



## Solar Services Agreement

This Solar Services Agreement (this “**Agreement**”) is entered into by the parties listed below (each a “**Party**” and collectively the “**Parties**”) as of the date signed by Seller below (the “**Effective Date**”).

<b>Purchaser:</b>		<b>Seller:</b>	
Name and Address	<b>City of Mesa</b> 20 East Main Street Suite 400 PO Box 1466 Mesa Arizona 85211-1466 <b>Red Mountain Police Department</b> 4333 E University Dr Mesa, AZ 85205 Attention: Janet Bunchman	Name and Address	<b>SolarCity Corporation</b> 3055 Clearview Way San Mateo, CA 94402 Attention: Legal Department
Phone	(480) 644-4697	Phone	(650) 963-5100
Fax	(480) 644-2655	Fax	(650) 560-6460
E-mail	Janet.Bunchman@mesaaz.gov	E-mail	Contracts@solarcity.com
Purchaser (check one)	<input checked="" type="checkbox"/> owns the Facility <input type="checkbox"/> leases the Facility		

This Agreement sets forth the terms and conditions of the provision of solar services through the finance, design installation, operation and maintenance of the turnkey solar panel system described in **Exhibit 2** (the “**System**”) to be installed on certain real property located in the County of Maricopa, State of Arizona, described in **Exhibit 3** (the “**Premises**”) at the Purchaser’s facility described in **Exhibit 4** (the “**Facility**”). The utility provider referenced in this agreement shall be Salt River Project (the “**Utility**”).

The exhibits listed below are incorporated by reference and made part of this Agreement.

- |           |                                   |
|-----------|-----------------------------------|
| Exhibit 1 | Finance Attachment                |
| Exhibit 2 | System Description                |
| Exhibit 3 | Purchaser’s Facility              |
| Exhibit 4 | Facility and Delivery Point       |
| Exhibit 5 | License Area                      |
| Exhibit 6 | Memorandum of License             |
| Exhibit 7 | General Terms and Conditions      |
| Exhibit 8 | Mesa Special Terms and Conditions |
| Exhibit 9 | Contractor Immigration Warranty   |

**City of Mesa:**

**SolarCity Corporation**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 1**  
**Finance Attachment**

1. **Term:** Twenty (20) years, beginning on the Commercial Operation Date.
2. **Additional Terms:** Up to Two (2) Additional Terms of Five (5) years each.
3. **Environmental Incentives and Environment Attributes.** Notwithstanding anything to the contrary in the Agreement (including, without limitation, Sections 5, 6(a), and 16(a) of the General Terms and Conditions), the Environmental Incentives and Environmental Attributes (but not the Tax Credits) accrue to Purchaser. Purchaser has, in turn, assigned payment of the Environmental Incentives to Seller.

4. **Contract Price:**

YEAR	CONTRACT PRICE PER METERED KWH
1	\$0.061
2	\$0.061
3	\$0.061
4	\$0.061
5	\$0.061
6	\$0.061
7	\$0.061
8	\$0.061
9	\$0.061
10	\$0.061
11	\$0.061
12	\$0.061
13	\$0.061
14	\$0.061
15	\$0.061
16	\$0.061
17	\$0.061
18	\$0.061
19	\$0.061
20	\$0.061

5. **Condition Satisfaction Date:** 6/30/2014 12:00:00 AM
6. **Anticipated Commercial Operation Date:** 11/30/2014 12:00:00 AM
7. **Outside Commercial Operation Date:** 12/31/2014 12:00:00 AM
8. **Purchase Option Price**

End of Contract Year	Option Price*:
6	\$395,286.50
10	\$351,385.88
20	Fair Market Value

\* Higher of Fair Market Value of System or amount specified

9. **Termination Value:**

Contract Year	Termination Value
1	\$732,529.60
2	\$644,923.51
3	\$529,560.12
4	\$438,106.08
5	\$360,802.82
6	\$281,927.21
7	\$256,868.46
8	\$243,013.43
9	\$228,599.14
10	\$213,596.96
11	\$197,976.83
12	\$181,707.20
13	\$164,754.92
14	\$147,085.23
15	\$128,661.58
16	\$109,445.64
17	\$89,397.15
18	\$68,473.84
19	\$46,631.33
20	\$23,823.02

10. **Rebate Variance.** All prices in this Agreement are calculated based on a rebate of SRP at \$0.040/kWh. If the actual rebate is lower than calculated, prices will be adjusted pro-rata to reflect the actual rebate received, provided, however, that notwithstanding anything to the contrary in this Agreement Purchaser shall have the right to terminate this Agreement at any time prior to the Commercial Operation Date without liability for costs or damages or triggering a default under this Agreement if it does not accept the pro-rata adjustment.

## **Exhibit 2**

### **System Description**

1. **System Location:** Red Mountain Police Dept, 4333 N Power Road, Mesa, AZ 85205, United States (MARICOPA County)
2. **System Size (DC kW):** 169.2 kW
3. **Expected First Year Energy Production:** 272,409 kWh
4. **Scope:** Solar project for Red Mountain Police Dept
5. **Expected Module(s):**

QUANTITY	MAKE	MODEL	STC WATTS	PTC WATTS
576	Trina Solar	TSM-300PA14	300.0 W	271.5W

6. **Expected Inverter(s):**

QUANTITY	MAKE	MODEL	RATED POWER	EFFICIENCY
6	SMA America	STP24000-US-10	24.00 kW	98.0 %

7. **Expected Structure:** Solar shade structures located in parking area

**Exhibit 3**  
**Purchaser's Facility**

A PARCEL OF LAND LOCATED IN THE STATE OF ARIZONA, COUNTY OF MARICOPA, WITH A SITUS ADDRESS OF 4333 E UNIVERSITY DR, MESA, AZ 85205-7011 CURRENTLY OWNED BY MESA CITY OF HAVING A TAX ASSESSOR NUMBER OF 140-19-009-E AND BEING THE SAME PROPERTY MORE FULLY DESCRIBED AS POR NE4 NE4 DAF BEG NE COR SD SEC TH S 680.66F W 255.80F S 249.86F W 150.93F N 45D 9M W 366.11F N 671.41F TO PT ON N LN SD SEC TH E 665.1F TPOB EX PT DAF BEG 65F S & 55F W OF NE COR SD SEC TH S 325 F W 133.12F N 45D 3M W 270.64F N 133.12F E 325 F TPOB & EX N 65F & EX E 55F RDS AND DESCRIBED IN DOCUMENT NUMBER 71582 DATED 01/29/2001 AND RECORDED 01/31/2001.

Exhibit 4  
Delivery Point





Exhibit 5  
License Area



**RECORDING REQUESTED BY AND** )  
**WHEN RECORDED, RETURN TO:** )  
 SolarCity Corporation )  
 Legal Department )  
 3055 Clearview Way )  
 San Mateo, CA 94402 )  
 )  
 )  
 )  
 )  
 )  
 )  
 Facsimile: (650) 560-6460 )  
 Email: contracts@solarcity.com )

(space above this line reserved for recorder's use)

**Exhibit 6**  
**MEMORANDUM OF LICENSE**

THIS MEMORANDUM OF LICENSE is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between City of Mesa whose address is 20 East Main Street Suite 400, PO Box 1466, Mesa Arizona 85211 (“**Licensor**”), and SOLARCITY CORPORATION, whose address is 3055 Clearview Way, San Mateo, CA 94402 (“**Licensee**”).

- A. Licensor is the owner of certain real property (“**Premises**”), located in the County of Maricopa, State of Arizona, described in Exhibit A attached to and incorporated herein by reference.
- B. Licensor and Licensee have entered into a Solar Services Agreement dated on or about the [Effective Date] (the “**Agreement**”) under which Licensee will install, own and operate a photovoltaic electric generating system (the “**System**”) located on the Premises for the purpose of providing solar services to Licensor. The Agreement is for a term of Twenty (20) years, beginning on the Effective Date and ending on the Twenty (20) year anniversary of the Commercial Operation Date with an option to extend the Agreement for up to Two (2) extended terms of Five (5) years each. Pursuant to the Agreement, Licensor has granted Licensee a non-exclusive license (“**License**”) over the Premises for the purposes and on the terms set forth in the Agreement.

Licensor and Licensee agree as follows:

- 1. Licensor hereby grants to Licensee the License over the Premises on and subject to the terms and conditions set forth in the Agreement which is incorporated herein by reference.
- 2. The term of the License begins on the Effective Date and continues until one hundred and twenty (120) days after the termination of the Agreement.
- 3. This Memorandum of License shall not be deemed to modify, alter or amend in any way the provisions of the License or the Agreement. In the event of any conflict between the terms of the License and/or the Agreement and this Memorandum, the terms of the License and/or the Agreement, as applicable, shall control.

The undersigned have executed this Memorandum of License as of the date first written above.

**LICENSOR**

CITY OF MESA

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**LICENSEE**

SOLARCITY CORPORATION

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_



STATE OF ARIZONA  
COUNTY OF MARICOPA

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of \_\_\_\_\_ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of the Notary Public

=====

STATE OF CALIFORNIA                    )  
  ) ss.  
COUNTY OF SAN MATEO                )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of the Notary Public

**Exhibit A**  
**To Memorandum of License**

Legal Description of Premises

That certain real property located in the County of Maricopa, State of Arizona, described as follows:

A PARCEL OF LAND LOCATED IN THE STATE OF ARIZONA, COUNTY OF MARICOPA, WITH A SITUS ADDRESS OF 4333 E UNIVERSITY DR, MESA, AZ 85205-7011 CURRENTLY OWNED BY MESA CITY OF HAVING A TAX ASSESSOR NUMBER OF 140-19-009-E AND BEING THE SAME PROPERTY MORE FULLY DESCRIBED AS POR NE4 NE4 DAF BEG NE COR SD SEC TH S 680.66F W 255.80F S 249.86F W 150.93F N 45D 9M W 366.11F N 671.41F TO PT ON N LN SD SEC TH E 665.1F TPOB EX PT DAF BEG 65F S & 55F W OF NE COR SD SEC TH S 325 F W 133.12F N 45D 3M W 270.64F N 133.12F E 325 F TPOB & EX N 65F & EX E 55F RDS AND DESCRIBED IN DOCUMENT NUMBER 71582 DATED 01/29/2001 AND RECORDED 01/31/2001.

## Exhibit 7

### **Solar Services Agreement General Terms and Conditions**

*Revised September 13, 2012*

**Purpose:** The purpose of this Exhibit is to set forth the General Terms and Conditions by which SolarCity will provide the Purchaser with solar services through the financing, design, installation, operation and maintenance of a solar panel system at Purchaser's Facility.

1. **Definitions and Interpretation:** Unless otherwise defined or required by the context in which any term appears: (a) the singular includes the plural and vice versa; (b) the words "herein," "hereof" and "hereunder" refer to this Agreement as a whole and not to any particular section or subsection of this Agreement; (c) references to any agreement, document or instrument mean such agreement, document or instrument as amended, modified, supplemented or replaced from time to time; and (d) the words "include," "includes" and "including" mean include, includes and including "without limitation." The captions or headings in this Agreement are strictly for convenience and shall not be considered in interpreting this Agreement.
2. **Finance, Design, Development and Operation of Solar Panel System.** Seller shall provide for Purchaser solar services through the financing, design, development and operation of the System during the Initial Term and any Additional Term (as defined in Exhibit 1, and collectively the "Term"). At the end of the sixth (6th) and tenth (10th) Contract Years and at the end of the Initial Term and each Additional Term, so long as Purchaser is not in default under this Agreement, Purchaser may purchase the System from Seller as set forth more fully in Section 16 of this Agreement.
3. **Term and Termination.**
  - a. **Initial Term.** This Agreement is effective as of the Effective Date. The initial term ("Initial Term") of this Agreement shall commence on the Commercial Operation Date (as defined below) and continue for the length of time specified in Exhibit 1, unless earlier terminated as provided for in this Agreement. The "**Commercial Operation Date**" is the date Seller gives Purchaser written notice that the System is mechanically complete and capable of providing electric energy to the Delivery Point. Upon Purchaser's request, Seller will give Purchaser copies of certificates of completion or similar documentation from Seller's contractor and the interconnection or similar agreement with the Utility.
  - b. **Additional Terms.** If Purchaser has not exercised its option to purchase the System by the end of the Initial Term, either Party may give the other Party written notice of its desire to extend this Agreement on the terms and conditions set forth herein for the number and length of additional periods specified in Exhibit 1 (each an "**Additional Term**"). Such notice shall be given, if at all, not more than one hundred twenty (120) and not less than sixty (60) days before the last day of the Initial Term or the then current Additional Term, as applicable. The Party receiving the notice requesting an Additional Term shall respond positively or negatively to that request in writing within thirty (30) days after receipt of the request. Failure to respond within such thirty (30) day period shall be deemed a rejection of the offer for an Additional Term. If both Parties agree to an Additional Term, the Additional Term shall begin immediately upon the conclusion of the Initial Term or the then current term on the same terms and conditions as set forth in this Agreement. If the Party receiving the request for an Additional Term rejects or is deemed to reject the first Party's offer, this Agreement shall terminate at the end of the Initial Term (if the same has not been extended) or the then current Additional Term.
4. **Billing and Payment.**
  - a. **Monthly Charges.** The Purchaser and Seller agree that Purchaser will take title to all electric energy that the System generates from the moment the System produces such energy and that such energy shall be delivered to Purchaser at the delivery point identified on Exhibit 4 (the "**Delivery Point**"). Purchaser shall purchase all such electric energy as and when produced by the System. Each month Purchaser shall pay Seller for the benefit it receives under this Agreement. Purchaser agrees that it will make such monthly payments to Seller and that the rate shown in Exhibit 1 (the

“**Contract Price**”) is a fair and reasonable price in light of the benefit that the Purchaser receives under this Agreement. The parties agree that the benefit to Purchaser under this Agreement is best measured with relationship to the electricity that the System produces and as such the monthly payment will be equal to the applicable \$/kWh rate multiplied by the number of kWh of energy generated during the applicable month, as measured by the SolarGuard Monitoring Service System Meter as set forth in Section 8(K) of this Agreement.

- b. **Monthly Invoices.** Seller shall invoice Purchaser monthly, either manually or through Automatic Clearing House (“ACH”). Such monthly invoices shall state (i) the amount of electric energy produced by the System as measured by the System meter, (ii) the rates applicable to, and charges incurred by, Purchaser under this Agreement and (iii) the total amount due from Purchaser.
- c. **Utility Invoices.** Purchaser shall authorize the Utility to send to Seller duplicates of any bills sent to Purchaser. If Utility does not permit duplicate bills to be sent to Seller, Purchaser shall, promptly upon receipt of each bill, make a photocopy of each bill and mail the copy to Seller. Purchaser shall be responsible for payment of all charges properly assessed for service by the Utility to the Facility.
- d. **Taxes.** Purchaser shall either pay or reimburse Seller for any and all Taxes assessed on the generation, sale, delivery or consumption of electric energy produced by the System or the interconnection of the System to the Utility’s electric distribution system, including property taxes on the System; provided, however, Purchaser will not be required to pay or reimburse Seller for any taxes during periods when the System fails to deliver electric energy to Purchaser for reasons other than Force Majeure. Notwithstanding the preceding, Purchaser shall not be required to pay or reimburse Seller for any taxes arising out of Seller’s business under this Agreement, including by way of illustration but not limitation, federal and state income tax, social security tax, unemployment insurance taxes, and any other taxes or business license fees as required, which shall be Seller’s responsibility. For purposes of this Section 4(d), “**Taxes**” means any federal, state and local ad valorem, property, occupation, generation, privilege, sales, use, consumption, excise, transaction taxes, and other regulatory fees, surcharges or other similar charges.
- e. **Payment Terms.** All amounts due under this Agreement shall be due and payable net twenty (20) days from receipt of invoice. Any undisputed portion of the invoice amount not paid within the twenty (20) day period shall accrue interest at the annual rate of two and one-half percent (2.5%) over the Prime Rate (but not to exceed the maximum rate permitted by law).

## 5. **Environmental Attributes and Environmental Incentives.**

Unless otherwise specified on Exhibit 1, Seller is the owner of all Environmental Attributes and Environmental Incentives and is entitled to the benefit of all Tax Credits, and Purchaser’s benefits under this Agreement do not include the right to the Environmental Attributes, Environmental Incentives or the right to Tax Credits or any other attributes of ownership and operation of the System, all of which shall be retained by Seller. Purchaser shall cooperate with Seller in obtaining, securing and transferring all Environmental Attributes and Environmental Incentives and the benefit of all Tax Credits, including by using the electric energy generated by the System in a manner necessary to qualify for such available Environmental Attributes, Environmental Incentives and Tax Credits. Purchaser shall not be obligated to incur any out-of-pocket costs or expenses in connection with such actions unless reimbursed by Seller. If any Environmental Incentives are paid directly to Purchaser, Purchaser shall immediately pay such amounts over to Seller. To avoid any conflicts with fair trade rules regarding claims of solar or renewable energy use, Purchaser, if engaged in commerce and/or trade, shall submit to Seller for approval any press releases regarding Purchaser’s use of solar or renewable energy and shall not submit for publication any such releases without the written approval of Seller. Approval shall not be unreasonably withheld, and Seller’s review and approval shall be made in a timely manner to permit Purchaser’s timely publication.

“**Environmental Attributes**” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the System, the production of electrical energy from the System and its displacement of conventional energy generation, including (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that

have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; and (3) the reporting rights related to these avoided emissions, such as Green Tag Reporting Rights and Renewable Energy Credits. Green Tag Reporting Rights are the right of a party to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party, and include Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Environmental Attributes do not include Environmental Incentives and Tax Credits. Purchaser and Seller shall file all tax returns in a manner consistent with this Section 5. Without limiting the generality of the foregoing, Environmental Attributes include carbon trading credits, renewable energy credits or certificates, emissions reduction credits, investment credits, emissions allowances, green tags, tradeable renewable credits and Green-e® products.

**“Environmental Incentives”** means any and credits, rebates, subsidies, payments or other incentives that relate to self-generation of electricity, the use of technology incorporated into the System, environmental benefits of using the System, or other similar programs available from the Utility, any other regulated entity, the manufacturer of any part of the System or any Governmental Authority.

**“Governmental Authority”** means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including the Federal Energy Regulatory Commission or the Arizona Corporation Commission), or any arbitrator with authority to bind a party at law.

**“Tax Credits”** means any and all (i) investment tax credits, (ii) production tax credits and (iii) similar tax credits or grants under federal, state or local law relating to the construction, ownership or production of energy from the System.

## **6. Conditions to Obligations.**

### **a. Conditions to Seller's Obligations.**

Except as set forth in Section 12 of this Agreement with respect to Early Termination Seller's obligations under this Agreement are conditioned on the completion of the following conditions to Seller's reasonable satisfaction on or before the Condition Satisfaction Date (*See Exhibit 1*) and prior to Seller commencing construction and installation of the System:

- i. Completion of a physical inspection of the Facility and the Premises including, if applicable, geotechnical work, and real estate due diligence to confirm the suitability of the Facility and the Premises for the System;
- ii. Approval of (A) this Agreement and (B) the Construction Agreement (if any) for the System by Seller's Financing Parties. **“Construction Agreement”** as used in this subsection means an agreement between SolarCity and a subcontractor to install the System;
- iii. Confirmation that Seller will obtain all applicable Environmental Incentives and Tax Credits;
- iv. Receipt of all necessary zoning, land use and building permits;
- v. Execution of all necessary agreements with the Utility for interconnection of the System to the Utility's electric distribution system;
- vi. Purchaser shall give Seller proof of insurance for all insurance required to be maintained by Purchaser under this Agreement.

### **b. Conditions to Purchaser's Obligations.**

- i. Except as set forth in Section 12 of this Agreement with respect to Early Termination, Purchaser's obligations under this Agreement are conditioned on the occurrence of the Notice to Proceed Expiration Date (*See Section 7.b. below*).

c. **Failure of Conditions.**

If any of the conditions listed in subsections a) or b) above are not satisfied by the applicable dates specified in those subsections, the Parties will attempt in good faith to negotiate new dates for the satisfaction of the failed conditions (if applicable). If the Parties are unable to negotiate new dates then the Party that has not failed to meet an obligation may terminate this Agreement upon ten (10) days written notice to the other Party without liability for costs or damages or triggering a default under this Agreement.

7. **Seller's Rights and Obligations.**

- a. **Permits and Approvals.** Seller, shall use commercially reasonable efforts to obtain, at its sole cost and expense:

- i. any zoning, land use and building permits required to construct, install and operate the System; and
- ii. any agreements and approvals from the Utility necessary in order to interconnect the System to the Utility's electric distribution system. Purchaser shall reasonably cooperate with Seller to obtain such agreements and approvals.

- b. **Notice of Intent to Proceed and Notice to Proceed Expiration Date.** Seller shall not commence construction and installation of the System until it has completed all Facility and real estate due diligence under Section 6(a)(i), confirmed that it will obtain all applicable Environmental Incentives and Tax Credits under Section 6(a)(iii), received all necessary permits under Section 6(a)(iv), provided Purchaser proof of insurance under Section 6(a)(vi), and provided Purchaser with notice of satisfaction of all such Conditions and of its intent to proceed (the "Notice of Intent to Proceed"). Seller shall give the Notice of Intent to Proceed to Purchaser and Purchaser shall have ten (10) business days from the date on which it receives the Notice of Intent to Proceed to provide Seller with notice of Early Termination Without Cause in accordance with Section 12. Upon the expiration of such notice period (the "Notice to Proceed Expiration Date"), Seller may proceed with construction and installation of the System.

- c. **Standard System Repair and Maintenance.** Seller shall finance, design, develop, operate and install the System at the Facility. During the Term, Seller will operate and perform all routine and emergency repairs to and maintenance of the System at its sole cost and expense, except for any repairs or maintenance resulting from Purchaser's negligence, willful misconduct or breach of this Agreement. Seller shall not be responsible for any work done by others on any part of the System unless Seller authorizes that work in advance in writing. Seller shall not be responsible for any loss, damage, cost or expense arising out of or resulting from improper environmental precautions by anyone other than Seller or Seller's contractors or improper operation or maintenance of the System by anyone other than Seller or Seller's contractors. If the System requires repairs for which Seller is not responsible, Purchaser shall pay Seller for diagnosing and correcting the problem at Seller or Seller's contractors' then current standard and reasonable rates. .

- d. **Non-Standard System Repair and Maintenance.** If Seller incurs incremental costs to maintain the System due to a material change in the conditions at the Facility not reasonably discoverable during the due diligence period as set forth in Section 6(a)(i) or due to the inaccuracy of any information provided by Purchaser and relied upon by Seller, the pricing, schedule and other terms of this Agreement will be equitably adjusted to compensate for any work in excess of normally expected work required to be performed by Seller. In such event, the Parties will negotiate such equitable adjustment in good faith.

- e. **Breakdown Notice.** Seller shall notify Purchaser within twenty-four (24) hours following Seller's discovery of (a) any material malfunction in the operation of the System or (b) an interruption in the supply of electrical energy from the System. Purchaser and Seller shall each designate

personnel and establish procedures such that each Party may provide notice of such conditions requiring Seller's repair or alteration at all times, twenty-four (24) hours per day, including weekends and holidays.

- f. **Suspension.** Notwithstanding anything to the contrary herein, Seller shall be entitled to suspend delivery of electricity from the System to the Delivery Point for the purpose of maintaining and repairing the System and such suspension of service shall not constitute a breach of this Agreement; provided, that Seller shall use commercially reasonable efforts to minimize any interruption in service to the Purchaser. Purchaser shall have no obligation to pay for energy not delivered during such suspension, provided that the suspension was not necessitated by the acts or omissions of Purchaser.
- g. **Use of Contractors and Subcontractors.** Seller shall be permitted to use contractors and subcontractors to perform its obligations under this Agreement. However, Seller shall continue to be responsible for the quality of the work performed by its contractors and subcontractors. If a list of pre-approved contractors and subcontractors is desired, such list shall be scheduled on an appendix to **Exhibit 7**. All Contractors and subcontractors other than those that may be scheduled on an appendix to **Exhibit 7** shall be subject to Purchaser's prior written consent, not to be unreasonably withheld.
- h. **Liens and Payment of Contractors and Suppliers.** Seller shall pay when due all valid charges from all contractors, subcontractors and suppliers supplying goods or services to Seller under this Agreement and shall keep the Facility free and clear of any liens related to such charges. Seller shall indemnify Purchaser for all claims, losses, damages, liabilities and expenses resulting from any liens filed against the Facility or the Premises in connection with such charges; provided, however, that Seller shall have the right to contest any such lien, so long as it provides a statutory bond or other reasonable assurances of payment that either remove such lien from title to the Facility and the Premises or that assure that any adverse judgment with respect to such lien will be paid without affecting title to the Facility and the Premises.
- i. **No Warranty.** NO WARRANTY OR REMEDY, WHETHER STATUTORY, WRITTEN, ORAL, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE SHALL APPLY. The remedies set forth in this Agreement shall be Purchaser's sole and exclusive remedies for any claim or liability arising out of or in connection with this Agreement, whether arising in contract, tort (including negligence), strict liability or otherwise.

## 8. **Purchaser Rights and Obligations.**

- a. **Facility Access Rights.** Purchaser grants to Seller and to Seller's agents, employees and contractors a non-exclusive license running with the Premises (the "**License**") for access to, on, over, under and across the Premises as more particularly described in Exhibit A to **Exhibit 6** (the "**License Area**") for the purposes of (a) installing, constructing, operating, owning, maintaining, accessing, removing and replacing the System; (b) performing all of Seller's obligations and enforcing all of Seller's rights set forth in this Agreement; and (c) installing, using and maintaining electric lines and equipment, including inverters and meters, necessary to interconnect the System to Purchaser's electric system at the Facility and/or to the Utility's electric distribution system or that otherwise may from time to time be useful or necessary in connection with the construction, installation, operation, maintenance or repair of the System. Seller shall notify Purchaser at least twenty four (24) hours in advance and obtain Purchaser's prior approval (such approval not to be unreasonably conditioned, delayed, or withheld) before entering the Premises except in situations where there is imminent risk of damage to persons or property, in which event Seller shall provide such notice as is practicable under the circumstances. In no event shall Seller enter the Premises without providing advance notice to Purchaser, and Seller's and Seller's contractor's personnel shall be escorted by City representatives at all times while on the Premises. The term of the License shall be irrevocable so long as this Agreement is in effect and shall survive and continue until the date that is one hundred and twenty (120) days following the date of expiration or termination of this Agreement (the "**License Term**"). During the License Term, Purchaser shall ensure that Seller's rights under the License and Seller's access to the License Area are preserved and protected and shall not interfere with or permit any third parties to interfere with such rights or



access. Purchaser agrees that Seller may record a memorandum of license in substantially the same form attached hereto as **Exhibit 6** in the land records respecting the License. Only those Seller's agents, employees and contractors who have passed a City of Mesa Police Department security background check shall be allowed access to the system. Purchaser and Seller shall each designate personnel and establish procedures such that Seller may provide notice and gain access to the Premises consistent with this Section.

- b. **OSHA Compliance.** Each Party shall ensure that all Occupational Safety and Health Act (OSHA) requirements and other similar applicable safety laws or codes are adhered to in its performance under this Agreement.
- c. **Maintenance of Facility.** Purchaser shall, at its sole cost and expense, maintain Purchaser's Facility in good condition and repair. Purchaser will not permit cessation of electric service to the Facility from the Utility as a result of nonpayment of applicable rates, fees, charges, or other circumstances or causes within the Purchaser's reasonable control. Purchaser is fully responsible for the maintenance and repair of the Facility's electrical system and of all of Purchaser's equipment that utilizes the System's outputs. Purchaser shall properly maintain in full working order all of Purchaser's electric supply or generation equipment that Purchaser may shut down while utilizing the System. Purchaser shall promptly notify Seller of any matters of which it is aware pertaining to any damage to or loss of use of the System or that could reasonably be expected to adversely affect the System.
- d. **No Alteration of Facility.** Purchaser shall not make any alterations or repairs to the Facility which may adversely affect the operation and maintenance of the System without Seller's prior written consent. If Purchaser wishes to make such alterations or repairs, Purchaser shall give prior written notice to Seller, setting forth the work to be undertaken (except for emergency repairs, for which notice may be given by telephone), and give Seller the opportunity to advise Purchaser in making such alterations or repairs in a manner that avoids damage to the System, but, notwithstanding any such advice, Purchaser shall be responsible for all damage to the System caused by Purchaser or its contractors. To the extent that temporary disconnection or removal of the System is necessary to perform such alterations or repairs, such work and any replacement of the System after completion of Purchaser's alterations and repairs, shall be done by Seller or its contractors at Purchaser's cost. All of Purchaser's alterations and repairs will be done in a good and workmanlike manner and in compliance with all applicable laws, codes and permits.
- e. **Outages.** Purchaser shall be permitted to be off line for two (2) full twenty-four (24) hour days (each, a "**Scheduled Outage**") per calendar year during the Term, during which days Purchaser shall not be obligated to accept or pay for electricity from the System; provided, however, that Purchaser must notify Seller in writing of each such Scheduled Outage at least forty-eight (48) hours in advance of the commencement of a Scheduled Outage. In the event that Scheduled Outages exceed two (2) days per calendar year or there are unscheduled outages, in each case for a reason other than a Force Majeure event, Seller shall reasonably estimate the amount of electricity that would have been delivered to Purchaser during such excess Scheduled Outages or unscheduled outages and shall invoice Purchaser for such amount in accordance with Section 4. Purchaser may purchase electricity from any source during the Term of this Agreement.
- f. **Liens.** Purchaser shall not directly or indirectly cause, create, incur, assume or allow to exist any mortgage, pledge, lien, charge, security interest, encumbrance or other claim of any nature on or with respect to the System or any interest therein. Purchaser shall immediately notify Seller in writing of the existence of any such mortgage, pledge, lien, charge, security interest, encumbrance or other claim, shall promptly cause the same to be discharged and released of record without cost to Seller, and shall indemnify Seller against all costs and expenses (including reasonable attorneys' fees) incurred in discharging and releasing any such mortgage, pledge, lien, charge, security interest, encumbrance or other claim.
- g. **Security.** Purchaser shall be responsible for maintaining the physical security of the License Area and for any damage or vandalism to the System as a result of failure to maintain such security. Purchaser will not conduct activities on, in or about the License Area or the Facility that have a reasonable likelihood of causing damage, impairment or otherwise adversely affecting the System. Purchaser shall provide and take reasonable measures for security of the Facility.

- h. **Insolation.** Purchaser understands that unobstructed access to sunlight (“**Insolation**”) is essential to Seller’s performance of its obligations and a material term of this Agreement. Purchaser shall not in any way cause any interference with the System’s Insolation. If Purchaser becomes aware of any activity or condition that could diminish the Insolation of the System, Purchaser shall notify Seller immediately and shall provide Seller with commercially reasonable cooperation in preserving the System’s existing Insolation levels.
- i. **Data Line.** Purchaser shall provide Seller a high speed internet data line during the Term to enable Seller to monitor and operate the System using the SolarGaurd Monitoring Service, or successor thereto. Purchaser agrees to maintain the communication link between SolarGuard, the System and the Internet in the form of a functioning indoor Internet connection with one available wired Ethernet port and standard AC power outlet within eighty (80) feet of the System's AC/DC inverter(s). This communication link must be a 101100 Mbps Ethernet connection that supports common internet protocols (TCP/I P and DHCP). If Purchaser fails to provide such high speed internet data line, or if such line ceases to function and is not repaired, Seller may reasonably estimate the amount of electric energy that was generated and invoice Purchaser for such amount in accordance with Section 4 provided, however, that Purchaser shall have a reasonable period of time to review and contest such estimate.
- j. **Breakdown Notice.** Purchaser shall notify Seller within twenty-four (24) hours following the discovery by it of (A) any material malfunction in the operation of the System; or (B) any occurrences that could reasonably be expected to adversely affect the System. Purchaser shall notify Seller immediately upon discovery by it of (A) an interruption in the supply of electrical energy from the System; or (B) an emergency condition respecting the System. Purchaser and Seller shall each designate personnel and establish procedures such that each Party may provide notice of such conditions requiring Seller’s repair or alteration at all times, twenty-four (24) hours per day, including weekends and holidays.
- k. **Metering.** Electricity delivered to the Facility shall be measured by the SolarGuard Monitoring Service ("SolarGuard"), including the System Meter installed and maintained by Seller as part of the System. Seller will provide Purchaser, at no additional cost, the SolarGuard Monitoring Service. SolarGuard is a proprietary monitoring system designed and installed by Seller that captures and displays historical energy generation data over an Internet connection and consists of hardware located on site and software hosted by Seller. Purchaser shall have internet access to the SolarGuard Monitoring System. Purchaser and Seller agree that Utility shall also have metering equipment monitoring the electricity delivered to the Facility by the System. The Parties agree that in the event of any discrepancy between the SolarGaurd Monitoring System and the Utility metering as to the of kWh of energy generated during the applicable month, the Utility metering shall control.

## 9. **Change in Law.**

“**Change in Law**” means (i) the enactment, adoption, promulgation, modification or repeal after the Effective Date of any applicable law or regulation; (ii) the imposition of any material conditions on the issuance or renewal of any applicable permit after the Effective Date of this Agreement (notwithstanding the general requirements contained in any applicable Permit at the time of application or issue to comply with future laws, ordinances, codes, rules, regulations or similar legislation), or (iii) a change in any utility rate schedule or tariff approved by any Governmental Authority which in the case of any of (i), (ii) or (iii), establishes requirements affecting owning, supplying, constructing, installing, operating or maintaining the System, or other performance of the Seller’s obligations hereunder and which has a material adverse effect on the cost to Seller of performing such obligations; provided, that a change in federal, state, county or any other tax law after the Effective Date of this Agreement shall not be a Change in Law pursuant to this Agreement.

If any Change in Law occurs that has a material adverse effect on the cost to Seller of performing its obligations under this Agreement, then the Parties shall, within thirty (30) days following receipt by Purchaser from Seller of notice of such Change in Law, meet and attempt in good faith to negotiate amendments to this Agreement as are reasonably necessary to preserve the economic value of this Agreement to both Parties. If the Parties are unable to agree upon such amendments within such thirty (30) day period, then Seller shall have the right to terminate this Agreement without further liability or

obligation by either Party except with respect to payment of amounts accrued for energy provided prior to termination.

**10. Relocation of System.**

If Purchaser ceases to conduct business operations at and/or vacates the Facility or is prevented from operating the System at the Facility prior to the expiration of the Term, Purchaser shall have the option to provide Seller with a mutually agreeable substitute premises located within the same Utility district as the terminated System or in a location with similar Utility rates and Insolation. Purchaser shall provide written notice at least sixty (60) days but not more than one hundred eighty (180) days prior to the date that it wants to make this substitution. In connection with such substitution, Purchaser shall execute an amended agreement that shall have all of the same terms as this Agreement except for the (i) Effective Date; (ii) License, which will be amended to grant rights in the real property where the System relocated to; and (iii) Term, which will be the remainder of the Term of this Agreement and such amended agreement shall be deemed to be a continuation of this Agreement without termination. Purchaser shall also provide any new Purchaser, owner, lessor or mortgagee consents or releases required by Seller or Seller's Financing Parties in connection with the substitute facility. Purchaser shall pay all costs associated with relocation of the System, including all costs and expenses incurred by or on behalf of Seller in connection with removal of the System from the Facility and installation and testing of the System at the substitute facility and all applicable interconnection fees and expenses at the substitute facility, as well as costs of new title search and other out-of-pocket expenses connected to preserving and refiling the security interests of Seller's Financing Parties in the System Seller shall remove the System from the vacated Facility prior to the termination of Purchaser's ownership, lease or other rights to use such Facility. Seller will not be required to restore the Facility to its prior condition but shall promptly pay Purchaser for any damage caused by Seller during removal of the System, but not for normal wear and tear. If the substitute facility has inferior Insolation as compared to the original Facility, Seller shall have the right to make an adjustment to Exhibit 1 such that Purchaser's payments to Seller are the same as if the System were located at the original Facility. If Purchaser is unable to provide such substitute facility for the System as provided, any early termination will be treated as a default by Purchaser.

**11. Removal of System at Expiration.**

Upon the expiration or earlier termination of this Agreement (provided Purchaser does not exercise its option to purchase the System under Section 16(b) hereof), Seller shall, at its expense, remove all of its tangible property comprising the System from the Facility on a mutually convenient date but in no event later than ninety (90) days after the expiration of the Term. Excluding ordinary wear and tear, the Facility shall be returned to its original condition, including the System mounting pads or other support structures. In no case shall Seller's removal of the System affect the integrity of Purchaser's roof, which shall be as leak proof as it was prior to removal of the System and shall be flashed and/or patched to the existing roof specifications. Seller shall leave the Facility in neat and clean order. If Seller fails to remove or commence substantial efforts to remove the System by such agreed upon date, Purchaser shall have the right, at its option, to remove the System to a public warehouse and restore the Facility to its original condition (other than ordinary wear and tear) at Seller's cost. Purchaser shall provide sufficient space for the temporary storage and staging of tools, materials and equipment and for the parking of construction crew vehicles and temporary construction trailers and facilities reasonably necessary during System removal.

**12. Early Termination Without Cause.**

Either Party may terminate this Agreement without cause prior to the Notice to Proceed Expiration Date (an "Early Termination Without Cause"), in accordance with this Section 12:

- (1) In the event of an Early Termination Without Cause by Purchaser, a five thousand dollar (\$5,000) design cancellation fee, and a fifteen thousand dollar (\$15,000.00) administrative fee shall apply and be payable to Seller. This shall be Seller's sole remedy in the event of such a termination.
- (2) In the event of an Early Termination Without Cause by Seller, a fifteen thousand dollar (\$15,000.00) administrative fee shall apply and be payable to Purchaser. This shall be Purchaser's sole remedy in the event of such a termination.

13. **Default, Remedies and Damages.**

a. **Default.** Any Party that fails to perform its responsibilities as listed below or experiences any of the circumstances listed below shall be deemed a “**Defaulting Party**” and each event of default shall be a “**Default Event**”:

- (1) failure of a Party to pay any amount due and payable under this Agreement, other than an amount that is subject to a good faith dispute, within ten (10) days following receipt of written notice from the other Party (the “**Non-Defaulting Party**”) of such failure to pay (“**Payment Default**”);
- (2) failure of a Party to substantially perform any other material obligation under this Agreement within thirty (30) days following receipt of written notice from the Non-Defaulting Party demanding such cure; provided, that such thirty (30) day cure period shall be extended (but not beyond ninety (90) days) if and to the extent reasonably necessary to cure the Default Event, if (i) the Defaulting Party initiates such cure with the thirty (30) day period and continues such cure to completion and (ii) there is no material adverse effect on the Non-Defaulting Party resulting from the failure to cure the Default Event;
- (3) if any representation or warranty of a Party proves at any time to have been incorrect in any material respect when made and is material to the transactions contemplated hereby, if the effect of such incorrectness is not cured within thirty (30) days following receipt of written notice from the Non-Defaulting Party demanding such cure;
- (4) Purchaser loses its rights to occupy and enjoy the Premises, except as the result of a force majeure event;
- (5) a Party, or its guarantor, becomes insolvent or is a party to a bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or any general assignment for the benefit of creditors or other similar arrangement or any event occurs or proceedings are taken in any jurisdiction with respect to the Party which has a similar effect; or
- (6) Purchaser fails to perform in a manner that prevents the delivery of solar energy from the System.

b. **Remedies.**

- (1) Remedies for Payment Default. If a Payment Default occurs, the Non-Defaulting Party may suspend performance of its obligations under this Agreement. Further, the Non-Defaulting Party may pursue any remedy under this Agreement, at law or in equity, including, except as provided in Section 12, an action for damages as set forth in Section 13(b)(3) and termination of this Agreement, upon five (5) days prior written notice to the Defaulting Party following the Payment Default.
- (2) Remedies for Other Defaults. On the occurrence of a Default Event other than a Payment Default, the Non-Defaulting Party may pursue any remedy under this Agreement, at law or in equity, including an action for damages and termination of this Agreement or suspension of performance of its obligations under this Agreement, upon five (5) days prior written notice to the Defaulting Party following the occurrence of the Default Event. Nothing herein shall limit either Party’s right to collect damages upon the occurrence of a breach or a default by the other Party that does not become a Default Event. Additionally, a Default Event other than a Payment Default shall not excuse the Non-Defaulting Party’s obligations to make payments that otherwise would have been due under this Agreement.

- (3) Damages Upon Termination by Default. Upon a termination of this Agreement by the Non-Defaulting Party as a result of a Default Event by the Defaulting Party, the Defaulting Party shall pay a Termination Payment to the Non-Defaulting Party determined as follows (the “**Termination Payment**”):
- A. Purchaser. If Purchaser is the Defaulting Party and Seller terminates this Agreement, the Termination Payment to Seller shall be equal to the sum of (i) the termination value set forth in Exhibit 1 (the “**Termination Value**”) for such Contract Year, (ii) removal costs as provided in Section 13(~~Error! Reference source not found.~~)(3)(C) and (iii) any and all other amounts previously accrued under this Agreement and then owed by Purchaser to Seller. The Parties agree that actual damages to Seller in the event this Agreement terminates prior to the expiration of the Term as the result of an Default Event by Purchaser would be difficult to ascertain, and the applicable Termination Value set forth in Exhibit 1 is a reasonable approximation of the damages suffered by Seller as a result of early termination of this Agreement. The Termination Payment shall not be less than zero.
  - B. Seller. If Seller is the Defaulting Party and Purchaser terminates this Agreement, the Termination Payment to Purchaser shall be equal to the sum of (i) the present value (using a discount rate of 9.5%) of the excess, if any, of the reasonably expected cost of electric energy from the Utility over the Contract Price for the reasonably expected production of the Facility for the remainder of the Initial Term or the then current Additional Term, as applicable; (ii) all costs reasonably incurred by Purchaser in re-converting its electric supply to service from the Utility; (iii) any removal costs incurred by Purchaser, and (iv) any and all other amounts previously accrued under this Agreement and then owed by Seller to Purchaser. The Termination Payment shall not be less than zero.
  - C. Obligations Following Termination. If a Non-Defaulting Party terminates this Agreement pursuant to this Section 13, then following such termination, Seller shall, at the sole cost and expense of the Defaulting Party, remove the equipment (except for mounting pads and support structures) constituting the System.
  - D. The Non-Defaulting Party shall take all commercially reasonable efforts to mitigate its damages as the result of a Default Event.

#### 14. Representations and Warranties.

- a. General Representations and Warranties. Each Party represents and warrants to the other the following:
  - (1) Such Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation; the execution, delivery and performance by such Party of this Agreement have been duly authorized by all necessary corporate, partnership or limited liability company action, as applicable, and do not and shall not violate any law; and this Agreement is valid obligation of such Party, enforceable against such Party in accordance with its terms (except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect relating to creditors’ rights generally).
  - (2) Such Party has obtained all licenses, authorizations, consents and approvals required by any Governmental Authority or other third party and necessary for such Party to own its assets, carry on its business and to execute and deliver this Agreement; and such Party is in compliance with all laws that relate to this Agreement in all material respects.

b. **Purchaser's Representations and Warranties.** Purchaser represents and warrants to Seller the following:

- (1) **License.** Purchaser has the full right, power and authority to grant the License contained in Section 8(a). Such grant of the License does not violate any law, ordinance, rule or other governmental restriction applicable to Purchaser or the Facility and is not inconsistent with and will not result in a breach or default under any agreement by which Purchaser is bound or that affects the Facility.
- (2) **Other Agreements.** Neither the execution and delivery of this Agreement by Purchaser nor the performance by Purchaser of any of its obligations under this Agreement conflicts with or will result in a breach or default under any agreement or obligation to which Purchaser is a party or by which Purchaser or the Facility is bound.
- (3) **Accuracy of Information.** All information provided by Purchaser to Seller, as it pertains to the Facility's physical configuration, Purchaser's planned use of the Facility, and Purchaser's estimated electricity requirements, is accurate in all material respects.
- (4) **No Pool Use.** No electricity generated by the System will be used to heat a swimming pool.

15. **System and Facility Damage and Insurance.**

a. **System and Facility Damage.**

- (1) **Seller's Obligations.** If the **System** is damaged or destroyed other than by Purchaser's negligence or willful misconduct, Seller shall promptly repair and restore the System to its pre-existing condition (during such repair and restoration Seller's performance shall otherwise be excused if such damage or destruction was due to a force majeure event); provided, however, that if more than fifty percent (50%) of the System is destroyed during the last five (5) years of the Initial Term or during any Additional Term, Seller shall not be required to restore the System, but may instead terminate this Agreement, and neither Seller nor Purchaser shall have any further obligations to the other under this Agreement, except that Seller shall be responsible for removal of the System under Section 11, and Purchaser shall be responsible for any and all other amounts previously accrued under this Agreement and then owed by Purchaser to Seller.
- (2) **Purchaser's Obligations.** If the **Facility** is damaged or destroyed by casualty of any kind or any other occurrence other than Seller's negligence or willful misconduct, such that the operation of the System and/or Purchaser's ability to accept the electric energy produced by the System are materially impaired or prevented, Purchaser shall promptly repair and restore the Facility to its pre-existing condition (during such repair and restoration Purchaser's performance shall otherwise be excused if such damage or destruction was due to a force majeure event); provided, however, that if more than 50% of the Facility and the System are destroyed during the last five years of the Initial Term or during any Additional Term, then Purchaser shall not be required to restore the Facility, but may instead terminate this Agreement, and neither Seller nor Purchaser shall have any further obligations to the other under this Agreement, except that Seller shall be responsible for removal of the System under Section 11, and Purchaser shall be responsible for any and all other amounts previously accrued under this Agreement and then owed by Purchaser to Seller.

- b. **Insurance Coverage.** At all times during the Term, Seller and Purchaser shall maintain the following insurance:
- i. **Seller's Insurance.** Seller shall maintain (i) property insurance on the System for the replacement cost thereof, (ii) comprehensive general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate, (iii) employer's liability insurance with coverage of at least \$1,000,000 and (iv) worker's compensation insurance as required by statute.
  - ii. **Purchaser's Insurance.** Purchaser shall maintain (i) comprehensive general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate, (ii) employer's liability insurance with coverage of at least \$1,000,000 and (iv) worker's compensation insurance as required by statute.
- c. **Policy Provisions.** All insurance policies provided hereunder shall (i) contain a provision whereby the insurer agrees to give the party not providing the insurance written notice before the insurance is cancelled, terminated or materially altered, (ii) be written on an occurrence basis, (iii) with respect to the liability insurance policies, include the other Party as an additional insured as its interest may appear, (iv) include waivers of subrogation, (v) provide for primary coverage without right of contribution from any insurance of the other Party, and (vi) be maintained with companies either rated no less than A- as to Policy Holder's Rating in the current edition of Best's Insurance Guide or otherwise reasonably acceptable to the other party.
- d. **Certificates.** Within thirty (30) days after execution of this Agreement and upon the other Party's request and annually thereafter, each Party shall deliver the other Party certificates of insurance evidencing the above required coverage. A Party's receipt, review or acceptance of such certificate shall in no way limit or relieve the other Party of the duties and responsibilities to maintain insurance as set forth in this Agreement.
- e. **Deductibles.** Unless and to the extent that a claim is covered by an indemnity set forth in this Agreement, each Party shall be responsible for the payment of its own deductibles.



16. **Ownership; Option to Purchase.**

- a. **Ownership of System.** Throughout the Term, Seller shall be the legal and beneficial owner of the System at all times, including all Environmental Attributes, and the System shall remain the personal property of Seller and shall not attach to or be deemed a part of, or fixture to, the Facility or the Premises. Each of the Seller and Purchaser agree that the Seller is the tax owner of the System and all tax filings and reports will be filed in a manner consistent with this Agreement. The System shall at all times retain the legal status of personal property as defined under Article 9 of the Uniform Commercial Code. Purchaser covenants that it will use commercially reasonable efforts to place all parties having an interest in or a mortgage, pledge, lien, charge, security interest, encumbrance or other claim of any nature on the Facility or the Premises on notice of the ownership of the System and the legal status or classification of the System as personal property. If there is any mortgage or fixture filing against the Premises which could reasonably be construed as prospectively attaching to the System as a fixture of the Premises, Purchaser shall provide a disclaimer or release from such lienholder. If Purchaser is the fee owner of the Premises, Purchaser consents to the filing of a disclaimer of the System as a fixture of the Premises in the office where real estate records are customarily filed in the jurisdiction where the Facility is located and Seller shall file such disclaimer for Purchaser after Purchaser completes the disclaimer. If Purchaser is not the fee owner, Purchaser will obtain such consent from such owner. Purchaser agrees to deliver to Seller a non-disturbance agreement in a form reasonably acceptable to Seller from the owner of the Facility (if the Facility is leased by Purchaser), any mortgagee with a lien on the Premises, and other Persons holding a similar interest in the Premises.
- b. **Option to Purchase.** At the end of the sixth (6th) and tenth (10th) Contract Years and at the end of the Initial Term and each Additional Term, so long as Purchaser is not in default under this Agreement, Purchaser may purchase the System from Seller on any such date for a purchase price equal to (i) with respect to an option exercised at the end of the sixth (6th) or tenth (10th) Contract Years or at the end of the Initial Term, the greater of (A) the amount set forth at such time in the Purchase Option Price schedule in **Exhibit 1**, and (B) the Fair Market Value of the System, and (ii) with respect to an option exercised at the end of an Additional Term, the Fair Market Value of the System. The “**Fair Market Value**” of the System shall be determined by mutual agreement of Purchaser and Seller; provided, however, if Purchaser and Seller cannot agree to a Fair Market Value within thirty (30) days after Purchaser has exercised its option, the Parties shall select a nationally recognized independent appraiser with experience and expertise in the solar photovoltaic industry to determine the Fair Market Value of the System. Such appraiser shall act reasonably and in good faith to determine the Fair Market Value of the System on an installed basis and shall set forth such determination in a written opinion delivered to the Parties. The valuation made by the appraiser shall be binding upon the Parties in the absence of fraud or manifest error. The costs of the appraisal shall be borne by the Parties equally. Purchaser must provide a notification to Seller of its intent to purchase at least ninety (90) days and not more than one hundred eighty (180) days prior to the end of the applicable Contract Year or the Initial Term or Additional Term, as applicable, and the purchase shall be complete prior to the end of the applicable Contract Year or the Initial Term or Additional Term, as applicable. Upon purchase of the System, Purchaser will assume complete responsibility for the operation and maintenance of the System and liability for the performance of the System, and Seller shall have no further liabilities or obligations hereunder.

17. **Indemnification and Limitations of Liability.**

- a. **General.** Each Party (the “**Indemnifying Party**”) shall defend, indemnify and hold harmless the other Party and the directors, officers, shareholders, partners, members, agents and employees of such other Party, and the respective affiliates of each thereof (collectively, the “**Indemnified Parties**”), from and against all loss, damage, expense, liability and other claims, including court costs and reasonable attorneys’ fees (collectively, “**Liabilities**”) resulting from any third party actions relating to the breach of any representation or warranty set forth in **Section 14** and from injury to or death of persons, and damage to or loss of property to the extent caused by or arising out of the negligent acts or omissions of, or the willful misconduct of, the Indemnifying Party (or its contractors, agents or employees) in connection with this Agreement; provided, however, that nothing herein shall require the Indemnifying Party to indemnify the Indemnified Party for any Liabilities to the extent caused by or arising out of the negligent acts or omissions of, or the willful misconduct of, the Indemnified Party. This **Section 17(a)** however, shall not apply to liability

arising from any form of hazardous substances or other environmental contamination, such matters being addressed exclusively by Section 17(c).

- b. **Notice and Participation in Third Party Claims.** The Indemnified Party shall give the Indemnifying Party written notice with respect to any Liability asserted by a third party (a “Claim”), as soon as possible upon the receipt of information of any possible Claim or of the commencement of such Claim. The Indemnifying Party may assume the defense of any Claim, at its sole cost and expense, with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. The Indemnified Party may, however, select separate counsel if both Parties are defendants in the Claim and such defense or other form of participation is not reasonably available to the Indemnifying Party. The Indemnifying Party shall pay the reasonable attorneys’ fees incurred by such separate counsel until such time as the need for separate counsel expires. The Indemnified Party may also, at the sole cost and expense of the Indemnifying Party, assume the defense of any Claim if the Indemnifying Party fails to assume the defense of the Claim within a reasonable time. Neither Party shall settle any Claim covered by this Section 17(b) unless it has obtained the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. The Indemnifying Party shall have no liability under this Section 17(b) for any Claim for which such notice is not provided if that the failure to give notice prejudices the Indemnifying Party.
- c. **Environmental Indemnification.** Seller shall indemnify, defend and hold harmless all of Purchaser’s Indemnified Parties from and against all Liabilities arising out of or relating to the existence at, on, above, below or near the License Area of any Hazardous Substance (as defined in Section 17(c)(d)) to the extent deposited, spilled, or otherwise caused by Seller or any of its contractors or agents. Purchaser shall indemnify, defend and hold harmless all of Seller’s Indemnified Parties from and against all Liabilities arising out of or relating to the existence at, on, above, below or near the Premises of any Hazardous Substance, except to the extent deposited, spilled, or otherwise caused by Seller or any of its contractors or agents. Each Party shall promptly notify the other Party if it becomes aware of any Hazardous Substance on or about the License Area or the Premises generally deposit, spill or release of any Hazardous Substance.
- d. **“Hazardous Substance”** means any chemical, waste or other substance (a) which now or hereafter becomes defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “pollution,” “pollutants,” “regulated substances,” or words of similar import under any laws pertaining to the environment, health, safety or welfare, (b) which is declared to be hazardous, toxic, or polluting by any Governmental Authority, (c) exposure to which is now or hereafter prohibited, limited or regulated by any Governmental Authority, (d) the storage, use, handling, disposal or release of which is restricted or regulated by any Governmental Authority, or (e) for which remediation or cleanup is required by any Governmental Authority.
- e. **Limitations on Liability.**
  - i. **No Consequential Damages.** Neither Party nor its directors, officers, shareholders, partners, members, agents and employees subcontractors or suppliers shall be liable for any indirect, special, incidental, exemplary, or consequential loss or damage of any nature arising out of their performance or non-performance hereunder even if advised of such.
  - ii. **Actual Damages.** Seller’s aggregate liability under this Agreement arising out of or in connection with the performance or non-performance of this Agreement as to the production of energy shall not exceed the sum of total payments (a) made by Purchaser under this Agreement as of the date and (b) projected to be made under the remainder of this Agreement.

## 18. **Force Majeure.**

- a. **“Force Majeure”** means any event or circumstances beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure. It shall include, without limitation, failure or interruption of the production, delivery or acceptance of electricity due to: an act of god;

war (declared or undeclared); sabotage; riot; insurrection; civil unrest or disturbance; military or guerilla action; terrorism; economic sanction or embargo; civil strike, work stoppage, slow-down, or lock-out; explosion; fire; earthquake; abnormal weather condition or actions of the elements; hurricane; flood; lightning; wind; drought; the binding order of any Governmental Authority (provided that such order has been resisted in good faith by all reasonable legal means); the failure to act on the part of any Governmental Authority (except to the extent the Purchaser is both the Government Authority from whom action is required and the Party claiming Force Majeure); unavailability of electricity from the utility grid, equipment, supplies or products (but not to the extent that any such availability of any of the foregoing results from the failure of the Party claiming Force Majeure to have exercised reasonable diligence); and failure of equipment not utilized by or under the control of the Party claiming Force Majeure.

- b. Except as otherwise expressly provided to the contrary in this Agreement, if either Party is rendered wholly or partly unable to timely perform its obligations under this Agreement because of a Force Majeure event, that Party shall be excused from the performance affected by the Force Majeure event (but only to the extent so affected) and the time for performing such excused obligations shall be extended as reasonably necessary; provided, that: (i) the Party affected by such Force Majeure event, as soon as reasonably practicable after obtaining knowledge of the occurrence of the claimed Force Majeure event, gives the other Party prompt oral notice, followed by a written notice reasonably describing the event; (ii) the suspension or extension of time for performance is of no greater scope and of no longer duration than is required by the Force Majeure event; and (iii) the Party affected by such Force Majeure event uses all reasonable efforts to mitigate or remedy its inability to perform as soon as reasonably possible. The Term shall be extended day for day for each day performance is suspended due to a Force Majeure event.
- c. Notwithstanding anything herein to the contrary, the obligation to pay any amounts accrued but unpaid prior to the Force Majeure event under this Agreement shall not be excused by a Force Majeure event.
- d. If a Force Majeure event continues for a period of one hundred (180) days or more within a twelve (12) month period and prevents a material part of the performance by a Party hereunder, the Party not claiming the Force Majeure shall have the right to terminate this Agreement without fault or further liability to either Party (except for amounts accrued but unpaid).

## 19. Assignment and Financing.

- a. Assignment. This Agreement may not be assigned in whole or in part by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Seller may, without the prior written consent of Purchaser, (i) assign, mortgage, pledge or otherwise collaterally assign its interests in this Agreement to any Financing Party, (ii) directly or indirectly assign this Agreement to an affiliate of Seller, (iii) assign this Agreement to any entity through which Seller is obtaining financing or capital for the System and (iv) assign this Agreement to any person succeeding to all or substantially all of the assets of Seller (provided that Seller shall be released from liability hereunder as a result of any of the foregoing permitted assignments only upon assumption of Seller's obligations hereunder by the assignee). Purchaser's consent to any other assignment shall not be unreasonably withheld if Purchaser has been provided with reasonable proof that the proposed assignee (x) has comparable experience in operating and maintaining photovoltaic solar systems comparable to the System and providing services comparable to those contemplated by this Agreement and (y) has the financial capability to maintain the System and provide the services contemplated by this Agreement in the manner required by this Agreement. This Agreement shall be binding on and inure to the benefit of the successors and permitted assignees.
- b. Financing. The Parties acknowledge that Seller may obtain construction and long-term financing or other credit support from lenders or third parties ("**Financing Parties**") in connection with the installation, construction, ownership, operation and maintenance of the System. Both Parties agree in good faith to consider and to negotiate changes or additions to this Agreement that may be reasonably requested by the Financing Parties; provided, that such changes do not alter the fundamental economic terms of this Agreement. The Parties also agree that Seller may assign this Agreement to the Financing Parties as collateral, and in connection with any such assignment,

Purchaser agrees to execute a consent to assignment in customary form and reasonably acceptable to the Financing Parties.

**20. Confidentiality and Publicity.**

- a. **Confidentiality.** If either Party provides confidential information, including business plans, strategies, financial information, proprietary, patented, licensed, copyrighted or trademarked information, and/or technical information regarding the design, operation and maintenance of the System or of Purchaser's business ("Confidential Information") to the other or, if in the course of performing under this Agreement or negotiating this Agreement a Party learns Confidential Information regarding the facilities or plans of the other, the receiving Party shall (a) protect the Confidential Information from disclosure to third parties with the same degree of care accorded its own confidential and proprietary information, and (b) refrain from using such Confidential Information, except in the negotiation and performance of this Agreement. Notwithstanding the above, a Party may provide such Confidential Information to its, officers, directors, members, managers, employees, agents, contractors and consultants (collectively, "Representatives"), and affiliates, lenders, and potential assignees of this Agreement (provided and on condition that such potential assignees be bound by a written agreement or legal obligation restricting use and disclosure of Confidential Information), in each case whose access is reasonably necessary to the negotiation and performance of this Agreement. Each such recipient of Confidential Information shall be informed by the Party disclosing Confidential Information of its confidential nature and shall be directed to treat such information confidentially and shall agree to abide by these provisions. In any event, each Party shall be liable (with respect to the other Party) for any breach of this provision by any entity to whom that Party improperly discloses Confidential Information. All Confidential Information shall remain the property of the disclosing Party and shall be returned to the disclosing Party or destroyed after the receiving Party's need for it has expired or upon the request of the disclosing Party. Each Party agrees that the disclosing Party would be irreparably injured by a breach of this Section 20(a) by the receiving Party or its Representatives or other person to whom the receiving Party discloses Confidential Information of the disclosing Party and that the disclosing Party may be entitled to equitable relief, including injunctive relief and specific performance, in the event of a breach of the provision of this Section 20(a). To the fullest extent permitted by applicable law, such remedies shall not be deemed to be the exclusive remedies for a breach of this Section 20(a), but shall be in addition to all other remedies available at law or in equity.
- b. **Permitted Disclosures.** Notwithstanding any other provision in this Agreement, neither Party shall be required to hold confidential any information that (i) becomes publicly available other than through the receiving Party, (ii) is required to be disclosed under applicable law or pursuant to a validly issued subpoena (but a receiving Party subject to any such requirement shall promptly notify the disclosing Party of such requirement to the extent permitted by applicable law), (iii) is independently developed by the receiving Party or (iv) becomes available to the receiving Party without restriction from a third party under no obligation of confidentiality. If disclosure of information is required by a Governmental Authority, the disclosing Party shall, to the extent permitted by applicable law, notify the other Party of such required disclosure promptly upon becoming aware of such required disclosure and shall cooperate with the other Party in efforts to limit the disclosure to the maximum extent permitted by law.

21. **Goodwill and Publicity.** Neither Party shall use any name, trade name, service mark or trademark of the other Party in any promotional or advertising material without the prior written consent of such other Party. The Parties shall coordinate and cooperate with each other when making public announcements related to the execution and existence of this Agreement, and each Party shall have the right to promptly review, comment upon and approve any publicity materials, press releases or other public statements by the other Party that refer to, or that describe any aspect of, this Agreement. Neither Party shall make any press release or public announcement of the specific terms of this Agreement (except for filings or other statements or releases as may be required by applicable law) without the specific prior written consent of the other Party. Without limiting the generality of the foregoing, all public statements must accurately reflect the rights and obligations of the Parties under this Agreement, including the ownership of Environmental Attributes and Environmental Incentives and any related reporting rights.

**22. General Provisions**

- a. **Choice of Law.** Arizona law shall govern this Agreement without giving effect to conflict of laws principles.
- b. **Arbitration and Attorneys' Fees.** Any dispute arising from or relating to this Agreement shall be arbitrated in Phoenix, Arizona. The arbitration shall be administered by the AAA in accordance with its Comprehensive Arbitration Rules and Procedures, and judgment on any award may be entered in any court of competent jurisdiction. If the Parties agree, a mediator may be consulted prior to arbitration. The prevailing party in any dispute arising out of this Agreement shall be entitled to reasonable attorneys' fees and costs.
- c. **Notices.** All notices under this Agreement shall be in writing and shall be by personal delivery, facsimile transmission, electronic mail, overnight courier, or regular, certified, or registered mail, return receipt requested, and deemed received upon personal delivery, acknowledgment of receipt of electronic transmission, the promised delivery date after deposit with overnight courier, or five (5) days after deposit in the mail. Notices shall be sent to the person identified in this Agreement at the addresses set forth in this Agreement or such other address as either party may specify in writing. Each party shall deem a document faxed, emailed or electronically send in PDF form to it as an original document.
- d. **Survival.** Provisions of this Agreement that should reasonably be considered to survive termination of this Agreement shall survive. For the avoidance of doubt, surviving provisions shall include, without limitation, Section 4 (Representations and Warranties), Section 7(i) (No Warranty), Section 15(b) (Insurance), Section 17 (Indemnification and Limits of Liability), Section 20 (Confidentiality and Publicity), Section 22(a) (Choice of Law), Section 22 (b) (Attorneys' Fees), Section 22(c) (Notices), Section 22 (g) (Comparative Negligence), Section 22(h) (Non-Dedication of Facilities), Section 22(j) (Service Contract), Section 22(k) (No Partnership) Section 22(l) (Full Agreement, Modification, Invalidity, Counterparts, Captions) and Section 22(n) (No Third Party Beneficiaries).
- e. **Further Assurances.** Each of the Parties hereto agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, to give full effect to this Agreement and to carry out the intent of this Agreement.
- f. **Right of Waiver.** Each Party, in its sole discretion, shall have the right to waive, defer or reduce any of the requirements to which the other Party is subject under this Agreement at any time; provided, however that neither Party shall be deemed to have waived, deferred or reduced any such requirements unless such action is in writing and signed by the waiving Party. No waiver will be implied by any usage of trade, course of dealing or course of performance. A Party's exercise of any rights hereunder shall apply only to such requirements and on such occasions as such Party may specify and shall in no event relieve the other Party of any requirements or other obligations not so specified. No failure of either Party to enforce any term of this Agreement will be deemed to be a waiver. No exercise of any right or remedy under this Agreement by Purchaser or Seller shall constitute a waiver of any other right or remedy contained or provided by law. Any delay or failure of a Party to exercise, or any partial exercise of, its rights and remedies under this Agreement shall not operate to limit or otherwise affect such rights or remedies. Any waiver of performance under this Agreement shall be limited to the specific performance waived and shall not, unless otherwise expressly stated in writing, constitute a continuous waiver or a waiver of future performance.
- g. **Comparative Negligence.** It is the intent of the Parties that where negligence is determined to have been joint, contributory or concurrent, each Party shall bear the proportionate cost of any Liability.
- h. **Non-Dedication of Facilities.** Nothing herein shall be construed as the dedication by either Party of its facilities or equipment to the public or any part thereof. Neither Party shall knowingly take any action that would subject the other Party, or other Party's facilities or equipment, to the jurisdiction of any Governmental Authority as a public utility or similar entity. Neither Party shall assert in any proceeding before a court or regulatory body that the other Party is a public utility by

virtue of such other Party's performance under this agreement. If Seller is reasonably likely to become subject to regulation as a public utility, then the Parties shall use all reasonable efforts to restructure their relationship under this Agreement in a manner that preserves their relative economic interests while ensuring that Seller does not become subject to any such regulation. If the Parties are unable to agree upon such restructuring, Seller shall have the right to terminate this Agreement without further liability, and Seller shall remove the System in accordance with Section 11 of this Agreement.

- i. **Estoppel.** Either Party hereto, without charge, at any time and from time to time, within five (5) business days after receipt of a written request by the other party hereto, shall deliver a written instrument, duly executed, certifying to such requesting party, or any other person specified by such requesting Party: (i) that this Agreement is unmodified and in full force and effect, or if there has been any modification, that the same is in full force and effect as so modified, and identifying any such modification; (ii) whether or not to the knowledge of any such party there are then existing any offsets or defenses in favor of such party against enforcement of any of the terms, covenants and conditions of this Agreement and, if so, specifying the same and also whether or not to the knowledge of such party the other party has observed and performed all of the terms, covenants and conditions on its part to be observed and performed, and if not, specifying the same; and (iii) such other information as may be reasonably requested by the requesting Party. Any written instrument given hereunder may be relied upon by the recipient of such instrument, except to the extent the recipient has actual knowledge of facts contained in the certificate.
- j. **Service Contract.** The Parties intend this Agreement to be a "service contract" within the meaning of Section 7701(e)(3) of the Internal Revenue Code of 1986. Purchaser will not take the position on any tax return or in any other filings that is inconsistent with this section of the Code. .
- k. **No Partnership.** No provision of this Agreement shall be construed or represented as creating a partnership, trust, joint venture, fiduciary or any similar relationship between the Parties. No Party is authorized to act on behalf of the other Party, and neither shall be considered the agent of the other.
- l. **Full Agreement, Modification, Invalidity, Counterparts, Captions.** This Agreement, together with any Exhibits, completely and exclusively states the agreement of the parties regarding its subject matter and supersedes all prior proposals, agreements, or other communications between the parties, oral or written, regarding its subject matter. This Agreement may be modified only by a writing signed by both Parties. If any provision of this Agreement is found unenforceable or invalid, such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole. In such event, such provision shall be changed and interpreted so as to best accomplish the objectives of such unenforceable or invalid provision within the limits of applicable law. This Agreement may be executed in any number of separate counterparts and each counterpart shall be considered an original and together shall comprise the same Agreement. The captions or headings in this Agreement are strictly for convenience and shall not be considered in interpreting this Agreement.
- m. **Forward Contract.** The transaction contemplated under this Agreement constitutes a "forward contract" within the meaning of the United States Bankruptcy Code, and the Parties further acknowledge and agree that each Party is a "forward contract merchant" within the meaning of the United States Bankruptcy Code.
- n. **No Third Party Beneficiaries.** Except as otherwise expressly provided herein, this Agreement and all rights hereunder are intended for the sole benefit of the Parties hereto and shall not imply or create any rights on the part of, or obligations to, any other Person.
- o. **Bonds.** Notwithstanding any language to the contrary in this Agreement and solely to the extent a performance and/or payment bond is being issued to Purchaser:
  - i. *Performance bond liability.* Any performance bond issued for a site or system will cease one (1) year from the completion of construction. If a warranty or guarantee is provided under the terms of this Agreement, the balance of any warranty or guarantee beyond one year term of the applicable performance bond shall continue to be guaranteed solely by Seller under the

terms of this Agreement. The performance bond does not guarantee any property restorative requirements.

- ii. *Payment bond liability.* Any payment bond issued will cease at the termination of any time required by law.
- iii. *Performance Guarantee.* Neither payment bonds, whether for labor or materials, nor performance bonds are applicable to any specified performance guarantee.

#### **Exhibit 8**

#### **Mesa Special Terms and Conditions**



**Purpose:** The purpose of this Exhibit is to set forth the Special terms and conditions by which SolarCity will provide the Purchaser with the design, installation, operation and maintenance of a solar panel system at Purchaser's Facility. In the event of any conflict between these Special Terms and Conditions and the General Terms and Conditions or any other provisions of the Agreement, these Special Terms and Conditions shall prevail.

1. **Scrutinized Business Operations:** Pursuant to A.R.S. §§ 35-391.06 and 35-393.06, Seller hereby certifies that it does not have scrutinized business operations in Iran or Sudan. The submission of a false certification may result in action up to and including termination of this contract.

2. **Compliance with A.R.S. § 41-4401:**

Pursuant to the provisions of A.R.S. § 41-4401, the Seller hereby warrants to the Purchaser that to the extent applicable to this Agreement and the services provided hereunder, the Seller and each of its subconsultants ("Subconsultants") will comply with all Federal Immigration laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "Contractor Immigration Warranty").

A breach of the Contractor Immigration Warranty (Exhibit 9) shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.

The Purchaser retains the legal right to inspect the papers of any Seller or Subconsultant employee who Projects on this Contract to ensure that the Seller or Subconsultant is complying with the Contractor Immigration Warranty. The Seller agrees to assist the Purchaser in the conduct of any such inspections.

The Purchaser may, at its sole discretion, conduct random verifications of the employment records of the Seller and any Subconsultants to ensure compliance with Contractor Immigration Warranty. The Seller agrees to assist the Purchaser in performing any such random verifications.

The provisions of this Section must be included in any contract the Seller enters into with any and all of its subconsultants who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a Seller or subconsultant. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

3. **Cancellation for Conflict of Interest:** Pursuant to ARS § 38-511, a Party may cancel this Agreement at any time within three years after its execution without further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of such Party is or becomes at any time while the Agreement is in effect an employee of or consultant to the other Party. The cancellation shall be effective upon receipt of written notice of the cancellation unless the notice specifies another time.
4. **Purchaser Budgeting:** Upon execution of this Agreement and prior to the commencement of each subsequent fiscal year of Purchaser during the Initial Term and any Additional Term, Purchaser shall have obtained all necessary budgetary approvals and certifications for payment of all of its obligations under this Agreement for such fiscal year in accordance with Arizona Constitution Article 9, 13 and A.R.S. § 41-17106 and other applicable law; any breach of this provision by Purchaser shall be deemed to have arisen during a fiscal period of Purchaser for which budgetary approval or certification of its obligations under this Agreement is in effect. A Default Event shall automatically and without further notice occur hereunder as of such date of non-appropriation wherein Purchaser shall be treated as the Defaulting Party.
5. **Purchaser Payment Limitation:** Notwithstanding any other provision of this Agreement, no part of the amounts payable by Purchaser pursuant to this Agreement shall be payable out of any ad valorem taxes imposed by Purchaser or from bonds or other obligations, the payment of which Purchaser's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by Purchaser according to law, (ii) such payment or payments shall be within the budget limitations of the statutes of the State of Arizona, and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State of Arizona. Purchaser's obligation to make payments of any amounts due under this Agreement, including amounts due after default or termination hereof, shall in no circumstances constitute a general obligation of, or a pledge of the full faith and credit of, Purchaser, the State of Arizona, or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any ad valorem taxes.

6. **Compliance with Laws and Governmental Capacity:** Seller shall at all times comply with all federal, State and local laws, ordinances, rules, and regulations which are applicable to its activities on the Premises. Seller shall construct and install the System and any other improvements on the Premises in compliance with all federal, State and local laws, ordinances, rules, and regulations which are applicable to its construction or installation on the Premises (including but not limited to the Mesa City Code). Any approvals Seller is required to obtain from Purchaser under this Agreement are in addition to and separate from approvals Seller must obtain from the City of Mesa in its governmental capacity, including but not limited to applicable approvals required under the City of Mesa Building Code or Zoning Ordinance. Nothing in this Agreement shall constitute a waiver of any rights, privileges, benefits, immunities and exemptions of the City of Mesa in its governmental capacity as a municipal corporation and political subdivision of the State of Arizona; provided, however, that the Purchaser represents, warrants, and agrees (and Seller acknowledges) that its execution and delivery of this Agreement and its performance of the contractual obligations contemplated by this Agreement, constitute proprietary and commercial acts rather than public or governmental acts.
7. **Public Records:** Notwithstanding anything in this Agreement to the contrary, Seller acknowledges that Purchaser is a municipal corporation and political subdivision of the State of Arizona, subject to Arizona's public records laws (A.R.S. § 39-121 et. seq.) and that any documents related to this Agreement may be subject to disclosure pursuant to State law in response to a public records request or to subpoena or other judicial process.

## **EXHIBIT 9**

To Be Completed by Seller Prior to Execution of Contract

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the Seller and subconsultants with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

By completing and signing this form and attached Employee Verification Project sheet the Seller shall attest that it and all subconsultants performing Project under the cited contract meet all conditions contained herein.

Project Number/Division: City of Mesa Red Mountain Police Substation
Name (as listed in the contract): SolarCity Corporation
Street Name and Number: 3055 Clearview Way
City: San Mateo State: CA Zip Code: 94402

I hereby attest that:

The Seller complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing Project under this contract;

Seller certifies that it shall ensure that all subcontractors performing Project under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees; and

The Seller has identified all Seller employees who perform Project under the contract and has verified compliance with Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214. The Seller certifies that it shall ensure that all employees of any subconsultants the Seller engages to perform under this contract shall comply with Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214

Signature of Seller (Employer) or Authorized Designee:

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date (month/day/year): \_\_\_\_\_

***End of Document***