

## RESOLUTION 2020-127

### RESOLUTION OF THE BOROUGH OF MOUNT ARLINGTON, IN THE COUNTY OF MORRIS, NEW JERSEY, AUTHORIZING THE AWARD OF A SOLAR POWER PURCHASE AGREEMENT TO HESP SOLAR, LLC

**WHEREAS**, the Borough of Mount Arlington in the County of Morris, New Jersey (the "Borough"), is a municipality of the State of New Jersey which among other things, exercises powers pursuant to the New Jersey Local Housing and Redevelopment Law, *N.J.S.A. 40A:12A-1 et seq.* (the "Redevelopment Law"); and

**WHEREAS**, pursuant to the Redevelopment Law, the Borough has designated Block 8, Lot 3 on the Tax Maps of the Borough, better known as the former Mt. Arlington Landfill, as an "area in need of redevelopment" (the "Redevelopment Area") in accordance with the Redevelopment Law; and

**WHEREAS**, pursuant to the Redevelopment Law, the Borough has adopted the Mount Arlington Landfill Redevelopment Plan (the "Redevelopment Plan") in accordance with the Redevelopment Law; and

**WHEREAS**, pursuant to a Request for Proposals (the "RFP"), soliciting responses from redevelopers interested in the redevelopment of the Redevelopment Area, the Borough designated HESP Solar, LLC ("HESP Solar") as the redeveloper of the Redevelopment Area, and has entered into a Redevelopment Agreement dated May 17, 2019 (as the same may be amended and supplemented from time to time, the "Redevelopment Agreement"), and a Ground Lease Agreement dated March 28, 2017, as amended May 17, 2019 (as the same may be further amended and supplemented from time to time, together, the "Ground Lease Agreement"), with HESP Solar; and

**WHEREAS**, pursuant to the Redevelopment Agreement, HESP Solar has agreed to undertake the following actions in accordance with the terms of the Redevelopment Agreement and the Redevelopment Plan: (i) design, develop, finance, construct, operate and maintain a grid-connected photovoltaic solar power system in the Redevelopment Area with an output of approximately 1.6 megawatts (MW) (direct current) of power, including but not limited to all solar energy panels, mounting systems, carports, tracking devices, inverters, switches, meters, conduits, wires, controls, integrators, security systems and other related equipment and components installed in the Redevelopment Area, electric lines and conduits required to connect such equipment to the delivery point, protective and associated equipment, improvements, and other tangible and intangible assets, contracts, permits, property rights and contract rights reasonably necessary for the construction, operation, and maintenance of same (the "System"); and (ii) construct all necessary on- and off-site infrastructure improvements (as more specifically described in the Redevelopment Agreement, the "Project"); and

**WHEREAS**, pursuant to the Ground Lease Agreement, and in accordance with the terms of the Redevelopment Plan and the RFP, the Borough agreed to lease the Redevelopment Area to HESP Solar, solely for the purpose of permitting HESP Solar to construct and operate thereon the Project, and conduct activities accessory to and related with such use, including, without limitation, the generation and sale of Energy (as defined in the Ground Lease Agreement); and

**WHEREAS**, pursuant to the Ground Lease Agreement, HESP Solar will pay the Borough (i) a one-time payment in the amount of \$227,000 for years 1 through 15 of the lease term, and annual payments in an amount equal to fifty percent (50%) of the Net Energy Revenues (as defined in the Ground Lease Agreement) earned in and for years 16 through 25 of the lease term or (ii) a one-time payment in the amount of \$318,000 for years 1 through 15 of the lease term, if the Borough and HESP Solar enter into and execute a 15 year power purchase agreement, and annual payments in an amount equal to fifty percent (50%) of the Net Energy Revenues earned in and for years 16 through 25 of the lease term, such option as determined by the Borough in its sole discretion; and

**WHEREAS**, in furtherance thereof, the Borough has determined to enter into a Solar Power Energy Services Agreement (in the form attached hereto as Exhibit A, the "PPA") with HESP Solar, pursuant to which HESP Solar will be required, at its own expense (but subject to the Borough's purchase and payment of energy from the System to be sold by HESP Solar to wholesale electrical markets), to engineer, procure, install, interconnect, finance, operate and maintain the System for a term not to exceed 15 years; and

**WHEREAS**, consistent with the Redevelopment Agreement, the Ground Lease Agreement and the PPA, HESP Solar has offered to sell electricity from the System at a price of \$0.03/kWh during the term of the PPA; and

**WHEREAS**, the Borough believes it is in the best interests of the Borough to award and authorize the entry into the PPA, consistent with the Redevelopment Agreement and the Ground Lease Agreement, based upon HESP Solar's proposal to engineer, procure, interconnect, install, finance, operate and maintain the System in accordance with the foregoing, applicable law and the PPA to be executed.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOROUGH OF MOUNT ARLINGTON IN THE COUNTY OF MORRIS, NEW JERSEY** as follows:

**Section 1.** The above Recitals are incorporated herein by reference as if set forth.

**Section 2.** The Borough hereby awards, directs and authorizes the entry into the PPA with HESP Solar for them to, at their own cost and expense (but subject to the Borough's purchase and payment of energy from the System to be sold by HESP Solar to wholesale electrical markets), provide, finance, interconnect, operate and maintain the System, for the agreed upon cost of electricity set forth above and within the PPA.

**Section 3.** The Borough hereby authorizes and directs the Mayor and/or the Business Administrator, as well as any necessary Borough personnel and staff, to execute the PPA on behalf

of the Borough in substantially the form submitted herewith and appended hereto as Exhibit A, with such changes approved by General Counsel, and the signature of the authorized Borough officials on such PPA shall be conclusive proof of such approval and execution.

**Section 4.** This Resolution shall take effect immediately.

**I HEREBY CERTIFY** this to be a true and correct Resolution of the Mayor and Borough Council of the Brough of Mount Arlington, and adopted on September 1, 2020.



L. Dwyer  
Acting Borough Clerk