

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (**MOU**) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2009, by and between the City of Lancaster (**City**), a municipal corporation and DayStar Farms, Inc. (**DayStar Farms**), a Delaware Corporation.

### Recitals

Whereas,

- A. DayStar Farms is in the business of developing solar projects and related infrastructure, projects and technology.
- B. DayStar Farms desires to develop projects and build or have built solar power plants in the City of Lancaster and in the Antelope Valley.
- C. City desires DayStar Farms to construct or have constructed solar power plants in and near the City.
- D. City desires to encourage the development of solar power generation in and around the City to stimulate economic development in the City, including job creation, an enhanced tax base, attraction of desirable businesses and potential direct earnings from solar power generation.
- E. DayStar Farms and City desire to investigate, among other opportunities, the development of a “**Solar Park**” which is defined as a pre-developed area suitable in acreage to support multiple solar power generating interests, the whole of which can have pre-obtained environmental clearance, operating permits, nearby transmission facilities, and other attributes suitable for operations. The “**Solar Park**” will be a turnkey facility where both well-established and newly emerging solar companies can obtain ready access to pursue their power generating ideas.
- F. Now, therefore, in consideration of the mutual understandings and agreements set forth herein, the parties hereby agree as follows:

### Agreement

1. Development of Solar Park. City and DayStar Farms will work together to develop a solar park in or near the City, preferably on land owned or controlled

by the City. In general terms, DayStar Farms will develop, own, operate and promote the solar park. City will provide site control, permitting assistance and other utility services for the solar park. DayStar Farms, with the City's assistance and guidance, will dedicate resources to work with public and private utilities, governmental and quasi-governmental entities to expedite permitting and the construction of transmission lines to the solar park. DayStar Farms will encourage participants in the solar park to open office, manufacturing, assembly and repair facilities within the City. City will share in the financial returns of the solar park.

2. Other Projects. DayStar Farms will explore and propose to the City ways to construct or have constructed solar power plants and associated infrastructure within the City of Lancaster, including the possibilities of co-generation, municipal ownership of solar projects, municipal power purchase agreements directly with renewable energy providers and other related projects.
3. Stimulus Funds. City and DayStar Farms will explore ways to work together to secure and apply Federal Stimulus Funds or other grants for projects and infrastructure related to renewable energy and associated development in the City and the Antelope Valley.
4. Confidentiality. The parties acknowledge that, in the course of their negotiations under this MOU, it may be necessary for one party to provide documentation, technical and business information and/or intellectual property, in whatever form recorded (collectively, "Confidential Information"), to the other party. All Confidential Information provided or disclosed by either party hereunder shall remain the property of the furnishing party, and shall be held in strict confidence unless disclosure of such Confidential Information is required by applicable laws. Confidential Information furnished by any party hereunder (a) shall not be reproduced or copied, in whole or in part, by the receiving party except for use as specifically authorized by this MOU; (b) shall, together with any copies thereof, be returned to the disclosing party, or at the request of the disclosing party, destroyed, when no longer needed for the purposes of this MOU; and (c) shall only be disclosed by the receiving party to its employees or consultants who have a need to know such Confidential Information in connection with the performance of this MOU, and who have agreed to comply with the confidentiality obligations set forth herein.
5. Publicity. Until a formal development and operating agreement has been signed, both by DayStar Farms and City, neither party shall issue any press release or otherwise publicize or disclose to any third party (except consultants or other third parties that the City may rely upon for evaluating such agreements) the details of the corroborative work undertaken as part of this MOU without the prior written consent of the other party, which consent shall not be unreasonably withheld. This paragraph shall not apply to any statements made by either party in connection with, or at the time of, the approval of this MOU.

6. Term and Termination. This MOU shall become effective on the date first set forth above and shall terminate upon the earliest to occur of the following: (a) the execution by the parties of one or more definitive agreements with respect to the subject matter of this MOU; or (b) six months from the date hereof. The term of this MOU can be extended upon the written mutual agreement of both DayStar Farms and City.
  
7. Non-Binding Effect. This MOU is intended to serve as a general basis for commencing negotiations for one or more definitive agreements between the City and DayStar Farms with respect to the matters referenced herein. This MOU does not contain all the detailed provisions to be incorporated in any such definitive agreement(s), but does reflect the current mutual intentions of the parties. With the exception of Paragraphs 4 and 5 hereof, which are intended to be binding upon the parties, neither the City nor DayStar Farms shall have any legal obligation under or by virtue of this MOU, including any obligation to enter into any definitive agreement or other contract, to provide any services, to disclose any information, to make any investment or pay any consideration or compensation, whether or not expressly described herein; provided that the parties agree to cooperate in good faith along the lines described in this MOU.

IN WITNESS WHEREOF, the parties have caused this MOU to be executed by their duly authorized representative as of the date first written above.

“DayStar Farms”

“City”

DayStar Farms, Inc.,  
a Delaware corporation

City of Lancaster,  
a municipal corporation

By: \_\_\_\_\_  
Wayne Stevens  
President

By: \_\_\_\_\_  
R. Rex Parris  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
City Attorney