

**CITY OF ESCANABA**

**SOLAR LAND LICENSE & MANAGEMENT AGREEMENT**

Please fill out the information below.

Customer Name ("**Customer**"): \_\_\_\_\_

Utility Account Number: \_\_\_\_\_

Utility Account **Service Address** ("**Beneficiary Property**"): \_\_\_\_\_

**Mailing Address:**

**TO BE COMPLETED BY CITY**

Telephone: \_\_\_\_\_

Annual kWh \_\_\_\_\_

Email Address: \_\_\_\_\_

Total Paid \$ \_\_\_\_\_

Number of Requested Solar Energy Panels: \_\_\_\_\_

Cash/Check # \_\_\_\_\_

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**SOLAR LAND LICENSE & MANAGEMENT AGREEMENT**

This license and management agreement ("**Agreement**") is entered into between the City of Escanaba, a Michigan municipal corporation, with offices at 410 Ludington Street, Escanaba, MI 49829; and Customer.

The parties agree to the following:

**1. Overview.** The **City of Escanaba** wishes to grant an irrevocable license to Customer for use of a portion of certain real property located at **3610 Airport Road**, Escanaba, MI, 49829 owned by the City of Escanaba and described in **EXHIBIT A ("**ESCANABA SOLAR PROJECT Site**")** for the location of a solar panel or panels, owned by Customer on the site of a utility scale solar photovoltaic **ESCANABA SOLAR PROJECT**, to generate electricity for the benefit of Customer's Beneficiary Property. Customer wishes to contract with the City of Escanaba to manage maintenance, repair, and other related services described herein. This Agreement requires a Qualifying Customer (see paragraph 2 below) to separately purchase from the City of Escanaba Electric Department a solar panel(s) ("**Customer Solar Property**") on terms and at the price set by the City of Escanaba, and the City of Escanaba and/or its agents and subcontractors will install the panels and related facilities at the site, including a photovoltaic solar power system and all related equipment, apparatus, accessories, works and appurtenances (collectively referred to as the **ESCANABA SOLAR PROJECT or ESP**). The electrical production from Customer's solar panel(s) will be fed into the City of Escanaba electric grid and the City of Escanaba will issue

credits for the electrical production from the **ESCANABA SOLAR PROJECT** in accordance with a formula under which credits will be allocated on a pro-rata basis among the customers to offset their electrical use.

**2. Qualifying Customer.** The purpose of the **ESCANABA SOLAR PROJECT** is to allow residents, businesses and other organizations located within the City of Escanaba electrical service area, the benefits of owning a solar panel or panels for generating clean renewable solar energy to offset some of the Customer's electric usage by their home or business which may be generated from non-solar sources. Any financial benefit to the Customer from the **ESCANABA SOLAR PROJECT** is limited to the Solar Generation Credit which will be applied to the Customer's electric bill. No other financial benefit will be received by the Customer.

In order to qualify for the program, a Customer must:

- A. Own or lease real property in the City of Escanaba Electric service area with an Electric account in good standing, which property is identified as the Beneficiary Property;
- B. Agree to be subject to the terms of this Agreement; and
- C. Wish to purchase one or more panels in the **ESCANABA SOLAR PROJECT** to generate electricity, equivalent to or a portion of electricity consumed at that Customer's property address.

**3. License.** City of Escanaba grants a license to Customer for non-exclusive use of a portion of the **ESCANABA SOLAR PROJECT** Site for the purposes described in this Agreement, in the area designated by **ESCANABA SOLAR PROJECT** and as shown on **EXHIBIT A**. The grant of this license does not include any ownership interest or rights in the real property where the Customer Solar Property is located.

**4. Term.** The license is irrevocable except as provided in this Agreement. The Agreement is effective on the date signed by both parties in 2019, and **shall terminate 25 years later, in 2044**, unless otherwise terminated at an earlier date in accordance with the terms of this Agreement.

**For Agreements signed After 2019, the Agreement will terminate in 2044, less than 25 years. For example, for Agreements signed in 2020, the Agreement will terminate in 24 years no later than 12/31/2044.**

**5. Use: Customer Access.** A designated portion of the **ESCANABA SOLAR PROJECT (ESP)** Site will be licensed to Customer for the purposes of the project, including installation of solar panel(s) purchased by Customer from the **ESP**. **ESP** shall not allow other use of the **ESP** Site that would interfere with Customer's license. Customer shall not have the right to enter the **ESP** Site except as authorized by the City of Escanaba Electric Department by prior written approval. The Customer agrees that the Customer shall not remove Customer Solar Property from the **ESP** Site for the duration of the Term without prior written approval of the **ESP**. The Customer may sell or transfer ownership of the Customer Solar Property subject to the terms of this Agreement. See, Paragraph 11.1 set forth below.

**6. Personal Property.** Each customer's panel will be deemed as Personal Property and assigned an individual number designating its location within the **ESP** Site. The Customer shall insure his/her/its solar panel(s) as personal property and agrees to indemnify the City, the **ESP**, and its employees, agents, subcontractors, representatives and elected officials for any and all personal injury and/or property damage that may be connected in any way with Customer's Solar Property and/or when Customer may access and/or be present on the **ESP** site.

**7. Project Management.** The City of Escanaba agrees to act as manager and supervisor of the **ESP**, including managing and overseeing, constructing, installing, removing, replacing, reconstructing, maintaining, repairing, and operating a solar array project and the **ESP** Facility. These duties include without limitation the following:

**7.1** City of Escanaba, directly or through other contractors, repairmen, or installers, will cause the construction of and all modifications to the **ESP** Facility necessary to operate the **ESP**.

**7.2** City of Escanaba (and/or their designated service contractors) shall keep and maintain and operate the **ESP** Facility now or hereafter located on the Site in good condition and repair, sufficient to keep the **ESP** Facility and solar panels in good repair and operating condition. Any other provision of this Agreement notwithstanding, "good repair and operating condition" shall not require the **ESP** to remove any snow from the solar panels and/or site.

**7.3.** City of Escanaba will ensure the construction and operation of the **ESP** Facility are sufficient to allow solar panels to generate electricity and are in material compliance with all applicable laws, rules, regulations, ordinances, permits, approvals and variances. **ESP** makes no warranty or guarantee about the amount of electricity that will be generated from the solar panels.

**8. Solar Agreement Credit.** Customer will receive a credit for the energy allocated to Customer from the **ESP** on Customer's City of Escanaba - Utility Account - Electric billing statement determined in accordance with this section.

**8.1 Allocation of energy produced.** The energy allocated to the Customer from the **ESP** shall be determined as a fractional share of the total energy produced by the **ESP**. The fraction shall consist of a numerator equal to the number of panels owned by the Customer and the denominator shall be the total number of panels in the **ESP**. This allocation shall be made monthly.

**8.2 Value of energy produced.** The energy allocated to the Customer from the **ESP** shall be credited against the Customer's bill for the Beneficiary Property by multiplying the energy allocation by the Billing Credit as defined below:

**Billing Credit per kWh of Solar Generation:**

| Dates                | \$/kWh |
|----------------------|--------|
| 1/1/2019 – 6/30/2019 | .062   |

|                      |      |
|----------------------|------|
| 7/1/2019 – 6/30/2020 | .074 |
| 7/1/2020 – 6/30/2021 | .072 |
| 7/1/2021 – 6/30/2022 | .064 |
| 7/1/2022 – 6/30/2023 | .068 |
| 7/1/2023 – 6/30/2024 | .070 |

7/1/2024 and beyond ~ 0.070 expected. Exact Billing Credit will primarily depend on future purchase contracts for energy and capacity.

**Customer acknowledges the City of Escanaba will update and extend the Billing Credit as new future contracts are obtained, and the extended performance history of the ESP is established. The Billing Credit is based on Avoided Costs after subtracting Operating and Maintenance Costs for the ESP.**

**8.3 Application of Solar Agreement Credit.** The Solar Agreement Credit shall be applied against Customer's electric bill at the Beneficiary Property as a separate credit on Customer's regular monthly electric bill. Charges for billing items other than energy charges shall be paid by Customers as billed by the City of Escanaba on a monthly basis and shall not be eligible for offset by Solar Agreement Credits.

**8.4 Excess Solar Agreement Credits.** If, in any regular billing month, the Customer's Solar Agreement Credit is greater than the electric charges on Customer's bill for the Beneficiary Property, such excess Solar Agreement Credit may be carried forward over a 12-month settlement period which shall be measured based on billing cycles for bills produced from January 1 to December 31. During such settlement period, any excess Solar Agreement Credit in a monthly billing cycle shall carry forward to the next monthly billing cycle. At the end of the settlement 12 month period, any remaining Solar Agreement Credit of the Customer shall be zeroed out. Solar Agreement Credits shall have no cash redeemable value

**9. Insurance; Taxes; Fees.** The City of Escanaba shall be responsible for carrying insurance at its expense during the Term sufficient to cover the replacement cost of the **ESP** Facility and any physical damage to a solar panel caused in whole or in part by its negligence, and a Commercial General Liability policy insuring against liability for injury or death of a person or persons or damage to property occasioned by or arising out of, or in connection with the **ESP** and use of the Site/Facility or activities thereon.

The City of Escanaba shall be responsible for payment of all permitting fees and real estate taxes, fees, and assessments associated with the **ESP**. Individual Customers shall be responsible for all personal property taxes associated with his/her/its Customer Solar Property.

**10. Payment; RECs; Investment Tax Credit**

**10.1. Agreement Payments.** Customer payments to The City of Escanaba for the use of a portion of the **ESP** Site and Facility on the terms and condition set forth herein shall be a one-time payment with the cost per solar panel to be updated each July 1 based on the depreciation

schedule in **EXHIBIT C**, to be paid for the Initial Term when Customer purchases the solar panel(s). This payment includes the cost of all ongoing maintenance, repairs, and related costs for the Term.

**10.2. Renewable Energy Credits.** By using renewable resources to produce electricity, the **ESP** becomes eligible for renewable energy certificates (RECs). A REC is created by every megawatt-hour of electricity generated from the **ESP**. The RECs generated from this project belong to the City of Escanaba. The economic value of the REC is included in the participant's Billing Credit.

**10.3. Investment Tax Credit** It is the sole responsibility of the Customer to take any steps necessary to determine Customer's eligibility and claim any tax credit to which Customer may be eligible for costs related to Customer's solar panel(s). Customer has sole responsibility to determine Customer's eligibility for, or claim to, any tax credit or other benefit (other than the Solar Agreement Credit described in this Agreement) which may be available to Customer as a result of ownership of the Customer Solar Property.

**10.4. No advice or warranty by the City of Escanaba regarding tax credits or other benefits.** Customer acknowledges and agrees the City of Escanaba has not provided Customer with any advice regarding any tax credit or other benefit of Customer's ownership of the Customer Solar Property. Further, Customer acknowledges and agrees the City of Escanaba has no responsibility for demonstrating Customer's eligibility for any tax credit or other benefit of Customer's ownership of the Customer Solar Property.

## **11. Assignment; Transfer**

**11.1. Transfer of Beneficiary Property and/or Customer Solar Property.** If the Customer no longer owns or leases the Beneficiary Property, and the Customer sells the Customer Solar Property to the subsequent Beneficiary Property owner or lessee, the Customer may transfer and assign its rights and duties under this Agreement, subject to the terms of this Agreement. The assignee/ transferee must meet all qualifications to become a "Customer" in this Agreement and must sign a new agreement with the City of Escanaba assuming all obligations of the Customer and agreeing to comply with the terms of this Agreement, including application of this section to any future owners or lessees of the Beneficiary Property. The transfer or assignment is not effective until approved by the City of Escanaba in writing, which approval shall not be unreasonably withheld if the Transferee/Assignee meets the requirements in this Agreement. After an effective transfer by the Customer to an approved transferee/assignee, the Customer will thereafter be relieved of all liabilities and obligations pursuant to this Agreement that arise after the transfer date except to the extent that they arise out of the actions of the Customer.

**11.2. The City of Escanaba Purchase of Customer Solar Property.** Other than when the Customer is transferring ownership of the Customer Solar Property along with ownership or

leasing rights to the Beneficiary Property as provided in Section 11.1, the City of Escanaba shall have the first right of refusal to purchase the Customer Solar Property according to the price listed in the depreciation schedule attached as **EXHIBIT B**, which the City of Escanaba may exercise at the following times: (i) at any time during the Term when Customer wishes to sell Customer Solar Property; (ii) at any time during the Term when the Customer notifies the City of Escanaba or the City of Escanaba becomes aware that the Customer no longer owns or leases the Beneficiary Property; OR (iii) effective on the date of the termination of the Term, provided that the City of Escanaba notifies Customer at least 30 and no more than 90 days prior to the termination of the Term that it intends to purchase the Customer Solar Property. Customer shall receive payment for Customer Solar Property within 30 days of the City of Escanaba exercising its right to purchase the Customer Solar Property. The Customer shall have no further right to payments under this Agreement for any solar panel purchased by the City of Escanaba. **EXHIBIT C** depreciation schedule is to be used for panels purchased after 6/5/20.

**11.3. Other Customer Transfer.** If a Customer no longer owns or leases the Beneficiary Property, or no longer owns Customer Solar Property, and the Customer's rights under this Agreement have not been transferred according to Section 11.1 or 11.2, then neither Customer nor the Customer's transferees or assignees will be entitled to any payments under this Agreement and the Customer shall return to the City of Escanaba any funds paid to the Customer from the date the Customer transferred ownership of Customer Solar Property or was no longer an owner or lessee of the Beneficiary Property.

**11.4. City of Escanaba Assignment.** The City of Escanaba may transfer or sell the **ESP** Site property and may assign rights and obligations under this Agreement to successors in interest without the prior consent of Customer, provided that the transferee/assignee assumes all responsibilities of **ESP** under this Agreement and the transfer/assignment is subject to the terms of this Agreement.

**12. Agreement Termination/Suspension.** The parties will have the right to terminate or suspend this Agreement only as provided in this section.

**12.1. ESP Suspension.** **ESP** may suspend the Customer's rights under this Agreement to receive solar agreement credits at any time if the Customer no longer owns or leases the Beneficiary Property and/or Customer Solar Property and the Customer has not received approval for a transfer of its rights as provided in Section 11, The Customer shall have no right to receive payments for electricity generated by the solar panel, as credits or otherwise, until or unless the Customer again owns or leases the Beneficiary Property or otherwise receives approval for a transfer pursuant to this Agreement.

**12.2. Termination by Either Party.** Any party may terminate the Agreement if the other party is in default under the Agreement and fails to take significant steps to substantially cure the default within 30 days of written notice by the other party.

**13. Customer Acknowledgments.** Customer agrees and acknowledges the following:

**13.1. Subject to Customer Agreement.** The Customer's use of the **ESP** Site is subject to the terms of this Agreement and any other written agreement made between Customer and ESP.

**13.2. No Profit Expectation.** Customer acknowledges and agrees that this license is not an investment and the Customer has not been promised or led to expect any profit from the **ESP**. Customer warrants and represents that Customer is entering into this Agreement and purchasing the Customer Solar Property for the Customer's personal benefit and use. Customer's purpose for entering into this Agreement is to generate "clean" electricity for the Customer's consumption and to support and participate in generating greener energy in the City of Escanaba service area.

**14. Notices.** Notices required by this Agreement shall be deemed effective when delivered at the written address provided for each party above; or other contact information provided in writing to the other party.

**15. Effective Date.** This Agreement shall be effective the date last signed by the parties.

**16. Miscellaneous.** This Agreement constitutes the entire agreement between the parties with respect to this subject matter and may only be amended in writing signed by the Customer and all parties affected by the amended term. If any provisions of this Agreement are determined to be illegal or unenforceable, then the remaining provisions shall nevertheless be binding with the same force and effect as if the illegal or unenforceable parts were deleted. The parties agree that this Agreement is governed by the laws of the State of Michigan and venue for any dispute arising out of or related in any way to this Agreement shall be proper in Delta County, Michigan. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

**The parties agree to the foregoing:**

Date: \_\_\_\_\_ Customer(s) \_\_\_\_\_

By \_\_\_\_\_

Witness: \_\_\_\_\_

Date: \_\_\_\_\_ City of Escanaba

By: \_\_\_\_\_

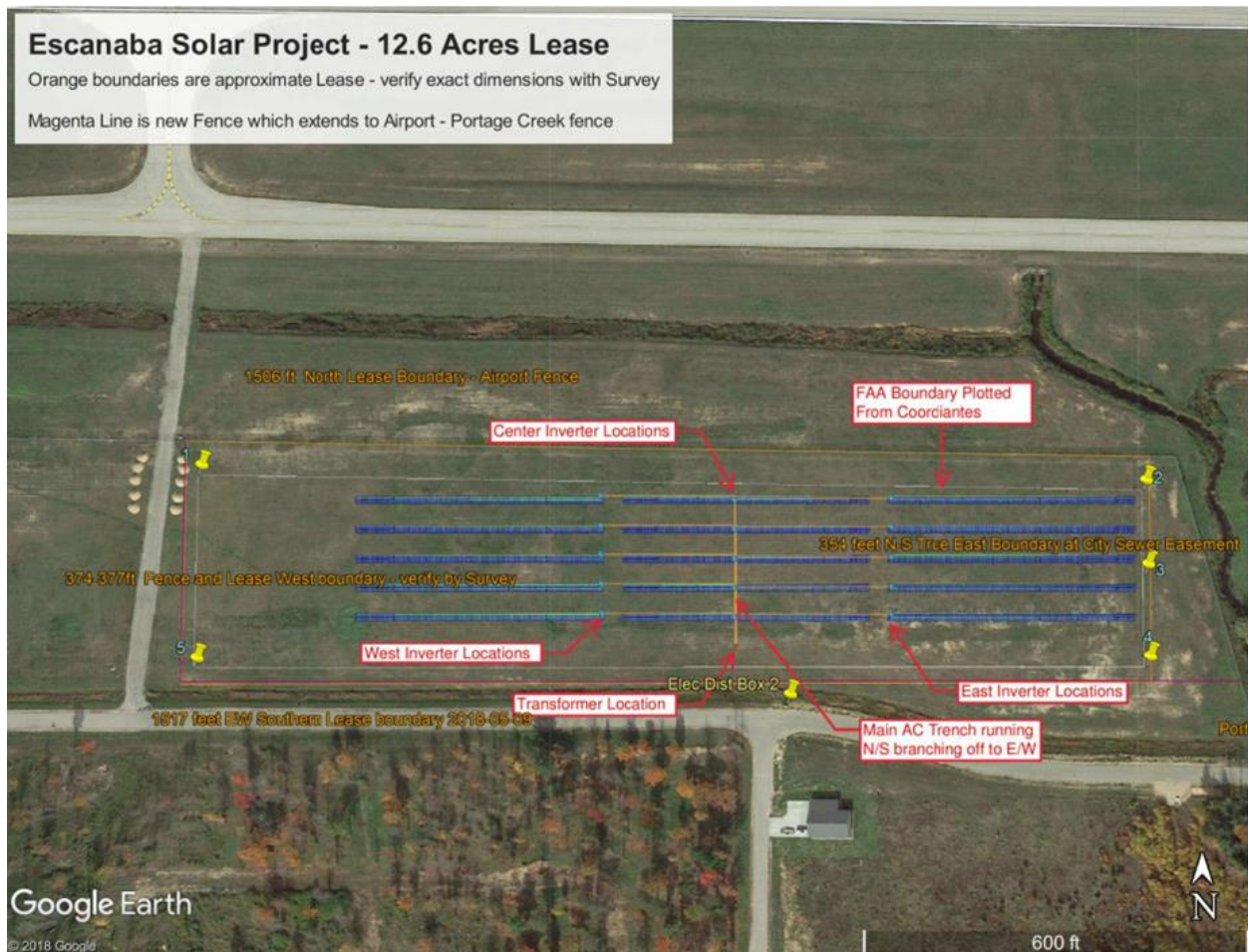
Witness: \_\_\_\_\_



## EXHIBIT A ESCANABA SOLAR PROJECT Site Map and Property Description

The ESCANABA SOLAR PROJECT address is 3610 Airport Road, Escanaba, MI 49829.

Part of SW ¼ of the NW ¼ of Section 1 T.38N., R.23W. And Part of SE1/4 of NE1/4 of Section 2 T.38N., R.23W City of Escanaba, Delta County, Michigan.



**EXHIBIT B****Solar Panel Depreciation Schedule****Method: Straight Line Depreciation**

| Year # | Year | Beginning Value | Depreciation Expense | Accumulated Depreciation | Ending Value |
|--------|------|-----------------|----------------------|--------------------------|--------------|
| 1      | 2019 | 407.00          | 16.28                | 16.28                    | 390.72       |
| 2      | 2020 | 390.72          | 16.28                | 32.56                    | 374.44       |
| 3      | 2021 | 374.44          | 16.28                | 48.84                    | 358.16       |
| 4      | 2022 | 358.16          | 16.28                | 65.12                    | 341.88       |
| 5      | 2023 | 341.88          | 16.28                | 81.4                     | 325.60       |
| 6      | 2024 | 325.60          | 16.28                | 97.68                    | 309.32       |
| 7      | 2025 | 309.32          | 16.28                | 113.96                   | 293.04       |
| 8      | 2026 | 293.04          | 16.28                | 130.24                   | 276.76       |
| 9      | 2027 | 276.76          | 16.28                | 146.52                   | 260.48       |
| 10     | 2028 | 260.48          | 16.28                | 162.8                    | 244.20       |
| 11     | 2029 | 244.20          | 16.28                | 179.08                   | 227.92       |
| 12     | 2030 | 227.92          | 16.28                | 195.36                   | 211.64       |
| 13     | 2031 | 211.64          | 16.28                | 211.64                   | 195.36       |
| 14     | 2032 | 195.36          | 16.28                | 227.92                   | 179.08       |
| 15     | 2033 | 179.08          | 16.28                | 244.2                    | 162.80       |
| 16     | 2034 | 162.80          | 16.28                | 260.48                   | 146.52       |
| 17     | 2035 | 146.52          | 16.28                | 276.76                   | 130.24       |
| 18     | 2036 | 130.24          | 16.28                | 293.04                   | 113.96       |
| 19     | 2037 | 113.96          | 16.28                | 309.32                   | 97.68        |
| 20     | 2038 | 97.68           | 16.28                | 325.6                    | 81.40        |
| 21     | 2039 | 81.40           | 16.28                | 341.88                   | 65.12        |
| 22     | 2040 | 65.12           | 16.28                | 358.16                   | 48.84        |
| 23     | 2041 | 48.84           | 16.28                | 374.44                   | 32.56        |
| 24     | 2042 | 32.56           | 16.28                | 390.72                   | 16.28        |
| 25     | 2043 | 16.28           | 16.28                | 407                      | 0.00         |

**EXHIBIT C****Solar Panel Depreciation Schedule****Method: Straight Line Depreciation**

| <b>Year #</b> | <b>Year</b> | <b>Beginning Value</b> | <b>Depreciation Expense</b> | <b>Accumulated Depreciation</b> | <b>Ending Value</b> |
|---------------|-------------|------------------------|-----------------------------|---------------------------------|---------------------|
| 1             | 2020        | 399.00                 | 16.625                      | 16.625                          | 382.375             |
| 2             | 2021        | 382.38                 | 16.625                      | 33.250                          | 365.750             |
| 3             | 2022        | 365.75                 | 16.625                      | 49.875                          | 349.125             |
| 4             | 2023        | 349.13                 | 16.625                      | 66.500                          | 332.500             |
| 5             | 2024        | 332.50                 | 16.625                      | 83.125                          | 315.875             |
| 6             | 2025        | 315.88                 | 16.625                      | 99.750                          | 299.250             |
| 7             | 2026        | 299.25                 | 16.625                      | 116.375                         | 282.625             |
| 8             | 2027        | 282.63                 | 16.625                      | 133.000                         | 266.000             |
| 9             | 2028        | 266.00                 | 16.625                      | 149.625                         | 249.375             |
| 10            | 2029        | 249.38                 | 16.625                      | 166.250                         | 232.750             |
| 11            | 2030        | 232.75                 | 16.625                      | 182.875                         | 216.125             |
| 12            | 2031        | 216.13                 | 16.625                      | 199.500                         | 199.500             |
| 13            | 2032        | 199.50                 | 16.625                      | 216.125                         | 182.875             |
| 14            | 2033        | 182.88                 | 16.625                      | 232.750                         | 166.250             |
| 15            | 2034        | 166.25                 | 16.625                      | 249.375                         | 149.625             |
| 16            | 2035        | 149.63                 | 16.625                      | 266.000                         | 133.000             |
| 17            | 2036        | 133.00                 | 16.625                      | 282.625                         | 116.375             |
| 18            | 2037        | 116.38                 | 16.625                      | 299.250                         | 99.750              |
| 19            | 2038        | 99.75                  | 16.625                      | 315.875                         | 83.125              |
| 20            | 2039        | 83.13                  | 16.625                      | 332.500                         | 66.500              |
| 21            | 2040        | 66.50                  | 16.625                      | 349.125                         | 49.875              |
| 22            | 2041        | 49.88                  | 16.625                      | 365.750                         | 33.250              |
| 23            | 2042        | 33.25                  | 16.625                      | 382.375                         | 16.625              |
| 24            | 2043        | 16.63                  | 16.625                      | 399.00                          | 0.000               |