

**SUBJECT:** AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AUTHORIZING THE MANAGER TO ENTER INTO A LEASE OF BOROUGH-OWNED REAL PROPERTY LOCATED WITHIN THE CITY OF HOUSTON WITH RENEWABLE IPP, LLC, TO CONDUCT DETAILED GRID ENGINEERING STUDIES FOR THE CONSTRUCTION AND INSTALLATION OF A UTILITY SCALE SOLAR FACILITY, TAX PARCEL NO. 17N03W03B001(MSB007551).

**AGENDA OF:** June 2, 2020

**ASSEMBLY ACTION:**

Adopted without objection 6-16-20

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** John Moosey

Digitally signed by John  
Moosey  
Date: 2020.05.21  
11:30:53 -08'00'

Route To:	Department/Individual	Initials	Remarks
	Originator	Tracy K. McDaniel <small>Digitally signed by Tracy K. McDaniel Date: 2020.05.19 14:15:30 -08'00'</small>	05/19/2020
	Community Development Director	Eric Phillips <small>Digitally signed by Eric Phillips Date: 2020.05.19 14:44:33 -08'00'</small>	
	Finance Director	Cheyenne Heindel <small>Digitally signed by Cheyenne Heindel Date: 2020.05.20 15:16:19 -08'00'</small>	
	Borough Attorney	Nicholas Spiropoulos <small>Digitally signed by Nicholas Spiropoulos Date: 2020.05.21 08:30:19 -08'00'</small>	
	Borough Clerk	<i>[Signature]</i>	<i>KRT</i>

**ATTACHMENT (S):** Fiscal Note: YES X NO       
 Vicinity Maps & Zoning Map (3 pp)  
 Department Review and Public Notice Comments (8 pp)  
 Hawk Lane Solar Farm Development Overview, Site Plan, and Frequently asked Questions (7 pp)  
 Ground Lease for a Solar Utility (35 pp)  
 Basic Rent Schedule Example (1 pp)  
 Ordinance Serial No. 20-057 (3 pp)  
 Resolution Serial No. 20-061 (2 pp)

**BEST INTEREST FINDING**  
**For the Disposition of Borough-owned Land**  
**(MSB007551)**

I. Summary of Proposed Action

The Matanuska-Susitna Borough (MSB), Land & Resource Management Division, received an application from Renewable IPP, an Alaskan Limited Liability Corporation, for a long-term lease on borough-owned land containing 480 +/- acres for a utility scale solar facility. Phase 1 plan of the project is a 5-megawatt solar utility on 160 +/- acres of land. The remaining 320 +/- acres will be reserved for future development of a utility scale solar facility identified as "Phase 2 land" on the attached vicinity map. The land is located within the City of Houston and requires a zoning change from Public Lands and Institutions to Light Industrial for a utility scale solar facility.

II. Property Site Factors

- A. Location:** The subject parcel is located on Hawk Lane, approximately 2 miles west of the W. Park Highway (Mile 52), and located within the City of Houston.
- B. Legal Descriptions:** The South 1/2, South 1/2 Northwest 1/4, Lots 3 and 4, Section 3, Township 17 North, Range 3 West, Seward Meridian, within the Palmer Recording District, Third Judicial District, State of Alaska, approximately 480 acres more or less.
- C. Land Status:** Acquired by Patent 1347, Book 93D, Page 698, 1/7/72, Palmer Recording District, Seward Meridian, Alaska.
- D. Restrictions:**
1. Land Classification – Lots 3 and 4 are classified General Purpose lands. The South 1/2 and the South 1/2 Northwest 1/4 are currently unclassified.
  2. Land Use Plans – The subject property lies within the boundaries of the City of Houston, Comprehensive Plan, adopted September 8, 2016.
  3. Title Restrictions - None
  4. Covenants – None
  5. Zoning – Public Lands and Institutions.
  6. Easements & Other Reservations – A 50 ft. section line easement along the northern boundary of Lots 3 and 4; along the west boundary of Lot 4, the SW1/4, the S1/2 NW1/4; and along the south and east boundary of the S1/2.

The parcel is further subject to the following easements and reservations:

- a. Electric Transmission and Distribution Line Easement for a 138 KV line granted to Matanuska Electric Association (MEA), Inc., for a strip of land

100 feet in width, recorded at Book 344, Page 929, Palmer Recording District on February 10, 1984.

- b. Public Use Easement for W. Hawk Lane of varying widths of 50 feet to 125 feet, recorded at Book 1059, Page 268, Palmer Recording District on March 10, 2000.
- c. Public Use Easement for N. Duley Road, 100 feet in width, recorded at Serial No. 2003-032309-0, Palmer Recording District on October 29, 2003.
- d. Private 60 foot Access Easement for the benefit of Tax ID 17N03W10B005, recorded at Serial No. 2015-008910-0 on May 5, 2015 and rerecorded at Serial No. 2020-004284-0, Palmer Recording District on March 2, 2020.
- e. Manager's Deed of Relinquishment of the West Hawk Lane right of way to the City of Houston, lying within Sections 1, 2, 3, 10, 11 and 12, Township 17 North, Range 3 West, Seward Meridian, Alaska (MSB Assembly Ordinance Serial No. 17-039).
- f. Public Use Easement for the benefit of Tax ID 17N03W10A005, recorded at Serial No. 2017-028081-0, Palmer Recording District on November 30, 2017.
- g. Private Easement for a Runway Protection Zone for the benefit of Cubdivision Subdivision, recorded at Serial No. 2018-006418-0, Palmer Recording District on April 3, 2018.

- E. **Current Land Use:** There is no known current use of the subject parcel.
- F. **Surrounding Land Use:** Other properties within the City of Houston boundaries are currently large undeveloped lands, zoned single-family homes (low-density), low-density agricultural lands, heavy and light industrial lands, and the Houston JR/SR High School adjoins subject parcel's boundary to the east. The surrounding properties within the Borough boundaries are large, undeveloped lands, or subdivisions for residential and recreational uses along a portion of the west boundary.
- G. **Existing Infrastructure:** The subject parcel contains a transportation right of way for W. Hawk Lane, a MEA electrical transmission line, and various private and public easements.
- H. **Soils & Terrain:** The subject parcel contains a mix of well-drained and poorly drained soils throughout the complex of the parcel. The United States Department of Agriculture (USDA) identifies the soils classification for the poorly drained soils as Cryaquepts and Histosols soil series and the well-drained soils as Deception, Estelle, and Kichatna soil series. Approximately 30% of the soil is poorly drained with severe limitations for development.
- I. **Resources:** There is no specific data on resources for this parcel. The majority of the timber on the subject property was burned during the Millers Reach Fire in 1996. Nor has the Borough identified the subject property as a potential gravel resource.
- J. **Assessment:** The 2020 assessed value of the taxable acreage (457.69 acres) for the subject parcel is \$384,500.00, equal to \$840 per acre.

### III. MSB Department Review, Public Notice, and Comments

Pursuant to MSB Title 23 and the Land and Resource Management Policy and Procedure Manual, landowners within 660 feet of the lease area were notified of the proposed lease. Additionally, department review was completed; notices were published in the Frontiersman and on the borough website. The City of Houston and Mayor Thompson and Fire Chief Hartely, MSB Assembly member Boeve (District 7), the borough mayor, manager, and assistant manager, Big Lake Chamber of Commerce, Houston Chamber of Commerce, and the Alaska Department of Fish and Game were notified.

MSB Planning Department responded to the department review stating, “The property is within Houston City limits, we have to defer to Houston’s planning department for review and comment regarding the proposal and land use.”

The Alaska Department of Transportation (DOT) responded to the department review. DOT recommended no development within 400 feet south and parallel of the transmission line for a future Parks Highway alternative. No alternative route is identified in the City of Houston Comprehensive Plan (adopted 2016), the route is not certain for a Park Highway alternative for now, or in 25 years.

*Response: Section 14 of the lease document addresses eminent domain and the condemnation process.*

Mr. Lee Budde responded to the public notice mailing. Mr. Budde is the owner and subdivision developer of Cubdivision Subdivision, which provides an airstrip for the subdivision owners and is located along the west boundary of the parcel, adjacent to Phase 2 land. Mr. Budde is concerned about the impact on his airpark development and requested a 450 feet buffer for existing vegetation to remain to alleviate any negative impact this may have on his home and subdivision development.

*Response: Cubdivision Subdivision has a Runway Protection Zone (RPZ) easement on the borough land and is excluded from the lease area for the Phase 2 land (identified in Section D(6)(g) above). Section 4.2.3 of the lease document outlines the non-development areas and specifically provides a 450 feet buffer for Mr. Budde’s home and subdivision development.*

Terry and Pat Fouts inquired about the goals of the solar utility facility and what effect it would have “on our Properties if any?”

*Response: Staff sent the Fouts the solar development overview and frequently asked questions sheet. Furthermore, staff followed up with additional information from the applicant regarding discussions with MSB Assessment Division for the effect on their properties.*

### IV. Discussion & Analysis

Renewable IPP, LLC., hereinafter referred to as “Renewable IPP,” is a new, local corporation developing solar utility in Alaska. Renewable IPP started the Willow Solar Farm Pilot project in 2018 (140 kilowatt) and in 2019 completed the expansion to a 1.2 megawatt solar power system and is Alaska’s largest solar power utility system. The Willow Solar Farm is located at 20696 W. Allen Road at Mile 64.5 W. Parks Highway.

Jenn Miller, Chief Executive Officer for Renewable IPP, approached MSB staff in September of 2019 to discuss the options of leasing or buying borough land in order to develop a larger scale solar utility facility with specific access to MEA’s power grid. Land and Resource Management



Division initiated an internal, preliminary review for two borough parcels located near MEA transmission lines with significant acreage. Due to the parcel size, location, population density, topography, and access to MEA's power grid, the Houston parcel was identified as the prime location for a larger scale solar utility.

The subject parcel is zoned Public Lands and Institutions and located in the City of Houston. Renewable IPP submitted a Rezone Application with the City of Houston for the Planning Commission and Council's implementation. The scheduled dates for the city planning commission are introduction on April 30, 2020, with the public hearing May 28, 2020. The scheduled dates for the city council are introduction on June 11, 2020, with the public hearing July 9, 2020. The rezone of the borough property is contingent upon MSB Assembly approval of the lease and will not be implemented without such approval. Likewise, the lease cannot be executed without approval of the city planning commission and council approval of the rezone for the property.

Renewable IPP prepared the Hawk Lane Solar Farm, Development Overview and Frequently asked Questions which explains the projects timelines for the grid study, agreement and approvals to operate a solar utility, and the economic and social impacts for the community and MEA's members. The development of Phase 1 (142 acres) requires a grid engineering study for both Renewable IPP and MEA to analyze the technical and financial feasibility of the subject property and its use as a solar utility facility. The successful outcome of a grid study will allow Renewable IPP and MEA to enter into a Power Purchase Agreement that requires final review and approval by the Regulatory Commission of Alaska (RCA). Upon the approval of the RCA, Renewable IPP will enter into the construction phase of the project.

### **The Ground Lease**

The use of the subject property is for a utility scale solar facility with supporting infrastructure with a secondary use of agricultural development. The solar panel rows will have a minimum spacing to maximize the sun's solar rays. The Lessee is exploring agricultural ideas to maximize the space between the solar panel rows for a secondary use.

The lease is for a 32-year term. Years 1 through 2 are the development stage of Phase 1 project. The lessee studies the feasibility of the land and prepares a grid engineering study, enters into a Power Purchase Agreement with Matanuska-Electric Association, and receives approval by the Regulatory Commission of Alaska (RCA) for the interconnection to the utility grid to operate the solar facility.

Section 4.1.1.1, Option to Terminate, allows the lessee to terminate the agreement with a thirty (30) day written notice if the lessee is unable to receive any signed commitments or approvals for operating a solar utility. Furthermore, lessee will be responsible for the costs associated with the rezone from Light Industrial to Public Lands and Institutions if there is an early termination during the development stage.

Upon approval of the RCA, construction for the Phase 1 development will begin for a 5-megawatt solar utility facility on approximately 142 acres. During the first two (2) years of the lease, referred as the "Development Stage," the monthly rent is \$500, which may be extended upon borough approval if there are delays in the Phase 1 development and interconnection to the utility grid.

After Year 2 of the lease agreement (Section 4.1.1), or upon interconnection to the utility grid if lessee is granted a development extension, the monthly rent is increased to \$800 for the Phase 1 project. The basic rent is determined from the assessed value land's taxable acreage for the 142 acres at \$800 monthly (\$795.28 rounded) at a rate of 8% of the assessed value. Each year on the lease effective date, the annual lease rent amount will increase by 3%. Fair market value appraisals are required for lease years 6, 11, 21, and any renewal periods with the annual rate calculated at an 8% rate of the fair market value with 3% increases annually.

Phase 2 land, Option to Lease (Section 4.2): The Lessee will have a ten (10) year option to lease all or a portion (phase development) of the remainder 320 acres (Phase 2 land), minus the area for any reservations for private and public easements or non-development areas, for an annual rent amount of \$1,000. This allows the lessee to go through the process to study the project development stages for the analysis of a technical and financial feasibility study for future development of a solar utility. If lessee exercises its option to develop all or a portion of the Phase 2 land, the basic rent established in Section 4.1 of the lease document is used to calculate the additional acreage for the monthly basic rents. Under a phased development scenario, the annual amount of \$1,000 will always be in effect until lessee develops all of the Phase 2 land, terminates it option to lease, or the option expires. A spreadsheet is provided to give an example of annual and monthly rents for the first 5 years of the lease.

As provided in the lease document under Section 4.2.1, if lessee exercises the option to lease all or a portion of Phase 2 land, borough assembly approval is required for an amendment to the lease agreement, without providing 30-day Public Notice, MSB 23.05.025.

Under Section 8.6 of the lease document, the borough can dedicate additional easements for right of way utility services that are specific to the lessee's use of the leased premises without providing 30-day Public Notice, MSB 23.05.025.

### **Economic and Social Benefits of the Project, City of Houston**

As with the Willow Solar Farm, Renewable IPP has committed to hire locally for the construction period and for long-term jobs, which in turn enhances the city's economic and social impacts.

The City of Houston is designated an Opportunity Zone by the State of Alaska as part of a federal program that provides a perfect opportunity for individual investors to put their capital to work in low-income communities, which are eligible to receive a temporary deferral for capital gains reinvested in an Opportunity Fund. As an Opportunity Zone, Renewable IPP may be able to attract investors for a larger degree of development for a solar utility facility.

Renewable IPP estimates an \$8-\$10 million dollar investment for the Phase 1 develop that would create anywhere from 50-75 jobs paying \$20-\$50 an hour during construction with 3 to 10 long-term jobs after construction. Furthermore, the City of Houston will receive a long-term, tax-based revenue from the development of the solar utility.

The solar utility development aligns with the City of Houston Comprehensive Plan goals, "While maintaining the current tax structure, the City of Houston aims to develop economically by capitalizing on its current amenities and natural resources; allowing commercial and industrial development as long as it aligns with the community character and will benefit the residents." The Phase 1 project is estimated to provide enough power for approximately 1,000 homes for a 5-

megawatt solar utility, which offsets 10 million pounds of carbon dioxide per year.

V. Final Finding and Decision

The Community Development Department, Land and Resource Management Division, recommends assembly approval of the ground lease for the development of a utility scale solar facility on borough-owned land located within the City of Houston and supports the rezone from Public Lands and Institutions to Light Industrial Lands.

VI. Authority

The Land and Resource Management Division, Policy and Procedures Manual, Leases, Part 35-1, 6.1, All leases shall be guided and enforced by MSB 23.10.010, 23.10.020, 23.10.030, 23.10.040, 23.10.060, 23.10.080, and 23.10.090.

MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE

Agenda Date: June 2, 2020

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AUTHORIZING THE MANAGER TO ENTER INTO A LEASE OF BOROUGH-OWNED REAL PROPERTY LOCATED WITHIN THE CITY OF HOUSTON WITH RENEWABLE IPP, LLC, TO CONDUCT DETAILED GRID ENGINEERING STUDIES FOR THE CONSTRUCTION AND INSTALLATION OF A UTILITY SCALE SOLAR FACILITY, TAX PARCEL NO. 17N03W03B001 (MSB007551).

ORIGINATOR: Tracy K. McDaniel, Asset Manager

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT YES NO
AMOUNT REQUESTED	FUNDING SOURCE
FROM ACCOUNT #	PROJECT
TO ACCOUNT :	PROJECT #
VERIFIED BY:	CERTIFIED BY:
DATE:	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL						
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REVENUE						
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FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds						
Other						
TOTAL						

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

IM No.20-120  
Ordinance Serial No. 20-057  
Resolution Serial No. 20-061



**MSB #007551**

**Renewable Independent  
Power Producers, LLC.**

**Lease**

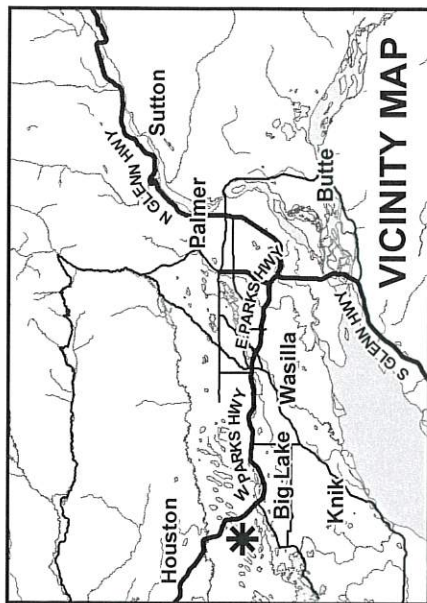
S T17N R03W Sec. 03

MSB Tax Map HO 11

MSB/LRMD May 2020



Feet  
0 500



**VICINITY MAP**

10 A4 A5 A13 A7

A3 A4

B5 B2

**PHASE 2 LAND, 320 ACRES**

**PHASE 1 LAND, 160 ACRES  
(NET ACREAGE: 142 ACRES)**

FUTURE

FUTURE

FUTURE (44 ACRES)

PHASE 1 - (5) MW

MSB

HOUSTON JR./SR.  
HIGH SCHOOL

TRANSMISSION LINE

MOULEY RD

PROTECTION ZONE

450' BUFFER

PRIVATE EASEMENT

W. HAWK LN

W. FRANCES CLARK CIR



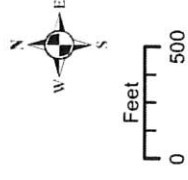
*IM 20-120  
OR 20-057  
RS 20-061*

B4 B5 B2 B1 A1 A2 A3 A4 A5 A6 A7 A8 A9 A10 A11

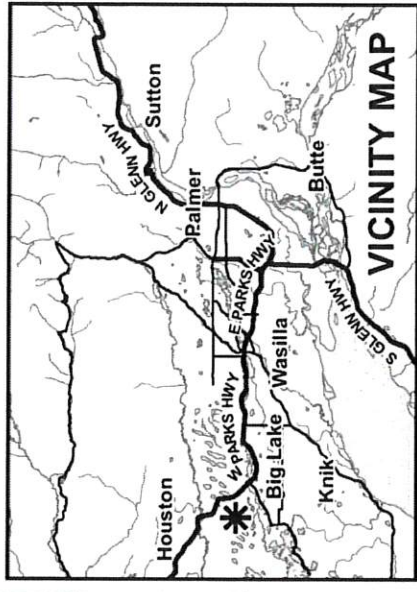


**MSB #007551**  
 Renewable Independent  
 Power Producers, LLC.  
 Lease

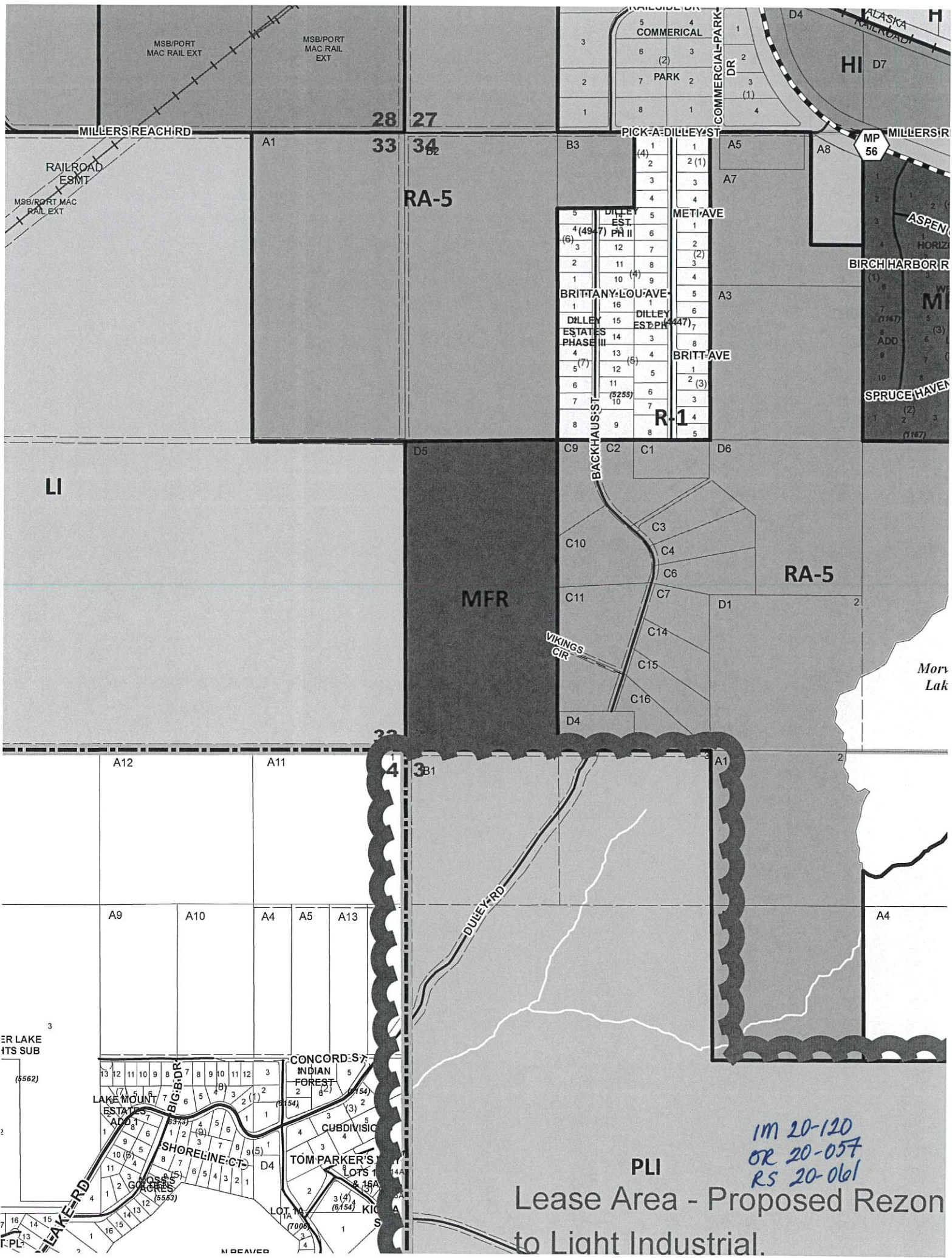
S T17N R03W Sec. 03  
 MSB Tax Map HO 11  
 MSB/LRMD May 2020



- - - Fenceline
- No Development Zone
- Property Boundary







PLI  
Lease Area - Proposed Rezon  
to Light Industrial.

*1M 20-120  
OR 20-057  
RS 20-061*

## Tracy McDaniel

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**From:** Christopher Cole  
**Sent:** Friday, January 3, 2020 1:27 PM  
**To:** Tracy McDaniel  
**Cc:** Kim Sollien; Karol Riese  
**Subject:** Hawk Lane Solar Farm Development Overview.

Tracey,

Thank you for sharing this with the planning department for review. I don't think there is much we can comment on in regards to this project. Because the property is within Houston city limits, we have to defer to Houston's planning department for review and comment regarding the proposal and land use.

I did take a look at the cultural resources database and there was nothing of significance on this parcel.

Kim Sollien may have additional comments, but the planning division doesn't have any more at this time.

I talked to Joseph Metzger about this and it sounds like he's talked to you about it, and most of the questions I asked him, he already discussed with you.

All the best,  
Chris

**Christopher Cole**  
Mat-Su Borough Planner II  
350 E Dahlia Ave, Palmer, AK 99645  
(907) 861-7855

IM 20-120  
OR 20-057  
RS 20-061



## Tracy McDaniel

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**From:** Emerson Krueger  
**Sent:** Wednesday, December 18, 2019 7:49 AM  
**To:** Tracy McDaniel  
**Subject:** FW: solar farm lease being considered

Tracy,

Please see the comments below from ADOT regarding the Houston area solar farm lease.

Let me know if you'd care to discuss.

Emerson

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**From:** Thomas, Scott E (DOT) <scott.thomas@alaska.gov>  
**Sent:** Tuesday, December 17, 2019 6:29 PM  
**To:** Emerson Krueger <Emerson.Krueger@matsugov.us>  
**Cc:** Kemplen, Allen (DOT) <allen.kemplen@alaska.gov>  
**Subject:** RE: solar farm lease being considered

[EXTERNAL EMAIL - CAUTION: Do not open unexpected attachments or links.]

Emerson,

While I await additional Planning input, I need to give you a recommendation from DOTPF.

DOTPF would recommend no work north of a line 400 feet south of and parallel to the overhead electric transmission line.

This equals 125 acres of the NE quadrants in the darker yellow overlap area. Of that, 90 acres are on the property in question proposed for a solar farm, out of the 480 acres proposed.

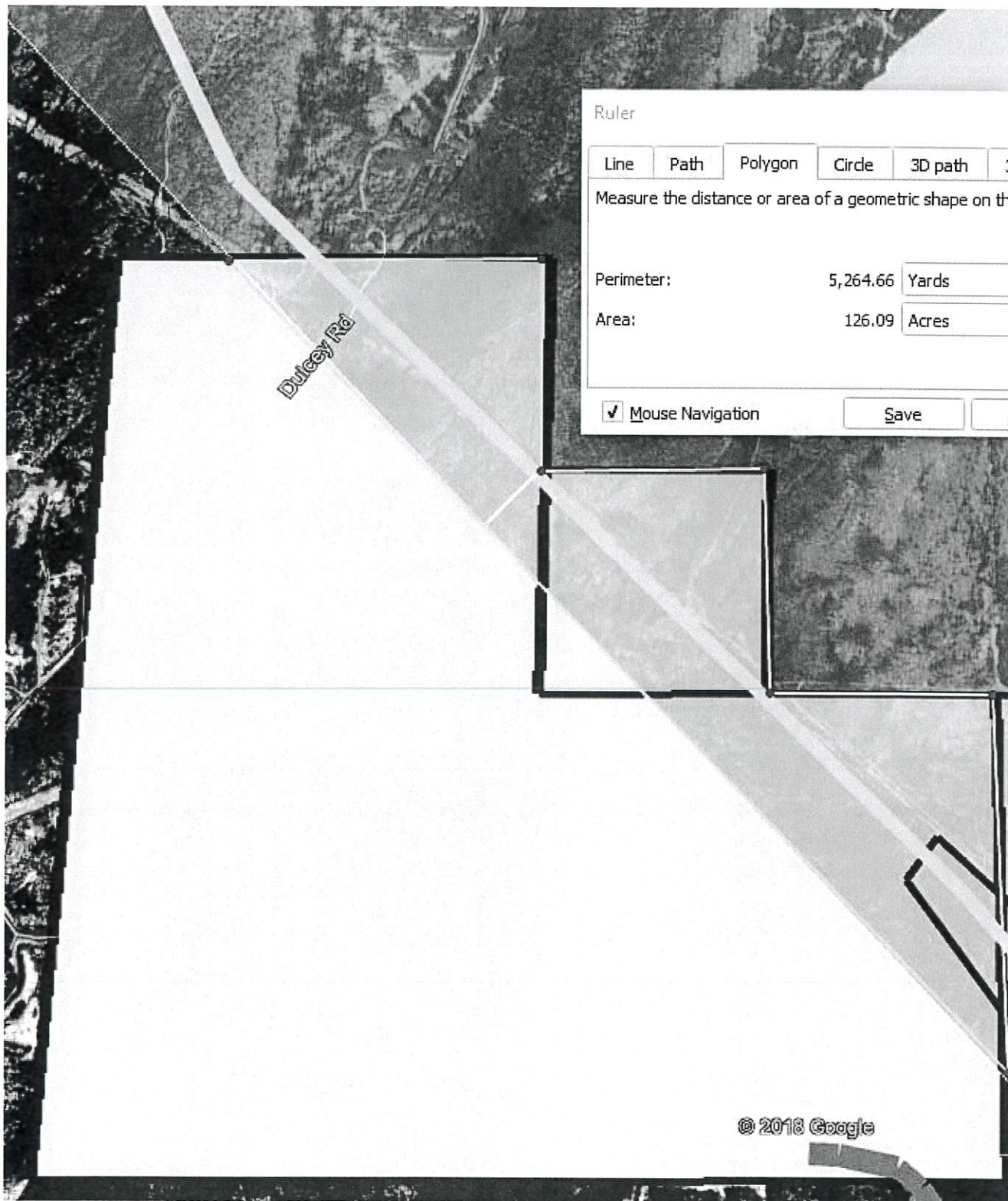
This is important to DOTPF, MSB, and I believe Houston in terms of preserving Parks Hwy alternative routes or bypass of Houston's "downtown" in order to allow the City to grow and the main highway to grow at the same time.

I don't find an alternative route identified in the Houston area Comp Plan, however, I believe our Planning Section has had discussions with the City that this is a potential future planning effort within the community and with our agencies. Though the exact route is not certain for now or in 25 years, the MSB has a strong control that may be the only way to at least keep the route options feasible. Feasible options are needed for the Parks Hwy, otherwise, the rest of the Houston Comp Plan intended to limit strip commercial development and to encourage infill and a town center may not be realized.

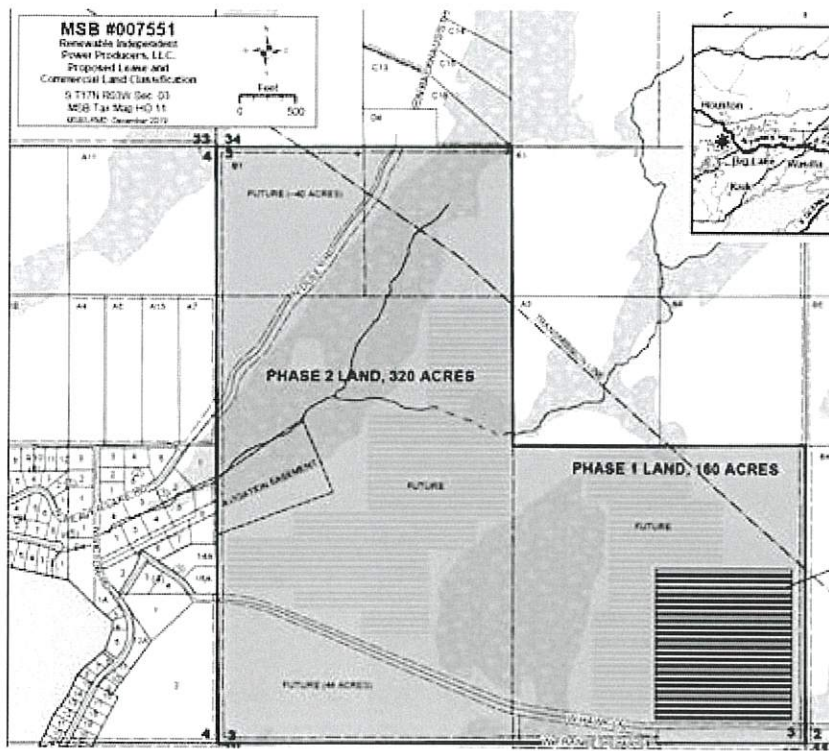
I also recommend all section lines be preserved for secondary circulation in and out of, through and around to all large parcels in this area. When not feasible as section lines, alternative replacement routes should be proposed.

Scott Thomas, P.E.  
Regional Traffic & Safety Engineer  
907-269-0639

IM 20-120  
OR 20-057  
RS 20-061



IM 20-120  
OR 20-057  
RS 20-061



**From:** Emerson Krueger <[Emerson.Krueger@matsugov.us](mailto:Emerson.Krueger@matsugov.us)>

**Sent:** Monday, December 16, 2019 8:55 AM

**To:** Thomas, Scott E (DOT) <[scott.thomas@alaska.gov](mailto:scott.thomas@alaska.gov)>

**Subject:** solar farm lease being considered

Good morning Scott,

The borough was approached by the company that just finished a solar farm in Willow about building a second solar farm in Houston.

Attached map illustrates the location they are proposing to lease.

The affected parcels are also included as part of a Parks Hwy bypass.

I wanted to check with you on the potential for that bypass to be built in the next 25 years.

It looks like both the bypass and the solar farm could locate on the borough land with a little adjustment by the solar farm.

Please let me know if you'd like to discuss.

Thanks,

Emerson

1M 20-120  
OR 20-057  
RS 20-061



## Tracy McDaniel

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**From:** Jill Irsik  
**Sent:** Tuesday, February 11, 2020 8:19 AM  
**To:** Tracy McDaniel  
**Subject:** FW: comments MSB007551

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**From:** Lee Budde <leeofthenorth@gmail.com>  
**Sent:** Monday, February 10, 2020 11:07 AM  
**To:** Land Management <Land.Management@matsugov.us>  
**Subject:** comments MSB007551

[EXTERNAL EMAIL - CAUTION: Do not open unexpected attachments or links.]

Dear Tracy and whom it may concern,

I received the public notice MSB007551 potentially impacting the adjoining land to my residence and business. My comments are as follows;

1. I have been living there and operating various businesses on site since 1995, survived the millers reach fire and have seen and encouraged the regrowth afterwards. I am philosophically for increased renewable energy such as solar, I am concerned that this could have a negative impact on my Airpark project, Cubdivision (see [Cudbivision.com](http://Cudbivision.com)), related aircraft operations as well as the resale value of my home.

2. I propose a buffer leaving the existing vegetation to continue to grow along my adjoining property line and the navigation easement of 150 yds (450 ft.) to mitigate the potential negative impact on my home, airpark and business ventures. The area this would encompass is generally a north facing slope terminating in wetland and is not a naturally well suited site for production of solar energy.

3. Consideration in the form of an agreed buffer would avoid opposition by me to this project and could provide the basis for a cooperative attitude on my part.

4. I am amenable to meeting with the principals of this enterprise and you are welcome to forward my contact information to them. I am unavailable until feb. 17th. They can contact me after that.

Thanks you for your consideration,  
Lee Budde

c- 907-232-4879

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Lee Budde  
President  
Airforms, Inc  
3650 West Aviation Ave  
Wasilla, AK 99654  
(907)357-8244 Office  
(907)232-4879 Cell

1M 20-120  
OR 20-057  
RS 20-061



**From:** Terry Fouts  
**To:** Tracy McDaniel  
**Subject:** Re: MSB007551-Renewable IPP, LLC.  
**Date:** Wednesday, January 22, 2020 9:24:01 AM

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[EXTERNAL EMAIL - CAUTION: Do not open unexpected attachments or links.]  
Thank you for the information.

On Wed, Jan 22, 2020 at 6:44 AM Tracy McDaniel <[Tracy.McDaniel@matsugov.us](mailto:Tracy.McDaniel@matsugov.us)> wrote:

Terry and Pat,

As promised, please see the statement below from Jenn Miller, CEO Renewable IPP, regarding her conversation with the MSB assessor's office for the Willow solar utility project. Tracy

*The goal of the Houston Solar Farm is to provide the Mat-Su (MEA members) with renewable energy with no cost increase to the members. The proposed solar farm will generate enough electricity for approximately 1,000 homes and offsets 10 million pounds of CO2 per year. The solar energy source also diversifies the Mat-Su power supply.*

*A Mat-Su tax assessor was consulted to understand nearby property valuation effects of the solar farm. The Willow Solar Farm was used as a "go-by" to understand potential impacts. The assessor advised that the Willow Solar Farm land purchase price will be included in the next land market analysis for the area, along with other land sales, and this may affect land valuations similar to any land purchase. The Willow Solar Farm itself (panels, foundation, etc.) does not affect adjacent homes or properties as it is not comparable market data. Given this reference, the solar farm itself will not affect property valuation in the Houston area. The solar farm is quiet, does not reflect light and will be nicely kept and therefore will not adversely impact nearby property valuations. Grass will be planted in between rows to create a pleasant landscape.*

Tracy K. McDaniel, SR/WA

Asset Manager

907.861.7864 (direct)

IM 20-120  
OK 20-057  
RS 20-061

**From:** Terry Fouts <tcfouts1@gmail.com>  
**Sent:** Monday, January 20, 2020 9:21 PM  
**To:** Tracy McDaniel <Tracy.McDaniel@matsugov.us>  
**Subject:** Re: MSB007551-Renewable IPP, LLC.

[EXTERNAL EMAIL - CAUTION: Do not open unexpected attachments or links.]

Thank you so much for your quick reply. Terry and Pat

On Mon, Jan 20, 2020 at 1:54 PM Tracy McDaniel <Tracy.McDaniel@matsugov.us> wrote:

Dear Terry and Pat Fouts,

My name is Tracy McDaniel and I am the staff assigned to processing the application for the lease site on borough land. I have attached for your review the solar utility development overview and frequently asked questions prepared by Renewable IPP.

Development of solar utilities is very new in Alaska for rural communities in the Mat-Su Borough and mainly seen in Anchorage on new building developments. The applicant, Renewable IPP, constructed their first solar utility in Willow and I attached a recent article of that development. I am not an expert in solar utility and I have reached out to Renewable IPP regarding the effects (pro and con) on surrounding properties for their Willow development. The benefits of a solar utility is the reduced carbon footprint, which the utilities are taking a more seriously look at as an alternative, sustainable source of electricity.

Thank you for your response to the public notice. If you have any additional questions or concerns, please do not hesitate to contact me directly at the phone number below or via email.

Tracy K. McDaniel, SR/WA

Asset Manager

907.861.7864 (direct)

IM 20-120  
OR 20-057  
RS 20-061

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**From:** Jill Irsik <[Jill.Irsik@matsugov.us](mailto:Jill.Irsik@matsugov.us)>  
**Sent:** Monday, January 20, 2020 8:18 AM  
**To:** Tracy McDaniel <[Tracy.McDaniel@matsugov.us](mailto:Tracy.McDaniel@matsugov.us)>  
**Subject:** FW: MSB007551-Renewable IPP,Llc.

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**From:** TERRY FOUTS <[tcfouts@mtaonline.net](mailto:tcfouts@mtaonline.net)>  
**Sent:** Saturday, January 18, 2020 9:52 AM  
**To:** Land Management <[Land.Management@matsugov.us](mailto:Land.Management@matsugov.us)>  
**Subject:** MSB007551-Renewable IPP,Llc.

[EXTERNAL EMAIL - CAUTION: Do not open unexpected attachments or links.]

Good Morning. We saw your request for the Long Term lease for 480 + Acres for a utility scale solar facility.

We own lots C15 and C 16 next to your proposed future Planning and Development. What are your goals and what effect will it have on our Properties if any? Thanks for your concern Terry and Pat Fouts ,1925 North Backhas st Houston Alaska 99694

IM 20-120  
OR 20-057  
RS 20-061



# HAWK LANE SOLAR FARM DEVELOPMENT OVERVIEW

**Renewable IPP, LLC**

Jenn Miller, CEO  
1570 Garden St.  
Anchorage, AK 99508  
jenn.miller@renewableipp.com  
(907) 830-0054

November 24, 2019

*1M 20-120  
OR 20-007  
RS 20-061*



## PROJECT OVERVIEW

The Hawk Lane solar farm development is anticipated to occur in two phases. Phase 1 is the initial solar farm and would be approximately 5 Megawatt (MW) built on the South-East, 160-acre corner of Parcel 72134. Matanuska Electric Association (MEA) completed a preliminary grid study technical screening and estimates that 5-MW could be integrated into their distribution power system. Phase 2 represents potential future development which would require more significant electrical infrastructure and extensive study to understand full feasibility. Building out the remaining open land of the Phase 1, 160 acres and building out the two West, 160-acre parcels (320-acre additional land lease) could allow for an additional 15-MW of solar to be installed. Full build out of the 480-acre parcel is estimated to be 20-MW. MEA and Renewable IPP still have extensive study left to understand if a full 20-MW build out is feasible.

The 5-MW Phase 1 solar farm would consist of approximately 18,000 solar panels and would produce 6.5 million kW-hrs per year, enough power for approximately 1,000 homes. 100% of the power produced would be sold to MEA for distribution to its members. The estimated Phase 1 project cost would be \$8-10 million.

Constructing the solar farm consists of five main work fronts: site prep, substructure, panel installation, AC electrical and interconnection. Site prep consists of clearing the land of tall trees and grading the land to eliminate dramatic grade changes. Installing the substructure requires driving piles (approximately 1,000 piles per Megawatt). Panel installation consists of installing aluminum rails, solar panels and connecting these to inverters which alter the panel output from direct current to alternating current (AC) for grid tie in. The AC electrical work ties all the inverters together and steps up the output voltage using transformers to meet MEA's grid voltage for distribution. Finally, MEA completes grid interconnection work which ties the new solar farm power into the MEA grid. An eight-foot fence would be erected around the entire solar farm to meet National Electric Code, keeping the public away from potential electrical hazards. The site fence and security cameras would also prevent theft or vandalism.

Pending successful detailed grid engineering studies, a power purchase agreement with MEA and timely investment in the project, the Phase 1, 5-MW, solar farm would ideally be constructed May through October in 2020. Delays in funding may cause construction to be phased over two summers, 2020 and 2021. Future Phase 2 development timing is more uncertain at this time, but if successful could occur 2021-2023. Detailed evaluation in 2020 would ultimately determine if further expansion (Phase 2) is feasible.

## ECONOMIC & SOCIAL IMPACT

The Phase 1, 5-MW solar farm would result in a \$8-10 million dollar investment in the Houston area and generate property taxes for the land value and solar farm value. Construction of the 1-MW Willow solar farm created approximately 15 jobs. In order to construct 5-MW over one summer, this would result in 50-75 jobs paying \$20-\$50/hr. Additional longer-term jobs, three to ten, would be created for annual winter maintenance. The solar farm would be in operation at least 30 years.

The 5-MW solar farm offsets 10 million pounds of CO<sub>2</sub> per year. For reference the average carbon footprint for driving a car is 10,000 pounds of CO<sub>2</sub> per year. This project would offset the greenhouse gas

emissions for approximately 1,000 cars each year. The carbon footprint associated with land clearing, panel manufacturing and construction is typically offset by the new panels within 3-5 years.

## PROJECT DEVELOPMENT STAGES

Solar farm project development consists of the stages defined below:

- **Technical Feasibility-** Land locations are identified and screened at a high level by the Utility company to ballpark the amount of solar which can tie into the Grid. Land is secured through lease or purchase.
- **Detailed Design-** A detailed grid study and engineering design are completed. These two deliverables along with procurement quotes inform a final project cost estimate.
- **Financial Feasibility (FID)-** A power purchase agreement (PPA) is agreed with the Utility and approved by the Regulatory Commission of Alaska (RCA). This contractually allows power to be sold to the utility. Funding for the project is secured (debt & equity). Investors make a formal Financial Investment Decision (FID) which determines if the project is funded and ultimately progressed. When this stage is complete, the project is officially moving forward.
- **Procurement & Construction-** Materials are purchased and the solar farm is constructed.
- **Interconnection-** The solar farm construction is complete and the Utility interconnects the solar farm with the grid, allowing for production to commence.

At the time of application, the 5-MW Phase 1 development is in the earliest stage, Technical Feasibility. As described above the project will not be constructed unless it is successfully funded and a contract to sell power to the utility is approved by the RCA.

## REQUESTED LEASE TERMS

Renewable IPP requests to lease the parcel in two sections with potentially different terms. All terms described below are preliminary and Renewable IPP looks forward to discussing options and recommendations with the Matanuska-Susitna Borough. As Phase 1 development looks more certain at this time, Renewable IPP requests to subdivide the South-East, 160-acres from the total 480-acre parcel. Renewable IPP would like to lease the entire 480-acres at this time. We would like to request a year to year lease for both the 160-acre and 320-acre parcel which would allow us to complete Technical Feasibility, Detailed Engineering and Financial Feasibility before committing to a long-term lease. Once each phase completes Financial Feasibility, Renewable IPP, would like to request a 30-40 year lease or outright purchase of the land. If possible, Renewable IPP would like to be able to sub-lease the land to the solar farm investors once identified. As previously mentioned, all terms discussed are initial conceptual ideas and Renewable IPP is very open to discussing lease options.



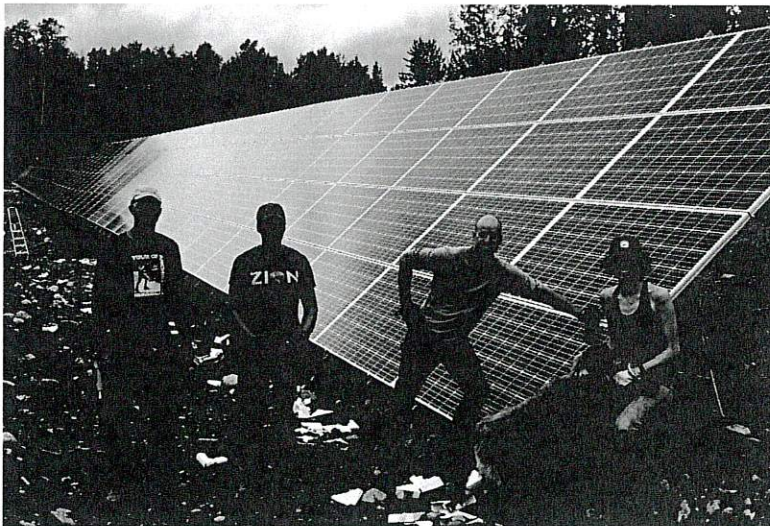
## COMPANY EXPERIENCE

Renewable IPP, LLC was founded in 2017 with the mission to bring economic renewable energy to Alaska. Renewable IPP, LLC is a utility scale solar farm developer and engineering, procurement & construction (EPC) company. The four Renewable IPP partners provide decades of energy industry, engineering and project management experience. Within a year from founding the company, Renewable IPP started up their 140kW-DC Willow Solar Farm. The Willow Solar Farm was delivered at \$1.22/W-DC, marking the lowest cost solar farm development in the State. One year later the company developed and delivered the 1.2MW-DC Willow Solar Farm Expansion. Renewable IPP executed both projects within budget.

The company's Willow project experience built strong business, engineering design, procurement and construction capability. The partnership is very experienced in optimizing solar system design to maximize production in Alaska climates. This greatly improves system economics and increased production reduces demand on non-renewable energy sources (e.g. diesel). Through the execution of the Willow projects, Renewable IPP established long lasting supply chain relationships, enabling the company to provide low cost procurement in Alaska. As the partners built the 100kW Willow Solar Farm, they learned first-hand how to improve the design in order to reduce labor and construction costs for future projects. Renewable IPP, LLC is now a licensed general contractor with the ability to work multiple projects.

The team is built up of Alaska residents who have lived in the state for decades and are familiar with remote logistical and weather challenges. Renewable IPP operates its Willow Solar Farm and has acquired cold climate operational experience. The Renewable IPP team is committed to increasing affordable renewable energy in Alaska and appreciates the Matanuska-Susitna Borough's consideration of their land lease application.

Learn more about Renewable IPP at their website: [www.renewableipp.com](http://www.renewableipp.com)

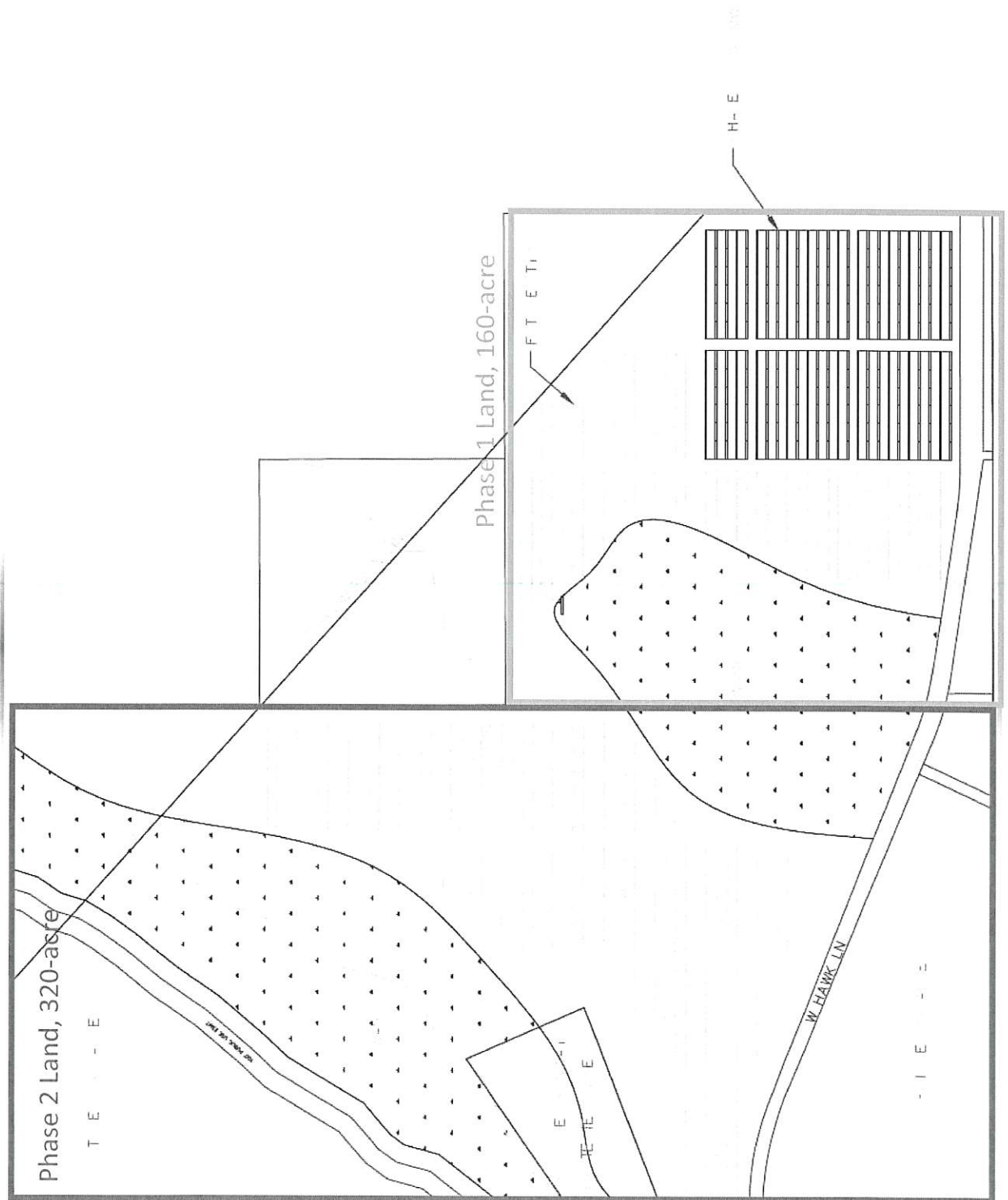


**Renewable IPP, LLC Partners at their 140 kW-DC Solar Farm.** Pictured left to right: Sam Dennis (COO), Chris Colbert (CFO), Grant Smith (Chief Engineer) and Jenn Miller (CEO)



PARCEL ID: 72134  
TOWNSHIP 17N RANGE 3W SECTION 3 LOT B1  
REV 0

SITE PLAN (5 MW)  
C1



1M 20-120  
OR 20-057  
RS 20-061





**Renewable IPP, LLC**

Anchorage, AK

[www.renewableipp.com](http://www.renewableipp.com)

January 2, 2020

## HOUSTON SOLAR FARM- FREQUENTLY ASKED QUESTIONS

### 1. When will the solar farm be built?

The Houston Solar Farm project is currently in the development stage which includes completing engineering design, agreeing power purchase terms with the Utility and Regulatory Commission of Alaska and finalizing financing to fund the project. Construction could begin as early as spring 2020 or may not start until 2021. Construction will occur over one or two summers.

### 2. How will the solar farm benefit the Mat-Su Borough and Houston communities?

**Jobs-** The Houston Solar Farm is estimated to create 50-75 seasonal construction jobs while the solar farm is being built. An additional three to ten solar farm maintenance jobs will be created for snow removal and vegetation management for the 30-year life of the facility.

**Property Taxes-** The Houston Solar Farm will pay property taxes to the Mat-Su Borough based on the value of the solar farm. The project is estimated to cost \$8 MM to \$10 MM.

**Affordable Renewable Energy-** The Houston Solar Farm will sell power to MEA at wholesale prices and will not increase the cost of electricity in the Mat-Su area.

### 3. How big is the Houston Solar Farm and how much land will it occupy? How much electricity will the solar farm produce?

The Houston Solar Farm is planned to be 5 Megawatts and occupy 50-75 acres. The farm will consist of approximately 18,000 solar panels and will produce ~6.5 million kW-hrs per year. The average household uses 500-600 kW-hrs/month, so the solar farm will support approximately 1,000 homes.

### 4. Is there potential to expand beyond 5 Megawatts?

Renewable IPP is requesting to lease 480 acres from the Mat-Su borough. At this time there is clear technical and financial feasibility for a 5-Megawatt solar farm. Once the 5 MW solar farm is complete, Renewable IPP will further explore if a larger solar farm is feasible.

### 5. Do the solar panels work in winter?

The Houston Solar Farm will produce less energy in November through January due to shorter days and the lower sun angle. Electricity production will significantly increase in February and strong production will last through October. During the winter months, snow will be cleared from the panels based on production potential. Snow will be occasionally cleared Nov-Jan to keep the panels unloaded whereas the panels will be more frequently cleared in Feb-Apr due to increased production potential. When winter temperatures are above freezing the panels will clear themselves as they're installed at a 45-degree angle.

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RS 20-06d



**6. Can the solar farm withstand high winds, large snow loads, earthquakes and hail storms?**

The solar farm substructure is designed for high wind conditions and earthquakes. The solar panels can hold a 110-pound per square foot snow load and have been tested to withstand 1-inch hail stones without damage.

**7. Will construction be noisy?**

The solar farm substructure requires driving piles which is a noisy operation (normal construction noise). Pile driving will only be completed during normal working hours. Once the solar farm is built the only operational noise will be from occasional snow and vegetation removal.

**8. Who will buy and who will use the electricity from the Houston Solar Farm?**

The electricity generated by the Houston Solar Farm will be sold to Matanuska Electric Association (MEA) and will be used by MEA members.

**9. What is the carbon footprint of the entire project and will the solar panels make up the carbon footprint deficit from land clearing and panel manufacturing?**

The carbon footprint associated with land cleaning, panel manufacturing and construction will be offset within 3-5 years of solar farm operation. The solar panels have a projected life of 30-40 years.

The 5-MW solar farm offsets 10 million pounds of CO<sub>2</sub> per year. For reference the average carbon footprint for driving a car is 10,000 pounds of CO<sub>2</sub> per year. This project would offset the greenhouse gas emissions for approximately 1,000 cars each year.

**10. How long will the solar farm be in operation?**

The solar farm will be in operation at least 30 years with potential to extend longer.

**11. Will the panels reflect light and cause a glare?**

The solar panels are designed to absorb sunlight and do not reflect light. Therefore, the solar farm will not create a glare.

**12. Who is Renewable IPP?**

Renewable IPP was founded in 2017 with the mission to bring affordable renewable energy to Alaska. Renewable IPP is a utility scale solar farm developer and engineering, procurement & construction (EPC) company and has experience with Northern solar farm operation & maintenance. The four Renewable IPP partners have lived in Alaska for decades and have over 50 years of energy industry, engineering and project management experience. The four partners funded, designed, built & operated the Willow Solar Farm Pilot project (140 kilowatt) in 2018, gaining firsthand knowledge of Alaska solar farms. In 2019 Renewable IPP completed a 1.2-Megawatt expansion of the Willow Solar Farm.



# Matanuska-Susitna Borough

COMMUNITY DEVELOPMENT DEPARTMENT  
LAND & RESOURCE MANAGEMENT DIVISION

## GROUND LEASE For a Solar Utility

**THIS LEASE FOR A UTILITY SCALE SOLAR FACILITY** (the "Lease") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by and between:

**MATANUSKA-SUSITNA BOROUGH** (hereinafter "Lessor"), a municipal corporation formed under the laws of the State of Alaska, whose mailing address is 350 E. Dahlia Avenue, Palmer, Alaska 99645; and

**RENEWABLE IPP**, an Alaska Limited Liability Corporation, (hereinafter "Lessee"), whose mailing address is 1570 Garden Street, Anchorage, Alaska 99508.

The parties recite that:

- A. Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, a parcel of land more specifically described and depicted on **Exhibit A** as Phase 1, attached to and for all purposes made a part of this Lease (hereinafter "Leased Premises" or "Phase 1 land").
- B. The parties desire to adopt this Lease as a complete and final statement of all of the promises, covenants, terms, and conditions in effect and binding between them.
- C. Lessor is entering into this Lease as landowner, exercising its power to manage its own municipal entitlement lands under Alaska Statute (AS) 29.35.010(8), and the applicable provisions of the Matanuska-Susitna Borough Code (MSB) 1.10.010(A)(9) and MSB Title 23. The Matanuska-Susitna Borough Community Development Department, Land and Resource Management Division, is responsible for management of Borough-owned real property, timber, and gravel resources including lease origination, management, oversight, and enforcement, under MSB Title 23, and as amended.

In so acting, Lessor is not waiving, and Lessor is explicitly reserving unto itself, all of its governmental authority, sovereignty, and power to enact and enforce laws and regulations governing land use and development, or the conduct of any business or activity, anywhere within the Borough. Nothing in this Lease shall waive or otherwise diminish Lessor's governmental authority, sovereignty, and power with respect to leased land or Lessee's use or occupancy of it.

IM 20-120  
OR 20-057

RS 20-061



- D. The Lessor cannot, and does not through this Lease, make any representations, warranties, or guarantees as to the future results of any land use permits, applications, or proposals, including those governed by MSB or City of Houston Code requirements. This Lease shall be revoked if the Lessee does not acquire all necessary permits, licenses, and approvals for the intended uses.

NOW, THEREFORE, in consideration of the promises and covenants set out below, the parties agree as follows:

## **Section 1. Leased Premises.**

1.1 Leased Premises. Lessor, for and in consideration of the rents, covenants, and conditions hereinafter specified to be paid, performed, and observed by Lessee, leases to Lessee, and Lessee leases from Lessor, the Leased Premises, which is land and improvements situated within the City of Houston at NHN Hawk Lane, Houston, Alaska 99694, and more particularly described and depicted on **Exhibit A as Phase 1 land**. The land and improvements, together with all rights, easements, privileges, and appurtenances attaching or belonging to the described Phase 1 land, but subject to the reservation contained in Section 1.2 below, is referred to hereafter as the "Leased Premises."

1.2 Reservation of Minerals and Resources. All oil, gas, coal, other hydrocarbons, geothermal resources, rock, sand, gravel, peat, timber, and minerals of whatever nature on, in, or under the Leased Premises are excluded from the Leased Premises and reserved to Lessor. Lessor may grant Lessee a permit to make use of the timber, rock, sand, or gravel found on the Leased Premises in Lessee's development of the Leased Premises, which may require Lessee to obtain any other required permit. Lessor has not promised or obligated itself to providing any permit to Lessee. If Lessor mines and/or extracts any of the reserved minerals or resources, Lessor agrees that the mining and/or extraction shall not interfere with Lessee's business and activities on the Leased Premises or its access to the Leased Premises.

1.3 Rights-of-Way and Easements. Lessor shall have the right to designate or grant rights of way or utility easements across the premises without compensation to Lessee. In the event of destruction or significant interference of any of the Lessee's improvements, Lessee shall be entitled to compensation, and at its option, may terminate this Lease.

## **Section 2. Lease Term.**

2.1 "Term" Defined. Whenever used in this Lease, the word "Term" shall mean and include both the Initial Term and any Renewal Term(s).

2.2 Lease Term. This Lease shall be and continue in full force and effect for an initial term of Thirty-two (32) years (the "Initial Term") commencing as of [MONTH DAY], 2020, and expiring at 11:59 p.m. on [MONTH DAY, 2052], unless earlier terminated as provided in this Lease.

2.3 Option to Renew. Lessee may apply to renew this Lease for up to two (2) additional periods of up to five (5) years each (the "Renewal Term"). To effectively exercise an option to renew, Lessee must not be in default of any of its obligations at the time of the exercise or at the time of

the commencement of any Renewal Term. During the Renewal Term(s), all of the provisions of this Lease shall remain in full force and effect, except that the rent Lessee shall pay to Lessor shall be adjusted as is provided for in Section 4, Rent. During the Renewal Term(s), the Lessor may modify any terms, covenants, and conditions of this Lease.

2.4 Option to Terminate. Notwithstanding any other provision in this Lease, Lessee may terminate this Lease at any time, with or without cause, during the Initial Terms or any Renewal Terms upon one (1) year written notice to the Lessor.

### **Section 3. Use and Occupancy.**

3.1 Permitted Use of Leased Premises. Lessee specifically agrees that, for the Term, it shall use the Leased Premises for the sole purpose of monitoring, testing and evaluating the Leased Premises for solar energy generation and the constructing, operating, managing, and maintaining a solar facility, that includes overhead and/or underground electrical transmission and communications lines, energy storage equipment and facilities, all necessary and proper foundations, footings, related improvements and rights of way for a utility scale solar facility that generates solar power and feeds into the grid, supplying a utility with energy, and any associated infrastructure development required. A secondary agricultural use is allowed for the open areas between the solar panel rows. Any changes in the use will require the prior written approval of Lessor.

3.2 Quiet Enjoyment. Upon Lessee's timely payment of all of rents and other sums required to be paid by Lessee under this Lease, and upon Lessee's full and faithful observance and performance of all of its obligations contained in this Lease, and so long as such observance and performance continues, Lessee shall peaceably hold and enjoy the Leased Premises during the Term without hindrance or interruption by Lessor or anyone lawfully claiming by, through, or under Lessor.

3.3 Repair and Maintenance. Lessee shall, at Lessee's expense and without notice from Lessor at all times during the Term, keep the Leased Premises and all Improvements now existing or hereafter built on the Leased Premises (including but not limited to exterior building walls, windows, doors, fences, signs, landscaping and yard areas, refuse disposal equipment and facilities, pavement, curbs, gutters, exterior lighting, and drainage facilities), in good order, condition, maintenance, operability, and repair and of a neat, clean, and pleasing appearance. Lessor shall not be obligated to make any repairs or maintenance whatsoever to the Leased Premises or any Improvements on the Leased Premises.

3.4 Compliance with Laws. At all times during the Term, and with all due diligence, Lessee shall observe and comply with all applicable present and future laws, ordinances, requirements, orders, directives, rules, and regulations that are now in effect, or that may later be adopted by any governmental authority (including Lessor), that are applicable to the Leased Premises or any Improvements, and the uses thereon. Lessee assumes at its sole expense any costs of such compliance including any fines or penalties.



3.5 Authorized Representative. Lessee's principal point of contact for Lessee's operations on the Leased Premises is Jenn Miller, Renewable IPP, LLC, CEO, 908-830-0054. Lessor shall be entitled to communicate directly with the named individual for all matters under this Lease. Lessee shall promptly notify Lessor of any change in the person acting as Lessee's Authorized Representative for the Leased Premises.

3.6 Supervision. Lessee shall maintain reasonable and adequate on-site supervision of the Leased Premises at all times to insure that the terms, covenants, and conditions of this Lease and all applicable federal, state, and local laws, rules, and regulations governing the Leased Premises are enforced.

3.7 Signage. Lessee shall not place on the Leased Premises any signage that is unrelated to any business Lessee is operating on the Leased Premises. No electioneering or campaign signs of any kind shall be placed upon the Leased Premises.

3.8 Utilities. Lessee shall pay for all utility services provided to, consumed, or used on the Leased Premises.

3.9 Waste and Wrongful Use. Lessee shall not commit or suffer any site excavation, stripping, grading, or waste of the Leased Premises, or engage in any unlawful activity, or engage in any unauthorized activity that is unsafe, results in any public or private nuisance thereon, or adversely affect the value, character, or utility of Lessor's surrounding property.

3.10 Setbacks. Lessee shall observe all setback requirements applicable to the Leased Premises and shall not construct or maintain any building or other structure whatsoever within any road or other specified rights-of-way boundary of the Leased Premises and any setback along such boundary, except for fences or walls approved by Lessor. Lessor reserves the right to make use of, and to grant utility easements and other rights to third parties in the setback areas of the Leased Premises.

3.11 Lessor's Inspection and Notice of Repairs. As provided under Section 3, Lessee shall repair, maintain, and make good all conditions required under the provisions of this Lease, permit requirements, and applicable laws. If Lessee refuses or neglects to provide reasonable and necessary repairs or maintenance of the Leased Premises as required under the terms of this Lease to the reasonable satisfaction of Lessor after written demand, then Lessor, without prejudice to any other right or remedy it has under this Lease, may perform such reasonable and necessary maintenance work or make such repairs without liability to Lessor for any loss or damage that may accrue to Lessee's merchandise or other property or Lessee's business by reason thereof. Upon completion of any such repair or maintenance, and no later than thirty (30) days after presentation of an invoice therefore, Lessee shall pay Lessor for the reasonable cost for making such necessary repairs or performing such maintenance, plus fifteen percent (15%) of the repair costs to cover Lessor's overhead.

Lessor or its authorized agents may enter and inspect the Leased Premises at any time during regular business hours, with or without the presence of Lessee or its authorized representative, after giving twenty-four (24) hours advance notice to Lessee of such inspection. Lessor is specifically authorized to enter the Leased Premises for the purposes of posting notices of non-

responsibility for any construction work Lessee undertakes. All inspections will be conducted in a manner that does not unreasonably interfere with Lessee's operations. In the event of an emergency, Lessor may enter and inspect the Leased Premises on reasonable notice under the circumstances, including no notice to Lessee if the circumstances warrant.

#### **Section 4. Rent.**

4.1 Basic Rent. Lessee shall pay the following rent (the "Basic Rent") schedule to Lessor, without deduction and without prior notice or demand. Although stated as an annual rent, the Basic Rent shall be paid in equal monthly installments. Each monthly installment shall be paid in advance on or before the first day of that calendar month during the Term, with any partial periods prorated on a daily basis. The Basic Rent shall be as follows:

- 4.1.1 Year 1 through Year 2 – Development Stage. In developing the Leased Premises, Lessee shall comply with Lessee's Development Overview, dated November 24, 2019, for the Phase 1 development plan within a two (2) year period that includes the technical feasibility, detailed design, financial feasibility, construction, and interconnection with the utility grid for the use of 142 acres (Phase 1 land) as a solar utility. Lessee shall pay in advance land rent of \$500 monthly during the Development Stage. If Lessee completes construction and interconnection with the utility grid and operates as a solar utility prior to the end of Year 2, the monthly Basic Rent will increase as outlined in Section 4.1.2. Lessor, at its option, may extend the Phase 1 Development Stage upon Lessee's written request 120 days prior to the end of Year 2.

The Development Stage includes, but is not limited to, Lessee obtaining the City of Houston Zoning Change for the Leased Premises, a signed commitment of the Purchase Power Agreement with Matanuska Electric Association, with subsequent approval of the Regulatory Commission of Alaska (RCA) for the interconnection to the utility grid to operate a solar utility. Lessee shall provide the RCA approval to Lessor within ten (10) days of receipt thereof.

4.1.1.1 Option to Terminate. During the Development Stage, if Lessee is unable to receive any such signed commitments or approvals as required to operate as a utility scale solar facility for any reason whatsoever, Lessee shall have the option to terminate the Lease after giving Lessor a thirty (30) day written notice. If Lessee receives the RCA's approval and notifies Lessor in writing of its commitment to start construction, the option as set forth herein shall terminate and be of no further force or effect.

4.1.1.2 Zoning. The Lessee will be responsible for any needed application and any associated costs to change the zoning with the City of Houston from Public Lands and Institutions to Light Industrial or, if Lessee fails to receive signed comments or approvals to operate a solar facility, from Light Industrial to Public Lands and Institutions.



# Replacement Page for Ground Lease (Replaces page 6)

4.1.2 Year 3 through Year 5. In year 3, the Basic Rent will increase to \$9,543.40 annually or \$800.00 (rounded) monthly. The annual Basic Rent is based on 8% of the per-acre 2020 taxable assessed value. Each subsequent year, the Basic Rent will increase by 3% from the year before on [LEASE EFFECTIVE MONTH & DATE].

4.1.3 Year 6 through Year 32. The Basic Rent is determined by a fair market value appraisal for Years 6, 11, and 21 as determined under Section 5, with the Basic Rent to increase each year following the appraisal year by 3% from the year before on the Lease effective date of [INSERT MONTH & DATE].

4.1.4 Basic Rent – Option to Renew. At the commencement of any Renewal Term (if Lessee exercises any available option to renew), the Basic Rent shall be adjusted to equal the annual “fair market value rent” as determined under Section 5. However, the annual Basic Rent payable during any Renewal Term shall never be less than the annual Basic Rent payable during the Lease year immediately preceding the commencement of the Renewal Term.

4.2 Option to Lease – Phase 2 land. For the sum of \$1,000 paid annually upon the Lease effective date of [MONTH AND DAY], Lessor will grant to Lessee the right and option to lease all or a portion of the 320-acre parcel of land to further evaluate the expansion of the solar facility more specifically described and depicted on **Exhibit A** as Phase 2 (hereinafter “Phase 2 land”). The option shall be exercisable by Lessee for 10 years from [LEASE EFFECTIVE MONTH & DATE] of this Lease agreement, no later than 5:00 p.m., [MONTH DAY, YEAR]. Lessee will give Lessor written notice if Lessee desires to exercise the Lease Option with a ninety (90) day notice. If Lessee fails to deliver the option notice to Lessor within 10 years, the option set forth herein shall terminate and be of no further force or effect.

4.2.1 If Lessee exercises the option to lease all or a portion of the Phase 2 land, MSB Assembly approval is required for an amendment to the Lease Agreement, without additional Public Notice procedures outlined under MSB 23.05.025.

4.2.2 If Lessee exercises the option to lease all or a portion of the Phase 2 land, during the Development Stage, the Basic Rent established in Section 4.1 shall be paid in monthly installments in addition to the Additional Rent established for the Phase 2 land that is leased.

4.2.3 Upon completion of construction and interconnection with the utility grid, the same per acre rate for Basic Rent of Phase 1 land in effect at the time, as calculated under Section 4.1.2 through 4.1.4, will be used to calculate the monthly Additional Rent for the Phase 2 land that is leased.

4.2.4 No development is permitted within any private or public easements, section line easements, or the west 450' of the Northwest 1/4 Southwest 1/4, Section 3, Township 17 North, Range 3 West, Seward Meridian, Alaska. The area will be reduced for the west 450' of the Northwest 1/4 Southwest 1/4, Section 3, and any private or public easement from the Rent calculations.

4.3 Net Rent Intended. The rent provided for under this Lease shall be absolutely net to Lessor. This Lease shall yield net to Lessor the rent specified during the Term of this Lease, not reduced in any way by any costs, expenses and obligations relating to Lessee's use or occupancy of the Leased Premises, which may arise or become due during the Lease Term, except as otherwise expressly provided in this Lease.

4.4 Place of Rent Payment. All payments of rent shall be delivered to the following address, accompanied by a reference to the Lease Number MSB007551 shown on the front page of this Lease, unless Lessor gives Lessee written notice of a different address for rent payments:

Matanuska-Susitna Borough  
Land and Resource Management Division  
350 East Dahlia Avenue  
Palmer, Alaska 99645

Payments shall be effective on the date of Lessor's actual receipt.

4.5 Late Payment. Any payment of rent not made within ten (10) days after the date it is due shall be assessed a late fee of \$100 or ten percent (10%) of the amount due, whichever is greater. The late fee is not a penalty but is intended to compensate Lessor for the additional costs Lessor will incur as a result of the late payment, the exact amount of such additional costs being extremely difficult and impracticable to ascertain. In addition, all rent, all late charges, and all additional rent specified under this Lease, shall bear interest from the date due to the date of actual payment at the rate of ten and one-half percent (10.5%) per annum or, if less, the maximum amount permitted by law.

## **Section 5. Fair Market Rent Determination.**

5.1 Fair Market Value Rent. The Basic Rent for Phase 1 land for Years 6, 11, and 21, and if Lessee exercises its right to renew, the annual "fair market value rent" upon which Lessee's obligation to pay Basic Rent under Section 4, shall be determined as follows:

5.1.1 Appraisal of Fee Simple Interest. Lessee shall select an appraiser from a list of qualified appraisers compiled by Lessor that shall be kept available for inspection at Lessor's offices. The appraiser shall determine, as of a date within one hundred twenty (120) days before or after the beginning of the applicable rent period, the fair market value of the fee simple interest in the Leased Premises, unencumbered by this Lease, and including improvements owned by Lessor, but excluding improvements owned by Lessee. The appraiser shall value the Leased Premises as if the land and improvements being appraised is unaffected by any environmental contaminants. The appraisal shall be prepared in accordance with the requirements of Section 23.10.060(B) of the MSB Code, or any successor MSB Code provisions that are then in effect. A copy of the appraisal report shall be provided to both Lessee and Lessor. Lessee shall bear the cost of the appraiser's report prepared at each renewal period. If Lessee renews this Lease, Lessee shall bear the cost of the appraiser's report prepared upon renewal and thereafter for the duration of the Lease.

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5.1.2 Fair Market Value Rent. The annual "fair market value rent" shall be the product derived from multiplying the fair market value of the Leased Premises (established in accordance with MSB 23.10.060(B) under Section 5.1.1) by the Lessor established land and improvements lease rate, which is eight percent (8%), with an annual adjustment increase of three percent (3%) from the year before. At no time during the term or any renewal term of the Lease, shall the Basic Rent be based on an appraisal for the fair market value of the land that is less than the assessed value of the land determined by MSB Assessor's office.

Failure on the part of the Lessor to establish a fair market value rent by the adjustment years under Section 5 date does not preclude the Lessor from doing so then or thereafter.

5.2 Rent Adjustment Disputes. In the event either Lessor or Lessee disagrees with the appraisal report of the fee simple value of the Leased Premises made pursuant to Section 5, the disputing party shall give notice of the dispute in writing to the other party within ten (10) days of receiving the appraisal report. Failure to give timely notice of disputing an appraisal report made under Section 5 shall constitute a waiver of the right to dispute such an appraisal. If either Lessor or Lessee gives timely notice of a dispute, the disputing party shall then appoint another appraiser from Lessor's approved list of appraisers to provide a second appraisal report of the fee simple interest in the Leased Premises. The disputing party shall be responsible for the cost of the second appraiser's report.

The second appraisal report shall value the fee simple interest, as outlined in Section 5.1.1. Upon the receipt of the second appraisal report, the Lessor and Lessee shall have twenty days to review the report. If the second appraisal report gives an opinion of fair market value that differs from the value given by the first appraiser, then the two appraisals shall be averaged to determine the fair market value rent.

5.3 Retroactive Adjustments. Until a change in rent is determined, Lessee shall pay the same rent as was in effect in the previous year. When the adjusted rent has been determined and the Lessee notified, the rent will either be a debit or credit to Lessee retroactive to the commencement of the Lease year for which such rent adjustment is applied. Any deficiency resulting from such rent adjustment shall be payable within thirty (30) days after giving of such notice to Lessee.

5.4 Basic Rent Adjustment for Assignment or Subleasing During Year 1 through 5. Lessor reserves the option and right to require an appraisal of the fair market value of the land and adjust the annual Basic Rent established under Section 4, if Lessor assigns or subleases its leasehold interest as outlined in Section 17.

## **Section 6. Condition of Leased Premises and Delivery of Possession.**

6.1 Accepted in Present Condition. Lessee acknowledges that it has had an opportunity to inspect and examine the Leased Premises and conduct any studies or assessments of the Leased Premises that Lessee desired prior to entering into this Lease. Lessee accepts the Leased Premises "AS IS" and "WITH ALL FAULTS." No reliance shall be placed on any opinion, material, or information provided by or through the Lessor, and Lessee does so at its own risk, cost, and

expense. Lessor shall have no obligation to install, construct or pay for any improvements of any kind or nature on the Leased Premises for Lessee's benefit at or prior to the commencement of the Term.

6.2 No Representations or Warranties. Lessor is making no representation or warranty, express or implied, regarding the Leased Premises or its suitability for Lessee's purposes. Without limiting the foregoing, Lessee specifically acknowledges that Lessor has not warranted or made any representation regarding the social, economic, or environmental aspects of the Leased Premises, including the acreage, soil conditions, utility services, water drainage, physical access, natural or artificial hazards that may or may not exist, or the merchantability, suitability, or profitability for any use or purpose.

6.3 No Liability. Lessor shall have no liability to Lessee, or to Lessee's employees, agents, or contractors, or to anyone claiming by, under or through Lessee, regarding the physical condition of the Leased Premises any time during the Term. Lessor has no responsibility for any subsurface conditions, whether known or unknown, natural or man-made to Lessee, specifically including any adverse soil conditions, any washout, subsidence, avulsion, reliction, or settling that may occur to the Leased Premises. In consideration for Lessor entering into this Lease, Lessee is expressly assuming the risk of any latent or patent defects or deficiencies in, on or under the Leased Premises, whether the same now exist or arise hereafter. In no event shall Lessee be entitled to any damages whatsoever against Lessor with respect to the physical condition of the Leased Premises, including, but not limited to, actual, special, consequential, lost-profits, or any other category of damages.

## **Section 7. Governmental Authority Retained.**

7.1 No Waiver of Governmental Power. Nothing in this Lease is intended to, or shall have the effect of, waiving or releasing any power or authority that Lessor has as a governmental body. Lessor has not promised or represented that it will exercise or not exercise its governmental power or authority in any way for the benefit of Lessee or Lessee's interests or the Leased Premises. Lessee also specifically acknowledges that, regardless of the title or position that a person holds with Lessor, no person acting or purporting to on Lessor's behalf has the authority to waive or release the Lessor's power or authority to act as a local government of the State of Alaska.

7.2 Lessee and Leased Premises Subject to MSB and City of Houston Code Requirements. Lessee and Lessee's use and occupancy of the Leased Premises shall, at all times be subject to the applicable provisions of the MSB and the City of Houston's Code requirements, as the MSB and the City of Houston's Code requirements may be amended from time to time. Lessor has not promised or represented that no new provisions will be added to the MSB or City of Houston's Code requirements, or that no existing provisions will be revised or repealed in any way. Lessor likewise has not promised or represented that any provisions of the MSB or the City of Houston's Code requirements will be relaxed or not enforced for Lessee's benefit. Without limiting the foregoing, Lessee specifically acknowledges and agrees that:

- 7.2.1 The Leased Premises are subject to all applicable land use provisions of the federal, state, and local governments, and of all other governmental authorities and any additions to or amendments of those provisions.



- 7.2.2 The Leased Premises and Lessee's use of the Leased Premises are subject to all applicable federal, state, and local zoning, building, fire, health, safety, and environmental provisions, as they presently exist or as may be hereafter adopted.
- 7.2.3 Lessee must obtain all required federal, state, and local permits and licenses, which is a process independent from this Lease. The issuance of permits or licenses has not been promised to Lessee. Nothing in this Lease obligates Lessor to issue, or act on behalf of the Lessee for any permitting, and license processes required.

## **Section 8. Improvements.**

8.1 Right to Improve. Lessee, when not in default of its obligations under this Lease, shall have the following rights during the Lease Term, to the extent Lessee deems advisable, subject however to the satisfaction of the other requirements of this Lease and, unless expressly exempted, subject to the condition that Lessor's prior approval be obtained:

- 8.1.1 To construct, place, or install on the Leased Premises, buildings, structures, fill, paving, landscaping, and other improvements (each an "Improvement" and collectively the "Improvements"); and
- 8.1.2 To make such alterations, additions, and repairs to the Leased Premises as Lessee may desire.

All Improvements that Lessee constructs, places, or installs on the Leased Premises shall remain Lessee's separate property for the duration of the Term of this Lease except as provided for in Section 15.4.

8.2 Site Work. Prior to the commencement of any site work on the Leased Premises (including any gravel use, timber clearing, and grading or driveway placement), Lessee shall apply to each applicable federal, state, or local government agency for such approvals as required. Lessor shall reasonably cooperate with Lessee in obtaining such approvals as necessary. Lessor assumes no liability by cooperating and Lessee shall indemnify Lessor regarding such cooperation.

8.3 Site Plan and Technical Drawings. Lessee will provide Lessor with site plans, engineering designs, and technical drawings for review and approval for each phase of construction and installation of improvements. If approved, Lessor will provide its written approval to proceed within 20 working days of receipt thereof the appropriate documentation required.

8.4 Clearing and Site Materials. With regard to timber, rock, sand, or gravel that is within the Leased Premises, any use of such material for on-site preparation is allowable under this Lease. For any extraction for off-site use, prior to conducting any timber clearing on the Leased Premises, and prior to extraction or making use of any rock, sand or gravel found on the Leased Premises, Lessee shall comply with permitting requirements and purchase requirements of the Land & Resource Management Division. The issuance of these permits is not guaranteed and may require additional approval of the Matanuska-Susitna Borough, including by its Assembly. Lessee's applications for such permits are evaluated on their own merits in accordance with the established



procedures for such permits. Lessor has not promised that Lessee will receive such permits and Lessor will have no liability to Lessee if Lessee fails to qualify for the permits.

- 8.4.1 Gravel. Authorization for use of gravel on-site may be obtained by providing an application to the MSB Resource Specialist, Land and Resource Management Division.
- 8.4.2 Timber. Lessee will adhere to the Alaska Forest Resource and Practice Act (FRPA, AS 41.17) and make the timber removed for construction that is  $\geq$  4-inch diameter at breast height (DBH) available to the Lessor through notification of the MSB Resource Manager, Land and Resource Management Division. Timber not considered for commercial use is allowed for use on-site.

Lessee will be required to pay fair market value for any and all resources extracted from the Leased Premises, with exception only for those resources used for on-site development of the Leased Premises.

All activities shall be conducted in a manner that will minimize disturbance to the air, land, and water quality within the Leased Premises and surrounding areas.

8.5. Payment and Performance Bonds. Lessee shall maintain a bond, cash deposit, certificate of deposit, or other form of Security acceptable to the Lessor in the amount of \$25,000 to ensure faithful performance of the conditions of this Lease and to cover the costs of site cleanup and restoration and any associated costs. The Security amount agreed upon shall be an absolute and unconditional guaranty of payment and performance and in favor of the Lessor. It shall be enforceable against the Security without the necessity of any suit or proceedings on the Lessor's part against the Lessee. The Lessee shall maintain the Security as long as the Lessor deems necessary, including after this Lease expires or is terminated. Lessor may adjust the Security as additional activities or uses occur on the site.

8.6 Utilities. To the extent Lessee desires to have utility services at the Leased Premises that are not already available on the commencement date of the Term, Lessee shall pay for all the costs of bringing and installing utility services to and on the Leased Premises (including, but not limited to, electric, telephone, gas, cable, water, solid waste and sewage disposal). Additional Public Notice is not required under MSB 23.05.025 for the grant or dedication of new utility services specific to Lessee's use of the Leased Premises.

- 8.6.1 Grant of Easements. Lessor reserves the right to grant or dedicate all rights for electric, telephone, gas, cable, water, and any other utilities to maintain and operate lines, cables, poles, and distribution boxes in, over, and upon the Leased Premises. Lessee shall obtain Lessor's prior written approval with respect to the location and grant of easement for any utility services on the Leased Premises.
- 8.6.2 Lessee will provide Lessor with a recordable, as-built survey stamped by a licensed surveyor within 120 days of installation of any new utility for Lessor to grant or dedicate by document the new easement location.

8.7 Amendments to Plans. In performing any work on the Leased Premises, Lessee shall not deviate from Lessor's approved or issued site plan and timber and gravel permits. Any deviation from the approved or issued plans, permits, or designs shall require Lessor's prior written authorization and, where appropriate, a signed amendment to this Lease or the governing standards or permits.

8.8 Construction Completion. In completing any construction project, or a phase of a construction project on the Leased Premises, Lessee shall provide the removal of all construction materials and debris, and provide the necessary grading and vegetation to stabilize the ground to alleviate any standing water, increase water runoff, erosion, or adverse drainage on or within the immediate area surrounding the Leased Premises.

8.9 Liens. Lessee shall not permit any mechanic's lien, laborer's lien, or materialmen's lien against the Leased Premises or any Improvements for any labor, materials, or equipment furnished to Lessee, or claimed to have been furnished to Lessee, or to Lessee's agents or contractors in connection with work of any character performed or claimed to have been performed on the Leased Premises or Improvements, by or at the direction or sufferance of Lessee. Lessee, however, shall have the right to contest the validity or amount of any such lien or claimed lien. In the event of a lien contest, Lessee shall give Lessor such reasonable security, separate of all security deposits or bond requirements, as Lessor may demand to insure payment of the lien or claimed lien and prevent the sale or foreclosure of the Leased Premises or Improvements. The security need not exceed one and one-half times the amount of the lien or Lessee may record the bond contemplated by AS 34.35.072. In any lien contest proceedings, Lessee shall immediately pay any judgment rendered with all proper costs and charges and shall have the lien released or judgment satisfied at Lessee's own expense.

## **Section 9. Taxes and Assessments.**

9.1 Taxes, Assessments, and Charges. Lessee shall pay, not less than ten (10) days before they become delinquent, all real property taxes, assessments, special assessments or other charges of every description for which the Leased Premises, or any Improvement thereon or any use thereof, is now or during the Term is assessed or becomes liable, whether made by governmental authority or by any public utility or community service company, and whether assessed to or payable by Lessor or Lessee, subject to Lessee's option to pay in installments where installment payments are permitted. Upon Lessor's request, Lessee shall promptly provide to Lessor true and complete copies of receipts for such real property taxes and assessments evidencing their timely payment.

9.2 New Taxes, Assessments, and Charges. If at any time during the Lease Term or renewal term, any new or additional taxes, assessments or any other charges not existing on the effective date of this Lease are assessed against the Leased Premises, or any Improvement thereon, Lessee shall pay not less than ten (10) days before they become delinquent, all of such new taxes, assessments, and charges.

9.3 Contesting Taxes. Nothing contained in this Lease shall prevent Lessee from contesting in good faith the validity or the amount of such real property taxes or assessments by appropriate proceedings commenced before such real property taxes or assessments become delinquent. Provided, however, that Lessee shall not commence such proceedings without first giving written



notice to Lessor of Lessee's intention to do so not less than ten (10) days before such real property taxes or assessments become delinquent. Lessee shall not be deemed in default under this Lease if such notice is provided to Lessor because of its failure to pay any property taxes or assessments when the taxes or assessments are subject to a pending appeal.

9.4 Installment Payments. If there is an option given to pay assessments or special assessments in installments, Lessee may elect to pay for such installments as shall accrue during the Term of this Lease. As to permitted installment payments for which the first installment falls due before commencement of the Term, Lessee shall pay all installments falling due during the Term.

9.5 Annual Taxes Due at Lease Expiration, Default, or Termination. As of January 1<sup>st</sup> of each year, real property taxes are levied. Upon the Lease expiration, default, or termination, Lessee shall be responsible to pay the annual taxes in full for the current tax year. If expiration, default, or termination occurs during the time of assembly budget deliberations, the annual tax assessed value due will be based on the previous year's tax assessment value.

## **Section 10. Hazardous Materials and Environmental Matters.**

10.1 Observance of Environmental Laws. Lessee must, at its own expense, comply with all laws, ordinances, regulations, and administrative agency or court orders relating to health, safety, noise, environmental protection, waste disposal, hazardous or toxic materials, and water and air quality. In the event any discharge, leakage, spillage, emission, or pollution of any type occurs upon or from the Leased Premises during the Term or any holdover thereafter, Lessee shall immediately notify Lessor and shall, at Lessee's own expense, clean and restore the Leased Premises to the satisfaction of Lessor and any governmental body or court having jurisdiction of the matter. **Under no circumstance shall any hazardous material be improperly disposed of on the Leased Premises.**

10.2 "Hazardous Material" Defined. For purposes of this Lease, the term "Hazardous Material" means any hazardous or toxic substances, material, or waste, including but not limited to oil, petroleum products and byproducts, gasoline, diesel fuel, stove oil, kerosene, and other hydro carbons; those substances, materials and wastes listed in the U.S. Department of Transportation Hazardous Materials Table (49 CFR Part 172.101) or by the U.S. Environmental Protection Agency as hazardous substances (40 CFR Part 302), and amendments thereto; all materials and the release of which must be reported under Title 46 of the Alaska Statutes; and any such other substances, materials and wastes that are or become regulated under any applicable local, state or federal law.

10.3 Hazardous Materials on Leased Premises. Lessee shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about the Leased Premises by Lessee, its agents, employees, contractors, or invitees without the prior written consent of Lessor, which Lessor shall not unreasonably withhold. Lessee must demonstrate to Lessor's reasonable satisfaction that such Hazardous Material is necessary or useful to Lessee's business. All Hazardous Materials Lessee uses, keeps, and stores on the Leased Premises will be in a manner that complies with all laws regulating any such Hazardous Materials.



10.4 Disclosure. At the beginning of the Initial Term of this Lease, Lessee shall inventory and disclose an inventory list of all hazardous materials to which the Lessor has previously consented. Lessee shall not be required to obtain consent from Lessor to use, keep, or store any Hazardous Material on the Leased Premises where the same was consented to by Lessor prior to the Initial Term. On July 1 of each year, including the year in which this Lease expires or is terminated, Lessee shall inventory and disclose an inventory list to Lessor with the names and amounts of all Hazardous Materials, or any combination thereof that were stored or used on the Leased Premises, or that Lessee intends to store or use on the Leased Premises. Lessee shall keep an updated inventory list at all times and disclose to the Lessor any types of changes to the inventory list throughout the year.

10.5 Environmental Indemnity. Lessee shall indemnify and defend Lessor against all liability, cost, and expense (including, without limitation, any fines, penalties, diminution in value of the Leased Premises, assessment and clean-up costs, judgments, litigation costs and attorneys' fees) incurred by or levied against Lessor as a result of Lessee's breach of this Section 10 or as a result of any discharge, leakage, spillage, emission, or pollution on or discharged from the Leased Premises, without regard to whether such liability, cost, or expense arises during or after the Term of this Lease. Provided, however, that Lessee shall not be required to indemnify Lessor under this Section 10.5 if the parties agree or a court of competent jurisdiction determines that such liability, cost or expense is caused directly and solely by the active negligence or intentional misconduct of Lessor. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

10.6. Environmental Assessments and Testing. In addition, Lessee shall be solely responsible for all costs and expenses associated with the performance of environmental testing of the Leased Premises, which may be required at Lessor's sole discretion upon the expiration or other termination of this Lease. Such testing shall only be required if Lessor knows or has reasonable cause to believe that environmental impairment caused by Lessee's use and occupancy has occurred. The nature and extent of any required testing shall be commensurate with the nature and extent of the environmental impairment known or reasonably suspected. Such environmental testing, conducted by an engineering firm acceptable to Lessor, shall be the basis for determining the extent of any environmental impairment caused by the Lessee's use and occupancy of the Leased Premises.

## **Section 11. Insurance.**

11.1 Duration and Requirements. During the entire Term, Lessee shall keep in full force and effect a policy or policies of liability insurance, auto liability, and worker's compensation insurance that include coverages acceptable to Lessor as are specified and attached on **Exhibit B** of this Lease with respect to the Leased Premises and the business operated by Lessee. To the extent the provisions in **Exhibit B** and this section conflict, the terms of **Exhibit B** shall prevail. Required policies shall include, but not be limited to, environmental site liability insurance, workers' compensation insurance, liability insurance, and auto liability.

Lessor will review the Minimum Coverage Requirements every three (3) years and if Lessee exercises any option to renew after the initial lease term expires, Lessor will adjust the insurance requirements for inflation and compliance with the current uses and operations. Furthermore, any new additions, improvements, or Lease amendments require Lessor's review of the Minimum



Coverage Requirements prior to construction or amended uses to determine whether an adjustment to the insurance requirements is necessary.

11.2 Workers' Compensation. Lessee shall ensure that, with respect to all personnel performing work on the Leased Premises, Lessee maintains in effect at all times during the term of this Lease, coverage or insurance in accordance with the applicable laws relating to workers' compensation and employer's liability insurance, regardless of whether such coverage or insurance is mandatory or merely elective under the law.

11.3 Liability Insurance. Lessee shall keep in full force and effect a policy or policies of general liability insurance that includes bodily injury, property damage, and personal injury coverages acceptable to Lessor with respect to the Leased Premises and the business operated by Lessee. The policy or policies purchased pursuant to this Section 11 shall name both Lessor and Lessee as insureds, with respect to the Leased Premises and the business operated by Lessee on the Leased Premises.

11.4 Environmental Impairment Liability. Lessee shall provide an Environmental Impairment Liability policy prior to the use of equipment, battery storage, or any containment facilities for what Lessor deems "Hazardous Materials," which are necessary to operate a solar utility facility on the Leased Premises.

11.5 Policy Provisions. Each policy of commercial general liability or property insurance of this Lease shall:

- (1) Provide that the liability of the insurer shall not be affected by, and that the insurer shall not claim, any right of setoff, counterclaim, apportionment, proration, or contribution by reason of any other insurance obtained by or for Lessor, Lessee, or any person claiming by, through or under any of them.
- (2) Contain a waiver by the insurer of any right of subrogation to proceed against Lessor or against any person claiming by, through, or under Lessor.

11.6 Proof of Insurance. Lessee shall deliver to Lessor certificates of insurance on or before the commencement date of the Initial Term of this Lease or at such other date as agreed to in writing by Lessor. Additionally, Lessee shall deliver to Lessor photocopies of the policy or policies of insurance, certificates of insurance, or copies of endorsements as requested by the Lessor from time to time. Lessee shall deliver any proposed cancellation or changes in material terms of any such policies and shall give Lessor not less than thirty (30) days prior written notice thereof.

## **Section 12. General Indemnification and Recovery of Costs.**

12.1 Lessee's Indemnity Obligation. Lessee assumes all responsibility, risk, and liability for its activities and use of or contact with the Leasehold interest. The Lessee shall defend, indemnify, save, and hold harmless the Lessor, its elected and appointed officials and officers, agents, and employees, from and against any and all demands, causes of action (whether in the nature of an action for damages, indemnity, contribution, government cost recovery, hazardous materials or otherwise), fines, judgments, suits, claims, actions, proceedings, losses, costs (including full



reasonable attorney's fees and costs), expenses, charges, forfeitures, liens, liabilities, settlements, penalties, and damages of any kind or nature whatsoever, including, but not limited, to those alleging personal injury, wrongful death, nuisance property damage, economic loss, damages, violation of statutes, ordinances, constitutions, or other laws, rules, or regulations, contractual claims, environmental contamination (including any disposal, release, spill or discharge or any threatened disposal, release, spill, or discharge of, or contamination by hazardous materials), and environmental noncompliance (including the Lessee's failure to provide all information, make all submissions, and take all steps required by the authority under the environmental laws or any other law concerning any spill, discharge, or contamination), or any other kind of loss, tangible or intangible, sustained by any person, or property arising out of, in connection with, directly or indirectly from, or otherwise incident to Lessee's, Lessee's officers, agents, employees, guests, invitees, licensees, partners, attorneys, suppliers, and subcontractors' Leasehold activities or performance related to this Lease in any way whatsoever or use of or contact with the Leasehold, except to the extent the sole legal cause of injury or damage is the negligence or willful misconduct of the Lessor or anyone acting on the Lessor's behalf. This defense and indemnification responsibility includes claims alleging acts or omission by the Lessor or its agents, which are said to have contributed to the losses, failure, violations, or damage. However, the Lessee shall not be responsible for any damages or claim arising from the sole negligence or willful misconduct of the Lessor, its agents, or employees.

12.2 Costs and Expenses of Lessor. Lessee shall pay to Lessor all costs and expenses, including reasonable attorneys' fees, which are (1) paid or incurred by Lessor but are required to be paid by Lessee under any provision of this Lease; (2) paid or incurred by Lessor in enforcing any covenant of Lessee contained in this Lease, in protecting itself against or remedying any breach thereof, in recovering possession of the Leased Premises or any part thereof, or in collecting or causing to be paid any delinquent rents, real property taxes, assessments, or rates; (3) incurred by Lessor in reviewing any matter for which Lessor's approval is sought and in processing such approval; or (4) incurred by Lessor in connection with any action in any respect related to this Lease, the Leased Premises, or Lessee's actions or omissions on the Leased Premises, other than a condemnation action filed by or against Lessee, to and in which Lessor is made a party but not adjudicated to be at fault. The term "costs and expenses" as used in this Lease shall include, but not be limited to, all of Lessor's out-of-pocket expenditures attributable to the matter involved and reasonable attorneys' fees. Except as otherwise expressly provided in this Lease, all costs and expenses of Lessor shall be payable by Lessee to Lessor within ten (10) days after mailing or personal delivery of invoices therefore to Lessee and shall bear interest from the date which is ten (10) days after the date of such mailing or personal delivery at the rate of ten and one-half percent (10.5%) per annum. Such obligations and interest shall constitute additional rent due and payable under this Lease.

12.3 Other Indemnity and Cost Provisions Not Affected. The provisions of Section 12.1 regarding indemnity and the provisions of Section 12.2 regarding costs and expenses are intended to supplement, not supersede, the other provisions of this Lease that concern Lessee's indemnity obligations and Lessee's obligations to pay for Lessor's costs. Lessee shall fulfill all the indemnity and cost payment obligations owed to Lessor under any of the provisions of this Lease.



12.4 The obligations of the Lessee to indemnify, defend, and hold harmless the Lessor under the terms of this Lease shall survive transfer, assignment, or other disposition of an interest in this Lease as well as the expiration, forfeiture, relinquishment, abandonment, or other termination of this Lease.

### **Section 13. Damage or Destruction to Improvements.**

13.1 Responsibility upon Damage to or Destruction of Property. In the event a building or any other Improvement situated on the Leased Premises is destroyed or damaged by fire or other casualty, Lessee shall comply in full with one of the following conditions within ninety (90) days of such destruction or damage (or within such other time period as is mutually agreed to in writing):

13.1.1 Restore to Same Condition. Lessee may repair, rebuild, or otherwise reinstate the damaged Improvement(s) in a good and substantial manner and in substantially the same form as it previously existed. In such event, the Lease shall continue in full force and effect without abatement of rents.

13.1.2 Rebuild to Different Condition. Lessee may repair, rebuild, or otherwise reinstate the damaged Improvement(s) in a manner and style different from the previously existing Improvement(s), so long as the plans therefore are approved by Lessor as required under this Lease. In such event, the Lease shall continue in full force and effect without abatement of rents.

13.1.3 Clear Property. Lessee may remove the damaged Improvement(s), in which event Lessee must also place the Leased Premises in the condition specified in Section 15.2 and Section 15.3 of this Lease. In that event, the Lease shall continue in full force and effect without abatement of rents.

13.1.4 Last of Term. If the casualty occurs to the main building(s) or principal structure(s) on the Leased Premises and the casualty occurs within the last five years of the Initial Term, or during any Renewal Term, Lessee may elect to terminate the Lease by the following:

- (a) giving written notice to Lessor of its intention to terminate,
- (b) removing the damaged Improvement(s) and placing the Leased Premises in the condition specified in Section 15.2 and Section 15.3, and
- (c) paying to Lessor the total amount of rents to come due during the remaining Term of the Lease, applying the rental rate then in effect to the remainder of the Lease Term.

### **Section 14. Eminent Domain.**

14.1 Definition. The terms "taking" and "to take" (in any of their forms) as used in this Section 14 refer to any competent authority acquiring by the power of eminent domain, including inverse condemnation, all or any part of the Leased Premises or an interest in the Leased Premises,

at any time during the Term. The transfer of title effectuating the taking may be either a transfer resulting from the recording of a final order in condemnation or a voluntary transfer or conveyance to the condemning agency or entity under threat of condemnation in avoidance of an exercise of eminent domain, whether made before or while condemnation proceedings are pending. The time of taking shall be determined by application of Alaska law.

14.2 Complete Taking. In the event of a taking of all or materially all of the Leased Premises, this Lease shall terminate on the earlier of the vesting of title in, or the taking of possession by, the condemner.

14.3 Partial Taking. Subject to the exception set out in Section 14.4 below, if less than materially all of the Leased Premises are taken (a "partial taking"), this Lease shall continue in effect except as to the portion so taken or condemned, but the rent to be paid by Lessee shall thereafter be reduced by the same ratio as the value of the portion of the Leased Premises so taken bears to the value of the Leased Premises before the taking. If no portion of the net usable area of the Leased Premises is taken, or if the portion thereof so taken is subterranean or aerial and does not interfere with the use of the surface, then Lessee shall not be entitled to any adjustment of rent under this Section 14.3.

14.4 Partial Taking in Last of Term. If a partial taking renders the remaining Leased Premises unsuitable for the purposes for which Lessee's Improvements were designed or occurs during the last five (5) years of the Initial Term of this Lease or any Renewal Term, then Lessee, upon sixty (60) days written notice to Lessor and compliance with Section 15 of this Lease, and subject to the rights of any Qualified Mortgagee, may terminate this Lease after vesting of title in the condemner or taking of possession by the condemner. If Lessee does so, the rent and other charges under this Lease shall be apportioned as of the date of termination.

14.5 Disposition of Proceeds on Total Taking. In the event of a total taking, the rights of Lessor and Lessee to share in the net proceeds of any and all awards for land, buildings, or other Improvements and damages shall be in the following order of priority:

- (1<sup>st</sup>) To Lessor, a sum equal to the fair market value of the fee simple interest in the Leased Premises unencumbered by this Lease or any sublease, and including Lessor's Improvements and excluding Lessee's Improvements.
- (2<sup>nd</sup>) To Lessee, a sum representing the fair market value of Lessee's Improvements. In no event shall Lessee be entitled to any claim for its leasehold interest, and any compensation therefore is hereby assigned to Lessor.
- (3<sup>rd</sup>) To Lessor, the balance of the award, excluding interest. Interest shall be allocated between the parties in proportion to their respective shares of the total award provided above. If the value of such respective interests of Lessor and Lessee have been separately determined in such condemnation proceeding, the values so determined shall be conclusive upon Lessor and Lessee. If such values have not been so determined, they may be fixed by agreement between Lessor and Lessee, or if the parties cannot agree, then by the Superior Court for the State of Alaska, Third Judicial District at Palmer.



- (4<sup>th</sup>) Nothing in this Section 14 shall prohibit the Lessee from seeking and retaining from the condemning authority a separate award for Lessee's own damages to its business and relocation expenses to the extent permitted by law.

14.6 Disposition of Proceeds on Partial Taking. In the event of a partial taking, rents shall be abated as provided in Section 14.3 and the net proceeds of the award shall be divided between Lessor and Lessee as follows:

- (a) To Lessor, a sum representing the fair market value of the fee simple interest of the part or parts of the Leased Premises so taken, unencumbered by this Lease, including Lessor's Improvements and excluding Lessee's Improvements; plus an amount representing consequential damages to the part or parts of the land remaining after such taking, considered as if vacant and unimproved.
- (b) To Lessee, the balance of the award, which shall be applied by Lessee first to restoration of Lessee's Improvements as nearly as reasonably possible to their condition before such taking, unless Lessee terminates this Lease as provided in Section 14.4.

14.7 Rights on Termination. Notwithstanding anything in this Lease to the contrary, if Lessee exercises its right to terminate the Lease under Section 14.4, the award balance that is attributable to Lessee's Improvements, other than the principal balance (if any) and other proper charges due a Qualified Mortgagee, shall belong to Lessor, free of any claim of Lessee. In no event shall Lessee be entitled to any compensation for its Improvements if the taking occurs after expiration of the Term or termination of this Lease.

14.8 Temporary Taking. If the whole or any part of the Leased Premises, or of Lessee's interest under this Lease, is taken by any competent authority (including Lessor) for its temporary use or occupancy, this Lease shall not terminate by reason thereof and Lessee shall continue to pay all rental payments and other charges payable by Lessee hereunder, and to perform all other terms, covenants, and conditions contained in this Lease, except to the extent Lessee is prevented from so doing by the terms of the order of the taking authority. In the event of a temporary taking, Lessee shall be entitled to receive the entire amount of the award and shall be obligated, at its sole expense, to restore the Leased Premises as nearly as may be reasonably possible to the condition in which they existed immediately prior to such taking. Provided, however, that if the period of temporary use or occupancy extends beyond the expiration of the Lease Term, the award shall be apportioned between Lessor and Lessee as of said date of expiration, after Lessor shall have received the entire portion of the award attributable to physical damage to the Leased Premises (excluding Lessee's Improvements) and to the restoration thereof to the condition existing immediately prior to the taking or condemnation. Upon expiration of the temporary taking, Lessee shall have the rights and obligations provided in Section 15, including, but not limited to, removal of Lessee's Improvements within a reasonable time to be negotiated by Lessor and Lessee.

## **Section 15. Duties at Termination or Expiration**

15.1 Surrender of Leased Premises. Upon expiration or early termination of this Lease, Lessee shall surrender to Lessor the possession of the Leased Premises. Lessee shall leave the surrendered

Leased Premises and any Improvements in a clean and leasable condition. If Lessee fails to surrender the Leased Premises at expiration or termination, Lessee shall defend and indemnify Lessor from all liability and expense resulting from the delay or failure to surrender, including, but not limited to claims made by any succeeding tenant founded on or resulting from Lessee's failure to surrender. In the event of failure or refusal of Lessee to surrender possession of the Leased Premises, Lessor shall have the right to reenter the Leased Premises and remove therefrom Lessee or any person, firm, or corporation claiming by, through or under Lessee and to obtain damages for trespass from Lessee.

15.2 Removal of Improvements upon Termination or Expiration. Upon the expiration or termination of this Lease or any extension thereof, including termination resulting from Lessee's breach ("termination"), Lessee shall leave the Leased Premises in a clean and leasable condition, which shall include removal of all of Lessee's Improvements and the foundations and footings to any Improvements, personal property, trash, vehicles, and equipment, except as noted in Section 15.4 below. Any excavation on the property, including excavation to remove Lessee's Improvements, shall be filled and compacted with material approved by Lessor.

15.3 Lessee's Removal of Solar Panels and Foundations. Lessee shall remove all its solar panels and foundations, to a depth of three (3) feet below grade, within twelve (12) months from the date the Term expires or the Lease terminates.

15.3.1 Restoration Security for Removal of Solar Panels, Foundations, and Improvements. Commencing on the Lease Year 22 of the lease Term or upon notice of termination by Lessee or Lessor, Lessee will establish a Restoration Security amount payable to Lessor to cover Lessee's obligations under Sections 15.2 and 15.3 through one of the following means to be selected by Lessor at its sole discretion: (i) by establishing an escrow account with a bank selected by Lessor, or (ii) by delivering to Lessor a letter of credit, bond, corporate guarantee from an investment grade company or equivalent security. The amount of the Restoration Security will be equal to the Net Removal Cost (as defined below), which will be determined by the Lessor and Lessee in good faith; provided, however, if the Lessor and Lessee cannot agree upon the Net Removal Cost within sixty (60) days, then the Net Removal Cost will be determined by an independent engineer mutually selected by the Lessor and Lessee at Lessee's expense.

The terms of any escrow fund, letter of credit, corporate guarantee, or bond will expressly provide that Lessor will be entitled to use amounts received from the Restoration Security to remedy any damage to the Leased Premises if Lessee fails to comply with any of its obligations under Section 15, after notice and opportunity to cure as provided herein. Interest earnings, if any, on any escrow fund will be the property of Lessee, and any amounts remaining in any escrow fund after Lessee has complied with its obligations pursuant to Section 15 will belong to Lessee. As used herein, the "**Net Removal Cost**" means (1) the cost of performing Lessee's obligations under Section 15, minus (2) the salvage value of the Solar Facilities located on the Leased Premises at the time such calculation is made.



15.3.2 Lessee shall provide Lessor with a site plan prepared and stamped by a licensed surveyor within sixty (60) days after completion of site restoration showing the locations of all foundations and footings, or other such materials that are below ground, and provide the surveyor's field notes with a description identifying each foundation, footings, or material buried below ground.

15.4 Lessor's Option. Lessor may, at its option, allow Lessee to leave some or all of Lessee's Improvements on the Leased Premises upon termination. If Lessor so elects, such Improvements shall become the property of Lessor upon termination and Lessor shall have no obligation to compensate Lessee for the same.

15.5 Lessor's Improvements. Any improvements owned by Lessor at the commencement of this Lease, or added to the Leased Premises by Lessor after execution of this Lease, shall not be removed by Lessee.

15.6 Abandonment of Lessee's Property. All property that Lessee is not required or allowed to leave on the Leased Premises shall, on the tenth (10th) day following termination, be conclusively deemed abandoned. Abandoned property shall, at the election of Lessor, become the property of Lessor or be destroyed or removed by Lessor.

15.7 Liability for Cleanup Expenses. Lessee shall be liable for all costs and expenses incurred by Lessor to remove or destroy abandoned property and Improvements not required or allowed to be left on the Leased Premises, and for the removal of trash or other debris left thereon. In addition, nothing in this Lease shall relieve Lessee of any obligation or liability for removal of Hazardous Materials or inappropriate fill material placed on the Leased Premises during the term of this Lease, regardless of when such Hazardous Materials or inappropriate fill material is discovered.

15.8 Holdover Tenancy. Unless otherwise amended by Lessor, this Lease does not provide for any hold-over tenancy rights by Lessee. If Lessee remains in possession of the Leased Premises after expiration of the Term without the execution of a new lease or an extension of this Lease, or an amendment of this Lease, and if no notice of termination has been delivered by Lessor to Lessee, Lessee shall be deemed to occupy the Leased Premises only as a tenant at will, from month-to-month, upon and subject to all of the provisions of this Lease which may be applicable to a month-to-month tenancy. Provided, however, that the rent payable during any holdover tenancy shall be one hundred and fifty percent (150%) of the rental rate in effect immediately prior to expiration of the Term.

## **Section 16. Default and Remedies.**

16.1 Events of Default. Each of the following events shall be a default by Lessee and breach of this Lease:

16.1.1 Failure to Perform Lease Obligations. Lessee's abandonment or surrender of the Leased Premises or of the leasehold estate, or failure or refusal to pay when due any installment of rent or additional rent or any other sum required by this Lease to be paid by Lessee, or to perform as required by any other obligation, covenant, or condition of this Lease.

- 16.1.2 Appointment of Receiver. The appointment of a receiver or trustee to take possession of the Leased Premises or improvements or of the Lessee's interest in the leasehold estate or of Lessee's operations on the Leased Premises for any reason.
- 16.1.3 Insolvency, Bankruptcy. An assignment by Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Lessee under any provision of the U. S. Bankruptcy Code.
- 16.1.4 Material Misrepresentation. A material misrepresentation made to Lessor by Lessee regarding the Agreement, including, but not limited to, a material misrepresentation by Lessee with respect to the intended use of the premises.
- 16.2 Notice. As a precondition to pursuing any remedy for an alleged default by Lessee, and before pursuing any remedy, Lessor shall give notice of the default to Lessee. Each notice of default shall state the alleged event of default and the intended remedy, but the identification of the intended remedy shall not limit Lessor's right to seek or use any other available remedy not identified in the notice. Lessor shall give notice of default to Lessee at its address for notices specified in this Lease. Notice shall be by personal delivery or by mailing by certified mail (return receipt requested) to Lessee.
- 16.3 Lessee's Right to Cure Defaults. Lessee shall have the right to cure any default as provided below:
- 16.3.1 Payment Default. If the alleged default is nonpayment of rent, taxes, or other sums to be paid by Lessee under this Lease, Lessee shall have thirty (30) days after the notice is given to cure the default.
- 16.3.2 Immediate Correction. If, in the reasonable opinion of Lessor, the alleged default substantially endangers either the person or property of Lessor or a third party, or human health, or the environment, Lessee shall commence curing the default immediately upon notice and complete the cure within such reasonable time period as is imposed by Lessor or any governmental body having jurisdiction in the matter.
- 16.3.3 Other Default. For the cure of any other default, Lessee shall promptly and diligently commence curing the default and shall have sixty (60) days after notice is given to complete the cure.
- 16.4 Nonwaiver. Lessor's acceptance of any rents, whether Basic Rent or additional rent, shall not be deemed to be a waiver of any breach by Lessee of any of its covenants or obligations contained in this Lease or of the right of Lessor to reenter the Leased Premises or to declare a forfeiture for any such breach. Waiver by Lessor of any breach by Lessee shall not operate to extinguish the covenant the breach of which is so waived, nor be deemed to be a waiver of the right of Lessor to declare a forfeiture for any other breach thereof or of any other covenant.
- 16.5 Right of Lessor to Protect Against Default. If Lessee fails to observe or perform any of its obligations contained in this Lease, Lessor, at any time thereafter and without notice, shall have the right, but not the obligation, to observe or perform the same for the account and at the expense



of Lessee, and shall not be liable to Lessee or anyone claiming by, through, or under it for any loss or damage by reason thereof to the occupancy, business, or property of any of them. All costs and expenses paid or incurred by Lessor in observing or performing such covenant shall constitute additional rent that Lessee shall pay to Lessor with ten (10) days of Lessee's receipt of an invoice therefore.

16.6 Lessor's Remedies. If any default by Lessee shall continue uncured following a notice of default as required by this Lease, for the period applicable to the default under Section 16.3 of this Lease, Lessor shall have the following remedies in addition to all other rights and remedies provided by law or equity or other provisions of this Lease, to which Lessor may resort cumulatively or in the alternative. The election of one remedy for any one default shall not foreclose an election of any other remedy for another default or for the same default at a later time.

16.6.1 Termination. Lessor may, at Lessor's election, terminate this Lease by giving Lessee notice of termination. On the giving of the notice, all Lessee's rights in the Leased Premises and in all Improvements thereon shall terminate, unless Lessor expressly and in writing requires Lessee to remove specified Improvements, in which event Lessee's rights shall continue in the Improvements required to be removed. Promptly after notice of termination, Lessee shall surrender and vacate the Leased Premises and all Improvements not required to be removed in a clean and leasable condition, and Lessor may reenter and take possession of the Leased Premises and all remaining Improvements and eject all parties in possession, or eject some and not others, or eject none. Termination under this Section 16 shall not relieve Lessee, or any of its guarantors, insurers, or sureties, from the obligation to make payment of any sum then due to Lessor or from any claim for damages previously accrued or then accruing against Lessee.

16.6.2 Reentry Without Termination. Lessor may, at Lessor's election, reenter the Leased Premises, and, without terminating this Lease, at any time and from time to time relet the Leased Premises and Improvements, or any part or parts of them, for the account and in the name of Lessee or otherwise. Lessor may, at Lessor's election, eject all persons, or eject some and not others or eject none. Any reletting may be for the remainder of the Term or for a longer or shorter term. Lessor may execute any leases made under this provision either in Lessor's name or in Lessee's name, and Lessor shall be entitled to all rents from the use, operation, or occupancy of the Leased Premises or Improvements or both. Lessor shall apply all rents from reletting as provided in Section 16.7 of this Lease. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease, the equivalent of all sums required of Lessee under this Lease, plus Lessor's expenses, less the proceeds of any reletting. No act by or on behalf of Lessor under this provision shall constitute an acceptance of a surrender or a termination of this Lease unless Lessor gives Lessee specific notice of acceptance of a surrender or termination.

16.6.3 Recovery of Rent. Lessor shall be entitled, at Lessor's election, to each installment of rent or to any combination of installments for any period before termination, plus late charges and interest at the rate of ten and one-half percent (10.5%) per annum from the due date of each installment. If Lessor elects to relet the Leased Premises

without terminating this Lease, the proceeds of such reletting shall be applied, when received, as provided in Section 16.7 of this Lease.

16.6.4 Lessee's Personal Property. Lessor may, at Lessor's election, use Lessee's personal property and improvement on the Leased Premises, or any of such property and improvements, without compensation and without liability for use or damage, or store them for the account and at the cost of Lessee.

16.6.5 Damages. Lessor shall also be entitled, at Lessor's election, to damages as follows:

- (1) All amounts that would have fallen due as rent between the time of termination and the time the property is relet, if it is relet; provided that Lessor shall exert reasonable efforts to relet the property at prevailing market value.
- (2) The amount, if any, by which the rent under this Lease exceeds the rents under any subsequent lease upon reletting calculated over the Term.
- (3) All administrative, marketing, brokerage, repairs, cleaning, and similar costs incurred by Lessor necessary or useful to reletting the Leased Premises, or placing it in good and marketable condition.

16.7 Application of Sums Collected by Lessor. Lessor shall apply all proceeds of reletting in the order as outlined below:

- (1<sup>st</sup>) To the payment of reasonable expenses (including attorneys' costs and fees, brokers' commissions, or both) paid or incurred by, or on behalf of Lessor in recovering possession, placing the Leased Premises and Improvements in good condition, and preparing or altering the Leased Premises or Improvements for reletting;
- (2<sup>nd</sup>) to the reasonable expense of securing new tenants;
- (3<sup>rd</sup>) to the fulfillment of Lessee's covenants and obligations to the end of the Lease Term; and
- (4<sup>th</sup>) to Lessee's uses and purposes.

## **Section 17. Assignments, Subleasing, and Mortgages.**

17.1 Limitations on Transfer. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Leased Premises, except in strict compliance with this Section 17. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such compliance shall be void, and shall constitute a breach of this Lease.

17.2 Lessee's Right to Assign or Sublease. Lessee shall have the right to assign, sublease or otherwise transfer Lessee's interest in this Lease and the estate created by this Lease only upon receiving prior written consent of the Lessor. Lessor shall not unreasonably withhold its consent.



17.3 Request for Consent to Assignment or Sublease. To request Lessor's approval of any assignment, sublease, or other transfer, Lessee shall give Lessor a reasonable notice of the proposed transfer of at least sixty (60) days, which may require MSB Assembly approval, with appropriate documentation regarding the proposed assignee or subtenant, including:

- (a) A certified financial statement prepared independently and in accordance with generally accepted accounting principles fairly representing the existing financial condition of the proposed assignee or subtenant;
- (b) The proposed assignee's or subtenant's prior years' income tax returns;
- (c) The proposed assignee's or subtenant's business or operations plan for the Leased Premises; and
- (d) Any other or further information Lessor requests.

17.4 Liability on Assignment or Sublease. No assignment or sublease, even if the assignment or sublease is made with Lessor's consent, shall operate to relieve Lessee of any obligations under this Lease, whether the same arise before or after the effective date of the assignment or subleasing. Upon assignment, the assignee shall assume all rights and obligations of Lessee under this Lease, including unsatisfied obligations to cure any delinquency in rent or other charges under this Lease or to perform any repairs or other work or action required by Lessor before the assignment.

17.5 Mortgage of Leasehold Interest. Lessee shall have the right at any time and from time to time, to subject the leasehold estate and any or all of Lessee's Improvements situated on the Leased Premises to one or more mortgages, deeds of trust, or assignments as security for a loan or loans or other obligation of Lessee (each of which is a "Leasehold Mortgage"), provided that:

17.5.1 Subordination. Any Leasehold Mortgage and all rights acquired under it shall be subject and subordinate to each and all the covenants, conditions, and restrictions stated in this Lease, and to all rights and interests of Lessor. **Under no circumstances will Lessor's fee simple interest in the Leased Premises or Lessor's rights under this Lease or its reversionary interest, ever be subject to, or subordinate to the lien or encumbrance of any Leasehold Mortgage. With respect to Lessor's interests, this Lease is specifically intended to be only an unsubordinated ground lease.**

17.5.2 Notice to Lessor. Lessee shall give Lessor prior notice of any such Leasehold Mortgage, and shall accompany the notice with a true copy of the note and the Leasehold Mortgage as proposed for execution. Upon Lessor's written consent to the Leasehold Mortgage and upon execution of the Leasehold Mortgage by all parties, the mortgagee shall become a Qualified Mortgagee as that term is used in this Lease.

17.6 Notice of Default and Opportunity to Cure. Upon any default on any of the terms of the Lease by Lessee, Lessor, in addition to notifying Lessee pursuant to Section 16.2, shall also notify each Qualified Mortgagee of the default. Upon receipt of a written notice of default, any such

Qualified Mortgagee shall have the length of time set forth in Section 16.3 of this Lease to cure the default. Lessor shall accept any cure provided by a Qualified Mortgagee whether the cure is tendered in the name of or on behalf of Lessee or the Qualified Mortgagee.

17.7 Possession by Mortgagee. A Qualified Mortgagee may take possession of the Leased Premises and vest in the interest of Lessee in the Lease upon the performance of the following conditions:

17.7.1 The payment to Lessor of any and all sums due to Lessor under the Lease, including, but not limited to, accrued unpaid Basic Rent and additional rent.

17.7.2 The sending of a written notice to Lessor and Lessee of the Qualified Mortgagee's intent to take possession of the Leased Premises and assume the Lease.

17.7.3 The curing of all defaults not remediable by the payment of money within an additional thirty (30) days of the date upon which such default was required to be cured by the Lessee under the terms of this Lease.

17.8 No Liability of Mortgagee Without Possession. A Qualified Mortgagee shall have no liability or obligation under the Lease unless, and until it sends to Lessor the written notice described in Section 17.7.2 above. Nothing in this Lease nor in the taking of possession of the Leased Premises and assumption of the Lease by a Qualified Mortgagee or a subsequent assignee shall relieve Lessee of any duty or liability to Lessor under the Lease.

17.9 Subsequent Transfer. In the event a Qualified Mortgagee forecloses the Leasehold Mortgage, any subsequent assignee or transferee of the leasehold estate proposed by the Qualified Mortgagee must be approved by Lessor, whose discretion in the matter shall be complete.

## **Section 18. General Provisions.**

18.1 Notices. Except as otherwise provided in this Lease, any notice to Lessor or Lessee required or permitted under this Lease shall be given in writing, mailed by registered or certified mail, return receipt requested, and addressed to such party at its mailing address specified on the first page of this Lease, or at such other address as may be specified by the party in writing. In the alternative, any notice may be delivered personally within the State of Alaska to the party. Except as otherwise expressly provided in this Lease, any notice shall be conclusively deemed to have been given on the date of mailing or personal delivery. If at any time during the Term, Lessee is more than one person or entity, any notice given by Lessor to any one person shall constitute notice to all of them, and any agreement or approval with or in favor of Lessor made or given by any of them shall bind all of them.

18.2 Disputes; Forum Selection; Attorney's Fees. In the event of any dispute, the reconsideration procedure of MSB 23.05.090 shall be available. Lessor and Lessee shall attempt to resolve any dispute through non-binding mediation prior to litigation. Any litigation arising out of this Lease or related to it shall only be brought in the Superior Court for the State of Alaska, Third Judicial District at Palmer, and not elsewhere. Lessor and Lessee consent to the jurisdiction



of such court. In any litigation, the prevailing party shall be entitled to an award of its full, reasonable attorney's fees in addition to any other relief the court grants.

18.3 Lessor's Approvals. Except as otherwise provided for in this Lease and except for any amendment to the terms of this Lease, Lessor shall not unreasonably, capriciously, or arbitrarily withhold its consent or approval when its consent or approval is required under this Lease.

18.4 Lessee's Right of First Offer to Purchase. If the Lessor decides to market the property in part or in whole, the Lessor will notify Lessee in writing, prior to placing the property on the market, and giving Lessee the Right of First Offer to Purchase and is contingent upon MSB Assembly approval. After MSB Assembly approval, Lessee shall have sixty (60) days to exercise its Right of First Offer to Purchase the property by providing written notice to Lessor. If Lessee fails to timely exercise its Right of First Offer to Purchase, or waives its option, Lessor will be under no obligation to further provide Lessee the Right of First Offer to Purchase.

If Lessee timely notifies the Lessor that it is exercising its Right of First Offer to Purchase, Lessee at its sole expense shall pay all appraisal costs associated with determining the fair market value of the land in accordance with Section 4.1.1 of the Lease. Lessee acknowledges that the negotiated purchase agreement is contingent upon MSB Assembly approval prior to conveyance of the property.

18.5 Integration and Amendments. This Lease, the exhibits attached hereto, and the provisions of the permits and licenses incorporated herein, contain and state the complete and final understanding of every agreement and representation made by or on behalf of Lessor and Lessee with respect to the Leased Premises. No implied covenant or prior oral or written agreement shall be held to vary or supplement the provisions of this Lease. Any modification of any provision of this Lease shall only be effective when it is made in a writing that specifically states it is an amendment of this Lease and that is signed by authorized representatives of both parties. Lessee acknowledges that no representative of Lessor is authorized to modify this Lease unless the provisions of the MSB Code are satisfied, including, where necessary, the approval of the MSB Assembly.

18.6 Severability. If any provision of this Lease is held to be void or otherwise unenforceable, the remaining provisions of this Lease shall remain in full force and effect.

18.7 Execution and Counterparts. This Lease may be executed in two or more counterparts, each of which shall be an original, and all of which shall constitute one and the same instrument.

18.8 Memorandum of Lease. A Memorandum of Lease for providing constructive notice of the Lease shall be recorded in the Palmer Recording District and which recording expense shall be borne by Lessee.

18.9 Discriminatory Acts Prohibited. Lessee, in its use and occupancy of the Leased Premises, shall not discriminate against any person or class of persons by reason of sex, race, color, creed, or national origin and shall comply with all federal regulations and laws in regard to discrimination.

18.10 Section Headings. The section headings in this Lease are for convenience only and have no other significance.

18.11 Authority. For purposes of the terms and conditions of this Lease, the Matanuska-Susitna Borough Manager or designee shall act on behalf of the Borough.

18.12 Binding Effect. This Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns.

18.13 Force Majeure. Any failure to perform by either party due to force majeure shall not be deemed a violation or breach hereof. Forces majeure include interruption, suspension, or interference with the lease caused by acts of God, acts of the public enemy, wars, blockades, insurrections, riots, and similar occurrences.



IN WITNESS, WHEREOF, the Lessee and Lessor hereto have executed and acknowledge this Utility Scale Solar Facility Lease agreement and attachments/exhibits.

LESSEE  
Renewable Independent Power Producers, LLC.

\_\_\_\_\_  
[First and Last Name (signature authority)]  
[Title]

ACKNOWLEDGEMENT OF LESSEE

State of Alaska            )  
                                      ) ss.  
Third Judicial District)

THIS IS TO CERTIFY that on this \_\_\_\_\_ day of \_\_\_\_\_, 2020, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared, \_\_\_\_\_, [TITLE], of [COMPANY NAME], a company, known to me to be the identical individual who executed the foregoing instrument, and they acknowledged before me that they executed the Ground Lease for a solar utility as the free and voluntary act of said company, with full authority to do so and with full knowledge of its contents, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

[SEAL]

\_\_\_\_\_  
Notary Public for State of Alaska  
My commission expires: \_\_\_\_\_

1M 20-120  
OK 20-057  
RS 20-061

LESSOR  
MATANUSKA-SUSITNA BOROUGH

\_\_\_\_\_  
John Moosey, Borough Manager

ACKNOWLEDGEMENT OF LESSOR

State of Alaska            )  
                                      ) ss.  
Third Judicial District)

THIS IS TO CERTIFY that on this \_\_\_\_\_ day of \_\_\_\_\_ 2020, before me, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared John Moosey, Borough Manager of the Matanuska-Susitna Borough, a municipal corporation, who is personally known to me, appeared and acknowledged before me that he signed the Ground Lease for a solar utility for and on behalf of the municipal corporation, and acknowledge to me that he signed the same freely and voluntarily for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

[SEAL]

\_\_\_\_\_  
Notary Public for State of Alaska  
My commission expires: \_\_\_\_\_

*IM 20-120*  
*OR 20-057*  
*RS 20-061*



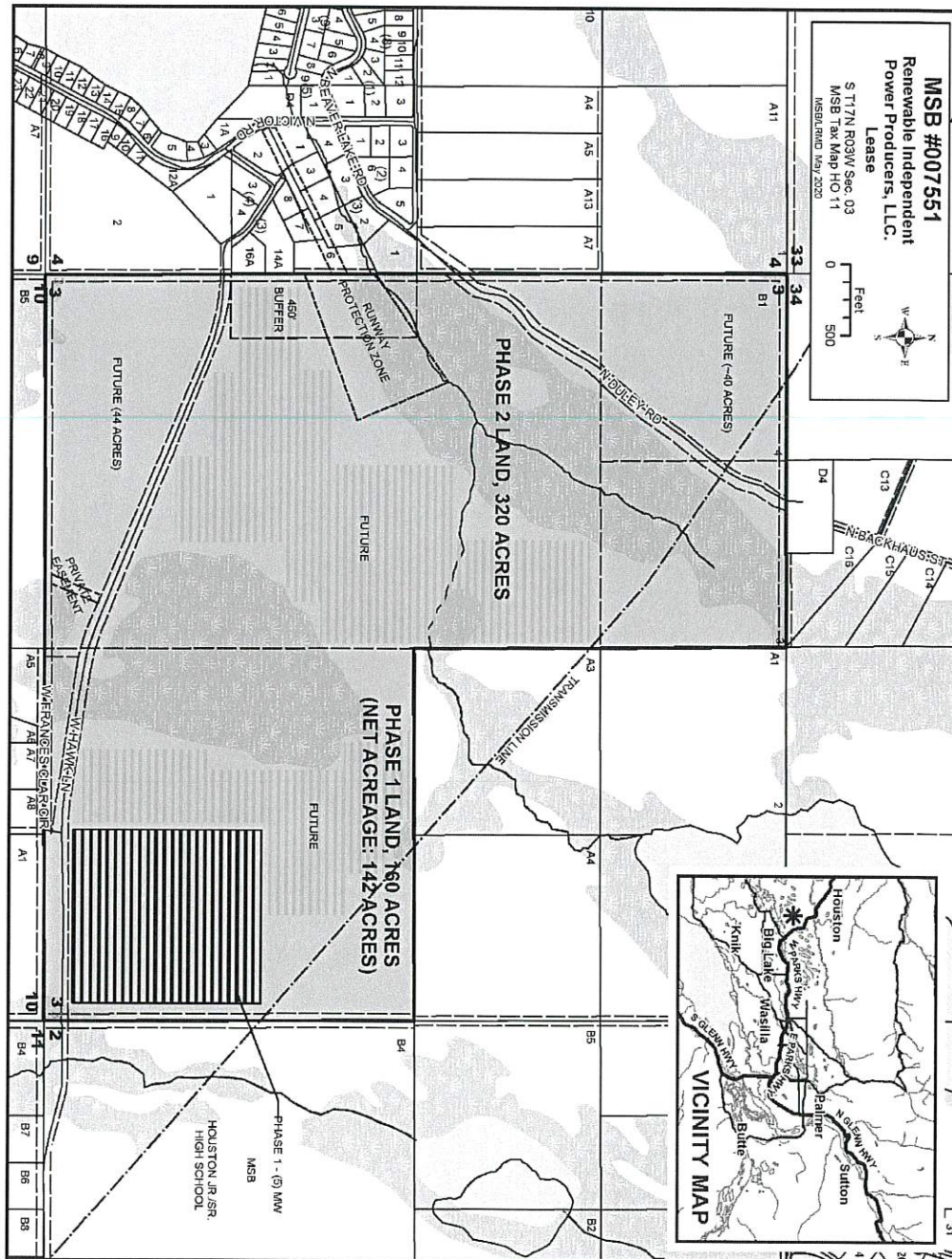
## EXHIBIT A

The Leased Premises are described as follows:

Phase 1 Land: The Southeast 1/4

Phase 2 Land: The West 1/2

Located within Section 3, Township 17 North, Range 3 West, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska.



*im 20-120  
OR 20-057  
RS 20-061*

## EXHIBIT B

### INSURANCE REQUIREMENTS

The parties herein to this Agreement specifically agree that the provisions of this Agreement does not create in the public or any member thereof, a third party benefit hereunder, or authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms and provision of this Agreement. It is highly recommended that LESSEE confer with their respective insurance companies or brokers to determine if their insurance program complies with the Borough's Insurance requirements.

LESSEE shall procure and maintain the following insurance:

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services office form number CG 0001 (Edition 04/13) covering Commercial General Liability.
2. Insurance Services office form number CA 0001 (Edition 04/13) covering Automobile Liability, symbol 8 & 9 "hired and non-owned vehicles."
3. Workers' Compensation insurance as required by the State of Alaska and Employer's Liability Insurance.
4. Environmental Impairment Liability (EIL) policy prior to the use of equipment, battery storage, or any containment facilities for what Lessor deems "Hazardous Materials" that are necessary to operate, maintain, and store generated power on the Leased Premises. The EIL shall be on a coverage form agreeable to the Lessor covering claims related to breach or release of any "Hazardous Material," pollutants, or contaminates arising out of the activities of the LESSEE. EIL coverage shall include third party liability for bodily injury, property damage, environmental trespass, and costs of environmental testing, cleanup, and monitoring.

B. Minimum Limits of Insurance

LESSEE shall maintain limits no less than:

1. General Liability:

\$1,000,000 combined single limit per occurrence for bodily injury, property damage, personal injury, and advertising injury. The general aggregate limit shall be \$1,000,000.

General liability insurance shall be maintained in effect throughout the term of the Agreement.



2. Auto Liability:  
Symbol 1 "Any Auto - \$500,000 combined single limit per accident for bodily injury and property damage.
3. Workers' Compensation and Employer's Liability:  
Workers' Compensation shall be statutory as required by the State of Alaska.
4. Excess Liability:  
In order to meet the required minimum limits of insurance it is permissible for LESSEE to combine an excess liability or umbrella policy with the general liability, auto liability, or employer's liability. In the instance where LESSEE purchases an excess liability or umbrella policy, the occurrence limit and the aggregate limit may be of the same amount.
5. Environmental Impairment Liability (EIL):  
Environmental Site Impairment Liability policy with a minimum of \$1,000,000 single limit per claim, dependent upon the activity, use, and duration of "Hazardous Materials" on the Leased Premises with the minimum limit determined to be acceptable to Lessor. The EIS policy shall contain (a) coverage for losses resulting from pollution, harmful emissions, dispersion of pollutants and ecological damage of impacts to air, water, and soil on and off-site; (b) coverage for bodily injury and property damage on and off-site; and (c) coverage for cleanup costs, monitoring, and remediation expenses on and off-site, which arise out of LESSEE's activities and uses under this lease. Where coverage is a claims-made coverage form, the retroactive date will be the date the activity begins.

LESSEE shall provide a long-tail coverage policy providing for discovery and reporting of claims will be required for a three (3) year term after activities on the Leased Premises cease or upon Lease termination or expiration, whichever is later.

C. Deductibles and Self-Insured Retention

Prior to work commencing, any deductible or self-insured retention must be declared and approved by the Borough. LESSEE may be requested to demonstrate how the deductible or self-insured retention will be funded in the event of a claim. At the option of the Borough, LESSEE shall reduce or eliminate such deductibles or self-insured retention as respects the Borough, its officers, officials, employees, and volunteers; or the LESSEE shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

D. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability, Automobile Liability

- a. The Borough, its Administrator, officers, officials, employees and volunteers shall be covered as additional insured as respects: liability arising out of activities performed by or on behalf of LESSEE; products and completed operations of LESSEE premises owned, occupied, or used by LESSEE or automobiles owned, leased, hired, or borrowed by LESSEE. The coverage shall contain no special limitation on the scope of protection afforded to the Borough, its Administrator, officers, officials, employees, and volunteers.
- b. LESSEE's insurance coverage shall be primary insurance and non-contributory as respects the Borough, its Administrator, officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Borough, its Administrator, officers, officials, employees, and volunteers shall be in excess of LESSEE's insurance and shall not contribute to it.
- c. LESSEE's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. Workers' Compensation and Employer's Liability

The insurer shall agree to waive all rights of subrogation against the Borough, its Administrator, officers, officials, employees, and volunteers for losses arising from work performed by LESSEE or any subcontractor of LESSEE in relation to this Agreement.

E. Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of no less than A-VII.

F. Verification of Coverage

LESSEE shall furnish the Borough with certificates of insurance and with certified copies of all endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms acceptable to the Borough. All certificates are to be received and approved by the Borough before work commences. The Borough reserves the



rights to require complete, certified copies of all required insurance policies, at any time.

G. Subcontractors, Vendors and Sublessees

All subcontractors, vendors and sublessees shall provide their own insurance. LESSEE must maintain a list of all vendors and current certificates of insurance for each meeting limits approved by Lessor and name the Borough, its Administrator, officers, officials, employees, and volunteers as additional insureds. All coverage for subcontractors and sublessees shall be subject to all requirements stated herein.

H. Lapse in Insurance Coverage

A lapse in insurance coverage, any change that restricts, reduces insurance provided, or changes name of insured without Borough approval is a material breach of this Agreement, which can result in immediate termination of the Agreement.

/ CONSTRUCTION	500.00	\$ 6,000.00	YEAR 2	5/15/2021	\$ 1,000.00	YEAR 2	5/15/2021	N/A
E RENT INCREASE	800.00	\$ 9,600.00	YEAR 3	5/15/2022	\$ 1,000.00	YEAR 3	5/15/2022	DEVELOPMENT / CONSTRUCTION
ASE	824.00	\$ 9,888.00	YEAR 4	5/15/2023	\$ 1,000.00	YEAR 4	5/15/2023	DEVELOPMENT / CONSTRUCTION
ASE	848.72	\$ 10,184.64	YEAR 5	5/15/2024	\$ 1,000.00	YEAR 5	5/15/2024	ASSESSED VALUE RENT INCREASE
6 FAIR MARKET VALUE			YEAR 6	5/15/2025	\$ 1,000.00	YEAR 6	5/15/2025	APPRAISAL - 8% FAIR MARKET VALUE
ASE			YEAR 7	5/15/2026	\$ 1,000.00	YEAR 7	5/15/2026	3% RENT INCREASE
ASE			YEAR 8	5/15/2027	\$ 1,000.00	YEAR 8	5/15/2027	3% RENT INCREASE
ASE			YEAR 9	5/15/2028	\$ 1,000.00	YEAR 9	5/15/2028	3% RENT INCREASE
ASE			YEAR 10	5/15/2029	\$ 1,000.00	YEAR 10	5/15/2029	3% RENT INCREASE
6 FAIR MARKET VALUE						YEAR 11	5/15/2030	APPRAISAL - 8% FAIR MARKET VALUE
ASE			NOTE: SECTION 4.2, IF LESSEE EXERCISES ITS OPTION TO LEASE ONLY A PORTION OF THE 320 ACRES FOR SOLAR DEVELOPMENT, THE ANNUAL \$1,000 OPTION RENT REMAINS THE SAME UNTIL FULLY DEVELOPED, THE OPTION EXPIRES, OR THE OPTION IS TERMINATED.			YEAR 12	5/15/2031	3% RENT INCREASE
ASE						YEAR 13	5/15/2032	3% RENT INCREASE
ASE						YEAR 14	5/15/2033	3% RENT INCREASE
ASE						YEAR 15	5/15/2034	3% RENT INCREASE
ASE						YEAR 16	5/15/2035	3% RENT INCREASE
ASE						YEAR 17	5/15/2036	3% RENT INCREASE
ASE						YEAR 18	5/15/2037	3% RENT INCREASE
ASE						YEAR 19	5/15/2038	3% RENT INCREASE
ASE						YEAR 20	5/15/2039	3% RENT INCREASE
ASE						YEAR 21	5/15/2040	APPRAISAL - 8% FAIR MARKET VALUE
6 FAIR MARKET VALUE						YEAR 22	5/15/2041	3% RENT INCREASE
ASE						YEAR 23	5/15/2042	3% RENT INCREASE
ASE						YEAR 24	5/15/2043	3% RENT INCREASE
ASE						YEAR 25	5/15/2044	3% RENT INCREASE
ASE						YEAR 26	5/15/2045	3% RENT INCREASE
ASE						YEAR 27	5/15/2046	3% RENT INCREASE
ASE						YEAR 28	5/15/2047	3% RENT INCREASE
ASE						YEAR 29	5/15/2048	3% RENT INCREASE
ASE						YEAR 30	5/15/2049	3% RENT INCREASE
ASE						YEAR 31	5/15/2050	3% RENT INCREASE
ASE						YEAR 32	5/15/2051	3% RENT INCREASE
R MARKET VALUE						END	5/15/2052	
						RENEWAL OPTION		APPRAISAL - FAIR MARKET VALUE

ANNUAL LEASE RATES  
FOLLOWS:

1m 20-120  
OR 20-057  
RS 20-061

\*EXAMPLE: PHASE 2 DEVELOPMENT OF THE WEST 1/2 USING 210 NE SOUTH OF HAWK LANE, RUNWAY PROTECTION ZONE, GOV'T LOTS 3 & AND THE NON-DEVELOPMENT AREA ADJOINING CUBDIVISION SUBDIN