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To: The Mayor and Town Council
Stafford Township, NJ

Re: Special Stafford Council Meeting – Proposed Landfill Solar Array

On behalf of myself, as a resident and taxpayer of Stafford Township, NJ, and my fellow citizens and taxpayers; I propose that the Mayor and Town Council review and adopt the following recommendations regarding the leasing of the closed Stafford Township Landfill Property for the purpose of erecting solar array panels for the generation and sale of electricity by such panels. I understand that the primary interested party to this proposed arrangement is the Walter's Group but no definitive lease agreement has been executed. If my recommendations are adopted and implemented, the taxpayers of Stafford Township should be entitled to an annual financial lease payment that is fair, benefits the taxpaying residence, and provides the lessee the opportunity for a reasonable rate of return on its investment.

I understand that the lessee may incur a substantial risk with respect to its investment but the lessee also stands to garner a reasonable rate of return with upward financial opportunity. It should not be the policy or practice of Stafford Township to have its taxpayers assume any of this risk and the Mayor and Council should refrain from any action or ordinance that mitigates this risk to the detriment of the citizens and taxpayers of Stafford Township.

My recommendations to the Mayor and Council regarding this matter are as follows:

1. The Mayor and Council should review the process, proposed terms, and conditions that Waretown (Ocean Township) is adopting with respect to the lease of its closed landfill to a private party for the purpose of erecting solar array panels. Waretown has a plan to lease its landfill to erect a solar electric generation system that is similar in size and scope to the Stafford proposal. As represented by the Mayor of Waretown before the Stafford Town Council Meeting of September 21, 2010, it is estimated that the annual lease payment to Waretown for this

landfill lease is \$400,000 - \$600,000. Because the Waretown solar array proposal has progressed substantially ahead of Stafford's, the Stafford Mayor and Council should use the Waretown proposal and experiences as a base case for reviewing and implementing the Stafford lease.

2. Much controversy has evolved around the amount of annual lease payment to Stafford by the Walters Group. I recognize that no annual lease payment has been finalized. Whatever amount of annual lease payment is negotiated, it should be based on a financial base case that is known to the public, presents a fair return to Stafford Township and the lessee, and is published to the public by Stafford and the lessee to represent the lessee's financial risks and profits. This financial base case then serves as an index to assess the viability of this transaction for Stafford Township and for the determination of future profit participation (see #3 below) by the Township in the success of the project. The lease should also provide for periodic lease payment escalators to the annual base lease payment that are measured or calculated by some index such as the consumer price index, township tax rate increase, increase in electricity rates, or any other index that is reasonable and recognizable to the public.
3. I also propose that the lease agreement provide Stafford Township the right to participate in the profits of this business endeavor. The profit participation would be calculated on the success of the endeavor measured against the financial base case stated in two (2) above. To the extent that project's profits (after the base rent payment with escalators to Stafford) exceeded the base case, Stafford should receive a percentage of such profits (possibly 25-50%). This profit participation protects the taxpayers of Stafford from any unintended upward change in the success of this project while leaving the lessee with excess profits. To ensure the integrity of the financial results, Stafford Township should have the right to audit the projects financial results, including filings with the State Public Utility Commission or any other governmental body.
4. The Mayor and Town Council should not take any action, negotiate any lease term, or pass any ordinance that benefits the lessee at the expense of the Stafford Township taxpayers. This landfill is the public's property and any benefit derived there from must inure to the Stafford Township taxpayers and residents.

While the above recommendations appear to infringe on the lessee's profits, my underlying premise is to protect the taxpayers of Stafford Township. This endeavor is a project that the Township has no experience in dealing with and any outside experience that may exist is probably limited and in its infancy. The lessee is in the business to take risks that provide greater financial rewards for it, and the Township cannot and should not be exposed to such risks. The above recommendations mitigate risk to Stafford and provide taxpayers' financial benefits from their public property while still affording the lessee with an upside financial opportunity from this project.

I will be glad to meet with the Mayor, Council, Township Administrator or any other Township representative to discuss these matters further.