

SOLAR ENERGY SITE LEASE AGREEMENT

This Solar Energy Site Lease Agreement (this “**Lease**”) dated as of _____, 2014 (the “**Effective Date**”), is made between the Lancaster Power Authority, a joint powers authority under the laws of California (“**Landlord**”), and Morgan Lancaster I, LLC, a Delaware limited liability company (“**Tenant**”).

RECITALS

A. Landlord is a joint powers authority created, existing and operating pursuant to the Joint Exercise of Powers Act (Cal. Gov’t Code § 6500 et seq.). The purpose of Landlord is to establish, own and operate a municipal gas and electric utility for the benefit of the residents of the City of Lancaster (“**City**”), as well as for the customers, businesses and property owners within the City and/or to be served by Landlord.

B. Tenant is in the business of developing renewable energy generating facilities.

C. California Government Code §§ 4217.10 et seq. authorize Landlord to enter into agreements and contracts with private sector entities for developing energy conservation and production projects.

D. Pursuant to that certain Property Lease dated December 13, 2011 (the “**Prime Lease**”) between the City and Landlord, Landlord is the holder of a leasehold interest in the real property located in the City of Lancaster California, and more particularly described in the attached **Exhibit A** (the “**Property**”).

E. Tenant desires to sublease that portion of the Property commonly referred to as Assessor’s Parcel Number 3170-008-911, comprising 19 acres more or less, as such property is more particularly described and depicted in **Exhibit B** attached hereto and incorporated herein from Landlord in order to install and operate, including the sale of energy, a solar energy generating facility.

F. Landlord and Tenant desire to terminate and replace that certain Prior Agreement (as such term is defined below) between Landlord with this Lease.

AGREEMENT

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. DEFINITIONS AND INTERPRETATION

(a) In this Lease, unless the context otherwise requires:

“**Adjoining Property**” means property adjacent to Property

“**Affiliate**” means any Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. For purposes of this definition, control of a Person means the power, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

“**Business Day**” means any day except Saturday, Sunday or any day on which banks are generally not open for business in the State of California.

“**Business Hours**” means the hours between 8:00 am and 5:00 pm on a Business Day.

“**Calendar Quarter**” means the three full calendar month periods beginning January 1, April 1, July 1, and October 1, and ending March 31, June 30, September 30 and December 31 respectively (and including the full twenty-four hour periods constituting the stated beginning and ending dates).

“**Commercial Operation Date**” means the date the Generating Facility is energized and given permission to operate by Southern California Edison.

“**Environmental Attributes**” means the characteristics of electric power generation at the Generating Facility that have intrinsic value, separate and apart from the generated energy, arising from the perceived environmental benefits of the Generating Facility or energy generated at the Generating Facility, including but not limited to all environmental and other attributes that differentiate the Generating Facility or energy generated at the Generating Facility from energy generated by fossil-fuel based generation units, fuels or resources, characteristics of the Generating Facility that may result in the avoidance of environmental impacts on air, soil or water, such as the absence of emission of any oxides of nitrogen, sulfur or carbon or of mercury, or other gas or chemical, soot, particulate matter or other substances attributable to the Generating Facility or the compliance of the Generating Facility or energy generated at the Generating Facility with the law, rules and standards of the United Nations Framework Convention on Climate Change (the “UNFCCC”) or the Kyoto Protocol to the UNFCCC or any successor laws, rules or standards or crediting “early action” with a view thereto, or laws or regulations involving or administered by the Environmental Protection Agency or successor administration or any state or federal entity having jurisdiction over a program involving transferability of rights arising from Environmental Attributes.

“**Environmental Incentives**” means all rights, credits (including tax credits), rebates, benefits, reductions, offsets, and allowances and entitlements of any kind, howsoever entitled or named (including carbon credits and allowances), whether arising under federal, state or local law, international treaty, trade association membership or the like, arising from the Environmental Attributes of the Generating Facility or the energy generated at the Generating Facility or otherwise from the development or installation of the Generating Facility or the production, sale, purchase, consumption or use of the energy generated at the Generating Facility. Without limiting the foregoing, “**Environmental Incentives**” includes green tags, renewable energy credits, tradable renewable certificates, portfolio energy credits, the right to apply for (and entitlement to receive) incentives under any demand-side management or energy efficiency

programs offered by a utility company, a third-party provider, or other incentive programs offered by the state and the right to claim federal income tax credits, if applicable.

“Environmental Laws” means all federal, state, local and regional laws, statutes, ordinances, orders, rules and regulations now in force or enacted during the term of this Lease relating to the protection of human health or the environment or relating to waste disposal or environmental protection with respect to hazardous, toxic, or other substances generated, produced, leaked, released, spilled or disposed of at or from the Site.

“Generating Facility” means the solar power generating facility to be located on the Property and owned by Tenant, including all improvements, facilities and equipment constructed or installed by Tenant at any time and from time to time, including the following: (i) arrays of photovoltaic solar panels or tracking mirrors, including foundations, mounting substrates, support structures and related components, power inverters, cables, wires, conduit, junction boxes, distribution panel, and transformers; (ii) overhead and underground electrical transmission, distribution or collector lines, circuit breakers, conduits, foundations, footings, towers, poles, crossarms, guy lines, anchors and wires; (iii) overhead and underground control, communications, radio relay systems, telecommunication equipment; (iv) substations, power blocks, interconnection and/or switching facilities and electric transformers; (v) energy storage facilities; (vi) water pipelines and pumping facilities; (vii) utility installations; (viii) safety protection facilities, (ix) meter (x) roads, fences and gates, and other structures and facilities required for ingress and egress for pedestrians, motor vehicles and equipment, and for the efficient development, construction, operation, maintenance and security of the Generating Facility; (xi) any and all equipment and improvements necessary or useful for the ongoing measurement of sunlight and weather; (xii) any other equipment or facilities that are necessary or desirable for Tenant’s development, construction, operation, maintenance or security of the Generating Facility, including laydown areas, satellite operation and maintenance or storage facilities and control buildings; and (xiii) any landscaping and any other site improvements depicted on the plans attached hereto or as required by any governmental authority.

“Hazardous Materials” mean and include any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term “Hazardous Material” includes, without limitation, any material or substance which is (i) petroleum, (ii) asbestos, (iii) designated as a “hazardous substance” pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (iv) defined as a “hazardous waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et. seq. (42 U.S.C. Section 6903), (v) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601 et. seq. (42 U.S.C. Section 9601), or (vi) defined as a “hazardous substance” or “hazardous waste” in any Environmental Law.

“Including” means including without limitation, and **“includes”** means includes, without limitation.

“Landlord’s Actual Knowledge” means the actual knowledge of Mark V. Bozigian (the City Manager for the City of Lancaster), Jason Caudle (the Deputy City Manager for

the City of Lancaster), Heather Swan (the Senior Projects Coordinator for the City of Lancaster) or Jocelyn Swain (the Associate Planner- Environmental for the City of Lancaster) or their respective successors.

“**Lease Year**” means a twelve (12) calendar month period; provided, however that if the Effective Date is a date other than the first day of a calendar month, the first Lease Year of the Term shall, except as may otherwise be expressly provided in this Lease, commence on the Effective Date and run through last day of the month in which the one year anniversary of the Effective Date occurs, with each successive Lease Year to run for a period of the next succeeding twelve (12) months, other than and except for the final Lease Year specified which shall commence as hereinabove provided and which shall run through the date on which the Term ends notwithstanding the actual number of days included in said period.

“**Person**” means any natural person, corporation, general partnership, limited partnership, limited liability company, proprietorship, other business organization, trust, union, association or governmental or regulatory authority.

“**Prior Agreement**” means that certain Master Solar Power purchase and Sale Agreement dated October 25, 2011, Option to Lease Agreement dated January 10, 2012, Revised Option to Leased and Revised Ground Lease dated August 28, 2012 between Landlord and Tenant pertaining to an option to lease a portion of the Property.

“**Property**” means the land described on **Exhibit A** (the “**Land**”), together with the following:

(i) all right, title and interest of Landlord in and to all rights, privileges and appurtenances pertaining to the Land and any rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land and all of Landlord’s right, title and interest in and to adjacent streets, alleys or rights-of-way and easements, licenses or interests relating thereto; and

(ii) all of Landlord’s right, title and interest in and to all permits, licenses and approvals directly relating to the Property, to the extent the same are assignable and transferable.

“**Site**” means the specific area of the Property described and depicted in **Exhibit B**.

“**Unavoidable Delay**” means delay caused by strikes, walkouts (except for strikes or walkouts directly involving employees of the party claiming Unavoidable Delay), civil commotion, warlike operations, governmental regulations or controls, acts of God, inability to procure materials or services, or other causes beyond the reasonable control the party claiming Unavoidable Delay.

(b) Unless the context requires otherwise, words importing the singular include the plural and *vice versa* and words importing gender include all genders.

(c) The division of this Lease into Sections, the insertion of headings, and the provision of any table of contents are for convenience of reference only and will not affect the construction or interpretation of this Lease. Unless the context requires otherwise, references in

this Lease to Sections or Schedules are to Sections or Schedules of this Lease. Any reference in this Lease to any agreement or statute or any section of it will, unless otherwise expressly stated, be deemed to refer to such statute or section as amended, restated or re-enacted from time to time.

2. LEASE AND GRANTS OF EASEMENTS

(a) Landlord:

(i) except as set forth in § 2(b) below, exclusively leases the Site to Tenant and its successors and assigns for the sole purpose of developing, constructing, installing, operating, maintaining, improving and replacing the Generating Facility in accordance with the terms and conditions set out in this Lease;

(ii) grants to Tenant and its successors and assigns, for a period co-terminous with this Lease, the right to undertake any other activities on the Site that Tenant determines are necessary, helpful, appropriate or convenient in connection with, incidental to, for the benefit of, or to accomplish the installation, operation, and maintenance of the Generating Facility, including conducting surveys and geological, geophysical, environmental, biological, cultural and other tests and studies, in each case by the use of such means and technologies as Tenant may choose, whether or not currently known, and with the right of entry on the Property for such purposes.

(iii) grants to tenant an easement for any audio, visual, view, light, noise, vibration, electromagnetic or other effect of any kind or nature whatsoever resulting, directly or indirectly, from any activities conducted in Section 5, or Generation Facilities installed, upon the Property or the Adjoining Property, including but not limited to rights to cast shadows and reflect glare onto the Adjoining Property, from the Solar Equipment and/or any and all other Power Facilities, wherever located.

(b) Landlord reserves all rights to use the Property, other than the Site, except to the extent Landlord's use interferes with Tenant's use of the Site in accordance with this Lease or violates the terms and conditions of this Lease. Landlord further expressly reserves the right to enter the Site during normal Business Hours provided that Landlord: (i) provides Tenant with at least five (5) Business Days' prior written notice; (ii) permits Tenant to accompany Landlord; (iii) complies with any reasonable security and safety measures implemented by Tenant; (iv) and does not interfere with the installation, operation or maintenance of the Generating Facility. Notwithstanding the foregoing, in the event an emergency arises which poses an immediate threat of bodily harm or property damage, Landlord may enter the Site without such prior notice provided that Landlord notifies Tenant of the nature of the emergency entry as soon as possible after such entry.

(c) Tenant hereby leases the Site from Landlord and accepts such grant of easements and rights from Landlord, upon the terms and conditions set forth herein.

(d) This Lease shall be for the benefit of Tenant and such employees, agents, representatives, contractors, and subcontractors as are deemed necessary or desirable by Tenant in connection with its obligations hereunder.

3. RENT

(a) Commencing on the Effective Date and terminating on the day prior to the Commercial Operation Date of the Generating Facility, Tenant shall pay to Landlord, in six (6) month increments, an annual rental payment equal to \$400 per acre of the Site (“Pre-Operation Rent”). Tenant will be invoiced within thirty (30) days of the Effective Date for the first six (6) month’s payment and shall be due upon receipt of invoice. Tenant will be invoiced for subsequent six (6) month intervals within thirty (30) days of the six (6) month anniversaries of the Effective Date and payment will be due upon receipt of the invoice.

(b) Sections of the Site may be subject to reversion to the Landlord. Payments due to Landlord pursuant to Section 3 hereof shall be reduced in a pro rata fashion based upon the number of acres within the portion of the Site as to which this Agreement is terminated. Should the reversion not occur, Site not occupied by the Generating Facility shall continue to be invoiced for payment as indicated in Section 8a beyond the Commercial Operation Date,

(c) Tenant shall pay to Landlord an annual rental payment equal to \$1,500.00 per acre of the Site (“Rent”) payable quarterly in advance commencing on the Commercial Operation Date of the Generating Facility and continuing until the expiration or sooner termination of this Agreement.

(d) All Rent and Pre-Operation Rent obligations shall be prorated for any partial term. Any option payment or other payment paid by Tenant to Landlord pursuant to the Prior Agreement which is paid with respect to any period after the Effective Date shall be credited toward any payments due and payable by Tenant to Landlord under this Lease. Any Pre-Operation Rent which is paid with respect to any period after the Commercial Operation Date shall be credited toward any rent payments due and payable by Tenant to Landlord under this Lease.

(e) All payments to Landlord 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

4. GENERATING FACILITY CONSTRUCTION

(a) Landlord consents to Tenant’s construction and installation of the Generating Facility on the Site.

(b) Tenant shall notify Landlord not less than twenty (20) days in advance of the time that Tenant intends to commence installation of the Generating Facility on the Site.

(c) Except as provided otherwise herein, Landlord hereby consents to Tenant's location of the Generating Facility or related facilities or equipment at any location upon the Site, including at or near the Property boundary lines so long as Tenant fully complies with all applicable governmental approvals, requirements, plans conditions of approval, codes and/or laws. Furthermore, in the event that the location of any portion of any Generating Facility or related facilities or equipment to be installed or constructed on the Site or any adjacent properties along or near Property boundary lines is limited or restricted by any private agreements or restrictions or any laws, rules or ordinances of any governmental agency, Landlord shall cooperate with and assist Tenant in obtaining waivers or variances from such requirements and shall execute all documents evidencing Landlord's agreement to the elimination of such requirements. Landlord acknowledges and agrees that this paragraph shall survive the termination of this Lease.

5. GENERATING FACILITY INSTALLATION, OPERATION AND OWNERSHIP

(a) Tenant shall have the right from time to time during the term of this Lease:

(i) to determine the feasibility of solar energy power production on the Site, including studies of sunlight concentration and other meteorological data, extracting soil samples, conducting wildlife and other environmental studies, and conducting transmission feasibility studies;

(ii) in accordance with all applicable laws, codes, and/or ordinances, to construct, reconstruct, erect, install, improve, reinstall or relocate and operate the Generating Facility on the Site;

(iii) to maintain, clean, repair, replace and dispose of part or all of the Generating Facility and to maintain the Site as may be required for the proper functioning and operation of the Generating Facility, including clearing brush and tree branches that may interfere with access to sunlight to the Generating Facility or pose a fire / electrical hazard to interfere with or endanger the Generating Facilities;

(iv) to add or remove equipment as needed to increase or decrease the capacity of the Generating Facility;

(v) to remove the Generating Facility as permitted pursuant to Section 9;

(vi) to access the Site with guests for promotional purposes;

(vii) to publish factual information related to the Generating Facility on its website and through other forms of electronic media. Such information may include, but is not limited to, the location of the photovoltaic system, the name of Landlord, and other features of the Generating Facility;

(viii) in accordance with all applicable laws, codes, and/or ordinances, to install and maintain such equipment, as is necessary for remote monitoring of the Generating Facility, including without limitation the establishment of a high speed internet connection;

(ix) in accordance with all applicable laws, codes, and/or ordinances, to install and maintain such equipment as is necessary or appropriate for the security and protection of the Generating Facility, including without limitation, fences and gates; and

(x) to perform (or cause to be performed) all tasks necessary or appropriate, as reasonably determined by Tenant, to carry out the activities set forth in clauses (a)(i) through (a)(ix) of this Section 5.

(b) Tenant will obtain all governmental permits, licenses, certificates, approvals, variances and other entitlements for use (“**Permits**”) necessary for the construction, installation and operation of the Generating Facility. Landlord hereby gives its consent to any action taken by Tenant in applying for any and all Permits Tenant finds necessary or desirable for the operation of the Generating Facility, and Landlord hereby appoints Tenant its agent for applying for such Permits and agrees to cooperate with Tenant in obtaining the Permits, if necessary. Tenant will carry out all activities under this Lease in accordance with all applicable laws, rules, codes and ordinances and in such a manner as will not unreasonably interfere with Landlord’s operation or maintenance of the remainder of the Property.

(c) Landlord acknowledges and agrees that despite that portions of the Generating Facility may be affixed to the Site, (i) Tenant or its Affiliate is the exclusive owner and operator of the Generating Facility, (ii) the Generating Facility shall not be construed to be a fixture, (iii) Tenant or its Affiliate or transferee is the exclusive owner of the electricity generated by the Generating Facility, the profits derived therefrom, and the Environmental Attributes and Environmental Incentives of the Generating Facility. Landlord shall not be entitled to any payments, credits, benefits, emission reductions, offsets, grants or allowances of any kind attributable to the Generating Facility or the electric energy, capacity or other generator-based products produced therefrom except for the payments described in Section 3, all of which shall accrue solely to the benefit of Tenant (iv) Landlord shall have no ownership or other interest in any scientific or engineering data at any point in time or for any duration of the time collected at the Generation Facility. Such scientific or engineering data is the sole and exclusive property of the Tenant. Possessions of such data by Landlord shall not constitute ownership of such data and (v) the Generating Facility shall not be sold, leased, assigned, mortgaged, pledged or otherwise alienated or encumbered (collectively, a “**Transfer**”) with the fee interest or leasehold rights to the Site or otherwise by Landlord or any other person. In the event that Landlord wishes Transfer the Property, Landlord hereby grants to Tenant the first rights to purchase the Property at a then fair market value as appraised by a mutually approved appraiser. Landlord shall give Tenant at least thirty (30) days’ written notice prior to any Transfer of all or a portion of the Site identifying the transferee, the portion of Site to be transferred and the proposed date of Transfer. Landlord shall require any transferee to acknowledge and consent to the terms of this Lease. Landlord agrees that this Lease and rights granted in Article 2 of this Lease shall constitute covenants running with the land and shall survive any Transfer of the Property.

(d) Landlord shall cooperate in good faith with Tenant’s efforts to obtain any Permits, to obtain any real property rights from third parties, and to enter any further agreements with third parties, including siting the “point of delivery” in an agreement with the public utility provider, as may be necessary or deemed desirable by Tenant in connection with this Lease and its proposed used of the Site.

6. ACCESS

Landlord will make available to Tenant continuous and uninterrupted access to the Generating Facility and the Site for the purposes set forth in this Lease. Tenant shall cooperate with Landlord to minimize disruption of the operations of Landlord at the Property. Despite anything to the contrary in this Lease, Tenant shall be permitted to access the Site twenty-four (24) hours a day, seven (7) days a week as reasonably determined by Tenant. Upon reasonable advance notice to Landlord, Tenant shall have access during normal business hours to any and all historic documents, drawings, plans, correspondence and memoranda in the possession or control of Landlord which relate to the Property and which may be needed for regulatory planning or permitting purposes.

7. REPRESENTATIONS AND WARRANTIES, COVENANTS OF LANDLORD

(a) Landlord represents and warrants to Tenant that to Landlord's Actual Knowledge, there are no circumstances, physical conditions or commitments to third parties, that may damage, impair, delay or otherwise adversely affect the Generating Facility or its construction, installation or function (including activities that may adversely affect the Generating Facility's exposure to sunlight, activities that may adversely affect the Generating Facilities output or efficiency). Landlord has disclosed to Tenant in writing any and all improvements existing on, under or over the Property, and no improvements currently exist on, under or over the Property that have been constructed or installed without all necessary and proper permits, licenses and approvals. Landlord represents and warrants to Tenant that there are no liens, security interests or other encumbrances on the Site, except as disclosed on Schedule 7A attached hereto ("**Permitted Liens**"). Landlord covenants to Tenant that it will not cause, create, incur, assume, permit or suffer to exist any liens, security interests or other encumbrances on the Site, except for the Permitted Liens or such duly enacted special assessments or special taxes as may be imposed on the Property in the future. Landlord represents and warrants to Tenant that, except as described in Schedule 7B attached hereto, Landlord has not used, stored, handled or disposed of Hazardous Materials on or about the Property and, to Landlord's Actual Knowledge, no prior owner of the Site or any tenant, subtenant, prior tenant or prior subtenant have used, stored, handled or disposed of Hazardous Materials on or about the Property.

(b) Landlord covenants that Landlord has a valid leasehold interest in the Property and full right to enter into this Lease and that Tenant shall have quiet and peaceful possession of the Site throughout the term of this Lease. To the extent, if any, that any third party has legal title to the Site or any other claim, lien, encumbrance or right of possession on or against the Site, Landlord will obtain such consents or other written documents as are required in order to evidence the consent of such third party to the transactions contemplated by this Lease, the acknowledgement by such third party of the interest of Tenant under this Lease and in the Site and the agreement of such third party not to disturb or interfere with Tenant's use and occupancy of the Site pursuant to this Lease, which agreement shall be in form and substance acceptable to Tenant. If Landlord fails to obtain an executed agreement from a third party in accordance with

this paragraph within twenty (20) days after Tenant's request, Tenant shall have the right (without waiving any other remedies) to terminate this Lease and to recover from Landlord all rents paid to Landlord through the date of termination.

(c) Landlord shall not terminate the Prime Lease prior to the expiration of its term without the express written consent of Tenant. In the event Landlord receives any notice of failure to pay or failure to perform any covenant, agreement or obligation under the Prime Lease, Landlord shall notify Tenant of such notice within five (5) Business Days of Landlord's receipt of such notice pursuant to the terms of the Prime Lease, and Tenant may take any actions to cure any such failure under the Prime Lease. Tenant shall be under no obligation to take such action but may do so solely at its own discretion. In the event Tenant pays any amount or performs any obligations on behalf of Landlord pursuant to the terms of the Prime Lease, Tenant may deduct such amounts paid or the reasonable value of the performance from the amount that would otherwise be due from Tenant to Landlord pursuant to this Lease.

(d) Landlord will not initiate or conduct activities that it knows or reasonably should know may damage, impair or otherwise materially adversely affect the Generating Facility or its function (including activities that may adversely affect the Generating Facility's exposure to sunlight). Landlord will not conduct maintenance to the Property that Landlord knows is reasonably likely to damage, impair or otherwise adversely affect the Generating Facility or its function. Landlord represents and warrants to Tenant that there are no existing or, to Landlord's knowledge, threatened expropriation proceedings, or contemplated sales in place of expropriation, involving a partial or total taking of the Property or the Site.

(e) Landlord acknowledges that the Generating Facility may be inadvertently damaged, impaired or otherwise adversely affected by routine activities and operations of Landlord's personnel, licensees, or invitees. Landlord further agrees that Landlord shall be responsible and liable for any damage, impairment or other adverse effect on the Site caused by Landlord's personnel, licensees, or invitees.

(f) In addition to the foregoing, with respect to any property on which the Generating Facility is to be installed, if Landlord has an existing mortgage or enters into a mortgage after the Effective Date of this Lease, Landlord and Tenant shall enter into an agreement with such mortgagee subordinating such mortgage to this Lease, providing for non-disturbance in favor of Tenant and otherwise on terms and conditions satisfactory to Tenant. Landlord acknowledges that without such agreements by superior mortgagees, Tenant may not be able to finance and build the Generating Facility at the Site.

(g) Landlord represents and warrants that the Site complies with all applicable laws and that Landlord has not received any written notice of violation of any applicable laws affecting the Site that remains unresolved. Landlord shall notify Tenant promptly if Landlord receives any notice of any actual or alleged violation of applicable laws with respect to the Site.

(h) Landlord represents and warrants that neither Landlord nor the Site is subject to any pending lawsuit, arbitration or other legal proceeding that could affect Landlord's ability to perform its obligations under this Lease or Tenant's rights under this Lease and, to Landlord's knowledge, no such lawsuit or other legal proceeding has been threatened.

(i) Landlord represents and warrants that Landlord is the sole lessee of the Property. Landlord represents and warrants that Landlord and each person signing this Lease on behalf of Landlord has the full and unrestricted power and authority to execute and deliver this Lease and grant the rights herein granted.

(j) Landlord agrees that within ten (10) days after receipt of a written request by Tenant it shall: (a) join in all grants for rights-of-way and easements for electric and other public utilities and facilities and any other electric power purpose including any power transmission line as Tenant shall deem necessary or desirable for its development and use of the Site; and (b) join with Tenant in requesting any and all zoning changes or other land use permits and/or approvals necessary for Tenant's development and use of the Site as contemplated by this Lease

(k) Landlord acknowledges and agrees that access to sunlight ("**Insolation**") is essential to the value of Tenant of this Lease and is a material inducement to Tenant in entering into this Lease. Accordingly, Landlord shall take commercially reasonable actions as necessary to prevent any interference with Insolation on and at or surrounding the Site, specifically in the air space above the Generating Facility. Without limiting the foregoing, Landlord shall not construct or permit to be constructed any structure on the Property that could materially adversely affect Insolation levels on the Site or permit the growth of foliage that could materially adversely affect Insolation levels on the Site.

8. TERM/TERMINATION

(a) The term of this Lease shall commence on the Effective Date and, unless earlier terminated pursuant to this Section 8, expire twenty (20) years from the date of commercial operation of the Generating Facility, but in no event shall the term extend beyond thirty-four (34) years and eleven (11) months without the mutual agreement of Landlord and Tenant.

(b) The occurrence of any of the following events shall terminate this Lease:

(i) The expiration of the term of this Lease as set out above in this Section 8;

(ii) The written agreement of the parties to terminate this Lease;

(iii) An uncured material breach of this Lease by either party beyond any applicable notice and cure periods; and the election of the non-breaching party to terminate this Lease;

(iv) Tenant's delivery of not less than ninety (90) days advance written notice to Landlord of Tenant's election to terminate this Lease; or

(v) Tenant's delivery of notice of election to terminate this Lease to Landlord any time prior to the installation of the Generating Facility if it determines, in its sole

discretion, that the Site is not in a condition ready for Tenant's installation of the Generating Facility.

(c) If such termination is as to only part of the Property, this Agreement shall remain in effect as to the remainder of the Property, and the payments due to Landlord pursuant to Section 3 hereof shall be reduced in a pro rata fashion based upon the number of acres within the portion of the Property as to which the Agreement is terminated.

(d) Provided Tenant is not in default under any of the terms and conditions of this Agreement, Tenant shall have the option to renew the term of this Agreement for a period mutually agreed upon by both Parties from the expiration of the original term.

9. REMOVAL

a) Tenant shall be entitled to remove the Generating Facility or any part thereof and any related equipment from the Site and leave the Site free and clear of all improvements at any time and shall be obligated to remove the Generating Facility and leave the Site free and clear of all improvements within one hundred eighty (180) days after the expiration or other termination of the term of this Lease.

b) Tenant may leave in place such conduits and cables and related facilities as are either underground or within the walls of the buildings.

c) Tenant and its Affiliate shall have access to the Property at all mutually agreed-upon times and the Generating Facility for purposes of such removal. During this period, Tenant shall not be required to pay the amount set forth in Section 3 or other rent.

10. INSURANCE

(a) Tenant shall, during the term of this Lease, obtain, maintain and keep in full force and effect, commercial general liability insurance applying to the use and operation of the Generating Facility in the following amounts:

Limits:	\$2,000,000	General Aggregate (may be satisfied by a combination of a general liability policy and an excess/umbrella liability policy)
	\$1,000,000	Products & Completed Operations Aggregate
	\$1,000,000	Each occurrence
	\$1,000,000	Personal Injury (Advertising Injury excluded)
	\$300,000	Fire Damage, Any One Fire
	\$10,000	Medical Payments, Each Person
	Statutory	Workers' Compensation
	\$1,000,000	Automobile Liability Commercial

(b) All policies of insurance provided for herein shall be issued by insurance companies qualified to do business in the State of California, shall be Best rated A- or better, and

shall name Landlord, City of Lancaster, the Successor Agency to the Lancaster Redevelopment Agency, the Lancaster Financing Authority, the Lancaster Housing Authority, the Lancaster Boulevard Corporation, the Lancaster Community Services Foundation, and the Lancaster Museum/Art Gallery Associates, as well as each of their officers, agents, servants, and employees as an additional insureds. All public liability, property damage and other casualty policies shall be written as primary policies, not contributing with any other coverage which the other party may carry. Tenant shall deliver to Landlord copies of the policies for all the insurance required to be carried by Tenant under this Lease, or certificates evidencing the existence and the amounts of such insurance, or renewals of them or binders to them, if applicable, (i) within thirty (30) days after the Effective Date, and (ii) at least ten (10) days prior to the expiration of any such policies.

11. TAXES

(a) Tenant shall pay all personal property taxes, possessory interest taxes, business or license taxes or fees, service payments in lieu of such taxes or fees, annual or periodic license or use fees, excises, assessments, bonds, levies, fees or charges of any kind which are assessed, levied, charged, confirmed, or imposed by any public authority due to Tenant's use and operation of the Generating Facility (or any portion or component of it), except: (i) real and personal property taxes and assessments and reassessments relating to the Property (including the Site); (ii) inheritance or estate taxes imposed upon or assessed against the Property (including the Site), or any part of it or interest in it; (iii) taxes computed upon the basis of the net income or payments derived from the Site by Landlord or the owner of any interest in it; (iv) taxes imposed on the capital invested in the Property, excluding capital invested by Tenant at the Site; (v) any corporate income, profits, excess profits, and business tax imposed upon the income of Landlord and any other impost of a personal nature charged or levied against Landlord; and, (vi) taxes, fees, service payments, excises, assessments, bonds, levies, fees or charges of any kind that are adopted by any public authority relating to the Property (including the Site) after the date of this Lease. Landlord shall pay all amounts in connection with clauses (i) to (vi) inclusive of this Section 11(a) and if Landlord shall fail to do so prior to the delinquency of such taxes or other amounts, Tenant shall have the right to pay such amounts, in which case Landlord shall reimburse Tenant for such amounts upon Tenant's written demand.

(b) Despite the foregoing provisions in Section 11(a), if the Site experiences any increase in the amount of real property taxes assessed solely as a result of the installation of the Generating Facility on the Site, including any reclassification of the Site, Tenant shall pay or reimburse Landlord an amount equal to the increase no later than ten (10) days prior to the date each year on which the applicable real estate taxes are due to be paid, provided that Landlord provides Tenant with copies of the applicable current and past statements of real estate taxes payable for the Site and any related information demonstrating the reasons for any increase in real estate taxes.

(c) Tenant may contest the legal validity or amount of any taxes, assessments, or other charges for which it is responsible under this Lease, and may institute such proceedings as it considers necessary. Tenant shall bear all expenses in pursuing such contest or proceeding. With respect to any taxes for which Tenant is responsible that may constitute a lien on the Site, Tenant shall promptly pay such taxes unless the proceeding in which it contests such tax shall operate to prevent or stay the collection of the taxes so contested or unless Tenant removes any

such lien by bonding or otherwise. Landlord agrees to render to Tenant all reasonable assistance, at no cost or expense whatsoever to Landlord, in contesting the validity or amount of any taxes, assessments or charges, including joining in the signing of any reasonable protests or pleadings which Tenant may reasonably deem advisable to file; *provided, however*, that Tenant shall reimburse Landlord for its reasonable attorneys' fees incurred in connection with providing such assistance.

12. MAINTENANCE AND REPAIR OF SITE AND GENERATING FACILITY

(a) Tenant, at its own cost and expense, shall maintain and secure the Site and Generating Facility in a good and orderly condition and in compliance with all applicable laws, codes, ordinances, and/or conditions of approval.

(b) If Tenant fails to maintain the Site in good order and if such failure continues for thirty (30) days after Tenant's receipt of written notice from Landlord (which 30-day period shall be extended for the time reasonably required to cure the default if the cure requires more than 30 days, as long as Tenant has commenced and is diligently pursuing such cure to completion), then Landlord may (but shall not be obligated to) perform such work in a commercially reasonable manner and charge Tenant the reasonable costs thereof.

13. LIABILITY AND INDEMNITY

(a) Indemnification. Each party (the "**Indemnifying Party**") agrees to defend, indemnify and hold harmless the other party and the other party's officers, directors, shareholders, members, managers, employees, representatives, mortgagees and agents (collectively the "**Indemnified Party**") against any and all losses, damages, claims, expenses and liabilities for physical damage to property and for physical injury to any person, including reasonable lawyers' fees, to the extent resulting from or arising out of (i) any operations or activities of the Indemnifying Party on the Site; (ii) any negligent or intentional act or omission on the part of the Indemnifying Party; or (iii) any breach of this Lease by the Indemnifying Party. This indemnification shall not apply to losses, damages, claims, expenses and liabilities to the extent caused by any negligent or intentional act or omission on the part of the Indemnified Party. This indemnification shall survive the termination of this Lease.

(b) No Consequential Damages. Despite any provision in this Lease to the contrary, neither Tenant nor Landlord shall be liable to the other for incidental, consequential, special, punitive or indirect damages, including without limitation, loss of use, loss of profits, cost of capital or increased operating costs, arising out of this Lease whether by reason of contract, indemnity, strict liability, negligence, intentional conduct, breach of warranty or from breach of this Lease. The foregoing provision shall not prohibit Tenant or Landlord from seeking and obtaining general contract damages for a breach of this Lease.

14. ASSIGNMENT AND SUBLETTING; PROTECTION FOR LENDERS

(a) Neither party shall have the right to assign any of its rights, duties or obligations under this Lease without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. Despite the foregoing, Tenant or its successors or assigns or sublessees may, without securing Landlord's consent, assign any of its

rights, benefits, duties or obligations under this Lease, provided that any such assignee agrees in writing to be bound by the terms and conditions of this Lease and such assignment is: (i) to one or more of Tenant's Affiliates; (ii) to any present or future purchaser or lessee of the Generating Facility and/or the power generated by the Generating Facility; (iii) to any person or entity succeeding to all or substantially all of the assets of Tenant; (iv) to a successor entity in a merger or acquisition transaction; or (v) to one or more lenders (a "**Lender**") (whether they are Affiliates of or third parties to Tenant) in connection with a financing (including a tax equity financing or a financing by sale-and-leaseback). With respect to the provisions of this Article 14, Landlord shall only be required to give any notice to or obtain any consents from any Lender for whom Tenant has previously provided Landlord written notice and contact information. Tenant shall notify Landlord of any assignment of its rights, duties or obligations under this Lease. Following any such assignment in subsections (i) through (iv) above, the assigning Tenant shall be released from any obligations arising under this Lease from and after the date of such assignment.

(b) Tenant and its successors and assigns may, at any time and from time to time, without securing Landlord's consent, sublease or grant sub-easements with respect to any or all of Tenant's right, title and interest in this Lease to any person or entity. With respect to any such sublease or sub-easement: (i) the term thereof shall not extend beyond the term of this Lease; (ii) such sublease or sub-easement shall be expressly made subject to all of the terms and conditions of this Lease; and (iii) no such sublease or sub-easement shall be effective unless in writing. Landlord agrees to enter into a non-disturbance and attornment agreement with any sublessee or holder of a sub-easement in a form reasonably approved by Landlord.

(c) With respect to an assignment pursuant to clause (v) of Section 13(a), Landlord acknowledges and agrees that, upon receipt of written direction by a Lender, and despite any instructions to the contrary from Tenant, Landlord will recognize: Lender (or any third party to whom Lender has further assigned the rights of Tenant under this Lease), as the proper and lawful Tenant under this Lease of the Site with all of the rights and obligations of Tenant under this Lease so long as Lender (or its assignee) performs the obligations of Tenant under this Lease; and, Lender's leasehold mortgage or other security from Tenant and Lender's rights to realize under such security.

(d) Landlord and Tenant agree as follows with respect to Lenders:

(i) They will not cancel, modify or terminate this Lease without the prior written consent of each of the Lenders.

(ii) Landlord agrees to notify Lender in writing (at the address of Lender provided by Tenant or at such alternate address previously designated by Lender upon not less than five (5) Business Days' written notice to Landlord prior to any notice by Landlord hereunder) of any act or event of default of Tenant under the Lease of which Landlord has knowledge that would entitle Landlord to cancel, terminate, annul or modify the Lease or dispossess or evict Tenant from the Site or otherwise proceed with enforcement remedies against Tenant. Lender shall have the same amount of time as Tenant to cure any default by Tenant under the Lease, plus an additional ten (10) days with respect to any monetary default and an additional thirty (30) days with respect to any non-monetary default; provided however such thirty (30) day period shall be extended for the time reasonably required by Lender to complete such cure as long as Lender has commenced

such cure and works diligently towards completing it, and Landlord shall accept such performance as if such performance was done by Tenant itself, provided that in no event shall Lender be obligated to cure any such default.

(iii) If within such thirty (30) day period a Lender notifies Landlord that it must foreclose on Tenant's interest or otherwise take possession of Tenant's interest under this Lease in order to cure the default, Landlord shall not terminate this Lease and shall permit such Lender a sufficient period of time as may be reasonably necessary for such Lender, with the exercise of due diligence, to foreclose or acquire Tenant's interest under this Lease and to perform or cause to be performed all of the covenants and agreements to be performed and observed by Tenant. Upon the sale or other transfer of any interest in the rights granted hereunder by any Lender, such Lender shall have no further duties or obligations hereunder.

(iv) In case of the termination of this Lease as a result of any default or the bankruptcy, insolvency or appointment of a receiver in bankruptcy for Tenant, Landlord shall, upon written request of the first priority Lender, made within forty (40) days after notice to such Lender, enter into a new lease with such Lender, or its designee, within twenty (20) days after the receipt of such request. Such new lease shall be effective as of the date of the termination of this Lease by reason of default by Tenant, and shall be for a term equal to the remainder of the Term of this Lease and upon the same terms, covenants, conditions and agreements as contained in this Lease. Upon the execution of any such new lease, the Lender shall (a) pay Landlord any amounts which are due Landlord from Tenant, (b) pay Landlord any and all amounts which would have been due under this Lease (had this Lease not been terminated) from the date of the termination of this Lease to the date of the new lease, and (c) agree in writing to perform or cause to be performed all of the other covenants and agreements set forth in this Lease to be performed by Tenant, including but not limited to the agreement for indemnification, to the extent that Tenant failed to perform the same prior to the execution and delivery of the new lease.

(v) Landlord waives any lien it may have, by operation of law or otherwise, in and to the Generating Facility or to any personal property of Tenant. The foregoing waiver shall not apply to any lien on the Generating Facility which Landlord may otherwise have by operation of law arising from Tenant's failure to pay rent after the receipt of notice and the expiration of the cure period set forth in Article 15 below. Landlord further agrees to notify any purchaser of the Property, and any subsequent mortgagee or other encumbrance holder, of the existence of the foregoing waiver of Landlord's lien, which shall be binding upon the executors, administrators, successors and transferees of Landlord, and shall inure to the benefit of the successors and assigns of Lender.

(vi) Landlord consents to Lender's security interest in the Generating Facility and waives all right of distraint or seizure for rent and all claims and demands of every kind against the Generating Facility, such waiver to continue so long as any sum remains owing from Tenant to the Lender. Landlord agrees that the Generating Facility shall not be subject to distraint or execution by, or to any claim of, Landlord.

(vii) Landlord hereby irrevocably agrees and consents to refrain from taking any action to bar, restrain or otherwise prevent a Lender from the Site for the purpose of inspecting the Generating Facility.

(viii) At the request of Lender, Landlord shall enter into an agreement with Lender providing for the matters set out above in this Sections 13 (a) to (d), inclusive, affecting Lender, on terms satisfactory to Lender, Landlord and Tenant, each acting reasonably.

15. EVENTS OF DEFAULT

Each of the following shall constitute an event of default, which shall permit the non-defaulting party to pursue such remedies as may be available at law or equity (subject to Section 12(b) and Article 13):

(a) any failure by Tenant to pay any rent pursuant to Article 4 when due hereunder if the failure to pay continues for thirty (30) days after receipt of written notice from Landlord; or

(b) any other material breach of this Lease by either party that continues for thirty (30) days after written notice of default from the non-defaulting party or, if the cure will take longer than thirty (30) days, the length of time necessary to effect cure as long as the defaulting party is making diligent efforts to cure during that time.

16. CASUALTY AND CONDEMNATION

(a) In the event of damage by fire or other casualty to the Site that cannot reasonably be expected to be repaired within forty-five (45) days following same or, if the Property is damaged by fire or other casualty so that such damage may reasonably be expected to disrupt Tenant's operations at the Site for more than forty-five (45) days, then Tenant may, at any time following such fire or other casualty, provided Landlord has not completed the restoration required to permit Tenant to resume its operation at the Site, terminate this Lease upon fifteen (15) days prior written notice to Landlord. Any such notice of termination shall cause this Lease to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Lease and the parties shall make an appropriate adjustment, as of such termination date, with respect to payments due to the other under this Lease. Notwithstanding the foregoing, the rent shall abate during the period of repair following such fire or other casualty in proportion to the degree to which Tenant's use of the Site is impaired.

(b) Should title or possession of all of the Site be taken in condemnation proceedings by a government agency, governmental body or private party under the exercise of the right of eminent domain, or should a partial taking render the remaining portion of the Site wholly unsuitable for Tenant's use, then this Lease shall terminate upon such vesting of title or taking of possession. In the event of condemnation of only a portion of the subject Site, Tenant shall have the right to terminate this Lease upon written notice to Landlord. Also, Tenant or Tenant's designee or assignee shall have the right to participate in any settlement discussions involving Landlord and the condemning authority. Landlord shall receive all condemnation payments except that Tenant is entitled to any amount awarded to compensate for: 1) the removal or relocation of the Generating Facility; 2) loss or damage to any portion of the Generating Facility which Tenant cannot remove or is required not to remove; and 3) loss of use or value of this Lease.

17. HAZARDOUS MATERIALS

(a) Compliance. During the term of this Lease, the parties shall comply with all Environmental Laws.

(b) Notice. Neither party shall introduce or use any Hazardous Material on, in, or under the Site in violation of any applicable Environmental Law. Notwithstanding the foregoing, Tenant may keep on or about the Site quantities of any Hazardous Material that is used in the ordinary, customary and lawful construction, operation and maintenance of the Generating Facility. If either party becomes aware of any spillage, discharge, release or disposal of Hazardous Material onto or within the Property which by law must be reported to any federal, state or local agency, such party shall promptly provide telephonic notice to the other party of the type and location of such materials, and shall promptly confirm telephonic notice in writing.

(c) Tenant Hazardous Material Indemnity. Tenant shall be responsible for and shall indemnify, protect, defend and hold harmless Landlord and Landlord's employees, officers, agents, contractors and invitees (collectively, the "**Landlord's Parties**") from any and all liability, damages, injuries, causes of action, claims, judgments, costs, penalties, fines, losses, and expenses which arise at any time and which result directly from Tenant's or Tenant's Parties' (defined below) receipt, handling, use, storage, transportation, generation, discharge, release and disposal of Hazardous Material in violation of any applicable Environmental Law in, on, under or about the Property (excluding all Hazardous Material existing in, on, under or about the Property prior to Tenant's or Tenant's Parties' entry under this Lease, which shall be the sole responsibility of Landlord).

(d) Landlord Hazardous Material Indemnity. Landlord shall be responsible for and shall indemnify, protect, defend and hold harmless Tenant and Tenant's employees, officers, agents, contractors and invitees (collectively, the "**Tenant's Parties**") from any and all liability, damages, injuries, causes of action, claims, judgments, costs, penalties, fines, losses and expenses which arise at any time and which result directly from Landlord's or Landlord's Parties' receipt, handling, use, storage, transportation, generation, discharge, release and disposal of Hazardous Material in violation of any applicable Environmental Law in, on, under or about the Property (including all Hazardous Material existing in, on, under or about the Property prior to Tenant's or Tenant's Parties' entry onto the Property under this Lease).

(e) Survive Expiration. Tenant's and Landlord's obligations under this Section 16 shall survive the expiration or earlier termination of this Lease.

18. PRIOR AGREEMENT

As of the Effective Date, Landlord and Tenant agree and acknowledge that this Lease shall replace the Prior Agreement. Except as provided in Section 3(a) above and the provisions in the Prior Agreement that expressly survive the termination of the same, as of the Effective Date, the Prior Agreement shall be of no further force or effect. Landlord and Tenant agree to execute and deliver any documents required to remove the Prior Agreement from the title to the Site. Landlord further agrees to execute and deliver any documents required to remove the Site and this Lease from being subject to the terms of that certain Master Solar Power and Purchase and Sale Agreement dated October 25, 2011 between Landlord and Morgan Lancaster I, LLC, a Delaware limited liability company.

19. MISCELLANEOUS

(a) Governing Law. This Lease will be governed by and construed in accordance with the laws of the State of California.

(b) Jurisdiction. Each party agrees: (i) that any action or proceeding relating to this Lease may (but need not) be brought in any court of competent jurisdiction in the State of California, and for that purpose now irrevocably and unconditionally submits to the jurisdiction of such court in the State of California; (ii) that it irrevocably waives any right to, and will not, oppose any such action or proceeding in the State of California on any jurisdictional basis, including *forum non conveniens*; and (iii) not to oppose the enforcement against it in any other jurisdiction of any judgment or order duly obtained from a court of the State of California as contemplated by this Section 17(b).

(c) No Representation. Tenant makes no representation, warranty or promise with respect to Tenant's ability to successfully develop and install the Generating Facility on the Property, or the likelihood that the Generating Facility will generate sufficient electricity, or that any purchase or sales agreement for such electricity will provide adequate revenues. Landlord acknowledges that: the operation of the Generating Facility is subject to adverse weather, lack of solar resource, equipment failures and other events beyond the control of Tenant that may interrupt or prevent electricity generation; and, revenue from electricity generated may also be affected by the terms of any relevant purchase or sale agreement and performance by any buyer.

(d) Notices. Any notice or communication required or permitted under this Lease shall be given in writing, sent by (a) personal delivery delivered by a representative of the party giving such notice, or (b) overnight delivery by recognized overnight courier, or (c) fax, addressed as follows:

If to Tenant: Morgan Lancaster I, LLC
100 Symes Road Unit 100A
Toronto, Ontario
M6N 0A8
Attn: Hugo Navarro
Fax: (416) 203-2805

If to Landlord: Lancaster Power Authority
44933 Fern Avenue
Lancaster, CA 93534
Attention: Mark Bozigian
Fax: (661) 723-6141

or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable party sent in accordance with this Section. Any such notice or communication shall be deemed to have been delivered: if by personal delivery, when actually received by the addressee or a representative of the addressee at the address provided above; if by

overnight courier, on the next Business Day after transmission, or, if by fax, upon electronic confirmation of receipt by the receiving fax machine.

(e) Publicity. Except as otherwise required by law, government regulations or the requirements of any securities exchange, each party shall use good faith efforts to consult with the other party with respect to the substance and timing of any proposed public comment or written statement pertaining to this Lease or the Generating Facility.

(f) Memorandum. Landlord and Tenant agree to execute, acknowledge and deliver a short form memorandum of this Lease for recording purposes.

(g) Severability. If any clause, provision or section of this Lease is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining provisions herein.

(h) Entire Agreement. This Lease constitutes the entire agreement between the parties pertaining to the subject matter of this Lease and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements between the parties in connection with the subject matter of this Lease (whether oral or written, express or implied, statutory or otherwise) except as specifically set out in this Lease. No addition or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by each of the Parties.

(i) Counterparts and Fax or Email/Pdf. This Lease may be executed in counterpart or by fax, or by emailing .pdf or other compressed digital files, or any combination of the foregoing. All counterparts together shall constitute one and the same Lease.

(j) Amendments. No amendment or modification of this Lease shall be binding unless in writing and duly executed by both parties.

(k) Further Assurances. Each of the parties shall from time to time do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms, intent and purposes of this Lease.

(l) Estoppel Certificates. Either party, without charge, at any time and from time to time, within ten (10) Business Days after receipt of written request by the other party to this Lease, shall deliver a written certificate, duly executed, certifying to such requesting party (or any other Person specified by such requesting party):

(i) that this Lease is unmodified and in full force and effect, or if it has been modified, that the Lease is in full force and effect as so modified, and identifying any such modification;

(ii) whether, to the knowledge of such party, there are then existing any offsets or defenses in favor of such party against the enforcement of any of the terms, covenants and conditions of this Lease and, if so, specifying them, and also whether, 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 them;

(iii) the dates to which rent and all other charges under this Lease have been paid; and

(iv) such other information or statements regarding the status of this Lease as may be reasonably requested by a party or a party's lender.

Any such certificate given under this Lease may be relied upon by the recipient of it, except to the extent the recipient has actual knowledge of facts contrary to those contained in the certificate.

(m) Registration. Landlord consents to and hereby appoints Tenant as its attorney in fact for the purpose of registering a short-form or memorandum of this Lease in the applicable land registry office where the Site is located. Tenant shall be entitled to, and is hereby authorized to, file one or more financing statements or notices of security interest in such jurisdictions as it deems appropriate with respect to the Generating Facility in order to protect its rights in the Generating Facility or in connection with the grant of a security interest in the Generating Facility to any Lender. Landlord agrees to execute a short-form or memorandum of this Lease upon request by Tenant.

(n) Unavoidable Delay. If either party to this Lease shall be unable to perform any of the terms, obligations, or conditions contained in this Lease due to Unavoidable Delay, then such party shall be deemed not to be in default under the Lease for the period of such delay and the time for the performance of any such term, obligation or condition shall be extended for the period of such delay. However, despite anything contained in this Lease to the contrary, nothing in this subsection shall relieve Tenant from payment of rent as required in this Lease and insolvency or lack of funds shall not relieve any party to this Lease from fulfilment of any obligation arising from any part of this Lease.

[Signatures on following page]

[Remainder of page intentionally left blank]

IN WITNESS OF WHICH, the parties have executed and delivered this Lease as of the date first set out above.

LANDLORD

Lancaster Power Authority, a joint powers authority

By: _____
Name:
Title:

TENANT

**Morgan Lancaster I, LLC,
a Delaware limited liability company**

By: _____
Name:
Title:

Exhibits:

- A – Property
- B - Site

Schedules:

- 7A – Permitted Liens
- 7B - Hazardous Materials

EXHIBIT A
“PRIME LEASE”

PROPERTY LEASE

This Property Lease is effective as of December 13, 2011, by and between the CITY OF LANCASTER, a Municipal Corporation and Charter City, duly organized and existing under and by virtue of the laws and constitution of the State, as lessor ("City"), and the LANCASTER POWER AUTHORITY, a joint powers authority, duly organized and existing under the laws of the State, as lessee ("Authority").

WITNESSETH:

WHEREAS, the City has entered into this Property Lease ("Property Lease") with the Authority for the purpose of leasing the property described in Exhibit A hereto ("Property"), to the Authority, as lessee hereunder; and

WHEREAS, the Authority intends to lease the Property to renewable energy third parties ("Parties ") pursuant to the terms of that certain Renewable Generating Facility Site Ground Lease, dated the date hereof, between the Authority and Parties ("Lease"); and

WHEREAS, by resolution of the City has agreed to execute this Property Lease and to deliver it upon performance and compliance by the Authority and Parties of all terms or conditions of the Option Agreement and Lease;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other valuable consideration, it is hereby mutually agreed as follows:

Section 1. Definitions. Unless the context otherwise requires, the capitalized terms herein which are not defined herein shall have the meanings specified in the Lease.

Section 2. Lease of the Property. The City hereby leases to the Authority, and the Authority hereby leases from the City, the Property, on the terms and conditions hereinafter set forth.

Section 3. Term. The term ("Term") of this Property Lease shall commence on the Effective Date and shall continue in full force and effect for a term of twenty (20) years from the date of commercial operation of the Renewable Generating Facility, but in no event shall the term extend beyond 35 years without the mutual agreement of City and Authority.

Section 4. Rental. The Authority, or any assignee or successor in interest of the Authority under this Property Lease, shall pay upon execution and delivery of this Property Lease to the City as and for rental hereunder, advanced rental for the entire term in the amount of \$1.00. The Authority hereby waives any right that it may have under the laws of the State of California to receive a rebate of any rent paid hereunder in full or in part in the event there is a substantial interference with the use and right of possession by the Authority or its sublessee of the Property or any portion thereof as a result of material damage, destruction or condemnation.

Section 5. Title. The City covenants and warrants that it holds fee simple title to the Property free and clear of any liens therein.

Section 7. Representations, Warranties and Covenants. The City represents and warrants that it is the owner in fee of the Property. The Authority covenants that it shall not encumber the Property except for Permitted Encumbrances (as such term is defined in the Lease).

Section 8. Actions on Termination. The Authority agrees, upon the termination of this Property Lease, to quit and surrender the Property in the same good order and condition as it was in at the time the Property became subject to this Property Lease, reasonable wear and tear excepted, and agrees that any improvements and structures then existing on the Property at the time of the termination of this Property Lease shall remain thereon and all title thereto and interest therein shall vest in the City free and clear of any interest of the Authority for no additional consideration.

Section 9. Quiet Enjoyment. The Authority at all times during the term of this Property Lease shall peacefully and quietly have, hold and enjoy all of the Property, without suit, trouble or hindrance from the City, subject to (a) the rights granted to the City under the Lease, (b) the Authority's compliance with the terms and provisions hereof, and (c) only Permitted Encumbrances (as such term is defined in the Lease).

Section 10. Right of Entry. The City reserves the right for any of its duly authorized representatives, or the duly authorized representatives of any assignee of the City hereunder, to enter any part of the Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the City's or the Authority's rights or obligations under this Property Lease, (c) to make any repairs, improvements, or changes necessary for the preservation thereof, and (d) for all other lawful purposes.

Section 11. Waiver of Personal Liability. All liabilities hereunder on the part of the Authority shall be solely liabilities of the Authority as a separate legal entity, and the City hereby releases each and every member and officer of the Authority of and from any personal or individual liability under this Property Lease. No member, officer, or employee of the Authority shall at any time or under any circumstances be individually or personally liable hereunder for anything done or omitted to be done by the Authority hereunder.

Section 12. Default. In the event any of the following occur:

(a) the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Property Lease, which default continues for thirty (30) days following written notice to the Authority and demand for correction thereof by the City; or

(b) (i) the Authority's interest in this Property Lease or any part thereof is assigned or transferred without the written consent of the City, either voluntarily or by operation of law or otherwise, except as provided in Section 8 hereof, or (ii) any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency or similar law or any law providing for the appointment of a receiver, liquidator, trustee or similar official of the Authority or of all or substantially all of its assets is instituted by or with the consent of the Authority, or is instituted without its consent and is not permanently stayed or dismissed within thirty (30) days, or (iii) the Authority offers to the Authority's creditors to effect a composition or extension of time to pay the Authority's debts, or asks, seeks or prays for a reorganization or to effect a plan or reorganization or for readjustment of the Authority's debts, or (iv) the Authority shall, in connection with any proceedings related to bankruptcy, insolvency, liquidation, winding up or similar events, make a general assignment or any assignment for the benefit of the Authority's creditors; the City may

Exhibit 'A'

exercise any and all remedies granted by law provided that the City may not terminate this Property Lease and shall exercise only remedies providing for specific performance hereunder

Section 13. Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Section 14. Eminent Domain. In the event the whole or any part of the Property is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid Lease Payments due the Authority under the Lease, and the balance of the award, if any, shall be paid to the City.

Section 15. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Property Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Property Lease shall be affected thereby, and each provision of this Property Lease shall be valid and enforceable to the fullest extent permitted by law. If for any reason it is held by a court of competent jurisdiction that any of the covenants and conditions of the Authority hereunder are unenforceable for the full term hereof, then and in such event this Property Lease is and shall be deemed to be a lease from year-to-year, and all of the rental and other terms, provisions, and conditions of this Property Lease, except to the extent that such terms, provisions, and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 16. Applicable Law. This Property Lease shall be governed by and construed in accordance with the laws of the State.

Section 17. No Waiver of Default. Failure of the City to take advantage of any default on the part of the Authority shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this Property Lease be construed to waive or to lessen the right of the City to insist upon performance by the Authority of any term, covenant or condition hereof, or to exercise any rights given the City on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Property Lease.

Section 18. Representatives. Whenever under the provisions of this Property Lease the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

Section 19. Notices. All notices or other communications hereunder shall be sufficiently given and shall be deemed to have been received five days after deposit in the United States mail in registered or certified form, postage prepaid:

Exhibit 'A'

If to the City: City of Lancaster
44933 North Fern
Lancaster, California 93534
Attention: City Manager

If to the Authority: Lancaster Power Authority
c/o City of Lancaster
44933 North Fern
Lancaster, California 93534
Attention: Executive Director

The Authority and the City, by notice given hereunder, may designate different addresses to which subsequent notices or other communications will be sent.

Section 20. Captions. The captions or headings in this Property Lease are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this Property Lease.


Section 21. Execution in Counterparts. This Property Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

Section 22. Amendment. The terms of this Property Lease shall not be waived, altered, modified, supplemented or amended in any manner whatsoever, except by written instrument signed by the Authority and the City.

Exhibit 'A'

IN WITNESS WHEREOF, the parties have caused this Property Lease to be executed by their duly authorized officers on the date and year first above written.

CITY OF LANCASTER, as Lessor

By: 
Mark V. Bozigian, City Manager


ATTEST:


Geri K. Bryan, City Clerk

APPROVED AS TO FORM:


David R. McEwen, City Attorney

LANCASTER POWER AUTHORITY, as Lessee

By: 
Mark V. Bozigian, Executive Director

ATTEST:


Geri K. Bryan, Authority Secretary

APPROVED AS TO FORM:


David R. McEwen, Legal Counsel

EXHIBIT A

DESCRIPTION OF THE PROPERTY

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 $\frac{1}{2}$ of the West $\frac{1}{2}$ of Lot 1 in the NW $\frac{1}{4}$ of Section 6, T7N, R12W, SBM

3107-024-901: The North $\frac{1}{2}$ of the East $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Lot 1 in the NW $\frac{1}{4}$ of Section 6, T7N, R12W, SBM

3110-001-907: That portion of the West $\frac{1}{2}$ of the West $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 25 T7N, R13W SBM, EXCEPT the Southerly 100 feet of said West $\frac{1}{2}$

3114-012-904: The North $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Section 8, T7N, R12W, SBM EXCEPT the Westerly 2,320 feet of said North $\frac{1}{2}$

3118-005-900: The East $\frac{1}{2}$, of the West $\frac{1}{2}$, of the West $\frac{1}{2}$, of the North $\frac{1}{2}$, of the North $\frac{1}{2}$, of Lot 1 of the NW $\frac{1}{4}$ OF Section 4, T 7N, R12W, SBM

3118-005-901: The West $\frac{1}{2}$, of the West $\frac{1}{2}$, of the West $\frac{1}{2}$, of the South $\frac{1}{2}$, of the North $\frac{1}{2}$, of Lot 1 of the NW $\frac{1}{4}$ of Section 4, T7N, R12W, SMB.

3118-005-904: The East $\frac{1}{2}$, of the East $\frac{1}{2}$, of the West $\frac{1}{2}$, of the North $\frac{1}{2}$, of the North $\frac{1}{2}$, of Lot 2 of the NW $\frac{1}{4}$ of Section 4, T7N, R12W, SBM.

3118-005-905: The West $\frac{1}{2}$ of the East $\frac{1}{2}$ of the NW $\frac{1}{4}$, of the NW $\frac{1}{4}$ 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 B
LEGAL DESCRIPTION OF THE SITE

Exhibit 'B'

That portion of the South half of the Southeast quarter of Section 30, Township 7 North, Range 11 West, San Bernardino Meridian, in the City of Lancaster, according to the official plat of said land, lying westerly of the following described line:

Beginning at point on the south line of said South half, being S89°40'10"W, 2009.00 feet from the Southeast corner of said South half, as measured along said south line;

Thence leaving said line, N0°14'31"E a distance of 917.55 feet to the beginning of a curve concave westerly having a radius of 1,549.07 feet;

Thence northwesterly along said curve through a central angle of 5°27'05" an arc distance of 147.38 feet;


Thence N5°41'36"W a distance of 24.87 feet to the beginning of a curve concave easterly having a radius of 2,129.59 feet;

Thence northerly along said curve through a central angle of 5°27'05" an arc distance of 202.62 feet;

Thence N0°14'31"E a distance of 32.90 feet to the northerly line of said South half.

Containing approximately 20.1 acres gross



	CITY OF LANCASTER	TITLE: Legal Description Portion of APN 3170-008-901
	CITY OF LANCASTER 44933 N. FERN AVENUE LANCASTER, CA 93534	EXHIBIT "A"
		SHEET 2 OF 3 SHEETS

**EXHIBIT B
(continued)**

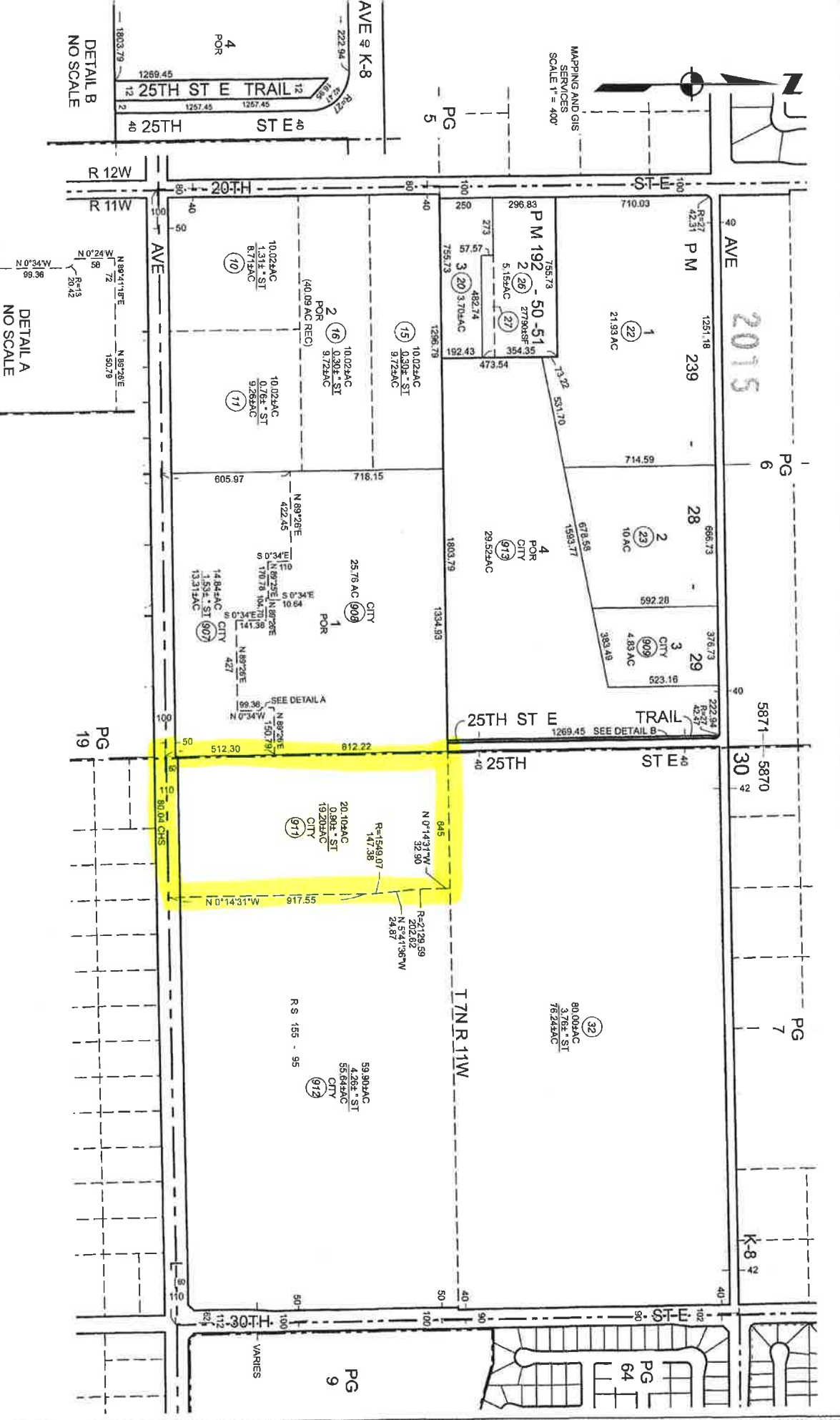
DEPICTION OF THE SITE

[See attached]

Exhibit 'B'

3170	8	P.A.	5870	REVISID:	2012082819001001-41	SEARCH NO.	OFFICE OF THE ASSESSOR
SHEET	8	31496	5871	2006031402016001-41	20140729020002001-41		COUNTY OF LOS ANGELES
				2012022202011001-41			COPYRIGHT © 2002

Date Printed: 7/22/2014 7:38:43 AM
 Date Saved: 7/22/2014 7:38:32 AM



DETAIL B
NO SCALE

DETAIL A
NO SCALE

PG 19

PG 9

2015

K-8

MAPPING AND GIS
SERVICES
SCALE 1" = 400'



R 12W

R 11W

AVE

20TH

25TH

ST E

TRAIL

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SCHEDULE 7A

Permitted Liens

[to follow]

SCHEDULE 7B
Hazardous Materials

None.