

**AMENDMENT NO. 3 TO THE OPTION AGREEMENT, ACKNOWLEDGMENT AND
CONSENT AGREEMENT**

This Amendment No. 3 to the Option Agreement, Acknowledgment and Consent Agreement (the "Amendment") is entered effective as of December 10, 2013, by and among the Lancaster Power Authority, a joint powers authority (the "LPA"), PsomasFMG Lancaster Solar Crest, LLC, a Delaware limited liability company ("Project Company"), and City of Lancaster, a municipal corporation and charter city (the "City").

RECITALS

WHEREAS, PsomasFMG, LLC ("Psomas") and the LPA entered into that certain Option Agreement, dated as of December 13, 2011 (the "Option Agreement"), as amended by that certain Amendment No. 1 to the Option to Lease Agreement/Ground Lease between the Lancaster Power Authority and PsomasFMG, LLC, dated May 15, 2012 ("Amendment No. 1"), and as further amended by that certain Amendment No. 2 to the Option To Lease Agreement/Ground Lease between the Lancaster Power Authority and PsomasFMG, LLC, dated February 12, 2013 ("Amendment No. 2");

WHEREAS, the Option Agreement, as amended, was assigned by Psomas to the Project Company pursuant to that certain Assignment, Assumption and Release Agreement, dated October 31, 2013 (the "Assignment") whereby Psomas assigned all of its rights, title and interest under the Option Agreement to the Project Company and the Project Company assumed all Psomas' rights, title and interest under the Option Agreement;

WHEREAS, the Project Company, as successor-in-interest to Psomas, and the LPA desire to further amend the Option Agreement;

WHEREAS, Psomas and the LPA entered into that certain Master Solar Power Purchase and Sale Agreement (the "Master Agreement") dated as of October 11, 2011 whereby Psomas and the LPA established terms and conditions upon which Psomas would sell to the LPA and the LPA would purchase from Psomas all electrical energy produced by a renewable generating facility;

WHEREAS, the City is lessor under a certain Lease (the "Prime Lease") with the LPA as lessee, dated as of December 13, 2011, which demises numerous properties, including, but not limited to, certain real property (the "Premises") more particularly described on Exhibit A annexed hereto and made a part hereof; and

WHEREAS, pursuant to the Option Agreement, as amended, the Project Company has the right and option to cause the LPA to sublease to the Project Company a portion of the Premises more particularly described in the Option Agreement (such portion, the "Subleased Premises"), pursuant to the form of Renewable Generating Facility Site Ground Lease attached as Exhibit B to the Option Agreement (the "Sublease").

AMENDMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Amendment to the Option Agreement. LPA, Psomas and Project Company hereby agree as follows:

a. Section 1 of the Option Agreement is hereby amended by replacing “24 months” with “30 months”.

b. The Renewable Generating Facility Site Ground Lease (“Sublease”) form set forth as Exhibit B to the Option Agreement is hereby amended by replacing Section 1.3 thereof in its entirety with the following:

“Section 1.3. LPA Right of Entry; Use. Subject to the terms and conditions of this Lease Agreement, LPA shall have the right to enter the Property at any time provided that LPA gives Developer prior notice, permits Developer to accompany LPA, and LPA does not interfere with the installation, operation or maintenance of the Renewable Generating Facility.”

c. The Sublease form set forth as Exhibit B in the Option Agreement is hereby amended by adding the following new Section 12.9 to Article XII:

“Section 12.9. Memorandum of Lease Agreement. LPA and Developer shall execute in recordable form a memorandum of this Lease Agreement satisfactory in form and substance to LPA and Developer, and LPA hereby consents to Developer’s filing such memorandum in the applicable real property records.”

d. Section 2 of Amendment No. 1 is hereby amended by deleting such section in its entirety.

e. Section 1 of Amendment No. 2 is hereby amended by deleting such section in its entirety.

f. The Sublease form set forth as Exhibit B to the Option Agreement is hereby amended by adding the following new Section 1.6 to Article I:

“Section 1.6 Lease Payments. Commencing on the first day of the calendar quarter following the date on which the Facilities have achieved commercial operation as evidenced by the Permission to Operate granted by Southern California Edison as approval of system interconnection, Developer shall be paid \$2,150.00 (Two-thousand One-Hundred Fifty dollars) per acre per year, which lease payments shall be made in equal quarterly payments in arrears due on the first day of each calendar quarter (i.e. January 1, April 1, July 1, and October 1) and shall be delinquent on the 30th day of each calendar quarter (i.e. January 30, April 30, July 30, and October 30). All such payments shall be made payable to the “Lancaster Power Authority” and mailed to:

City of Lancaster
Finance Department
Attn: Accounts Receivable
44933 Fern Avenue
Lancaster, CA 93534

in the Option Agreement and/or Sublease (and only its right, title or interest in the Option Agreement and/or Sublease) or any New Lease as security in connection with the financing or funding of the Generating Facilities.


- e. Notwithstanding anything to the contrary in the Prime Lease (including, without limitation, Section 8 thereof), upon the expiration or termination of the Prime Lease, title to any and all improvements and structures on the Subleased Premises (including, without limitation, any solar electricity generating facilities) which are owned by the Project Company shall remain fully vested in the Project Company, and the City shall have no ownership or other interest therein. However, in the event that Project Company removes any improvement(s) from the Subleased Premises, Project Company shall return the Subleased Premises to a clean, rough-graded condition.
 - f. Any notices, consents, approval, submissions, demands or other communications given under this Section 3 of this Amendment shall be in writing. Unless otherwise required by law or governmental regulations, notices shall be deemed given if sent by mail or by reputable overnight courier, (a) to the City, at the following address: City of Lancaster, 44933 North Fern Avenue, Lancaster, CA 93534 Attn: Mark V. Bozigian, or such other address as the City may designate by notice to the Project Company, (b) to the Project Company, at the address of the Project Company at 7777 Center Avenue, Suite 200, Huntington Beach, CA 92647, attention Michael Streams, or such other address or persons as the Project Company may designate by notice to the City at any time.
- 4. No modification, amendment, waiver or release of any provision of this Amendment or of any right, obligation, claim or cause of action arising hereunder shall be valid or binding for any purpose whatsoever unless in writing and duly executed by the Party against whom the same is sought to be asserted.
 - 5. This Amendment shall be binding on and shall inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors, assigns and sublessees.

[Signature Page Follows]

IN WITNESS WHEREOF, the City, the LPA and the Project Company have executed this Agreement as of the date first set forth above.

Project Company

PsomasFMG Lancaster Solar Crest, LLC, a Delaware limited liability company


By: 
Al Nagy, Authorized Signatory

Psomas

PsomasFMG, LLC, a Delaware limited liability company

By: 
Al Nagy, Authorized Signatory

Approved as to Form:

By: 
Michael Streams, Jr. General Counsel

LPA

Lancaster Power Authority, a joint powers authority

By: _____
Mark V. Bozigian, Executive Director

City

City of Lancaster, a municipal corporation and charter city

By: _____

ATTEST: _____
Geri K. Bryan, Secretary

Approved as to Form:

By: _____
Allison E. Burns, City Attorney

EXHIBIT A

Legal Description of the Premises

3107-010-901: Parcel 1 of Tract No. 24689 in the City of Lancaster, County of Los Angeles, State of California, Recorded in Map Book 661 Page 31 in the office of said County

3107-024-900: The South 5 Acres Of the East 10 Acres of the North ½ of the West ½ of Lot 1 in the NW ¼ of Section 6, T7N, R12W, SBM

3107-024-901: The North ½ of the East ½ of the SE ¼ of Lot 1 in the NW ¼ of Section 6, T7N, R12W, SBM

3110-001-907: That portion of the West ½ of the West ½ of the NW ¼ of the NW ¼ of Section 25 T7N, R13W SBM, EXCEPT the Southerly 100 feet of said West ½

3114-012-904: The North ½ of the NW ¼ of Section 8, T7N, R12W, SBM EXCEPT the Westerly 2,320 feet of said North ½

3118-005-900: The East ½, of the West ½, of the West ½, of the North ½, of the North ½, of Lot 1 of the NW ¼ of Section 4, T 7N, R12W, SBM

3118-005-901: The West ½, of the West ½, of the West ½, of the South ½, of the North ½, of Lot 1 of the NW ¼ of Section 4, T7N, R12W, SMB

3118-005-904: The East ½, of the East ½, of the West ½, of the North ½, of the North ½, of Lot 2 of the NW ¼ of Section 4, T7N, R12W, SBM

3118-005-905: The West ½, of the East ½, of the NW ¼, of the NW ¼ Lot 2 of Section 4, T7N, R12W, SBM

3126-031-901: Lot 23 of Tract No. 32548, in the City of Lancaster, County of Los Angeles, State of California, as per Map filed in Book 968, Pages 1 through 5, inclusive of maps, in the office of the County Recorder of said County,

EXCEPT the following portion of said Lot 21

Beginning at the SW Corner of said Lot 21, Thence along the property lines of said Lot N0°11'47"W, 310 feet; Thence 89°52'56"E, 355 feet; Thence N0°11'47"W, 187.10 feet; Thence N89°52'56"E, 257.25 feet; Thence leaving said property lines, S0°17'06"E, 497.65 feet to the Southerly line of said Lot; Thence S89°52'56"W, 612.02 feet to the Point of Beginning

3126-031-902: That Portion of Lot 23 of Tract No. 32548, in the City of Lancaster, County of Los Angeles, State of California, as per Map filed in Book 968, Pages 1 through 5, inclusive of maps, in the office of the County Recorder of said County, more particularly described as follows:

Beginning at the SW Corner of said Lot 21, Thence along the property lines of said Lot N0°11'47"W, 310 feet; Thence 89°52'56"E, 355 feet; Thence N0°11'47"W, 187.10 feet; Thence N89°52'56"E, 257.25 feet; Thence leaving said property lines, S0°17'06"E, 497.65 feet to the Southerly line of said Lot; Thence S89°52'56"W, 612.02 feet to the Point of Beginning

EXHIBIT A

Legal Description of Premises (continued)

3137-008-900: The West ½ of the SW ¼ of the SW ¼ of SE ¼ AND The West ½ of the West ½ of the East ½ of the SW ¼ of the SW ¼ of SE ¼ of Section 3, T7N, R12W, SBM

3170-008-901: The Westerly 650 feet of the South half of the SE ¼ of Section 30, T7N, R11W, SBM

3170-008-907: That Portion of the SE ¼ of the SW ¼ of Section 30, T7N, R11W, SBM, described as follows:

Beginning at the South ¼ corner of Section 30, thence S89°21'39"W along the southerly line of said SE ¼, 1336.44 feet to the SW corner of said SE ¼; thence N00°29'10"W along the westerly line of said SE ¼, 605.97 feet; thence leaving said line, N89°26'00"E 422.45 feet; thence S00°34'00"E 110.00 feet; thence N89°25'00"E 170.78 feet; thence S00°34'00"E 10.64 feet; thence N89°26'00"E 104.70 feet; thence S00°34'00"E 141.36 feet; thence N89°26'00"E 427.00 feet; thence N00°34'00"W 99.36 feet to the Beginning of a Tangent Curve concave to the SW having a radius of 13.00 feet; thence northwesterly along the arc of said curve 20.42 feet through a Central Angle of 90°00'00"; thence N00°24'00"W 58.00 feet; thence N89°41'18"E 72.00 feet; thence N89°26'00"E 150.79 feet to the East line of said ¼ corner; thence S00°33'06"E along the easterly line of said SE ¼, 512.30 feet to the Point of Beginning.

3170-008-908: That Portion of the SE ¼ of the SW ¼ of Section 30, T7N, R11W, SBM, EXCEPT the following described Portion:

Beginning at the South ¼ corner of Section 30, thence S89°21'39"W along the southerly line of said SE ¼, 1336.44 feet to the SW corner of said SE ¼; thence N00°29'10"W along the westerly line of said SE ¼, 605.97 feet; thence leaving said line, N89°26'00"E 422.45 feet; thence S00°4'00"E 110.00 feet; thence N89°25'00"E 170.78 feet; thence S00°34'00"E 10.64 feet; thence N89°26'00"E 104.70 feet; thence S00°34'00"E 141.36 feet; thence N89°26'00"E 427.00 feet; thence N00°34'00"W 99.36 feet to the Beginning of a Tangent Curve concave to the SW having a radius of 13.00 feet; thence northwesterly along the arc of said curve 20.42 feet through a Central Angle of 90°00'00"; thence N00°24'00"W 58.00 feet; thence N89°41'18"E 72.00 feet; thence N89°26'00"E 150.79 feet to the East line of said ¼ corner; thence S00°33'06"E along the easterly line of said SE ¼, 512.30 feet to the Point of Beginning.

3170-008-909: Parcel 3 of Parcel Map 22061 in the City of Lancaster, County of Los Angeles, State of California, recorded in Parcel Map Book 239 pages 28 and 29 of the office of the recorder of said county.

3170-008-910: Parcel 4 of Parcel Map 22061 in the City of Lancaster, County of Los Angeles, State of California, recorded in Parcel Map Book 239 pages 28 and 29 of the office of the recorder of said county.