



Developing a Picture of Solar Development

Phase of Project:



Farm Location: New Woodstock, Madison County, New York

Operations:
David leases out the farm and it produces mostly cash crops such as corn, hay, soybeans, and wheat.

History:
The farm, which is owned by David and his brother, has been in the family since 1775, and David hopes to keep it in the family.

Size of Project:
Leased 80 acres but are only using 25 non-tillable acres. David refused to lease the tillable acreage. (700-acre farm).

Type of Land:
Non-tillable acreage of recently purchased farmland with the intent of leasing to a solar developer.

Length of Lease:
30-year lease with two 5-year extensions.



Solar Leasing Experience:
David signed the contract in 2019. Having an MBA, David was familiar with options that solar offered him (e.g., using the revenue to pursue a 1031 exchange to mitigate capital gains). The developer was interested in leasing more land from David but he refused because the other land they were interested in is tillable and he was only willing to lease the non-tillable acreage. David also believes the land they will be developing is ideal because, thanks to the topography, the panels will not harm the viewshed.

The original developers no longer hold the lease; it has been sold off three times since the option was signed. While the developers have been legally in the construction phase for about 9 months (as of the summer of 2022), they have not yet broken ground due to supply chain challenges (the way the lease was written they had to move into the construction phase or drop the project).

During the construction phase David is receiving 50% of the lease payments. During the option period he was receiving \$1000 every 6 months.

Advice:

- Do your research and know who you're dealing with.
- Know what you're signing.
- Understand the timeline of how long your land will be tied up and what that means for you.

Stipulations in Contract:

David attempted to get two items written into the lease: 1) a bond for decommissioning and 2) payments of a percentage of the profits of the overall operation. The developer agreed to the bond—which will ensure removal of solar panels and related infrastructure from the land at the end of the operation period. They did not agree, however, to David receiving a percentage of the overall profits of the operation; they expressed that this is a challenge since the operation changes hands regularly throughout the lifetime of the project.

Pros of Leasing Land for Solar:

- Lease payments.
- Ability to sell revenue stream and purchase more land.

Cons of Leasing Land for Solar:

- Risk if town does not approve.
- Believes panels are still detrimental to the environment.

Town and Neighbor Response:

David did not initially believe that the town would approve the project, but to his surprise, they did.

Opinion towards Increasing Solar Presence:

As a board member of a local land trust, David believes that carbon credits are a much more interesting prospect for farmers. He also has concerns with what will be done with the panels after they are removed. He is concerned that the recycling of the metals and corrosives that solar panels are comprised of will be a challenge. Additionally, David believes that the production of the panels are not carbon neutral, and therefore are not accurately 'sold' to the consumer when sold as a green energy solution.

Where Farmer Gained Information on Solar:

David did a lot of his own research, especially when it came to the 1031 exchange. He made phone calls to investment companies that specialize in this process to better understand how he could utilize the exchange for his purpose/interest. Having been familiar with contracts he reviewed the preliminaries himself but retained a lawyer to perform a legal review on the final contract before signing.