agreement pursuant to 24 V.S.A. § 2741.

c. Other Payments; Limitation on Town Fees and Charges

- i. VGL will contribute up to \$35,000 for reimbursement of necessary and reasonable costs incurred by the Town solely in connection with its participation as a party in the Public Service Board proceeding for the

Project, including any post-CPG proceedings required by the terms and conditions of the Board's order and Project's CPG.

- ii. The Town shall not impose other fees, dues, or other types of payments on the Project beyond those provided for in this Agreement, with the exception of fees normally charged to members of the public generally for Town services, such as permits, applications, copies and the like.

d. Inability to Operate/ "Force Majeure"

The Supplemental Payments shall be adjusted downward upon a showing by VGL that the Project's output at the point of interconnection with the substation is reduced, due to a *force majeure* event. The downward adjustment in payment shall be calculated *pro rata* based on the temporary inability of the Project to function solely as a result of the *force majeure* event, and shall continue only for so long as that inability lasts.

A *force majeure* event is an event (a) the occurrence and severity of which could not with reasonable diligence and foresight have been anticipated by VGL and (b) is beyond the reasonable control of VGL. Provided these criteria are met, *force majeure* events include, but are not limited to, fire, lightning, earthquake, ice storm and other severe acts of nature, sabotage, acts of war, terrorism and civil disobedience. The loss of a contract or cessation of commercial dealings is not a *force majeure* event.

If VGL is unable to meet its obligations herein by reason of a *force majeure* event, it shall use all reasonable efforts to restore operations and performance at the earliest possible time.

5. New Haven Volunteer Fire Department and New Haven Highway Department

In order to meet the needs of the New Haven Volunteer Fire Department and the Town Highway Department for a new fire station and a new town garage, as well as other needs directly related to the services they perform for the Town and its residents, VGL shall pay to the Town \$4,000,000, in addition to the payments recited above. This payment shall be made within sixty (60) days after the date of the commencement of construction of the Project. It will be used by the Town and the Fire Department for the construction of a new fire station and a new highway garage and to meet other Fire Department and Highway Department needs that will aid them in performing their services.

6. Sound

Sound from the Project will meet World Health Organization (WHO) guidelines of 40 dBA broadband/35 dba tonal at the exterior of any residence.

The Town may use funds set forth in Section 4c of this Agreement to offset the costs of monitoring the sound from the Project within three months of commencement of the Project's commercial operation. The Town may also use such funds to offset the cost of monitoring the sound of the VELCO New Haven Substation (the "Substation").

7. Decrease in Value of Certain Real Property

To address concerns about the potential for impacts on the market value of real property nearby Project, VGL commits to a compensation program as follows. The properties within the line drawn around the Project on Attachment 4 are designated as properties within the area of potential effect who are eligible to apply for compensation from the VGL Compensation Fund, provided they can demonstrate that, after one year of operation of the Project, their property suffered a loss in market value due solely to the presence or operation of the Project. The procedure to establish and administer this fund is as follows:

- a. Within one month after the date of this Agreement, VGL will arrange for a letter of credit from a banking institution in the amount of \$1,000,000, to secure future payments from the Compensation Fund.
- b. Beginning one year after completion of construction of the Project, owners of real property within the line in Attachment 4 may present a claim based on an appraisal conducted at the property owner's expense and performed in accordance with the Uniform Standards of Professional Appraisal Practice by an appraiser licensed by the State of Vermont, that shows that their real property has decreased in value below what it would otherwise be to the extent the decrease is caused by the presence and/or operation of the Project.
- c. Upon presentation of the property owner's appraisal, VGL may pay the amount of the difference to the property owner(s) or may contest payment with another appraisal conducted at the Project's expense by an appraiser who meets and uses the same professional standards. If the parties still cannot agree, the appraisers may agree on a third appraiser to give an opinion that will bind the parties. Half of the cost of such third appraisal will be paid by the Project with the remainder to be paid by the property owner.
- d. VGL shall pay the property owners an amount equal to the final amount of loss in value within fourteen(14) days of the determination of loss, regardless of which of the above procedures results in the determination.

8. Cooperation by the Parties

- a. The Town shall cooperate with VGL before the Public Service Board and other state, federal and regional instrumentalities through all reasonable means, including the

submission of prefiled testimony expressing the Town's unqualified support for the Project as agreed to herein and proposed to the Public Service Board.

- b. If, after the execution of this Agreement, a significant change to the Project is required that materially affects the Parties' Agreement and the Town's rights hereunder, whether by order of the Public Service Board or otherwise, and the change is acceptable to the Town, then the Town, acting within the bounds of its authority, shall cooperate with VGL in dealing with State of Vermont agencies and shall support the modified plans before the PSB, including the filing of appropriate testimony, exhibits and other filings related to the Project's compliance with the section 248 criteria including, but not limited to, subsections (b)(1), and (b)(5), as well as any other permits, applications, or approvals VGL requires to operate the project. If such change is not acceptable to the Town, the Town will notify VGL of its objection and the basis for it, and will negotiate with VGL in good faith towards a resolution of the Town's objection to the change. If the parties are unable to resolve the Town's objection after a reasonable period of time, the Town may raise its objection to the change with the Public Service Board without violating this Agreement. An order by the PSB to change the location of the Project to its original Project-proposed location approximately two-hundred fifty (250) feet to the east of the location shown in Attachment 2 of this Agreement will not be considered by the Parties to be a significant change under Section 8 of this Agreement VGL and the Town each agree that they will not take actions during the 248 proceeding that are inconsistent with this Agreement and that they will ask the Public Service Board to include the terms of this Agreement in a Certificate of Public Good that allows the construction of the Project.
- c. Provided that the Public Service Board issues an order and CPG that is consistent in all material respects to the terms and conditions of the parties' Agreement, the Town waive its right to appeal the Board's order.
- d. Provided that all other state and federal permits issued for the Project are consistent in all material respects with the terms and conditions of the parties' Agreement, the Town waive its right to appeal the issuance of any such permits.

9. Representations, Warranties and Covenants

- a. VGL represents, warrants and covenants that VGL
 - i. Is and shall be, at all times while this Agreement is in effect, the lessee or owner of the Project and have all rights to the real property on which the Project will be constructed that are necessary to construct and operate the Project;
 - ii. Maintains and shall maintain, at all times while this Agreement is in effect, adequate financial resources or have access to adequate financial

resources required to perform all of the obligations herein to be performed by it;

- iii. Has and shall have, at all times this Agreement is in effect, the power to assure that services or equipment or materials for the Project will be performed or caused to be performed;
- iv. Is and shall be, at all times this Agreement is in effect, responsible for the operation and maintenance of the Project, either directly or through a contracted entity.

b. VGL shall defend, indemnify and hold harmless the Town from any and all claims, disputes and legal or regulatory actions that may be brought against the Town by any contractor, subcontractor or other firm or person alleging nonpayment for services rendered or materials furnished to VGL and from any and all claims, disputes and legal or regulatory actions that may be brought against the Town based upon VGL's negligent acts or omissions, or VGL's willful misconduct. Notwithstanding the above, VGL will not indemnify the Town for any claim, dispute or legal or regulatory actions resulting from the Town's negligent acts or omissions or the Town's willful misconduct or for any other actions by the Town that are in derogation of its obligations under law or this Agreement.

- c. The Town represents, warrants and covenants:
 - i. that it has the general authority to enter into this Agreement; and
 - ii. that no member of the Select Board voting to approve or sign this Agreement has a conflict of interest in so voting or signing and will not gain personally from the Town's execution of this Agreement.

d. Each Party represents and warrants to the other that each signature appearing on the signature page to this Agreement is the true and correct signature of a duly authorized representative or agent of such Party, that such representative or agent has the capacity and authority to bind such Party and that no consent, waiver, approval, order, permit or authorization of or filing with or notification to any person or governmental entity is required on behalf of such Party in connection with the execution, delivery and performance of such Party of its obligations hereunder.

10. Transferees, Successors, and Assigns

This Agreement in its entirety shall apply to, inure to the benefit of, and be binding upon and enforceable against the parties hereto and their successors and assigns, and any persons or entities to which are transferred the Project or any rights or components of the Project, to the same extent as if such persons or entities were recited as parties to this Agreement, and notwithstanding the terms of any such assignments or transfer. In the event of assignment or transfer, the assignee(s) or transferee(s) shall be substituted for VGL in this agreement in all respects. Notwithstanding anything in this Agreement to the contrary and subject to the jurisdiction of the PSB and other applicable regulatory

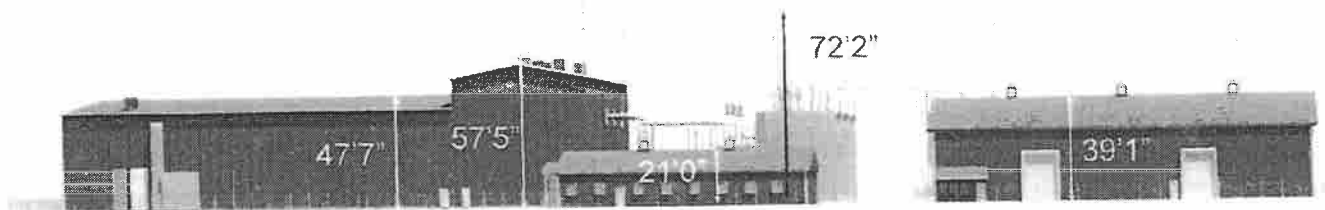
authority, nothing in this Agreement shall prevent VGL from assigning or transferring to a third party the Project (including any Certificate of Public Good and other regulatory approval necessary for Project ownership, maintenance and operation) and this Agreement, by operation of law (such as through a merger or consolidation) or otherwise. By the acceptance of such assignment or transfer, the assignee or transferee will be substituted for VGL and be bound by all of the terms of this Agreement including, without limitation, by the representations, warranties and covenants in paragraph 6.a. to the full extent that VGL is bound by such representation, warranties and covenants.

11. Additional Terms to be in Final Agreement

In addition to the foregoing terms, the parties will agree on the following:

- a. Plant to be operated safely and according to utility standards
- b. Governing law: Vermont
- c. Enforcement: PSB and Vermont courts
- d. Amendments must be in writing
- e. Decommissioning and removal of the Project
- f. Effective date and signatures

Vermont Green Line
Proposed New Haven Converter Station
Preliminary Structure Heights: View from West



Vermont Green Line



For discussion purposes with the Town of New Haven. Drawing is preliminary and dimensions and equipment placement should be considered indicative.

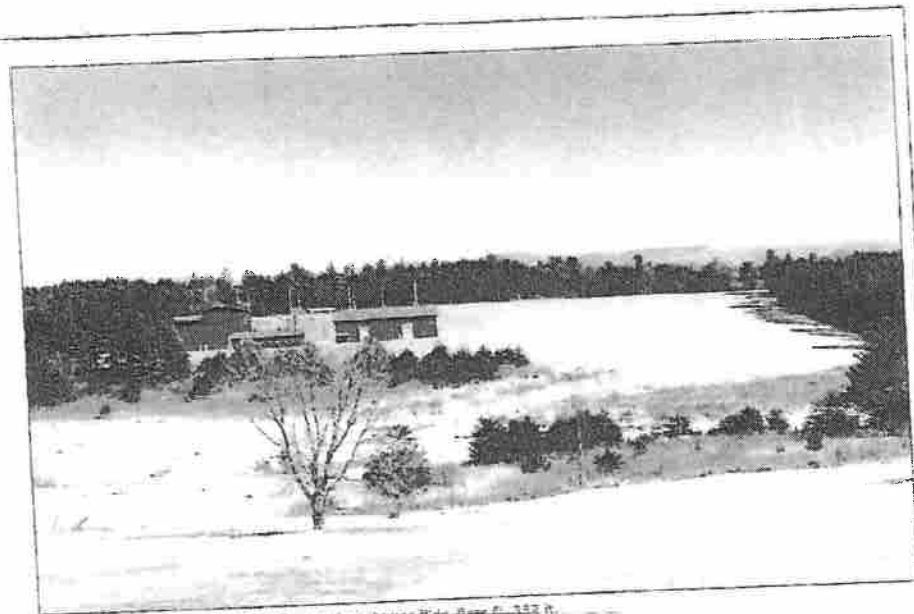
December 3, 2013

ATTACHMENT 1



ATTACHMENT 2

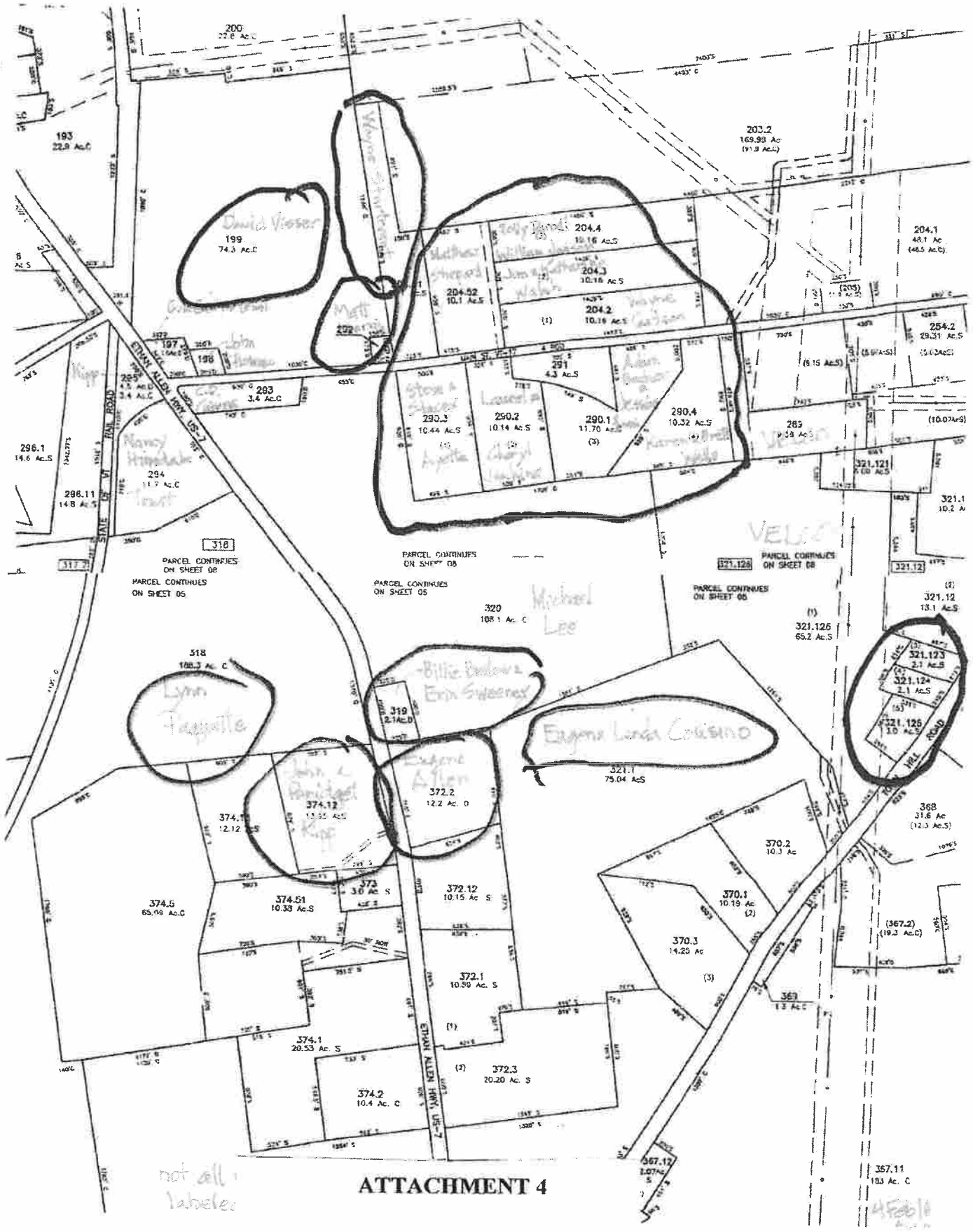
A-4



G. Looking East from Rt. 7 near Sixth P...
(taken at east side of meadow beyond...)

ATTACHMENT 3

(Does not include
additional screening)



David Vissler
199
74.3 Ac.C

Michael Lee
320
108.1 Ac. C

Lynn Fayette
318
108.3 Ac. C

Billie Dolow & Erin Swanson
319
2.74 Ac.C

Eugene Linda Colisino
321.7
75.04 Ac.S

John & Patricia Kipp
374.12
13.25 Ac.S

Expone Allen
372.2
12.2 Ac. D

321.123
2.7 Ac.S
321.124
2.1 Ac.S
321.126
1.0 Ac.S

368
31.6 Ac
(12.3 Ac.S)

(367.2)
(19.3 Ac.C)

357.11
183 Ac. C

294
11.7 Ac.C

283
3.4 Ac.C

290.3
10.44 Ac.S

250.2
10.14 Ac.S

290.1
11.70 Ac.S

290.4
10.32 Ac.S

289
9.38 Ac.S

321.1
10.2 Ac

321.12
(2)
321.12
13.1 Ac.S

321.126
65.2 Ac.S

370.2
10.3 Ac

370.1
10.19 Ac
(2)

370.3
14.25 Ac
(3)

367.12
1.07 Ac.S

317
PARCEL CONTINUES ON SHEET 05

318
PARCEL CONTINUES ON SHEET 08

PARCEL CONTINUES ON SHEET 05

321.126
PARCEL CONTINUES ON SHEET 08

321.12
PARCEL CONTINUES ON SHEET 08

IN WITNESS WHEREOF, the Parties hereto have caused their representatives to execute and deliver this Term Sheet as of April 13, 2016.

Town of New Haven, Vermont



By: Kathleen Barrett

Its: Selectboard Chair

Name: Kathleen L Barrett



VERMONT GREEN LINE DEVCO, LLC

By: Edward Krapels

Edward Krapels

Its: Managing Member