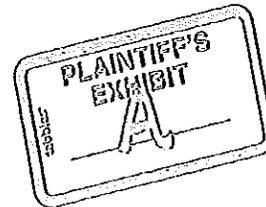


1,99mb



Kirkland Appraisals, LLC

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March 4, 2015

Mr. Reynaldo Rodriguez
Red Toad, Inc.
215 New Gate Loop
Lake Mary, FL 32746

Mr. Rodriguez

At your request, I have considered the likely impact of a solar farm proposed to be constructed near Selma, North Carolina. Specifically, I have been asked to give my professional opinion on whether the proposed solar farm will "substantially injure the value of adjoining or abutting property" and whether "the location and character of the use, if developed according to the plan as submitted and approved, will be in harmony with the area in which it is to be located."

To form an opinion on these issues, I have researched and visited existing and proposed solar farms in North Carolina, researched articles through the Appraisal Institute and other studies, and discussed the likely impact with other real estate professionals. I have not been asked to assign any value to any specific property.

This letter is a limited report of a real property appraisal consulting assignment and subject to the limiting conditions attached to this letter. My client is Red Toad, Inc., represented to me by Mr. Reynaldo Rodriguez. My findings support the Special Use Permit application. The effective date of this consultation is March 2, 2015 the date of my inspection of the property and surrounding areas.

Proposed Use Description

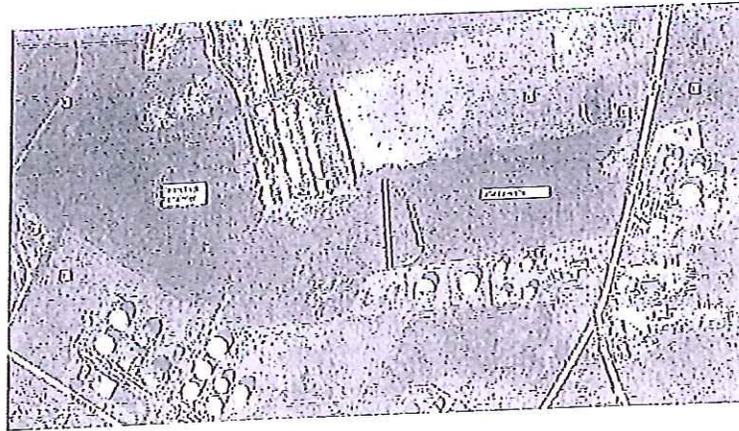
The proposed solar farm will consist of a fixed solar array located on approximately 15 acres out of a 49.23 acre parent tract located at 4451 Buffalo Road, Selma, North Carolina. This property is currently owned by Roberts & Wellons, Inc.

Adjoining land is a mix of industrial and residential uses, which is actually a little uncommon for solar farms in North Carolina as shown later in this report. Typically, solar farms are located where rural and suburban areas meet with most adjoining uses being agricultural and residential. There are solar farms near industrial land, but it is less common than the other pattern.

There are no nearby homes and the nearby residential uses would be impacted by the nearby industrial uses that are mostly tall petroleum tanks, whereas the proposed solar farm will be smaller, lower to the ground and easily screened.

The solar farm will consist of stationary solar panels that will generate no noise beyond the fence, no odor, and less traffic than a residential subdivision. The panels are less than 10 feet in height and will be located behind a chain link fence.

I have considered adjoining uses as shown in the map below. The mix of uses is predominately industrial and some residential uses. Industrial uses do not typically receive negative impacts from adjoining uses and I have therefore focused on potential impacts on adjoining residential uses.



Adjoining Use Breakdown

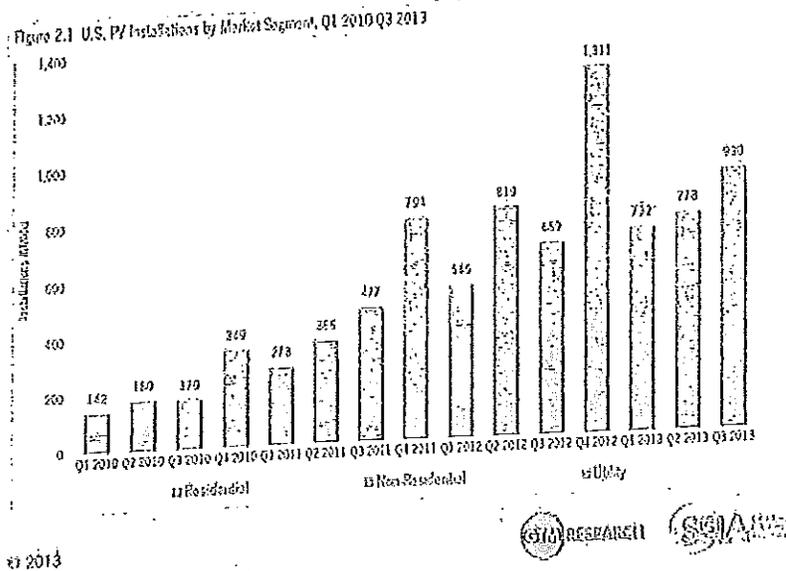
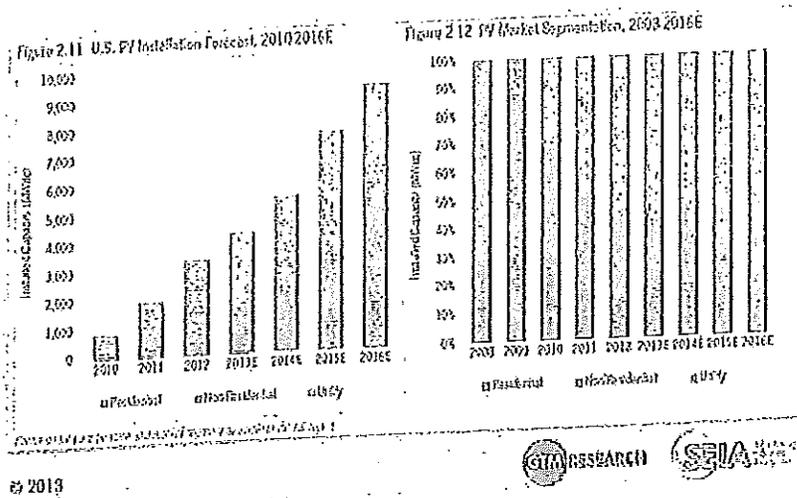
	Acreage	Parcels
Industrial	70.17%	77.78%
Residential	29.83%	22.22%
Total	100.00%	100.00%

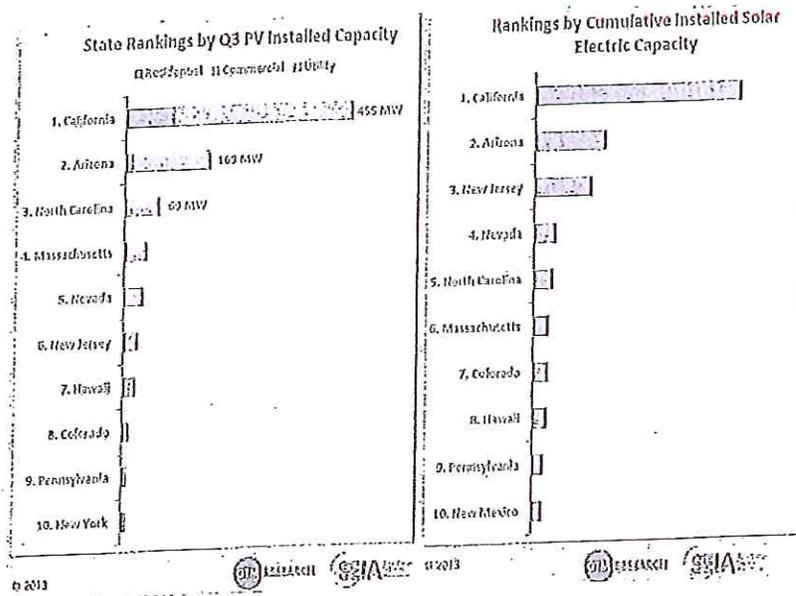
*Church included in residential total as they are typically found on residential land

Surrounding Uses			GIS Data		% Adjoining	% Adjoining
#	MAP ID	Owner	Acres	Present Use	Acres	Parcels
1	14054044D	Roberts & Wellons	13.431	Industrial	6.59%	11.11%
2	14054044A	Calvary	0.840	Church	0.41%	11.11%
3	14054044	Beard	19.200	Industrial	9.41%	11.11%
4	14054025	Magellan	27.840	Industrial	13.65%	11.11%
5	14054024A	Buffalo	7.910	Industrial	3.88%	11.11%
6	14054027	Kinder	20.040	Industrial	9.83%	11.11%
7	14054046	Transmontaigne	16.700	Industrial	8.19%	11.11%
8	14054039C	NCDOT	38.000	Industrial	18.63%	11.11%
9	14109003	Roberts & Wellons	60.000	Residential	29.42%	11.11%
		Total	203.961		100.00%	100.00%

Overview of Solar Farms Development in North Carolina

Across the nation the number of solar installations has dramatically increased over the last few years as changes in technology and the economy made these solar farms more feasible. The charts below show how this market has grown and is expected to continue to grow from 2010 to 2016. The U.S. Solar Market Insight Reports for 2010 and 2011 which is put out by the Solar Energy Industries Association note that 2010 was a "breakout" year for solar energy. The continued boom of solar power is shown in the steady growth. North Carolina was ranked as having the 3rd most active photovoltaic installed capacity in 2013.





As shown in the charts above, North Carolina ranked third in installed solar energy in the third quarter of 2013. North Carolina ranked fifth in installed solar energy in the United States.

I. Market Analysis of the Impact on Value from Solar Farms

I have researched a number of solar farms in North Carolina to determine the impact of these facilities on the value of adjoining property. I have provided a breakdown of the adjoining uses to show what adjoining uses are typical for solar farms and what uses would likely be considered consistent with a solar farm use. This breakdown is included in the Harmony of Use section of this report.

I also conducted a series of matched pair analyses. A matched pair analysis considers two similar properties with only one difference of note to determine whether or not that difference has any impact on value. Within the appraisal profession, matched pair analysis is a well-recognized method of measuring impact on value. In this case, I have considered residential properties adjoining a solar farm versus similar residential properties that do not adjoin a solar farm. I have also considered matched pairs of vacant residential and agricultural land.

As outlined in the discussion of each matched pair, I concluded from the data and my analysis that there has been no impact on sale price for residential, agricultural, or vacant residential land that adjoins the existing solar farms included in my study.

1. Matched Pair A – AM Best Solar Farm, Goldsboro, NC

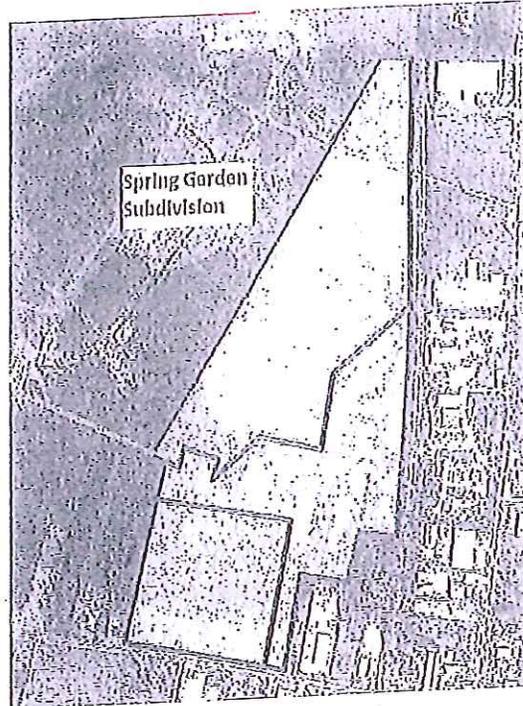
This solar farm adjoins Spring Garden Subdivision which had new homes and lots available for new construction during the approval and construction of the solar farm. The recent home sales have ranged from \$200,000 to \$250,000. This subdivision sold out the last homes in late 2014. The solar farm is clearly visible particularly along the north end of this street where there is only a thin line of trees separating the solar farm from the single-family homes.

Homes backing up to the solar farm are selling at the same price for the same floor plan as the homes that do not back up to the solar farm in this subdivision. According to the builder, the solar farm has been a complete non-factor. Not only do the sales show no difference in the price paid for the various homes adjoining the solar farm versus not adjoining the solar farm, but there are actually more recent sales along the solar farm than not. There is no impact on the sellout rate, or time to sell for the homes adjoining the solar farm.

I spoke with a number of owners who adjoin the solar farm and none of them expressed any concern over the solar farm impacting their property value.

The data presented on the following page shows multiple homes that have sold in 2013 and 2014 adjoining the solar farm at prices similar to those not along the solar farm. These series of sales indicate that the solar farm has no impact on the adjoining residential use.

The homes that were marketed at Spring Garden are shown below.



 Amesiana Sq Ft: 3,194 Bed / Bath: 3 / 3.5	Price: \$237,900 View/Notes	 Washington Sq Ft: 3,292 Bed / Bath: 4 / 3.5	Price: \$244,900 View/Notes
 Presidential Sq Ft: 3,400 Bed / Bath: 5 / 3.5	Price: \$247,500 View/Notes	 Kennedy Sq Ft: 3,494 Bed / Bath: 5 / 3	Price: \$249,900 View/Notes
 Virginia Sq Ft: 3,449 Bed / Bath: 5 / 3	Price: \$259,900 View/Notes		

AM Best Solar Farm, Goldsboro, NC

Matched Pairs
As of Date: 9/3/2014

Adjoining Sales After Solar Farm Completed

TAX ID	Owner	Acre	Date Sold	Sales Price	Built	GBA	\$/GBA	Style
3600195570	Helm	0.76	Sep-13	\$250,000	2013	3,292	\$75.91	2 Story
3600195361	Leak	1.49	Sep-13	\$260,000	2013	3,682	\$71.19	2 Story
3600199891	McBrayer	2.21	Jul-14	\$250,000	2014	3,292	\$75.91	2 Story
3600198632	Foresman	1.13	Aug-14	\$253,000	2014	3,400	\$74.41	2 Story
3600196656	Hinson	0.75	Dec-13	\$255,000	2013	3,453	\$73.85	2 Story
	Average	1.27		\$253,600	2013.4	3,418	\$74.27	
	Median	1.13		\$253,000	2013	3,400	\$74.41	

Adjoining Sales After Solar Farm Announced

TAX ID	Owner	Acre	Date Sold	Sales Price	Built	GBA	\$/GBA	Style
0	Feldersen	1.56	Feb-13	\$247,000	2012	3,427	\$72.07	Ranch
0	Gentry	1.42	Apr-13	\$245,000	2013	3,400	\$72.06	2 Story
	Average	1.49		\$246,000	2012.5	3,414	\$72.07	
	Median	1.49		\$246,000	2012.5	3,414	\$72.07	

Adjoining Sales Before Solar Farm Announced

TAX ID	Owner	Acre	Date Sold	Sales Price	Built	GBA	\$/GBA	Style
3600183905	Carter	1.57	Dec-12	\$240,000	2012	3,347	\$71.71	1.5 Story
3600193097	Kelly	1.61	Sep-12	\$198,000	2012	2,532	\$78.20	2 Story
3600194189	Hadwan	1.55	Nov-12	\$240,000	2012	3,433	\$69.91	1.5 Story
	Average	1.59		\$219,000	2012	2,940	\$74.95	
	Median	1.59		\$219,000	2012	2,940	\$74.95	

Nearby Sales After Solar Farm Completed

TAX ID	Owner	Acre	Date Sold	Sales Price	Built	GBA	\$/GBA	Style
3600193710	Rames	1.12	Oct-13	\$248,000	2013	3,400	\$72.91	2 Story
3601105180	Nachley	0.95	Dec-13	\$253,000	2013	3,400	\$74.41	2 Story
3600192528	Mattheis	1.12	Oct-13	\$238,000	2013	3,194	\$74.51	2 Story
3600198928	Beckman	0.93	Mar-14	\$250,000	2014	3,292	\$75.91	2 Story
3600196965	Hough	0.81	Jun-14	\$224,000	2014	2,434	\$92.03	2 Story
3600193914	Preskill	0.67	Jun-14	\$242,000	2014	2,825	\$85.66	2 Story
3600194813	Bardner	0.91	Apr-14	\$258,000	2014	3,511	\$73.48	2 Story
3601104147	Shaffer	0.73	Apr-14	\$255,000	2014	3,453	\$73.85	2 Story
	Average	0.91		\$246,000	2013.625	3,189	\$77.85	
	Median	0.92		\$249,000	2014	3,346	\$74.16	

Nearby Sales Before Solar Farm Announced

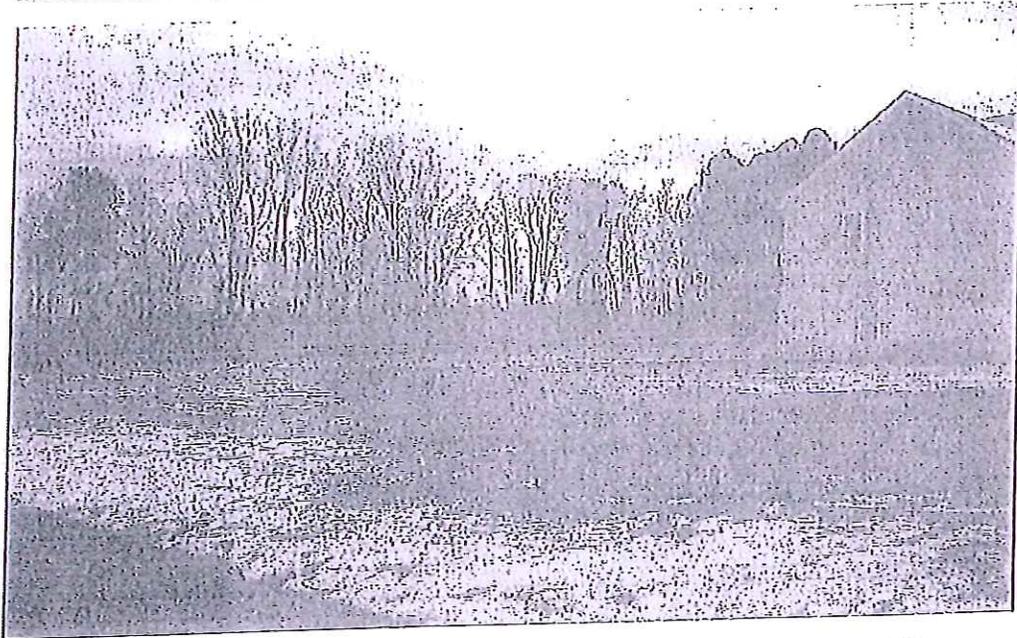
TAX ID	Owner	Acre	Date Sold	Sales Price	Built	GBA	\$/GBA	Style
3600191437	Thomas	1.12	Sep-12	\$225,000	2012	3,276	\$68.68	2 Story
3600087968	Lilley	1.15	Jan-13	\$238,000	2012	3,421	\$69.57	1.5 Story
3600087654	Burke	1.26	Sep-12	\$240,000	2012	3,543	\$67.71	2 Story
3600088796	Hobbs	0.73	Sep-12	\$228,000	2012	3,254	\$70.07	2 Story
	Average	1.07		\$232,750	2012	3,374	\$69.01	
	Median	1.14		\$233,000	2012	3,349	\$69.13	

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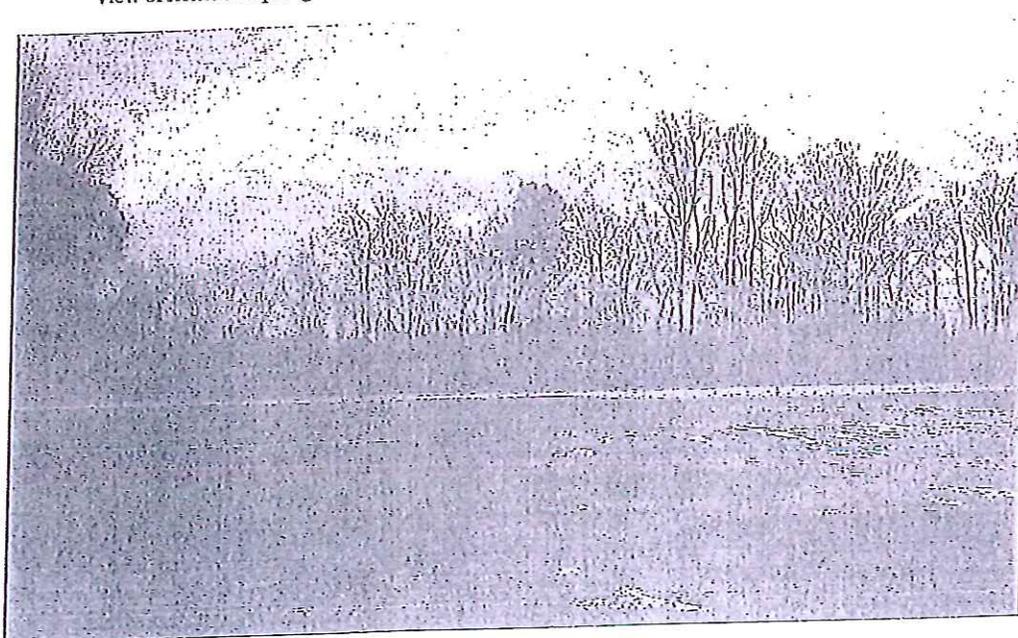
Matched Pair Summary			Nearby Solar Farm	
	Adjoins Solar Farm		Average	Median
	Average	Median		
Sales Price	\$253,600	\$253,000	\$246,000	\$249,000
Year Built	2013	2013	2014	2014
Size	3,418	3,400	3,189	3,346
Price/SF	\$74.27	\$74.41	\$77.85	\$74.46
Percentage Differences				
Median Price		-2%		
Median Size		-2%		
Median Price/SF		0%		

The Median Price is the best indicator to follow in any analysis as it avoids outlying samples that would otherwise skew the results. The median sizes and median prices are all consistent throughout the sales both before and after the solar farm whether you look at sites adjoining or nearby to the solar farm. The average for the homes nearby the solar farm shows a smaller building size and a higher price per square foot. This reflects a common occurrence in real estate where the price per square foot goes up as the size goes down. This is similar to the discount you see in any market where there is a discount for buying larger volumes. So when you buy a 2 liter coke you pay less per ounce than if you buy a 16 oz. coke. So even comparing averages the indication is for no impact, but I rely on the median rates as the most reliable indication for any such analysis.

AM Best Solar Farm, Goldshoro, NC



View of home in Spring Garden with solar farm located through the trees and panels visible.



View from vacant lot at Spring Garden with solar farm panels visible through trees.

2. Matched Pair B – White Cross Solar Farm, Chapel Hill, NC

A new solar farm was built at 2159 White Cross Road in Chapel Hill, Orange County in 2013. After construction, the owner of the underlying land sold the balance of the tract not encumbered by the solar farm in July 2013 for \$265,000 for 47.20 acres, or \$5,606 per acre. This land adjoins the solar farm to the south and was clear cut of timber around 10 years ago. I compared this purchase to a nearby transfer of 59.09 acres of timber land just south along White Cross Road that sold in November 2010 for \$361,000, or \$6,109 per acre. After purchase, this land was divided into three mini farm tracts of 12 to 20 acres each. These rates are very similar and the difference in price per acre is attributed to the timber value and not any impact of the solar farm.

Type	TAX ID	Owner	Acres	Date	Price	\$/Acre	Notes	Conf By
Adjoins Solar	9748336770	Haggerty	47.20	Jul-13	\$265,000	\$5,614	Clear cut	Betty Cross, broker
Not Near Solar	9747184527	Purcell	59.09	Nov-10	\$361,000	\$6,109	Wooded	Dickie Andrews, broker

The difference in price is attributed to the trees on the older sale.
No impact noted for the adjacency to a solar farm according to the broker.
I looked at a number of other nearby land sales without proximity to a solar farm for this matched pair, but this land sale required the least allowance for differences in size, utility and location.

Matched Pair Summary

Matched Pair Summary	Adjoins Solar Farm		Nearby Solar Farm	
	Average	Median	Average	Median
Sales Price	\$5,614	\$5,614	\$6,109	\$6,109
Adjustment for Timber	\$500	\$500		
Adjusted	\$6,114	\$6,114	\$6,109	\$6,109
Tract Size	47.20	47.20	59.09	59.09
Percentage Differences	0%			
Median Price Per Acre	0%			

This matched pair again supports the conclusion that adjacency to a solar farm has no impact on adjoining residential/agricultural land.

3. Matched Pair C – Wagstaff Farm, Roxboro, NC

This solar farm is located at the northeast corner of a 594-acre farm with approximately 30 acres of solar farm area. This solar farm was approved and constructed in 2013.

After approval, 18.82 acres were sold out of the parent tract to an adjoining owner to the south. This sale was at a similar price to nearby land to the east that sold in the same time from for the same price per acre as shown below.

Type	TAX ID	Owner	Acres	Present Use	Date Sold	Price	\$/AC
Adjoins Solar	0918-17-11-7960	Piedmont	18.82	Agricultural	8/19/2013	\$164,000	\$8,714
Not Near Solar	0918-00-75-9812 et al	Blackwell	14.88	Agricultural	12/27/2013	\$130,000	\$8,739

Matched Pair Summary

	Adjoins Solar Farm		Nearby Solar Farm	
	Average	Median	Average	Median
Sales Price	\$3,714	\$3,714	\$3,739	\$3,739
Tract Size	18.82	18.82	14.88	14.88

Percentage Differences

Median Price Per Acre	0%
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This matched pair again supports the conclusion that adjacency to a solar farm has no impact on adjoining residential/agricultural land.

Harmony of Use/Compatibility of Use

I have visited over 40 solar farms and sites on which solar farms are proposed in North Carolina to determine what uses are compatible with a solar farm. The data I have collected and provide in this report strongly supports the compatibility of solar farms with adjoining agricultural and residential uses. While I have focused on adjoining uses, I note that there are many examples of solar farms being located within a quarter mile of residential developments, including such notable developments as Governor's Club in Chapel Hill, which has a solar farm within a quarter mile as you can see on the following aerial map. Governor's Club is a gated golf community with homes selling for \$300,000 to over \$2 million.



The subdivisions included in the matched pair analysis also show an acceptance of residential uses adjoining solar farms as a harmonious use.

Beyond these anecdotal references, I have quantified the adjoining uses for a number of solar farm comparables to derive a breakdown of the adjoining uses for each solar farm. The chart below shows the breakdown of adjoining uses by total acreage.

Percentage by Adjoining Acreage								All Res Uses	All Comm Uses
	Res	Ag	Res/Ag	Park	Sub	Comm	Ind		
1 Goldsboro	35%	23%	0%	0%	3%	2%	37%	61%	39%
2 Willow Springs	8%	26%	66%	0%	0%	0%	82%	18%	82%
3 Kings Mtn	3%	12%	4%	0%	0%	0%	0%	100%	0%
4 White Cross	5%	51%	44%	0%	3%	0%	0%	100%	0%
5 Two Lines	3%	87%	8%	0%	3%	0%	0%	100%	0%
6 Strata	0%	0%	0%	100%	0%	0%	0%	100%	0%
7 Avery	13%	40%	47%	0%	0%	0%	0%	76%	24%
8 Mayberry	24%	51%	0%	0%	0%	4%	20%	50%	50%
9 Progress I	0%	45%	4%	0%	0%	0%	0%	100%	0%
10 Progress II	1%	99%	0%	0%	0%	0%	0%	100%	0%
11 Sandy Cross	0%	0%	100%	0%	0%	0%	0%	100%	0%
12 Baldenboro	18%	59%	22%	0%	0%	0%	0%	100%	0%
13 Dement	33%	40%	27%	0%	0%	0%	0%	100%	0%
14 Vale Farm	33%	40%	86%	0%	0%	0%	0%	100%	0%
15 Eastover	1%	13%	0%	0%	0%	0%	0%	0%	0%
16 Wagstaff	0%	0%	0%	0%	0%	0%	0%	100%	0%
17 Roxboro	7%	89%	4%	0%	0%	0%	0%	99%	1%
18 McCallum	1%	93%	5%	0%	0%	0%	1%	100%	0%
19 Vickers	5%	93%	1%	0%	0%	0%	0%	92%	8%
20 Stout	21%	58%	13%	0%	0%	2%	6%	90%	10%
21 Miller	52%	38%	0%	0%	0%	0%	10%	82%	18%
22 Sun Fish	0%	36%	45%	0%	0%	0%	0%	100%	0%
23 Freemont	19%	57%	23%	0%	0%	0%	0%	100%	0%
24 Yadkin 601	0%	100%	0%	0%	0%	0%	0%	100%	0%
25 Battleboro	4%	45%	51%	0%	0%	0%	0%	100%	0%
26 Greenville 2	2%	75%	23%	0%	0%	0%	0%	100%	0%
27 Parmele Farm	1%	98%	0%	0%	1%	0%	0%	100%	0%
28 Erwin	2%	86%	12%	0%	0%	0%	0%	94%	6%
29 Star Solar	63%	9%	0%	0%	22%	2%	3%	100%	0%
30 Morgans Corner N	6%	94%	0%	0%	0%	0%	0%	100%	0%
31 Morgans Corner S	29%	70%	0%	0%	1%	0%	0%	100%	0%
32 Whitakers	16%	84%	0%	0%	0%	0%	0%	100%	0%
33 Blinks	2%	94%	4%	0%	0%	0%	0%	100%	0%
	15%	78%	6%	0%	0%	0%	0%	100%	0%
Average	12%	56%	10%	3%	1%	0%	7%	90%	7%
Median	5%	57%	4%	0%	0%	0%	0%	100%	0%
High	63%	100%	100%	100%	22%	4%	82%	100%	82%
Low	0%	0%	0%	0%	0%	0%	0%	0%	0%

Res = Residential, Ag = Agriculture, Sub = Substation, Com = Commercial, Ind = Industrial.

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I have also included a breakdown of each solar farm by number of adjoining parcels rather than acreage. Using both factors provides a more complete picture of the neighboring properties.

	Percentage By Number of Parcels Adjoining							All Res. Uses	All Comm. Uses
	Res	Ag	Res/Ag	Part	Sub	Comm	Ind		
1 Goldsboro	47%	3%	0%	0%	3%	3%	43%	100%	47%
2 Willow Springs	42%	37%	21%	0%	0%	0%	20%	80%	20%
3 Kings Mtn	40%	30%	10%	0%	0%	0%	20%	100%	0%
4 White Cross	33%	20%	40%	0%	7%	0%	0%	100%	0%
5 Two Lines	38%	46%	8%	0%	8%	0%	0%	100%	0%
6 Strata	71%	0%	14%	14%	0%	0%	0%	100%	0%
7 Avery	50%	36%	13%	0%	0%	0%	25%	50%	50%
8 Mayberry	42%	8%	0%	0%	0%	25%	25%	75%	25%
9 Progress I	0%	50%	25%	0%	0%	0%	0%	100%	0%
10 Progress II	20%	80%	0%	0%	0%	0%	0%	100%	0%
11 Sandy Cross	17%	0%	83%	0%	3%	0%	0%	100%	0%
12 Bladenboro	62%	28%	7%	0%	3%	0%	0%	100%	0%
13 Dement	83%	6%	11%	0%	0%	0%	0%	100%	0%
14 Vale Farm	10%	20%	70%	0%	0%	0%	0%	0%	0%
15 Eastover	0%	0%	0%	0%	0%	0%	0%	98%	3%
16 Wagstaff	65%	30%	3%	0%	0%	0%	3%	92%	8%
17 Roxboro	33%	50%	8%	0%	0%	0%	8%	96%	4%
18 McCallum	77%	15%	4%	0%	0%	5%	11%	84%	16%
19 Vickers	47%	32%	5%	0%	0%	5%	11%	83%	17%
20 Stout	78%	6%	0%	0%	0%	0%	16%	87%	18%
21 Nile	0%	36%	45%	0%	0%	0%	19%	100%	0%
22 Sun Flsh	78%	4%	17%	0%	0%	0%	0%	100%	0%
23 Freemont	14%	86%	0%	0%	0%	0%	0%	100%	0%
24 Vadkin 601	44%	28%	28%	0%	0%	0%	0%	100%	0%
25 Battleboro	53%	33%	7%	0%	7%	0%	0%	100%	0%
26 Greenville 2	38%	50%	0%	0%	13%	0%	0%	100%	0%
27 Parnela Farm	21%	68%	5%	0%	5%	0%	0%	76%	24%
28 Ewln	67%	5%	0%	0%	0%	0%	0%	100%	0%
29 Star Solar	38%	63%	0%	0%	0%	0%	0%	95%	5%
30 Morgans Corner N	71%	19%	0%	0%	5%	0%	5%	100%	0%
31 Morgans Corner S	69%	31%	0%	0%	0%	0%	0%	100%	0%
32 Whitakers	71%	24%	6%	0%	0%	0%	0%	100%	0%
33 Binks	90%	5%	5%	0%	0%	0%	0%	100%	0%
Average	46%	29%	13%	0%	2%	2%	6%	100%	7%
Median	44%	28%	6%	0%	0%	0%	0%	100%	0%
High	90%	86%	83%	14%	13%	25%	43%	100%	50%
Low	0%	0%	0%	0%	0%	0%	0%	0%	0%

Res = Residential, Ag = Agriculture, Sub = Substation, Com = Commercial, Ind = Industrial.

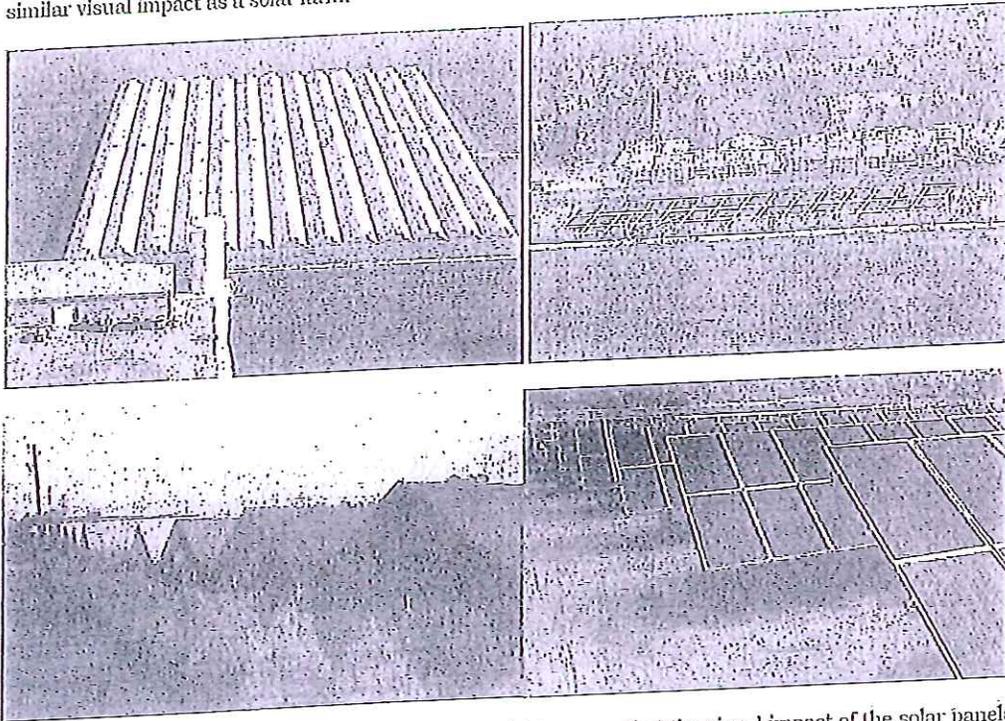
Both of the above charts show a marked residential and agricultural adjoining use for most solar farms. Every single solar farm considered included an adjoining residential use except for Progress I, which included an adjoining residential/agricultural use. These comparable solar farms clearly support a compatibility with adjoining residential uses along with agricultural uses.

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II. Specific Factors on Harmony of Use

1. Appearance

Solar farm panels have no associated stigma at this time and in smaller collections are found in yards and roofs in many residential communities. Larger solar farms using fixed panels are a passive use of the land that is considered in keeping with a rural/residential area. As shown below, solar farms are comparable to larger greenhouses. This is not surprising given that a greenhouse is essentially another method for collecting passive solar energy. The greenhouse use is well received in residential/rural areas and has a similar visual impact as a solar farm.



The fixed solar panels are all less than 12 feet high, which means that the visual impact of the solar panels will be similar in height to a typical greenhouse or lower than a single story residential dwelling. This property could be developed with single family housing that would have a much greater visual impact on the surrounding area given that a two-story home with attic could be four times as high as these proposed panels. The panels will be located behind a chain link fence.

2. Noise

The proposed solar panels will be fixed with no movement or sound. The transformers have a slight hum that can only be heard in close proximity to these transformers and the buffers on the property are sufficient to make this hum inaudible from the adjoining properties.

The various solar farms that I have inspected were inaudible from the roadways. I heard nothing on any of these sites associated with the solar farm or the inverters.

3. Odor

The solar panels give off no odor of which I am aware.

The various solar farms that I have inspected and identified in the addenda produced no noticeable odor off site.

4. Traffic

The solar farm will have no onsite employee's or staff. Maintenance of the site is minimal and relative to other potential uses of the site, such as a residential subdivision. The additional traffic on this site is insignificant.

5. Hazardous material

The solar farm presents no potential hazardous waste byproduct as part of normal operation. Any fertilizer, weed control, vehicular traffic, or construction will be significantly less than typically applied in a residential development or even most agricultural uses.

The various solar farms that I have inspected and identified in the addenda have no known pending environmental impacts associated with the development and operation.

6. Conclusion

On the basis of the factors described above, it is my professional opinion that the proposed solar farm will be in harmony with the area in which it is to be developed.

III. Market Commentary

I have surveyed a number of builders, developers and investors regarding solar farms over the last year. I have received favorable feedback from a variety of sources; below are excerpts from my conversations with different clients or other real estate professionals.

I spoke with Betty Cross with Keller Williams Realty in Chapel Hill, who sold the tract of land adjoining the White Cross Road solar farm. She indicated that the solar farm was not considered a negative factor in marketing the property and that it had no impact on the final price paid for the land.

I spoke with Lynn Hayes a broker with Berkshire Hathaway who sold a home at the entrance to Pickards Mountain where the home exits onto the Pickard Mountain Eco Institute's small solar farm. This property is located in rural Orange County west of Chapel Hill. This home closed in January 2014 for \$735,000. According to Ms. Hayes the buyer was excited to be living near the Eco Institute and considered the solar farm to be a positive sign for the area. There are currently a number of 10 acre plus lots in Pickards Meadow behind this house with lots on the market for \$200,000 to \$250,000.

A new solar farm was built on Zion Church Road, Hickory at the Two Lines Solar Farm on the Punch property. After construction of the solar farm in 2013, an adjoining tract of land with 88.18 acres sold for \$250,000, or \$2,835 per acre. This was a highly irregular tract of land with significant tree cover between it and the solar farm. I have compared this to a current listing of 20.39 acres of land that is located southeast just a little ways from this solar farm. This land is on the market for \$69,000, or \$3,428 per acre. Generally, a smaller tract of land would be listed for more per acre. Considering a size adjustment of 5% per doubling in size, and a 10% discount for the likely drop in the closed price off of the asking price, I derive an indicated value per acre of the smaller tract of \$2,777 per acre. This is very similar to the recently closed sale adjoining the solar farm, which further supports the matched pair analysis earlier in this report.

Rex Vick with Windjam Developers has a subdivision in Chatham County off Mt. Giload Church Road known as The Hamptons. Home prices in The Hamptons start at \$600,000 with homes over \$1,000,000.

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Mr. Vick expressed interest in the possibility of including a solar farm section to the development as a possible additional marketing tool for the project.

Mr. Eddie Bacon, out of Apex North Carolina, has inherited a sizeable amount of family and agricultural land, and he has expressed interest in using a solar farm as a method of preserving the land for his children and grandchildren while still deriving a useful income from the property. He believes that solar panels would not in any way diminish the value for this adjoining land.

I spoke with Carolyn Craig, a Realtor in Kinston, North Carolina who is familiar with the Strata Solar Farms in the area. She noted that a solar farm in the area would be positive: "A solar farm is color coordinated and looks nice." "A solar farm is better than a turkey farm," which is allowed in that area. She would not expect a solar farm will have any impact on adjoining home prices in the area.

Mr. Michael Edwards, a broker and developer in Raleigh, indicated that a passive solar farm would be a great enhancement to adjoining property: "You never know what might be put on that land next door. There is no noise with a solar farm like there is with a new subdivision."

These are just excerpts I've noted in my conversations with different clients or other real estate participants that provided other thoughts on the subject that seemed applicable.

IV. Conclusion

The matched pair analysis shows no impact in home values due to the adjacency to the solar farm as well as no impact to adjacent vacant residential or agricultural land. The solar farm at Pickards Mountain Eco Institute shows no impact on lot and home marketing nearby. The criteria for making downward adjustments on property values such as appearance, noise, odor, and traffic all indicate that a solar farm is a compatible use for a rural/residential transition area.

Similar solar farms have been approved adjoining agricultural uses and residential developments. The adjoining residential uses have included single family homes up to \$260,000 on lots as small as 0.74 acres. The solar farm at the Pickards Mountain Eco Institute adjoins a home that sold in January 2014 for \$735,000 and in proximity to lots being sold for \$200,000 to \$250,000 for homes over a million dollars. A recent sale in Chapel Hill adjoining a solar farm shows no impact. Clearly, adjoining agricultural uses are consistent with a solar farm.

Based on the data and analysis in this report, it is my professional opinion that the solar farm proposed at the subject property will not substantially injure the value of adjoining or abutting property and that the proposed use is in harmony with the surrounding area.

Sincerely,



Richard C. Kirkland, Jr., MAI
State Certified General Appraiser

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

- ❖ The basic limitation of this and any appraisal is that the appraisal is an opinion of value, and is, therefore, not a guarantee that the property would sell at exactly the appraised value. The market price may differ from the market value, depending upon the motivation and knowledge of the buyer and/or seller, and may, therefore, be higher or lower than the market value. The market value, as defined herein, is an opinion of the probable price that is obtainable in a market free of abnormal influences.
- ❖ I do not assume any responsibility for the legal description provided or for matters pertaining to legal or title considerations. I assume that the title to the property is good and marketable unless otherwise stated.
- ❖ I am appraising the property as though free and clear of any and all liens or encumbrances unless otherwise stated.
- ❖ I assume that the property is under responsible ownership and competent property management.
- ❖ I believe the information furnished by others is reliable, but I give no warranty for its accuracy.
- ❖ I have made no survey or engineering study of the property and assume no responsibility for such matters. All engineering studies prepared by others are assumed to be correct. The plot plans, surveys, sketches and any other illustrative material in this report are included only to help the reader visualize the property. The illustrative material should not be considered to be scaled accurately for size.
- ❖ I assume that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. I take no responsibility for such conditions or for obtaining the engineering studies that may be required to discover them.
- ❖ I assume that the property is in full compliance with all applicable federal, state, and local laws, including environmental regulations, unless the lack of compliance is stated, described, and considered in this appraisal report.
- ❖ I assume that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in this appraisal report.
- ❖ I assume that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- ❖ I assume that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
- ❖ I am not qualified to detect the presence of floodplain or wetlands. Any information presented in this report related to these characteristics is for this analysis only. The presence of floodplain or wetlands may affect the value of the property. If the presence of floodplain or wetlands is suspected the property owner would be advised to seek professional engineering assistance.
- ❖ For this appraisal, I assume that no hazardous substances or conditions are present in or on the property. Such substances or conditions could include but are not limited to asbestos, urea-formaldehyde foam insulation, polychlorinated biphenyls (PCBs), petroleum leakage or underground storage tanks, electromagnetic fields, or agricultural chemicals. I have no knowledge of any such materials or conditions unless otherwise stated. I make no claim of technical knowledge with regard to testing for or identifying such hazardous materials or conditions. The presence of such materials, substances or conditions could affect the value of the property. However, the values estimated in this report are predicated on the assumption that there are no such materials or conditions in, on or in close enough proximity to the property to cause a loss in value. The client is urged to retain an expert in this field, if desired.
- ❖ Unless otherwise stated in this report the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the

Americans with Disabilities Act (effective 1/26/92). The presence of architectural and/or communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

- ❖ Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- ❖ Possession of this report, or a copy thereof, does not carry with it the right of publication.
- ❖ I have no obligation, by reason of this appraisal, to give further consultation or testimony or to be in attendance in court with reference to the property in question unless further arrangements have been made regarding compensation to Kirkland Appraisals, LLC.
- ❖ Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of Kirkland Appraisals, LLC, and then only with proper qualifications.
- ❖ Any value estimates provided in this report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
- ❖ Any income and expenses estimated in this report are for the purposes of this analysis only and should not be considered predictions of future operating results.
- ❖ This report is not intended to include an estimate of any personal property contained in or on the property, unless otherwise state.
- ❖ This report is subject to the Code of Professional Ethics of the Appraisal Institute and complies with the requirements of the State of North Carolina for State Certified General Appraisers. This report is subject to the certification, definitions, and assumptions and limiting conditions set forth herein.
- ❖ The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).
- ❖ This is a Real Property Appraisal Consulting Assignment.

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Certification -- Richard C. Kirkland, Jr., MAI

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct;
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions;
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal;
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
8. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
10. I have made a personal inspection of the property that is the subject of this report, and;
11. No one provided significant real property appraisal assistance to the person signing this certification.
12. As of the date of this report I have completed the requirements of the continuing education program of the Appraisal Institute;
13. I have not appraised this property within the last three years.

Disclosure of the contents of this appraisal report is governed by the bylaws and regulations of the Appraisal Institute and the National Association of Realtors.

Neither all nor any part of the contents of this appraisal report shall be disseminated to the public through advertising media, public relations media, news media, or any other public means of communications without the prior written consent and approval of the undersigned.



Richard C. Kirkland, Jr., MAI
State Certified General Appraiser



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Kirkland Appraisals, LLC

Richard C. Kirkland, Jr., MAI
 9408 Northfield Court
 Raleigh, North Carolina 27603
 Mobile (919) 414-8142
rkirkland2@gmail.com
www.kirklandappraisals.com

PROFESSIONAL EXPERIENCE

Kirkland Appraisals, LLC, Raleigh, N.C. Commercial appraiser	2003 – Present
Hester & Company, Raleigh, N.C. Commercial appraiser	1996 – 2003

PROFESSIONAL AFFILIATIONS

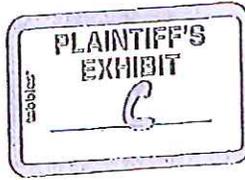
MAI (Member, Appraisal Institute) designation #11796	2001
NC State Certified General Appraiser # A4359	1999

EDUCATION

Bachelor of Arts in English, University of North Carolina, Chapel Hill	1993
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CONTINUING EDUCATION:

Business Practices and Ethics	2014
Online Subdivision Valuation	2014
Uniform Standards of Professional Appraisal Practice Update	2014
Introduction to Vineyard and Winery Valuation	2013
Appraising Rural Residential Properties	2012
Uniform Standards of Professional Appraisal Practice Update	2012
Supervisors/Trainees	2011
Rates and Ratios: Making sense of GIMs, OARs, and DCFs	2011
Advanced Internet Search Strategies	2011
Analyzing Distressed Real Estate	2011
Uniform Standards of Professional Appraisal Practice Update	2011
Business Practices and Ethics	2009
Appraisal Curriculum Overview (2 Days – General)	2009
Appraisal Review - General	2008
Uniform Standards of Professional Appraisal Practice Update	2008
Subdivision Valuation: A Comprehensive Guide	2008
Office Building Valuation: A Contemporary Perspective	2007
Valuation of Detrimental Conditions in Real Estate	2007
The Appraisal of Small Subdivisions	2006
Uniform Standards of Professional Appraisal Practice Update	2005
Evaluating Commercial Construction	2005
Conservation Easements	2001
Uniform Standards of Professional Appraisal Practice Update	2004
Condemnation Appraising	2004
Land Valuation Adjustment Procedures	2004
Supporting Capitalization Rates	2002
Uniform Standards of Professional Appraisal Practice, C	2002
Wells and Septic Systems and Wastewater Irrigation Systems	2002
Appraisals 2002	2002
Analyzing Commercial Lease Clauses	2000
Conservation Easements	2000
Preparation for Litigation	2000
Appraisal of Nonconforming Uses	2000
Advanced Applications	1999
Highest and Best Use and Market Analysis	1999
Advanced Sales Comparison and Cost Approaches	1998
Advanced Income Capitalization	1999
Valuation of Detrimental Conditions in Real Estate	1999
Report Writing and Valuation Analysis	1997
Property Tax Values and Appeals	1997
Uniform Standards of Professional Appraisal Practice, A & B	1996
Basic Income Capitalization	1996



Red Toad, Inc.

Decommissioning Plan

Decommission Plan for Red Toad 4451 Buffalo Road, LLC

Date: March 9, 2015

Prepared and Submitted by Red Toad 4451 Buffalo Road, LLC

As requested required by the Town of Selma NC as a condition of the Special Use Permit, Red Toad 4451 Buffalo Road, LLC presents this decommissioning plan.

Decommissioning will occur as a result of any of the following conditions:

1. The land lease ends
2. The system does not produce power for 12 months
3. The system is damaged and will not be repaired or replaced

The operator of the facility will do the following as a minimum to decommission the project.

1. Remove all non-utility owned equipment, conduits, structures, and foundations to a depth of at least three feet below grade.
2. Remove all graveled areas, access roads and fencing unless the owner of the leased real estate requests in writing for it to stay in place.
3. Restore the land to its condition before the solar farm development.

All said removal and decommissioning shall occur within 12 months of the facility ceasing to produce power for sale.

The operator of the farm, currently Red Toad 4451 Buffalo Road, LLC, is responsible for this decommissioning. The land lease shall run for 15 years beginning at the system commercial operation date with three optional 5 year extensions.

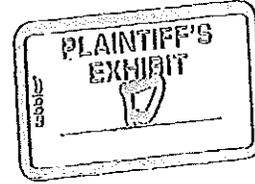
This plan may be modified from time to time with Town/County planning staff approval. Any updates will be submitted to the Town of Selma NC by the party responsible for decommissioning.

Signature: 

Date: March 9, 2015

By: Reynaldo Rodriguez

Title: Managing Member



LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made this ___ day of March, 2015 (the "Effective Date"), by and between Roberts and Wellons, Inc (the "Landlord") and Red Toad 4451 Buffalo Road, LLC, a North Carolina limited liability company (the "Tenant"). Landlord and Tenant may be referred to together as the "Parties" or individually as a "Party".

RECITALS

A. Landlord is the owner of approximately 49.23 acres located at 4451 Buffalo Road, Selma, NC 27576, Johnston County bearing tax parcel identification number(s) 14-0-54-026 (the "Property") in which Landlord desires to lease approximately 15 acres of the Property, as further depicted on the preliminary site plan attached as Exhibit A, together with all improvements, fixtures, personal property and trade fixtures, together with all other appurtenances, tenements, hereditaments, rights and easements pertaining to the Property (collectively, the "Leased Premises").

B. Landlord desires to lease to Tenant and Tenant desires to lease from Landlord the Leased Premises upon the terms and conditions outlined in this Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Lease.** Landlord leases to Tenant and Tenant leases from Landlord the Leased Premises. Provided, however, Landlord and Tenant agree that upon completion of a final site plan and survey delineating the Leased Premises, the Parties shall amend Exhibit A to more accurately reflect the Leased Premises. Tenant shall be responsible for clearing all timber, stumps and other debris, improvement or growth on the Leased Premises. Landlord shall be entitled to all proceeds from the sale of any marketable timber harvested by Landlord from the Leased Premises and is not responsible for any site improvements to the Leased Premises.

2. **Use.**

2.1 **Permitted Uses.** Tenant may use the Leased Premises to build and operate a solar photovoltaic power array for the distribution of electric power (the "Solar Operations"), which shall include without limitation the following:

(a) Developing, constructing, reconstructing, erecting, installing, improving, replacing, relocating and removing from time to time, and using, maintaining, repairing, operating and monitoring, the following: (i) solar electric power generation facilities; (ii) power collection facilities, including distribution and collection lines, wires and cables, conduit, footings, foundations, vaults, junction boxes, switching facilities, transformers, and above-ground transformers; (iii) control, communications and radio relay systems and telecommunications equipment, including fiber, wires, cables, conduit and poles; (iv) roads, culverts and erosion control facilities; (v) utility installations; (vi) laydown areas, crane pads and staging areas reasonably necessary for the installation and maintenance of the solar generation facilities; (vii) signs; (viii) fences, gates and other safety and protection facilities; and (ix) other improvements, facilities, appliances, machinery

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and equipment in any way related to or associated with converting solar energy into electrical energy and transmitting the same (collectively, the "Improvements"); and

(b) Undertaking any other activities to determine the feasibility of the Property including conducting surveys, studies of environmental, biological, cultural, geotechnical and other tests, including but not limited to geotechnical drilling and studies.

2.2 Sunlight.

(a) Landlord acknowledges and agrees that access to sunlight ("Sunlight") is essential to the value to Tenant of the rights granted in this Lease and is a material inducement to Tenant in entering into this Lease. Landlord shall not engage in or permit others to engage in activities on the Property or any adjacent parcel of land owned or controlled by Landlord (the "Adjacent Property") that could adversely affect Sunlight, including but not limited to the construction of any structures, or allow the growth of foliage.

(b) If Landlord becomes aware of any potential activity on any Adjacent Property that could diminish the Sunlight at the Property, Landlord shall use its best efforts both to timely advise Tenant of such information and with respect to any Adjacent Property to reasonably cooperate with Tenant in taking measures to preserve the levels of Sunlight at the Property which exist as of the date of this Lease. Tenant shall be entitled to seek all remedies available at law and in equity, including but not limited to, specific performance, to compel compliance with this Section 2.2(b).

3. Term.

3.1 The initial term of this Lease (the "Initial Term") shall begin on the Rent Commencement Date and shall terminate on the fifteenth (15th) anniversary of the Placed in Service Date. "Placed in Service Date" shall mean when (a) the Solar Operations is mechanically complete and operating, (b) electrical output is delivered to the grid or a utility provider under local and state regulations, and (c) the Solar Operations is "placed in service" in accordance with the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

3.2 Tenant may extend the Initial Term for three (3) additional five (5) years periods (each a "Renewal Term" and collectively, the "Renewal Terms") by providing written notice to Landlord prior to the expiration of the Initial Term or immediately preceding a Renewal Term. The Initial Term together with any Renewal Term is collectively referred to as the "Term"

4. Rent

4.1 Rent Payment.

(a) Beginning on the Placed in Service Date or December 31, 2015, Tenant shall pay Landlord the amount of seven hundred and fifty and no/100 dollars, (\$750.00) per acre ("Rent"). The rent shall increase by 1.5% every three years. The Rent is payable annually on each anniversary of the Placed in Service Date. Prior to the Placed in Service Date, Tenant shall (at its sole expense) obtain a survey of the Leased Premises (the "Survey") that shall show the boundary line of the Leased Premises depicting the Leased Premises with the final acreage, which will be maximum of twenty (20) acres. Rent shall be based on the acreage depicted in the Survey.

4.2 Non-Cash Benefits. Landlord shall not be entitled to any payment or other benefit from the Solar Operations, including any tax or environmental credits, whether state, federal or local, any rights to electricity or its attributes, or any other cash or non-cash payment or benefit.

5. Due Diligence Period.

5.1 Time Period. Tenant shall have until December 31, 2015 to inspect the Leased Premises to determine if it is suitable for the Solar Operations (the "Due Diligence Period"). Prior to the end of the Due Diligence Period, if Tenant determines, in Tenant's sole discretion, that the Leased Premises is not suitable, then Tenant shall have the option to terminate the Lease and have no further obligation under this Lease.

5.2 Testing. During the Due Diligence Period, Tenant shall have full access to the Leased Premises and shall be entitled to conduct (at Tenant's sole expense) any testing of the Property as Tenant deems appropriate or convenient including, but not limited to, conducting surveys, studies or testing of environmental, biological, cultural, historical, boundary or geotechnical matters. Tenant shall keep the results of all such testing strictly confidential, and, shall not disclose any such information to any governmental entity except, and to the extent, expressly required by applicable law or regulation.

5.3 Intentionally deleted.

5.4 Termination. If Tenant otherwise determines that Tenant's leasing of the Leased Premises is not feasible or desirable for any reason in Tenant's sole and absolute discretion, Tenant may terminate this Lease by giving written notice to Landlord prior to the end of the Due Diligence Period; provided however, that Tenant's right to terminate this Lease under this Section shall expire upon the Rent Commencement Date.

6. Easements.

6.1 Operations Easements. Landlord hereby irrevocably grants and conveys to Tenant, for the Term (as defined below), the following easements from the Property across any Adjacent Property, for the benefit Tenant (collectively, the "Easements") which Easements shall be appurtenant to Tenant's leasehold estate, run with the Property and inure to the benefit of and be binding upon Landlord:

- (a) An non-exclusive easement for electrical interconnection purposes;
- (b) An non-exclusive easement for vehicular and pedestrian access, ingress or egress, including the right of Tenant to build roads across the Adjacent Property;
- (c) A non-exclusive easement and right-of-way for vehicular and pedestrian ingress, egress and access to and from the Property and to and from lands adjacent to the Adjacent Property, by means of (i) the now existing or hereafter constructed roads, lanes and rights-of-way on the Adjacent Property, and (ii) such additional roads as Tenant or anyone else may construct (including rights to maintain, improve, rebuild or relocate such roads) from time to time;
- (d) An non-exclusive easement and right to install, maintain, repair, replace and operate on the Adjacent Property multiple (A) transmission, distribution and collection cables

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(including fiber optic cables), conduits, wire and/or lines which carry electrical energy to and/or from the Property; (B) communication cables (including fiber optic cables), conduits, wire and/or lines which carry communications of any nature to and from the Property; and (C) other improvements, facilities, appliances, machinery and equipment in any way related to or associated with any of the foregoing, together with such rights of way as may be reasonably necessary to install, maintain, repair and operate any of the foregoing; and

(e) A temporary easement on, over, across and under the Adjacent Property, to be used as necessary for access and staging in connection with the construction, operation and maintenance of the Solar Operations (provided that Tenant shall, to the extent reasonably possible, restore the Adjacent Property to substantially the same condition as existed prior to such use).

6.2 Recording. The Parties agree that the final routing of the Easements shall be negotiated in good faith and shall be subject to the mutual agreement of the Parties. Landlord shall execute and deliver to Tenant any documents or instruments reasonably requested by Tenant in recordable form to evidence the Easements, containing all the rights and privileges set forth herein, within twenty (20) days following written request from Tenant. All easements shall be prepared by Tenant with no out of pocket expense to Landlord.

6.3 Landlord Easements. To the extent that Landlord holds or has the right to use any access, utility, transmission, water or other easements, rights of way or licenses over lands in the general vicinity of the Property (the "Landlord Easements") on the date of this Lease, and such Landlord Easements are or could be used for the benefit of the Property, then the same are hereby included in this Lease, and Tenant shall be entitled to use such Landlord Easements and provided that such use does not interfere with Landlord's use of the same. Upon the request of Tenant, Landlord shall grant (in recordable form and containing such terms and provisions as may reasonably be requested by Tenant and Landlord), for no additional consideration, one or more sub-easements of Landlord Easements to run concurrently with the Term (or for such shorter period of time as is provided in the applicable Landlord Easement).

7. Zoning; Improvements; Use.

7.1 Zoning Approvals. Landlord acknowledges that Tenant may, at its own expense, file applications with federal, state, and local governmental bodies for (a) grant of approvals, environmental permits, stormwater permits, road permits, and grading, construction, building operations and related governmental permits, licenses and approvals (collectively, "Project Permitting") for the Improvements and/or Solar Operations, and (b) any zoning relief for the Property necessary to permit the issuance of the Project Permitting or the Solar Operations on the Property including without limitation obtaining any subdivision, variance, site plan, license, special use, conditional use, planned development and other governmental approvals deemed necessary or desirable by Tenant.

7.2 Construction; Maintenance; Compliance with Laws. Throughout the Term, Tenant will, at Tenant's sole expense, maintain the Improvements in good condition and repair, ordinary wear and tear excepted, and will comply in all material respects with all applicable laws, rules, ordinances, orders, and regulations of all governmental authorities. Tenant shall have the right, in its sole discretion and expense, to contest by appropriate legal proceedings, brought in the name of Tenant or (when necessary or appropriate) in the name of Landlord or the names of both Tenant and Landlord, the validity or applicability to the Property or the Improvements of any law, rule,

ordinance, order, regulation or other legal requirement now or hereafter made or issued by any governmental authority. Landlord will cooperate in every reasonable way in any such contest, but at no out-of-pocket expense to Landlord. Any such contest, including any contest maintained in the name of Landlord, shall be controlled and directed by Tenant

7.3 Exclusive Right; Improvements Property of Tenant.

(a) Tenant shall have the exclusive right to develop and use the Leased Premises. Landlord shall not grant, or permit to be granted, any lease, sublease, easement, license, access, ingress, egress, concession, co-tenancy or other use, right or privilege of any nature whatsoever, except as may be permitted in the Due Diligence Period, on, over, under or above any portion of the Property during the Term. Landlord shall reasonably cooperate with Tenant in connection with its Solar Operations, and upon request by Tenant, will make available to Tenant for inspection copies of all reports, agreements, surveys, plans and other records of Landlord that relate to the feasibility of the construction of Improvements on the Property or any Adjacent Property.

(b) Any Improvements constructed or placed on the Property by Tenant shall be owned and remain the sole property of Tenant, and may be replaced, repaired or removed at any time by Tenant during the Term. Landlord acknowledges and agrees that despite that portions of the Improvements may be affixed to the Property, (i) Tenant is the exclusive owner and operator of the Improvements and the Solar Operations, (ii) the Improvements and Solar Operations shall not be construed to be a fixture and (iii) Tenant is the exclusive owner of the electricity generated by the Solar Operations and any environmental attributes and environmental incentives of the Solar Operations. Landlord has no right, title or interest in the Solar Operations.

7.4 Construction Liens

(a) Tenant will keep the Property free of all liens and claims of liens for labor and services performed on, and materials, supplies, or equipment furnished to, the Property at the request of Tenant in connection with Tenant's use of the Property, and Tenant shall indemnify, hold harmless and defend Landlord from all such liens or claims. Tenant shall have the right, in its sole discretion, to contest by appropriate legal proceedings, brought in the name of Tenant or (when necessary or appropriate) in the name of Landlord or both, the validity or amount of any lien. Provided, however Tenant shall first take such measures as may be required under applicable law to protect the Landlord's interest in the Property.

(b) Landlord will keep the Property free of all liens and claims of liens for labor and services performed on, and materials, supplies, or equipment furnished to, the Property at the request of Landlord. Landlord shall have the right, in its sole discretion, to contest by appropriate legal proceedings, the validity or amount of any lien, provided that Landlord shall first take such measures as may be required under applicable law to ensure that Tenant's interest in the Property is protected.

7.5 Landlord and Third-Party Access. Landlord shall have the right to enter the Property to inspect the same at reasonable times and upon reasonable advance written notice to Tenant; provided that such entry shall not interfere with the Solar Operations. Tenant shall have the right to accompany Landlord during any such entry and Landlord shall comply with any and all safety rules established by Tenant. Tenant shall have the power and authority to control and prevent access of

third parties to the Property. Tenant may invite third parties upon the Property without permission from Landlord.

7.6 Utilities. Tenant agrees to pay all utility costs incurred on the Property by reason of the Solar Operations.

8. Taking

8.1 Notice. If Landlord or Tenant receives any notice of a taking of any portion of the Property or Easements, it will promptly notify the other Party.

8.2 Total and Permanent. In the event of a taking of all of the Property or, in Tenant's discretion, a substantial portion as would render the balance of the Property not suitable for Tenant's then use (a "Total Taking"), this Lease shall terminate upon the date that possession is surrendered to the condemning authority, at which time all rights and obligations between the Parties shall cease and rent and other charges payable by Tenant under this Lease shall be apportioned.

8.3 Partial and Permanent. In the event of a taking that is less than a Total Taking (a "Partial Taking"), or in the event Tenant elects not to terminate this Lease, then this Lease shall terminate upon the date that possession is surrendered to the condemning authority, but only as to the portion or portions so taken and otherwise, this Lease shall remain in full force and effect and Tenant shall be entitled to a reduction of rent based on the acreage taken.

8.4 Awards. In the event that Landlord and Tenant are unable to obtain separate awards with respect to their respective interests in the Property, then the single award shall be fairly and equitably apportioned between Landlord and Tenant. The portion of the award to be received by Landlord shall be based upon the taking of or injury to the fee simple estate in the Property, but not the improvements thereon. The portion of the award to be received by Tenant shall be based upon the taking and reduction of Tenant's leasehold estate created by this Lease, the taking of any improvements constructed or placed by Tenant on the Property, loss or interruption of Tenant's business and the cost of any restoration or repair necessitated by such taking or condemnation. Tenant shall have the right to participate, at its own expense, in any such condemnation proceedings and to negotiate on behalf of itself and Landlord in such proceedings; provided, however, Tenant shall not enter into any binding agreement or settlement without the prior consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed by Landlord. Landlord agrees to cooperate with Tenant and to execute such documentation as may be reasonably necessary to allow Tenant to participate in such condemnation proceedings.

9. Indemnification and Insurance

9.1 Indemnification. Both Landlord and Tenant (the "Indemnifying Party") shall to the extent allowed by law defend, indemnify and hold harmless the other Party and such other Party's Related Persons (each indemnified party being referred to as an "Indemnified Party") from and against any and all claims, litigation, actions, proceedings, losses, damages, liabilities, obligations, costs and expenses, including reasonable attorneys', investigators' and consultants' fees, court costs and litigation expenses (collectively, "Claims") suffered or incurred by such Indemnified Party and arising from (a) physical damage to the Indemnified Party's Property (which in Tenant's case, shall include damage to any Improvements) to the extent caused by the negligence or willful misconduct of the Indemnifying Party or any Related Person, (b) physical injuries or death to or of the Indemnified Party or the public, to the extent caused by the negligence or willful misconduct of the Indemnifying Party or any Related Person thereof or (c) any breach of any covenant, and any failure to be true of any representation made by the Indemnifying Party in this Lease; provided, that in no event shall the Indemnifying Party be responsible for defending, indemnifying or holding harmless any Indemnified Party to the extent that any Claim is caused by, arises from or is contributed to by the negligence or willful misconduct of such Indemnified Party. As used in this Lease, the term "Related Person" means any member, partner, principal, officer, director, shareholder, predecessor-in-interest, successor-in-interest, employee, agent, heir, representative, contractor, Tenant, subtenant, grantee, licensee, co-tenant, invitee or permittee of the applicable Party and any other person or entity claiming any interest by or through the applicable Party.

9.2 Property Damage. The reference to property damage in Section 9.1 above does not include losses of rent, business opportunities, profits and the like that may result from Landlord's use of the Property. Landlord authorizes Tenant to take appropriate safety measures to reduce the risk of damage to the Improvements or the risk that the Improvements will cause damage, injury or death to people and Property. Tenant may, but shall not be obligated to construct fencing around the perimeter of the Improvements and take other security precautions if Tenant determines that such fencing and/or security measures will reduce such risks of damage, death or injury.

9.3 Insurance. Throughout the Term, Tenant shall maintain and pay for (i) general liability insurance with limits of not less than \$1,000,000 per occurrence and \$1,000,000 aggregate; (ii) excess liability insurance with a limit of not less than \$1,000,000 in the aggregate, in each case for injury to any person and for damage to Property; and (iii) Property insurance, insuring the Improvements for the full replacement cost thereof. Such insurance shall, at the option of Landlord, name Landlord as an additional insured on a primary, non-contributing basis, except for claims arising out of Landlord's negligence or willful misconduct, and shall cover all risks arising directly or indirectly out of Tenant's activities on the Property whether or not caused or contributed to by Tenant's negligence. All such policies of insurance shall waive the insurer's right of subrogation against Landlord.

10. Taxes

10.1 Payment. Landlord will pay when due all real property taxes and assessments levied against the Property by any governmental body (collectively, "Taxes"), with the exception of any personal property portion of the Taxes attributable to the Improvements. Tenant shall pay for any increase over and above the then current rate of taxes assessed for ad valorem taxes on the Leased Premises that are attributable to Landlord's use of the Leased Premises. Provided, however, Landlord will send a copy of each tax bill to Tenant immediately upon Landlord's receipt of the tax

bill. Tenant will promptly pay the portion of the Taxes, if any, attributable to the Improvements and any increase in the taxes as provided in this Section. Tenant's duty to pay such taxes shall exist only with respect to Taxes for tax years during the Term, and only for tax bills submitted to Tenant within six (6) months of the date first rendered to Landlord. Landlord will promptly send to Tenant evidence that the Taxes have been paid by Landlord.

10.2 Rollback Taxes. In the event that Tenant's use of the Leased Premises for the Solar Operations causes the Premises to lose its classification as "Agricultural land" under Section 105-277.2 of the North Carolina General Statutes, and the loss of such "Agricultural land" classification triggers the required payment of "rollback" taxes which are imposed due to such change in use of the Leased Premises, then Tenant shall reimburse Landlord for the amount of such "rollback" taxes, together with any interest or penalties associated with such "rollback" taxes resulting from such change of use. However, in the event that Tenant's use of the Leased Premises for the Solar Operations triggers the obligation to pay any "rollback" taxes, on any other property owned by Landlord, any such "rollback" taxes, penalties, fees or interest for such other property shall be paid solely by Landlord.

10.3 Failure to Pay. If Landlord fails to pay the Taxes when due, Tenant may take any and all lawful steps to protect its interests in the Property and the Easements, including (a) making direct payments of Tenant's share of the Taxes to the taxing authority and (b) making payments of Landlord's share of the Taxes (together with, at Tenant's option, taxes on any land and improvements other than the Property that are part of the same tax lot as all or any part of the Property as to which Taxes have not been paid), and in the case of any payment described in this clause (b), Tenant (i) may deduct the amount paid (including interest and penalties, if any) from the Rent otherwise due to Landlord, and (ii) is hereby granted a lien on the Property to secure repayment of such amounts (which lien may be enforced in the same manner as a mortgage under applicable law). Tenant and Landlord shall reasonably cooperate with the other in any application made to have the Improvements assessed separately from the Property.

10.4 Contests. Tenant or Landlord may contest the legal validity or amount of any Taxes for which each is responsible under this Lease, and may institute such proceedings as either considers necessary. Landlord, upon request of Tenant and at no out-of-pocket expense to Landlord, will contest on behalf of Tenant, the legal validity or amount of any Taxes for which Tenant is responsible under this Lease.

10.5 Tax Credits. If, under applicable law, Tenant or other holder of a lease becomes ineligible for any tax credit, benefit or incentive for alternative energy expenditure established by any local, state or federal government, then, at Tenant's option, Landlord and Tenant shall amend this Lease or replace it with a different instrument so as to convert Tenant's interest in the Property to a substantially similar interest that makes Tenant eligible for such tax credit, benefit or incentive.

10.6 Payment by Tenant. Tenant shall pay, prior to the earlier of delinquency or the accrual of interest on the unpaid balance, all taxes and assessments of every type or nature assessed against or imposed upon the Improvements during the Term, including without limitation, the following:

- (a) All personal property taxes, charges, license fees and or similar fees imposed on Tenant; and

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(b) All excise, transaction, privilege, license, sales, use and other taxes upon the activities of Tenant.

11. Termination of Lease/Surrender of Possession No later than six (6) months after the expiration or earlier termination of this Lease ("Restoration Period"), Tenant shall remove all Improvements and personal property made or placed thereon by Tenant pursuant to this Lease, cover up all pit holes, trenches or other borings or excavations made by Tenant thereon, replace all topsoil removed in connection with the Solar Operations, fertilize and reseed with native grass, and otherwise restore the Property to as near as possible to its original condition prior to the Lease, and leave the Property in a good, clean condition. Notwithstanding the foregoing, Tenant shall have no obligation to remove any roads constructed on the Property or any subsurface improvements. Tenant shall have access to the Leased Premises during the Restoration Period in order to remove the Improvements and to restore the Property.

12. Assignments, Mortgages, Transfers.

12.1 Financing Parties. Landlord acknowledges that in order to finance the Solar Operations, Tenant may partner with various financing parties, including without limitation, lenders, banks and tax equity investors (collectively, "Financing Parties" and each a "Financing Party"). Tenant may mortgage, collaterally assign, or otherwise encumber and grant security interests in all or any part of its interest in the Leased Premises. Landlord agrees to cooperate with Tenant and any of its Financing Parties. Landlord, at no cost thereto, shall execute and deliver all documents reasonably requested by a Financing Party in a form satisfactory to Landlord, Tenant and Financing Party.

12.2 Mortgages/Transfers.

(a) This Lease shall be binding upon and inure to the benefit of the Parties and their legal representatives, successors and assigns. Tenant may pledge, sell, grant, assign, collaterally assign, sublease, mortgage and otherwise transfer (each, a "Transfer") this Lease or Tenant's leasehold interest in the Leased Premises, in whole or in part, without Landlord's prior consent; provided that Tenant shall notify Landlord within a reasonable time after such Transfer

(b) Landlord shall give Tenant at least thirty (30) days' prior notice of any Transfer by Landlord of its interest in the Property or in this Lease. In addition, any such Transfer shall be expressly subject to this Lease. For example, but without limiting the foregoing, this Lease shall remain prior in interest to any mortgage entered into by Landlord after the Effective Date. For Transfers pursuant to the death or disability of Landlord, Landlord's executor or successor in interest should endeavor to provide notice of such Transfer (or proceedings that will result in such a Transfer) to Tenant as promptly as possible under the circumstances. Landlord shall notify Tenant of the closing of such Transfer, and if applicable, the name and contact information of the successor to Landlord's interest and payment instructions for Rent and other amounts due under the Lease; provided, that Landlord shall indemnify Tenant for losses arising from Tenant's payment of Rent or other amounts as so directed. Under no circumstances shall a Transfer by Landlord include the Solar Operations and/or Improvements.

12.3 Estoppel Certificates and Cooperation. Landlord will, within ten (10) business days following request, execute and deliver (i) estoppel certificates (certifying as to truthful matters, including that no default then exists under this Lease or a sublease, if such be the case), (ii) consent

to assignment, (iii) non-disturbance agreements, (iv) or any other documents reasonably requested by Tenant, or any Financing Party, at any time and from time to time.

12.4 Landlord Mortgage; Landlord Liens. Landlord shall promptly provide Tenant with a copy of any default notices that Landlord receives with respect to any obligation secured by a mortgage or lien on the Leased Premises. If Landlord fails to pay any of its obligations secured by a mortgage or other lien on the Leased Premises when due, Tenant may, at its option, pay the amount due and deduct the amount paid from the amount otherwise payable for the Rent due Landlord. Landlord shall obtain from any holder of a mortgage or other lien on the Property securing debt owned by Landlord a subordination and/or non-disturbance agreement in form and substance reasonably acceptable to Tenant. Landlord expressly acknowledges and agrees that any statutory or common law lien rights in favor of Landlord or any mortgage granted by Landlord subsequent to the date of this Lease, as the case may be, are expressly subordinate and inferior to Tenant's right, title and interest in this Lease, and to any liens and security interests granted by Tenant in favor of any Financing Party. Landlord shall execute or cause its lender to execute any further documentation which may be reasonably requested by Tenant, to evidence such subordination.

13. Notices.

13.1 All notices sent pursuant to this Lease must be given by personal delivery, nationally recognized overnight courier, or certified mail return receipt requested, and shall be sent to the respective Parties at the addresses set forth below. Notices shall be deemed delivered upon receipt or upon the failure to accept delivery. When giving notice to Tenant of any default by Tenant under this Lease, Landlord shall also provide a copy of such notice to any party with an interest in Tenant or in Tenant's leasehold, the existence of such interest being noticed in writing by Tenant to Landlord (collectively, the "Notice Parties" and each a "Notice Party"). Any Party may, by at least five (5) day's prior written notice hereunder to the other Party, change the individual address to which such notice shall thereafter be sent.

Landlord: Roberts and Wellons, Inc
PO Box 299
Smithfield, NC 27577
Attention: Allen Wellons

Tenant: Red Toad 4451 Buffalo Road, LLC
215 New Gate Loop
Lake Mary, FL 32746
Attention: Reynaldo Rodriguez

Each Notice Party shall have thirty (30) days to cure any monetary Default and ninety (90) days to cure any non-monetary Default. The cure period for each Notice Party shall begin to run at the end of the cure period given to Tenant in this Lease. If any Default by Tenant under this Lease cannot be cured without a Notice Party obtaining possession of all or part of the Property and/or all or part of the Solar Operations and/or all or part of Tenant's interest in this Lease, then any such time period shall not begin to run until after gaining the necessary possession.

14. Defaults

14.1 Event of Default. The occurrence of any of the following events (each, a “Default”), and the failure to remedy such Default within the applicable grace period, shall constitute an “Event of Default” under this Lease:

(a) Failure of Tenant to make any payment of Rent when due and the continuation of the failure for a period of sixty (60) days after receipt by Tenant of a written notice of the Default from Landlord (a “Notice of Default”) specifying that the payment is past due; and

(b) Failure of Tenant to perform any other covenants, conditions or terms of this Lease, to the extent that the failure to perform will have a material adverse effect on Landlord, which failure has not been cured within sixty (60) days after the receipt by Tenant of a written Notice of Default, provided that if such Default cannot be cured within such sixty (60) day period with the exercise of reasonable diligence, then the sixty (60) day period shall be extended for the time reasonably required to complete the cure.

14.2 Notice of Default. Landlord shall not be entitled to exercise any remedy for a Default unless (i) Landlord has given a written Notice of Default to Tenant and to each Notice Party, specifying the nature of the Default and the method of cure, and (ii) the expiration of the applicable grace periods provided in Section 14.1 (and such other applicable cure periods provided in this Lease)

14.3 New Lease. If this Lease is terminated pursuant to a Tenant Default, then a Notice Party may request that Landlord enter into a new lease with a Notice Party or its nominee on the same terms as set forth herein, and for a term equal to the then-unexpired portion of this Lease, with an option to extend for any then-remaining Renewal Term(s). Such new lease shall be effective as of the date of termination of this Lease.

14.4 Landlord’s Default and Tenant’s Remedies.

(a) Except for Landlord’s termination of this Lease without cause or disruption of Tenant’s use and enjoyment of the Leased Premises, in the event Landlord fails to perform any of its obligations under this Lease, and Landlord then fails to cure such default within sixty (60) days after written notice from Tenant specifying the nature of such default where such default could reasonably be cured within said sixty (60) day period, or fails to commence such cure within said sixty (60) day period and thereafter continuously with due diligence prosecute such cure to completion where such default could not reasonably be cured within said sixty (60) day period, then Tenant shall have the following remedies:

(i) Tenant may proceed in equity or at law to compel Landlord to perform its obligations and/or to recover damages proximately caused by such failure to perform (except to the extent Tenant has waived its right to damages resulting from injury to person or damage to Property as provided herein).

(ii) Tenant, at its option, may cure any default of Landlord at Landlord’s cost. If Tenant at any time by reason of Landlord’s default reasonably pays any sum or does any act that requires the payment of any sum, the sum paid by Tenant shall be immediately due from Landlord to Tenant at the time the sum is paid, and shall bear interest at the maximum applicable rate permitted by law in North Carolina

(b) In the event that Landlord terminates this Agreement without cause or disrupts Tenant's use and enjoyment of the Leased Premises or Landlord's default creates an immediate need for remedy such that a notice period will irreparably harm the Tenant, Tenant shall not be required to wait the prescribed cure period and shall have the right to immediate injunctive relief, as applicable. In addition, in these circumstances, Landlord shall be liable to Tenant and any Notice Party for liquidated damages as follows:

(i) The amount of any tax credits (or grant funds in lieu thereof), the net present value of any income lost, and any other grants, rebates and financial incentives which (i) Tenant or its members are required repay to any government entity, lender, investor or investment fund as a result of Landlord's breach of the Lease, and/or (ii) are no longer available to Tenant or its members,

(ii) Plus the costs associated with relocating the Solar Operations to another site, plus any lost revenue from the electrical output and environmental attributes associated with the Solar Operations.

15. Remedies

15.1 Termination. Upon the occurrence and during the continuance of an Event of Default (beyond any applicable cure periods and subject to rights of any Notice Parties and Financing Parties), Landlord may, at its sole option, by summary ejectment or other appropriate legal action or proceedings, terminate this Lease and evict Tenant from the Property. At any time, or from time to time after any termination of this Lease under this Section 15.1, Landlord may re-let the Property or any part thereof for such term or terms as Landlord, in its reasonable discretion, may determine. Provided, however, Landlord shall use commercially reasonable efforts to mitigate its damages.

15.2 Landlord's Right to Perform Tenant's Covenants. Upon the occurrence and during the continuance of an Event of Default, Landlord, without waiving any other remedy for the Event of Default, may (but shall not be obligated to) perform the obligation of Tenant that is the subject of the Event of Default, for the account and at the expense of Tenant. Tenant will reimburse Landlord upon demand for any reasonable expense incurred by Landlord in curing the Event of Default in accordance with this Section 15.2.

15.3 Remedies Cumulative. All remedies of Landlord under this Lease are cumulative and no one remedy shall be exclusive of any other, or of any remedy conferred by law or at equity.

16. Landlord's Representations. Landlord hereby represents and warrants to Tenant as follows:

(a) (1) Landlord is the sole fee title owner of the Leased Premises, (2) each person or entity signing this Lease on behalf of Landlord is authorized to do so, (3) Landlord has the unrestricted right, power and authority to enter into and perform its obligations under this Lease and to grant the rights granted to Tenant hereunder, (4) no other person is required to execute this Lease in order for it to be fully enforceable as against all interests in the Leased Premises, (5) this Lease constitutes a valid and binding agreement, enforceable against Landlord in accordance with its terms and (6) Landlord is not the subject of any bankruptcy, insolvency or probate proceeding.

(b) To Landlord's knowledge, there are no liens, covenants, restrictions, rights of way, easements or other encumbrances affecting the Property which will prevent or limit Tenant's use of the Property for the purposes permitted under this Lease, or that are otherwise contrary to the terms of this Lease. Landlord also represents and warrants that throughout the Term, Tenant shall have legal and practical access to the Property.

(c) No litigation is pending, and, to the best of Landlord's knowledge, no actions, claims or other legal or administrative proceedings are pending, threatened or anticipated with respect to, or which could affect, the Property. If Landlord learns that any such litigation, action, claim or proceeding is threatened or has been instituted, Landlord shall promptly deliver notice thereof to Tenant.

(d) To the best of Landlord's knowledge, (a) no underground tanks are now located or at any time in the past have been located within the Property or any portion thereof, (b) no asbestos-containing materials, petroleum, explosives or other substances, materials or waste which are now or hereafter classified or regulated as hazardous or toxic under any law has been generated, manufactured, transported, produced, used, treated, stored, released, disposed of or otherwise deposited in or on or allowed to emanate from the Property or any portion thereof other than as permitted by all Environmental Laws that govern the same or are applicable thereto and (c) there are no other substances, materials or conditions in, on, under or emanating or migrating from the Property or any portion thereof or emanating or migrating from other Property onto the Property or any portion thereof which may support a claim or cause of action under any Environmental Law. Landlord has not received any notice or other communication from any governmental authority alleging that the Property is in violation of any Environmental Law.

(e) To the best of Landlord's knowledge, the Property is currently in full and complete compliance with all governmental laws, ordinances, orders, rules and regulations applicable to the Property.

17. Miscellaneous.

17.1 Confidentiality. Landlord and its members, agents, representatives, employees, partners, officers and directors (collectively, the "Landlord Parties" and individually a "Landlord Party") will not disclose the subject matter or terms of the transaction contemplated by this Lease unless prior written consent to such disclosure is obtained from Tenant, which consent may be withheld at Tenant's sole discretion. Provided, however, a Landlord Party shall be permitted to disclose such information as is necessary to its accountant or attorney provided such parties are informed about the confidential nature of this Lease and agree to not otherwise disclose the information. Further, any Landlord Party shall be permitted to disclose the terms of this Lease as otherwise required by law.

17.2 Force Majeure. Notwithstanding any other provision of this Lease, if Tenant is delayed or prevented from performing any of its obligations under this Lease by reason of strike, lockouts, labor troubles, failure of power, riots, insurrection, war, acts of God or any other cause beyond Tenant's control, the period of such delay or such prevention shall be deemed added to the time period herein provided for the performance of any such obligation by Tenant.

17.3 Further Acts and Assurances. Each Party hereby agrees that each shall execute such additional commercially reasonable documents or instruments, and shall undertake such actions as

are necessary and appropriate to effectuate the intent of this Lease. No approval required under this Lease shall be unreasonably withheld or delayed. Unless a longer or shorter time is specified, all approvals required of either Party shall be given or refused in writing within ten (10) business days after receipt of the written request for approval. Any delay of a requested approval longer than ten (10) days from receipt of a written request for approval shall be deemed an approval. Attorney's Fees. In the event of any litigation for the interpretation or enforcement of this Lease, or the prevailing party shall be entitled to reasonable attorneys' fees and court and other costs from the non-prevailing party, including costs and fees on appeal and in any bankruptcy or insolvency proceeding.

17.4 Brokers. Landlord and Tenant represent and warrant to each other that they have not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Landlord and Tenant shall indemnify, defend and hold the other Party, its successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm claiming to have negotiated, instituted or brought about this Lease.

17.5 No Partnership. Landlord and Tenant are not and shall not be considered joint venturers or partners and neither shall have the power to bind or obligate the other except as set forth in this Lease.

17.6 Waiver. The waiver of the time for performing any act shall not constitute a waiver of the time for performing any other act or any identical act required to be performed at a later time.

17.7 Entire Agreement. This Lease constitutes the entire agreement between Landlord and Tenant and no promises or representations express or implied, either written or oral, not set forth in this Lease shall be binding upon or inure to the benefit of Landlord and Tenant. This Lease shall not be modified by any oral agreement, either express or implied, and all modifications of this Lease shall be in writing and signed by both Landlord and Tenant. All Exhibits referenced herein are incorporated into this Lease by reference and made a part hereof.

17.8 Quiet Enjoyment. Landlord hereby covenants with Tenant that Tenant shall and may peacefully and quietly have and enjoy the Leased Premises for and during the Term, for the purposes set forth in this Lease.

17.9 Severability. The unenforceability, invalidity, or illegality of any provisions of this Lease shall not render the other provisions hereof unenforceable, invalid or illegal.

17.10 Governing Law. The laws of the State of North Carolina shall govern the interpretation and enforcement of this Lease.

17.11 Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original and use of which, when taken together, shall constitute one and the same instrument.

17.12 Memorandum of Lease. Landlord agrees to execute a Memorandum of this Lease in substantially the form attached as Exhibit B in which Tenant may record in the register of deeds office in which the Property is located.

17.13 Right of First Offer. During the Due Diligence Period and the Term, prior to selling any portion of the Property, Landlord shall first offer the Property to Tenant. Following receipt of

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notice from Landlord, Tenant shall have thirty (30) days to elect whether it desires to exercise its right under this Section and enter into a formal purchase agreement with Landlord, mutually agreeable to both Parties. Tenant shall have the right to enforce this provision by injunctive relief.

[The remainder of this page is intentionally left blank.]

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IN WITNESS WHEREOF, the Parties hereto have executed this Lease as of the date first written above.

Landlord:

Roberts and Wellons, Inc

By: _____

Name:

Title:

Red Toad 4451 Buffalo Road, LLC

By: _____

Name: Reynaldo Rodriguez

Title: Manager

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LEGAL DESCRIPTION

BEGINNING AT A POINT APPROXIMATELY 450' NORTH FROM THE INTERSECTION OF RIVER ROAD TO A POINT ON THE WESTERN RIGHT OF WAY LINE OF BUFFALO ROAD; THENCE N 81°19'09" W, 42.50' TO A POINT; THENCE N 83°44'53" W, 1181.67' TO A POINT; THENCE N 7°17'53" W, 466.97' TO A POINT; THENCE N 81°40'49" E, 1273.97' TO A POINT; THENCE N 81°21'18" E, 161.06' TO A POINT ON THE WESTERN RIGHT OF WAY LINE OF BUFFALO ROAD; THENCE ALONG THE WESTERN RIGHT OF WAY OF BUFFALO ROAD S 14°40'01" W, 567.97' TO THE POINT AND PLACE OF BEGINNING CONTAINING 15.00 ACRES MORE OR LESS.

BTM\3880945\1

Planning Director Julie Maybee, Town of Selma, NC

At looking at the site it is located at 4451 Buffalo Road, and the property is located in the zoning district I2 Zoning District, which requires a special use permit for a solar farm in this zoning district. In accordance with ordinance provisions, the public hearing was properly advertised, adjacent property owners notified, the applicant notified, and the property posted, as well as the adjacent property owners notified by registered mail. When you look at the zoning district, a solar farm is a permitted as a special use in that zoning district. Access to that site is subject to DOT approval. This would be looking at the site directly from Buffalo Road; it is a heavily wooded site. There are a few dilapidated structures on that property. It abuts the County's city limits in the ETJ. Looking a little bit further, heavily buffered. Approximately a 49-acre tract. Approximately 15 acres will be leased. Just looking at Buffalo Road, there is a driveway, existing driveway, going into the site. This is what it looks like, and on the sides. When you look at the adjacent uses, we have a lot of the terminal facilities; also, commercial use located along that road. Want to reference some supplemental information that was received from the applicant addressing some of the required findings for a solar farm. Such as there won't be any outdoor lighting, the electrical wiring will be to State Building Code requirements, the solar panels will be mounted so the height of the racking system won't exceed 20 feet, inverter noise level to be measured at the property line will be 40 decibels, all of the farm and components will comply with the state building code requirements and also the electrical code. They are not proposing any solar easements; and as far as an interconnection to the system, the interconnection would be the utility pole next to the site entrance. The meter for the solar site will be provided by the utility.

Mayor Oliver:

The second bullet, I'm not sure you addressed that one. Will the dilapidated buildings be removed? It says not applicable.

Planning Director Julie Maybee:

They indicated that they were proposing to do that. It is recommended that those unsafe structures be removed from the site. I'll get to that point later.

When looking at the special use permit, you need to look at the required findings of fact, and the applicant has addressed those findings of fact in the application, and I refer to that as contained in the staff report exhibit. At the Planning Board meeting, the Planning Board recommended approval of the request. They requested further information on buffering requirements, and it's included in your agenda packet along with a copy of an aerial photo showing the heavy vegetation around the perimeter of the site. There will also be security fencing going around the farm. At the Planning Board meeting, they incorporated the applicant's findings of fact as their own.

If you have any questions, I'll be glad to address them. I have recommended, staff recommends that the Council adopt the findings of fact in considering this request, and also make sure that they comply with state and local laws, and also consider the property being annexed into Town, and the dilapidated buildings be removed.

Mayor Pro-Tem Jackie Lacy:

Did you say that's what the Planning Board recommended?

Planning Director Julie Maybee:

The Planning Board did not address the dilapidated structures, but what they did address is that they incorporate the findings as their own, and approved the special use permit with the condition that buffering be established to a better degree and grounds be maintained. In referring to that, they were discussing any grass or weeds that they comply with our ordinance provisions.

Mayor Oliver:

We have three individuals who have signed up that were previously sworn in. Please come up in the order you like to present.

Town Attorney Chip Hewett:

For the record the applicant is an LLC corporation, and is represented by counsel. They are compliant.

Attorney Kirkland Odom, 115 Jasmine Drive, Clayton, N.C.

Attorney Odom presented to Council Exhibits A, B, C, and D to be exhibited into evidence.

First, I would like to thank you for allowing me to be here tonight. As you know, my client he here applying for a special use permit for the operation of a solar farm located here in the Town of Selma. I am honored to be here for such a project as this. Why solar power? Solar energy is a well established technology that has been tried and tested for decades. Solar is globally recognized as one of the most important and successful energy generating technologies available. The government has recognized this as such and is active to promote the solar generation across the country. It has low impact, great for local wildlife, has a very limited impact on local communities, and performs well in the North Carolina climate. The generation of electricity from PV solar panels is safe and effective, because PV systems do not burn fossil fuel fire generation technology. In fact, according to the U.S. Department of Energy, power-generating technologies has little environmental impact as PV solar farms. The solar panels themselves are made of silicon. The solar panels have no moving parts and create no emissions at all; toxic or otherwise. Solar panels do not emit radiation; and therefore, do not interfere with equipment such as mobile phones, heart monitors, pace makers, hearing aids or TV reception. Our solar panels are designed to absorb light as opposed to reflecting light; thus, eliminating reflectivity to the point that the FAA has approved similar solar sites adjacent to airports like that. Are there any issues with bird collisions on the solar panels? Not with PV solar panels. Issues that many people have heard about have been with bird deaths have been with what are called utility scale solar thermal farms that concentrates the sun's rays on the large towers. Those issues are not a concern of our type of solar project, which is known as the standard fuel installed PV solar array. As far as wildlife is concerned, the solar farm is essentially a major reserve that is left largely untouched for 15 or more years. Solar farms have proved to be a true asset by giving declining wildlife like bees farmland birds zoning. What effect would a solar farm have on surrounding property owners in the area the farm is located? Presuming the impact study performed by the proposed solar farm, and based on information obtained in the study the analyst concurred no impact on sales prices for residential, agriculture, or vacant residential land that adjoins existing solar farms included in the study. In fact, the impact study states that the compatibility of solar farms adjoining agricultural and residential uses is strongly supported. Solar farms have been placed in many types of areas including within a quarter mile of the Governor's Club in Chapel Hill where properties continue to sell for \$300,000 to over \$2,000,000. Several real estate professionals were consulted in the study and the conclusion arrived at is that a solar farm is an attractive point for customers and residential development as opposed to a manufacturer. Developers have even expressed interest in adding a solar farm project as a working tool for their development project. What about when the solar farm project expires? The great thing about solar farms is after the project has been decommissioned, the entire area will return to its original state. It will be returned to that state with no ecological or environmental damage to be caused by the solar farm. The project for which we are applying for a special use permit is located at 4451 Buffalo Road and is currently owned by Roberts and Wellons. The project site is approximately 15 acres out of 49 acres. The proposed use is a 1.99 megawatt solar farm.

At this point, I'm going to state how the applicant is compliant with the specific conditions required by the solar farm ordinance for the Town of Selma. I've submitted four exhibits into evidence, which I'll refer to in establishing necessary burden of proof to the applicant. First of all, I would like to point out the applicant in addition to satisfying the requirements of the local Planning Board and Town Council, also must register with the North Carolina Utility Commission before the report of proposed

construction and application to register a renewable energy facility. Furthermore, they have to register for the federal energy renewable credit, all of which has been done. In regards to specific conditions required by the Town of Selma ordinance, the applicant states as follows: as indicated on the solar impact studies entered into Exhibit A, the panels installed on mounting system will not exceed 20 feet high. The actual height being closer to 12 feet. As shown on the site plan, which has been entered into evidence as Exhibit B, you can see the location of the solar panels and the inverter path and the 25-foot solar farm access roads. The panels are about 40 feet from the property line with a 15-foot planning buffer in which five small evergreen trees and five small evergreen bushes are planted for every 100 linear feet. A six foot chain-linked fence will exist inside the 15 foot planning buffer and the solar panels will be set back 25 additional feet from the fencing. Also, I know you guys talked about this before, there are no structures to be removed from the property prior to the beginning of construction of the solar farm. Those dilapidated structures are actually behind the 15 acres that is proposed to be used, which is across the front of the property. However, anything found in that 15 acres will be removed. The only parking requirement for this site is for the cleaning of the panels, which occurs once every six months, or the occasional maintenance of the panels. The 25-foot access easement will provide more than enough parking for semi-annual cleaning and required maintenance. As far as solar access easements, the applicant does not foresee the necessity. As shown on the site plan, Exhibit B, the interconnection point with Duke Energy is located at the front of the property where the disconnect is also located. The only additional structure that will be constructed is the required housing of two inverters and a mounted transformer, which will be located in the middle of the facility. The area of impervious surfaces is only 400 square feet, which is composed of two 20-foot by 10-foot slabs that will hold the required housing for the inverters and mounted transformer. As I mentioned before, shown on the site plan, Exhibit B, the solar farm will be fully screened from adjoining property with an evergreen buffer capable of reaching a height of 10 feet within three years of planting, and at least 75% opacity at the time of planting. There is no outdoor lighting proposed for the solar farm. All wiring for the system will be underground with the exception of the interconnect point. The solar panels will be mounted on the racks according to manufacturer specifications and the mounting structure, which is a fixed structure, will be comprised of materials approved by the manufacturer that are able to fully support the system components and withstand adverse weather conditions. The mounting structures will be spaced apart at the distance recommended by the manufacturer to ensure safety and maximum efficiency. The solar panels will only be mounted on these racks. Not any other structure. The applicant will comply with the restrictions on signage at the solar farm. In regard to the removal plan, submitted into evidence as Exhibit C, decommissioning will occur if any of the following conditions occur: a) the land lease ends; b) the system does not produce power for 12 months, or c) the system is damaged and will not be repaired or replaced. If any of these conditions occur, the applicant will remove all non-utility owned equipment to a depth of at least three feet below grade, all graveled areas, access roads, and fencing unless the owner of the land requests in writing for it to stay in place, and will restore the land to the condition it was in before the solar farm development project. Copies of the proposed lease agreement between the applicant and the owner of the property have been submitted into evidence as Exhibit D. The applicant has applied for, but not yet obtained conditional approval from Duke Energy. We are currently in the study process and expect to have approval within the next 60 days. The farm and components will meet all requirements of the N.C. state building code, in addition to complying with the current edition of the National Electric Code, UL listed, will be NEC compliant, and are designed with an anti-reflective coating. As I stated earlier, the electrical disconnect switch will be at the proposed interconnection point, shown on the site plan, Exhibit B, which is where the utility meter will be located. The inverter noise level, measured at the property line, will not exceed 40dBA and in actuality will be practically silent at the property line, as indicated in the Solar Impact Study, Exhibit A.

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Now, in regard to the requirement that the access roads or entrance and exit drives are or will be sufficient in size and properly located to ensure automotive and pedestrian

safety and convenience, traffic flow, and control and access in case of fire or other emergency. The applicant states that the access roads will conform to all applicable regulations to ensure minimum impact on traffic conditions and easy emergency inbound and outbound traffic. The proposed access roads into the facility are shown on the site plan, Exhibit B, and with the exception of the construction period, will only be used for the occasional cleaning and maintenance of the solar panel equipment. As indicated in the Solar Impact Study, Exhibit A, the farm will have no on-site employees or staff and the additional traffic incurred as a result of this project is insignificant. In regard to whether the necessary public and private facilities and services will be adequate to handle the proposed use. The applicant states that with the exception of the interconnection point that will be provided by the utility company, the necessary public and private facilities that are required to adequately handle the needs of the solar farm facility are already in place. In fact, with the exception of the utility company interconnection, the only services that are required will be the supply of a small amount of water for usage in cleaning the solar panel structures twice a year, as well as any possible irrigation of the planting buffer required to be installed by the applicant. In regard to whether the location and arrangement of the use of the site, screening, buffering, landscaping, and pedestrian ways will not impair the integrity or character of adjoining properties and the general area and minimize adverse impacts to public health, safety and general welfare. The applicant states the following: The landscape of the property will be regularly maintained, and as shown on the comparison of the three matched pairs in the Solar Impact Study, Exhibit A, the facility has no impact on the integrity of adjacent properties. Also as indicated in Exhibit A, in the section regarding Harmony and Compatibility of Use, the proposed use is compatible with the area's mostly agricultural zoning, as it preserves green space from more aggressive forms of development. In addition, the proposed use is even compatible with the residential environment. As shown in the Solar Impact Study, the solar farm is often considered a plus for the residential development community, and in no way does it diminish the value or the attractiveness for residential development. Furthermore, the land can be returned to its original use with no need for ecological cleaning once the lease is up. The facility is fenced and will pose no risk to public health, safety, or general welfare.

And finally, in regard to whether the use or development conforms to general plans for the physical development of the Town's planning jurisdiction, as embodied in this chapter, the Town's land use plan, or other development policies, as adopted by the Town Council. Applicant states the proposed use is permitted and regulated by the Town's ordinances and it is not at odds with its land use plan. The site is located in an existing industrial-agricultural area, in which the entire area is centered on energy production and distribution.

The applicant has now shown the hearing body all conditions for approval of the special use permit have been satisfied. Applicant requests the hearing body approve the special use permit for the proposed solar farm.

Town Attorney Chip Hewett:

For the record, we are going to receive into evidence Exhibits A, B, C, and D that have been presented by the applicant.

Attorney Kirkland Odom:

Mr. Rodriguez, please confirm that all the information that I have provided to the Town Council is accurate.

Renaldo Rodriguez, Red Toad, Inc., 215 New Gate Loop, Lake Mary, FL
It is accurate.

First, I would like to thank the Town of Selma for having an expedited process for getting the special use permit approved for us. We currently have 17 projects in the state of North Carolina. I'm open to questions.

Rich Kirkland, Kirkland Appraisals, LLC, 9408 Northfield Court, Raleigh, NC:

I provided the reports to Mr. Odom and Mr. Rodriguez. I don't want to repeat everything Mr. Odom presented. I'll just ask if anyone has any questions about the reports?

Council had no questions.

With no one else wishing to speak, a motion was made by Councilmember Sellers and seconded by Councilmember Tommy Holmes to close the public hearing. Motion carried unanimously. 7:16 p.m.

Town Attorney Chip Hewett asked property owner Attorney Allen Wellons if he had any issues with the application as presented?

Mr. Wellons stated that he did not have any issues.



A motion was made by Councilmember Eric Sellers and seconded by Councilmember to accept the applicant's findings of fact as our own, and approve the special use permit on the condition that the contiguous property be voluntary annexed into the Town limits including the 15 acres for the solar farm. Motion carried unanimously.

Public Hearing &
Consideration of a
Development Ordinance Text
Amendment by the Planning
Board:

Planning Director Julie Maybee stated that the Planning Board has requested an ordinance amendment be made to Chapter 17, Article XVI, Section 17-432 to change the quorum to consist of four members instead of five. She said that a draft consistency statement and draft ordinance were included in their packet for their consideration.

A motion was made by Mayor Pro-Tem Jackie Lacy and seconded by Councilmember Tommy Holmes to open the public hearing. Motion carried unanimously, 7:26 p.m.

No one present wishing to address Council, a motion was made by Mayor Pro-Tem Jackie Lacy and seconded by Councilmember Tommy Holmes to close the public hearing, 7:27 p.m.

A motion was made by Mayor Pro-Tem Jackie Lacy to approve the ordinance amendment to Chapter 17, Article XVI, Section 17-432(g) reducing the quorum of the Planning Board from five members to four.

Councilmember Overby questioned why no one had been appointed to fill the vacant position on the Planning Board?

Ms. Maybee stated that she would look into; however, this was an issue for the Town Clerk and Johnston County since it was an extraterritorial position.

Mayor Oliver called for a vote. Voting Yes: Mayor Cheryl Oliver, Mayor Pro-Tem Jackie Lacy, and Councilmembers Tommy Holmes and Eric Sellers. Voting No: Councilmember William Overby. Motion carried.

**AN ORDINANCE AMENDING THE SELMA MUNICIPAL CODE
CHAPTER 17 – DEVELOPMENT REGULATIONS,
ARTICLE XVI – ADMINISTRATIVE MECHANISMS
SECTION – 17-432 – PLANNING BOARD**

BE IT ORDAINED BY THE TOWN COUNCIL of the Town of Selma:

Section I. The Selma Municipal Code, Chapter 17 – Development Regulations, Article XVI – Administrative Mechanisms, Section 17-432(g) – Planning Board – Quorum and voting, is hereby amended to be removed and replaced with the following:

Sec. 17-432 (g). *Quorum and voting.* A quorum of the planning board, necessary to take any official action, shall consist of four (4) members. The concurring vote if a simple majority of those members present shall be necessary to take any official action.

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