

# Solar PV Land Lease Agreement

This agreement (the "Agreement") dated September 2, 2015 made by and between:

<b>Solarize Energy L.P. of Brantford, Ontario, an Ontario Limited Partnership</b>	<b>(<i>"Solarize"</i>)</b>
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and:

<b>Township of Warwick</b>	<b>(<i>"Land Owner"</i>)</b>
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SOLARIZE and Land Owner are hereinafter sometimes referred to individually as the "Party" or collectively referred to as the "Parties".

WHEREAS the Land Owner is the registered owner of the lands and buildings described below;

AND WHEREAS SOLARIZE is a solar photovoltaic ("PV") system developer and investor in the business of installing and managing rooftop and groundmount solar photovoltaic panels which will generate electrical energy that will be purchased under contract by Independent Electricity System Operator (IESO);

SOLARIZE hereby submits the sum of \$2.00 to be held in trust by the Land Owner, and to be applied to the first payment under the terms of the Lease. In the event that the conditions are not satisfied, the said deposit shall be returned. In the event that conditions are satisfied and SOLARIZE does not proceed with the lease, the Land Owner is not obligated to return the said deposit.

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements contained in this Agreement and the sum of two dollars (\$2.00), the receipt and adequacy of which consideration with respect to each of the parties is hereby mutually admitted, the parties agree as follows:

1. SOLARIZE hereby offers to lease from the Land Owner, the land area described on Schedule B (the "leased lands").
2. Land Owner grants the exclusive rights to SOLARIZE to install, operate and maintain a PV system on the leased lands for a minimum period of 20 years from the start date of commercial operation.
3. Land Owner shall grant access rights to the leased lands to SOLARIZE to install operate and maintain the PV system, for the period of time coinciding with the 20 year IESO contract (installation period plus 20 year generation).
4. SOLARIZE will own, operate and maintain the PV system, connect to the electrical distribution grid and sell the electrical power under a contract with the IESO. All costs for these activities will be the responsibility of SOLARIZE.
5. SOLARIZE will conduct preliminary assessments and apply for an IESO contract in the next available IESO application window. If initially unsuccessful in being awarded a IESO contract, SOLARIZE will reapply two more consecutive times in the next 2 available IESO applications windows; in this case, this agreement will still be valid.
6. The expected area of land available to SOLARIZE is listed in Appendix B, under the "Final Property Size" column.
7. This agreement is conditional upon:
  - (a) Independent Electricity System Operator granting a contract and SOLARIZE accepting the contract.
  - (b) Receipt of the Environmental Approval Screening Report as issued by the Ontario Ministry of the Environment (required by the IESO for groundmounts).

- (c) An engineering and soil / water analysis report being completed as to the suitability to incorporate a PV system and the outcome of the report being satisfactory to SOLARIZE.
- (d) The Parties finalizing the PV ground array and final acreage requirements, for which SOLARIZE shall pay the Land Owner the lease rates according to Schedule “A” attached hereto.
- (e) The necessary permits being issued by the local Municipality and other authorities, as may be required, in order to allow for installation and operation of the PV system.
- (f) Financing being secured within 18 months of an IESO contract offer.
- (g) Approval for hookup to the electrical grid by the Local Distribution Company (LDC) at a reasonable economical cost as determined by SOLARIZE.

SOLARIZE and the Land Owner agree that once all of the conditions have been fulfilled, SOLARIZE and the Land Owner shall enter into a formal land lease incorporating the terms hereof, it being SOLARIZE’s and the Land Owner’s mutual intention that such land lease shall be a completely carefree net lease for the Land Owner and the Land Owner shall not, during the term of the lease, be required to make any payments.

**Contact Information**

	<b>SOLARIZE</b>	<b>&lt; Insert name of Landlord &gt;</b>
Address	680 Tradewind Dr., Unit 12	6332 Nauvoo Rd
City	Ancaster, Ontario	Watford, Ontario
Postal	L9G 4V5	N0M 2S0
Description	Managing Director	CAO
Contact	Carlos Leite	Allan Fletcher
Phone	(519) 304-7011	(519) 849-3926
Email	cleite@solarizeenergy.ca	AFletcher@warwicktownship.ca

**Obligations of SOLARIZE**

SOLARIZE shall:

1. Lease the ground area from the Land Owner for a minimum period of 20 years, as listed in Schedule B and pay lease rates according to Schedule A.
2. Conduct an engineering analysis, at its own expense, as to the suitability of the leased lands.
3. Complete the final design, survey the number of acres utilized, at its own expense, and provide the owner with the report.
4. Design, install and operate the PV System and electrical equipment at its own expense.
5. Operate and monitor the PV System at its own expense. Allow access to the monitoring system to the property owner.
6. Register a Notice of Lease (for access rights) in a form satisfactory to the Land Owner’s solicitors at its own expense.
7. Cover any expenses and charges as may be applied by the Local Distribution Company (LDC) for hooking up to the electrical grid.

8. Grade the land as may be required for installation of the PV system at its expense to the satisfaction of the Land Owner.
9. Cover the expenses, to a mutually agreed upon dollar amount, associated with severing the properties.
10. Provide assurances that the leased lands will not be materially damaged by the installation or operation of the PV system.
11. Place an insurance policy (property and liability) on the equipment and land area at its expense that is acceptable to the Land Owner, to cover potential damages directly caused by the PV system during the life of the agreement.
12. SOLARIZE is responsible for any cost associated with project applications / permits and will provide the Land Owner copies of the applicable applications / permits.
13. As part of the Environmental Assessment Screening Report (EASR) process, SOLARIZE will, at its expense, address concerns and issues relating to landscaping, noise, tree management and other issues as may arise during the process.
14. The leasing arrangement is based upon a fixed rate % of revenue generated according to Schedule A; SOLARIZE shall provide documentation from the local utility to the Land Owner, showing the amount of power produced and funds received on a quarterly basis.
15. Be responsible for tax assessment increases, if any, attributable to the changing of the land to solar power generation. For clarity, SOLARIZE will only be responsible for the portion area of the PV array and will not be liable for any other non-solar tax increase factors.
16. Be responsible for costs of any necessary land improvements or related work, such as drainage and fencing.
17. Work together with the Municipality to identify areas and provide access to Municipal assets, such as drainage pipes.

### **Obligations of the Land Owner**

The Land Owner shall provide and grant to SOLARIZE:

1. Legal description of the leased lands, location map, elevation and other relevant property information including zoning.
2. Provide the land registry document for each property.
3. Undertake the work required to sever, the properties listed in Schedule B, into smaller lots each of which is to be registered.
4. Engineering/environmental documentation, maps and data of the property.
5. Provide documentation as to the municipal zoning of the property and agricultural class designation by the Province of Ontario.
6. Documentation as to any known environmental issues or any remedial work done to date.
7. Free access rights to the leased lands during the term of this agreement and installation phase.
8. Provision for the location of the inverter and electrical meter.
9. Provide internet access (if existing) for system monitoring purposes.

10. Allocate the area specified in Schedule B for hosting the solar PV system.
11. Sign appropriate documentation to allow SOLARIZE, at SOLARIZE's expense, to register the Notice of Lease in the form approved by the Land Owner's solicitors.
12. If a mortgage is on the property, help arrange for a Non-Disturbance Agreement, in a form satisfactory to SOLARIZE, to be signed by all applicable Mortgagees and registered against the leased lands. Each Party being responsible for their own legal expenses.
13. Not disrupt the operation of the PV system during the length of the IESO contract. Where maintenance by the Land Owner or other activities are required, the Parties will work together in order to minimize the downtime.
14. If, due to the Land Owner's activities, the PV system is offline more than 3 days per year the rent will be adjusted proportionately.

### **General Terms and Conditions**

1. This Agreement shall be interpreted under the laws of the Province of Ontario.
2. This agreement will expire, individually for each separate property, as listed in Schedule B when:
  - a. a total of 3 IESO application period windows have passed and any subject property has not been granted an IESO contract offer, or
  - b. 4 years have passed from the date of this agreement.
3. This Agreement shall be binding upon, and shall endure to the benefit of each of the parties hereto and its respective legal representatives, successors and permitted assignments.
4. The parties agree that terms and conditions are to be treated as confidential business dealings and shall not be conveyed to any third parties without prior consent of SOLARIZE and the Land Owner.
5. In order to increase the probability of obtaining the IESO contract, SOLARIZE may elect to have other 3rd parties join the project.
6. This lease is transferable and may be assigned to third parties. In this event the Land Owner will be notified.
7. All confidential information and confidential materials are and shall remain the property of the disclosing Party. By disclosing information to the other Party, the Parties do not grant any express or implied right to the other Parties' patents, copyrights, trademarks, or trade secret information.
8. Prior to the end of the 20 year term, the Land Owner and SOLARIZE will mutually select one of the following 3 options:
  - a. Enter into a lease extension agreement for a period of 5 years.
  - b. Provide an offer for the Land Owner to acquire the PV system at minimal or no cost.
  - c. Agree upon a Joint Venture basis.

The decision to accept or reject any option will be solely made by the Land Owner. If all options are rejected and the lease is not extended, SOLARIZE will remove the PV system from the property forthwith in a professional workmanlike manner.
9. For new items subsequently identified, the parties will negotiate a good faith solution and incorporate the agreed upon changes into a final lease document. This can include but is not limited to:
  - a. Transfer of IESO contract if either party experiences financial difficulties and/or enters into bankruptcy protection.

- b. Disposition of the solar equipment at the end of the lease term.

**Other Considerations**

The parties also agree to investigate the economics and potentially enter into a sub-agreement for:

- 1. Cooperate to identify and locate other suitable properties for future projects.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the dates indicated below:

For and on behalf of:

**SOLARIZE L.P., Brantford, Ontario**

**("SOLARIZE")**

**By:** *Mr. Carlos Leite – Managing Director*

*Signature:*

*I have the authority to bind the corporation*

For and on behalf of:

**Township of Warwick**

**("Land Owner")**

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

*Signature:* \_\_\_\_\_

*I have the authority to enter into this agreement*

## **Schedule A: Lease Rate**

### **Lease Rate**

The lease rate shall be a fixed amount annually for each 500 kW AC Solar PV ground mount system (assuming the projected IESO contract revenue rate of [24.3] cents per kWhr) we project:

- lease amount of approximately [\$15,000] annually
- lease payments made quarterly to the Land Owner
- 20-year payments totaling [\$300,000] per each 500 kW Solar PV ground mount system
- target lot size per property is [3 to 4 acres]

In all cases, the lease paid to the landowner will be adjusted to reflect the actual IESO contract generation rate awarded and the actual project kW installed.

Lease commences and lease payments begin on the Commercial Operation Date as determined by the IESO and the first payment is due the following quarter. Thereafter, payments will be made on a quarterly basis.

Final layout will be determined by SOLARIZE and approved by the Land Owner after completion of the detailed analysis and PV system design.

Lease payments would decrease proportionately (credited to the SOLARIZE) if accumulated disruptions are longer than 3 days in any given year for disruptions attributed to the Municipality.

## Schedule B: Listing of Properties

7716 Churchill Line, Warwick Ontario

