

**PURCHASE AGREEMENT  
for SOLAR UNIT(S)  
in the  
SUNSMART PROJECT**

**Between**

**THE CITY OF ST. GEORGE, UTAH  
and  
THE PURCHASER IDENTIFIED BELOW**

*To be completed by Purchaser:*

**Purchaser:**

**Printed Name:** \_\_\_\_\_

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

**Email:** \_\_\_\_\_

**Residential Property Address:** \_\_\_\_\_  
St. George, Utah 84\_\_\_\_\_

*To be completed by the City:*

**Electric Account #:** \_\_\_\_\_

**SunSmart Phase Number** \_\_\_\_\_

**Effective Date:** \_\_\_\_\_

**Background:** The City of St. George, Utah, is developing a solar photovoltaic project, the “SunSmart Project,” near the Bloomington Wastewater Reclamation Facility in St. George, Utah. By signing this agreement, Purchaser will participate in and facilitate the success of the SunSmart Project by purchasing the right to receive a credit for a portion of the net electrical output of the SunSmart Project.

**Eligibility Requirements:** The Purchaser must be the owner or in lawful possession of Residential Property located within the geographical boundaries of the City of St. George, Utah, with a current utility account or accounts for such Residential Property (i) for water or waste water service from the City and (ii) for residential electric service from either the City or Dixie-Escalante.

**Defined Terms:** Defined terms (words or terms that begin with initial capitals) shall have the meanings specified in the Section 12 below, entitled “Definitions”.

**Agreement:**

1. *Eligibility.* Purchaser represents that Purchaser and the Residential Property satisfy all of the requirements for Eligibility as set forth on page 1 of this Agreement.

2. *Agreement to Purchase; Purchase Price.* Purchaser agrees to purchase and the City agrees to sell the following Solar Unit(s):

\_\_\_\_\_ full Solar Unit(s) @ \$5,000 each = \$ \_\_\_\_\_  
\_\_\_\_\_ one-half Solar Unit(s) @ \$2,500 each = \$ \_\_\_\_\_  
[Maximum: 4 full unit equivalent]

**Purchase Price = \$ \_\_\_\_\_**  
[Maximum: \$20,000]

Purchaser shall deliver this signed agreement, along with the Purchase Price specified above, to the City at the following address:

**City of St. George Energy Services Dept.  
SunSmart Project  
175 East 200 North  
St. George, Utah 84770**

3. *Electric Bill Credit.* In consideration of the payment by Purchaser of the Purchase Price, and subject to all the terms and conditions set forth in this Agreement, Purchaser shall receive monthly a credit on the Electric Bill for the Residential Property for Purchaser's Pro-Rata Share of the Net Electrical Output of the SunSmart Project during: (a) the Initial Commercial Life of the SunSmart Project, estimated to be nineteen (19) years; and (b) subject to payment by Purchaser of the assessment described in Section 5 below, for any Extended Commercial Life established by the City in accordance with Section 5. Purchaser's Pro-Rata Share of the Net Electrical Output of the SunSmart Project will be in the form of a monthly Energy Credit in kilowatt hours on the Electric Bill. The Minimum Annual Energy Credit for one full Solar Unit is 800 kilowatt hours per year (400 kilowatt hours per year for a half unit). To the extent an Energy Credit exceeds the metered electric energy for the Residential Property for that month, the unapplied amount of the Energy Credit will be carried forward to the Electric Bill for subsequent months until it has been fully utilized. The Energy Credit should begin showing up on the Electric Bill within approximately sixty (60) days after the Effective Date, unless a different time is specified below:

\_\_\_\_\_. [to be completed by the City, if applicable]

4. *Potential Tax Benefits.* Utah Code Sections 59-10-1024 and 59-7-614.2 offer a tax credit to the purchasers of certain residential solar units of twenty five percent (25%) of the purchase price, up to a maximum credit of \$2,000. The City was actively

involved in supporting amendments to Utah law to extend the availability of these Utah tax credits to purchasers of Solar Units in the SunSmart Project and the City has every reason to believe that these tax credits will be granted by the State of Utah to any eligible purchaser. Moreover, certain information regarding potential solar tax credits may have been provided to Purchaser by the City. However, Purchaser acknowledges that (a) Purchaser has not relied upon any tax information or advice from the City or Dixie-Escalante as to whether or not a purchase of any Solar Unit(s) will be eligible for any tax credits or benefits and (b) neither the City nor Dixie Escalante has guaranteed that the State of Utah or any other governmental agency will recognize or grant any tax credits or other tax benefits to Purchaser due to Purchaser's purchase of any Solar Unit(s). Any questions or concerns about available tax credits should be raised with Purchaser's tax or legal advisers or the appropriate governmental agencies.

5. *Potential Extension & Assessment.* At the end of the Initial Commercial Life of the SunSmart Project, the City will determine whether to further extend the commercial life of the Project. If the City extends the commercial life of the SunSmart Project, certain repairs, maintenance, replacements or betterments of solar panels and other equipment may be determined to be necessary or appropriate. The City may impose an assessment on each Solar Unit in light of the estimated costs of extending the SunSmart Project through any Extended Commercial Life. In such event, notice will be sent to Purchaser by the City indicating (a) the estimated number of months to be included in the Extended Commercial Life, (b) the amount of the assessment payment required for Purchaser's Solar Unit(s), (iii) the date by which Purchaser must pay the assessment payment to the City in order to continue its right to the Solar Unit(s) during the Extended Commercial Life, and (iv) other the terms and conditions to be applicable to the Solar Unit(s) during the Extended Commercial Life. If the assessment payment is not timely paid, the Solar Unit(s) purchased hereunder shall terminate, the associated Energy Credit shall cease to be applied to any Electric Bill and the City may proceed to use or sell in any manner that it sees fit the Net Output of the SunSmart Project previously associated with such Solar Unit(s), or otherwise make any other use of the SunSmart Project and its components as the City may deem advisable. If the assessment is timely paid in accordance herewith, the Energy Credit associated with Purchaser's Solar Unit(s) shall continue to be applied to the Electric Bill for the Residential Property in accordance with the terms and conditions to be specified at that time by the City through the Extended Commercial Life.

6. *Successor Residential Property.* Except as provided in this Section 6, the Energy Credit associated with Purchaser's Solar Unit(s) shall continue to be applied to the Electric Bill for the Residential Property specified herein during the Initial Commercial Life and, if applicable, any Extended Commercial Life, regardless of record ownership or possession of the Residential Property. However, Purchaser may at any time and without cost designate a successor Eligible Property owned or occupied by Purchaser to which the Energy Credit associated with Purchaser's Solar Unit(s) should be applied by delivering to the City, at the address specified in Section 2 and on a form

acceptable to the City, a written certification from Purchaser that the Energy Credit should be applied on a prospective basis to the Electric Bill for a different Eligible Property owned by Purchaser, along with the associated electric account number at such successor Residential Property.

7. *Pledge of Solar Unit.* To the extent permissible under applicable law, but subject to the terms and conditions of this Agreement, Purchaser may pledge the Solar Unit(s) as security for repayment of a purchase money loan utilized to obtain all or part of the Purchase Price, not exceeding the Purchase Price. A lender who comes into ownership of such Solar Unit(s) may dispose of such Solar Unit(s) only in accordance with this Section 7. The lender may deliver to the City, at the address specified in Section 2 and on a form acceptable to the City, a written certification that it is in lawful ownership or control of Purchaser's Solar Unit(s) and a request that the City offer such Solar Unit(s) for re-sale at a price determined by the City to reflect the then-unamortized Purchase Price, based upon a projected 19-year Initial Commercial Life. The City will offer any such Solar Unit(s) for resale to Eligible Purchasers, along with other available Solar Unit(s), but shall have no obligation to sell any such Solar Unit(s) and no liability to such Lender, Purchaser or any other person if such Solar Unit(s) are not sold. If such Solar Unit(s) are re-sold by the City, the proceeds thereof shall be paid to the lender or other person entitled thereto, minus a transfer fee to be determined by the City, not to exceed ten percent (10%) of the initial Purchase Price. Neither Purchaser nor any lender shall have any power to encumber any property of the City or Dixie-Escalante whatsoever, including but not limited to any real or personal property constituting or underlying the SunSmart Project.

8. *City Ownership of Environmental Attributes.* The City shall own all renewable energy credits or other environmental attributes of any kind that may result from or relate to any part of the SunSmart Project or the Solar Unit(s), and may retain or otherwise dispose of such credits or attributes upon such terms as the City may determine in its sole discretion. Purchaser unconditionally waives any interest in any such credits or environmental attributes, or any proceeds of the same, and assigns to the City any interest, whether already existing or hereafter arising, to anything of value created by law or otherwise by virtue of or relating to any credits or environmental attribute of or relating to the SunSmart Project or the Solar Unit(s) purchased hereunder.

9. *Disclaimer of Warranties; No Property Interest.* The purchase of the Solar Unit(s) hereunder does not, and shall not be construed to, convey any right, title or interest in or to any portion of any property (tangible or intangible, real or personal) underlying or comprising any portion of the SunSmart Project or its associated equipment or improvements, or any portion of any utility plant or equipment of the City or Dixie-Escalante. Purchaser acknowledges that, except to the extent specifically stated herein, neither the City nor Dixie-Escalante has made any representation, warranty or promise with respect to any aspect of the performance, condition, value, risks or likelihood of success of the SunSmart Project or the Solar Units(s) purchased hereunder.

PURCHASER ACKNOWLEDGES AND AGREES THAT THE SOLAR UNIT(S) ARE PURCHASED AS IS, WHERE IS, AND WITHOUT WARRANTY. ANY WARRANTIES, EXPRESS OR IMPLIED, ARISING BY OPERATION OF LAW OR OTHERWISE ARE HEREBY DISCLAIMED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OR OTHERWISE.

10. *No Effect on Electric Rates and Tariffs.* Nothing in this Agreement shall be deemed to alter or modify any rate, charge or condition of service (including any policies, fees, charges or assessments) established from time to time by either the City or Dixie-Escalante for electric service. All such rates and charges shall remain subject to change at any time. Purchaser acknowledges and agrees that the Electric Bill to which the Energy Credit associated with its Solar Unit(s) shall be applied shall reflect those rates and charges established or changed from time to time by Purchaser's electric supplier. The purchase of the Solar Unit(s) shall not give Purchaser any increased or augmented right to contest or otherwise affect the determination of any rates or charges by the City or Dixie-Escalante for electric services. Purchaser acknowledges that the value of the Energy Credit may be different for different purchasers of similar Solar Units, depending on such Purchaser's tax situation and electric utility supplier, the volume, cost and timing of electric energy reflected on Purchaser's Energy bill and the timing and size of the Solar Unit(s) purchased, among other factors.

11. *Authority to Sign.* Each person signing this agreement promises and represents that he or she has full power and authority to sign this agreement on behalf of the party indicated.

12. *Definitions:*

- (a) **"City"** means the City of St. George, Utah.
- (b) **"Commercial Operation"** means the date when the Net Electrical Output of Purchaser's Phase of the SunSmart Project is available for delivery on a sustained basis.
- (c) **"Dixie-Escalante"** means Dixie-Escalante Rural Electric Association, Inc.
- (d) **"Effective Date"** means the date specified as such on the first page of this Agreement.
- (e) **"Electric Bill"** means a bill from either the City or Dixie-Escalante for electric energy otherwise metered and billed for the Residential Property specified in this Agreement or a successor Residential Property determined in accordance with the terms of this agreement.
- (f) **"Eligible Property"** means a residential unit that meets the "Eligibility" requirements specified on page 1 of this Agreement.

- (g) “**Energy Credit**” means Purchaser’s share of the actual Net Electrical Output of the SunSmart Project in kilowatt hours, as determined by the City from meters installed for such purposes and read after the end of each calendar month. The applicable Energy Credit will be credited monthly against the Electric Bill of Purchaser as an offset against energy otherwise metered and billed for residential use at the Residential Property. If all currently available Solar Units are sold out, the Energy Credit will begin following Commercial Operation of the next Phase of the SunSmart Project, or from another available renewable energy resource determined by the City.
- (h) “**Extended Commercial Life**” means any period of time after the Initial Commercial Life during which the City elects to extend and operate Purchaser’s Phase of the SunSmart Project, as determined in good faith by the City based upon projected costs, economics and other factors determined by the City to be relevant at that time.
- (i) “**Initial Commercial Life**” means the period during which, in the reasonable, good faith determination of the City, the SunSmart Project can continue to operate in a manner reasonably competitive with other available environmentally friendly energy projects, through the use of commercially reasonable efforts but without the necessity of significant additional capital expenditures, based upon projected costs, economics and other factors determined by the City to be relevant at that time. The City projects, but does not guarantee that the Initial Commercial Life of the SunSmart Project should be approximately nineteen (19) years.
- (j) “**Minimum Annual Energy Credit**” means a minimum Energy Credit for each full Solar Unit equivalent of 800 kilowatt hours during each calendar year following the Effective Date during the Initial Commercial Life (and prorated to the nearest full monthly billing period for any partial calendar year period), except to the extent excused by events of force majeure. Any deficiency shall be reflected as an Energy Credit on the Electric Bill following the end of any such calendar year.
- (k) “**Net Electrical Output**” means the actual electrical output of the SunSmart Project in kilowatt hours, net of electrical usage of or relating to operation and maintenance of the project, as measured by the City based on meters installed for that purpose and read after the end of each calendar month. The City will maintain and operate the SunSmart Project according to reasonable commercial practices. Scheduled maintenance outages or unscheduled or emergency outages of any part of the SunSmart Project or the City’s electric distribution system, and any events of force majeure, may decrease or eliminate the Net Electrical Output for a period of time.
- (l) “**Phase**” means the phase of the SunSmart Project with which Purchaser’s Solar Unit is associated, as indicated on the first page of this Agreement.

- (m) **“Pro-Rata Share”** means Purchaser’s monthly share of the Net Electrical Output of the SunSmart Project based on the ratio of (i) the number of Solar Unit(s) purchased by Purchaser (in increments of 0.5 Solar Units) to (ii) the total, electrical nameplate capacity of solar panels in the SunSmart Project in Commercial Operation during that month. Purchaser’s Pro-Rata Share shall be delivered to the Residential Property by the City or Dixie Escalante at no cost and without a deduction for delivery losses.
- (n) **“Purchaser”** means the person specified as the Purchaser on the first page of this Agreement or a successor designated in accordance with the terms of this agreement.
- (o) **“Purchase Price”** means the price specified in this Agreement for one or more full or half Solar Unit(s), representing a proportionate share of the costs of the SunSmart Project.
- (p) **“Residential Property”** means the Eligible Property located at the Residential Property address specified herein, or a successor Eligible Property specified in accordance with the terms of this agreement.
- (q) **“Solar Unit”** means a portion of the electrical output of the SunSmart Project. A full Solar Unit shall represent approximately 1 kilowatt (1,000 watts) gross installed nameplate capacity. A one-half Solar Unit shall represent approximately 0.5 kilowatts (500 watts) gross installed nameplate capacity.
- (r) **“SunSmart Project”** means the solar photovoltaic project being developed by the City near the Bloomington Wastewater Reclamation Facility in St. George, Utah, which may involve a gross installed nameplate capacity of up to approximately 2,000 kilowatts.

**Signatures:**

This Purchase Agreement is executed and agreed to by the undersigned this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

PURCHASER:

\_\_\_\_\_

CITY OF ST. GEORGE

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