

CITY OF FALCON HEIGHTS
Regular Meeting of the City Council
City Hall
2077 West Larpenteur Avenue

AGENDA
May 11, 2016 at 7:00 P.M.

- A. CALL TO ORDER:
- B. ROLL CALL: LINDSTROM ___ HARRIS ___ BROWN THUNDER ___
FISCHER ___ GUSTAFSON ___

STAFF PRESENT: THONGVANH___
- C. PRESENTATIONS:
 - 1. Year End 2015 Annual Audit Report
- D. APPROVAL OF MINUTES:
 - 1. April 6, 2016 City Council Workshop Meeting Minutes
 - 2. April 13, 2016 City Council Meeting Minutes
- E. PUBLIC HEARINGS:
- F. CONSENT AGENDA:
 - 1. General Disbursements through: 5/03/16 \$102,050.99
Payroll through: 4/30/16 \$17,484.58
- G: POLICY ITEMS:
 - 1. Solar Subscription Agreement with Geronimo Energy, LLC and BHE Renewables, LLC
 - 2. Authorize Feasibility Report for the 2017 PMP -The Grove and Garden Ave
 - 3. SPRWS Cost Share Agreement for the 2017 PMP - The Grove Project
- H. INFORMATION/ ANNOUNCEMENTS:
- I. COMMUNITY FORUM:
- J. ADJOURNMENT:



The City That Soars!

REQUEST FOR COUNCIL ACTION

Meeting Date	May 11, 2016
Agenda Item	Presentations C1
Attachment	CAFR Documents
Submitted By	Sack Thongvanh, City Administrator

Item	Year End 2015 Annual Audit Report
Description	<p>Matt Meyer of KDV will present the Comprehensive Annual Financial Report for the Year Ended December 31, 2015. The Financial Report is a complex document that includes evaluation and analysis of the financial stability of the City as it relates to General Fund, Capital Funds, Proprietary Funds, and Debt Service Funds.</p> <p>Mr. Meyer will provide a high level overview of the financial stability of the City for year-end 2015.</p> <p>Comprehensive Annual Financial Report (CAFR) 2015 http://www.falconheights.org/vertical/Sites/%7BA88B3088-FA03-4D5D-9D04-CCC9EF496399%7D/uploads/City_Falcon_Heights_CAFR_2015-min_(2).pdf</p> <p>Compliance Report http://www.falconheights.org/vertical/Sites/%7BA88B3088-FA03-4D5D-9D04-CCC9EF496399%7D/uploads/City_Falcon_Heights_LC_2015-min_(2).pdf</p> <p>Communication Letter http://www.falconheights.org/vertical/Sites/%7BA88B3088-FA03-4D5D-9D04-CCC9EF496399%7D/uploads/City_Falcon_Heights_CL_2015-min_(2).pdf</p>
Budget Impact	N/A
Attachment(s)	None

Action(s) Requested	Motion to approve the Year End 2015 Annual Audit Report
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**City of Falcon Heights
Ramsey County, Minnesota**

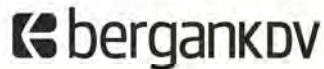
Communications Letter

Year Ended December 31, 2015



**City of Falcon Heights
Table of Contents**

Report on Matters Identified as a Result of the Audit of the Financial Statements	1
Significant Deficiency	3
Required Communication	5
Financial Analysis	8



**Report on Matters Identified as a Result of
the Audit of the Financial Statements**

Honorable Mayor, Members
of the City Council and Management
Sack Thongvanh, City Administrator
Roland Olson, Finance Director
City of Falcon Heights
Falcon Heights, Minnesota

In planning and performing our audit of the financial statements of the City of Falcon Heights, Minnesota, as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated April 29, 2016 on such statements.

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This communication is intended solely for the information and use of management, the City Council, and others within the City and state oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

BerganKDV Ltd.

Minneapolis, Minnesota
April 29, 2016

**City of Falcon Heights
Significant Deficiency**

LACK OF SEGREGATION OF ACCOUNTING DUTIES

The City continued to evaluate and improve the segregation of accounting duties among City staff during 2015. Because of a limited number of office personnel, some areas of internal control still remain without proper segregation of accounting duties; however, we can report on the following processes. The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Revenue Cycle

The four areas of segregation in the revenue cycle include mailroom custody, treasurer custody, accounts receivable, and accounting.

We noted some overlap in the mailroom and treasurer custody, with one employee having job responsibilities in both areas.

We also noted overlapping duties between accounts receivable and accounting in that the person responsible for accounts receivable also is responsible for bank reconciliations.

Purchasing Cycle

The five areas of segregation in the purchasing cycle include purchasing authorization, receiving authorization, accounts payable, treasurer responsibilities, and accounting.

We noted proper segregation between the responsibility of purchasing goods and services, the individual responsible for preparing the purchase order and the person responsible for approving the purchase order. However, we noted overlapping duties with the approval of purchase orders, input of invoices, and preparing of disbursements being performed by one individual.

Payroll Cycle

The five areas of segregation in the payroll cycle include human resources authorization, immediate supervisor authorization, payroll recording, paymaster custody, and accounting.

In addition to having responsibilities in payroll recording, paymaster custody, and accounting cycles noted above, the Finance Director has full general ledger access and the ability to write and post journal entries. While we believe this access is necessary to efficiently perform the financial duties required, this access has the ability to override many of the controls and segregation listed above.

**City of Falcon Heights
Significant Deficiency**

LACK OF SEGREGATION OF ACCOUNTING DUTIES (CONTINUED)

Journal Entries

The three areas of segregation in journal entries include an employee to write the journal entry, another to post the entry, and finally another employee to review the entry.

We noted some journal entries were not approved by someone other than the person writing the entry.

We recommend a second review/approval to ensure accuracy.

Bank Reconciliation Process

The two areas of segregation include an employee to prepare the cash reconciliation and another employee to review the reconciliation; ideally, the individual preparing the reconciliation has limited involvement in the revenue and purchasing cycles.

We noted the bank reconciliations were not approved or reviewed by another person.

We recommend each reconciliation be reviewed to help ensure accuracy.

**City of Falcon Heights
Required Communication**

We have audited the financial statements of the City for the year ended December 31, 2015, and have issued our report dated April 29, 2016. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

PLANNED SCOPE AND TIMING OF THE AUDIT

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

**City of Falcon Heights
Required Communication**

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES (CONTINUED)

The most sensitive estimate affecting the financial statements was:

Depreciation – The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Net Pension Liability, Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We requested certain representations from management that are included in the management representation letter.

**City of Falcon Heights
Required Communication**

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

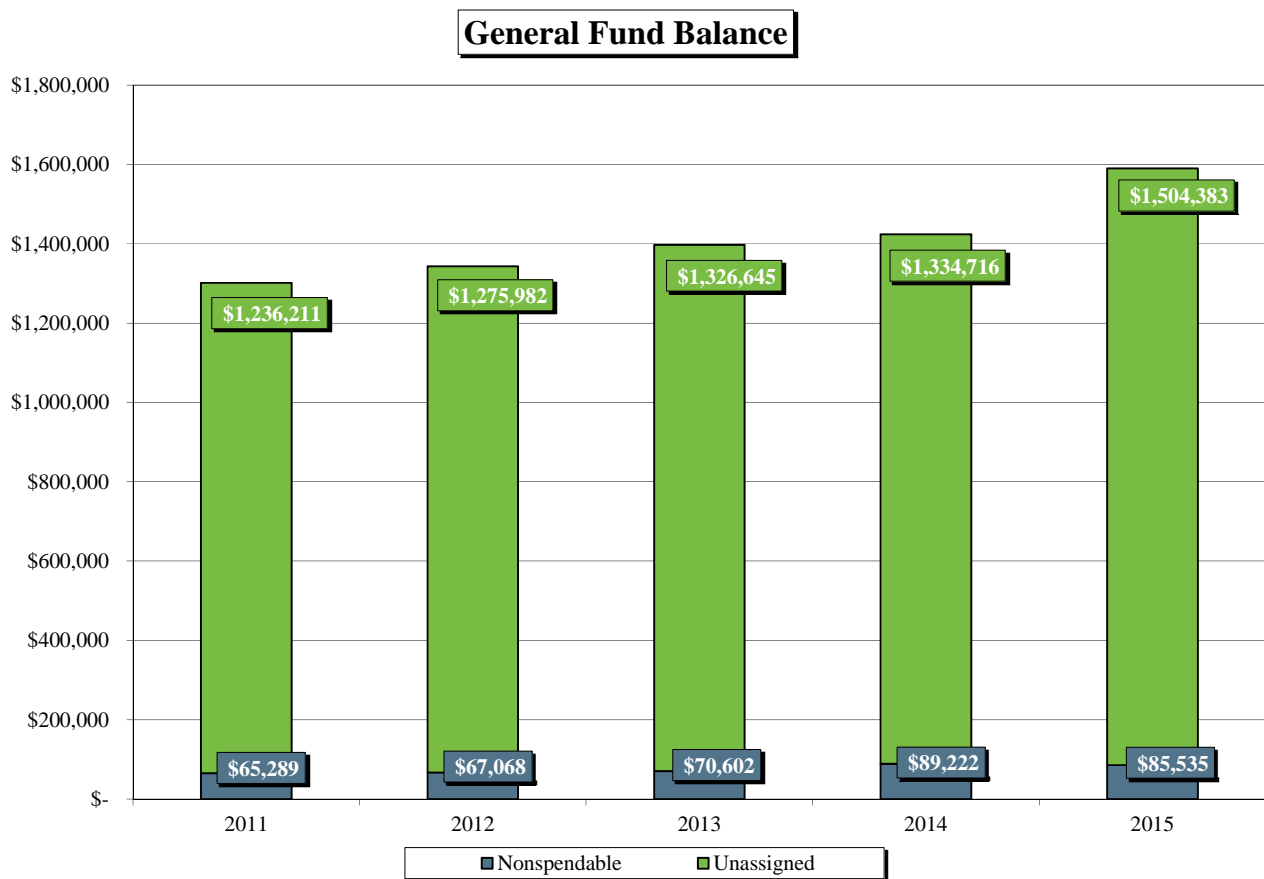
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

City of Falcon Heights Financial Analysis

The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis of discussion of past performance and how implementing certain changes may enhance future performance.

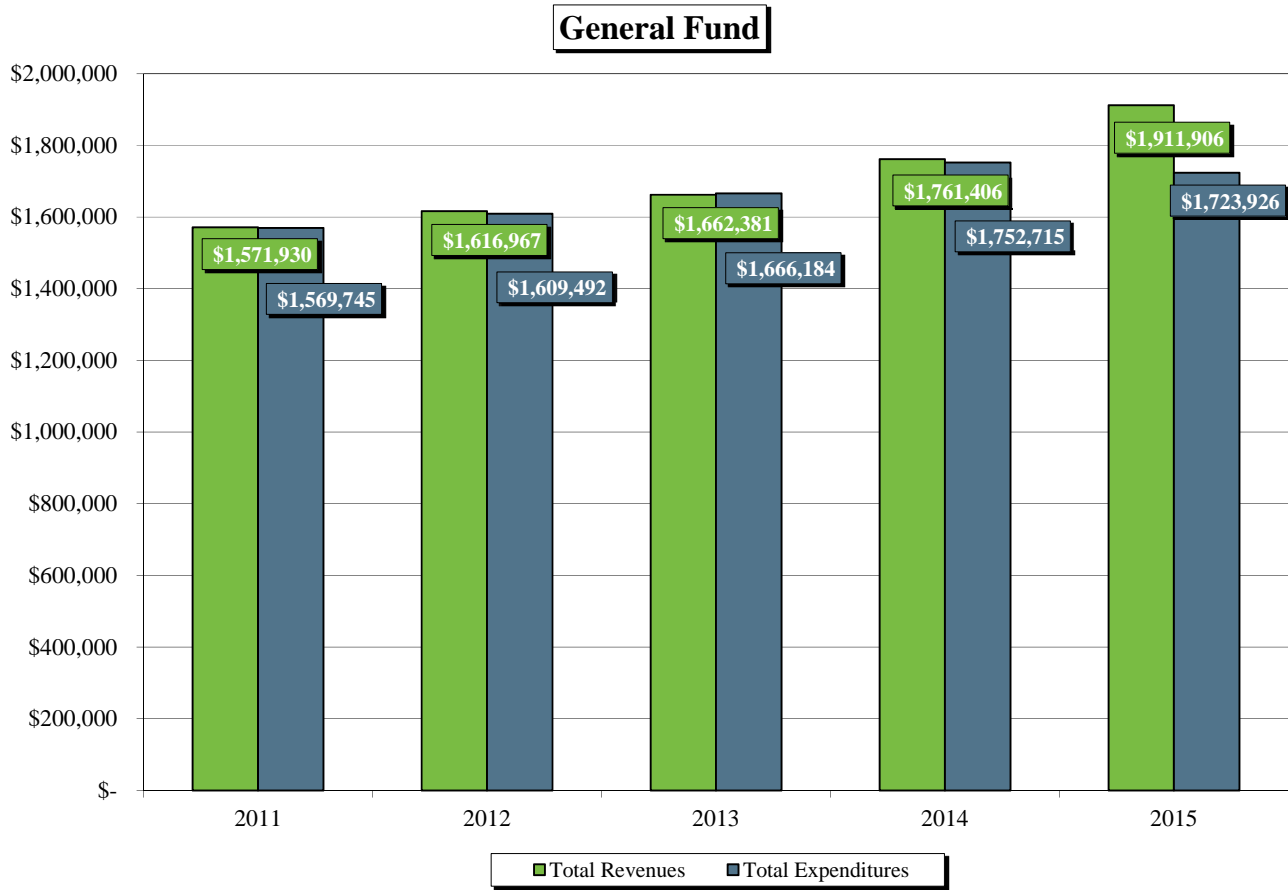
GENERAL FUND

At December 31, 2015, the General Fund balance was \$1,589,918, which is an increase of \$165,980 from 2014. Based on current expenditure levels, the fund balance represents 11 months of expenditures.



City of Falcon Heights Financial Analysis

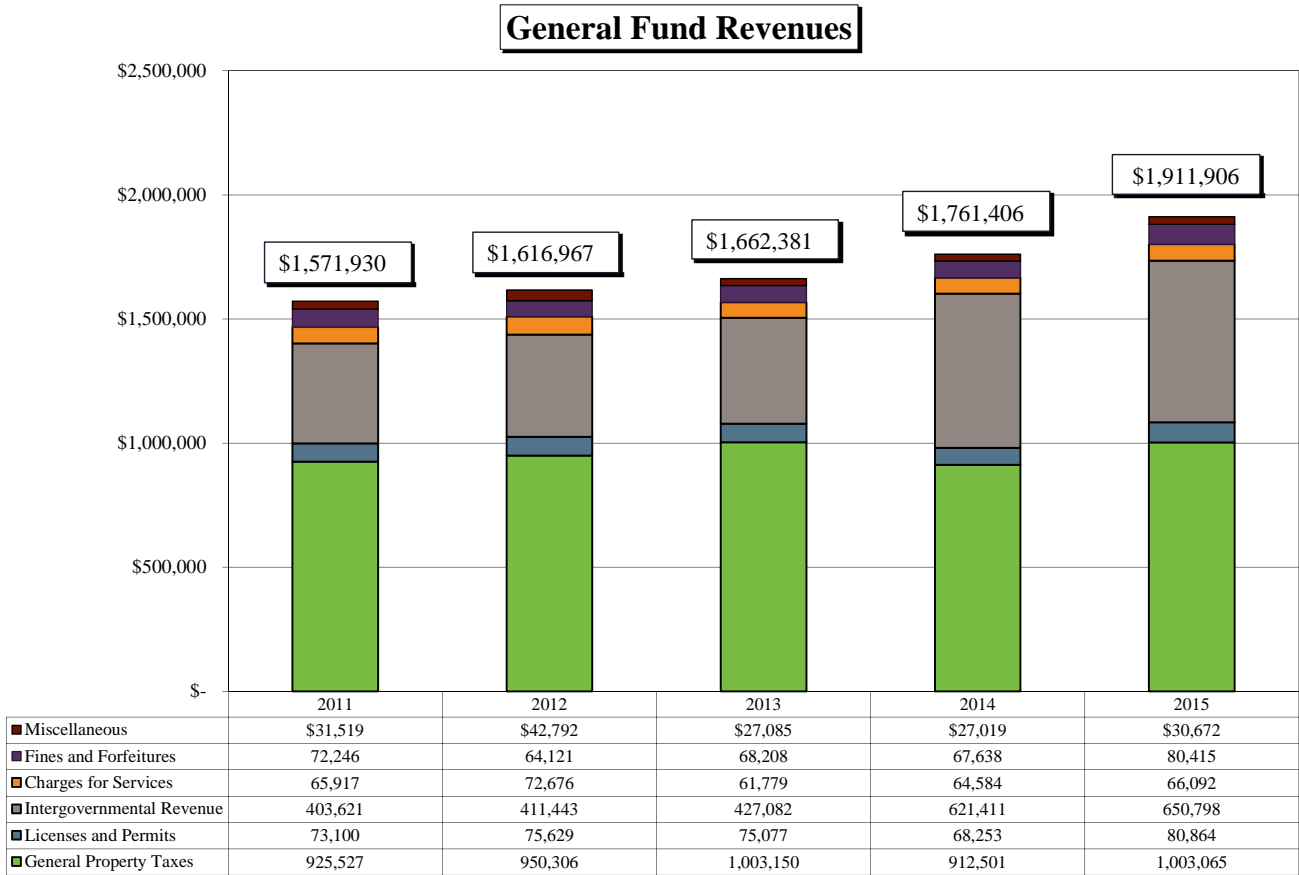
GENERAL FUND



General Fund revenues increased by \$150,500, or 8.5%, in 2015. Expenditures in the Fund decreased by \$28,789, or 1.6%, and resulted in total revenues exceeding expenditures by \$187,980. Further detailed explanations regarding variances will follow in subsequent charts.

City of Falcon Heights Financial Analysis

GENERAL FUND

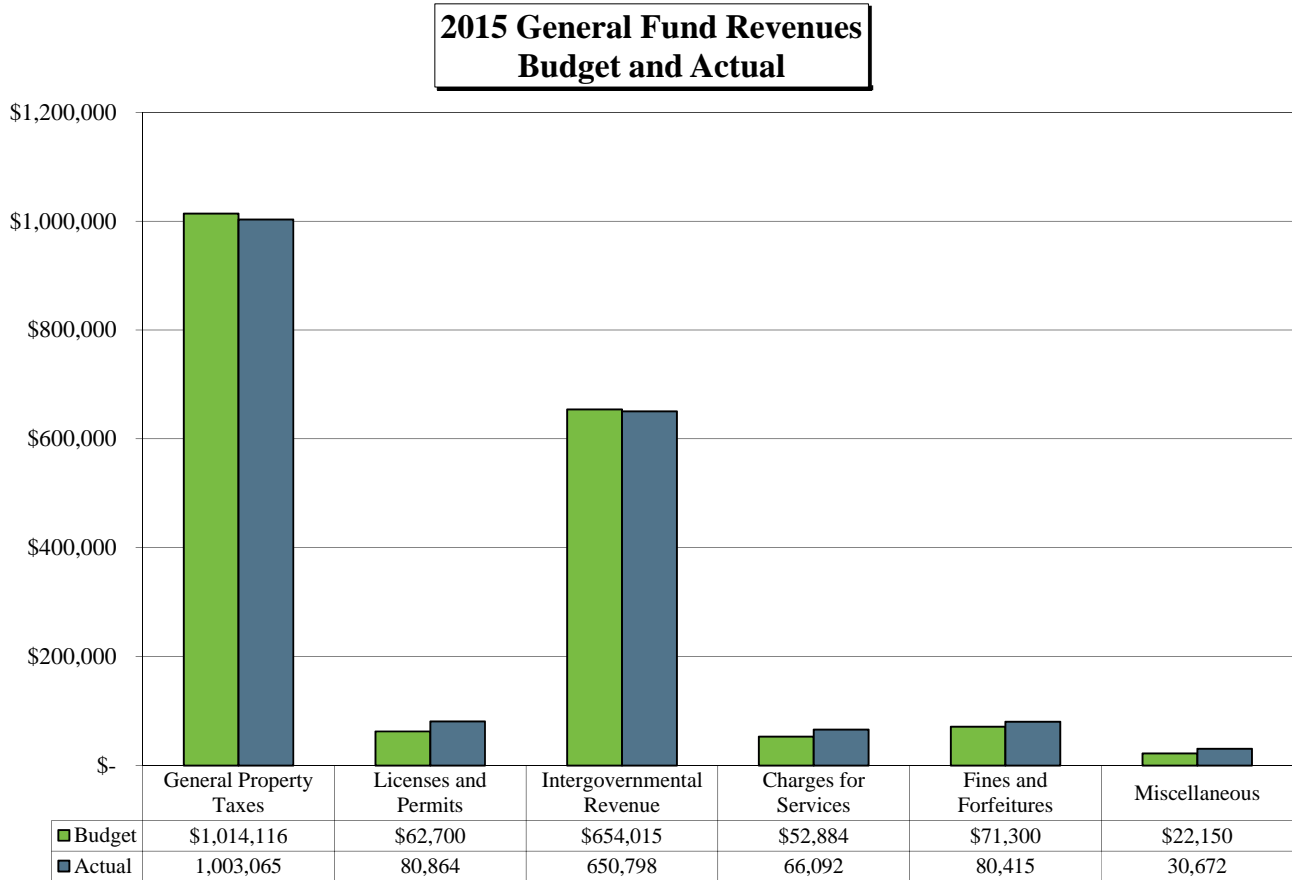


Property taxes increased \$90,564, or 9.9%, from 2014 due to an increase in the total amount levied in the Fund in 2015. Intergovernmental revenue increased \$29,387, or 4.7% from 2014 amounts due to more local government aid received from the state in 2015. The other remaining General Fund revenues in 2015 stayed relatively consistent with the prior year.

City of Falcon Heights Financial Analysis

GENERAL FUND

The following graph shows the actual General Fund revenues and the corresponding budgeted amounts.



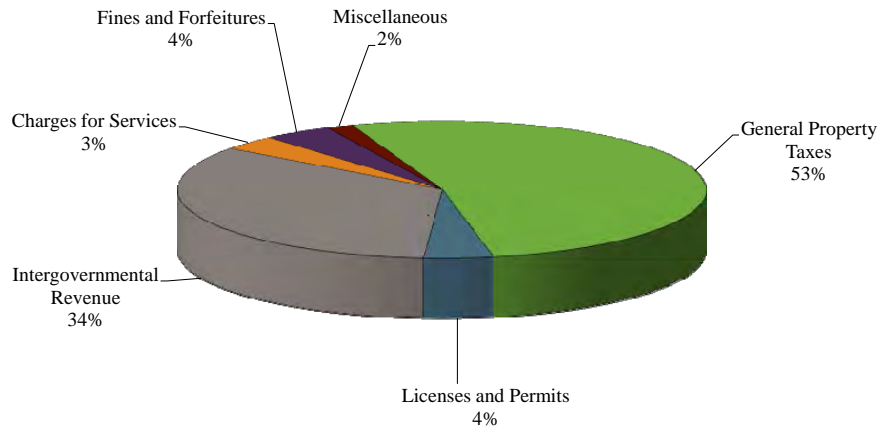
Overall, General Fund revenues were on budget, ending up with only a 1.9% variance, or \$34,741 over what was budgeted. The main reason for this variance was due to the City budgeting conservatively on licenses and permits and charges for services as those numbers can vary significantly from year to year. All other categories were only slightly under or over budget.

City of Falcon Heights Financial Analysis

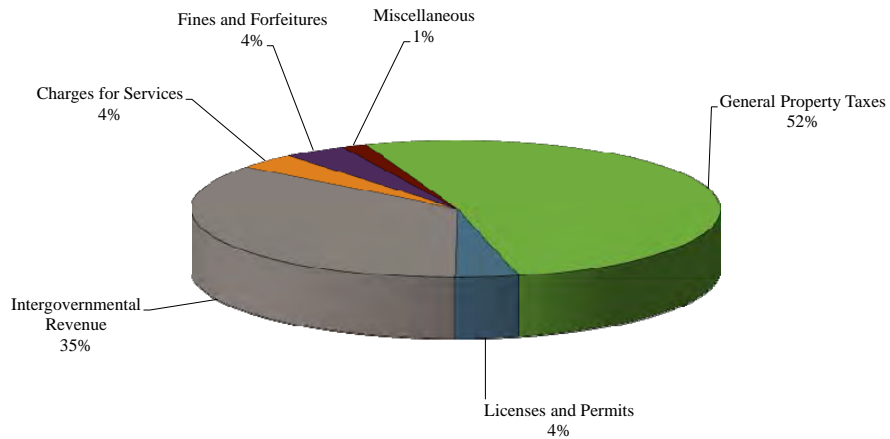
GENERAL FUND

The following charts depict the components of the General Fund revenues by percentages.

General Fund Revenues 2015



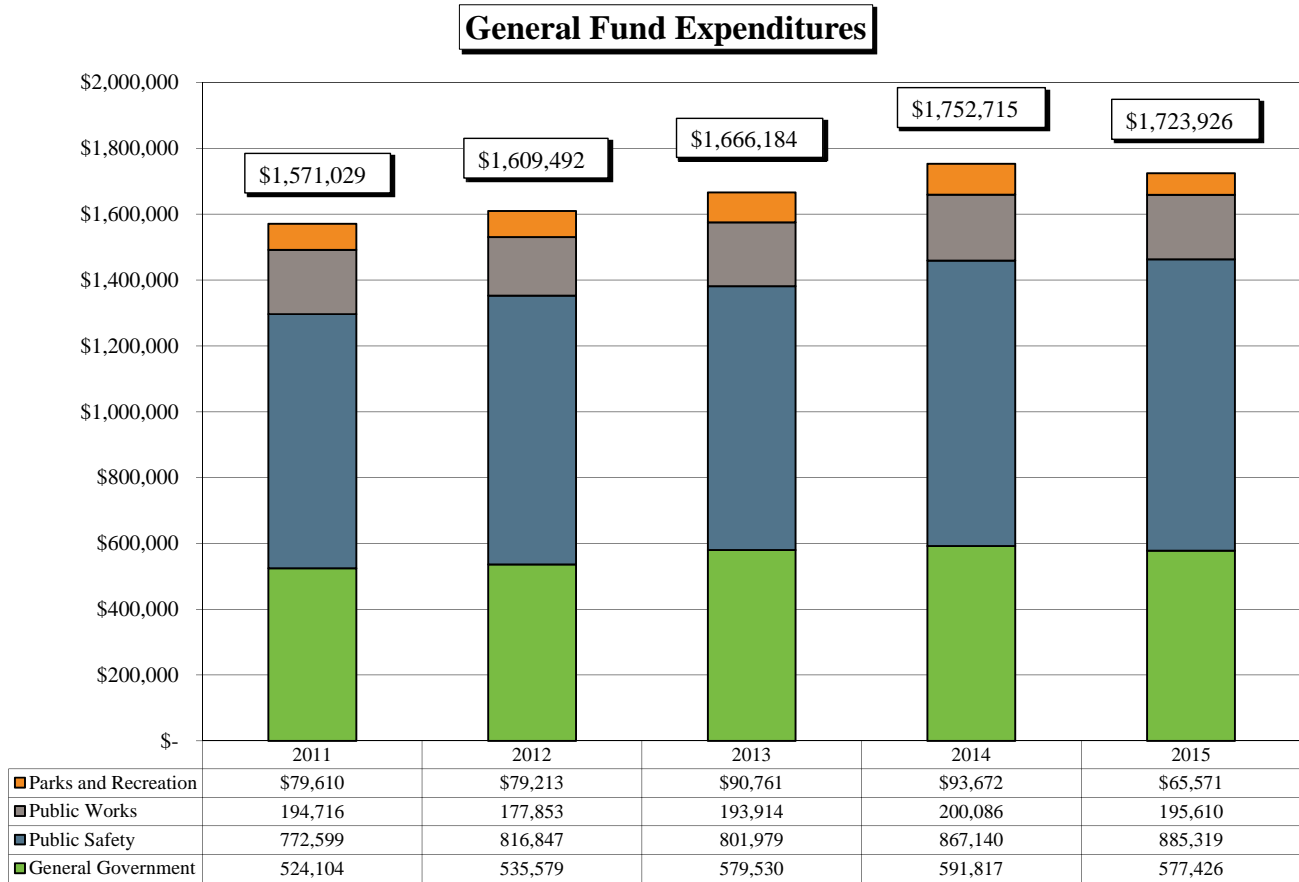
General Fund Revenues 2014



General Fund sources of revenue remained consistent in 2015 compared to 2014.

City of Falcon Heights Financial Analysis

GENERAL FUND

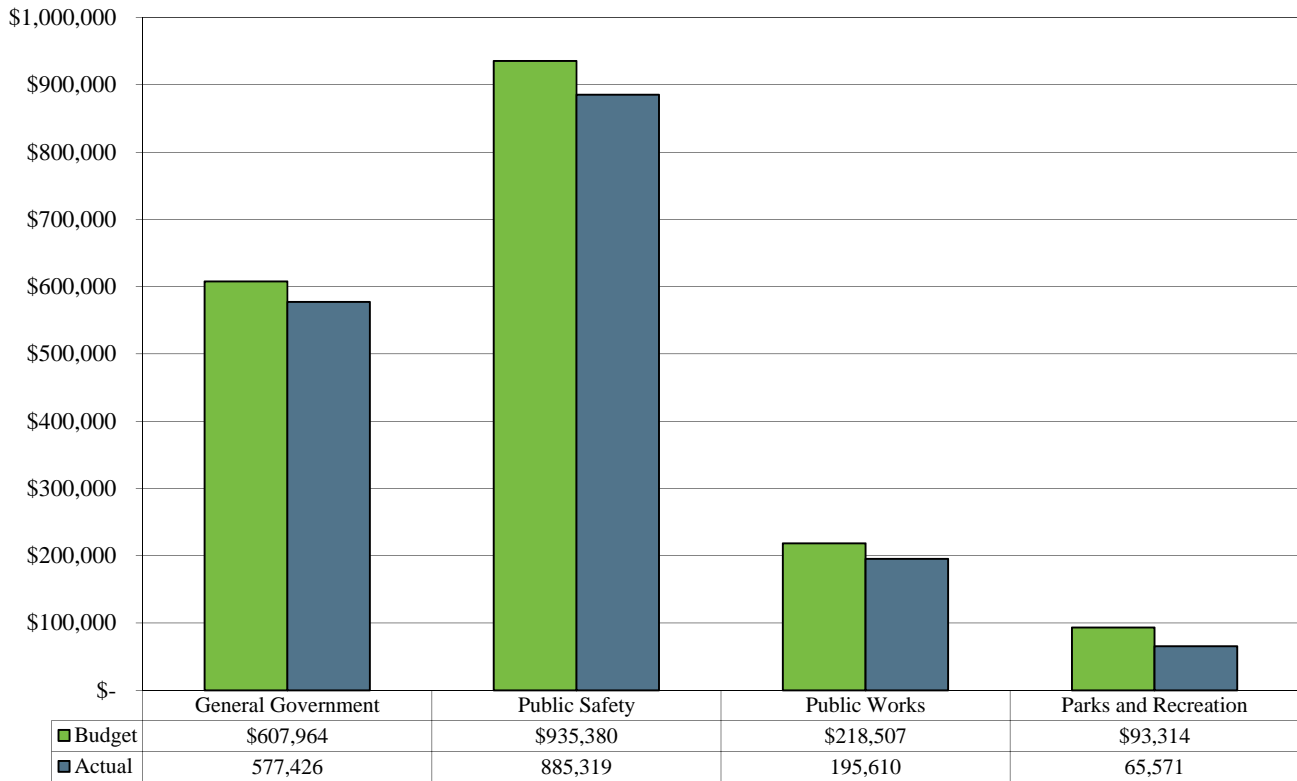


In 2015, expenditures decreased \$28,789, or 1.6%, from 2014. Parks and recreation expenditures saw the largest decrease from prior year expenditures. This decrease was primarily due to having less part-time staff working in 2015 than in 2014 and more salaries were allocated to public works than in the prior year. General government decreased \$14,391 or 2.4% from 2014, due to a decrease in wages for the year as the City was without a zoning/planning coordinator for a few months. Public safety expenditures increased from 2014, going from \$867,140 to \$885,319, an increase of \$18,179. This increase was primarily due to an increase in police services contract fee for the year.

City of Falcon Heights Financial Analysis

GENERAL FUND

**2015 General Fund Expenditures
Budget and Actual**



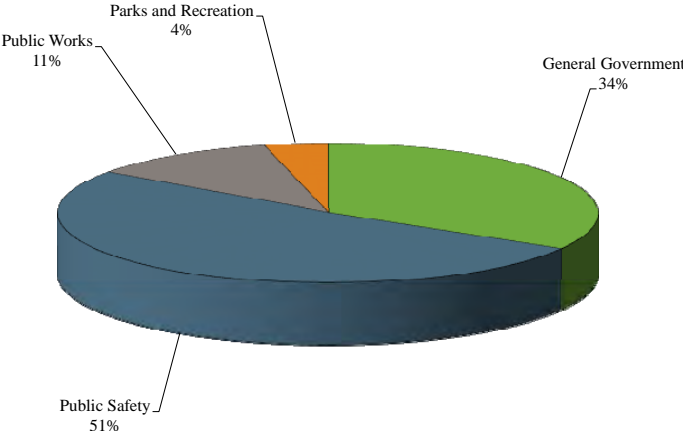
Overall, expenditures came in under budget by \$131,239 in 2015. All functions were under budget. Public safety was under budget by \$50,061 in 2015, due to conservative budgeting. General government was under budget \$30,538, primarily due to not amending the budget for not having a zoning/planning coordinator for a few months of the year and conservative budgeting. Parks and recreation was \$27,743 under budget due to conservative budgeting. Public works was \$22,897 under budget as there were less snow removal costs in 2015 due to a mild winter.

The charts on the next page illustrate the allocation of General Fund expenditures by program/function. The allocation of total expenditures by program has been very stable over the last two years, which is an indication of sound budgeting/planning practices which allows the City to avoid major fluctuations or swings in spending levels among programs.

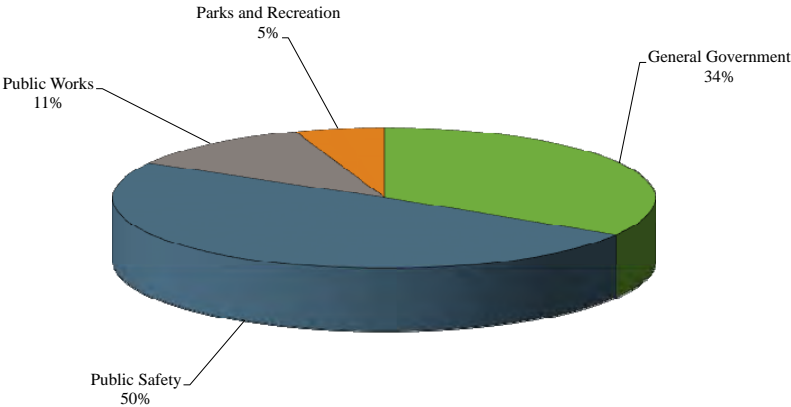
City of Falcon Heights Financial Analysis

GENERAL FUND

General Fund Expenditures 2015



General Fund Expenditures 2014

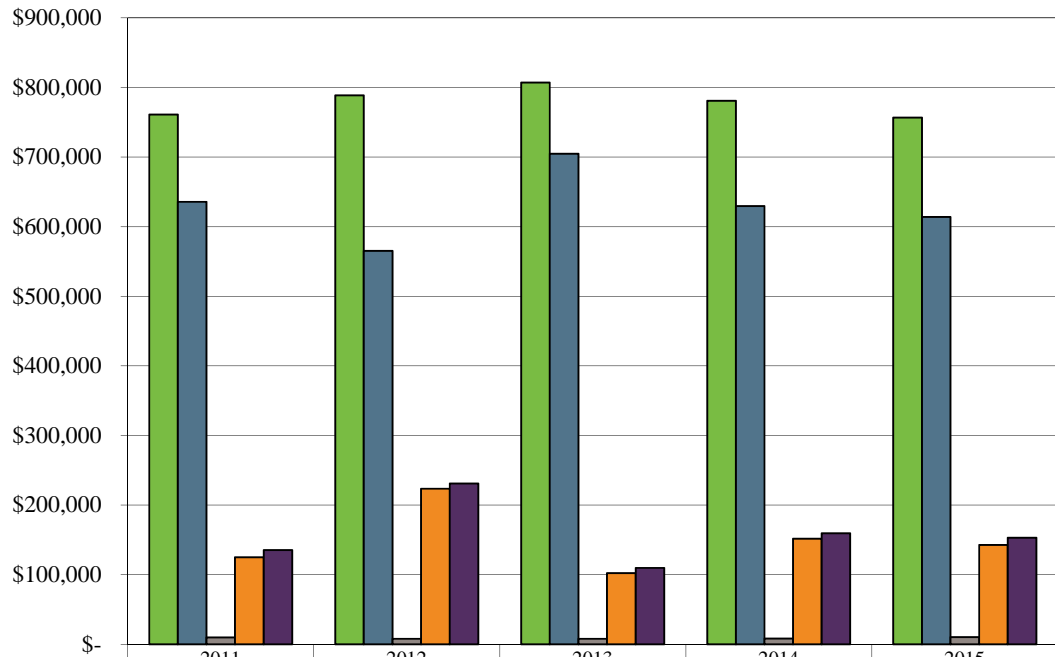


**City of Falcon Heights
Financial Analysis**

SANITARY SEWER FUND

The graphs below and on the next page illustrate the current operations of the Sanitary Sewer and the Storm Drainage Funds.

Sanitary Sewer Fund



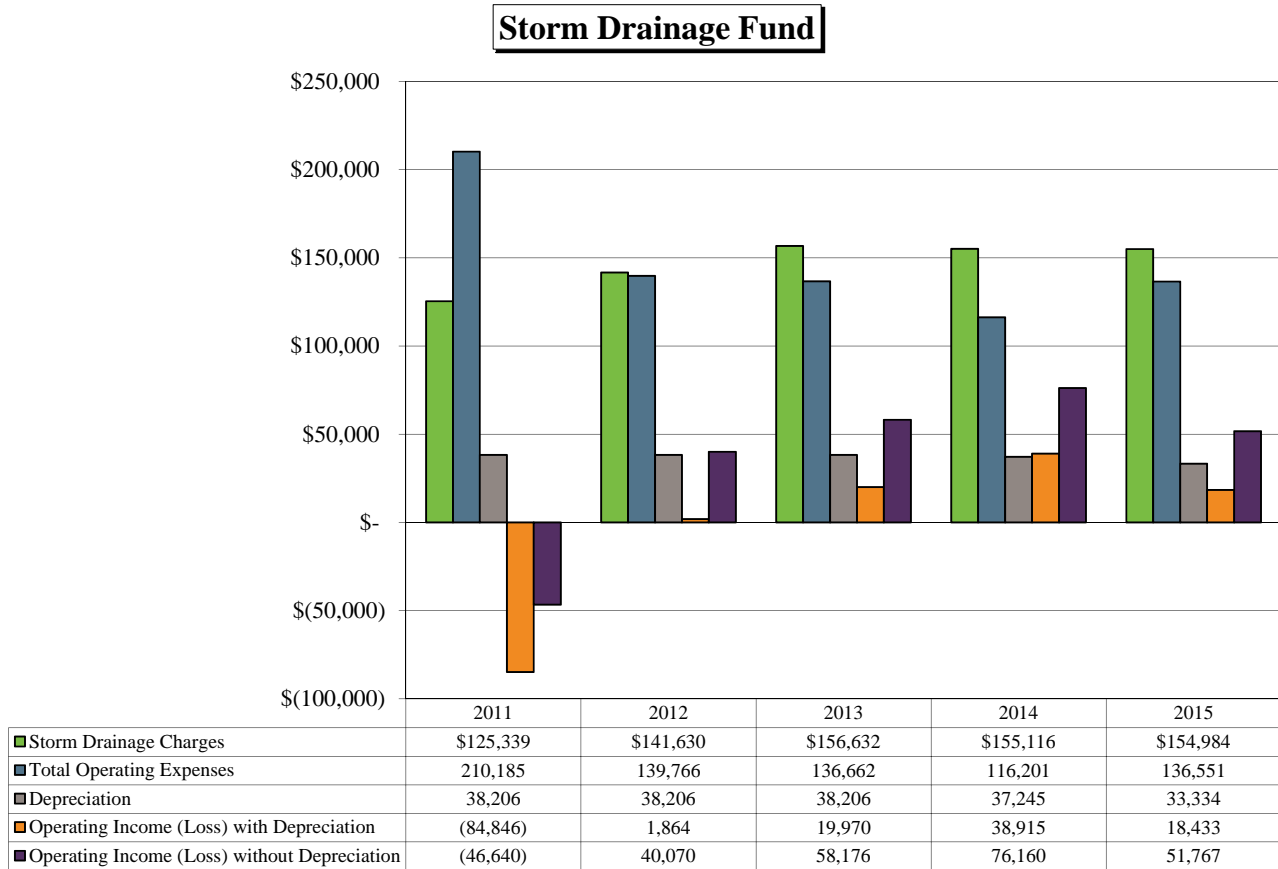
	2011	2012	2013	2014	2015
Sewer Charges	\$760,972	\$788,551	\$807,031	\$780,844	\$756,539
Total Operating Expenses	635,832	565,107	704,897	629,452	613,868
Depreciation	9,896	7,619	7,619	8,084	10,296
Operating Income with Depreciation	125,140	223,444	102,134	151,392	142,671
Operating Income without Depreciation	135,036	231,063	109,753	159,476	152,967

The Sanitary Sewer Fund realized operating income of \$142,671 during 2015. Sewer charges in 2015 decreased by \$24,305 from 2014 due to a decrease in water usage at the University of Minnesota and less sewer access charges received in 2015. Expenses in the fund also decreased, going from \$629,452 in 2014, to \$613,868 in 2015. This decrease was due to a decrease of \$12,425 in sewer access charges in 2015.

With operating income of \$142,671 and \$10,998 in investment income, the change in the Sanitary Sewer Fund net position was an increase of \$153,669. This increase was offset due to a change in accounting principle for the implementation of GASB 68 which decreased beginning net position in the Sanitary Sewer fund \$75,340, from \$2,395,398 to \$2,320,058. Despite this change, total net position increased to \$2,473,727 in 2015.

**City of Falcon Heights
Financial Analysis**

STORM DRAINAGE FUND



Storm sewer charges for services stayed consistent with the prior year, decreasing only \$132. Operating expenses, however, increased \$20,350, going from \$116,201 in 2014, to \$136,551 in 2015. This increase in expenses was due to an increase in maintenance costs in 2015. Despite these changes from the prior year, the Storm Drainage Fund still experienced operating income of \$18,433 in 2015.

With \$2,093 in investment income, the Storm Drainage Fund had a total increase in net position of \$20,526. An adjustment was made to beginning net position for the implementation of GASB 68, decreasing the balance by \$44,800. Ending net position at December 31, 2015, was \$1,460,126.

**City of Falcon Heights
Ramsey County, Minnesota**

**Independent Auditor's Report
on Legal Compliance**

December 31, 2015





Report on Legal Compliance

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Falcon Heights
Falcon Heights, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Falcon Heights, Minnesota as of and for the year ended December 31, 2015, and the related notes to financial statements, and have issued our report thereon dated April 29, 2016.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Falcon Heights failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

BerganKDV Ltd.

Minneapolis, Minnesota
April 29, 2016

BerganKDV, Ltd.

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COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
CITY OF FALCON HEIGHTS,
MINNESOTA

For the Year Ended

December 31, 2015

Prepared by

THE DEPARTMENT OF FINANCE
AND ADMINISTRATION

Sack Thongvanh, City Administrator

Roland Olson, Finance Director

CITY OF FALCON HEIGHTS
2077 W. Larpenteur Avenue
Falcon Heights, Minnesota 55113

**City of Falcon Heights
Table of Contents**

	Page
Introductory Section	
Elected Officials and Administration	3
Organization Chart	4
City Map	5
Letter of Transmittal	7
Certificate of Achievement for Excellence in Financial Reporting	12
 Financial Section	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	32
Statement of Activities	33
Fund Financial Statements	
Balance Sheet – Governmental Funds	34
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	37
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	40
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	41
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Emerald Ash Borer Grant Fund – Special Revenue Fund	42
Statement of Net Position – Proprietary Funds	43
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds	45
Notes to Financial Statements	47
Required Supplementary Information	
Schedule of City's Proportionate Share of Net Pension Liability GERF Retirement Fund	70
Schedule of City Contributions GERF Retirement Fund	71
Infrastructure Assets Reported Using the Modified Approach	72
Condition Rating of the City's Street Systems	72
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	78

**City of Falcon Heights
Table of Contents**

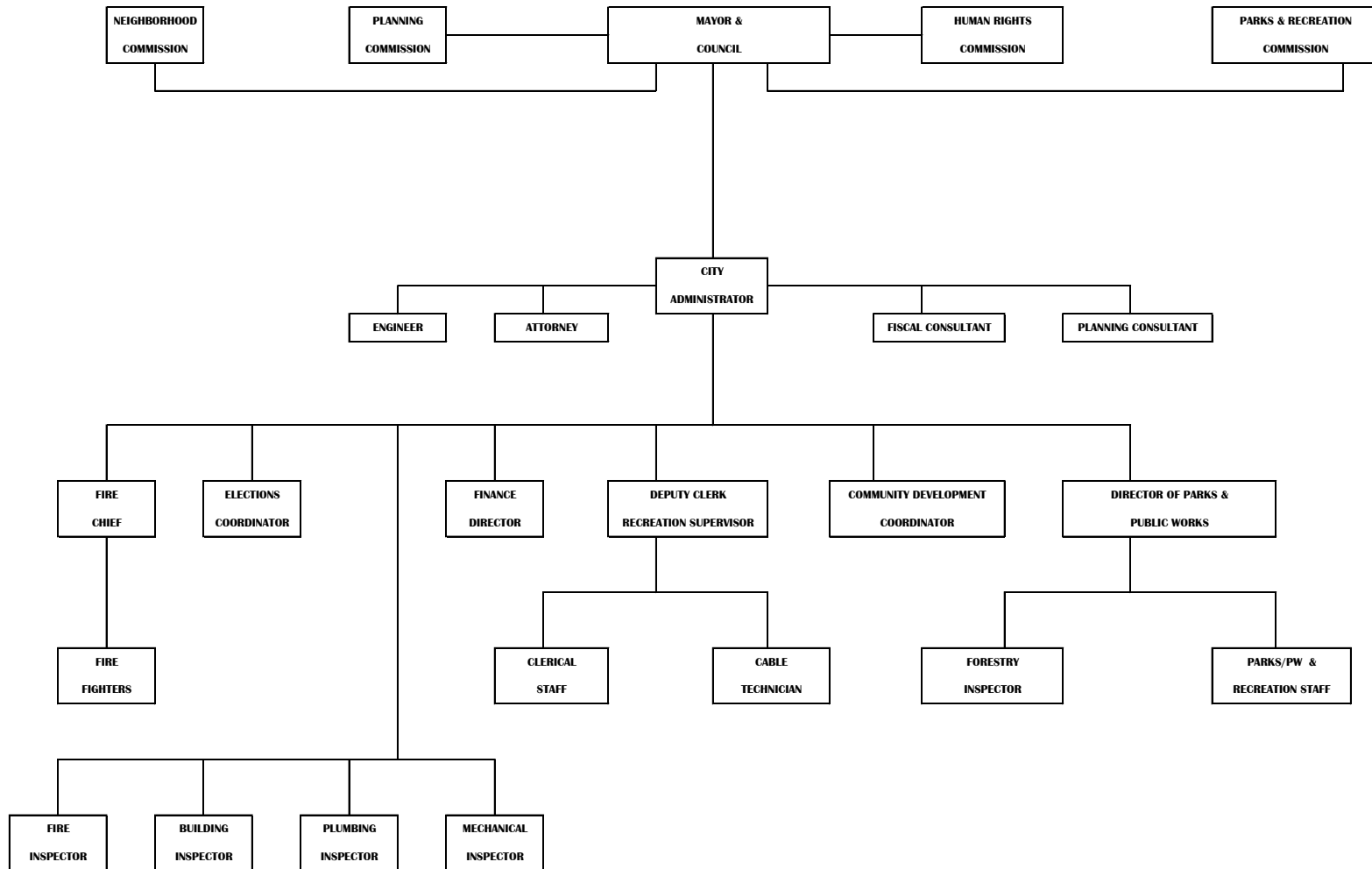
	Table	Page
Required Supplementary Information (Continued)		
Combining and Individual Fund Statements and Schedules (Continued)		
Schedules of Revenues, Expenditures, and Changes in Fund Balance –		
Budget and Actual		
General Fund – Detailed		82
Park Programs Fund – Special Revenue Fund		85
Water Fund – Special Revenue Fund		86
Solid Waste Fund – Special Revenue Fund		87
Community Development Fund – Special Revenue Fund		88
Street Lighting Fund – Special Revenue Fund		89
Community Garden Fund – Special Revenue Fund		90
G.O. Equipment Certificate of 2010 – Debt Service Fund		91
G.O. Improvement Bonds, Series 2013A – Debt Service Fund		92
G.O. Equipment Certificates, Series 2013B – Debt Service Fund		93
Future Improvements – Capital Projects Fund		94
Public Safety Capital Improvements – Capital Projects Fund		95
General Capital Improvements – Capital Projects Fund		96
Parks/PW and Facilities Capital Improvements – Capital Projects Fund		97
Tax Increment No. 1 Construction – Capital Projects Fund		98
Tax Increment No. 1-3 – Capital Projects Fund		99
 Statistical Section		
Net Position by Component	1	103
Changes in Net Position	2	104
Governmental Activities Tax Revenues by Source	3	106
Fund Balances of Governmental Funds	4	107
Changes in Fund Balances of Governmental Funds	5	108
General Governmental Tax Revenues by Source	6	110
Assessed Value and Estimated Actual Value of Taxable Property	7	111
Property Tax Rates – Direct and Overlapping Governments	8	112
Principal Property Taxpayers	9	113
Property Tax Levies and Collections	10	114
Ratios of Outstanding Debt by Type	11	115
Ratios of General Bonded Debt Outstanding	12	116
Direct and Overlapping Governmental Activities Debt	13	118
Legal Debt Margin Information	14	120
Pledged-Revenue Coverage	15	121
Demographic and Economic Statistics	16	120
Principal Employers	17	123
Full-Time Equivalent City Government Employees by Function	18	124
Operating Indicators by Function	19	125
Capital Asset Statistics by Function	20	126

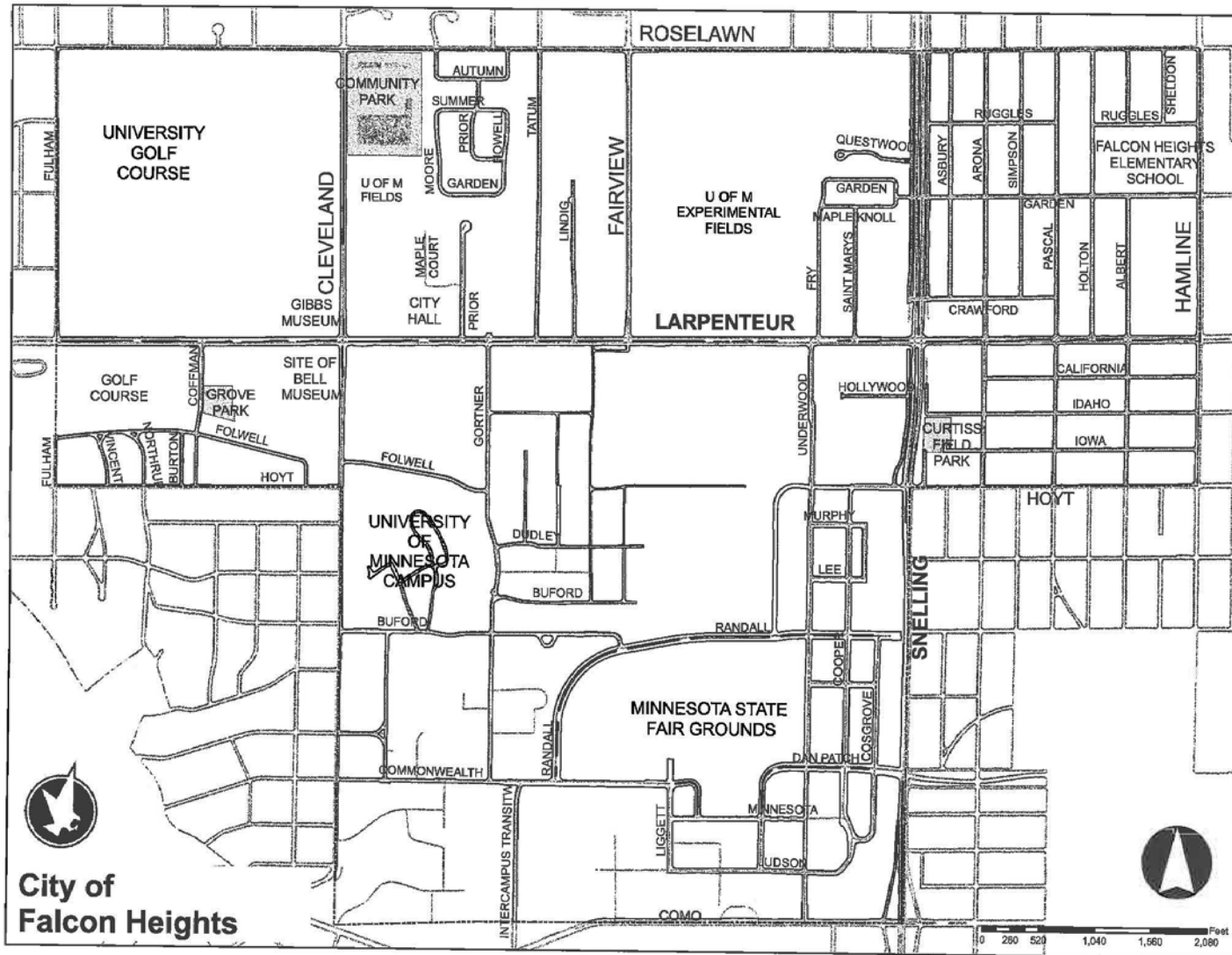
**City of Falcon Heights
Elected Officials and Administration
December 31, 2015**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Peter Lindstrom	Mayor	December 31, 2015
Joseph Brown Thunder	Council Member	December 31, 2015
Pamela Harris	Council Member	December 31, 2017
Chuck Long	Council Member	December 31, 2015
Beth Mercer-Taylor	Council Member	December 31, 2015
<u>Administration</u>		
Sack Thongvanh	City Administrator	
Roland Olson	Finance Director	
Tim Pittman	Park and Public Works Director	
Paul Moretto	Community Development Coordinator	
Dave Tretsven	Parks and Public Works Maintenance	
Rich Hinrichs	Fire Chief	

CITY OF FALCON HEIGHTS

ORGANIZATION CHART December 31, 2015





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April 29, 2016

To the Mayor, City Council Members, and Citizens of the City of Falcon Heights:

Minnesota statutes require that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2015.

Management assumes full responsibility for the completeness and propriety of the information contained in this report. The information herein is based upon a comprehensive framework of internal controls established for the summarization and disclosure of financial data. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BerganKDV, Ltd., a firm of licensed certified public accountants, has audited the City of Falcon Heights' financial statements. BerganKDV, Ltd. has issued an unqualified ("clean") opinion on the City of Falcon Heights' financial statements for the year ended December 31, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements the Letter of Transmittal and should be read in conjunction with it.

Profile of the Government

The City of Falcon Heights, incorporated in 1949, is located near the center of the Minneapolis and St. Paul metropolitan area. This area is considered the major population and economic growth area in Minnesota, and one of the top economic growth areas in the country. The City of Falcon Heights currently occupies a land area of 2.28 square miles and serves a population of 5,450. The City of Falcon Heights is empowered to levy a property tax on both real and personal properties located within its boundaries. While it also is empowered by state statute to extend its corporate limits by annexation, Falcon Heights has never utilized this option to extend its borders.

Falcon Heights is a completely developed community. It has operated under the council/city administrator form of government since 1974. Policy-making and legislative authority are vested in a city council consisting of the mayor and four council members, all elected on a nonpartisan basis. The council appoints the city administrator, who in turn appoints the heads of the various departments. The council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the city administrator. The city administrator is responsible for carrying out the policies and ordinances of the council and for overseeing the day-to-day operations of the city government. Council members serve four-year staggered terms, with two council members elected every two years. The mayor is elected to serve a four-year term. The mayor and all four council members are elected at large.

The City of Falcon Heights provides a full range of services, including police and fire protection; construction and maintenance of highways, streets, and other infrastructure, sewer services; and recreational and cultural activities. St. Paul Regional Water Services provides the water services for the City. The City of Falcon Heights' volunteer fire service also provides fire protection services for the City of Lauderdale, a neighboring community.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Falcon Heights' financial planning and control. All departments of the City of Falcon Heights are required to submit requests for appropriation to the city administrator during or before the second week in June each year. The city administrator uses these requests as the starting point for developing a proposed budget. By September of each year, the city staff submits to the city council a proposed operating budget for the fiscal year commencing the following January 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of Falcon Heights' fiscal year.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Transfers of appropriations between funds require the special approval of the city council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 41 as part of the basic financial statements for the governmental funds. For the Special Revenue funds, Debt Service funds, and Capital Project funds, this comparison is presented on pages 85-99.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Falcon Heights operates.

The City of Falcon Heights is primarily a bedroom, residential, inner ring suburban community situated near the center of the Minneapolis and St. Paul metropolitan area. The economy of the City consists of retail, commerce, agricultural-related businesses, and institutional landowners, such as the St. Paul campus of the University of Minnesota and the Minnesota State Fair. The St. Paul campus of the University of Minnesota has 2,700 employees and a student population of approximately 6,300 students enrolled in the specific colleges located on the St. Paul Campus. The Minnesota State Fair, held over a 12-day period, is one of the nation's largest and best-attended entertainment events with approximately 1.78 million visitors each year. Also, additional "non-fair" events have attendance estimated at 100,000 visitors. One of these "non-fair" events is the Minnesota Street Rod Convention, which attracts over 65,000 visitors.

Because of its location in a region with a varied economic base, unemployment is relatively stable and tends to be less than the State of Minnesota and national rates. During the past ten years, the unemployment rate for Ramsey County, within which the City is located, was at a high of 9.1% in July 2011, and in 2015, the unemployment rate was at a low of 3.1%. In 2015, the State of Minnesota's ending unemployment rate was 3.7% and the national ending unemployment rate was 5.0%. The average 2015 state of Minnesota's unemployment rate was 3.6% and the average 2015 national unemployment rate was 5.28%.

The City is at or near full development, with a 1.5% decrease in the median market value of property during 2015. The City's economic conditions have remained relatively stable with the University of Minnesota agricultural campus, Spire Federal Credit Union, and the Minnesota State Fairgrounds providing a diversified economic employment base.

The City continues an aggressive plan of reconstruction and improvement of its streets. Ongoing maintenance activities will continue with yearly sealcoating, curb/gutter repairs, and sidewalk replacement as needed throughout the City. MSA street funds and assessments will be utilized for all street maintenance activities.

Long-Term Financial Planning

During 2009, the City of Falcon Heights completed updating its Comprehensive Plan and obtained approval of the plan by the Metropolitan Council. As part of the plan, the City continues to look at alternative ways to increase the tax base of the City such as evaluating any re-development opportunities in our business district and increasing housing densities when appropriate.

The City continues to complete a ten-year capital improvement plan as part of its annual budget and uses a financial planning company to assist with any plans and bonding requirements.

Relevant Financial Policies

The Mayor and council members continue to evaluate the level of reserves of the city with their desire to minimize property tax increases on the citizens while still maintaining service levels. With tax revenues scheduled for receipt in the months of July and December, the City needs to maintain sufficient working capital to mitigate cash flow timing concerns. One important reason for maintaining a high fund balance in the general fund is that it leads to increased investment income allocated to the General Fund since the investment income is allocated based upon levels of fund balance among all the funds. This helps to minimize any levy increases needed to support the general operating expenses of the city. This reserve policy has allowed the City to maintain one of the lowest property tax rates in the area.

Major Initiatives

In 2008, the City of Falcon Heights participated in a grant application of \$ 1,078,000 with the University of Minnesota and the neighboring city of Roseville to complete a three-mile pedestrian trail. This grant was awarded with construction to have phase I completed in 2011 and phase II completed in 2012. The Northeast Connector Trail project has now been completed. This development project was a collaborative effort between the City of Roseville, the City of Falcon Heights, and the University of Minnesota to allow for residents of both cities and the university to enjoy walking or biking through Falcon Heights.

In 2010, the City finished preliminary improvements on the Larpenteur Avenue streetscape project, which included modifications to the street medians to allow for plants and flowers. Warranty work for this project was completed in 2012. Larpenteur Avenue is one of the two main street corridors for the City of Falcon Heights.

In 2013, the City completed two storm water underground storage and infiltration systems in our storm water system in an area of the city that had no storm water sewer system.

In 2014 and 2015, the City completed the relining of sanitary sewer lines in a residential section of the city. Also in 2015, approximately one mile of city streets was improved with mill and overlay resurfacing.

In 2015, an underground storage and infiltration system was completed in our Curtiss Field Park to prevent flooding whenever a large rainfall occurred.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Falcon Heights for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. This was the twenty-fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department, as well as the auditing personnel of BerganKDV, Ltd. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report, and to the auditing firm for its professional assistance in preparing the Comprehensive Annual Financial Report for 2015. Credit also must be given to the mayor and the city council for their resolute support for maintaining high standards of professionalism in the management of the City's finances.

Respectfully submitted,



Sack Thongvann
City Administrator



Roland Olson
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Falcon Heights
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Falcon Heights
Falcon Heights, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Falcon Heights, Minnesota, as of and for the year ended December 31, 2015, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Falcon Heights, Minnesota, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Emerald Ash Borer Grant Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB 68 and GASB 71

As discussed in Note 10 to the financial statements, the City has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Falcon Heights' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BerganKDV Ltd.

Minneapolis, Minnesota
April 29, 2016

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**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

As management of the City of Falcon Heights (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 7-11 of this report. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$13,919,475 (net position). Of this amount, \$4,701,506 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$454,768. Unrestricted net position decreased by \$500,541.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,931,765, a decrease of \$74,963 in comparison with the prior year. Debt principal payments of \$125,000, interest payments of \$18,138, a positive change in fund balance in the general fund of \$165,980, along with decreases of \$97,805 in other areas resulted in a net decrease of \$74,963 in total fund balance.
- Fund balance definitions must conform to the Government Accounting Standards Board (GASB) Statement No. 54 for the most current year-ended. GASB 54 requires governments to allocate fund balances pursuant to a new hierarchy; fund balances are defined as "Non-spendable," "Restricted," "Committed," "Assigned," and "Unassigned." The new hierarchy defines how a fund discloses its fund balance. Only the general fund maintains an unassigned residual fund balance. The fund balances maintained by all of the other funds are designated for a specific purpose. Restricted, committed, and assigned balances represent differing forms of legal constraint. The reservation of restricted fund balances is stipulated by a city charter, constitution, or grant contract. Committed fund balances have been reserved by the highest law-making body of the government. An assigned fund balance is reserved for the purpose of the fund; for example, the fund balance in the Future Improvements Fund is assigned for future improvements. The General Fund's unassigned fund balance of \$1,504,383 is approximately 51.3% of the total fund balance of all governmental funds.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$1,504,383, or 87.3%, of total General Fund expenditures at 2015 levels.
- For 2015 and 2014, there was no increase in the property tax levy. For 2013, there was a 6.50% increase in the property tax levy. For 2012, there was a 1.96% decrease in the property tax levy. For 2011, there was a 1.50% increase in the property tax levy. For 2010, there was a 5.00% increase in the property tax levy. For 2009, there was a 2.20% increase in the property tax levy. For 2008, there was a 6.50% increase in the property tax levy.
- The City's total debt decreased by \$125,000 during the current fiscal year. This represents scheduled payments of \$125,000 of the City's debt. The principal of general obligation debt outstanding as of December 31, 2015, is \$1,070,000.

**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include sanitary sewer and storm drainage.

The government-wide financial statements include only the City itself (known as the primary government). The City has no component units.

The government-wide financial statements can be found on pages 32-33 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Any fund experiencing financial change during the year is considered active. The City maintained 17 individual governmental funds during 2015. Of these funds, four are major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Future Improvements, Emerald Ash Borer, and the G.O. Improvement Series 2013A Debt Service Fund – the four major funds of the City. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. In addition, individual fund schedules are presented on pages 85-99 for all Special Revenue, Debt Service, and Capital Projects Funds.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Funds Debt Service Funds, and Capital Project Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 34-42 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitary sewer and storm drainage activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. The proprietary fund financial statements provide separate information for sanitary sewer and storm drainage, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 43-45 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 47-68 of this report.

OTHER INFORMATION

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to Financial Statements, along with statistical tables for the City. Combining and individual fund statements and schedules can be found on pages 74-99. Statistical tables can be found on pages 103-126 of this report.

**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. In the case of the City, assets exceeded liabilities by \$13,919,475 at the close of the most recent fiscal year.

Thirty four percent (\$4,701,506) of the City's net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. About 3% (\$477,094) of the net position is restricted and represents resources that are subject to external restrictions on how they may be used. The remaining 63% (\$8,740,875) reflects the City's investment in capital assets (e.g., land, buildings, machinery, and equipment) offset by any related debt used to acquire those assets that is still outstanding.

City of Falcon Heights' Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 3,503,681	\$ 3,310,892	\$ 2,573,569	\$ 2,697,848	\$ 6,077,250	\$ 6,008,740
Capital Assets	8,275,699	8,452,327	1,535,176	1,223,115	9,810,875	9,675,442
Total Assets	11,779,380	11,763,219	4,108,745	3,920,963	15,888,125	15,684,182
Deferred outflows of resources - Pensions	44,993	-	16,154	-	61,147	-
Total Assets and deferred outflows of resources	\$ 11,824,373	\$ 11,763,219	\$ 4,124,899	\$ 3,920,963	\$ 15,949,272	\$ 15,684,182
Long-Term Liabilities						
Outstanding	\$ 1,285,361	\$ 1,108,528	\$ 136,772	\$ 18,974	\$ 1,422,133	\$ 1,127,502
Other Liabilities	500,370	241,465	35,238	22,191	535,608	263,656
Total Liabilities	1,785,731	1,349,993	172,010	41,165	1,957,741	1,391,158
Deferred Inflows of Resources - Pensions	53,020	-	19,036	-	72,056	-
Net position						
Net investment in Capital Assets	7,205,699	7,257,327	1,535,176	1,223,115	8,740,875	8,480,442
Restricted	477,094	610,535	-	-	477,094	610,535
Unrestricted	2,302,829	2,545,364	2,398,677	2,656,683	4,701,506	5,202,047
Total Net Position	9,985,622	10,413,226	3,933,853	3,879,798	13,919,475	14,293,024
Total liabilities, deferred inflows of resources, and net position	\$ 11,824,373	\$ 11,763,219	\$ 4,124,899	\$ 3,920,963	\$ 15,949,272	\$ 15,684,182

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to extinguish these liabilities.

**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation holds true for the prior fiscal year.

City of Falcon Heights' Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$ 480,129	\$ 462,127	\$ 911,523	\$ 935,960	\$ 1,391,652	\$ 1,398,087
Operating Grants and Contributions	473,143	193,236	-	-	473,143	193,236
Capital Grants and Contributions	196,337	13,967	-	-	196,337	13,967
General Revenues						
Property Taxes	1,081,384	1,043,863	-	-	1,081,384	1,043,863
Other	704,891	780,448	-	-	704,891	780,448
Investment Earnings	14,783	26,324	13,091	23,087	27,874	49,411
Total Revenues	2,950,667	2,519,965	924,614	959,047	3,875,281	3,479,012
Expenses						
General Government	634,328	665,388	-	-	634,328	665,388
Public Safety	1,009,561	956,694	-	-	1,009,561	956,694
Public Works	1,068,292	643,323	-	-	1,068,292	643,323
Park and Recreation	300,800	253,333	-	-	300,800	253,333
Community Development	10,967	2,187	-	-	10,967	2,187
Interest on Long-Term Debt	19,695	23,543	-	-	19,695	23,543
Sanitary Sewer	-	-	613,868	629,452	613,868	629,452
Storm Drainage	-	-	136,551	116,201	136,551	116,201
Total Expenses	3,043,643	2,544,468	750,419	745,653	3,794,062	3,290,121
Increase in Net Position before Transfers	(92,976)	(24,503)	174,195	213,394	81,219	188,891
Transfer	-	(167,106)	-	167,106	-	-
Changes in Net Position	(92,976)	(191,609)	174,195	380,500	81,219	188,891
Net Position – January 1	10,413,226	10,604,835	3,879,798	3,499,298	14,293,024	14,104,133
Change in accounting principle	(334,628)	-	(120,140)	-	(454,768)	-
Net Position- beginning as restated	10,078,598	10,604,835	3,759,658	3,499,298	13,838,256	14,104,133
Net position - December 31	\$ 9,985,622	\$ 10,413,226	\$ 3,933,853	\$ 3,879,798	\$ 13,919,475	\$ 14,293,024

GOVERNMENTAL ACTIVITIES

Governmental activities decreased the City's net position by \$92,976.

In 2015, the City Council maintained the same tax levy as in 2014. The property tax revenues increased by 3.6%. In 2014 there was a 3.4% decrease in property tax revenue due to a tax petition court case lowering the property taxes of one of the city's biggest taxpayers. The 2015 delinquencies in property tax collections were consistent with the delinquency payments in 2014. The City's tax base continues to be very stable resulting in a low delinquency rate.

In the governmental activities section, overall, charges for services increased \$18,002 from the 2014 level. Capital Contributions increased \$182,370 due to increased special assessments.

Operating grants and contributions increased \$279,907. The increase was principally the result of \$206,759 more grant aid for Public Works as compared to the aid received in 2014. Also community development recognized a grant of \$46,696 for removal of diseased ash trees.

In the business-type activities section, there was a decrease in charges for services totaling \$24,437. There was no price increase for both sanitary sewer and storm drainage for 2015.

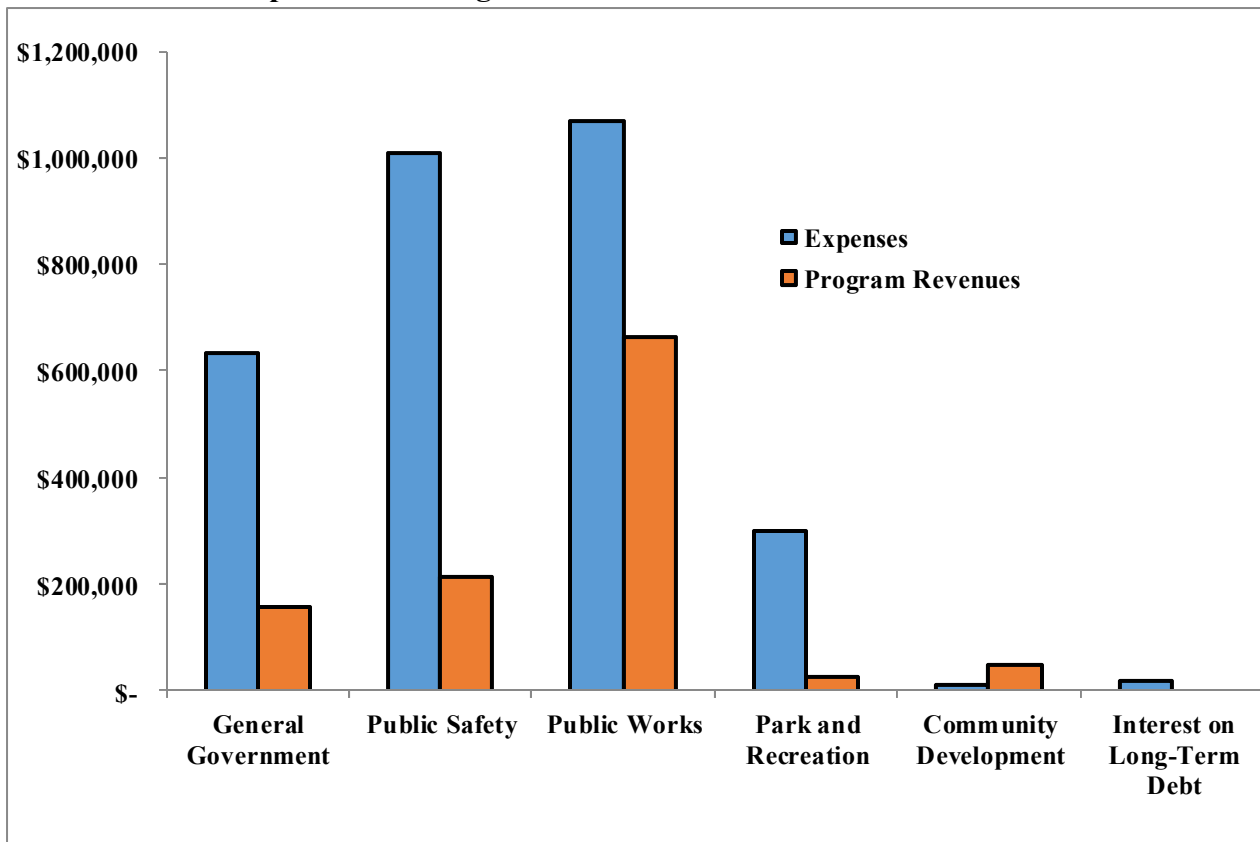
**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

GOVERNMENTAL ACTIVITIES (CONTINUED)

Local Government Aid (LGA) to the City from the State of Minnesota increased \$27,601 in 2015 as compared to \$503,707 in 2014. The amount of LGA support from the State of Minnesota typically varies annually. In addition, unrestricted investment revenues decreased \$11,541 as compared to 2014.

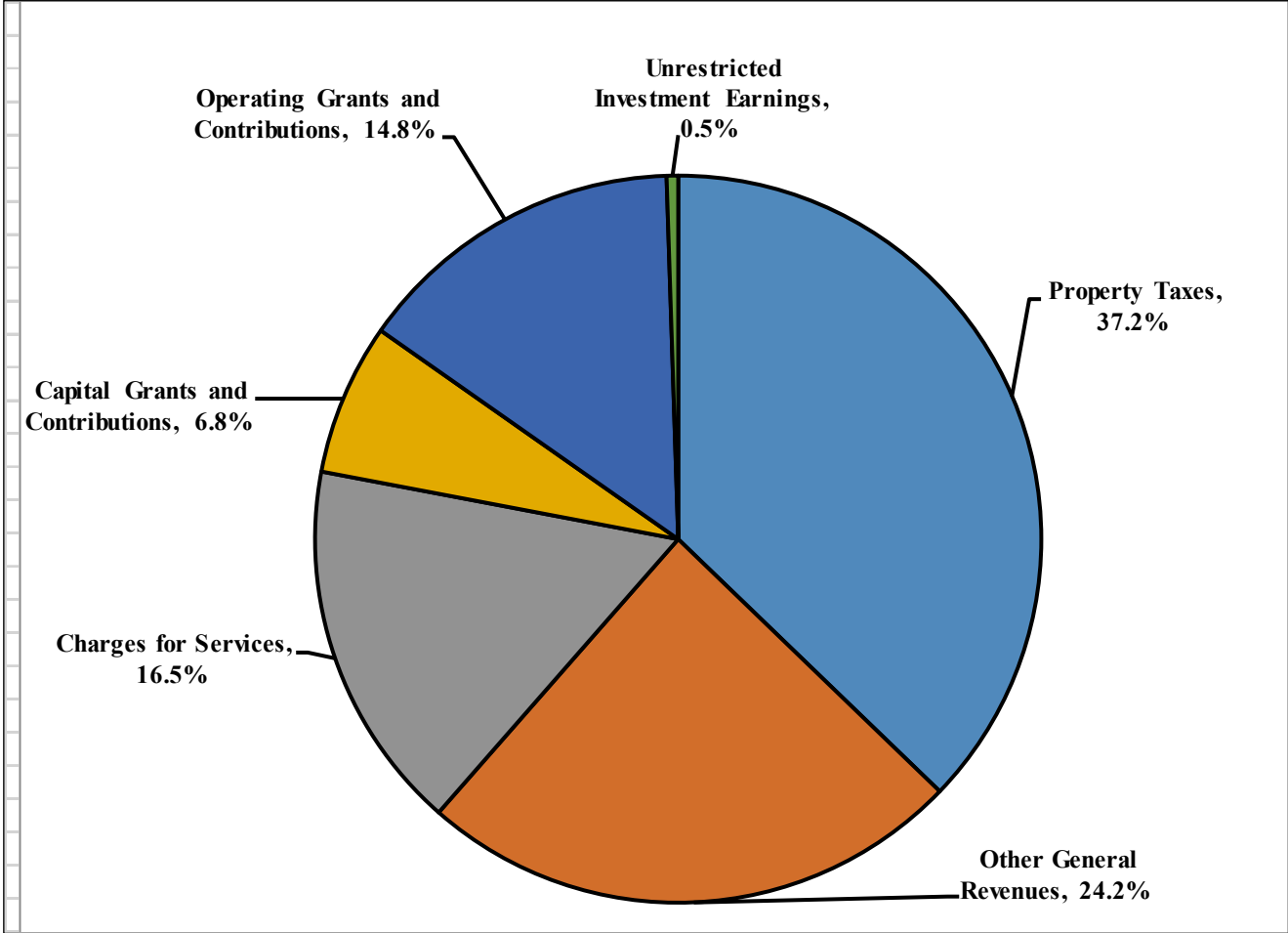
On the following pages are specific graphs, which provide comparisons of the governmental activities' revenues and expenses.

Expenses and Program Revenue – Governmental Activities



**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

Revenues by Source – Governmental Activities

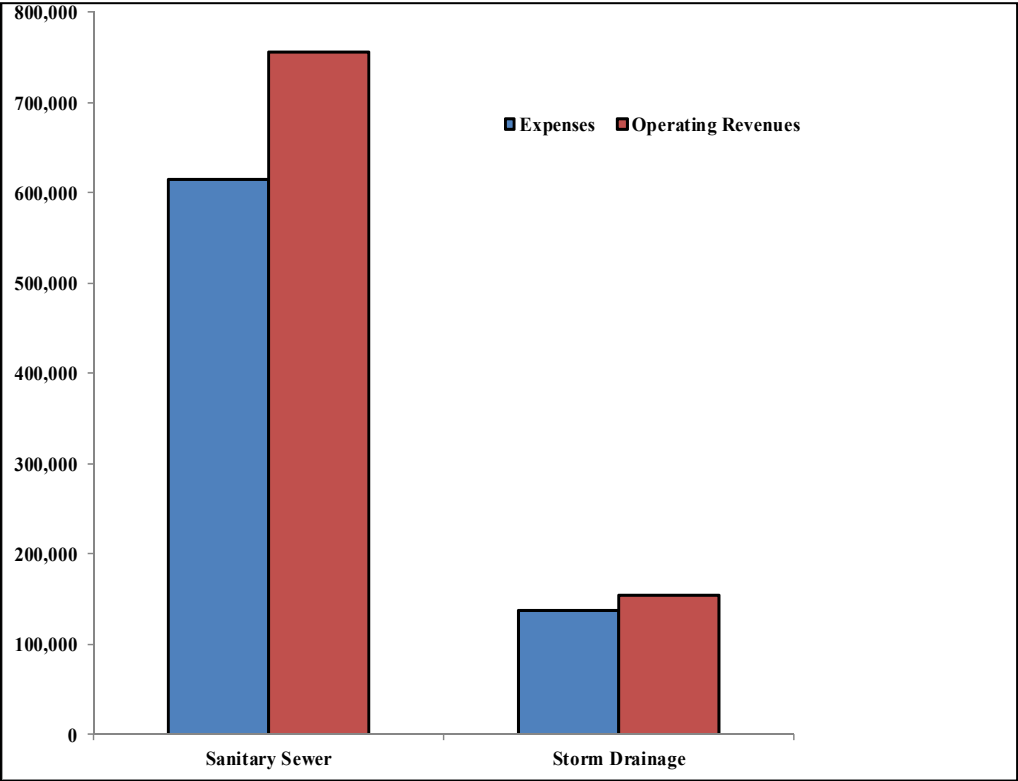


**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

BUSINESS-TYPE ACTIVITIES

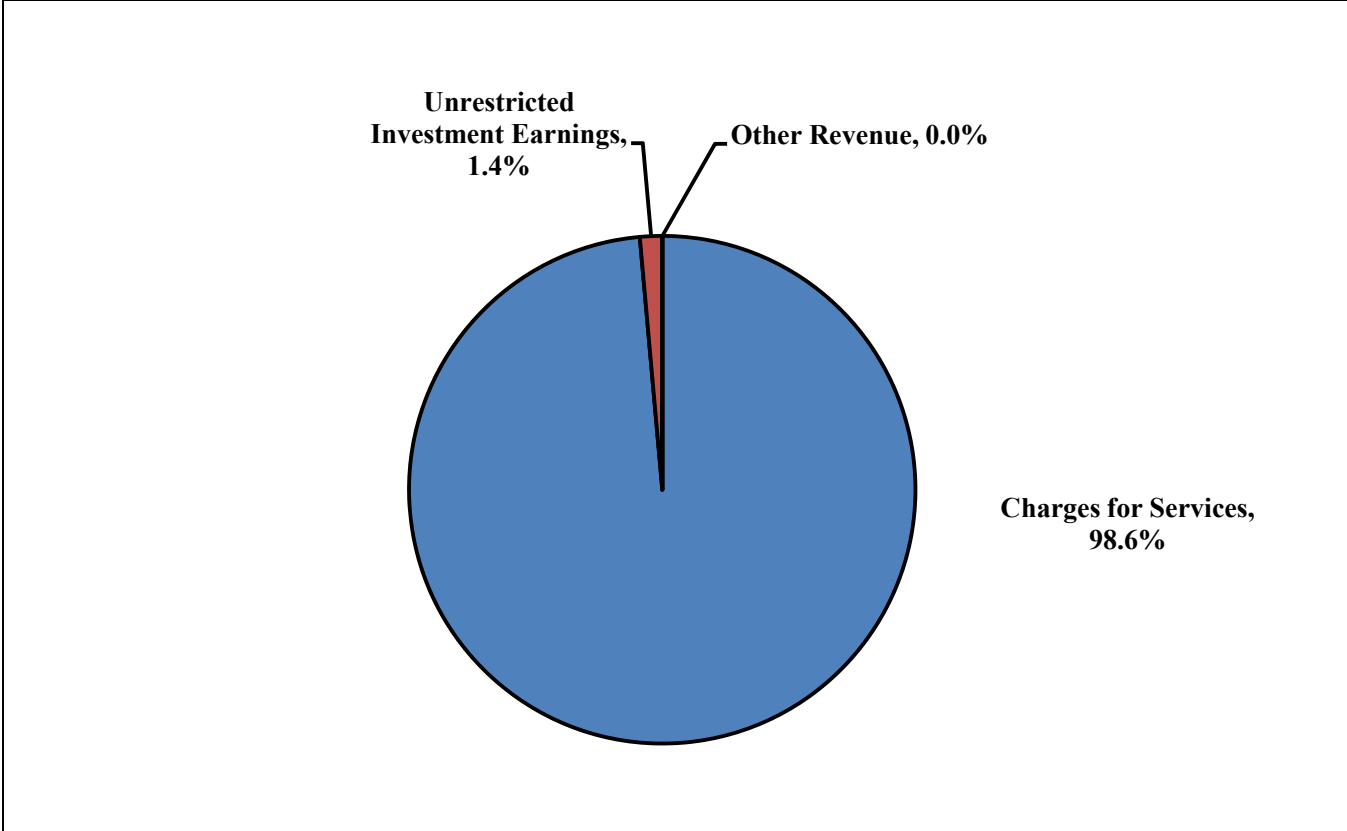
Business-type activities increased the City's net position by \$174,195. In 2015 and 2014, there was no price increase for either sanitary sewer or storm drainage fees. In 2011, the City changed the method of billing the sanitary sewer fees. The City instituted a base fee plus a variable fee determined by water consumption, instead of the previous method of using a flat fee for residential property owners. This resulted in property owners having an incentive to use less water consumption to help lower their sanitary sewer charges. In 2013, the sanitary sewer service fee experienced an 8.5% fee increase. Also for storm drainage services there was an 11.4% fee increase. The commercial properties were raised the same percentage increase as the residential properties. With the environmental importance of clean storm water drainage flows being discharged into our neighboring lakes and ponds, the City will continue to be required to make future capital improvements to our storm water drainage system.

Expenses and Operating Revenues – Business-Type Activities



**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

Revenues by Source – Business-Type Activities



**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a city's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,931,765, a decrease of \$74,963 in comparison with the prior year. Approximately 50% (\$1,461,263) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. Three percent (\$85,535) of the remainder of fund balance is non-spendable, which indicates that it is not available for new spending because it has already been disbursed for various prepaid expenditures in the General Fund. Eleven percent (\$318,141) is restricted fund balance constrained to a specific purpose by outside legislation, external parties, or constitutional provisions. Eight percent (\$263,384) is committed fund balance constrained by the City Council for specific purposes. Twenty eight percent (\$803,442) is assigned fund balance intended for specific purposes by management as delegated authority by the City Council.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Fund

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,504,383, while total fund balance reached \$1,589,918. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 87.3% of total General Fund expenditures, while total fund balance represents 92.2% of that same amount.

In 2015, the fund balance of the City's General Fund increased by \$165,980. Key factors for this increase are:

- Property Tax revenue had a variance under budget of \$11,051 primarily due to the \$8,866 decrease in property tax from a court approved tax petition.
- Cable TV franchise fees revenue had a variance over budget of \$4,148.
- Fines and forfeits revenue had a variance of \$9,115 over budget. Ramsey County's court system collects the fines and forfeits for the City.
- Neighboring city fire contract revenue showed a variance under budget of \$1,628.
- Revenues from the fees associated with licenses and permits came in \$18,164 over budget.
- Plan check fees were over budget by \$8,698.

**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Fund (Continued)

- A \$17,602 expenditure variance under the budgeted amount in police expenditures was recognized by the City.
- Expenditures for fire fighter training programs were \$11,441 under budget for the current year.
- The fire relief aid had a \$7,365 expenditure variance under budget.
- A \$25,881 expenditure variance under budget in snow removal costs.
- A \$20,019 expenditure variance over budget in building and mechanical inspection expenditures due to an increase in building inspections and remodeling activities.
- A \$5,857 expenditure variance over budget in engineering fund expenditures.
- A \$27,743 expenditure variance under budget in total park and recreation expenditures was due to less overall park maintenance since one of our parks (Curtiss Field) was being totally redone with capital improvements.
- For 2015 and 2014 there was no increase in the property tax levy. For 2013, there was 6.5% increase in the property tax levy. In 2012, there was a 1.96% decrease in the property tax levy. In 2011, the City Council raised the property tax levy 1.5%. In 2010, the City Council raised the property tax levy 5.5%. In 2009, the property taxes raised 2.2 %. In 2008, the City Council raised the property tax 6.5%. During the period 2004-2007, the City Council chose to provide some property tax relief to the tax payers of the City by not raising the property tax levy.
- A transfer of \$22,000 was made from the General Fund to the Parks Program Special Revenue Fund to help support summer recreational sports programming activities.

The Future Improvements Fund, a major fund, is the fund the City uses to record the infrastructure capital improvements of the City that would not be associated with any of the City's tax increment financing districts. The City received \$298,684 in street aid from the state of Minnesota. This Future Improvement Fund holds \$614,921 in assigned fund balance for future construction projects.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to \$2,170,497 while unrestricted net position for the Storm Drainage Fund amounted to \$228,180. After changes in accounting principle due to pension reporting there was still an increase in net position of \$54,055 for the combined enterprise funds.

**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, General Fund expenditures were \$131,239 less than the budgetary estimates. Revenues were \$34,741 more than the budgetary estimates. A court approved tax petition from one of our property owners resulted in \$8,866 less in property taxes than anticipated. Also, \$22,000 was transferred from the General Fund to the Parks Program Special Revenue Fund to help support summer recreational activities in the City. In 2015, the net change in fund balance for the General Fund was \$165,980.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015 amounts to \$9,810,875 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements other than buildings, machinery and equipment and infrastructure.

The City has elected to use the "modified approach," as defined by GASB Statement No. 34, for infrastructure reporting of its streets and alleys.

The City implemented a pavement management program in 2001 to assist in maintaining and monitoring the performance of the paved street network. This is one of the City's largest investments and would have a significant dollar value if it were to be replaced today. The software program, MicroPAVER, developed by the Army Corps of Engineers, was used by the City in 2001 and 2004. For 2007, 2010, and 2013 the City used the software program ICON, which was developed and supported by Goodpointe Technology as a tool for pavement management. While the software is different, the methodology is the same. Both systems use field surveys to identify distresses and rate the current condition of the streets. Both systems use the segment and distress information to determine the current Pavement Condition Index (PCI) for each segment. However, ICON provides the City with the ability to determine future needs based on current and past maintenance strategies and prioritize the appropriate rehabilitation at optimum times.

Also, ICON has a geographic information system interface to enable easy development of maps showing the results of the analysis.

ICON used the information gathered in the field to calculate a PCI rating for each pavement segment. A PCI rating of 100 would be indicative of a newly constructed street with no distress, while a rating of 0 would show a completely failed street. Segments then can be grouped into like categories of PCI ratings to help determine a schedule of maintenance, rehabilitation, and reconstruction. The PCI groups set up for the City are as follows: 100 to 66 – Adequate; 65 to 36 – Marginal; and 35 to 0 – Poor. The City's minimum desired PCI rating is 70. For the year 2007, the City's PCI rating was 87. For the year 2010, the City's PCI rating was 76. For 2013, the City's PCI rating was 74.

Two major capital asset events occurred during 2015. The City relined a portion of the sanitary sewer line in one of the sections of the city at a cost of \$166,190. The other major capital asset event was mill and overlay resurfacing on two of the city's streets including repair of storm drainage catch basins.

**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

**City of Falcon Heights' Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 419,707	\$ 419,707	\$ -	\$ -	\$ 419,707	\$ 419,707
Construction in progress	-	-	-	115,977	-	115,977
Building and system Improvements other Than buildings	387,431	449,309	1,523,410	1,092,010	1,910,841	1,541,319
Machinery and equipment	568,767	592,856	-	-	568,767	592,856
Infrastructure	1,150,011	1,240,672	11,766	15,128	1,161,777	1,255,800
	5,749,783	5,749,783	-	-	5,749,783	5,749,783
Total	\$ 8,275,699	\$ 8,452,327	\$ 1,535,176	\$ 1,223,115	\$ 9,810,875	\$ 9,675,442

Additional information on the City's capital assets can be found in Note 4 on pages 58-59 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,070,000. During 2015 no new debt was issued. The debt service payment in 2015 was \$125,000.

**City of Falcon Heights' Outstanding Debt
General Obligation (G.O.) and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
G.O. Bonds	\$ 1,070,000	\$ 1,195,000	\$ -	\$ -	\$ 1,070,000	\$ 1,195,000
Total	\$ 1,070,000	\$ 1,195,000	\$ -	\$ -	\$ 1,070,000	\$ 1,195,000

The City earned a "AAA" rating from Standard and Poor's Rating Service on the latest debt issuance of 2013.

State statutes limit the amount of G.O. debt a governmental entity may issue to a percentage of its total assessed valuation. The current debt limitation for the City is \$7,717,764, which is in excess of the City's outstanding G.O. debt.

Additional information on the City's long-term debt can be found in Note 6 on pages 60-61 of this report.

**City of Falcon Heights
Ramsey County, Minnesota
Management's Discussion and Analysis**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The December 2015 unemployment rate for Ramsey County, in which the City resides, is currently 3.1%, which is a decrease from a rate of 3.2% a year ago. This local unemployment rate compares favorably to the state's December 2015 unemployment rate of 3.7% and favorably to the national December 2015 rate of 5.28%.

Inflationary trends in the region compare favorably to national indices. For a basket of goods indexed at \$100 in 1984, a resident of the Midwest Region will pay approximately \$236. This compares favorably to the average US citizen who pays approximately \$239 for that same basket. The sources for this data are the Minnesota Department of Economic Development and the Federal Bureau of Labor and Statistics.

All of these factors were considered in preparing the City's budget for the 2015 fiscal year.

During the current fiscal year, the fund balance in the General Fund increased by \$165,980 to a total of \$1,589,918. The City has designated \$1,504,383 of this balance as unassigned fund balance available for spending at the City's discretion.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 2077 W. Larpenteur Ave., City of Falcon Heights, Minnesota 55113.

BASIC FINANCIAL STATEMENTS

**City of Falcon Heights
Statement of Net Position
December 31, 2015**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including Cash equivalents)	\$ 3,206,728	\$ 2,085,664	\$ 5,292,392
Receivables			
Taxes receivable	13,835	-	13,835
Special assessments	196,558	-	196,558
Accounts receivable	25,778	139,938	165,716
Interest receivable	4,089	4,417	8,506
Due from other governments	271,158	-	271,158
Internal balances	(300,000)	300,000	-
Prepaid items	85,535	43,550	129,085
Capital assets (net of accumulated depreciation)			
Land	419,707	-	419,707
Infrastructure	5,749,783	-	5,749,783
Buildings and system	387,431	1,523,410	1,910,841
Improvements other than buildings	568,767	-	568,767
Machinery and equipment	1,150,011	11,766	1,161,777
Total assets	<u>11,779,380</u>	<u>4,108,745</u>	<u>15,888,125</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	44,993	16,154	61,147
Total assets and deferred outflows of resources	<u>\$ 11,824,373</u>	<u>\$ 4,124,899</u>	<u>\$ 15,949,272</u>
Liabilities			
Accounts payable	\$ 309,328	\$ 25,443	\$ 334,771
Contracts payable	7,660	-	7,660
Due to other governments	253	-	253
Salaries and benefits payable	190	285	475
Interest payable	7,281	-	7,281
Net pension liability	331,767	119,112	450,879
Bond principal payable			
Payable within one year	60,000	-	60,000
Payable after one year	325,000	-	325,000
Equipment certificate payable			
Payable within one year	80,000	-	80,000
Payable after one year	605,000	-	605,000
Compensated absences payable			
Payable within one year	35,658	9,510	45,168
Payable after one year	23,594	17,660	41,254
Total liabilities	<u>1,785,731</u>	<u>172,010</u>	<u>1,957,741</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	53,020	19,036	72,056
Net Position			
Net investment in capital assets	7,205,699	1,535,176	8,740,875
Restricted for			
Debt service	393,294	-	393,294
Tax increment	49,210	-	49,210
Park dedication	34,590	-	34,590
Unrestricted	2,302,829	2,398,677	4,701,506
Total net position	<u>9,985,622</u>	<u>3,933,853</u>	<u>13,919,475</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 11,824,373</u>	<u>\$ 4,124,899</u>	<u>\$ 15,949,272</u>

**City of Falcon Heights
Statement of Activities
Year Ended December 31, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities							
General government	\$ 634,328	\$ 158,077	\$ -	\$ -	\$ (476,251)	\$ -	\$ (476,251)
Public safety	1,009,561	145,952	65,626	-	(797,983)	-	(797,983)
Public works	1,068,292	149,152	316,705	196,337	(406,098)	-	(406,098)
Park and recreation	300,800	25,232	87,812	-	(187,756)	-	(187,756)
Community development	10,967	1,716	3,000	-	(6,251)	-	(6,251)
Interest on long-term debt	19,695	-	-	-	(19,695)	-	(19,695)
Total governmental activities	<u>3,043,643</u>	<u>480,129</u>	<u>473,143</u>	<u>196,337</u>	<u>(1,894,034)</u>	<u>-</u>	<u>(1,894,034)</u>
Business-type activities							
Sanitary sewer	613,868	756,539	-	-	-	142,671	142,671
Storm sewer	136,551	154,984	-	-	-	18,433	18,433
Total business-type activities	<u>750,419</u>	<u>911,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,104</u>	<u>161,104</u>
Total governmental and business-type activities	<u>\$ 3,794,062</u>	<u>\$ 1,391,652</u>	<u>\$ 473,143</u>	<u>\$ 196,337</u>	<u>(1,894,034)</u>	<u>161,104</u>	<u>(1,732,930)</u>
General revenues							
Property taxes levied for general purposes					1,011,650	-	1,011,650
Property taxes levied for debt service					69,734	-	69,734
Tax increments					156,606	-	156,606
Unrestricted state aid					533,015	-	533,015
Other general revenue					15,000	-	15,000
Unrestricted investment earnings					14,783	13,091	27,874
Gain of sale of assets					270	-	270
Total general revenues and transfers					<u>1,801,058</u>	<u>13,091</u>	<u>1,814,149</u>
Change in net position					(92,976)	174,195	81,219
Net position - beginning					10,413,226	3,879,798	14,293,024
Change in accounting principle (Note 10)					(334,628)	(120,140)	(454,768)
Net position - beginning, as restated					<u>10,078,598</u>	<u>3,759,658</u>	<u>13,838,256</u>
Net position - ending					<u>\$ 9,985,622</u>	<u>\$ 3,933,853</u>	<u>\$ 13,919,475</u>

See notes to financial statements.

City of Falcon Heights
Balance Sheet - Governmental Funds
December 31, 2015

		<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>
	<u>General</u>	<u>Emerald Ash Borer Grant</u>	<u>G.O. Improvement Series 2013A</u>
Assets			
Cash and investments	\$ 1,497,986	\$ -	\$ 114,908
Taxes receivable - delinquent	13,835	-	-
Special assessment receivables - deferred	-	-	166,234
Accounts receivable	-	-	-
Interest receivable	2,773	-	-
Due from other funds	-	-	-
Due from other governments	36,538	57,658	3,874
Prepaid items	85,535	-	-
	<u>\$ 1,636,667</u>	<u>\$ 57,658</u>	<u>\$ 285,016</u>
Liabilities			
Accounts payable	\$ 32,471	\$ -	\$ -
Contracts payable	-	-	-
Due to other funds	-	56,686	-
Advance from other funds	-	-	-
Due to other governments	253	-	-
Salaries and benefits payable	190	-	-
Total liabilities	<u>32,914</u>	<u>56,686</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue - grants	-	44,092	-
Unavailable revenue - property tax	13,835	-	-
Unavailable revenue - special assessments	-	-	166,234
Total deferred inflows of resources	<u>13,835</u>	<u>44,092</u>	<u>166,234</u>
Fund Balances			
Nonspendable	85,535	-	-
Restricted	-	-	118,782
Committed	-	-	-
Assigned	-	-	-
Unassigned	1,504,383	(43,120)	-
Total fund balances	<u>1,589,918</u>	<u>(43,120)</u>	<u>118,782</u>
Total liabilities, deferred inflows of resources, and fund balances:	<u>\$ 1,636,667</u>	<u>\$ 57,658</u>	<u>\$ 285,016</u>

<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Future Improvements		
\$ 954,123	\$ 639,711	\$ 3,206,728
-	-	13,835
30,324	-	196,558
-	25,778	25,778
1,316	-	4,089
56,686	-	56,686
172,578	510	271,158
-	-	85,535
<u>\$ 1,215,027</u>	<u>\$ 665,999</u>	<u>\$ 3,860,367</u>
\$ 267,122	\$ 9,735	\$ 309,328
2,660	5,000	7,660
-	-	56,686
300,000	-	300,000
-	-	253
-	-	190
<u>569,782</u>	<u>14,735</u>	<u>674,117</u>
-	-	44,092
-	-	13,835
30,324	-	196,558
<u>30,324</u>	<u>-</u>	<u>254,485</u>
-	-	85,535
-	199,359	318,141
-	263,384	263,384
614,921	188,521	803,442
-	-	1,461,263
<u>614,921</u>	<u>651,264</u>	<u>2,931,765</u>
<u>\$ 1,215,027</u>	<u>\$ 665,999</u>	<u>\$ 3,860,367</u>

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**City of Falcon Heights
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2015**

Total fund balances - Governmental Funds \$ 2,931,765

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	10,348,547
Less accumulated depreciation	(2,072,848)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bond principal payable	(385,000)
Equipment certificates payable	(685,000)
Compensated absences payable	(59,252)
Net pension liability	(331,767)

Deferred Outflows of Resources and Deferred Inflows of Resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to pensions	(53,020)
Deferred outflows of resources related to pensions	44,993

Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Property taxes	13,835
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred special assessments	196,558
Grants	44,092

Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.

(7,281)

Total net position - governmental activities \$ 9,985,622

See notes to financial statements.

37

City of Falcon Heights
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2015

	General	Special Revenue Fund Emerald Ash Borer Grant	Debt Service Funds G.O. Improvement Series 2013A
Revenues			
Property taxes	\$ 1,003,065	\$ -	\$ -
Tax increments	-	-	-
Special assessments	-	-	50,145
Licenses and permits	80,864	-	-
Intergovernmental	650,798	43,696	-
Charges for services	66,092	-	-
Fines and forfeitures	80,415	-	-
Miscellaneous			
Investment income	7,562	(70)	369
Contributions and donations	-	-	-
Refunds and reimbursements	18,745	-	-
Other	4,365	-	-
Total revenues	<u>1,911,906</u>	<u>43,626</u>	<u>50,514</u>
Expenditures			
Current			
General government	577,426	-	650
Public safety	885,319	-	-
Public works	195,610	-	-
Park and recreation	65,571	104,484	-
Community development	-	-	-
Debt service			
Principal	-	-	60,000
Interest and other charges	-	-	7,320
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Park and recreation	-	-	-
Total expenditures	<u>1,723,926</u>	<u>104,484</u>	<u>67,970</u>
Excess of revenues over (under) expenditures	187,980	(60,858)	(17,456)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	2,716
Transfers out	(22,000)	-	-
Total other financing sources (uses)	<u>(22,000)</u>	<u>-</u>	<u>2,716</u>
Net change in fund balances	165,980	(60,858)	(14,740)
Fund Balances			
Beginning of year	<u>1,423,938</u>	<u>17,738</u>	<u>133,522</u>
End of year	<u>\$ 1,589,918</u>	<u>\$ (43,120)</u>	<u>\$ 118,782</u>

See notes to financial statements.

Capital Projects Funds		
Future Improvements	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 69,734	\$ 1,072,799
-	156,606	156,606
26,528	-	76,673
-	-	80,864
423,751	24,012	1,142,257
-	172,784	238,876
-	-	80,415
3,991	2,931	14,783
-	24	24
10,335	-	29,080
-	16,716	21,081
<u>464,605</u>	<u>442,807</u>	<u>2,913,458</u>
-	1,950	580,026
-	650	885,969
25,490	130,441	351,541
-	48,752	218,807
-	10,967	10,967
-	65,000	125,000
-	12,928	20,248
-	9,589	9,589
-	31,306	31,306
510,943	155,283	666,226
-	89,012	89,012
<u>536,433</u>	<u>555,878</u>	<u>2,988,691</u>
(71,828)	(113,071)	(75,233)
-	270	270
-	22,000	24,716
-	(2,716)	(24,716)
<u>-</u>	<u>19,554</u>	<u>270</u>
(71,828)	(93,517)	(74,963)
<u>686,749</u>	<u>744,781</u>	<u>3,006,728</u>
<u>\$ 614,921</u>	<u>\$ 651,264</u>	<u>\$ 2,931,765</u>

City of Falcon Heights
Reconciliation of the Statement of Revenues
Expenditures and Changes in Fund Balances to
the Statement of Activities - Governmental Fund
Year Ended December 31, 2015

Net change in fund balances - Governmental Funds \$ (74,963)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	96,189
Depreciation expense	(240,454)
Disposal of capital assets	(32,363)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. 1,289

Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

Pension expense	(5,166)
-----------------	---------

Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net assets in the Statement of Activities. 125,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 553

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Special assessments	(15,738)
Grants	44,092

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 8,585

Change in net position - governmental activities \$ (92,976)

City of Falcon Heights
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget -</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,014,116	\$ 1,014,116	\$ 1,003,065	\$ (11,051)
Licenses and permits	62,700	62,700	80,864	18,164
Intergovernmental	654,015	654,015	650,798	(3,217)
Charges for services	52,884	52,884	66,092	13,208
Fines and forfeitures	71,300	71,300	80,415	9,115
Miscellaneous revenues				
Investment income	7,000	7,000	7,562	562
Refunds and reimbursements	10,000	10,000	18,745	8,745
Other	5,150	5,150	4,365	(785)
Total revenues	<u>1,877,165</u>	<u>1,877,165</u>	<u>1,911,906</u>	<u>34,741</u>
Expenditures				
Current				
General government	607,964	607,964	577,426	(30,538)
Public safety	935,380	935,380	885,319	(50,061)
Public works	218,507	218,507	195,610	(22,897)
Park and recreation	93,314	93,314	65,571	(27,743)
Total expenditures	<u>1,855,165</u>	<u>1,855,165</u>	<u>1,723,926</u>	<u>(131,239)</u>
Excess of revenues over expenditures	22,000	22,000	187,980	165,980
Other Financing Sources (Uses)				
Transfers out	<u>(22,000)</u>	<u>(22,000)</u>	<u>(22,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	165,980	<u>\$ 165,980</u>
Fund Balance				
Beginning of year			<u>1,423,938</u>	
End of year			<u>\$ 1,589,918</u>	

City of Falcon Heights
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Emerald Ash Borer Grant Fund - Special Revenue Fund
Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Intergovernmental revenue			
Other grants and aids	\$ 104,454	\$ 43,696	\$ (60,758)
Miscellaneous revenues			
Investment income	<u>70</u>	<u>(70)</u>	<u>(140)</u>
Total revenues	<u>104,524</u>	<u>43,626</u>	<u>(60,898)</u>
Expenditures			
Wages, salaries, and compensation	<u>105,134</u>	<u>104,484</u>	<u>(650)</u>
Excess of revenues (under) expenditures	<u><u>\$ (610)</u></u>	(60,858)	<u><u>\$ (61,548)</u></u>
Fund Balance			
Beginning of year		<u>17,738</u>	
End of year		<u><u>\$ (43,120)</u></u>	

City of Falcon Heights
Statement of Net Position - Proprietary Funds
December 31, 2015

	Sanitary Sewer	Storm Drainage	Total
Assets			
Current assets			
Cash and investments	\$ 1,803,044	\$ 282,620	\$ 2,085,664
Accounts receivable	114,657	25,281	139,938
Interest receivable	3,894	523	4,417
Advance to other funds	300,000	-	300,000
Prepaid items	42,550	1,000	43,550
Total current assets	2,264,145	309,424	2,573,569
Noncurrent assets			
Capital assets			
Sewer system	1,244,692	-	1,244,692
Storm drain	-	1,767,285	1,767,285
Machinery and equipment	53,104	60,469	113,573
Total capital assets	1,297,796	1,827,754	3,125,550
Less accumulated depreciation	(94,566)	(595,808)	(1,590,374)
Net capital assets	303,230	1,231,946	1,535,176
Total assets	2,567,375	1,541,370	4,108,745
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	10,130	6,024	16,154
Total assets and deferred outflows of resources	\$ 2,577,505	\$ 1,547,394	\$ 4,124,899
Liabilities			
Current liabilities			
Accounts payable	\$ 26	\$ 25,417	\$ 25,443
Salaries and benefits payable	166	119	285
Amount due within one year	5,870	3,640	9,510
Total current liabilities	6,062	29,176	35,238
Noncurrent liabilities			
Compensated absences	16,953	10,217	27,170
Net pension liability	74,695	44,417	119,112
Less amount due within one year	(5,870)	(3,640)	(9,510)
Total noncurrent liabilities	85,778	50,994	136,772
Total liabilities	91,840	80,170	172,010
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	11,938	7,098	19,036
Net Position			
Net investment in capital assets	303,230	1,231,946	1,535,176
Unrestricted	2,170,497	228,180	2,398,677
Total net position	2,473,727	1,460,126	3,933,853
Total liabilities, deferred inflows of resources, and net position	\$ 2,577,505	\$ 1,547,394	\$ 4,124,899

See notes to financial statements.

City of Falcon Heights
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2015

	Sanitary Sewer	Storm Drainage	Total
	<u> </u>	<u> </u>	<u> </u>
Operating revenues			
Charges for services	\$ 756,539	\$ 154,984	\$ 911,523
Operating expenses			
Wages, salaries, and compensation	114,014	66,700	180,714
Materials and supplies	148	256	404
Professional services	2,819	1,083	3,902
Electric	186	-	186
Maintenance	18,297	19,297	37,594
Repairs	7,875	3,249	11,124
Depreciation	10,296	33,334	43,630
Metro sewer charges	430,007	-	430,007
Sac charges	2,485	-	2,485
Billing fees	16,232	694	16,926
Insurance and bonds	6,390	2,000	8,390
Miscellaneous	5,119	9,938	15,057
Total operating expenses	<u>613,868</u>	<u>136,551</u>	<u>750,419</u>
Operating income	142,671	18,433	161,104
Nonoperating revenues			
Investment income	<u>10,998</u>	<u>2,093</u>	<u>13,091</u>
Change in net position	153,669	20,526	174,195
Net position			
Beginning of year	2,395,398	1,484,400	3,879,798
Change in accounting principle (Note 10)	<u>(75,340)</u>	<u>(44,800)</u>	<u>(120,140)</u>
Beginning of year, restated	<u>2,320,058</u>	<u>1,439,600</u>	<u>3,759,658</u>
End of year	<u><u>\$ 2,473,727</u></u>	<u><u>\$ 1,460,126</u></u>	<u><u>\$ 3,933,853</u></u>

City of Falcon Heights
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2015

	Sanitary Sewer	Storm Drainage	Total
	<u> </u>	<u> </u>	<u> </u>
Cash Flows - Operating Activities			
Receipts from customers and users	\$ 759,723	\$ 155,072	\$ 914,795
Payments to suppliers	(505,646)	(13,173)	(518,819)
Payments to employees	(113,394)	(65,705)	(179,099)
Net cash flows - operating activities	<u>140,683</u>	<u>76,194</u>	<u>216,877</u>
 Cash Flows - Noncapital Financing Activities			
Advance to other funds	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
 Cash Flows - Capital and Related Financing Activities			
Acquisition of capital assets	<u>(166,190)</u>	<u>(189,501)</u>	<u>(355,691)</u>
 Cash Flows - Investing Activities			
Interest and dividends received	<u>9,589</u>	<u>2,032</u>	<u>11,621</u>
 Net change in cash and cash equivalents	(315,918)	(111,275)	(427,193)
 Cash and Cash Equivalents			
Beginning of year	<u>2,118,962</u>	<u>393,895</u>	<u>2,512,857</u>
End of year	<u>\$ 1,803,044</u>	<u>\$ 282,620</u>	<u>\$ 2,085,664</u>
 Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income	\$ 142,671	\$ 18,433	\$ 161,104
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation expense	10,296	33,334	43,630
Accounts receivable	3,184	88	3,272
Prepaid items	(4,716)	-	(4,716)
Pension expense	1,163	691	1,854
Accounts payable	(636)	23,344	22,708
Contracts payable	(10,736)	-	(10,736)
Salaries payable	66	80	146
Compensated absences payable	(609)	224	(385)
Total adjustments	<u>(1,988)</u>	<u>57,761</u>	<u>55,773</u>
Net cash flows - operating activities	<u>\$ 140,683</u>	<u>\$ 76,194</u>	<u>\$ 216,877</u>

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City of Falcon Heights
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Falcon Heights is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, franchise fees, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Description of Funds:

Major Governmental Funds:

General Fund – This Fund is the City's primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

Emerald Ash Borer Grant – This Fund accounts for the Emerald Ash Borer grant revenues and related grant expenditures.

G.O. Improvement Series 2013A – This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issuance.

Future Improvements Capital Projects Fund – This Fund accounts for costs associated with replacement of the City's utility and road systems.

Major Proprietary Funds:

Sanitary Sewer Enterprise Fund – This Fund accounts for the operations of the City's sanitary sewer utility.

Storm Drainage Enterprise Fund – This Fund accounts for the activities of the City's storm drainage operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sanitary Sewer and the Storm Drainage Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Further, the City applies unrestricted funds in this order if various levels of unrestricted fund balances exist: committed, assigned, and unassigned.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Securities in which the City may invest include governmental bonds, notes, bills, mortgages, and other securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities or organizations created by an act of Congress. The City may also invest in general obligation (G.O.) or revenue bonds of the State of Minnesota or Minnesota Municipalities provided the G.O. bonds are rated AA or better for states and AAA or better for political subdivisions and revenue bonds are rated AAA or better for both. Time deposits are allowed, provided they are fully insured by the Federal Deposit Insurance Corporation (FDIC). Also allowed is commercial paper maturing in 270 days or less and rated within the top two categories without gradation by either Standard & Poor's (S&P) or Moody's.

Investments for the City are reported at fair value. The Minnesota Municipal Investment Pool is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The reported value of the pool is the same as the fair value of the pool shares.

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy states deposits must be collateralized at a minimum of 110% of all deposits over FDIC limits. Any collateral pledged to the City's account shall be accompanied by an assignment thereof to the municipality from the depository. Collateral shall be deposited with the Treasurer and shall not be deposited in the bank, trust company, or thrift institution holding it.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City will invest in approximately 10% to 25% of its available funds in liquid instruments, such as commercial paper and money market accounts. This is to ensure the City's funds could be available should unexpected large bills be presented for payment. The policy goes on to state once the liquidity needs have been met, the remaining investments shall be placed with institutions offering the highest rate of return consistent with the maturities determined by the City.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating obligations. The policy lists the authorized investments to comply with the requirements of *Minnesota Statutes* 118A.04, 118A.05, and 118A.06, examples include commercial paper rated as A-1, P-1 and F-1 with maturities of 270 days or less, U.S. government obligations, obligations of the State of Minnesota, irrevocable letter of credit and interest bearing deposits.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy states the City shall set the goal that no one issuer represents 5% or more of total investments with the exception of U.S. Treasuries and U.S. government agencies that are either implicitly or explicitly guaranteed by the federal government.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states investments are to be fully insured or collateralized and/or registered in the name of the City with safekeeping for the security provided by the City's broker/financial institution or trust department. The financial institution is also required to be a member of the Securities Investor Protection Corporation (SIPC) to protect the securities in the City's account. All certificates of deposit up to \$250,000 principal and interest will be protected by the FDIC. In the event the City purchases a certificate of deposit from a broker/financial institution that does not provide safekeeping, the City may provide safekeeping in a secured location at the City.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

2. Receivables and Payables

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Ramsey County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent tax receivable.

3. Prepaid Items and Inventory

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

4. Capital Assets (Continued)

Infrastructure assets acquired prior to the implementation of GASB Statement No. 34 have been reported at actual or estimated historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Park buildings	30
Building improvements	15
Furniture and equipment	5
Light vehicles	5
Machinery and equipment	5-7
Fire trucks	20
Utility distribution system	50

The City uses the modified approach in accounting for its street and alley infrastructure assets. Under this method, depreciation expense is not recognized. A pavement condition policy has been established and all costs of maintaining the assets at this level are expensed.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one item that qualifies for reporting in this category. The City presents deferred outflows of resources on the Statements of Net Position for deferred outflows of resources related to pensions. Deferred outflows of resources related to pensions results from the difference between expected and actual investment earnings and employer contributions paid to PERA subsequent to the measurement date.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to pensions. Deferred inflows of resources related to pensions results from the net differences between expected and actual economic experience and changes in proportion.

6. Compensated Absences

City employees earn vacation time based on years of City service with a maximum at twice their annual vacation leave. At least one week of vacation must be used per calendar year. Upon termination, employees will receive compensation for unused vacation time. Sick leave is accumulated for all regular full-time employees at the rate of one day per calendar month to a maximum of 120 days. The City compensates employees who leave municipal service at the rate of 50% of unused sick leave. Vacation and sick leave benefits are recorded as expenditures in governmental funds when paid. Compensated absences payable are reported in governmental funds only if they have matured as a result of employee resignations and retirements. Vacation and sick benefits are recorded as expenses in proprietary funds when earned.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Falcon Heights
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

8. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Fund Equity

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** – These are amounts that cannot be spent because they are not in spendable form.
- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balance** – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- **Assigned Fund Balance** – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Based on authorization provided by the City's fund balance policy, assignments are made by the City Administrator based on the City Council's direction.
- **Unassigned Fund Balance** – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

9. Fund Equity (Continued)

b. Minimum Fund Balance

The City will strive to maintain a minimum unassigned fund balance in the General Fund of 45% of the subsequent year's budgeted expenditures.

10. Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build, or acquire the capital assets. Net Position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balances

The Emerald Ash Borer Grant had a deficit fund balance of \$43,120 at December 31, 2015.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and investments" (including cash equivalents). For purposes of identifying risk of investing public funds, the balances, and related restrictions are summarized below.

A. Deposits and Cash on Hand

As of December 31, 2015, the City's bank balance of \$0 was not exposed to custodial credit risk because it was fully insured through the FDIC.

As of December 31, 2015, the City had petty cash as follows:

Petty cash	\$ 250
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B. Investments

As of December 31, 2015, the City had the following investments:

Investment Type	Fair Value	Investment Maturity			
		Less than 1 Year	1 to 3 Years	3 - 5 Years	Over 5 Years
Brokered Certificates of Deposit	\$ 3,535,826	\$ 2,988,695	\$ 547,131	\$ -	\$ -
U.S. Agencies	388,673	189,768	-	198,310	595
Mutual Funds	272,392	N/A	N/A	N/A	N/A
4M and 4M Plus Funds	1,094,724	N/A	N/A	N/A	N/A
Brokered Money Markets	527	N/A	N/A	N/A	N/A
Total Investments	\$ 5,292,142				

Credit Risk: As of December 31, 2015, investments in U.S. agencies were rated AAA by Moody's ratings and AA+ by S&P ratings, which complies with the investment policy adopted by the City, the remaining investments are not rated.

Custodial Credit Risk – Investments: The City's investments held by the broker-dealer were insured by SIPC or other supplemental insurance as of December 31, 2015. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits, the portion of the supplemental policy applicable to the City's portfolio is unknown. The City accepts the risk due to the controls in place at the broker-dealer.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The following is a summary of total cash and investments:

Petty cash	\$ 250
Investments (Note 3.B.)	<u>5,292,142</u>
Total deposits and investments	<u><u>\$ 5,292,392</u></u>

C. Cash and Investments

Deposits and investments are presented in the December 31, 2015, basic financial statements as follows:

Statement of Net Position	
Cash and investments - governmental activities	\$ 3,206,728
Cash and investments - business-type activities	<u>2,085,664</u>
Total	<u><u>\$ 5,292,392</u></u>

City of Falcon Heights
Notes to Financial Statements

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 419,707	\$ -	\$ -	\$ 419,707
Infrastructure	5,749,783	-	-	5,749,783
Total capital assets not being depreciated	<u>6,169,490</u>	<u>-</u>	<u>-</u>	<u>6,169,490</u>
Capital assets being depreciated				
Buildings	1,494,995	15,770	150,455	1,360,310
Improvements other than buildings	791,293	9,683	-	800,976
Machinery and equipment	1,959,878	70,736	12,843	2,017,771
Total capital assets being depreciated	<u>4,246,166</u>	<u>96,189</u>	<u>163,298</u>	<u>4,179,057</u>
Less accumulated depreciation for				
Buildings	1,045,686	45,285	118,092	972,879
Improvements other than buildings	198,437	33,772	-	232,209
Machinery and equipment	719,206	161,397	12,843	867,760
Total accumulated depreciation	<u>1,963,329</u>	<u>240,454</u>	<u>130,935</u>	<u>2,072,848</u>
Total capital assets being depreciated, net	<u>2,282,837</u>	<u>(144,265)</u>	<u>32,363</u>	<u>2,106,209</u>
Governmental activities capital assets, net	<u>\$ 8,452,327</u>	<u>\$ (144,265)</u>	<u>\$ 32,363</u>	<u>\$ 8,275,699</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated				
Construction in progress	\$ 115,977	\$ -	\$ 115,977	\$ -
Total capital assets not being depreciated	<u>115,977</u>	<u>-</u>	<u>115,977</u>	<u>-</u>
Capital assets being depreciated				
Buildings and system	2,540,309	471,668	-	3,011,977
Machinery and equipment	113,573	-	-	113,573
Total capital assets being depreciated	<u>2,653,882</u>	<u>471,668</u>	<u>-</u>	<u>3,125,550</u>
Less accumulated depreciation for				
Buildings and system	1,448,299	40,268	-	1,488,567
Machinery and equipment	98,445	3,362	-	101,807
Total accumulated depreciation	<u>1,546,744</u>	<u>43,630</u>	<u>-</u>	<u>1,590,374</u>
Total capital assets being depreciated, net	<u>1,107,138</u>	<u>428,038</u>	<u>-</u>	<u>1,535,176</u>
Business-type activities capital assets, net	<u>\$ 1,223,115</u>	<u>\$ 428,038</u>	<u>\$ 115,977</u>	<u>\$ 1,535,176</u>

**City of Falcon Heights
Notes to Financial Statements**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 59,694
Public safety	106,235
Public works	48,948
Culture and recreation	<u>25,577</u>
Total depreciation expense - governmental activities	<u><u>\$ 240,454</u></u>
Business-type activities	
Sanitary sewer	\$ 10,296
Storm drainage	<u>33,334</u>
Total depreciation expense - business-type activities	<u><u>\$ 43,630</u></u>

NOTE 5 – INTERFUND TRANSFERS/BALANCES

A. Transfers

Transfers during the year ended December 31, 2015, were as follows:

	Transfers Out		
	General Fund	Other Governmental Funds	Total
Transfers in			
G.O. Improvement Series 2013A	\$ -	\$ 2,716	\$ 2,716
Other Governmental Funds	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Total	<u><u>\$ 22,000</u></u>	<u><u>\$ 2,716</u></u>	<u><u>\$ 24,716</u></u>

The transfer from Other Governmental Funds to G.O. Improvement Series 2013A debt service and Other Governmental Funds was to assist with debt service payments.

The transfer from the General Fund to Other Governmental Funds was to assist with park programs.

B. Interfund Balances

During 2015, the City approved an interfund loan of \$300,000 from the Sanitary Sewer Fund to the Future Improvements Fund. The City reasonably expects to reimburse the Sanitary Sewer Fund for the payment of certain costs for the 2015 pavement management project out of the proceeds of a bond issue or similar borrowing.

City of Falcon Heights
Notes to Financial Statements

NOTE 6 – LONG-TERM DEBT

A. G.O. Debt

The City issues G.O. bonds and equipment certificates to provide for financing tax increment projects, street improvement, and capital purchases. Debt service is funded, respectively, by tax increment and special assessments against benefited properties with any shortfalls being paid from general taxes.

G.O. bonds are direct obligations and pledge the full faith and credit of the City.

	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Principal Outstanding</u>
Long-term liabilities			
Governmental activities			
G.O. Equipment Certificates, Series 2013B	\$ 715,000	0.60%-2.40%	\$ 685,000
G.O. Improvement Bonds, Series 2013A	445,000	0.75%-2.40%	385,000

Annual debt service requirements to maturity for G.O. bonds are as follows:

<u>Year Ending December 31,</u>	<u>G.O. Equipment Certificates</u>		<u>G.O. Improvement Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 80,000	\$ 10,588	\$ 60,000	\$ 6,345
2017	85,000	9,986	65,000	5,606
2018	85,000	9,136	65,000	4,648
2019	85,000	8,031	65,000	3,526
2020	85,000	6,671	65,000	2,243
2021-2023	265,000	9,309	65,000	780
Total	<u>\$ 685,000</u>	<u>\$ 53,721</u>	<u>\$ 385,000</u>	<u>\$ 23,148</u>

**City of Falcon Heights
Notes to Financial Statements**

NOTE 6 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. Equipment Certificates	\$ 750,000	\$ -	\$ 65,000	\$ 685,000	\$ 80,000
G.O. Improvement Bonds	445,000	-	60,000	385,000	60,000
Compensated absences	60,541	35,658	36,947	59,252	35,658
Total governmental activities	<u>1,255,541</u>	<u>35,658</u>	<u>161,947</u>	<u>1,129,252</u>	<u>175,658</u>
Business-type activities					
Compensated absences	27,555	11,307	11,692	27,170	9,510
Total long-term liabilities	<u>\$ 1,283,096</u>	<u>\$ 46,965</u>	<u>\$ 173,639</u>	<u>\$ 1,156,422</u>	<u>\$ 185,168</u>

The General Fund typically liquidates the liability related to compensated absences.

C. Conduit Debt

Conduit debt is certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

As of December 31, 2015, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/15
Coventry Apartments	2008A	\$ 12,000,000	\$ 11,155,615
Hiawatha Academies Project	2013A	3,109,000	2,923,052
Hiawatha Academies Project	2013B	4,550,000	4,408,744
Pines of Hutchinson, LLC	2013	4,400,000	4,084,436
Mounds Park Academy	2014	7,707,444	7,707,444
DeLasalle High School	2015	2,380,000	2,318,374
Total		<u>\$ 34,146,444</u>	<u>\$ 32,597,665</u>

**City of Falcon Heights
Notes to Financial Statements**

NOTE 7 – FUND BALANCE DETAIL

At December 31, 2015, fund balance was comprised of the following components:

	General	Emerald Ash Borer Grant	Future Improvements	G.O. Improvement Series 2013A	Other Governmental Fund	Total
Nonspendable						
Prepaid items	\$ 85,535	\$ -	\$ -	\$ -	\$ -	\$ 85,535
Restricted						
Tax increment capital						
Projects	-	-	-	-	49,210	49,210
Debt service	-	-	-	118,782	115,559	234,341
Park development	-	-	-	-	34,590	34,590
Committed						
Recreation costs	-	-	-	-	15,391	15,391
Hydrant and fire truck costs	-	-	-	-	75,895	75,895
Recycling and environmental activities	-	-	-	-	93,081	93,081
Activities promoting economic development	-	-	-	-	52,527	52,527
Lighting costs	-	-	-	-	24,194	24,194
Garden costs	-	-	-	-	2,296	2,296
Assigned						
Capital projects	-	-	614,921	-	188,521	803,442
Unassigned	1,504,383	(43,120)	-	-	-	1,461,263
Total	<u>\$ 1,589,918</u>	<u>\$ (43,120)</u>	<u>\$ 614,921</u>	<u>\$ 118,782</u>	<u>\$ 651,264</u>	<u>\$ 2,931,765</u>

NOTE 8 – RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2015 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

City of Falcon Heights
Notes to Financial Statements

NOTE 8 – RISK MANAGEMENT

At December 31, 2015, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 9 – PENSION PLANS

Public Employees' Retirement Association

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the GERF. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

City of Falcon Heights
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the year ended December 31, 2015, were \$36,927. The City's contributions were equal to the required contributions as set by state statute.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

GERF Pension Costs

At December 31, 2015, the City reported a liability of \$450,879 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was 0.0087%.

For the year ended December 31, 2015, the City recognized pension expense of \$43,660 for its proportionate share of GERF's pension expense.

At December 31, 2015, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 22,732
Difference between projected and actual investment earnings	42,683	-
Changes in proportion	-	49,324
Contributions paid to PERA subsequent to the measurement date	<u>18,464</u>	<u>-</u>
	<u><u>\$ 61,147</u></u>	<u><u>\$ 72,056</u></u>

**City of Falcon Heights
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

\$18,464 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2016	\$ (13,347)
2017	(13,347)
2018	(13,349)
2019	10,670

E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.75 % Per year
Active member payroll growth	3.50 % Per year
Investment rate of return	7.90 %

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% effective every January 1st through 2026 and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GEF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

**City of Falcon Heights
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	45%	5.50 %
International stocks	15%	6.00
Bonds	18%	1.45
Alternative assets	20%	6.40
Cash	2%	0.50
	<u>100%</u>	
Total	<u>100%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following table presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (6.9%)</u>	<u>Discount Rate (7.9%)</u>	<u>1% Increase in Discount Rate (8.9%)</u>
City's proportionate share of the GFRF net pension liability	\$ 708,942	\$ 450,879	\$ 237,759

**City of Falcon Heights
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Defined Contribution Pension Plan – Volunteer Fire Fighter's Relief Association

The Falcon Heights Firefighter's Relief Association is the administrator of a single employer defined contribution pension plan established to provide benefits for members of the Falcon Heights Fire Department per *Minnesota State Statutes*.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Falcon Heights Firefighter's Relief Association, 2077 Larpenteur Ave. W, St. Paul, MN 55113 or by calling (651) 792-7635.

Members are not vested in their accounts until they attain five years of active service, at which time they become 40% vested. Thereafter, the vested portion of their accounts increases by 4% annually until they achieve 100% vesting after having served for 20 years.

Plan provisions were established and may only be amended by amendments to the Association bylaws which require a majority vote by the Board of Trustees.

During 2015, the City made no contributions to the plan and passed through to the association \$60,635 in State aid.

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$454,768 to add the beginning net pension liability, and an adjustment to the beginning net position on the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds of \$120,140 to add the beginning net pension liability.

NOTE 11 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB has issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about OPEB liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

City of Falcon Heights
Schedule of City's Proportionate Share
of Net Pension Liability - GERS Retirement Fund
Last Ten Years*

<u>For Fiscal Year Ended June 30,</u>	<u>City's Proportion of the Net Pension Liability (Asset)</u>	<u>City's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>City's Covered- Employee Payroll</u>	<u>City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.0087%	\$ 450,879	\$ 502,440	89.7%	78.2%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**City of Falcon Heights
Schedule of City Contributions -
GERF Retirement Fund
Last Ten Years***

<u>Fiscal Year Ending June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2015	\$ 37,683	\$ 37,683	\$ -	\$ 502,440	7.50%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**City of Falcon Heights
Required Supplementary Information and
Notes to Required Supplementary Information**

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Streets and alleys					
Estimated	\$ 90,757	\$ -	\$ 1,174,456	\$ -	\$ 921,000
Actual	<u>98,885</u>	<u>7,598</u>	<u>796,336</u>	<u>10,842</u>	<u>499,929</u>
Difference	<u>\$ (8,128)</u>	<u>\$ (7,598)</u>	<u>\$ 378,120</u>	<u>\$ (10,842)</u>	<u>\$ 421,071</u>

CONDITION RATING OF THE CITY'S STREET SYSTEMS

	<u>2007</u>	<u>2010</u>	<u>2013</u>
Streets and alleys	<u>87</u>	<u>76</u>	<u>74</u>

The City implemented a pavement management program in 2001 to assist in maintaining and monitoring the performance of the paved street network. This is one of the City's largest investments and would have a significant dollar value if it were to be replaced today. The software program MircoPAVER, developed by the Army Corps of Engineers, was used by the City in 2001 and 2004. For 2007, 2010, and 2013, the City used the software program ICON, which was developed and supported by Goodpointe Technology, as a tool for pavement management. While the software is different, the methodology is the same. Both systems use field surveys to identify distresses and rate the current condition of the streets. Both systems use the segment and distress information to determine the current Pavement Condition Index (PCI) for each segment. However, ICON provides the City with the ability to determine future needs based on current and past maintenance strategies and prioritize the appropriate rehabilitation at optimum times. Also, ICON has a geographic information system interface to enable easy development of maps showing the results of the analysis.

ICON used the information gathered in the field to calculate a PCI rating for each pavement segment. A PCI rating of 100 would be indicative of a newly constructed street with no distress, while a rating of 0 would show a completely failed street. Segments then can be grouped into like categories of PCI ratings to help determine a schedule of maintenance, rehabilitation, and reconstruction. The PCI groups set up for the City are as follows: 100 to 66 – Adequate; 65 to 36 – Marginal; 35 to 0 – Poor. The City's minimum desired PCI rating is 70. For the year 2013, the City's PCI rating was 74. This was the fifth analysis of the City's streets and alleys. The next rating will be completed in 2016.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**City of Falcon Heights
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2015**

	Special Revenue		
	Park Programs	Water	Solid Waste
Assets			
Cash and investments	\$ 15,391	\$ 70,861	\$ 86,889
Accounts receivable	-	5,034	11,961
Due from other governments	-	-	-
Total assets	<u>\$ 15,391</u>	<u>\$ 75,895</u>	<u>\$ 98,850</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 5,769
Contracts payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>5,769</u>
Fund balances			
Restricted	-	-	-
Committed	15,391	75,895	93,081
Assigned	-	-	-
Total fund balances	<u>15,391</u>	<u>75,895</u>	<u>93,081</u>
Total liabilities And fund balances	<u>\$ 15,391</u>	<u>\$ 75,895</u>	<u>\$ 98,850</u>

Special Revenue

Community Development	Street Lighting	Community Garden	Total
\$ 52,017	\$ 18,095	\$ 2,296	\$ 245,549
-	8,783	-	25,778
510	-	-	510
<u>\$ 52,527</u>	<u>\$ 26,878</u>	<u>\$ 2,296</u>	<u>\$ 271,837</u>
\$ -	\$ 2,684	\$ -	\$ 8,453
-	-	-	-
-	2,684	-	8,453
-	-	-	-
52,527	24,194	2,296	263,384
-	-	-	-
<u>52,527</u>	<u>24,194</u>	<u>2,296</u>	<u>263,384</u>
<u>\$ 52,527</u>	<u>\$ 26,878</u>	<u>\$ 2,296</u>	<u>\$ 271,837</u>

**City of Falcon Heights
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2015**

	<u>Debt Service</u>		<u>Capital Projects</u>
	G.O. Equipment Certificates, Series 2013B	<u>Total</u>	<u>General Capital Improvements</u>
Assets			
Cash and investments	\$ 115,559	\$ 115,559	\$ 84,999
Accounts receivable	-	-	-
Due from other governments	-	-	-
Total assets	<u>\$ 115,559</u>	<u>\$ 115,559</u>	<u>\$ 84,999</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 339
Contracts payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>339</u>
Fund balances			
Restricted	115,559	115,559	-
Committed	-	-	-
Assigned	-	-	84,660
Total fund balances	<u>115,559</u>	<u>115,559</u>	<u>84,660</u>
Total liabilities And fund balances	<u>\$ 115,559</u>	<u>\$ 115,559</u>	<u>\$ 84,999</u>

Capital Projects

Parks/PW and Facilities Capital Improvements	Tax Increment No. 1 Construction	Tax Increment No. 1-3	Public Safety Capital Improvements	Total	Total Other Governmental Funds
\$ 51,983	\$ 5,012	\$ 49,735	\$ 86,874	\$ 278,603	\$ 639,711
-	-	-	-	-	25,778
-	-	-	-	-	510
<u>\$ 51,983</u>	<u>\$ 5,012</u>	<u>\$ 49,735</u>	<u>\$ 86,874</u>	<u>\$ 278,603</u>	<u>\$ 665,999</u>
\$ -	\$ -	\$ 537	\$ 406	\$ 1,282	\$ 9,735
-	5,000	-	-	5,000	5,000
-	5,000	537	406	6,282	14,735
34,590	12	49,198	-	83,800	199,359
-	-	-	-	-	263,384
17,393	-	-	86,468	188,521	188,521
<u>51,983</u>	<u>12</u>	<u>49,198</u>	<u>86,468</u>	<u>272,321</u>	<u>651,264</u>
<u>\$ 51,983</u>	<u>\$ 5,012</u>	<u>\$ 49,735</u>	<u>\$ 86,874</u>	<u>\$ 278,603</u>	<u>\$ 665,999</u>

City of Falcon Heights
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2015

	Special Revenue		
	Park Programs	Water	Solid Waste
Revenues			
Property taxes	\$ -	\$ -	\$ -
Tax increments	-	-	-
Intergovernmental	-	-	18,021
Charges for services	22,982	33,377	74,089
Miscellaneous			
Investment income	138	249	344
Contributions and donations	24	-	-
Other	-	-	-
Total revenues	23,144	33,626	92,454
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	10,563	86,478
Park and recreation	44,876	-	-
Community development	-	-	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Park and recreation	-	-	-
Total expenditures	44,876	10,563	86,478
Excess of revenues over (under) expenditures	(21,732)	23,063	5,976
Other Financing Sources			
Proceeds from sale of capital assets	-	-	-
Transfers in	22,000	-	-
Transfers out	-	-	-
Total other financing sources	22,000	-	-
Net change in fund balances	268	23,063	5,976
Fund Balances			
Beginning of year	15,123	52,832	87,105
End of year	\$ 15,391	\$ 75,895	\$ 93,081

Special Revenue

Community Development	Street Lighting	Community Garden	Total
\$ -	\$ -	\$ -	\$ -
-	-	-	-
3,000	-	-	21,021
-	41,686	650	172,784
262	57	19	1,069
-	-	-	24
1,716	-	-	1,716
<u>4,978</u>	<u>41,743</u>	<u>669</u>	<u>196,614</u>
-	-	-	-
-	-	-	-
-	32,750	-	129,791
-	-	3,226	48,102
10,967	-	-	10,967
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>10,967</u>	<u>32,750</u>	<u>3,226</u>	<u>188,860</u>
(5,989)	8,993	(2,557)	7,754
-	-	-	-
-	-	-	22,000
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000</u>
(5,989)	8,993	(2,557)	29,754
58,516	15,201	4,853	233,630
<u>\$ 52,527</u>	<u>\$ 24,194</u>	<u>\$ 2,296</u>	<u>\$ 263,384</u>

City of Falcon Heights
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2015

	Debt Service		Capital Projects	
	G.O. Equipment Certificate of 2010	G.O. Equipment Certificates, Series 2013B	Total	General Capital Improvements
Revenues				
Property taxes	\$ -	\$ 69,734	\$ 69,734	\$ -
Tax increments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous				
Investment income	22	279	301	349
Contributions and donations	-	-	-	-
Other	-	-	-	15,000
Total revenues	<u>22</u>	<u>70,013</u>	<u>70,035</u>	<u>15,349</u>
Expenditures				
Current				
General government	650	650	1,300	650
Public safety	-	-	-	-
Public works	-	-	-	-
Park and recreation	-	-	-	-
Community development	-	-	-	-
Debt service				
Principal	35,000	30,000	65,000	-
Interest and other charges	1,460	11,468	12,928	-
Capital outlay				
General government	-	-	-	9,589
Public safety	-	-	-	-
Public works	-	-	-	-
Park and recreation	-	-	-	-
Total expenditures	<u>37,110</u>	<u>42,118</u>	<u>79,228</u>	<u>10,239</u>
Excess of revenues over (under) expenditures	(37,088)	27,895	(9,193)	5,110
Other Financing Sources				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(2,716)	-	(2,716)	-
Total other financing sources	<u>(2,716)</u>	<u>-</u>	<u>(2,716)</u>	<u>-</u>
Net change in fund balances	(39,804)	27,895	(11,909)	5,110
Fund Balances				
Beginning of year	<u>39,804</u>	<u>87,664</u>	<u>127,468</u>	<u>79,550</u>
End of year	<u>\$ -</u>	<u>\$ 115,559</u>	<u>\$ 115,559</u>	<u>\$ 84,660</u>

Capital Projects

Parks/PW and Facilities Capital Improvements	Tax Increment No. 1 Construction	Tax Increment No. 1-3	Public Safety Capital Improvements	Total	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,734
-	-	156,606	-	156,606	156,606
-	-	-	2,991	2,991	24,012
-	-	-	-	-	172,784
496	30	220	466	1,561	2,931
-	-	-	-	-	24
-	-	-	-	15,000	16,716
<u>496</u>	<u>30</u>	<u>156,826</u>	<u>3,457</u>	<u>176,158</u>	<u>442,807</u>
-	-	-	-	650	1,950
-	-	-	650	650	650
-	-	650	-	650	130,441
650	-	-	-	650	48,752
-	-	-	-	-	10,967
-	-	-	-	-	65,000
-	-	-	-	-	12,928
-	-	-	-	9,589	9,589
-	-	-	31,306	31,306	31,306
-	2,445	152,838	-	155,283	155,283
89,012	-	-	-	89,012	89,012
<u>89,662</u>	<u>2,445</u>	<u>153,488</u>	<u>31,956</u>	<u>287,790</u>	<u>555,878</u>
(89,166)	(2,415)	3,338	(28,499)	(111,632)	(113,071)
270	-	-	-	270	270
-	-	-	-	-	22,000
-	-	-	-	-	(2,716)
<u>270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270</u>	<u>19,554</u>
(88,896)	(2,415)	3,338	(28,499)	(111,362)	(93,517)
140,879	2,427	45,860	114,967	383,683	744,781
<u>\$ 51,983</u>	<u>\$ 12</u>	<u>\$ 49,198</u>	<u>\$ 86,468</u>	<u>\$ 272,321</u>	<u>\$ 651,264</u>

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 1,014,116	\$ 1,014,116	\$ 1,003,065	\$ (11,051)
Licenses and permits	62,700	62,700	80,864	18,164
Intergovernmental revenue				
Local government aid	531,308	531,308	531,308	-
Cable television franchise fees	51,000	51,000	55,148	4,148
Fire aid	70,000	70,000	62,635	(7,365)
Other grants and aids	1,707	1,707	1,707	-
Total intergovernmental revenue	<u>654,015</u>	<u>654,015</u>	<u>650,798</u>	<u>(3,217)</u>
Charges for services				
Fire contract	29,000	29,000	27,372	(1,628)
Plan check fees	2,500	2,500	11,198	8,698
Other	21,384	21,384	27,522	6,138
Total charges for services	<u>52,884</u>	<u>52,884</u>	<u>66,092</u>	<u>13,208</u>
Fines and forfeitures	71,300	71,300	80,415	9,115
Miscellaneous revenue				
Investment income	7,000	7,000	7,562	562
Refunds and reimbursements	10,000	10,000	18,745	8,745
Other	5,150	5,150	4,365	(785)
Total miscellaneous revenue	<u>22,150</u>	<u>22,150</u>	<u>30,672</u>	<u>8,522</u>
Total revenues	<u>1,877,165</u>	<u>1,877,165</u>	<u>1,911,906</u>	<u>34,741</u>
Expenditures				
General government				
Legislative				
Wages, salaries, and compensation	21,315	21,315	21,315	-
Materials and supplies	1,675	1,675	1,185	(490)
Other	20,055	20,055	19,596	(459)
Administration				
Wages, salaries, and compensation	177,694	177,694	176,153	(1,541)
Materials and supplies	8,300	8,300	6,999	(1,301)
Other	29,650	29,650	26,971	(2,679)

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures (Continued)				
General government (continued)				
Finance				
Wages, salaries, and compensation	\$ 117,065	\$ 117,065	\$ 103,844	\$ (13,221)
Materials and supplies	425	425	64	(361)
Other	18,495	18,495	19,564	1,069
Legal	13,500	13,500	5,389	(8,111)
Elections				
Materials and supplies	300	300	211	(89)
Other	18,800	18,800	18,327	(473)
Communications				
Wages, salaries, and compensation	25,614	25,614	18,391	(7,223)
Materials and supplies	3,400	3,400	4,422	1,022
Other	44,291	44,291	41,597	(2,694)
Planning and inspections				
Wages, salaries, and compensation	67,230	67,230	53,328	(13,902)
Materials and supplies	120	120	16	(104)
Other	40,035	40,035	60,054	20,019
Total general government	<u>607,964</u>	<u>607,964</u>	<u>577,426</u>	<u>(30,538)</u>
Public safety				
Emergency preparedness				
Wages, salaries, and compensation	9,584	9,584	3,417	(6,167)
Materials and supplies	100	100	-	(100)
Other	1,175	1,175	603	(572)
Police services	670,441	670,441	652,839	(17,602)
Legal	31,000	31,000	30,000	(1,000)
Fire fighting				
Wages, salaries, and compensation	81,850	81,850	73,039	(8,811)
Fire relief pension	70,000	70,000	62,635	(7,365)
Materials and supplies	10,700	10,700	11,946	1,246
Other	60,530	60,530	50,840	(9,690)
Total public safety	<u>935,380</u>	<u>935,380</u>	<u>885,319</u>	<u>(50,061)</u>
Public works				
Buildings and grounds				
Wages, salaries, and compensation	24,527	24,527	27,224	2,697
Materials and supplies	9,000	9,000	10,827	1,827
Other	42,510	42,510	36,894	(5,616)

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures (Continued)				
Public works (continued)				
Streets				
Wages, salaries, and compensation	\$ 66,220	\$ 66,220	\$ 60,676	\$ (5,544)
Materials and supplies	17,300	17,300	13,933	(3,367)
Other	47,850	47,850	27,069	(20,781)
Engineering	6,000	6,000	11,857	5,857
Tree program				
Materials and supplies	100	100	25	(75)
Tree maintenance	5,000	5,000	7,105	2,105
Total public works	<u>218,507</u>	<u>218,507</u>	<u>195,610</u>	<u>(22,897)</u>
Park and recreation				
Park maintenance				
Wages, salaries, and compensation	56,264	56,264	32,565	(23,699)
Materials and supplies	7,000	7,000	3,626	(3,374)
Other	30,050	30,050	29,380	(670)
Total park and recreation	<u>93,314</u>	<u>93,314</u>	<u>65,571</u>	<u>(27,743)</u>
Total expenditures	<u>1,855,165</u>	<u>1,855,165</u>	<u>1,723,926</u>	<u>(131,239)</u>
Excess of revenues over expenditures	22,000	22,000	187,980	165,980
Other Financing Sources (Uses)				
Transfers out	<u>(22,000)</u>	<u>(22,000)</u>	<u>(22,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	165,980	<u>\$ 165,980</u>
Fund Balance				
Beginning of year			<u>1,423,938</u>	
End of year			<u>\$ 1,589,918</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Park Programs Fund - Special Revenue Fund
Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services	\$ 48,600	\$ 22,982	\$ (25,618)
Miscellaneous revenues			
Investment income	120	138	18
Contributions and donations	1,000	24	(976)
Total miscellaneous revenues	1,120	162	(958)
Total revenues	49,720	23,144	(26,576)
Expenditures			
Park and recreation			
Park maintenance			
Current			
Wages, salaries, and compensation	45,977	33,363	(12,614)
Materials and supplies	6,300	2,298	(4,002)
Other	19,380	9,215	(10,165)
Total expenditures	71,657	44,876	(26,781)
Excess of revenues over (under) expenditures	(21,937)	(21,732)	205
Other Financing Sources			
Transfers in	22,000	22,000	-
Net change in fund balance	\$ 63	268	\$ 205
Fund Balance			
Beginning of year		15,123	
End of year		\$ 15,391	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Water Fund - Special Revenue Fund
Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Over (Under)</u>
Revenues			
Charges for services	\$ 26,000	\$ 33,377	\$ 7,377
Miscellaneous revenues			
Investment income	400	249	(151)
Total revenues	<u>26,400</u>	<u>33,626</u>	<u>7,226</u>
Expenditures			
Public works			
Current			
Wages, salaries, and compensation	8,736	8,466	(270)
Other	2,880	2,097	(783)
Total expenditures	<u>11,616</u>	<u>10,563</u>	<u>(1,053)</u>
Net change in fund balance	<u>\$ 14,784</u>	23,063	<u>\$ 8,279</u>
Fund Balance			
Beginning of year		<u>52,832</u>	
End of year		<u>\$ 75,895</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Solid Waste Fund - Special Revenue Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues:				
Recycling grant	\$ 60,096	\$ 60,096	\$ 18,021	\$ (42,075)
Charges for services	73,000	73,000	74,089	1,089
Miscellaneous revenues:				
Investment income	325	325	344	19
Total revenues	<u>133,421</u>	<u>133,421</u>	<u>92,454</u>	<u>(40,967)</u>
Expenditures				
Public works				
Wages, salaries, and compensation	13,652	13,652	11,576	(2,076)
Materials and supplies	800	800	390	(410)
Recycling contract	116,000	116,000	73,154	(42,846)
Other	4,350	4,350	1,358	(2,992)
Total expenditures	<u>134,802</u>	<u>134,802</u>	<u>86,478</u>	<u>(48,324)</u>
Excess of revenues over (under) expenditures	<u>\$ (1,381)</u>	<u>\$ (1,381)</u>	5,976	<u>\$ 7,357</u>
Fund Balance				
Beginning of year			<u>87,105</u>	
End of year			<u>\$ 93,081</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Community Development Fund - Special Revenue Fund
Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Other grants and aids	\$ -	\$ 3,000	\$ 3,000
Miscellaneous revenues			
Investment income	100	262	162
Other	1,716	1,716	-
Total revenues	1,816	4,978	3,162
Expenditures			
Community development			
Current			
Other	15,780	10,967	(4,813)
Excess of revenues over (under) expenditures	\$ (13,964)	(5,989)	\$ 7,975
Fund Balance			
Beginning of year		58,516	
End of year		\$ 52,527	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Street Lighting Fund - Special Revenue Fund
Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
Revenues			
Charges for services	\$ 41,700	\$ 41,686	\$ (14)
Miscellaneous revenues			
Investment income	5	57	52
Total revenues	41,705	41,743	38
Expenditures			
Public works			
Current			
Other	36,680	32,750	(3,930)
Excess of revenues over expenditures	\$ 5,025	8,993	\$ 3,968
Fund Balance			
Beginning of year		15,201	
End of year		\$ 24,194	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Community Garden Fund - Special Revenue Fund
Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services			
Park and recreation	\$ 725	\$ 650	\$ (75)
Miscellaneous revenues			
Investment income	10	19	9
Total revenues	735	669	(66)
Expenditures			
Park and recreation			
Current			
Other	4,000	3,226	(774)
Excess of revenues over (under) expenditures	\$ (3,265)	(2,557)	\$ 708
Fund Balance			
Beginning of year		4,853	
End of year		\$ 2,296	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
G.O. Equipment Certificate of 2010 - Debt Service Fund
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Miscellaneous revenues				
Investment income	\$ -	\$ -	\$ 22	\$ 22
Total revenues	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
Expenditures				
General government				
Current				
Other		680	650	(30)
Debt service				
Principal	35,000	35,000	35,000	-
Interest and other charges	<u>3,350</u>	<u>3,350</u>	<u>1,460</u>	<u>(1,890)</u>
Total debt service	<u>38,350</u>	<u>38,350</u>	<u>36,460</u>	<u>(1,890)</u>
Total expenditures	<u>38,350</u>	<u>39,030</u>	<u>37,110</u>	<u>(1,920)</u>
Excess of revenues over (under) expenditures	(38,350)	(39,030)	(37,088)	1,942
Other Financing Sources				
Transfers out	<u>-</u>	<u>(3,000)</u>	<u>(2,716)</u>	<u>284</u>
Net change in fund balance	<u>\$ (38,350)</u>	<u>\$ (42,030)</u>	(39,804)	<u>\$ 2,226</u>
Fund Balance				
Beginning of year			<u>39,804</u>	
End of year			<u>\$ -</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
G.O. Improvement Bonds, Series 2013A - Debt Service Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	47,448	\$ 47,448	\$ 50,145	\$ 2,697
Miscellaneous revenues				
Investment income	<u>100</u>	<u>100</u>	<u>369</u>	<u>269</u>
Total revenues	<u>47,548</u>	<u>47,548</u>	<u>50,514</u>	<u>2,966</u>
Expenditures				
General government				
Current				
Other	680	680	650	(30)
Debt service				
Principal	60,000	60,000	60,000	-
Interest and other charges	<u>10,870</u>	<u>10,870</u>	<u>7,320</u>	<u>(3,550)</u>
Total expenditures	<u>71,550</u>	<u>71,550</u>	<u>67,970</u>	<u>(3,580)</u>
Excess of revenues over: (under) expenditures	(24,002)	(24,002)	(17,456)	6,546
Other Financing Sources				
Transfers in	<u>-</u>	<u>3,000</u>	<u>2,716</u>	<u>(284)</u>
Net change in fund balance	<u>\$ (24,002)</u>	<u>\$ (21,002)</u>	(14,740)	<u>\$ 6,262</u>
Fund Balance				
Beginning of year			<u>133,522</u>	
End of year			<u>\$ 118,782</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
G.O. Equipment Certificates, Series 2013B - Debt Service Fund
Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	\$ 70,000	\$ 69,734	\$ (266)
Miscellaneous revenues			
Investment Income	10	279	269
Total revenues	70,010	70,013	3
Expenditures			
General government			
Wages, salaries, and compensation	680	650	(30)
Debt service			
Principal	30,000	30,000	-
Interest and other charges	13,917	11,468	(2,449)
Total expenditures	44,597	42,118	(2,479)
Net change in fund balance	\$ 25,413	27,895	\$ 2,482
Fund Balance			
Beginning of year		87,664	
End of year		\$ 115,559	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Future Improvements - Capital Projects Fund
Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Special assessments	\$ 76,000	\$ 26,528	\$ (49,472)
Intergovernmental revenue			
Other grants and aids	225,000	423,751	198,751
Miscellaneous revenues			
Investment income	4,000	3,991	(9)
Refunds and reimbursements	-	10,335	10,335
Total miscellaneous	4,000	14,326	10,326
Total revenues	305,000	464,605	159,605
Expenditures			
Public works			
Current			
Buildings and grounds			
Other	33,180	25,490	(7,690)
Capital outlay	932,000	510,943	(421,057)
Debt service			
Interest and other charges	34,000	-	(34,000)
Total expenditures	999,180	536,433	(462,747)
Excess of revenues over (under) expenditures	(694,180)	(71,828)	622,352
Other Financing Sources			
Bond issuance	670,000	-	(670,000)
Net change in fund balance	\$ (24,180)	(71,828)	\$ (47,648)
Fund Balance			
Beginning of year		686,749	
End of year		\$ 614,921	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Public Safety Capital Improvements - Capital Projects Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal grants	\$ -	\$ -	\$ 2,991	\$ 2,991
Miscellaneous revenues				
Investment income	<u>400</u>	<u>400</u>	<u>466</u>	<u>66</u>
Total revenues	<u>400</u>	<u>400</u>	<u>3,457</u>	<u>3,057</u>
Expenditures				
Public safety				
Current				
Other	680	680	650	(30)
Capital outlay	<u>68,500</u>	<u>68,500</u>	<u>31,306</u>	<u>(37,194)</u>
Total expenditures	<u>69,180</u>	<u>69,180</u>	<u>31,956</u>	<u>(37,224)</u>
Excess of revenues over (under) expenditures	(68,780)	(68,780)	(28,499)	40,281
Fund Balance				
Beginning of year			<u>114,967</u>	
End of year			<u>\$ 86,468</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
General Capital Improvements - Capital Projects Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous revenues				
Investment income	\$ 400	\$ 400	\$ 349	\$ (51)
Other	-	-	15,000	15,000
Total revenues	<u>400</u>	<u>400</u>	<u>15,349</u>	<u>14,949</u>
Expenditures				
General government				
Current				
Other	680	680	650	(30)
Capital outlay	<u>22,500</u>	<u>22,500</u>	<u>9,589</u>	<u>(12,911)</u>
Total expenditures	<u>23,180</u>	<u>23,180</u>	<u>10,239</u>	<u>(12,941)</u>
Excess of revenues over (under) expenditures	<u>\$ (22,780)</u>	<u>\$ (22,780)</u>	5,110	<u>\$ 27,890</u>
Fund Balance				
Beginning of year			<u>79,550</u>	
End of year			<u>\$ 84,660</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual - Parks/PW
and Facilities Capital Improvements - Capital Projects Fund
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Investment income	\$ 200	\$ 200	\$ 496	\$ 296
Expenditures				
Parks and recreation				
Current				
Other	680	680	650	(30)
Capital outlay	57,500	127,500	89,012	(38,488)
Total expenditures	58,180	128,180	89,662	(38,518)
Excess of revenues over (under) expenditures	(57,980)	(127,980)	(89,166)	38,814
Other Financing Sources				
Proceeds from sale of capital assets	-	-	270	270
Net change in fund balance	\$ (57,980)	\$ (127,980)	(88,896)	\$ 39,084
Fund Balance				
Beginning of year			140,879	
End of year			\$ 51,983	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Tax Increment No. 1 Construction - Capital Projects Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous revenues				
Investment income	\$ -	\$ -	\$ 30	\$ 30
Expenditures				
Public works				
Capital outlay	<u>993</u>	<u>5,993</u>	<u>2,445</u>	<u>(3,548)</u>
Excess of revenues over (under) expenditures	(993)	(5,993)	(2,415)	3,578
Fund Balance				
Beginning of year			<u>2,427</u>	
End of year			<u><u>\$ 12</u></u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Tax Increment No. 1-3 - Capital Projects Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Tax increments	\$ 220,000	\$ 220,000	\$ 156,606	\$ (63,394)
Miscellaneous revenue				
Investment income	200	200	220	20
Total revenues	<u>220,200</u>	<u>220,200</u>	<u>156,826</u>	<u>(63,374)</u>
Expenditures				
Public works				
Current				
Other	680	680	650	(30)
Capital outlay	228,000	228,000	152,838	(75,162)
Total expenditures	<u>228,680</u>	<u>228,680</u>	<u>153,488</u>	<u>(75,192)</u>
Excess of revenues over (under) expenditures	<u>(8,480)</u>	<u>\$ (8,480)</u>	3,338	<u>\$ 11,818</u>
Fund Balance				
Beginning of year			<u>45,860</u>	
End of year			<u>\$ 49,198</u>	

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**City of Falcon Heights
Statistical Section**

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS

Financial Trends

The tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Tables 1-5

Revenue Capacity

These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.

Tables 6-10

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Tables 11-15

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Tables 16-17

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Tables 18-20

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**City of Falcon Heights
Net Position by Component
Last Ten Fiscal Years**

Table 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 5,331,887	\$ 5,521,820	\$ 5,726,545	\$ 6,137,726	\$ 7,033,744	\$ 7,620,526	\$ 7,695,346	\$ 7,637,289	\$ 7,257,327	\$ 7,205,699
Restricted	735,911	482,520	415,459	356,592	96,994	74,940	254,441	474,487	610,535	477,094
Unrestricted	3,361,845	3,314,317	3,254,771	3,403,646	2,783,025	2,706,267	2,501,081	2,493,059	2,545,364	2,302,829
Total governmental activities	<u>\$ 9,429,643</u>	<u>\$ 9,318,657</u>	<u>\$ 9,396,775</u>	<u>\$ 9,897,964</u>	<u>\$ 9,913,763</u>	<u>\$ 10,401,733</u>	<u>\$ 10,450,868</u>	<u>\$ 10,604,835</u>	<u>\$ 10,413,226</u>	<u>\$ 9,985,622</u>
Business-Type Activities										
Net investment in capital assets	\$ 986,302	\$ 955,683	\$ 925,065	\$ 980,706	\$ 968,304	\$ 920,202	\$ 874,377	\$ 828,552	\$ 1,223,115	\$ 1,535,176
Unrestricted	2,058,062	2,064,206	2,212,799	2,216,182	2,250,456	2,343,470	2,580,201	2,670,746	2,656,683	2,398,677
Total business-type activities	<u>\$ 3,044,364</u>	<u>\$ 3,019,889</u>	<u>\$ 3,137,864</u>	<u>\$ 3,196,888</u>	<u>\$ 3,218,760</u>	<u>\$ 3,263,672</u>	<u>\$ 3,454,578</u>	<u>\$ 3,499,298</u>	<u>\$ 3,879,798</u>	<u>\$ 3,933,853</u>
Primary Government										
Net investment in capital assets	\$ 6,318,189	\$ 6,477,503	\$ 6,651,610	\$ 7,118,432	\$ 8,002,048	\$ 8,540,728	\$ 8,569,723	\$ 8,465,841	\$ 8,480,442	\$ 8,740,875
Restricted	735,911	482,520	415,459	356,592	96,994	74,940	254,441	474,487	610,535	477,094
Unrestricted	5,419,907	5,378,523	5,467,570	5,619,828	5,033,481	5,049,737	5,081,282	5,163,805	5,202,047	4,701,506
Total primary government net position	<u>\$ 12,474,007</u>	<u>\$ 12,338,546</u>	<u>\$ 12,534,639</u>	<u>\$ 13,094,852</u>	<u>\$ 13,132,523</u>	<u>\$ 13,665,405</u>	<u>\$ 13,905,446</u>	<u>\$ 14,104,133</u>	<u>\$ 14,293,024</u>	<u>\$ 13,919,475</u>

**City of Falcon Heights
Changes in Net Position
Last Ten Fiscal Years**

Table 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Expenses										
Governmental activities										
General government	\$ 605,822	\$ 620,673	\$ 597,928	\$ 523,873	\$ 568,952	\$ 491,470	\$ 590,809	\$ 649,412	\$ 665,388	\$ 634,328
Public safety	754,057	762,826	772,506	799,212	830,881	852,153	882,722	870,860	956,694	1,009,561
Public works	1,100,060	730,967	508,822	752,624	659,202	698,625	607,628	1,473,421	643,323	1,068,292
Park and recreation	202,419	214,204	212,820	178,193	192,293	200,583	215,570	215,654	253,333	300,800
Community development	4,874	23,607	5,563	773	2,350	535	615	7,551	2,187	10,967
Interest on long-term debt	79,045	67,546	49,367	37,578	30,432	10,574	3,101	55,352	23,543	19,695
Total governmental activities expenses	<u>2,746,277</u>	<u>2,419,823</u>	<u>2,147,006</u>	<u>2,292,253</u>	<u>2,284,110</u>	<u>2,253,940</u>	<u>2,300,445</u>	<u>3,272,250</u>	<u>2,544,468</u>	<u>3,043,643</u>
Business-type activities										
Sanitary sewer	507,719	531,795	587,105	583,548	707,466	635,832	565,107	704,897	629,452	613,868
Storm sewer	79,455	251,694	104,870	109,282	114,869	210,185	139,766	136,662	116,201	136,551
Total business-type activities expenses	<u>587,174</u>	<u>783,489</u>	<u>691,975</u>	<u>692,830</u>	<u>822,335</u>	<u>846,017</u>	<u>704,873</u>	<u>841,559</u>	<u>745,653</u>	<u>750,419</u>
Total primary government expenses	<u>\$ 3,333,451</u>	<u>\$ 3,203,312</u>	<u>\$ 2,838,981</u>	<u>\$ 2,985,083</u>	<u>\$ 3,106,445</u>	<u>\$ 3,099,957</u>	<u>\$ 3,005,318</u>	<u>\$ 4,113,809</u>	<u>\$ 3,290,121</u>	<u>\$ 3,794,062</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 95,623	\$ 160,258	\$ 105,605	\$ 120,531	\$ 141,883	\$ 144,682	\$ 150,366	\$ 155,006	\$ 132,811	\$ 158,077
Public safety	136,635	165,931	191,648	129,344	113,489	137,447	147,127	129,220	137,377	145,952
Public works	87,181	66,116	47,066	56,585	92,406	121,887	135,552	149,158	147,014	149,152
Park and recreation	87,918	21,082	22,570	27,287	28,399	34,664	36,368	184,510	43,209	25,232
Community development	1,155	1,155	1,155	1,155	1,255	1,155	1,716	1,717	1,716	1,716
Operating grants and contributions	524,050	260,172	101,372	336,215	118,735	212,806	119,267	218,919	193,236	473,143
Capital grants and contributions	-	-	8,513	155,736	5,141	338,228	1,567	664,846	13,967	196,337
Total governmental activities program revenues	<u>932,562</u>	<u>674,714</u>	<u>477,929</u>	<u>826,853</u>	<u>501,308</u>	<u>990,869</u>	<u>591,963</u>	<u>1,503,376</u>	<u>669,330</u>	<u>1,149,609</u>
Business-type activities										
Charges for services										
Sanitary sewer	583,600	582,844	674,211	704,759	748,376	760,972	788,551	807,031	780,844	756,539
Storm sewer	47,071	73,694	118,005	122,034	120,665	125,339	141,630	156,632	155,116	154,984
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	10,550	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>641,221</u>	<u>656,538</u>	<u>792,216</u>	<u>826,793</u>	<u>869,041</u>	<u>886,311</u>	<u>930,181</u>	<u>963,663</u>	<u>935,960</u>	<u>911,523</u>
Total primary government program revenues	<u>\$ 1,573,783</u>	<u>\$ 1,331,252</u>	<u>\$ 1,270,145</u>	<u>\$ 1,653,646</u>	<u>\$ 1,370,349</u>	<u>\$ 1,877,180</u>	<u>\$ 1,522,144</u>	<u>\$ 2,467,039</u>	<u>\$ 1,605,290</u>	<u>\$ 2,061,132</u>

Table 2 continued next page

**City of Falcon Heights
Changes in Net Position
Last Ten Fiscal Years**

Table 2 (cont)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Net (Expense)/Revenue										
Governmental Activities	\$ (1,813,715)	\$ (1,745,109)	\$ (1,669,077)	\$ (1,465,400)	\$ (1,782,802)	\$ (1,263,071)	\$ (1,708,482)	\$ (1,768,874)	\$ (1,875,138)	\$ (1,894,034)
Business-Type Activities	54,047	(126,951)	100,241	133,963	46,706	40,294	225,308	122,104	190,307	161,104
Total Primary Government Net (Expense)/Revenue	<u>\$ (1,759,668)</u>	<u>\$ (1,872,060)</u>	<u>\$ (1,568,836)</u>	<u>\$ (1,331,437)</u>	<u>\$ (1,736,096)</u>	<u>\$ (1,222,777)</u>	<u>\$ (1,483,174)</u>	<u>\$ (1,646,770)</u>	<u>\$ (1,684,831)</u>	<u>\$ (1,732,930)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 834,863	\$ 869,286	\$ 924,922	\$ 942,881	\$ 992,568	\$ 1,003,977	\$ 1,011,688	\$ 1,080,588	\$ 1,043,863	\$ 1,081,384
Tax Increments	253,999	284,754	309,127	328,757	366,948	345,716	349,752	374,385	202,372	156,606
Unrestricted State Aids	256,517	277,835	309,520	441,005	330,012	341,137	311,928	312,593	505,414	533,015
Other General Revenue	-	-	-	-	-	-	-	66,520	38,602	15,000
Unrestricted Investment Income	188,582	198,248	138,626	111,946	50,571	24,080	28,174	118	26,324	14,783
Gain on Sale of Assets	3,152	277	-	-	-	13,131	-	8,637	34,060	270
Transfers	-	4,000	65,000	142,000	58,502	23,000	56,075	80,000	(167,106)	-
Total Governmental Activities	<u>1,537,113</u>	<u>1,634,400</u>	<u>1,747,195</u>	<u>1,966,589</u>	<u>1,798,601</u>	<u>1,751,041</u>	<u>1,757,617</u>	<u>1,922,841</u>	<u>1,683,529</u>	<u>1,801,058</u>
Business-Type Activities										
Other General Revenue	-	-	-	-	6,900	-	-	-	-	-
Unrestricted Investment Income	81,338	106,476	82,734	67,061	26,768	16,348	21,673	2,616	23,087	13,091
Proceeds Sale of Assets	-	-	-	-	-	11,270	-	-	-	-
Transfers	-	(4,000)	(65,000)	(142,000)	(58,502)	(23,000)	(56,075)	(80,000)	167,106	-
Total Business-Type Activities	<u>81,338</u>	<u>102,476</u>	<u>17,734</u>	<u>(74,939)</u>	<u>(24,834)</u>	<u>4,618</u>	<u>(34,402)</u>	<u>(77,384)</u>	<u>190,193</u>	<u>13,091</u>
Total Primary Government	<u>\$ 1,618,451</u>	<u>\$ 1,736,876</u>	<u>\$ 1,764,929</u>	<u>\$ 1,891,650</u>	<u>\$ 1,773,767</u>	<u>\$ 1,755,659</u>	<u>\$ 1,723,215</u>	<u>\$ 1,845,457</u>	<u>\$ 1,873,722</u>	<u>\$ 1,814,149</u>
Changes in Net Position										
Governmental Activities	\$ (276,602)	\$ (110,709)	\$ 78,118	\$ 501,189	\$ 15,799	\$ 487,970	\$ 49,135	\$ 153,967	\$ (191,609)	\$ (92,976)
Business-Type Activities	135,385	(24,475)	117,975	59,024	21,872	44,912	190,906	44,720	380,500	174,195
Total Primary Government	<u>\$ (141,217)</u>	<u>\$ (135,184)</u>	<u>\$ 196,093</u>	<u>\$ 560,213</u>	<u>\$ 37,671</u>	<u>\$ 532,882</u>	<u>\$ 240,041</u>	<u>\$ 198,687</u>	<u>\$ 188,891</u>	
Change in Net position										81,219
Net Position - beginning										14,293,024
Change in accounting principle (Note 10)										(454,768)
Net position - beginning, as restated										<u>13,838,256</u>
Net position - ending										<u>13,919,475</u>

*Governmental Accounting Standards Board Statement NO. 68 required implementation for fiscal year 2015.

**City of Falcon Heights
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years**

Table 3

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2006	834,863	253,999	-	1,088,862
2007	869,286	284,754	-	1,154,040
2008	924,922	309,127	-	1,234,049
2009	942,881	328,757	-	1,271,638
2010	992,568	366,948	-	1,359,516
2011	1,003,977	345,716	-	1,349,693
2012	1,011,688	349,752	-	1,361,440
2013	1,080,588	374,385	-	1,454,973
2014	1,043,863	202,372	-	1,246,235
2015	1,081,384	156,606	-	1,237,990

**City of Falcon Heights
Fund Balances of Governmental Funds
Last 10 Fiscal Years**

Table 4

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 54,315	\$ 60,568	\$ 62,924	\$ 64,092	\$ 71,531
Unreserved	1,155,276	1,156,791	1,157,135	1,229,994	1,225,784
Total general fund	<u>\$ 1,209,591</u>	<u>\$ 1,217,359</u>	<u>\$ 1,220,059</u>	<u>\$ 1,294,086</u>	<u>\$ 1,297,315</u>
All Other Governmental Funds					
Reserved	\$ 42,295	\$ -	\$ -	\$ 750	\$ -
Unreserved, reported in					
Special revenue funds	78,066	105,590	113,415	137,267	171,744
Debt service funds	-	37,703	49,905	56,985	9,758
Capital projects funds	2,698,195	2,415,811	2,314,663	2,301,744	1,735,450
Total all other Governmental funds	<u>\$ 2,818,556</u>	<u>\$ 2,559,104</u>	<u>\$ 2,477,983</u>	<u>\$ 2,496,746</u>	<u>\$ 1,916,952</u>
	Fiscal Year				
	2011*	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 65,289	\$ 67,068	\$ 70,602	\$ 89,222	\$ 85,535
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,236,211	1,275,982	1,326,645	1,334,716	1,504,383
Total general fund	<u>\$ 1,301,500</u>	<u>\$ 1,343,050</u>	<u>\$ 1,397,247</u>	<u>\$ 1,423,938</u>	<u>\$ 1,589,918</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	258,902	333,945	951,032	411,590	318,141
Committed	182,259	189,414	285,035	251,368	263,384
Assigned	1,225,142	997,693	851,073	919,832	803,442
Unassigned	-	-	-	-	(43,120)
Total all other Governmental funds	<u>\$ 1,666,303</u>	<u>\$ 1,521,052</u>	<u>\$ 2,087,140</u>	<u>\$ 1,582,790</u>	<u>\$ 1,341,847</u>

*Governmental Accounting Standards Board Statement NO. 54 required implementation for fiscal year 2011.

City of Falcon Heights
Changes in Fund Balances of Governmental Funds
Last 10 Fiscal Years

Table 5

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 1,087,868	\$ 1,150,817	\$ 1,232,705	\$ 1,267,192	\$ 1,356,491	\$ 1,346,281	\$ 1,371,399	\$ 1,453,211	\$ 1,254,073	\$ 1,229,405
Special assessments	81,176	64,922	58,749	96,239	23,478	8,011	5,918	130,256	62,977	76,673
Licenses and permits	53,704	74,963	52,725	52,082	69,270	73,100	75,629	75,077	68,253	80,864
Intergovernmental	818,988	580,625	450,726	893,875	496,416	625,363	486,354	761,796	755,281	1,142,257
Charges for services	166,631	122,981	118,880	135,438	177,017	221,007	243,946	393,542	253,357	238,876
Fines and forfeitures	91,966	92,681	77,479	78,486	61,792	72,246	64,121	68,208	67,638	80,415
Investment income	188,582	198,248	138,626	111,946	50,571	24,080	28,174	118	26,324	14,783
Miscellaneous	18,638	60,512	79,126	30,953	21,684	22,262	32,274	204,418	54,850	50,185
Total revenues	2,507,553	2,345,749	2,209,016	2,666,211	2,256,719	2,392,350	2,307,815	3,086,626	2,542,753	2,913,458
Expenditures										
General government	\$ 538,598	\$ 557,583	\$ 553,869	\$ 486,226	\$ 530,960	\$ 523,355	\$ 536,809	\$ 580,783	\$ 593,735	\$ 580,026
Public safety	669,963	691,492	711,068	743,437	769,924	778,565	822,563	807,412	867,779	885,969
Public works	243,902	280,701	290,052	278,839	272,874	339,843	378,776	408,555	363,027	351,541
Park and recreation	155,023	135,104	157,153	123,934	155,463	159,460	136,054	179,299	180,126	218,807
Community development	4,874	23,607	5,563	773	2,350	535	615	7,551	2,187	10,967
Miscellaneous	13,849	1,114	1,150	9,448	1,834	1,070	-	-	-	-
Capital outlay	1,003,741	518,520	247,829	684,640	1,055,955	593,850	553,842	1,614,042	1,097,652	796,133
Debt service:										
Principal	305,000	320,000	330,000	345,000	365,000	265,000	65,000	65,000	70,000	125,000
Interest and other charges	84,688	73,589	55,753	44,403	37,426	13,603	3,466	52,336	19,966	20,248
Total expenditures	3,019,638	2,601,710	2,352,437	2,716,700	3,191,786	2,675,281	2,497,125	3,714,978	3,194,472	2,988,691
Excess of revenues										
Under expenditures	(512,085)	(255,961)	(143,421)	(50,489)	(935,067)	(282,931)	(189,310)	(628,352)	(651,719)	(75,233)

City of Falcon Heights
Changes in Fund Balances of Governmental Funds
Last 10 Fiscal Years

Table 5 (Cont.)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Transfers in	\$ 332,198	\$ 422,600	\$ 455,600	\$ 446,800	\$ 807,329	\$ 274,366	\$ 246,775	\$ 170,418	\$ 241,685	\$ 24,716
Transfers out	(332,198)	(418,600)	(390,600)	(304,800)	(748,827)	(251,366)	(190,700)	(90,418)	(101,685)	(24,716)
Proceeds sale of capital assets	3,152	277	-	1,279	-	13,467	29,534	8,637	34,060	270
Bonds issued	-	-	-	-	300,000	-	-	1,160,000		
Total other financing Sources (uses)	<u>3,152</u>	<u>4,277</u>	<u>65,000</u>	<u>143,279</u>	<u>358,502</u>	<u>36,467</u>	<u>85,609</u>	<u>1,248,637</u>	<u>174,060</u>	<u>270</u>
Net change in fund Balances	<u>\$ (508,933)</u>	<u>\$ (251,684)</u>	<u>\$ (78,421)</u>	<u>\$ 92,790</u>	<u>\$ (576,565)</u>	<u>\$ (246,464)</u>	<u>\$ (103,701)</u>	<u>\$ 620,285</u>	<u>\$ (477,659)</u>	<u>\$ (74,963)</u>
Debt service as a percentage of Noncapital expenditures	13.47%	15.20%	16.44%	15.41%	15.88%	11.42%	3.11%	3.72%	3.74%	5.02%

**City of Falcon Heights
General Governmental Tax Revenues by Source
Last 10 Fiscal Years**

Table 6

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment</u>	<u>Franchise Tax</u>	<u>Total</u>
2006	833,869	253,999	-	1,087,868
2007	866,816	284,001	-	1,150,817
2008	923,578	309,127	-	1,232,705
2009	938,435	328,757	-	1,267,192
2010	988,609	367,882	-	1,356,491
2011	998,999	347,282	-	1,346,281
2012	1,021,683	349,716	-	1,371,399
2013	1,078,855	374,356	-	1,453,211
2014	1,051,636	202,437	-	1,254,073
2015	1,072,799	156,606	-	1,229,405

City of Falcon Heights
Assessed Value and Estimated Actual Value of Taxable Property
Last 10 Fiscal Years

Table 7

Year Ended December 31,	Real Property (1)		Personal Property (1)		Less Tax Exempt Real Property (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Market Value	Assessed (Tax Capacity) Value ⁽¹⁾ as a Percentage of Taxable Market Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2006	4,734,507	NA	NA	52,140	NA	4,786,647	19.302	417,423,900	1.15%
2007	4,458,009	NA	NA	52,140	NA	4,510,149	18.599	417,041,875	1.08%
2008	4,695,436	NA	NA	49,950	NA	4,745,386	18.554	437,709,000	1.08%
2009	4,572,505	NA	NA	48,842	NA	4,621,347	19.216	427,019,600	1.08%
2010	4,453,957	NA	NA	48,814	NA	4,502,771	20.654	415,592,900	1.08%
2011	4,255,866	NA	NA	52,800	NA	4,308,666	21.521	397,758,400	1.08%
2012	4,021,671	NA	NA	55,328	NA	4,076,999	23.515	374,125,500	1.09%
2013	3,697,530	NA	NA	59,508	NA	3,757,038	27.884	362,697,600	1.04%
2014	3,776,860	NA	NA	59,934	NA	3,836,794	24.819	369,585,000	1.04%
2015	4,111,429	NA	NA	61,664	NA	4,173,093	23.470	385,888,200	1.08%

(1) Assessed values replaced by Gross Tax Capacity (GTC) by state statutes. Assessed values of commercial property, motor vehicles and tax exempt properties are not provided by Ramsey County.

**City of Falcon Heights
Property Tax Rates
Direct and Overlapping(1) Governments
Last 10 Fiscal Years**

Table 8

NET TAX CAPACITY RATES (2)

Fiscal Year	City of Falcon Heights			Overlapping Rates				Total Direct and Overlapping Rates
	Operating Rate (3)	Debt Service Rate	Total City Rate	Technical College Rate	Ramsey County Rate	School District No. 623 Rate	Special Districts Rate	
2006	19.302	0.000	19.302	0.066	46.623	16.664	6.140	88.795
2007	18.599	0.000	18.599	0.000	44.943	12.372	7.247	83.161
2008	18.554	0.000	18.554	0.000	44.023	10.175	6.687	79.439
2009	19.216	0.000	19.216	0.000	46.546	10.624	6.806	83.192
2010	20.654	0.000	20.654	0.000	50.248	13.065	7.233	91.200
2011	21.521	0.000	21.521	0.000	54.678	14.566	7.889	98.654
2012	23.515	0.000	23.515	0.000	61.316	17.065	8.871	110.767
2013	27.884	0.000	27.884	0.000	65.240	15.464	9.305	117.893
2014	24.819	0.000	24.819	0.000	63.735	16.251	9.037	113.842
2015	23.470	0.000	23.470	0.000	58.922	17.18	8.647	108.219

⁽¹⁾ Overlapping rates are those of local and county governments that apply to property owners within the City of Falcon Heights. Not all overlapping rates apply to all City of Falcon Heights property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

(2) Tax capacity rates are used by state statute instead of millage rates.

(3) Does not include tax increments.

**City of Falcon Heights
Principal Property Taxpayers
December 31, 2015**

Table 9

Taxpayer	2015		2006	
	Taxable Assessed Value (1)	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Falcon Heights Town Square Apartments, LP	\$ 168,867	4.05 %	\$ -	- %
Spire Federal Credit Union	137,250	3.29 %	149,250	4.15 %
Sidal Realty Co. Limited Partnership	101,710	2.44 %	99,000	2.75 %
Town Square Senior Apartments, LLC	68,801	1.65 %	52,500	1.46 %
Northern States Power	61,664	1.48 %	52,140	1.45 %
Falcon Crossing, LLC	48,510	1.16 %	47,250	1.31 %
Warner Properties of MN, LLP	38,862	0.93 %	43,250	1.20 %
Anna Spiegler	37,765	0.90 %	38,250	1.06 %
Jak Rental Properties, LLC	30,028	0.72 %	36,330	1.01
CPEC LLC	28,092	0.67 %	-	-
1800 Larpenteur LLC & CO John Stiehm	27,094	0.65 %	-	-
Garfield Street LLC	22,509	0.54 %	-	-
Total	<u>\$ 602,285</u>	<u>14.43 %</u>	<u>\$ 517,970</u>	<u>14.41 %</u>

(1) Assessed values replaced by Gross Tax Capacities (GTC) by state statute.

**City of Falcon Heights
Property Tax Levies and Collections (1)
Last 10 Fiscal Years**

Table 10

Fiscal Year Ended 31-Dec-15	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	830,765	829,888	99.9%	869	830,757	100.00%
2007	865,727	863,482	99.7%	2,245	865,727	100.00%
2008	922,476	920,967	99.8%	1,509	922,476	100.00%
2009	943,828	937,551	99.3%	6,277	943,828	100.00%
2010	1,022,944	982,578	96.1%	16,116	998,694	97.63%
2011	1,038,290	989,035	95.3%	3,930	992,964	95.63%
2012	1,017,944	1,011,688	99.4%	5,865	1,017,553	99.96%
2013	1,084,007	1,078,855	99.5%	3,776	1,082,631	99.87%
2014	1,083,850	905,616	83.6%	394	906,010	83.59%
2015	1,083,850	1,002,299	92.5%	-	1,002,299	92.48%

Source: City of Falcon Heights Financial Records

City of Falcon Heights
Ratios of Outstanding Debt by Type
Last 10 Fiscal Years

Table 11

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	G.O. Bonds				
2006	\$ 1,560,000		\$ 1,560,000	0.65%	276
2007	1,240,000		1,240,000	0.48%	215
2008	910,000		910,000	0.34%	158
2009	565,000		565,000	0.35%	98
2010	500,000		500,000	0.32%	94
2011	235,000		235,000	0.14%	44
2012	170,000		170,000	0.10%	31
2013	1,265,000		1,265,000	0.78%	236
2014	1,195,000		1,195,000	0.72%	218
2015	1,070,000		1,070,000	0.65%	196

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

⁽¹⁾ See the Schedule of Demographic and Economic Statistics (Table 16) for personal income and population data.

**City of Falcon Heights
Ratios of General Bonded Debt Outstanding
Last 10 Fiscal Years**

Table 12

Fiscal Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value ⁽¹⁾ of Property	Per Capita ⁽²⁾
2006	\$ 1,560,000	\$ 56,850	\$ 1,503,150	0.36%	266
2007	1,240,000	37,703	1,202,297	0.29%	208
2008	910,000	49,905	860,095	0.20%	149
2009	565,000	56,985	508,015	0.12%	88
2010	500,000	9,758	490,242	0.12%	92
2011	235,000	402	234,598	0.06%	44
2012	170,000	2,427	167,573	0.04%	31
2013	1,265,000	44,007	1,220,993	0.34%	227
2014	1,195,000	260,990	934,010	0.25%	170
2015	1,070,000	234,341	835,659	0.22%	153

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

⁽¹⁾ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property (Table 7) for property value data.

⁽²⁾ Population data can be found in the Schedule of Demographic and Economic Statistics (Table 16)

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**City of Falcon Heights
Direct and Overlapping Governmental Activities Debt
December 31, 2014**

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 1,752,381,347	0.5%	\$ 8,093,479
Subtotal, overlapping debt			<u>8,093,479</u>
City of Falcon Heights direct debt			<u>1,070,000</u>
Total direct and overlapping debt			<u><u>\$ 9,163,479</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

⁽¹⁾ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's total taxable assessed value.

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the County.

**City of Falcon Heights
Computation of Direct and Overlapping Bonded Debt
December 31, 2015**

Table 13 (Cont.)

Governmental Unit	Gross Debt ⁽¹⁾	Sinking Funds	Net Debt	City's Share	
				Percent	Amount
Direct					
City of Falcon Heights	\$ 1,070,000	\$ 230,467	\$ 839,533	100.00 %	\$ 839,533
Overlapping					
School districts					
ISD No. 623	39,470,000	1,917,895	37,552,105	7.57	2,841,280
ISD No. 916	82,995,000	475,823	82,519,177	1.88	1,553,840
Ramsey County					
Ramsey County	173,397,000	26,753,877	146,643,123	0.95	1,394,073
County Library	34,325,000	1,183,797	33,141,203	1.85	614,528
Metro Watershed	1,232,698		1,232,698	-	-
Metropolitan Agencies					
Metro Council	1,419,891,649	205,989,809	1,213,901,840	0.14	1,689,758
Metro Airports Commission	-	-			
Total					
Overlapping: Debt	<u>1,751,311,347</u>	<u>236,321,201</u>	<u>1,514,990,146</u>		<u>8,093,479</u>
Total Direct and Overlapping Debt	<u><u>\$ 1,752,381,347</u></u>	<u><u>\$ 236,551,668</u></u>	<u><u>\$ 1,515,829,679</u></u>		<u><u>\$ 8,933,012</u></u>

⁽¹⁾ Gross debt totals include bonds which are financed by ad valorem tax levy, G.O. Revenue financing and special assessments.

Metro Council has G.O. Revenue debt of \$ 1,213,871,649 and Revenue debt of \$ 0. Metro Airports Commission has G.O. Revenue debt of \$ 0 and Revenue debt of \$ 1,346,640,000.

Source: Department of Property Records and Revenue - Ramsey County

**City of Falcon Heights
Legal Debt Margin Information
Last 10 Fiscal Years**

Table 14

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 8,348,478	\$ 8,340,838	\$ 8,754,180	\$ 8,540,392	\$ 8,311,858	\$ 7,955,168	\$ 7,482,510	\$ 6,838,406	\$ 6,991,052	\$ 7,717,764
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 8,348,478</u>	<u>\$ 8,340,838</u>	<u>\$ 8,754,180</u>	<u>\$ 8,540,392</u>	<u>\$ 8,311,858</u>	<u>\$ 7,955,168</u>	<u>\$ 7,482,510</u>	<u>\$ 6,838,406</u>	<u>\$ 6,991,052</u>	<u>\$ 7,717,764</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt
Margin
Calculation for
Fiscal Year 2015

Assessed Value	\$ 385,888,200
Add Back Exempt Real Property	-
Total Assessed Value	<u>385,888,200</u>
Debt Limit (2% of Total Assessed Value)	7,717,764
Debt Applicable to Limit:	
G.O. Bonds	-
Less Amount Set Aside for Repayment of G.O. Debt	-
Total Net Debt Applicable to Limit	-
Legal Debt Margin	<u>\$ 7,717,764</u>

Note: Under state finance law, the City's G.O. debt should not exceed 2% of total assessed tax capacity. By law, the G.O. debt subject to the limitation may be offset by amounts set aside for repaying G.O. bonds.

**City of Falcon Heights
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Table 15

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
2006	\$ 32,644	\$ 150,000	\$ 31,915	17.9%	
2007	29,974	155,000	25,471	16.6%	
2008	28,189	160,000	18,698	15.8%	
2009	17,951	165,000	16,917	9.9%	
2010	2,857	175,000	5,273	1.6%	
2011	-	200,000	5,200	0.0%	
2012	-	-	-	0.0%	
2013	31,483	-	-	0.0%	
2014	58,007	445,000	3,548	12.9%	
2015	50,145	385,000	6,870	12.8%	

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

**City of Falcon Heights
Demographic and Economic Statistics
Last 10 Fiscal Years**

Table 16

Fiscal Year	Population ⁽¹⁾	Total Personal Income	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	Education Level in Years of Formal Schooling ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2006	5,650	\$ 241,808,700	\$ 42,798	NA	14.5	6,224	4.0
2007	5,775	258,795,075	44,813	NA	14.5	6,420	4.6
2008	5,775	263,784,678	30,293	NA	14.5	6,450	5.3
2009	5,775	161,676,900	27,996	NA	14.5	6,450	7.6
2010	5,321	154,074,876	28,956	NA	14.8	6,561	6.4
2011	5,350	164,009,600	30,656	NA	14.8	6,747	5.5
2012	5,426	165,113,180	30,430	NA	14.8	6,793	5.4
2013	5,370	161,631,630	30,099	NA	14.8	7,471	4.3
2014	5,490	165,117,240	30,076	NA	14.8	7,436	3.2
2015	5,450	163,914,200	30,076	NA	14.8	7,507	3.1

Data sources

⁽¹⁾ Bureau of the Census/Metropolitan Council

⁽²⁾ State of Minnesota Demography Department - Ramsey County data and US Census data 2010 (2012 is estimated on 2011 data)

⁽³⁾ Census Data for 2000 and 2010

⁽⁴⁾ School District

⁽⁵⁾ State Department of Labor

* Revenue Information for Ramsey County not available

Note: Population, median age and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

**City of Falcon Heights
Principal Employers
Current Year And Nine Years Ago**

Table 17

Taxpayer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Minnesota (1)	2,400	1	68.57 %	2,600	1	70.27 %
Spire Federal Credit Union	150	2	4.29 %	144	2	3.89 %
Twin Cities Laboratories	125	3	3.57 %	-	-	- %
TIES	105	4	3.00 %	-	-	- %
Minnesota State Fair (2)	75	5	2.14 %	72	4	1.95 %
 Total City Employees All Businesses:	<u>3,500</u>		<u>81.57 %</u>	<u>3,700</u>		<u>76.11 %</u>

(1) The University of Minnesota Saint Paul Campus employs an additional 2,135 part time people during the year.

(2) During the Minnesota State Fair held each fall, there are an additional 2,700 people contingently employed.

Source: City of Falcon Heights Administrative office.

City of Falcon Heights
Full-Time Equivalent City Government Employees by Function
Last 10 Fiscal Years

Table 18

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	5.12	5.12	5.17	3.85	4.29	4.16	4.16	4.16	4.51	4.26
Public Safety										
Police (1)										
Officers	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Fire										
Firefighters and Officers	2.27	2.27	2.27	2.27	2.27	2.27	2.27	2.27	3.02	3.02
Highways and Streets										
Engineering (2)										
Maintenance	3.16	3.16	1.25	1.38	1.32	1.13	1.13	1.13	1.13	1.13
Park and Recreation	1.35	1.35	2.74	2.00	2.49	2.49	2.49	2.49	2.49	2.49
Sewer	1.31	1.31	1.88	2.41	2.29	2.19	2.19	2.19	2.19	2.19
Total	<u>13.21</u>	<u>13.21</u>	<u>13.31</u>	<u>11.91</u>	<u>12.66</u>	<u>12.24</u>	<u>12.24</u>	<u>12.24</u>	<u>13.34</u>	<u>13.09</u>

- (1) The City contracts with a neighboring city for police services.
(2) The City contracts with outside entities for engineering services.

**City of Falcon Heights
Operating Indicators by Function
Last 10 Fiscal Years**

Table 19

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical Arrests	850	914	701	613	547	638	605	649	620	700
Parking Violations	415	552	533	426	391	243	215	336	427	313
Traffic Violations	2,150	2,180	2,180	1,370	1,315	1,647	1,486	1,608	1,496	1,987
Fire										
Number of Calls Answered	78	114	102	88	108	101	149	94	117	108
Inspections	102	116	114	30	29	60	68	61	86	67
Highways and Streets										
Streets Resurfacing (Miles)	1.3	0.2	-	0.6	-	-	-	1	-	-
Potholes Repaired	12	30	26	14	20	30	60	70	185	80
Sanitation										
Refuse Collected (Tons/Day) (1)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Recyclables Collected (Tons/Day) (2)	18.6	21.6	25.2	17.2	21.5	9.9	9.3	9.3	9.6	8.9
Park and Recreation										
Athletic Field Permits Issued	48	75	73	68	59	6	3	3	3	3
Community Centers Admissions (3)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Water										
New Connections	-	-	-	-	-	-	-	-	-	-
Water Mains Breaks	4	1	2	1	3	-	-	6	1	-
Average Daily Consumption (Thousands of Gallons)	809	953	890	741	715	868	903	1054	707	728
Wastewater										
Average Daily Sewage Treatment (Thousands of Gallons per Day)	677	702	694	708	626	604	688	553	562	561

Note: Indicators are not available for the general government function.

- (1) Individual property owners contract privately with refuse collectors to provide this service.
- (2) The City of Falcon Heights contracts with a recycling collector to collect recyclables. Starting 2011, recyclables were picked up every week during the year instead of twice a month.
- (3) The City of Falcon Heights has no community center, but does have park buildings to use when parks are rented.

**City of Falcon Heights
Capital Asset Statistics by Function
Last 10 Fiscal Years**

Table 20

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police (1)										
Stations	-	-	-	-	-	-	-	-	-	-
Patrol Units	-	-	-	-	-	-	-	-	-	-
Fire Stations	1	1	1	1	1	1	1	1	1	1
Highways and Streets										
Streets (Miles)	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3
Streetlights	210	210	210	210	210	210	210	210	210	210
Traffic Signals	9	9	9	9	9	9	9	9	9	9
Park and Recreation										
Parks Acreage	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07
Parks	3	3	3	3	3	3	3	3	3	3
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Water										
Water Mains (Miles)	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Fire Hydrants	146	146	146	146	146	146	146	146	146	146
Maximum Daily Capacity (Thousands of Gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sewer										
Sanitary Sewers (Miles)	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Storm Sewers (Miles)	4	4	4	4	4	4	4	4	4	4
Maximum Daily Treatment Capacity (2) (Thousands of Gallons)	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000

Note: No capital asset indicators are available for the general government function.

- (1) Falcon Heights contracts with the City of St. Anthony for 24 hour police coverage
- (2) Falcon Heights is part of the Metropolitan Council Environmental Services metro area wide treatment facility.
This number represents total system daily plant capacity authorized by permit for the area including the City.

Falcon Heights City Council Workshop

**City Hall
2077 W Larpenteur Ave.
6:30 p.m.**

MINUTES Wednesday, April 6, 2016

Call to Order: 6:33pm

1) North Suburban Communications Commission (CTV) Strategic Planning

Barbara Raye, a strategic planning consultant for CTV, presented questions to the council to get feedback on procedures and to conduct a SWOT analysis. Sue Majerus, the city liaison from the North Suburban Communications Commission, was also in attendance to assist in facilitation.

- The council agreed that they appreciated the accessibility, transparency and accountability of meetings, the vast amount of programs and coverage, and community building aspects of CTV.
- When conducting the SWOT Analysis some of the feedback was as follows:
 - i. Strengths- Transparency, accountability, professionalism
 - ii. Weaknesses- Agenda not associated with meeting on the CTV website (it's on the FH website), challenging to know what is/will be broadcast when clicking through the channels
 - iii. Opportunities- Researching what other cable commissions are doing, greater publicity and marketing to make residents more aware, creating short videos for weekly news or announcements, videos of "out in the field"
 - iv. Threats- Everything is switching over to online yet the funding is for tv broadcasting, declining revenue due to less subscribers to cable

2) TIES-Telecommunication Shelter

- The council directed the City Administrator to process this request. The only stipulations would be to make certain it is not an eye sore, does not disrupt drainage, and does not

disrupt the network for other surrounding businesses.

- Another thing to consider for the future is implementing a zoning review permit when building code does not require a permit. If a building permit is required, there would still be a zoning review without additional cost to regulate what is being built. The council has charged the Planning Commission to look into the creation of a zoning review permit and brainstorming city code design standards.

3) Community Solar Garden Update

- There is some uncertainty on the meter readings for City Hall. Geronimo and Xcel cannot confirm how much the solar panels are contributing and what the net usage is for City Hall. The council has charged the City Administrator to continue to seek clarity in the meter readings, and if it's still not clear, to go with the recommended 100,000 kWh submission.

Adjourn: 9:17pm

Dated this 6th day of April, 2016

Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

CITY OF FALCON HEIGHTS
Regular Meeting of the City Council
City Hall
2077 West Larpenteur Avenue

MINUTES
April 13, 2016 at 7:00 P.M.

- A. CALL TO ORDER: 7:00pm
- B. ROLL CALL: LINDSTROM X HARRIS X BROWN THUNDER X
FISCHER X GUSTAFSON X
- STAFF PRESENT: THONGVANH X
- C. PRESENTATIONS:
1. Eagle Scout Presentation
- Ben, a current Eagle Scout, completed his project by building an Earth oven at Camp du Nord. In order to earn his merit badge for citizenship in the community, he is attending the council meeting.
- D. APPROVAL OF MINUTES:
1. March 23, 2016 City Council Meeting Minutes Approved
- E. PUBLIC HEARINGS:
- F. CONSENT AGENDA:
1. General Disbursements through: 4/06/16 \$172,252.71
Payroll through: 3/31/16 \$16,703.48
2. City License(s)
3. Reapportion of Special Assessments to New Parcel Identification Numbers
4. Authorization to Submit for a MN Board of Fire Fighter Training and Education Grant
- Council Member Gustafson Moved, Approved 5-0
- G. POLICY ITEMS:
1. Sanitary Sewer Cleaning Program Amendment
- In 2014 the bid for cleaning and televising was awarded to American Environmental Services. This year there were 15 hours of root cutting and additional grease removal. The bid amount was not reflected in the 2016 budget. There is a request for a motion to amend the 2016 budget amount from \$50,000 to \$75,000. The unplanned work costs totaled \$7,000. The plans will need to be reviewed for lining, and the council will need to set priorities. At the current rate of \$50,000 a year, the whole city would be lined in 13-15 years.
- Council Member Fischer Moved, Approved 5-0

2. Resolution in Support of the “Ramsey County: A Start by Believing Community” Initiative

- Ramsey County Commissioner McDonough is leading an initiative to hear the voices of sexual violence survivors and to help transform our community’s response to sexual violence victims. The purpose of the initiative is to pledge to build a community that starts believing sexual violence survivors. This event is sponsored by Hamline, the League of Women Voters, and the MN Coalition Against Sexual Assault.

Council Member Harris Moved, Approved 5-0

3. MPCA EA Open Grant 2016 City Stainability Planning

- This grant is to help take the resiliency planning to the next step. The grant is a total of \$15,000 including a 25% in-kind matching requirement. The purpose of the grant would be to help the city prepare for the Comprehensive Plan that needs to be completed by 2018.

Council Member Brown Thunder Moved, Approved 5-0

H. INFORMATION/ ANNOUNCEMENTS:

Council Member Fischer:

- The Community Engagement Commission is meeting on Monday to go over their plan for the year.

Council Member Harris:

No updates.

Council Member Brown Thunder:

- NYFS has their leadership luncheon at Midland Hills Country Club on May 4, 11:30-1pm. Tickets for the luncheon can be purchased on the NYFS website. Also, June 13 is the Mayors Challenge Golf Tournament at Keller Golf Course.

Council Member Gustafson:

- The Ramsey County League of Local Governments (RCLLG) is holding their board meeting on Thursday, April 28. This will be followed by a community forum on how the board can unite with the MN Ethnic Council Panel Discussion. The meeting is hosted at the Maplewood City Hall. The RCLLG will also be having a golf tournament in June.
- The Park and Recreation Commission is looking forward to moving ahead with the Master Plan. They also discussed implementing a low waste event for the Ice Cream Social and Movie in the Park.

Mayor Lindstrom:

- The Environment Commission met on Monday and discussed 2016 low waste events. The city has many experts in their field. Among those, a University of Minnesota professor on the Environment Commission, Rebecca Montgomery, has recently had her work in the area of forestry profiled in the New York Times.

- The city hosted an event on community solar gardens. This allowed for an opportunity to ask questions, learn more about the topic, and find out what it means to subscribe.

City Administrator Sack Thongvanh:

- The Ice Cream Social and Movie in the Park may be the city's first low waste event.
- Has been working with Doug Wester of Geronimo Energy, and they have been authorized to move forward in drafting a contract. There are still a few things that will need to be clarified in the numbers the city intends to use.
- The 2017 Pavement Management project open house will be April 20 at 6pm. The letters have been sent out to residents in the University Grove and Garden Ave.
- Had a meeting with area Police Chiefs and State Fair representatives to discuss an event that will be held at the State Fair in May called Soundset. There will be continued communication on the event.

I. COMMUNITY FORUM:

J. ADJOURNMENT: 7:34pm

Dated this 13th day of April, 2016

Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator



The City That Soars!

REQUEST FOR COUNCIL ACTION

Meeting Date	May 11, 2016
Agenda Item	Consent F1
Attachment	General Disbursements and Payroll
Submitted By	Roland Olson, Finance Director

Item	General Disbursements and Payroll
Description	General Disbursements through: 5/03/16: \$102,050.99 Payroll through: 4/30/16: \$17,484.58
Budget Impact	The general disbursements and payroll are consistent with the budget.
Attachment(s)	<ul style="list-style-type: none"> • General Disbursements and Payroll
Action(s) Requested	Staff recommends that the Falcon Heights City Council approve general disbursements and payroll.

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PACKET: 01378 APRIL 21 PAYABLES
 VENDOR SET: 01 City of Falcon Heights
 SEQUENCE : ALPHABETIC
 DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-0659		ALLIANCE FOR INNOVATION				
I-201604265769		LMC REGISTRATION - TIM	425.00			
4/26/2016	APBNK	DUE: 4/26/2016 DISC: 4/26/2016		1099: N		
		LMC REGISTRATION - TIM		101 4112-86100-000	CONFERENCES/EDUCATION/AS	425.00
I-92026567		LMC REGISTRATION - PAUL	425.00			
4/25/2016	APBNK	DUE: 4/25/2016 DISC: 4/25/2016		1099: N		
		LMC REGISTRATION		101 4117-86100-000	CONFERENCES/EDUCATION/AS	425.00
I-92027199		LMC REGISTRATION - SACK	425.00			
4/25/2016	APBNK	DUE: 4/25/2016 DISC: 4/25/2016		1099: N		
		LMC REGISTRATION		101 4112-86100-000	CONFERENCES/EDUCATION/AS	425.00
I-92028337		LMC REGISTRATION - KATIE	425.00			
4/25/2016	APBNK	DUE: 4/25/2016 DISC: 4/25/2016		1099: N		
		LMC REGISTRATION		101 4112-86100-000	CONFERENCES/EDUCATION/AS	425.00
		=== VENDOR TOTALS ===	1,700.00			
=====						
01-00250		AMERIPRIDE SERVICES				
I-1003438382		LINEN CLEANING	39.03			
4/21/2016	APBNK	DUE: 4/21/2016 DISC: 4/21/2016		1099: N		
		LINEN CLEANING		101 4124-82011-000	LINEN CLEANING	39.03
		=== VENDOR TOTALS ===	39.03			
=====						
01-03110		CENTURY LINK				
I-201604255768		LANDLINES	182.23			
4/25/2016	APBNK	DUE: 4/25/2016 DISC: 4/25/2016		1099: N		
		LANDLINES		101 4141-85011-000	TELEPHONE - LANDLINE	61.03
		LANDLINES		101 4141-85011-000	TELEPHONE - LANDLINE	56.81
		LANDLINES		601 4601-85011-000	TELEPHONE - LANDLINE	64.39
		=== VENDOR TOTALS ===	182.23			
=====						
01-03123		CINTAS CORPORATION #470				
I-470739092		BLACK MATS	52.84			
4/21/2016	APBNK	DUE: 4/21/2016 DISC: 4/21/2016		1099: N		
		BLACK MATS		101 4131-70110-000	SUPPLIES	52.84
		=== VENDOR TOTALS ===	52.84			

-----ID-----			GROSS	P.O. #			
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----		DISTRIBUTION
=====							
01-0201	ICMA	MEMBERSHIP RENEWALS					
I-201604255764		ICMA MEMBERSHIP RENEWAL	776.00				
4/25/2016	APBNK	DUE: 4/25/2016 DISC: 4/25/2016		1099: N			
		ICMA MEMBERSHIP RENEWAL		101 4112-86100-000	CONFERENCES/EDUCATION/AS		776.00
		=== VENDOR TOTALS ===	776.00				
=====							
01-05058	JOSH	JORDAN					
I-201604255763		TAE KWON DO INSTRUCTOR	1,555.20				
4/25/2016	APBNK	DUE: 4/25/2016 DISC: 4/25/2016		1099: Y			
		TAE KWON DO INSTRUCTOR		201 4201-87700-000	INSTRUCTOR-SPECIALTY CLA		1,555.20
		=== VENDOR TOTALS ===	1,555.20				
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01-05832	MORETTO,	PAUL					
I-201604215761		REIMB MILEAGE	12.53				
4/21/2016	APBNK	DUE: 4/21/2016 DISC: 4/21/2016		1099: N			
		REIMB MILEAGE		101 4117-86010-000	MILEAGE		12.53
		=== VENDOR TOTALS ===	12.53				
=====							
01-07263	NEXTEL	COMMUNICATIONS, INC					
I-201604255766		CELL PHONES	115.67				
4/25/2016	APBNK	DUE: 4/25/2016 DISC: 4/25/2016		1099: N			
		CELL PHONES		101 4121-85015-000	CELL PHONE		22.76
		CELL PHONES		101 4131-85015-000	CELL PHONE		11.60
		CELL PHONES		101 4141-85015-000	CELL PHONE		11.60
		CELL PHONES		101 4141-85015-000	CELL PHONE		11.60
		CELL PHONES		601 4601-85015-000	CELL PHONE		45.00
		CELL PHONES		602 4602-85015-000	CELL PHONES		13.11
		=== VENDOR TOTALS ===	115.67				
=====							
01-06115	TIMOTHY	PITTMAN					
I-201604215760		MILEAGE, CITY EVENT COOKIES	164.12				
4/21/2016	APBNK	DUE: 4/21/2016 DISC: 4/21/2016		1099: N			
		MILEAGE		101 4141-86101-000	MILEAGE		69.12
		CITY EVENT COOKIES		101 4116-89010-000	SPECIAL EVENTS		95.00
		=== VENDOR TOTALS ===	164.12				

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
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01-0185	RAMSEY COUNTY					
I-PUBW 15475		JAN & FEB ROAD SALT	2,778.38			
4/25/2016	APBNK	DUE: 4/25/2016 DISC: 4/25/2016		1099: N		
		JAN & FEB ROAD SALT		101 4132-83030-000	SNOW REMOVAL	2,778.38
I-PUBW 15485		JAN & FEB SNOWPLOWING/SALTING	2,290.66			
4/26/2016	APBNK	DUE: 4/26/2016 DISC: 4/26/2016		1099: N		
		JAN & FEB SNOWPLOWING/SALTING		101 4132-83030-000	SNOW REMOVAL	2,290.66
=== VENDOR TOTALS ===			5,069.04			
=====						
01-06525	SUBURBAN ACE HARDWARE					
I-104667		SHOP TOOLS, SS MAP	66.06			
4/21/2016	APBNK	DUE: 4/21/2016 DISC: 4/21/2016		1099: N		
		SHOP TOOLS, SS MAP		101 4131-70110-000	SUPPLIES	66.06
=== VENDOR TOTALS ===			66.06			
=====						
01-07250	TRETSVEN, DAVE					
I-201604215759		ENERGY EFFICIENCY REBATE	36.88			
4/21/2016	APBNK	DUE: 4/21/2016 DISC: 4/21/2016		1099: N		
		ENERGY EFFICIENCY REBATE		101 4117-89100-000	ENERGY REBATE PROGRAM	36.88
=== VENDOR TOTALS ===			36.88			
=====						
01-06931	U.S. POSTMASTER					
I-201604255765		BULK MAIL POSTAGE	215.00			
4/25/2016	APBNK	DUE: 4/25/2016 DISC: 4/25/2016		1099: N		
		BULK MAIL POSTAGE		101 4112-70500-000	POSTAGE	215.00
=== VENDOR TOTALS ===			215.00			
=====						
01-05870	XCEL ENERGY					
I-201604255767		CURTISS FIELD GAZEBO ELECT	23.82			
4/25/2016	APBNK	DUE: 4/25/2016 DISC: 4/25/2016		1099: N		
		CURTISS FIELD GAZEBO ELECT		101 4141-85020-000	ELECTRIC/GAS	23.82
=== VENDOR TOTALS ===			23.82			
=== PACKET TOTALS ===			10,008.42			

-----ID-----			GROSS	P.O. #		
ST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
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01-0250		AMERIPRIDE SERVICES				
I-1003451162		LINEN CLEANING	39.03			
5/02/2016	APBNK	DUE: 5/02/2016 DISC: 5/02/2016		1099: N		
		LINEN CLEANING		101 4124-82011-000	LINEN CLEANING	39.03
=== VENDOR TOTALS ===			39.03			
=====						
01-00900		BEISSWENGER'S				
I-929735		32 OZ WEED KILLER	79.98			
5/02/2016	APBNK	DUE: 5/02/2016 DISC: 5/02/2016		1099: N		
		32 OZ WEED KILLER		101 4141-70100-000	SUPPLIES	79.98
=== VENDOR TOTALS ===			79.98			
=====						
01-05380		BERGANKDV				
I-916439		INTERIM AUDIT 2015	11,500.00			
5/02/2016	APBNK	DUE: 5/02/2016 DISC: 5/02/2016		1099: N		
		INTERIM AUDIT 2015		101 4113-80310-000	AUDIT	11,500.00
=== VENDOR TOTALS ===			11,500.00			
=====						
01-05422		BP				
I-201605035778		FUEL	460.26			
5/03/2016	APBNK	DUE: 5/03/2016 DISC: 5/03/2016		1099: N		
		FUEL		101 4132-74000-000	MOTOR FUEL & LUBRICANTS	460.26
=== VENDOR TOTALS ===			460.26			
=====						
01-0749		BUREAU CRIMINAL APPREHEN.				
I-201605025776		BACKGROUND CHECK	34.75			
5/02/2016	APBNK	DUE: 5/02/2016 DISC: 5/02/2016		1099: N		
		BACKGROUND CHECK		101 4141-89000-000	MISCELLANEOUS	34.75
=== VENDOR TOTALS ===			34.75			
=====						
01-03123		CINTAS CORPORATION #470				
I-470742361		SHOP TOWELS, CLEANER, SOAP, T	289.37			
4/27/2016	APBNK	DUE: 4/27/2016 DISC: 4/27/2016		1099: N		
		SHOP TOWELS, CLEANER, SOAP, TP		101 4131-70110-000	SUPPLIES	289.37
I-470745677		BLACK MATS	52.84			
5/03/2016	APBNK	DUE: 5/03/2016 DISC: 5/03/2016		1099: N		
		BLACK MATS		101 4131-70110-000	SUPPLIES	52.84
=== VENDOR TOTALS ===			342.21			

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-290		CITY OF ROSEVILLE				
=====						
I-221384		ENGINEERING SERVICES	2,784.46			
4/27/2016	APBNK	DUE: 4/27/2016 DISC: 4/27/2016		1099: N		
		ENGINEERING SERVICES		101 4133-80100-000	ENGINEERING SERVICES	2,433.23
		ENGINEERING-2017 STREET PROJ		419 4419-92059-000	2017 STREET PROJECT	351.23
=====						
I-221393		APRIL IT SERVICES	1,831.25			
4/27/2016	APBNK	DUE: 4/27/2016 DISC: 4/27/2016		1099: N		
		APRIL IT SERVICES		101 4116-85070-000	TECHNICAL SUPPORT	1,831.25
=====						
I-221426		APRIL PHONE SERVICES	281.12			
4/27/2016	APBNK	DUE: 4/27/2016 DISC: 4/27/2016		1099: N		
		APRIL PHONE SERVICES		101 4116-85010-000	TELEPHONE	281.12
		=== VENDOR TOTALS ===	4,896.83			
=====						
01-05119		GFOA				
=====						
I-201604285774		CAFR REVIEW FEE	370.00			
4/28/2016	APBNK	DUE: 4/28/2016 DISC: 4/28/2016		1099: N		
		CAFR REVIEW FEE		101 4113-89000-000	MISCELLANEOUS	370.00
		=== VENDOR TOTALS ===	370.00			
=====						
01-05244		HENNEPIN TECH COLLEGE				
=====						
I-351216		FIRE FIGHTER TRAINING	550.00			
5/03/2016	APBNK	DUE: 5/03/2016 DISC: 5/03/2016		1099: N		
		FIRE FIGHTER TRAINING		101 4124-86020-000	TRAINING	550.00
		=== VENDOR TOTALS ===	550.00			
=====						
0-53		HOME DEPOT CRC/GECF				
=====						
I-201605025777		SHOP FLOOR GRATE, SUPPLIES	166.02			
5/02/2016	APBNK	DUE: 5/02/2016 DISC: 5/02/2016		1099: N		
		SHOP FLOOR GRATE, SUPPLIES		101 4131-70110-000	SUPPLIES	166.02
		=== VENDOR TOTALS ===	166.02			
=====						
01-05660		HUBER PLUMBING CO				
=====						
I-P16-12		REFUND PLUMBING PERMIT	59.00			
5/03/2016	APBNK	DUE: 5/03/2016 DISC: 5/03/2016		1099: N		
		REFUND PLUMBING PERMIT		101 32230-000	PLUMBING PERMITS	59.00
		=== VENDOR TOTALS ===	59.00			

PACKET: 01381 MAY 3 PAYABLES
 VENDOR SET: 01 City of Falcon Heights
 SEQUENCE : ALPHABETIC
 DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-235		JAN-PRO CLEANING SYSTEMS				
=====						
I-56340		MAY CLEANING SERVICES	205.00			
5/03/2016	APBNK	DUE: 5/03/2016 DISC: 5/03/2016		1099: N		
		MAY CLEANING SERVICES		101 4131-87010-000	CITY HALL MAINTENANCE	205.00
		=== VENDOR TOTALS ===	205.00			
=====						
01-05693		MIDWEST ASPHALT CORPORATION				
=====						
I-183		DUMP ASPHALT RUBBLE	18.00			
5/02/2016	APBNK	DUE: 5/02/2016 DISC: 5/02/2016		1099: N		
		DUMP ASPHALT RUBBLE		101 4141-87120-000	FACILITIES & GROUND MAIN	18.00
		=== VENDOR TOTALS ===	18.00			
=====						
01-05731		MN DEPARTMENT OF LABOR INDUSTR				
=====						
I-24824123015		1ST QTR PERMIT SURCHARGE	124.02			
5/02/2016	APBNK	DUE: 5/02/2016 DISC: 5/02/2016		1099: N		
		1ST QTR PERMIT SURCHARGE		101 20801-000	DUE TO OTHER GOVERNMENTS	124.02
		=== VENDOR TOTALS ===	124.02			
=====						
01-05843		MN NCPERS LIFE INSURANCE				
=====						
I-201604275773		MAY LIFE INSURANCE	80.00			
4/27/2016	APBNK	DUE: 4/27/2016 DISC: 4/27/2016		1099: N		
		MAY LIFE INSURANCE		101 21709-000	OTHER PAYABLE	45.44
		MAY LIFE INSURANCE		201 21709-000	OTHER PAYABLE	4.00
		MAY LIFE INSURANCE		601 21709-000	OTHER PAYABLE	20.32
		MAY LIFE INSURANCE		602 21709-000	OTHER PAYABLE	10.24
		=== VENDOR TOTALS ===	80.00			
=====						
01-06030		OLSON,ROLAND				
=====						
I-201605035779		REIMB MILEAGE	22.90			
5/03/2016	APBNK	DUE: 5/03/2016 DISC: 5/03/2016		1099: N		
		REIMB MILEAGE		101 4113-86010-000	MILEAGE	22.90
		=== VENDOR TOTALS ===	22.90			

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-024		ON SITE SANITATION				
I-241340		COMM PARK TOILETS	75.00			
5/02/2016	APBNK	DUE: 5/02/2016 DISC: 5/02/2016		1099: N		
		COMM PARK TOILETS		601 4601-85080-000	PORTABLE TOILET PARKS	75.00
=== VENDOR TOTALS ===			75.00			
=====						
01-05367		QUILL CORPORATION				
I-5317565		TONER/BINDERS/PENS	323.26			
5/03/2016	APBNK	DUE: 5/03/2016 DISC: 5/03/2016		1099: N		
		TONER/BINDERS/PENS		101 4112-70100-000	SUPPLIES	323.26
=== VENDOR TOTALS ===			323.26			
=====						
01-07228		CITY OF ST ANTHONY				
I-3394		MAY POLICE SVCS	54,418.83			
4/28/2016	APBNK	DUE: 4/28/2016 DISC: 4/28/2016		1099: N		
		MAY POLICE SVCS		101 4122-81000-000	POLICE SERVICES	54,418.83
=== VENDOR TOTALS ===			54,418.83			
=====						
01-00935		ST PAUL REGIONAL WATER SERVICE				
I-201604275772		WATER AND SS	534.44			
4/27/2016	APBNK	DUE: 4/27/2016 DISC: 4/27/2016		1099: N		
		CITY HALL WATER		101 4131-85040-000	WATER	60.16
		CITY HALL SS		101 4131-85070-000	SEWER	22.05
		COMM PARK WATER		101 4141-85040-000	WATER	282.57
		COMM PARK SS		101 4141-85070-000	SEWER	169.66
=== VENDOR TOTALS ===			534.44			
=====						
01-05374		TENNIS SANITATION LLC				
I-1607170		APRIL RECYCLING	5,769.00			
5/03/2016	APBNK	DUE: 5/03/2016 DISC: 5/03/2016		1099: N		
		APRIL RECYCLING		206 4206-82030-000	RECYCLING CONTRACTS	5,769.00
I-1607171		APRIL WASTE REMOVAL	66.50			
5/03/2016	APBNK	DUE: 5/03/2016 DISC: 5/03/2016		1099: N		
		APRIL WASTE REMOVAL		101 4131-82010-000	WASTE REMOVAL	66.50
=== VENDOR TOTALS ===			5,835.50			

PACKET: 01381 MAY 3 PAYABLES
 VENDOR SET: 01 City of Falcon Heights
 SEQUENCE : ALPHABETIC
 DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-0639		THRASHER, KATIE				

I-201604275771		MILEAGE REIMB	23.49			
4/27/2016	APBNK	DUE: 4/27/2016 DISC: 4/27/2016		1099: N		
		MILEAGE REIMB		101 4112-86010-000	MILEAGE & PARKING	23.49
		=== VENDOR TOTALS ===	23.49			
=====						
01-05870		XCEL ENERGY				

I-201605025775		AUTO PROTECT LIGHT, DEF SIREN	37.76			
5/02/2016	APBNK	DUE: 5/02/2016 DISC: 5/02/2016		1099: N		
		AUTO PROTECTIVE LIGHT		101 4141-85020-000	ELECTRIC/GAS	28.93
		CIVIL DEFENSE SIREN		101 4121-85020-000	ELECTRIC	8.83
		=== VENDOR TOTALS ===	37.76			
		=== PACKET TOTALS ===	80,196.28			
		fed withholdings	6815.88			
		st wihthholdings	1140.24			
		Pera	3090.17			
		Icma	800.00			

92,042.57

EMP #	NAME	AMOUNT
0013	PETER C LINDSTROM	316.17
01-0016	PAMELA M HARRIS	277.05
01-0021	JOSE A FISCHER	277.05
01-0022	RANDALL C GUSTAFSON	277.05
01-1005	SACK THONGVANH	2,817.34
01-1017	TIMOTHY J SANDVIK	1,497.91
01-1019	KATHLEEN N THRASHER	810.43
01-1136	ROLAND O OLSON	1,684.80
01-1159	SARA E ASCHENBECK	272.16
01-2154	MAUREEN A ANDERSON	93.81
01-1018	PAUL A MORETTO	1,743.54
01-0086	RICHARD H HINRICHS	847.77
01-0095	MICHAEL J POESCHL	118.90
01-0105	ANTON M FEHRENBACH	331.63
01-0123	BRYAN R SULLIVAN	113.53
01-0124	MICHAEL D KRUSE	113.53
01-1030	TIMOTHY J PITTMAN	2,470.46
01-1033	DAVE TRETSEVEN	1,451.90
01-1143	COLIN B CALLAHAN	1,468.55

TOTAL PRINTED: 19 16,983.58

7-2016 9:18 AM PAYROLL CHECK REGISTER
ROLL NO: 01 City of Falcon Heights

PAGE: 1
PAYROLL DATE: 4/27/2016

EMP NO	EMPLOYEE NAME	TYPE	CHECK DATE	CHECK AMOUNT	CHECK NO.
0000	BROWN THUNDER, JOSEPH C	R	4/27/2016	277.05	084777
	KURHAJETZ, CLEMENT	R	4/27/2016	105.05	084778
	GAFFNEY, PATRICK	R	4/27/2016	118.90	084779

4-27-2016 9:18 AM PAYROLL CHECK REGISTER
PAYROLL NO: 01 City of Falcon Heights

PAGE: 2
PAYROLL DATE: 4/27/2016

*** REGISTER TOTALS ***

REGULAR CHECKS:	3	501.00
DIRECT DEPOSIT REGULAR CHECKS:	19	16,983.58
MANUAL CHECKS:		
PRINTED MANUAL CHECKS:		
DIRECT DEPOSIT MANUAL CHECKS:		
VOIDED CHECKS:		
NON CHECKS:		
TOTAL CHECKS:	22	17,484.58

*** NO ERRORS FOUND ***

** END OF REPORT **

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The City That Soars!

REQUEST FOR COUNCIL ACTION

Meeting Date	May 11, 2016
Agenda Item	Policy G1
Attachment	Agreement & Resolution
Submitted By	Sack Thongvanh, City Administrator

Item	Solar Subscription Agreement with Geronimo Energy LLC and BHE Renewables, LLC
Description	<p>We are in the final stage of approval for the City of Falcon Heights to subscribe to a community solar garden with Geronimo Energy, LLC and BHE Renewables, LLC.</p> <p>We have received our cost saving analysis from Geronimo Energy. Based on our demand load, the City can expect a potential savings of \$23,730.27 over 25 years with an allocation of over 100,000 kwh. The City of Falcon Heights would retain \$.01 per kilo watt hour that is produced by Geronimo Energy.</p> <p>The garden will be located in Scandia, MN in Washington County. Expected construction will be 2016 or 2017.</p>
Budget Impact	
Attachment(s)	<ul style="list-style-type: none"> • Resolution 2016-16 Approving a Solar Subscription Agreement with Geronimo Energy LLC and BHE Renewables, LLC • Solar Subscription Agreement for each Premise
Action(s) Requested	Staff recommends that the Falcon Heights City Council approve the attached resolution to approve the Solar Subscription Agreement with Geronimo Energy LLC and BHE Renewables, LLC.

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The City of Falcon Heights Solar Rewards Cost Savings Analysis

March 10, 2016

XCEL ENERGY SOLAR*REWARDS PROGRAM OVERVIEW

In 2013, Minnesota State legislation directed Minneapolis-based utility, Xcel Energy, to create a program for community solar gardens (Minnesota Statute # 216b.1641). Xcel named the program the Xcel Energy Solar*Rewards Program, and it is overseen by the state's Public Utilities Commission. A community solar garden is a centralized, shared solar project connected to the energy grid that has multiple subscribers. Each subscriber receives a credit on their Xcel Energy electric bill based upon the production of the solar facility and their subscription share of that facility.

Xcel Energy Program Rules (apply to all community solar garden developments)

- Eligible gardens are up to 1 MW, and up to five gardens may be located next to one another.
- The program is limited to Xcel Energy customers in the state of Minnesota.
- Subscribers must be located within the same county, or within an adjacent county, to the subscribed solar garden location(s).
- Each subscriber may be allocated up to 40% of a single community solar garden.
- There is a minimum requirement of 5 subscribers per solar garden.

ABOUT GERONIMO ENERGY

Geronimo Energy is a North American utility-scale wind and solar development company based in Minneapolis, Minnesota. Geronimo has developed over 1,500 megawatts of contracted wind farms and solar projects throughout the United States and has a pipeline of projects that boast an aggregate nameplate capacity exceeding 3,000 megawatts of clean energy – roughly enough to power one million American homes. Geronimo solar projects provide clean electricity to utilities and other large energy consumers. Recent Geronimo Energy solar developments include the multi-store Slumberland Furniture installation and the internationally recognized Aurora Utility-Scale Distributed Solar Generation Project.

Geronimo's current community solar garden (CSG) subscribers span a variety of industries and geographic locations and include non-profits, colleges and universities, corporations, government agencies and residential units. Presently, Geronimo serves residential customers through its executed subscriptions with our non-profit, education and government organizations, which together make up nearly half of Geronimo's CSG subscription base.

GERONIMO ENERGY'S COMMUNITY SOLAR GARDENS

Geronimo Energy is actively working with and seeking subscribers. Like all Minnesota community solar garden developments, the energy produced by Geronimo's solar gardens will be delivered to Xcel's local distribution system under Xcel Solar*Rewards Community program.

Together with its finance partner, Geronimo provides a complete set of services to guarantee a superior level of service and reliability for subscribers. Subscribers under Geronimo's community solar garden program are ensured smooth implementation and operation of community solar garden projects, including subscription management, real-time solar production monitoring, and lifetime maintenance and facility upkeep.



GERONIMO ENERGY PROGRAM BENEFITS FOR SUBSCRIBERS

- **No upfront investment** or future capital requirements.
- **Annual energy savings** through a simple, straight-forward pricing structure.
- Xcel Energy remains your electricity provider.
- Geronimo’s CSG subscriptions are transferable.
- Work with one of the nation’s best and most **landowner-friendly** development companies.
- Enjoy the security of the financial backing from a global powerhouse.
- **Support renewable energy.**
- **Keep your energy dollars’ local.**
- Geronimo’s projects are *real* – advanced site control, permitting, and interconnection.
- **No maintenance or overhead** - each solar facility is professionally maintained.

GERONIMO ENERGY PROGRAM BENEFITS FOR THE CITY OF FALCON HEIGHTS

- There are (3) 1MW gardens open for new subscriptions within your County or adjacent Counties.
- Your average annual usage for the premises that you provided was approximately 100,740 kWh
- Subscribing to your lottery results allows you to offset of that load, however we have a total of 201,480 kWh available for you to use for your allocation to the program if you’d like to provide more premises.
- **First Year savings of \$1,007.40 OR 2,014.80** – at one penny (\$0.01) per kWh.
- **25 year savings of \$23,730.27 OR 47,460.53** – including a slight degradation factor of the garden at one half of one percent (0.5%) per year.

COMMUNITY SOLAR REWARDS PROGRAM COST SAVINGS

ALLOCATION OF 100,740 kWh (6% of 1MW)

Garden	Argo Navis 2	Annual Total
Year 1	\$ 1,007.40	\$ 1,007.40
Year 2	\$ 1,002.36	\$ 1,002.36
Year 3	\$ 997.35	\$ 997.35
Year 4	\$ 992.36	\$ 992.36
Year 5	\$ 987.40	\$ 987.40
Year 6	\$ 982.47	\$ 982.47
Year 7	\$ 977.55	\$ 977.55
Year 8	\$ 972.67	\$ 972.67
Year 9	\$ 967.80	\$ 967.80
Year 10	\$ 962.96	\$ 962.96
Year 11	\$ 958.15	\$ 958.15
Year 12	\$ 953.36	\$ 953.36
Year 13	\$ 948.59	\$ 948.59
Year 14	\$ 943.85	\$ 943.85
Year 15	\$ 939.13	\$ 939.13
Year 16	\$ 934.43	\$ 934.43
Year 17	\$ 929.76	\$ 929.76
Year 18	\$ 925.11	\$ 925.11
Year 19	\$ 920.49	\$ 920.49
Year 20	\$ 915.88	\$ 915.88
Year 21	\$ 911.30	\$ 911.30
Year 22	\$ 906.75	\$ 906.75
Year 23	\$ 902.21	\$ 902.21
Year 24	\$ 897.70	\$ 897.70
Year 25	\$ 893.21	\$ 893.21
25 Year Total	\$ 23,730.27	\$ 23,730.27

ALLOCATION OF 201,480 kWh (12% of 1MW)

Garden	Argo Navis 2	Annual Total
Year 1	\$ 2,014.80	\$ 2,014.80
Year 2	\$ 2,004.73	\$ 2,004.73
Year 3	\$ 1,994.70	\$ 1,994.70
Year 4	\$ 1,984.73	\$ 1,984.73
Year 5	\$ 1,974.81	\$ 1,974.81
Year 6	\$ 1,964.93	\$ 1,964.93
Year 7	\$ 1,955.11	\$ 1,955.11
Year 8	\$ 1,945.33	\$ 1,945.33
Year 9	\$ 1,935.60	\$ 1,935.60
Year 10	\$ 1,925.93	\$ 1,925.93
Year 11	\$ 1,916.30	\$ 1,916.30
Year 12	\$ 1,906.72	\$ 1,906.72
Year 13	\$ 1,897.18	\$ 1,897.18
Year 14	\$ 1,887.70	\$ 1,887.70
Year 15	\$ 1,878.26	\$ 1,878.26
Year 16	\$ 1,868.87	\$ 1,868.87
Year 17	\$ 1,859.52	\$ 1,859.52
Year 18	\$ 1,850.22	\$ 1,850.22
Year 19	\$ 1,840.97	\$ 1,840.97
Year 20	\$ 1,831.77	\$ 1,831.77
Year 21	\$ 1,822.61	\$ 1,822.61
Year 22	\$ 1,813.50	\$ 1,813.50
Year 23	\$ 1,804.43	\$ 1,804.43
Year 24	\$ 1,795.41	\$ 1,795.41
Year 25	\$ 1,786.43	\$ 1,786.43
25 Year Total	\$ 47,460.53	\$ 47,460.53

**Solar garden electric savings analysis is an estimate only. Variations will depend upon amount of allocation, available gardens, space in available gardens, permit approvals from cities and counties, interconnection agreement with Xcel Energy, and terms agreed upon with financial partner.*

**CITY OF FALCON HEIGHTS
COUNCIL RESOLUTION**

May 11, 2016

No. 16-16

RESOLUTION APPROVING A SOLAR SUBSCRIPTION AGREEMENT WITH GERONIMO ENERGY, LLC AND BHE RENEWABLES, LLC

WHEREAS, the City of Falcon Heights participated in the Request for Proposal (RFP) to be solar power as a subscriber; and

WHEREAS, the City of Falcon Heights participated in a lottery system, administrated by the MetCouncil and Great Plains Institution; and

WHEREAS, the City of Falcon Heights was allocated one ticket with a value of over 200,000 kWh; and

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Falcon Heights, Minnesota:

1. Approve the Solar Subscription Agreement with Geronimo Energy, LLC and BHE Renewables, LLC.
2. Authorize the Mayor and City Administrator to sign all necessary documents.

ADOPTED by the Falcon Heights City Council this 11th day of May, 2016.

Moved by:

Approved by: _____
Peter Lindstrom
Mayor

LINDSTROM _____ In Favor
BROWN THUNDER
HARRIS _____ Against
FISCHER
GUSTAFSON

Attested by: _____
Sack Thongvanh
City Administrator

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SOLAR GARDEN SUBSCRIPTION AGREEMENT

This Solar Garden Subscription Agreement (“*Agreement*”) is entered into as of the _____ day of _____, 20____ (the “*Effective Date*”) by and among Geronimo Energy, LLC, a Delaware limited liability company and BHE Renewables, LLC, a Delaware limited liability company (“*Owner*”), and City of Falcon Heights, a Minnesota municipal corporation (the “*Subscriber*”). In this Agreement, Owner and Subscriber are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

A. Owner intends to develop, operate and maintain a photovoltaic generation facility qualified as a “Community Solar Garden” pursuant to Minn. Stat. 216B.1641 (“*CSG Program*”) to be located at 21205 St. Croix Trail N, Scandia, MN 55073 (the “*Facility*”) and has entered or will enter into a Standard Contract for Solar Rewards Community (“*CSG Contract*”) with the local electric distribution company (the “*LDC*”). The designed capacity of the Facility shall be approximately 1,000 kW_{AC} (1,279 kW_{DC}) (subject to adjustment as described herein, the “*Facility Capacity*”);

B. The energy produced by the Facility will be delivered by Owner via interconnection of the Facility to the electric grid, to the LDC, which will calculate the monetary value of the energy received from the Facility per applicable utility tariff and convert that amount into credits per kilowatt hour (the “*Bill Credit Rate*” as defined in the CSG Contract) on the bills from LDC to the subscribers of Owner (“*Credits*”);

C. Owner will, in accordance with the terms hereof, and through the administrative process established by the LDC as approved by the Minnesota Public Utilities Commission (“*MPUC*”), allocate and sell the right to receive Credits to its subscribers according to their respective Allocations (as defined below);

D. Subscriber is an LDC customer (Premise. No. 303472923) and desires to purchase Credits from Owner in proportion to its expected consumption of electricity at 2077 Larpenteur Ave W, Saint Paul, MN 55113 (“*Customer Site*”).

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual premises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Subscriber and Owner agree as follows.

1. **Term.** The term of this Agreement shall commence on the Effective Date, and, unless terminated earlier pursuant to the provisions hereof, shall terminate on the 25th anniversary of the Commercial Operation Date (as defined below) (the “*Term*”). The Term shall not be extended by virtue of any period of disconnection or event of Force Majeure experienced by the Facility.

2. **Operation of the Facility.**

a. Owner shall operate the Facility during the Term so as to deliver all energy generated by the Facility to LDC in accordance with the CSG Contract and applicable LDC tariffs.

b. Owner shall maintain the Facility in good working order at all times during the Term, and shall operate the Facility in a manner reasonably intended to maximize the amount of Credits allocable to Subscriber, consistent with good custom and practice for operation of utility generating facilities.

3. **Sale and Purchase of Credits; Allocation.**

a. Owner shall promptly notify Subscriber of the Date of Commercial Operation of the Facility as established pursuant to the CSG Contract (“**Commercial Operation Date**”). In the event that the Commercial Operation Date is not achieved by December 31, 2017, and any of the following events or circumstances occur, either Party may terminate this Agreement, without liability, upon delivery of such notice to the other Party:

i. after timely application to the LDC (or other applicable distribution service provider whose system the Facility connects to deliver energy (the “**Distribution Provider**”) and commercially reasonable efforts to secure interconnection services, Owner has not received written confirmation and evidence that interconnection services will be available for the energy generated by the Facility at the Facility Capacity; or

ii. if the LDC or another party with the authority to do so disqualifies Owner or the Facility from participating in the CSG Program.

b. Owner shall allocate a portion of Facility Capacity to Subscriber consisting of 25.580 kW_{DC} (subject to update by Owner in connection with finalizing the Facility Capacity) equal to two percent (2.0%) of Facility Capacity (the “**Allocation**”). Owner shall provide to LDC the Allocation along with Subscriber’s name, LDC account number(s), and service address(es) (“**Subscriber Data**”).

c. Owner shall sell to Subscriber and Subscriber shall purchase from Owner, the right to receive an amount of Credits calculated on the basis of that portion of the total kilowatt hours (in AC) delivered by the Facility to LDC which corresponds to the Allocation. The Allocation shall be effective for each and every LDC Production Month (as defined in the CSG Contract) during the Term. Owner shall post Credits to Subscriber’s account monthly for invoicing pursuant to Section 4 of this Agreement (“**Subscriber’s Monthly Credits**”). Thus, where $x = \#$ of Credits, $y = \text{kWh}_{AC}$ delivered in a Production Month, and $a = \text{Allocation}$, $x = y \times a$.

4. **Price and Payment.**

a. For the right to receive Credits generated by the Facility each month, Subscriber shall pay to Owner an amount equal to the product of (i) the corresponding Subscriber’s Monthly Credits, and (ii) the Bill Credit Rate then applicable to the LDC’s Solar Rewards Community Program minus one cent (\$.01) (the “**Monthly Allocation Payment**”).

b. Beginning with the second calendar month following the Commercial Operation Date, Owner shall invoice Subscriber, utilizing Subscriber’s preferred invoicing service, for the Monthly Allocation Payment for the Credits posted to Subscriber’s account since the prior invoice date. Subscriber shall make its payments to Owner no later than thirty (30)

days following receipt of the applicable invoice. Owner shall include with each invoice, a copy of the LDC statement delivered to Owner that indicates the kWh_{AC} upon which the LDC calculates the Credit to Subscriber.

5. **Records and Audits.**

a. Upon request by Subscriber, Owner shall provide (i) evidence of the accuracy of its metering equipment for the Facility and/or (ii) such other information and records requested by Subscriber to enable Subscriber to verify the accuracy of the Credits awarded by the LDC and any other calculation and/or measurements described in this Agreement.

b. Owner shall provide reports to Subscriber (i) monthly, containing the energy produced by the Facility, and (ii) annually, containing an audited financial statement of Owner, and a current statement of management, financing parties, and operatorship of Owner. Subscriber may provide comments to Owner on the accuracy and completeness of the annual reports, and shall provide a copy of any such comments to LDC.

c. As required by Minnesota Statutes, section 16C.05, subdivision 5, the records, books, documents, and accounting procedures and practices of Owner and of any subcontractor of Owner relating to work performed pursuant to this Agreement shall be subject to audit and examination by the Subscriber and the Legislative Auditor or State Auditor as described in such subdivision. Owner and any subcontractor of Owner shall permit, upon reasonable advance written notice, the Subscriber or its designee to inspect, copy, and audit its accounts, records, and business documents at any reasonable time during regular business hours, as they may relate to the performance under this Agreement. Audits conducted by the Subscriber under this provision shall be in accordance with generally accepted auditing standards.

6. **Taxes.**

a. Subscriber shall be solely liable for sales or similar taxes imposed by a governmental entity, if any, attributable to the sale of Credits allocated to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any investment tax credit or other tax benefits related to ownership of the Facility.

7. **Representations, Warranties and Covenants.**

a. Each Party represents and warrants to the other Party:

i. The Party is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party; and

iv. To the best of its knowledge, there is no litigation, action, proceeding or investigation pending before any court or other Governmental Authority by, against, affecting or involving its ability to carry out the transactions contemplated herein.

b. Owner represents, warrants, and covenants to Subscriber:

i. Owner has, or in the ordinary course will obtain, all licenses, permits and any other required documents to construct and operate the Facility;

ii. Owner shall perform its obligations under the CSG Contract and otherwise comply with all provisions of the CSG Program and other applicable tariffs.

iii. Except as may be required by law or regulation, or with Subscriber's consent, Owner will not publicly disclose Subscriber's LDC account information, energy usage data, or Credits.

c. Subscriber represents, warrants, and covenants to Owner:

i. Subscriber's average annual energy consumption for its subscribing account(s) over the two year period prior to the Effective Date is 35,908 kWh_{AC};

ii. Subscriber shall not install or procure any other distributed generation resource(s) serving Subscriber's premises to which energy is delivered by LDC under Account No. 51-6172922-4, which resource(s), when combined with the Allocation, may generate energy (including energy upon which the Credits are based) exceeding one hundred twenty percent (120%) of Subscriber's average annual energy consumption over the twenty-four (24) months prior to such installment or procurement.

iii. Within thirty (30) days of request by Owner, which request shall be made not sooner than the date of commencement of construction of the Facility, Subscriber shall complete, execute, and deliver to Owner the Subscriber Agency Agreement in the form attached hereto as Exhibit A. Upon execution, all of the information and statements of Subscriber provided therein shall be accurate.

iv. Subscriber understands and agrees it will have no interest in or entitlement to (a) benefits or derivatives of "Unsubscribed Energy" or "RECs" associated with the Facility as each is defined in the CSG Contract; and (b) incentives under the MN Department of Commerce's Made in Minnesota program and LDC's Solar Rewards program associated with the Facility.

8. **Performance Guarantee**. Owner hereby guarantees that in every period of two consecutive calendar years during the Term, beginning with the first full calendar year, Owner will provide Credits from operation of the Facility in an amount not less than ninety percent (90%) of Expected Deliveries (weather adjusted) which will be set forth on Exhibit B hereto (the "***Guaranteed Performance***") not later than the date of commencement of construction of the Facility. Owner shall pay Subscriber one cent (\$.01) per Credit to the extent the actual number of Credits purchased by Subscriber during any such two year period (the "***Measurement Period***") is less than the Guaranteed Performance for the entire Measurement Period (combining

the Expected Deliveries for both calendar years). Such payment shall be Subscriber's sole remedy for default by Owner under this Section 8. Owner shall have no liability under this Section 8 if the Facility's failure to achieve Guaranteed Performance is due to an event of Force Majeure.

9. Default.

a. Events of Default. The following shall each constitute an Event of Default by a Party:

i. The Party fails to make any material payment due under this Agreement within thirty (30) days after delivery of notice from the other Party that such payment is overdue.

ii. The Party materially fails to perform or comply with any material representation, warranty, obligation, covenant or agreement set forth in this Agreement and such failure continues for a period of thirty (30) days after delivery of notice thereof from the other Party.

iii. The Party is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Force Majeure. Except as specifically provided herein, if by reason of Force Majeure, a Party is unable to carry out, either in whole or in part, any of its obligations herein contained, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party, within a reasonable time after the occurrence of the Force Majeure event, gives the other Party notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the non-performing Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "***Force Majeure***" as used in this Agreement shall mean an event or circumstances beyond the reasonable control of a Party and not resulting from the Party's negligence, including, but not limited to fire, acts of God, earthquake, flood or other casualty or accident; break down or failure of the Distribution Provider's electric distribution system; serial equipment defect; strikes or labor disputes; war, civil strife or other violence; and any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility.

Either Party may terminate this Agreement upon 15 days' written notice to the other Party if any event of Force Majeure affecting such other Party has been in existence for a period of 180 consecutive days or longer, unless such event of Force Majeure expired before the end of the 15 day notice period.

10. Remedies; Limitation of Liability; Waiver.

a. Remedies. Subject to the limitations set forth in this Agreement, the Parties each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Parties hereto under this Agreement. Under no circumstances shall Owner's liability for breach of this Agreement exceed, in any one calendar year, an amount equal to (i) the Allocation percentage times (ii) \$15,000; provided, however that such limitation shall not apply to damages arising out of the sale or allocation by Owner to a third party of the Credits allocated and committed to Subscriber hereunder. For example, if the Allocation is 40%, then the limit described in the preceding sentence shall equal $40\% \times \$15,000$ or \$6,000 total.

b. Owner Damages. In the event of Subscriber's breach, repudiation, or termination of this Agreement in violation of the provisions hereof, Owner shall be entitled to recover from Subscriber (subject to Owner's duty to mitigate damages including its duty to try and find a replacement subscriber): (i) the unpaid Monthly Allocation Payments due at the time of termination; and (ii) Owner's actual, reasonable, and verifiable damages resulting from Subscriber's breach. Any post-termination Monthly Allocation Payments that may qualify as damages under this section, will be calculated-based upon the Schedule of Expected Deliveries of Credits (Exhibit B, hereto), and the Bill Credit Rate at the time of Subscriber's breach of this Agreement.

c. Limitation of Liability. EXCEPT AS EXPRESSLY ALLOWED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT OR PUNITIVE DAMAGES OF ANY CHARACTER, RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF A PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER THEORY AT LAW OR EQUITY.

d. Exclusions. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 10, THE LIMITATIONS OF THIS SECTION 10 DO NOT APPLY TO A CLAIM FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; FOR FAILURE TO COMPLY WITH LAWS; FOR INDEMNIFICATION; FOR BREACH OF CONFIDENTIALITY OR FOR INTELLECTUAL PROPERTY INFRINGEMENT.

11. Early Termination.

a. Either Party may terminate this Agreement on notice thereof to Subscriber in the event that Owner is unable to obtain financing for the Facility on commercially reasonable terms on or before December 31, 2017.

b. If Owner fails to perform under this Agreement due to an event of Force Majeure that lasts more than twelve (12) months or fails to restore the Facility to full operation at Capacity within twelve (12) months following an event of Force Majeure causing damage to the Facility, Subscriber shall have the right to terminate this Agreement by giving Owner at least

sixty (60) days prior notice of its intent to terminate based on such failure(s). Any such notice of termination shall be given within three (3) months of such failure(s). In the event of termination pursuant to this Section 11(b), Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the six month period following the expiration of such twelve (12) month period.

c. In the event (i) the CSG Contract is terminated based on Owner's breach thereof or (ii) Owner materially breaches its obligations of performance in this Agreement and such breach is not cured within thirty (30) days after Owner receives written notice of such breach from Subscriber (provided, however, that if such breach is not capable of being cured within such thirty-day period and Owner has commenced and diligently continued actions to cure such breach within such thirty-day period, the cure period shall be extended to 180 days, so long as Owner is making diligent efforts to do so), then Subscriber may terminate this Agreement as provided in this Section 11. In the event of a termination by Subscriber described in the preceding sentence, Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the calendar year following termination according to the Schedule of Expected Deliveries, Exhibit B.

d. The Parties agree that actual damages in the event of termination of this Agreement as specified in Sections 11(b) and 11(c), would be difficult to calculate and that the liquidated damages specified herein are a reasonable approximation of such actual damages.

12. **Assignment**. No Party shall assign or in any manner transfer this Agreement or any part thereof except in connection with (a) Subscriber's assignment to a party approved in advance by Owner, with such approval not unreasonably withheld, on the bases of (i) creditworthiness, (ii) the party's eligibility under the Solar Rewards Community Program, (iii) Subscriber's payment to Owner of seven hundred fifty dollars (\$750) to cover Owner's administrative expenses associated with the transfer (the "***Transfer Fee***") and (iv) other factors evidencing an increase in a material risk of a breach of this Agreement, (b) Owner's assignment of this Agreement to any Affiliate that owns or, by long-term lease, controls the Facility, provided that such Affiliate has the same or better credit strength and has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; (c) Owner's collateral assignment of this Agreement to any financial institution that provides financing for the Facility (including a financial institution that enters into a sale/leaseback transaction with respect to the Facility) that has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder upon the foreclosure or conveyance in lieu thereof, and, in connection with any collateral assignment of this Agreement, Subscriber agrees to comply with the lender accommodations set forth in Exhibit C to this Agreement; (d) Owner's assignment of this Agreement, prior to the Commencement of Operations Date, to another operator/owner of a community garden facility, in the same County and qualified under the Solar Rewards Community Program which has sufficient capacity to accept Subscriber's Allocation, has the same or better credit strength, and agrees in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; or (e) Subscriber's assignment of this Agreement to any of its Affiliates or successor entity if the Minnesota legislature reassigns responsibility for the services provided by Metropolitan Council (without change of service address) provided that such Affiliate or successor entity has the same or better credit strength.

13. Miscellaneous.

a. LDC Disputes. Owner shall be solely responsible for resolving any dispute with LDC regarding the production of energy by the Facility. Subscriber shall be solely responsible for resolving any dispute with LDC regarding the calculation of the Bill Credit Rate.

b. Notices.

i. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be deemed delivered upon mailing, deposit with a courier for hand delivery, or electronic transmission, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or email transmission.

ii. Subscriber shall promptly notify Owner of any changes in Subscriber Data.

The notices and communications shall be sent to the following addresses:

If to Owner:

BHE Renewables, LLC
Program Manager – MN Community Solar Gardens
1850 N. Central Ave.
Suite 1025
Phoenix, AZ 85004
BHERenewables@bherenewables.com
515-252-6677

If to Subscriber:

City of Falcon Heights
2077 W. Larpenteur Ave
Falcon Heights, MN 55113

c. Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Minnesota without reference to any choice of law principles.

e. Dispute Resolution.

i. Amicable Settlement. The Parties shall attempt in good faith to resolve all disputes arising in connection with the interpretation or application of the provisions of this Agreement or in connection with the determination of any other matters arising under this Agreement by mutual agreement.

ii. Continuation of Performance. During the pendency of any dispute hereunder, the Parties shall continue to perform their respective obligations under this Agreement.

iii. Equitable Relief. Nothing in this Agreement shall be construed to preclude either Party from seeking or obtaining urgent equitable or injunctive relief from a court of law in relation to this Agreement.

iv. Venue and Jurisdiction. The Parties agree that the courts of the State of Minnesota and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law.

f. Insurance. With respect to the services provided pursuant to this Agreement, Owner shall at all times during the term of this Agreement and beyond such term when so required have and keep in force the following insurance coverages and limits:

i. Commercial General Liability on an occurrence basis with contractual liability coverage:

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	\$1,500,000

ii. Workers' Compensation and Employer's Liability:

Workers' Compensation	Statutory
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(If Owner is based outside the state of Minnesota, coverage must comply with Minnesota Law).

iii. Employer's Liability. Bodily injury by:

Accident—Each Accident	\$500,000
Disease—Policy Limit	\$500,000
Disease—Each Employee	\$500,000

An umbrella or excess policy over primary liability insurance coverages is an acceptable method to provide the required insurance limits.

The above establishes minimum insurance requirements. It is the sole responsibility of Owner to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, Owner shall promptly submit copies of insurance policies to Subscriber.

iv. Owner shall not commence work until it has obtained required insurance and filed with Subscriber a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Subscriber as the certificate holder and as an additional insured for the liability coverage(s) for all operations covered under this Agreement. Owner shall furnish to Subscriber updated certificates during the term of this Agreement as insurance policies expire.

g. Compliance with Law. Owner shall comply with all laws (including common laws), ordinances, codes, rules and regulations (collectively, “*Laws*”) regarding Owner’s obligations and performance under this Agreement. Owner shall obtain and maintain any and all permits, licenses, bonds, certificates and other similar approvals required in connection with this Agreement. In the event of an allegation that Owner has failed to comply with any Laws or failed to obtain any and all permits, licenses, bonds, certificates and/or any other similar approvals required in connection with this Agreement, Owner shall pay any fines or penalties imposed upon Subscriber as a result of such failure and shall reimburse Subscriber for any expenses (including attorneys’ fees) incurred by Subscriber in responding to such allegation.

h. Entire Agreement. This Agreement, and all documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

i. No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of another Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Subscriber and Owner hereunder are individual and neither collective nor joint in nature.

j. Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by each Party to this Agreement or its successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

l. Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by this Agreement.

m. Survival. The provisions of Sections 10, (Remedies, Limitation of

Liability; Waiver), 13(c) (Severability), 13(d) (Governing Law), and 13(e) (Dispute Resolution) shall survive the expiration or earlier termination of this Agreement for a period of six (6) years thereafter.

n. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed to create any duty to or standard of care with reference to, or any liability to, or any benefit for, any person not a party to this Agreement.

o. Confidentiality. Each Party agrees that it will not disclose Not Public Data (as hereinafter defined), directly or indirectly, under any circumstances or by any means (excluding disclosures to the LDC or as are required as a participant in the CSG Program), to any third person without the express written consent of the other Party unless such disclosure is permitted by the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, or required by applicable Law. “*Not Public Data*” means, not public data as defined in Minnesota Statutes § 13.02, subd. 8a (2014).

p. Data Practices.

i. Consistent with Minnesota Statutes, section 13.05, subdivision 6, if any data on individuals is made available to Owner by the Subscriber under this Agreement, Owner will administer and maintain any such data in accordance with Minnesota Statutes, Chapter 13 (the “*Minnesota* Government Data Practices Act”), and any other statutory provisions applicable to the data. If and to the extent that Minnesota Statutes, section 13.05, subdivision 11, is applicable to this Agreement, then: (A) all of the data created, collected, received, stored, used, maintained, or disseminated by Owner in performing this Agreement are subject to the requirements of the Minnesota Government Data Practices Act; (B) Owner must comply with those requirements as if it were a government entity; and (C) the remedies in Minnesota Statutes, section 13.08 apply to Owner.

ii. Consistent with Minnesota Statutes, section 13.055, if “private data on individuals,” “confidential data on individuals” or other “not public data” are provided to or made accessible to Owner by the Subscriber, Owner must: (A) have safeguards to ensure private or confidential data on individuals or other not public data are only accessible or viewable by Owner employees and agents whose work assignments in connection with the performance of this Agreement reasonably require them to have access to the data; (B) immediately notify the Subscriber of any unauthorized access by Owner employees and agents, and unauthorized access by third parties; (C) fully cooperate with Subscriber investigations into any breach in the security of private or confidential data on individuals or other not public data that may have occurred in connection with Owner’s access to or use of the data; and (D) fully cooperate with the Subscriber in fulfilling the notice and reporting requirements of Minnesota Statutes, section 13.055. The penalties in Minnesota Statutes, section 13.09 governing unauthorized acquisition of not public data apply to Owner and Owner employees and agents. If Owner is permitted to use a subcontractor to perform Owner’s work under this Agreement, Owner shall incorporate these data practices provisions into the subcontract.

iii. If Owner receives a request to release data referred to in this section, Owner must immediately notify the Subscriber. The Subscriber will give Owner instructions concerning the release of the data to the requesting party before the data is released.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF FALCON HEIGHTS

By: _____

Name: Peter Lindstrom

Title: Mayor

By: _____

Name: Sack Thongvanh

Title: City Administrator

GERONIMO ENERGY, LLC

By: _____

Name: Jeffrey R. Ringblom

Title: Vice President of Finance and Accounting

BHE RENEWABLES, LLC

By: _____

Name: Eric Besseling

Title: Authorized Representative

EXHIBIT A

Subscriber Agency Agreement and Consent Form

Solar*Rewards Community

Subscriber Agency Agreement and Consent Form

The undersigned ("**Subscriber**") has a Subscription to the following Community Solar Garden:

Community Solar Garden Name:	_____
Community Solar Garden Address:	<u>21205 St. Croix Trail N, Scandia, MN 55073</u>
Community Solar Garden Operator:	_____
Community Solar Garden contact information for Subscriber questions and complaints:	
Address (if different from above):	1850 N. Central Avenue, Suite 1025, Phoenix, AZ 58004_____
Telephone number:	515-252-6677_____
Email address:	BHERenewables@bherenewables.com_____
Web Site URL:	http://www.bherenewables.com_____

Subscriber Name:	<u>City of Falcon Heights</u>
Subscriber's Account Number with Northern States Power Company:	<u>51-6172922-4</u>
Subscriber Service Address where receiving electrical service from Northern States Power Company:	<u>2077 Larpenteur Ave W, Saint Paul, MN 55113</u>

By signing this Solar Rewards Community Subscriber Agency Agreement and Consent Form, the Subscriber agrees to all of the following:

1. Assignment of Renewable Energy Credits (“RECs”), Energy and Capacity to Northern States Power Company, a Minnesota corporation. The Subscriber agrees that the Community Solar Garden Operator has authority to assign all energy produced and capacity associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and the Subscriber agrees that all energy produced, and capacity associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company. The Subscriber also agrees that the Community Solar Garden Operator has authority to assign all RECs associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and that if the Community Solar Garden or a person or entity on its behalf has assigned the RECs to Northern States Power Company, then all RECs associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company.

2. Tax Implications. The Community Solar Garden Operator has provided the Subscriber with a statement that Northern States Power Company makes no representations concerning the taxable consequences to the Subscriber with respect to its Bill Credits to the Subscriber or other tax issues relating to participation in the Community Solar Garden.

3. Northern States Power Company hereby discloses to the Subscriber that it recognizes that not all production risk factors, such as grid-failure events or atypically cloudy weather, are within the Community Solar Garden Operator's control.

4. Information Sharing. Participating in the Solar*Rewards Community Program will require sharing **Subscriber's Account Information** (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and **Subscriber's Energy Use Data** (the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden). The following outlines the type of information that will be shared, and how that information will be used.

a. Subscriber's Account Information and Subscriber Energy Usage Data. The Subscriber authorizes Northern States Power Company to provide the Community Solar Garden Operator (and the Community Solar Garden Operator's designated subcontractors and agents) with the Subscriber's Account Information and Subscriber's Energy Usage Data as described in Section 4 above. This information is needed to allow the Community Solar Garden Operator determine the extent to which the Subscriber is entitled to participate in the Community Solar Garden, and to validate the amount of the Bill Credits to be provided by Northern States Power Company to the Subscriber. The current data privacy policies of Northern States Power Company applicable to its Solar*Rewards Community Program provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above are attached as Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form.**

These privacy policies include definitions of “Subscriber's Account Information” and "Subscriber's Energy Usage Data."

b. Subscriber's Subscription Information: The Subscriber authorizes the Community Solar Garden Operator to provide information to Northern States Power Company identifying the Subscriber (with the Subscriber's name, service address, and account number) and detailing the Subscriber's proportional share in kilowatts of the Community Solar Garden and to provide additional updates of this information to Northern States Power Company as circumstances change. This information is needed to allow Northern States Power Company to properly apply Bill Credits for the photovoltaic energy generated by the Community Solar Garden. Also, this information is needed to allow Northern States Power Company to send to the Subscriber notices or other mailings pertaining to their involvement in the Solar*Rewards Community Program. The Community Solar Garden Operator shall not disclose Subscriber information in annual reports or other public documents absent explicit, informed consent from the Subscriber. The Community Solar Garden Operator will not release any Subscriber data to third parties except to fulfill the regulated purposes of the Solar*Rewards Community Program, to comply with a legal or regulatory requirement, or upon explicit, informed consent from the Subscriber.

c. Aggregate Information. Aggregate information concerning production at the Community Solar Garden may be publicly disclosed to support regulatory oversight of the Solar*Rewards Community Program. This includes annual reports available to the public related to specific Community Solar Gardens, including but not limited to production from the Community Solar Gardens; size, location and the type of Community Solar Garden subscriber groups; reporting on known complaints and the resolution of these complaints; lessons learned and any potential changes to the Solar*Rewards Community Program; reporting on Bill Credits earned and paid; and reporting on the application process. Aggregated information will not identify individual Subscribers or provide Subscriber-Specific Account Information, Subscriber-Specific Energy Usage Data or Subscriber-specific Bill Credits unless a Subscriber provides explicit informed consent. Depending on the nature of the aggregated information, however, it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden. The Subscriber agrees to the inclusion of its production information in the creation of the aggregated information. The Community Solar Garden Operator will not use aggregated information for purposes unrelated to the Solar*Rewards Community Program without first providing notice and obtaining further consent, unless the aggregated information is otherwise available as public information. The policies of Northern States Power Company related to sharing aggregated information are part of the data privacy policies contained in the attached Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form** and should be provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above.

d. Information Requests from the MPUC or the Department of Commerce. The Subscriber agrees that the Community Solar Garden Operator and Northern States Power Company are authorized to provide any information they possess related to the

Subscriber or the Subscriber's participation in the Community Solar Garden to the Minnesota Public Utilities Commission (MPUC), the Minnesota Department of Commerce, or the Minnesota Office of Attorney General. This information is needed to allow proper regulatory oversight of Northern States Power Company and of the Solar*Rewards Community Program.

e. Liability Release. Northern States Power Company shall not be responsible for monitoring or taking any steps to ensure that the Community Solar Garden Operator maintains the confidentiality of the Subscriber's Account Information, the Subscriber's Energy Usage or the Bill Credits received pertaining to the Subscriber's participation in the Community Solar Garden. However, Northern States Power Company shall remain liable for its own inappropriate release of Subscriber's Account Information and Subscriber's Energy Use Data.

f. Duration of Consent. The Subscriber's consent to this information sharing shall be ongoing for the Term of the CSG Contract between the Community Solar Garden Operator and Northern States Power Company, or until the Subscriber no longer has a Subscription to the Community Solar Garden and the Community Solar Garden Operator notifies Northern States Power Company of this fact through the CSG Application System. Provided, however, the Subscriber's consent shall also apply thereafter to all such information of the Subscriber pertaining to that period of time during which the Subscriber had a Subscription to the Community Solar Garden.

g. Modification. The above provisions addressing data privacy and in Exhibit 1 shall remain in place until and unless other requirements are adopted by the MPUC in its generic privacy proceeding, Docket No. E,G999/CI-12-1344, or other MPUC Order. Northern States Power Company shall file necessary revisions to its tariffs and contracts within thirty (30) days of such Order.

Subscriber's Name: City of Falcon Heights

Subscriber's Signature: _____
Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

Date: _____

**Exhibit 1 to
Solar*Rewards Community Subscriber Agency Agreement and Consent Form**

**Data Privacy Policies of Northern States Power Company Pertaining to the Solar*Rewards
Community Program**

The data privacy policies of Northern States Power Company pertaining to the Solar*Rewards Community Program are as follows and may be changed from time to time as filed in the Company's tariff or as otherwise may be authorized by the Minnesota Public Utilities Commission ("MPUC"):

Definitions

Unless indicated otherwise, the same definition and meaning of terms in this document are the same as contained in the Standard Contract for Solar*Rewards Community. For ease of reference, here are some of the specific definitions:

“Company” means Northern States Power Company, a Minnesota Corporation, and its affiliates and agents.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers' Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more Subscriptions of a community solar garden interconnected with the Company.

“Subscriber’s Account Information” consists of the Subscriber's name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, and Subscriber specific Bill Credit(s).

“Subscriber's Energy Usage Data” includes the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden.

Overview

This section addresses how Subscriber's Account Information and Subscriber's Energy Usage Data will be collected, used and shared as part of participation in the Solar*Rewards Community Program.

1. How Subscriber's Account Information and Energy Usage Data Will Be Exchanged

a. Subscriber Specific Information

Once a Subscriber has executed a Subscriber Agency Agreement and Consent Form, an ongoing data exchange will occur between the Company and a Community Solar Garden Operator (and their designated subcontractors and agents):

(i) The Company will disclose the following Subscriber-specific information to the Community Solar Garden Operator:

- Subscriber's Account Information
- Subscriber's Energy Usage Data
- Bill credits

(ii) The Community Solar Garden Operator will disclose to the Company the following Subscriber-specific information:

- Subscriber's Account Information
- Community Solar Garden Allocation for each Subscriber's Subscription stated in kW
- Production data related to the PV System
- Monthly Subscription Information

b. Aggregated Subscriber Information

Aggregated Subscriber information will be reported as part of Permitted Public Reporting, outlined in Section 2(b) below.

To be considered "aggregated" the reported information must include information attributable to all Subscribers participating in a specific Solar*Rewards Community program site, which based on program requirements will contain a minimum of five Subscribers. Depending on the nature of the aggregated information, however, from this information alone or in combination with other publicly available information it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden.

2. How Subscriber's Information Will Be Used

The following outlines how the Subscriber's Account Information and Subscriber Energy Usage Data will be used as part of the Solar*Rewards Community Program.

a. Program Management

As part of administering the Solar*Rewards Community program, the Solar Garden Operator and the Company may provide information related to the Subscriber and/or the Community Solar Garden to:

- the MPUC
- the Minnesota Department of Commerce
- the Minnesota Office of Attorney General
- Other governmental or private entities as required by law or regulation

Account Information and Subscriber's Energy Usage Data to service providers, agents, or contracted agents who support the program on its behalf. The Company prohibits these service providers from using or disclosing the Subscriber's information except as necessary to perform these specific services or to comply with legal requirements. More information about the Company's general privacy practices is explained in its Privacy Policy available on www.xcelenergy.com.

b. Permitted Public Reporting

The Subscriber's Energy Usage Data of each participating Subscriber to a Community Solar Garden will be combined and reported in the aggregate by the Community Solar Garden Operator in its annual report on the Solar*Rewards Community program. The identity of specific Subscribers, the specific Subscriber's Account Information, Subscriber's Energy Usage Data and Subscriber-specific Bill Credit will not be listed in the public annual report unless the Subscriber has provided the Community Solar Garden Operator with prior written consent.

Per the requirements of the MPUC, the Company will provide to the MPUC annual reports which will include information or data requested by the MPUC or Minnesota Department of Commerce, including the following:

- Reporting on Solar*Rewards Community program costs, including an analysis of the deposit, application, participation and metering fees and further justification for these fees going forward;
- Reporting on the Solar*Rewards Community Gardens, including but not limited to size, location and the type of Solar*Rewards Community subscriber groups;
- Reporting on known complaints and the resolution of these complaints;

- A copy of each contract signed with a Community Solar Garden Operator, if not previously filed;
 - Lessons learned and any potential changes to the program;
 - Report on bill credits earned and paid; and the
 - Application process
- c. Prohibited Reporting or Sharing

Except as otherwise provided in this document, the Company will not disclose the Subscriber's Account Information, Subscriber's Energy Usage Data or Subscriber-specific Bill Credits to a third party without first obtaining the Subscriber's written consent.

Any requests by the Community Solar Garden Operator to the Company for information about a Subscriber that is not Subscriber's Account Information or Subscriber's Energy Usage Data will require execution of a separate written consent by the Subscriber. Notwithstanding the previous statement, the Company will not provide the Community Solar Garden Operator with the Subscriber's Social Security Number unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

3. Subscriber Data Access and Correction

The following outlines what information is available to the Subscriber from the Company and the Community Solar Garden Operator, and methods of correcting any inaccuracies.

a. Information Available from the Company

Subscribers can contact the Company's call center to obtain information pertaining to their specific Bill Credit attributable to their participation in Solar*Rewards Community Program. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber's Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company .

Subscribers may also obtain from the Company the following information related to the Solar*Rewards Community Program without obtaining written consent from the Community Solar Garden Operator:

- Site location
- Operator name
- Nameplate capacity

- Production data related to the PV system
- Bill Credit Rate and total amount of Bill Credits applied to the PV System
- Any other information pertaining to the Subscriber's Subscription

Other information regarding the Community Solar Garden Operator known to the Company will not be disclosed unless the Subscriber obtains prior explicit informed consent from the Community Solar Garden Operator or unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

b. Information Available from the Community Solar Garden Operator

Subscribers and prospective subscribers can contact the Community Solar Garden Operator to obtain the following information:

- Future costs and benefits of the Subscription, including:
 - i. All nonrecurring (i.e., one-time) charges;
 - ii. All recurring charges;
 - iii. Terms and conditions of service;
 - iv. Whether any charges may increase during the course of service, and if so, how much advance notice is provided to the Subscriber;
 - v. Whether the Subscriber may be required to sign a term contract;
 - vi. Terms and conditions for early termination;
 - vii. Any penalties that the Community Solar Garden may charge to the Subscriber;
 - viii. The process for unsubscribing and any associated costs;
 - ix. An explanation of the Subscriber data the Community Solar Garden Operator will share with Northern States Power Company and that Northern States Power Company will share with the Community Solar Garden Operator;
 - x. The data privacy policies of Northern States Power Company and of the Community Solar Garden Operator;
 - xi. The method of providing notice to Subscribers when the Community Solar Garden is out of service, including notice of estimated length and loss of production;

- xii. Assurance that all installations, upgrades and repairs will be under direct supervision of a NABCEP-certified solar professional and that maintenance will be performed according to industry standards, including the recommendations of the manufacturers of solar panels and other operational components;
 - xiii. Allocation of unsubscribed production; and
 - xiv. A statement that the Community Solar Garden Operator is solely responsible for resolving any disputes with Northern States Power Company or the Subscriber about the accuracy of the Community Solar Garden production and that Northern States Power Company is solely responsible for resolving any disputes with the Subscriber about the applicable rate used to determine the amount of the Bill Credit.
- Copy of the contract with Northern States Power Company for the Solar*Rewards Community Program
 - Copy of the solar panel warranty
 - Description of the compensation to be paid for any underperformance
 - Proof of insurance
 - Proof of a long-term maintenance plan
 - Current production projections and a description of the methodology used to develop production projections
 - Community Solar Garden Operator contact information for questions and complaints
 - Demonstration to the Subscriber by the Community Solar Garden Operator that it has sufficient funds to operate and maintain the Solar*Rewards Community Program

The Community Solar Garden Operator is solely responsible for the accuracy of the Subscriber's share of the Community Solar Garden production information forwarded to the Company, and should resolve with the Subscriber any dispute regarding the accuracy of such information.

Subscribers can submit comments to the Company on the accuracy and completeness of its annual report by contacting solarrewardscommunity@xcelenergy.com.

4. Data Retention

The Company will retain the Subscriber's Account Information, Subscriber's Energy Usage Data and information on Bill Credits for as long as required under applicable law.

EXHIBIT B

Schedule of Expected Deliveries of Credits [pro forma; final to be provided prior to commencement of construction]

Subscriber's Share (kWh)	
Year 1	33,580
Year 2	33,412
Year 3	33,245
Year 4	33,079
Year 5	32,913
Year 6	32,749
Year 7	32,585
Year 8	32,422
Year 9	32,260
Year 10	32,099
Year 11	31,938
Year 12	31,779
Year 13	31,620
Year 14	31,462
Year 15	31,304
Year 16	31,148
Year 17	30,992
Year 18	30,837
Year 19	30,683
Year 20	30,529
Year 21	30,377
Year 22	30,225
Year 23	30,074
Year 24	29,923
Year 25	29,774

Weather Adjustment Protocol for Expected Deliveries

For any two-year Measurement Period respecting application of the Performance Guarantee, Expected Deliveries shall be adjusted to reflect any negative difference (shortfall) between Expected Solar Irradiation (“*ESI*”) and Actual Solar Irradiation (“*ASI*”). The ratio of ASI to ESI for the Measurement Period shall be applied to Expected Deliveries as a weather adjustment prior to comparing Actual Deliveries to Expected Deliveries for the purposes of the Performance Guarantee.

The method of the weather adjustment is as follows.

1. The ESI for the Facility is 1390 KWh per square meter.
2. The ASI is to be determined by monthly pyranometer readings at the Facility. The monthly readings are to be averaged for each of the two calendar years in the Measurement Period.
3. The weather adjustment factor for the measurement period is the ratio of (i) ASI, determined per Step 2 of this method to (ii) ESI, determined per Step 1 of this method. The Expected Deliveries for the Measurement Period is multiplied by this factor to derive the Guaranteed Performance.

EXHIBIT C

Lender Accommodations

Subscriber acknowledges that Owner will be financing the installation of the Facility either through a lessor, lender or with financing accommodations from one or more financial institutions and that Owner may sell or assign the Facility and/or may secure Owner's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such sale, conveyance, or financing, and with respect to any such financial institutions of which Owner has notified Subscriber in writing Subscriber agrees as follows:

(a) Consent to Collateral Assignment. Provided the Financing Party has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights thereunder upon the foreclosure or conveyance in lieu thereof, Subscriber consents to either the sale or conveyance by Owner to a Financing Party that has provided financing of Owner's right, title and interest in the Facility and to this Agreement.

(b) Notices of Default. Subscriber will deliver to the Financing Party, concurrently with delivery thereof to Owner, a copy of each notice of default given by Subscriber under the Agreement, inclusive of a reasonable description of Owner default. Subscriber will not mutually agree with Owner to terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement, during the continuation of an event of default by Owner under its agreements with Financing Party, provided that the Financing Party has agreed in writing to recognize Subscriber's rights under the Agreement and to not disturb any of Subscriber's rights thereunder:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Owner, any and all rights and remedies of Owner under this Agreement in accordance with the terms of this Agreement and the Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Owner thereunder or cause to be cured any default of Owner thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Owner under this Agreement or (unless the Financing Party has succeeded to Owner's interests under this Agreement) to perform any act, duty or obligation of Owner under this Agreement, but Subscriber hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Owner to the Financing Party (or any assignee of the Financing Party). Any such exercise shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Owner under the United States Bankruptcy Code, at the

request of the Financing Party made within ninety (90) days of such termination or rejection, Subscriber shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Except for termination pursuant to Section 3(a) of the Subscription Agreement in connection with a failure to achieve commercial operation by December 31, 2016, Subscriber will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Owner) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Owner default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional sixty (60) days.

ii. If the Financing Party (including any transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Owner's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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SOLAR GARDEN SUBSCRIPTION AGREEMENT

This Solar Garden Subscription Agreement (“*Agreement*”) is entered into as of the _____ day of _____, 20____ (the “*Effective Date*”) by and among Geronimo Energy, LLC, a Delaware limited liability company and BHE Renewables, LLC, a Delaware limited liability company (“*Owner*”), and City of Falcon Heights, a Minnesota municipal corporation (the “*Subscriber*”). In this Agreement, Owner and Subscriber are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

A. Owner intends to develop, operate and maintain a photovoltaic generation facility qualified as a “Community Solar Garden” pursuant to Minn. Stat. 216B.1641 (“*CSG Program*”) to be located at 21205 St. Croix Trail N, Scandia, MN 55073 (the “*Facility*”) and has entered or will enter into a Standard Contract for Solar Rewards Community (“*CSG Contract*”) with the local electric distribution company (the “*LDC*”). The designed capacity of the Facility shall be approximately 1,000 kW_{AC} (1,279 kW_{DC}) (subject to adjustment as described herein, the “*Facility Capacity*”);

B. The energy produced by the Facility will be delivered by Owner via interconnection of the Facility to the electric grid, to the LDC, which will calculate the monetary value of the energy received from the Facility per applicable utility tariff and convert that amount into credits per kilowatt hour (the “*Bill Credit Rate*” as defined in the CSG Contract) on the bills from LDC to the subscribers of Owner (“*Credits*”);

C. Owner will, in accordance with the terms hereof, and through the administrative process established by the LDC as approved by the Minnesota Public Utilities Commission (“*MPUC*”), allocate and sell the right to receive Credits to its subscribers according to their respective Allocations (as defined below);

D. Subscriber is an LDC customer (Premise. No. 303472923) and desires to purchase Credits from Owner in proportion to its expected consumption of electricity at 2077 Larpenteur Ave W, Saint Paul, MN 55113 (“*Customer Site*”).

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual premises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Subscriber and Owner agree as follows.

1. **Term.** The term of this Agreement shall commence on the Effective Date, and, unless terminated earlier pursuant to the provisions hereof, shall terminate on the 25th anniversary of the Commercial Operation Date (as defined below) (the “*Term*”). The Term shall not be extended by virtue of any period of disconnection or event of Force Majeure experienced by the Facility.

2. **Operation of the Facility.**

a. Owner shall operate the Facility during the Term so as to deliver all energy generated by the Facility to LDC in accordance with the CSG Contract and applicable LDC tariffs.

b. Owner shall maintain the Facility in good working order at all times during the Term, and shall operate the Facility in a manner reasonably intended to maximize the amount of Credits allocable to Subscriber, consistent with good custom and practice for operation of utility generating facilities.

3. **Sale and Purchase of Credits; Allocation.**

a. Owner shall promptly notify Subscriber of the Date of Commercial Operation of the Facility as established pursuant to the CSG Contract (“**Commercial Operation Date**”). In the event that the Commercial Operation Date is not achieved by December 31, 2017, and any of the following events or circumstances occur, either Party may terminate this Agreement, without liability, upon delivery of such notice to the other Party:

i. after timely application to the LDC (or other applicable distribution service provider whose system the Facility connects to deliver energy (the “**Distribution Provider**”) and commercially reasonable efforts to secure interconnection services, Owner has not received written confirmation and evidence that interconnection services will be available for the energy generated by the Facility at the Facility Capacity; or

ii. if the LDC or another party with the authority to do so disqualifies Owner or the Facility from participating in the CSG Program.

b. Owner shall allocate a portion of Facility Capacity to Subscriber consisting of 2.558 kW_{DC} (subject to update by Owner in connection with finalizing the Facility Capacity) equal to three and one tenth percent (0.2%) of Facility Capacity (the “**Allocation**”). Owner shall provide to LDC the Allocation along with Subscriber’s name, LDC account number(s), and service address(es) (“**Subscriber Data**”).

c. Owner shall sell to Subscriber and Subscriber shall purchase from Owner, the right to receive an amount of Credits calculated on the basis of that portion of the total kilowatt hours (in AC) delivered by the Facility to LDC which corresponds to the Allocation. The Allocation shall be effective for each and every LDC Production Month (as defined in the CSG Contract) during the Term. Owner shall post Credits to Subscriber’s account monthly for invoicing pursuant to Section 4 of this Agreement (“**Subscriber’s Monthly Credits**”). Thus, where $x = \#$ of Credits, $y = \text{kWh}_{AC}$ delivered in a Production Month, and $a = \text{Allocation}$, $x = y \times a$.

4. **Price and Payment.**

a. For the right to receive Credits generated by the Facility each month, Subscriber shall pay to Owner an amount equal to the product of (i) the corresponding Subscriber’s Monthly Credits, and (ii) the Bill Credit Rate then applicable to the LDC’s Solar Rewards Community Program minus one cent (\$.01) (the “**Monthly Allocation Payment**”).

b. Beginning with the second calendar month following the Commercial Operation Date, Owner shall invoice Subscriber, utilizing Subscriber’s preferred invoicing service, for the Monthly Allocation Payment for the Credits posted to Subscriber’s account since the prior invoice date. Subscriber shall make its payments to Owner no later than thirty (30)

days following receipt of the applicable invoice. Owner shall include with each invoice, a copy of the LDC statement delivered to Owner that indicates the kWh_{AC} upon which the LDC calculates the Credit to Subscriber.

5. **Records and Audits.**

a. Upon request by Subscriber, Owner shall provide (i) evidence of the accuracy of its metering equipment for the Facility and/or (ii) such other information and records requested by Subscriber to enable Subscriber to verify the accuracy of the Credits awarded by the LDC and any other calculation and/or measurements described in this Agreement.

b. Owner shall provide reports to Subscriber (i) monthly, containing the energy produced by the Facility, and (ii) annually, containing an audited financial statement of Owner, and a current statement of management, financing parties, and operatorship of Owner. Subscriber may provide comments to Owner on the accuracy and completeness of the annual reports, and shall provide a copy of any such comments to LDC.

c. As required by Minnesota Statutes, section 16C.05, subdivision 5, the records, books, documents, and accounting procedures and practices of Owner and of any subcontractor of Owner relating to work performed pursuant to this Agreement shall be subject to audit and examination by the Subscriber and the Legislative Auditor or State Auditor as described in such subdivision. Owner and any subcontractor of Owner shall permit, upon reasonable advance written notice, the Subscriber or its designee to inspect, copy, and audit its accounts, records, and business documents at any reasonable time during regular business hours, as they may relate to the performance under this Agreement. Audits conducted by the Subscriber under this provision shall be in accordance with generally accepted auditing standards.

6. **Taxes.**

a. Subscriber shall be solely liable for sales or similar taxes imposed by a governmental entity, if any, attributable to the sale of Credits allocated to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any investment tax credit or other tax benefits related to ownership of the Facility.

7. **Representations, Warranties and Covenants.**

a. Each Party represents and warrants to the other Party:

i. The Party is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party; and

iv. To the best of its knowledge, there is no litigation, action, proceeding or investigation pending before any court or other Governmental Authority by, against, affecting or involving its ability to carry out the transactions contemplated herein.

b. Owner represents, warrants, and covenants to Subscriber:

i. Owner has, or in the ordinary course will obtain, all licenses, permits and any other required documents to construct and operate the Facility;

ii. Owner shall perform its obligations under the CSG Contract and otherwise comply with all provisions of the CSG Program and other applicable tariffs.

iii. Except as may be required by law or regulation, or with Subscriber's consent, Owner will not publicly disclose Subscriber's LDC account information, energy usage data, or Credits.

c. Subscriber represents, warrants, and covenants to Owner:

i. Subscriber's average annual energy consumption for its subscribing account(s) over the two year period prior to the Effective Date is 35,908 kWh_{AC};

ii. Subscriber shall not install or procure any other distributed generation resource(s) serving Subscriber's premises to which energy is delivered by LDC under Account No. 51-6172922-4, which resource(s), when combined with the Allocation, may generate energy (including energy upon which the Credits are based) exceeding one hundred twenty percent (120%) of Subscriber's average annual energy consumption over the twenty-four (24) months prior to such installment or procurement.

iii. Within thirty (30) days of request by Owner, which request shall be made not sooner than the date of commencement of construction of the Facility, Subscriber shall complete, execute, and deliver to Owner the Subscriber Agency Agreement in the form attached hereto as Exhibit A. Upon execution, all of the information and statements of Subscriber provided therein shall be accurate.

iv. Subscriber understands and agrees it will have no interest in or entitlement to (a) benefits or derivatives of "Unsubscribed Energy" or "RECs" associated with the Facility as each is defined in the CSG Contract; and (b) incentives under the MN Department of Commerce's Made in Minnesota program and LDC's Solar Rewards program associated with the Facility.

8. **Performance Guarantee.** Owner hereby guarantees that in every period of two consecutive calendar years during the Term, beginning with the first full calendar year, Owner will provide Credits from operation of the Facility in an amount not less than ninety percent (90%) of Expected Deliveries (weather adjusted) which will be set forth on Exhibit B hereto (the "***Guaranteed Performance***") not later than the date of commencement of construction of the Facility. Owner shall pay Subscriber one cent (\$.01) per Credit to the extent the actual number of Credits purchased by Subscriber during any such two year period (the "***Measurement Period***") is less than the Guaranteed Performance for the entire Measurement Period (combining

the Expected Deliveries for both calendar years). Such payment shall be Subscriber's sole remedy for default by Owner under this Section 8. Owner shall have no liability under this Section 8 if the Facility's failure to achieve Guaranteed Performance is due to an event of Force Majeure.

9. Default.

a. Events of Default. The following shall each constitute an Event of Default by a Party:

i. The Party fails to make any material payment due under this Agreement within thirty (30) days after delivery of notice from the other Party that such payment is overdue.

ii. The Party materially fails to perform or comply with any material representation, warranty, obligation, covenant or agreement set forth in this Agreement and such failure continues for a period of thirty (30) days after delivery of notice thereof from the other Party.

iii. The Party is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Force Majeure. Except as specifically provided herein, if by reason of Force Majeure, a Party is unable to carry out, either in whole or in part, any of its obligations herein contained, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party, within a reasonable time after the occurrence of the Force Majeure event, gives the other Party notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the non-performing Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "***Force Majeure***" as used in this Agreement shall mean an event or circumstances beyond the reasonable control of a Party and not resulting from the Party's negligence, including, but not limited to fire, acts of God, earthquake, flood or other casualty or accident; break down or failure of the Distribution Provider's electric distribution system; serial equipment defect; strikes or labor disputes; war, civil strife or other violence; and any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility.

Either Party may terminate this Agreement upon 15 days' written notice to the other Party if any event of Force Majeure affecting such other Party has been in existence for a period of 180 consecutive days or longer, unless such event of Force Majeure expired before the end of the 15 day notice period.

10. Remedies; Limitation of Liability; Waiver.

a. Remedies. Subject to the limitations set forth in this Agreement, the Parties each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Parties hereto under this Agreement. Under no circumstances shall Owner's liability for breach of this Agreement exceed, in any one calendar year, an amount equal to (i) the Allocation percentage times (ii) \$15,000; provided, however that such limitation shall not apply to damages arising out of the sale or allocation by Owner to a third party of the Credits allocated and committed to Subscriber hereunder. For example, if the Allocation is 40%, then the limit described in the preceding sentence shall equal $40\% \times \$15,000$ or \$6,000 total.

b. Owner Damages. In the event of Subscriber's breach, repudiation, or termination of this Agreement in violation of the provisions hereof, Owner shall be entitled to recover from Subscriber (subject to Owner's duty to mitigate damages including its duty to try and find a replacement subscriber): (i) the unpaid Monthly Allocation Payments due at the time of termination; and (ii) Owner's actual, reasonable, and verifiable damages resulting from Subscriber's breach. Any post-termination Monthly Allocation Payments that may qualify as damages under this section, will be calculated-based upon the Schedule of Expected Deliveries of Credits (Exhibit B, hereto), and the Bill Credit Rate at the time of Subscriber's breach of this Agreement.

c. Limitation of Liability. EXCEPT AS EXPRESSLY ALLOWED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT OR PUNITIVE DAMAGES OF ANY CHARACTER, RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF A PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER THEORY AT LAW OR EQUITY.

d. Exclusions. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 10, THE LIMITATIONS OF THIS SECTION 10 DO NOT APPLY TO A CLAIM FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; FOR FAILURE TO COMPLY WITH LAWS; FOR INDEMNIFICATION; FOR BREACH OF CONFIDENTIALITY OR FOR INTELLECTUAL PROPERTY INFRINGEMENT.

11. Early Termination.

a. Either Party may terminate this Agreement on notice thereof to Subscriber in the event that Owner is unable to obtain financing for the Facility on commercially reasonable terms on or before December 31, 2017.

b. If Owner fails to perform under this Agreement due to an event of Force Majeure that lasts more than twelve (12) months or fails to restore the Facility to full operation at Capacity within twelve (12) months following an event of Force Majeure causing damage to the Facility, Subscriber shall have the right to terminate this Agreement by giving Owner at least

sixty (60) days prior notice of its intent to terminate based on such failure(s). Any such notice of termination shall be given within three (3) months of such failure(s). In the event of termination pursuant to this Section 11(b), Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the six month period following the expiration of such twelve (12) month period.

c. In the event (i) the CSG Contract is terminated based on Owner's breach thereof or (ii) Owner materially breaches its obligations of performance in this Agreement and such breach is not cured within thirty (30) days after Owner receives written notice of such breach from Subscriber (provided, however, that if such breach is not capable of being cured within such thirty-day period and Owner has commenced and diligently continued actions to cure such breach within such thirty-day period, the cure period shall be extended to 180 days, so long as Owner is making diligent efforts to do so), then Subscriber may terminate this Agreement as provided in this Section 11. In the event of a termination by Subscriber described in the preceding sentence, Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the calendar year following termination according to the Schedule of Expected Deliveries, Exhibit B.

d. The Parties agree that actual damages in the event of termination of this Agreement as specified in Sections 11(b) and 11(c), would be difficult to calculate and that the liquidated damages specified herein are a reasonable approximation of such actual damages.

12. **Assignment**. No Party shall assign or in any manner transfer this Agreement or any part thereof except in connection with (a) Subscriber's assignment to a party approved in advance by Owner, with such approval not unreasonably withheld, on the bases of (i) creditworthiness, (ii) the party's eligibility under the Solar Rewards Community Program, (iii) Subscriber's payment to Owner of seven hundred fifty dollars (\$750) to cover Owner's administrative expenses associated with the transfer (the "***Transfer Fee***") and (iv) other factors evidencing an increase in a material risk of a breach of this Agreement, (b) Owner's assignment of this Agreement to any Affiliate that owns or, by long-term lease, controls the Facility, provided that such Affiliate has the same or better credit strength and has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; (c) Owner's collateral assignment of this Agreement to any financial institution that provides financing for the Facility (including a financial institution that enters into a sale/leaseback transaction with respect to the Facility) that has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder upon the foreclosure or conveyance in lieu thereof, and, in connection with any collateral assignment of this Agreement, Subscriber agrees to comply with the lender accommodations set forth in Exhibit C to this Agreement; (d) Owner's assignment of this Agreement, prior to the Commencement of Operations Date, to another operator/owner of a community garden facility, in the same County and qualified under the Solar Rewards Community Program which has sufficient capacity to accept Subscriber's Allocation, has the same or better credit strength, and agrees in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; or (e) Subscriber's assignment of this Agreement to any of its Affiliates or successor entity if the Minnesota legislature reassigns responsibility for the services provided by Metropolitan Council (without change of service address) provided that such Affiliate or successor entity has the same or better credit strength.

13. Miscellaneous.

a. LDC Disputes. Owner shall be solely responsible for resolving any dispute with LDC regarding the production of energy by the Facility. Subscriber shall be solely responsible for resolving any dispute with LDC regarding the calculation of the Bill Credit Rate.

b. Notices.

i. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be deemed delivered upon mailing, deposit with a courier for hand delivery, or electronic transmission, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or email transmission.

ii. Subscriber shall promptly notify Owner of any changes in Subscriber Data.

The notices and communications shall be sent to the following addresses:

If to Owner:

BHE Renewables, LLC
Program Manager – MN Community Solar Gardens
1850 N. Central Ave.
Suite 1025
Phoenix, AZ 85004
BHERenewables@bherenewables.com
515-252-6677

If to Subscriber:

City of Falcon Heights
2077 W. Larpenteur Ave
Falcon Heights, MN 55113

c. Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Minnesota without reference to any choice of law principles.

e. Dispute Resolution.

i. Amicable Settlement. The Parties shall attempt in good faith to resolve all disputes arising in connection with the interpretation or application of the provisions of this Agreement or in connection with the determination of any other matters arising under this Agreement by mutual agreement.

ii. Continuation of Performance. During the pendency of any dispute hereunder, the Parties shall continue to perform their respective obligations under this Agreement.

iii. Equitable Relief. Nothing in this Agreement shall be construed to preclude either Party from seeking or obtaining urgent equitable or injunctive relief from a court of law in relation to this Agreement.

iv. Venue and Jurisdiction. The Parties agree that the courts of the State of Minnesota and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law.

f. Insurance. With respect to the services provided pursuant to this Agreement, Owner shall at all times during the term of this Agreement and beyond such term when so required have and keep in force the following insurance coverages and limits:

i. Commercial General Liability on an occurrence basis with contractual liability coverage:

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	\$1,500,000

ii. Workers' Compensation and Employer's Liability:

Workers' Compensation	Statutory
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(If Owner is based outside the state of Minnesota, coverage must comply with Minnesota Law).

iii. Employer's Liability. Bodily injury by:

Accident—Each Accident	\$500,000
Disease—Policy Limit	\$500,000
Disease—Each Employee	\$500,000

An umbrella or excess policy over primary liability insurance coverages is an acceptable method to provide the required insurance limits.

The above establishes minimum insurance requirements. It is the sole responsibility of Owner to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, Owner shall promptly submit copies of insurance policies to Subscriber.

iv. Owner shall not commence work until it has obtained required insurance and filed with Subscriber a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Subscriber as the certificate holder and as an additional insured for the liability coverage(s) for all operations covered under this Agreement. Owner shall furnish to Subscriber updated certificates during the term of this Agreement as insurance policies expire.

g. Compliance with Law. Owner shall comply with all laws (including common laws), ordinances, codes, rules and regulations (collectively, “*Laws*”) regarding Owner’s obligations and performance under this Agreement. Owner shall obtain and maintain any and all permits, licenses, bonds, certificates and other similar approvals required in connection with this Agreement. In the event of an allegation that Owner has failed to comply with any Laws or failed to obtain any and all permits, licenses, bonds, certificates and/or any other similar approvals required in connection with this Agreement, Owner shall pay any fines or penalties imposed upon Subscriber as a result of such failure and shall reimburse Subscriber for any expenses (including attorneys’ fees) incurred by Subscriber in responding to such allegation.

h. Entire Agreement. This Agreement, and all documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

i. No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of another Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Subscriber and Owner hereunder are individual and neither collective nor joint in nature.

j. Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by each Party to this Agreement or its successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

l. Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by this Agreement.

m. Survival. The provisions of Sections 10, (Remedies, Limitation of

Liability; Waiver), 13(c) (Severability), 13(d) (Governing Law), and 13(e) (Dispute Resolution) shall survive the expiration or earlier termination of this Agreement for a period of six (6) years thereafter.

n. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed to create any duty to or standard of care with reference to, or any liability to, or any benefit for, any person not a party to this Agreement.

o. Confidentiality. Each Party agrees that it will not disclose Not Public Data (as hereinafter defined), directly or indirectly, under any circumstances or by any means (excluding disclosures to the LDC or as are required as a participant in the CSG Program), to any third person without the express written consent of the other Party unless such disclosure is permitted by the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, or required by applicable Law. “*Not Public Data*” means, not public data as defined in Minnesota Statutes § 13.02, subd. 8a (2014).

p. Data Practices.

i. Consistent with Minnesota Statutes, section 13.05, subdivision 6, if any data on individuals is made available to Owner by the Subscriber under this Agreement, Owner will administer and maintain any such data in accordance with Minnesota Statutes, Chapter 13 (the “*Minnesota* Government Data Practices Act”), and any other statutory provisions applicable to the data. If and to the extent that Minnesota Statutes, section 13.05, subdivision 11, is applicable to this Agreement, then: (A) all of the data created, collected, received, stored, used, maintained, or disseminated by Owner in performing this Agreement are subject to the requirements of the Minnesota Government Data Practices Act; (B) Owner must comply with those requirements as if it were a government entity; and (C) the remedies in Minnesota Statutes, section 13.08 apply to Owner.

ii. Consistent with Minnesota Statutes, section 13.055, if “private data on individuals,” “confidential data on individuals” or other “not public data” are provided to or made accessible to Owner by the Subscriber, Owner must: (A) have safeguards to ensure private or confidential data on individuals or other not public data are only accessible or viewable by Owner employees and agents whose work assignments in connection with the performance of this Agreement reasonably require them to have access to the data; (B) immediately notify the Subscriber of any unauthorized access by Owner employees and agents, and unauthorized access by third parties; (C) fully cooperate with Subscriber investigations into any breach in the security of private or confidential data on individuals or other not public data that may have occurred in connection with Owner’s access to or use of the data; and (D) fully cooperate with the Subscriber in fulfilling the notice and reporting requirements of Minnesota Statutes, section 13.055. The penalties in Minnesota Statutes, section 13.09 governing unauthorized acquisition of not public data apply to Owner and Owner employees and agents. If Owner is permitted to use a subcontractor to perform Owner’s work under this Agreement, Owner shall incorporate these data practices provisions into the subcontract.

iii. If Owner receives a request to release data referred to in this section, Owner must immediately notify the Subscriber. The Subscriber will give Owner instructions concerning the release of the data to the requesting party before the data is released.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF FALCON HEIGHTS

By: _____

Name: Peter Lindstrom

Title: Mayor

By: _____

Name: Sack Thongvanh

Title: City Administrator

GERONIMO ENERGY, LLC

By: _____

Name: Jeffrey R. Ringblom

Title: Vice President of Finance and Accounting

BHE RENEWABLES, LLC

By: _____

Name: Eric Besseling

Title: Authorized Representative

EXHIBIT A

Subscriber Agency Agreement and Consent Form

Solar*Rewards Community

Subscriber Agency Agreement and Consent Form

The undersigned ("**Subscriber**") has a Subscription to the following Community Solar Garden:

Community Solar Garden Name:	_____
Community Solar Garden Address:	<u>21205 St. Croix Trail N, Scandia, MN 55073</u>
Community Solar Garden Operator:	_____
Community Solar Garden contact information for Subscriber questions and complaints:	
Address (if different from above):	1850 N. Central Avenue, Suite 1025, Phoenix, AZ 58004_____
Telephone number:	515-252-6677_____
Email address:	BHERenewables@bherenewables.com_____
Web Site URL:	http://www.bherenewables.com_____

Subscriber Name:	<u>City of Falcon Heights</u>
Subscriber's Account Number with Northern States Power Company:	<u>51-6172922-4</u>
Subscriber Service Address where receiving electrical service from Northern States Power Company:	<u>2077 Larpenteur Ave W, Saint Paul, MN 55113</u>

By signing this Solar Rewards Community Subscriber Agency Agreement and Consent Form, the Subscriber agrees to all of the following:

1. Assignment of Renewable Energy Credits (“RECs”), Energy and Capacity to Northern States Power Company, a Minnesota corporation. The Subscriber agrees that the Community Solar Garden Operator has authority to assign all energy produced and capacity associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and the Subscriber agrees that all energy produced, and capacity associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company. The Subscriber also agrees that the Community Solar Garden Operator has authority to assign all RECs associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and that if the Community Solar Garden or a person or entity on its behalf has assigned the RECs to Northern States Power Company, then all RECs associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company.

2. Tax Implications. The Community Solar Garden Operator has provided the Subscriber with a statement that Northern States Power Company makes no representations concerning the taxable consequences to the Subscriber with respect to its Bill Credits to the Subscriber or other tax issues relating to participation in the Community Solar Garden.

3. Northern States Power Company hereby discloses to the Subscriber that it recognizes that not all production risk factors, such as grid-failure events or atypically cloudy weather, are within the Community Solar Garden Operator's control.

4. Information Sharing. Participating in the Solar*Rewards Community Program will require sharing **Subscriber's Account Information** (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and **Subscriber's Energy Use Data** (the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden). The following outlines the type of information that will be shared, and how that information will be used.

a. Subscriber's Account Information and Subscriber Energy Usage Data. The Subscriber authorizes Northern States Power Company to provide the Community Solar Garden Operator (and the Community Solar Garden Operator's designated subcontractors and agents) with the Subscriber's Account Information and Subscriber's Energy Usage Data as described in Section 4 above. This information is needed to allow the Community Solar Garden Operator determine the extent to which the Subscriber is entitled to participate in the Community Solar Garden, and to validate the amount of the Bill Credits to be provided by Northern States Power Company to the Subscriber. The current data privacy policies of Northern States Power Company applicable to its Solar*Rewards Community Program provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above are attached as Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form.**

These privacy policies include definitions of “Subscriber's Account Information” and “Subscriber's Energy Usage Data.”

b. Subscriber's Subscription Information: The Subscriber authorizes the Community Solar Garden Operator to provide information to Northern States Power Company identifying the Subscriber (with the Subscriber's name, service address, and account number) and detailing the Subscriber's proportional share in kilowatts of the Community Solar Garden and to provide additional updates of this information to Northern States Power Company as circumstances change. This information is needed to allow Northern States Power Company to properly apply Bill Credits for the photovoltaic energy generated by the Community Solar Garden. Also, this information is needed to allow Northern States Power Company to send to the Subscriber notices or other mailings pertaining to their involvement in the Solar*Rewards Community Program. The Community Solar Garden Operator shall not disclose Subscriber information in annual reports or other public documents absent explicit, informed consent from the Subscriber. The Community Solar Garden Operator will not release any Subscriber data to third parties except to fulfill the regulated purposes of the Solar*Rewards Community Program, to comply with a legal or regulatory requirement, or upon explicit, informed consent from the Subscriber.

c. Aggregate Information. Aggregate information concerning production at the Community Solar Garden may be publicly disclosed to support regulatory oversight of the Solar*Rewards Community Program. This includes annual reports available to the public related to specific Community Solar Gardens, including but not limited to production from the Community Solar Gardens; size, location and the type of Community Solar Garden subscriber groups; reporting on known complaints and the resolution of these complaints; lessons learned and any potential changes to the Solar*Rewards Community Program; reporting on Bill Credits earned and paid; and reporting on the application process. Aggregated information will not identify individual Subscribers or provide Subscriber-Specific Account Information, Subscriber-Specific Energy Usage Data or Subscriber-specific Bill Credits unless a Subscriber provides explicit informed consent. Depending on the nature of the aggregated information, however, it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden. The Subscriber agrees to the inclusion of its production information in the creation of the aggregated information. The Community Solar Garden Operator will not use aggregated information for purposes unrelated to the Solar*Rewards Community Program without first providing notice and obtaining further consent, unless the aggregated information is otherwise available as public information. The policies of Northern States Power Company related to sharing aggregated information are part of the data privacy policies contained in the attached Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form** and should be provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above.

d. Information Requests from the MPUC or the Department of Commerce. The Subscriber agrees that the Community Solar Garden Operator and Northern States Power Company are authorized to provide any information they possess related to the

Subscriber or the Subscriber's participation in the Community Solar Garden to the Minnesota Public Utilities Commission (MPUC), the Minnesota Department of Commerce, or the Minnesota Office of Attorney General. This information is needed to allow proper regulatory oversight of Northern States Power Company and of the Solar*Rewards Community Program.

e. Liability Release. Northern States Power Company shall not be responsible for monitoring or taking any steps to ensure that the Community Solar Garden Operator maintains the confidentiality of the Subscriber's Account Information, the Subscriber's Energy Usage or the Bill Credits received pertaining to the Subscriber's participation in the Community Solar Garden. However, Northern States Power Company shall remain liable for its own inappropriate release of Subscriber's Account Information and Subscriber's Energy Use Data.

f. Duration of Consent. The Subscriber's consent to this information sharing shall be ongoing for the Term of the CSG Contract between the Community Solar Garden Operator and Northern States Power Company, or until the Subscriber no longer has a Subscription to the Community Solar Garden and the Community Solar Garden Operator notifies Northern States Power Company of this fact through the CSG Application System. Provided, however, the Subscriber's consent shall also apply thereafter to all such information of the Subscriber pertaining to that period of time during which the Subscriber had a Subscription to the Community Solar Garden.

g. Modification. The above provisions addressing data privacy and in Exhibit 1 shall remain in place until and unless other requirements are adopted by the MPUC in its generic privacy proceeding, Docket No. E,G999/CI-12-1344, or other MPUC Order. Northern States Power Company shall file necessary revisions to its tariffs and contracts within thirty (30) days of such Order.

Subscriber's Name: City of Falcon Heights

Subscriber's Signature: _____
Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

Date: _____

**Exhibit 1 to
Solar*Rewards Community Subscriber Agency Agreement and Consent Form**

**Data Privacy Policies of Northern States Power Company Pertaining to the Solar*Rewards
Community Program**

The data privacy policies of Northern States Power Company pertaining to the Solar*Rewards Community Program are as follows and may be changed from time to time as filed in the Company's tariff or as otherwise may be authorized by the Minnesota Public Utilities Commission ("MPUC"):

Definitions

Unless indicated otherwise, the same definition and meaning of terms in this document are the same as contained in the Standard Contract for Solar*Rewards Community. For ease of reference, here are some of the specific definitions:

“Company” means Northern States Power Company, a Minnesota Corporation, and its affiliates and agents.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers' Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more Subscriptions of a community solar garden interconnected with the Company.

“Subscriber’s Account Information” consists of the Subscriber's name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, and Subscriber specific Bill Credit(s).

“Subscriber's Energy Usage Data” includes the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden.

Overview

This section addresses how Subscriber's Account Information and Subscriber's Energy Usage Data will be collected, used and shared as part of participation in the Solar*Rewards Community Program.

1. How Subscriber's Account Information and Energy Usage Data Will Be Exchanged

a. Subscriber Specific Information

Once a Subscriber has executed a Subscriber Agency Agreement and Consent Form, an ongoing data exchange will occur between the Company and a Community Solar Garden Operator (and their designated subcontractors and agents):

(i) The Company will disclose the following Subscriber-specific information to the Community Solar Garden Operator:

- Subscriber's Account Information
- Subscriber's Energy Usage Data
- Bill credits

(ii) The Community Solar Garden Operator will disclose to the Company the following Subscriber-specific information:

- Subscriber's Account Information
- Community Solar Garden Allocation for each Subscriber's Subscription stated in kW
- Production data related to the PV System
- Monthly Subscription Information

b. Aggregated Subscriber Information

Aggregated Subscriber information will be reported as part of Permitted Public Reporting, outlined in Section 2(b) below.

To be considered "aggregated" the reported information must include information attributable to all Subscribers participating in a specific Solar*Rewards Community program site, which based on program requirements will contain a minimum of five Subscribers. Depending on the nature of the aggregated information, however, from this information alone or in combination with other publicly available information it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden.

2. How Subscriber's Information Will Be Used

The following outlines how the Subscriber's Account Information and Subscriber Energy Usage Data will be used as part of the Solar*Rewards Community Program.

a. Program Management

As part of administering the Solar*Rewards Community program, the Solar Garden Operator and the Company may provide information related to the Subscriber and/or the Community Solar Garden to:

- the MPUC
- the Minnesota Department of Commerce
- the Minnesota Office of Attorney General
- Other governmental or private entities as required by law or regulation

Account Information and Subscriber's Energy Usage Data to service providers, agents, or contracted agents who support the program on its behalf. The Company prohibits these service providers from using or disclosing the Subscriber's information except as necessary to perform these specific services or to comply with legal requirements. More information about the Company's general privacy practices is explained in its Privacy Policy available on www.xcelenergy.com.

b. Permitted Public Reporting

The Subscriber's Energy Usage Data of each participating Subscriber to a Community Solar Garden will be combined and reported in the aggregate by the Community Solar Garden Operator in its annual report on the Solar*Rewards Community program. The identity of specific Subscribers, the specific Subscriber's Account Information, Subscriber's Energy Usage Data and Subscriber-specific Bill Credit will not be listed in the public annual report unless the Subscriber has provided the Community Solar Garden Operator with prior written consent.

Per the requirements of the MPUC, the Company will provide to the MPUC annual reports which will include information or data requested by the MPUC or Minnesota Department of Commerce, including the following:

- Reporting on Solar*Rewards Community program costs, including an analysis of the deposit, application, participation and metering fees and further justification for these fees going forward;
- Reporting on the Solar*Rewards Community Gardens, including but not limited to size, location and the type of Solar*Rewards Community subscriber groups;
- Reporting on known complaints and the resolution of these complaints;

- A copy of each contract signed with a Community Solar Garden Operator, if not previously filed;
 - Lessons learned and any potential changes to the program;
 - Report on bill credits earned and paid; and the
 - Application process
- c. Prohibited Reporting or Sharing

Except as otherwise provided in this document, the Company will not disclose the Subscriber's Account Information, Subscriber's Energy Usage Data or Subscriber-specific Bill Credits to a third party without first obtaining the Subscriber's written consent.

Any requests by the Community Solar Garden Operator to the Company for information about a Subscriber that is not Subscriber's Account Information or Subscriber's Energy Usage Data will require execution of a separate written consent by the Subscriber. Notwithstanding the previous statement, the Company will not provide the Community Solar Garden Operator with the Subscriber's Social Security Number unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

3. Subscriber Data Access and Correction

The following outlines what information is available to the Subscriber from the Company and the Community Solar Garden Operator, and methods of correcting any inaccuracies.

a. Information Available from the Company

Subscribers can contact the Company's call center to obtain information pertaining to their specific Bill Credit attributable to their participation in Solar*Rewards Community Program. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber's Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company .

Subscribers may also obtain from the Company the following information related to the Solar*Rewards Community Program without obtaining written consent from the Community Solar Garden Operator:

- Site location
- Operator name
- Nameplate capacity

- Production data related to the PV system
- Bill Credit Rate and total amount of Bill Credits applied to the PV System
- Any other information pertaining to the Subscriber's Subscription

Other information regarding the Community Solar Garden Operator known to the Company will not be disclosed unless the Subscriber obtains prior explicit informed consent from the Community Solar Garden Operator or unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

b. Information Available from the Community Solar Garden Operator

Subscribers and prospective subscribers can contact the Community Solar Garden Operator to obtain the following information:

- Future costs and benefits of the Subscription, including:
 - i. All nonrecurring (i.e., one-time) charges;
 - ii. All recurring charges;
 - iii. Terms and conditions of service;
 - iv. Whether any charges may increase during the course of service, and if so, how much advance notice is provided to the Subscriber;
 - v. Whether the Subscriber may be required to sign a term contract;
 - vi. Terms and conditions for early termination;
 - vii. Any penalties that the Community Solar Garden may charge to the Subscriber;
 - viii. The process for unsubscribing and any associated costs;
 - ix. An explanation of the Subscriber data the Community Solar Garden Operator will share with Northern States Power Company and that Northern States Power Company will share with the Community Solar Garden Operator;
 - x. The data privacy policies of Northern States Power Company and of the Community Solar Garden Operator;
 - xi. The method of providing notice to Subscribers when the Community Solar Garden is out of service, including notice of estimated length and loss of production;

- xii. Assurance that all installations, upgrades and repairs will be under direct supervision of a NABCEP-certified solar professional and that maintenance will be performed according to industry standards, including the recommendations of the manufacturers of solar panels and other operational components;
 - xiii. Allocation of unsubscribed production; and
 - xiv. A statement that the Community Solar Garden Operator is solely responsible for resolving any disputes with Northern States Power Company or the Subscriber about the accuracy of the Community Solar Garden production and that Northern States Power Company is solely responsible for resolving any disputes with the Subscriber about the applicable rate used to determine the amount of the Bill Credit.
- Copy of the contract with Northern States Power Company for the Solar*Rewards Community Program
 - Copy of the solar panel warranty
 - Description of the compensation to be paid for any underperformance
 - Proof of insurance
 - Proof of a long-term maintenance plan
 - Current production projections and a description of the methodology used to develop production projections
 - Community Solar Garden Operator contact information for questions and complaints
 - Demonstration to the Subscriber by the Community Solar Garden Operator that it has sufficient funds to operate and maintain the Solar*Rewards Community Program

The Community Solar Garden Operator is solely responsible for the accuracy of the Subscriber's share of the Community Solar Garden production information forwarded to the Company, and should resolve with the Subscriber any dispute regarding the accuracy of such information.

Subscribers can submit comments to the Company on the accuracy and completeness of its annual report by contacting solarrewardscommunity@xcelenergy.com.

4. Data Retention

The Company will retain the Subscriber's Account Information, Subscriber's Energy Usage Data and information on Bill Credits for as long as required under applicable law.

EXHIBIT B

Schedule of Expected Deliveries of Credits [pro forma; final to be provided prior to commencement of construction]

Subscriber's Share (kWh)	
Year 1	3,348
Year 2	3,331
Year 3	3,315
Year 4	3,298
Year 5	3,282
Year 6	3,265
Year 7	3,249
Year 8	3,233
Year 9	3,216
Year 10	3,200
Year 11	3,184
Year 12	3,168
Year 13	3,153
Year 14	3,137
Year 15	3,121
Year 16	3,106
Year 17	3,090
Year 18	3,075
Year 19	3,059
Year 20	3,044
Year 21	3,029
Year 22	3,013
Year 23	2,998
Year 24	2,983
Year 25	2,969

Weather Adjustment Protocol for Expected Deliveries

For any two-year Measurement Period respecting application of the Performance Guarantee, Expected Deliveries shall be adjusted to reflect any negative difference (shortfall) between Expected Solar Irradiation (“*ESI*”) and Actual Solar Irradiation (“*ASI*”). The ratio of ASI to ESI for the Measurement Period shall be applied to Expected Deliveries as a weather adjustment prior to comparing Actual Deliveries to Expected Deliveries for the purposes of the Performance Guarantee.

The method of the weather adjustment is as follows.

1. The ESI for the Facility is 1390 KWh per square meter.
2. The ASI is to be determined by monthly pyranometer readings at the Facility. The monthly readings are to be averaged for each of the two calendar years in the Measurement Period.
3. The weather adjustment factor for the measurement period is the ratio of (i) ASI, determined per Step 2 of this method to (ii) ESI, determined per Step 1 of this method. The Expected Deliveries for the Measurement Period is multiplied by this factor to derive the Guaranteed Performance.

EXHIBIT C

Lender Accommodations

Subscriber acknowledges that Owner will be financing the installation of the Facility either through a lessor, lender or with financing accommodations from one or more financial institutions and that Owner may sell or assign the Facility and/or may secure Owner's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such sale, conveyance, or financing, and with respect to any such financial institutions of which Owner has notified Subscriber in writing Subscriber agrees as follows:

(a) Consent to Collateral Assignment. Provided the Financing Party has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights thereunder upon the foreclosure or conveyance in lieu thereof, Subscriber consents to either the sale or conveyance by Owner to a Financing Party that has provided financing of Owner's right, title and interest in the Facility and to this Agreement.

(b) Notices of Default. Subscriber will deliver to the Financing Party, concurrently with delivery thereof to Owner, a copy of each notice of default given by Subscriber under the Agreement, inclusive of a reasonable description of Owner default. Subscriber will not mutually agree with Owner to terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement, during the continuation of an event of default by Owner under its agreements with Financing Party, provided that the Financing Party has agreed in writing to recognize Subscriber's rights under the Agreement and to not disturb any of Subscriber's rights thereunder:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Owner, any and all rights and remedies of Owner under this Agreement in accordance with the terms of this Agreement and the Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Owner thereunder or cause to be cured any default of Owner thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Owner under this Agreement or (unless the Financing Party has succeeded to Owner's interests under this Agreement) to perform any act, duty or obligation of Owner under this Agreement, but Subscriber hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Owner to the Financing Party (or any assignee of the Financing Party). Any such exercise shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Owner under the United States Bankruptcy Code, at the

request of the Financing Party made within ninety (90) days of such termination or rejection, Subscriber shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Except for termination pursuant to Section 3(a) of the Subscription Agreement in connection with a failure to achieve commercial operation by December 31, 2016, Subscriber will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Owner) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Owner default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional sixty (60) days.

ii. If the Financing Party (including any transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Owner's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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SOLAR GARDEN SUBSCRIPTION AGREEMENT

This Solar Garden Subscription Agreement (“*Agreement*”) is entered into as of the _____ day of _____, 20____ (the “*Effective Date*”) by and among Geronimo Energy, LLC, a Delaware limited liability company and BHE Renewables, LLC, a Delaware limited liability company (“*Owner*”), and City of Falcon Heights, a Minnesota municipal corporation (the “*Subscriber*”). In this Agreement, Owner and Subscriber are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

A. Owner intends to develop, operate and maintain a photovoltaic generation facility qualified as a “Community Solar Garden” pursuant to Minn. Stat. 216B.1641 (“*CSG Program*”) to be located at 21205 St. Croix Trail N, Scandia, MN 55073 (the “*Facility*”) and has entered or will enter into a Standard Contract for Solar Rewards Community (“*CSG Contract*”) with the local electric distribution company (the “*LDC*”). The designed capacity of the Facility shall be approximately 1,000 kW_{AC} (1,279 kW_{DC}) (subject to adjustment as described herein, the “*Facility Capacity*”);

B. The energy produced by the Facility will be delivered by Owner via interconnection of the Facility to the electric grid, to the LDC, which will calculate the monetary value of the energy received from the Facility per applicable utility tariff and convert that amount into credits per kilowatt hour (the “*Bill Credit Rate*” as defined in the CSG Contract) on the bills from LDC to the subscribers of Owner (“*Credits*”);

C. Owner will, in accordance with the terms hereof, and through the administrative process established by the LDC as approved by the Minnesota Public Utilities Commission (“*MPUC*”), allocate and sell the right to receive Credits to its subscribers according to their respective Allocations (as defined below);

D. Subscriber is an LDC customer (Premise. No. 303564236) and desires to purchase Credits from Owner in proportion to its expected consumption of electricity at 2050 Roselawn Ave W, Saint Paul, MN 55113 (“*Customer Site*”).

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual premises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Subscriber and Owner agree as follows.

1. **Term.** The term of this Agreement shall commence on the Effective Date, and, unless terminated earlier pursuant to the provisions hereof, shall terminate on the 25th anniversary of the Commercial Operation Date (as defined below) (the “*Term*”). The Term shall not be extended by virtue of any period of disconnection or event of Force Majeure experienced by the Facility.

2. **Operation of the Facility.**

a. Owner shall operate the Facility during the Term so as to deliver all energy generated by the Facility to LDC in accordance with the CSG Contract and applicable LDC tariffs.

b. Owner shall maintain the Facility in good working order at all times during the Term, and shall operate the Facility in a manner reasonably intended to maximize the amount of Credits allocable to Subscriber, consistent with good custom and practice for operation of utility generating facilities.

3. **Sale and Purchase of Credits; Allocation.**

a. Owner shall promptly notify Subscriber of the Date of Commercial Operation of the Facility as established pursuant to the CSG Contract (“**Commercial Operation Date**”). In the event that the Commercial Operation Date is not achieved by December 31, 2017, and any of the following events or circumstances occur, either Party may terminate this Agreement, without liability, upon delivery of such notice to the other Party:

i. after timely application to the LDC (or other applicable distribution service provider whose system the Facility connects to deliver energy (the “**Distribution Provider**”) and commercially reasonable efforts to secure interconnection services, Owner has not received written confirmation and evidence that interconnection services will be available for the energy generated by the Facility at the Facility Capacity; or

ii. if the LDC or another party with the authority to do so disqualifies Owner or the Facility from participating in the CSG Program.

b. Owner shall allocate a portion of Facility Capacity to Subscriber consisting of 23.333 kW_{DC} (subject to update by Owner in connection with finalizing the Facility Capacity) equal to one and eight tenths percent (1.8%) of Facility Capacity (the “**Allocation**”). Owner shall provide to LDC the Allocation along with Subscriber’s name, LDC account number(s), and service address(es) (“**Subscriber Data**”).

c. Owner shall sell to Subscriber and Subscriber shall purchase from Owner, the right to receive an amount of Credits calculated on the basis of that portion of the total kilowatt hours (in AC) delivered by the Facility to LDC which corresponds to the Allocation. The Allocation shall be effective for each and every LDC Production Month (as defined in the CSG Contract) during the Term. Owner shall post Credits to Subscriber’s account monthly for invoicing pursuant to Section 4 of this Agreement (“**Subscriber’s Monthly Credits**”). Thus, where $x = \#$ of Credits, $y = \text{kWh}_{AC}$ delivered in a Production Month, and $a = \text{Allocation}$, $x = y \times a$.

4. **Price and Payment.**

a. For the right to receive Credits generated by the Facility each month, Subscriber shall pay to Owner an amount equal to the product of (i) the corresponding Subscriber’s Monthly Credits, and (ii) the Bill Credit Rate then applicable to the LDC’s Solar Rewards Community Program minus one cent (\$.01) (the “**Monthly Allocation Payment**”).

b. Beginning with the second calendar month following the Commercial Operation Date, Owner shall invoice Subscriber, utilizing Subscriber’s preferred invoicing service, for the Monthly Allocation Payment for the Credits posted to Subscriber’s account since the prior invoice date. Subscriber shall make its payments to Owner no later than thirty (30)

days following receipt of the applicable invoice. Owner shall include with each invoice, a copy of the LDC statement delivered to Owner that indicates the kWh_{AC} upon which the LDC calculates the Credit to Subscriber.

5. **Records and Audits.**

a. Upon request by Subscriber, Owner shall provide (i) evidence of the accuracy of its metering equipment for the Facility and/or (ii) such other information and records requested by Subscriber to enable Subscriber to verify the accuracy of the Credits awarded by the LDC and any other calculation and/or measurements described in this Agreement.

b. Owner shall provide reports to Subscriber (i) monthly, containing the energy produced by the Facility, and (ii) annually, containing an audited financial statement of Owner, and a current statement of management, financing parties, and operatorship of Owner. Subscriber may provide comments to Owner on the accuracy and completeness of the annual reports, and shall provide a copy of any such comments to LDC.

c. As required by Minnesota Statutes, section 16C.05, subdivision 5, the records, books, documents, and accounting procedures and practices of Owner and of any subcontractor of Owner relating to work performed pursuant to this Agreement shall be subject to audit and examination by the Subscriber and the Legislative Auditor or State Auditor as described in such subdivision. Owner and any subcontractor of Owner shall permit, upon reasonable advance written notice, the Subscriber or its designee to inspect, copy, and audit its accounts, records, and business documents at any reasonable time during regular business hours, as they may relate to the performance under this Agreement. Audits conducted by the Subscriber under this provision shall be in accordance with generally accepted auditing standards.

6. **Taxes.**

a. Subscriber shall be solely liable for sales or similar taxes imposed by a governmental entity, if any, attributable to the sale of Credits allocated to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any investment tax credit or other tax benefits related to ownership of the Facility.

7. **Representations, Warranties and Covenants.**

a. Each Party represents and warrants to the other Party:

i. The Party is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party; and

iv. To the best of its knowledge, there is no litigation, action, proceeding or investigation pending before any court or other Governmental Authority by, against, affecting or involving its ability to carry out the transactions contemplated herein.

b. Owner represents, warrants, and covenants to Subscriber:

i. Owner has, or in the ordinary course will obtain, all licenses, permits and any other required documents to construct and operate the Facility;

ii. Owner shall perform its obligations under the CSG Contract and otherwise comply with all provisions of the CSG Program and other applicable tariffs.

iii. Except as may be required by law or regulation, or with Subscriber's consent, Owner will not publicly disclose Subscriber's LDC account information, energy usage data, or Credits.

c. Subscriber represents, warrants, and covenants to Owner:

i. Subscriber's average annual energy consumption for its subscribing account(s) over the two year period prior to the Effective Date is 30,631 kWh_{AC};

ii. Subscriber shall not install or procure any other distributed generation resource(s) serving Subscriber's premises to which energy is delivered by LDC under Account No. 51-6995557-5, which resource(s), when combined with the Allocation, may generate energy (including energy upon which the Credits are based) exceeding one hundred twenty percent (120%) of Subscriber's average annual energy consumption over the twenty-four (24) months prior to such installment or procurement.

iii. Within thirty (30) days of request by Owner, which request shall be made not sooner than the date of commencement of construction of the Facility, Subscriber shall complete, execute, and deliver to Owner the Subscriber Agency Agreement in the form attached hereto as Exhibit A. Upon execution, all of the information and statements of Subscriber provided therein shall be accurate.

iv. Subscriber understands and agrees it will have no interest in or entitlement to (a) benefits or derivatives of "Unsubscribed Energy" or "RECs" associated with the Facility as each is defined in the CSG Contract; and (b) incentives under the MN Department of Commerce's Made in Minnesota program and LDC's Solar Rewards program associated with the Facility.

8. **Performance Guarantee**. Owner hereby guarantees that in every period of two consecutive calendar years during the Term, beginning with the first full calendar year, Owner will provide Credits from operation of the Facility in an amount not less than ninety percent (90%) of Expected Deliveries (weather adjusted) which will be set forth on Exhibit B hereto (the "***Guaranteed Performance***") not later than the date of commencement of construction of the Facility. Owner shall pay Subscriber one cent (\$.01) per Credit to the extent the actual number of Credits purchased by Subscriber during any such two year period (the "***Measurement Period***") is less than the Guaranteed Performance for the entire Measurement Period (combining

the Expected Deliveries for both calendar years). Such payment shall be Subscriber's sole remedy for default by Owner under this Section 8. Owner shall have no liability under this Section 8 if the Facility's failure to achieve Guaranteed Performance is due to an event of Force Majeure.

9. Default.

a. Events of Default. The following shall each constitute an Event of Default by a Party:

i. The Party fails to make any material payment due under this Agreement within thirty (30) days after delivery of notice from the other Party that such payment is overdue.

ii. The Party materially fails to perform or comply with any material representation, warranty, obligation, covenant or agreement set forth in this Agreement and such failure continues for a period of thirty (30) days after delivery of notice thereof from the other Party.

iii. The Party is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Force Majeure. Except as specifically provided herein, if by reason of Force Majeure, a Party is unable to carry out, either in whole or in part, any of its obligations herein contained, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party, within a reasonable time after the occurrence of the Force Majeure event, gives the other Party notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the non-performing Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "***Force Majeure***" as used in this Agreement shall mean an event or circumstances beyond the reasonable control of a Party and not resulting from the Party's negligence, including, but not limited to fire, acts of God, earthquake, flood or other casualty or accident; break down or failure of the Distribution Provider's electric distribution system; serial equipment defect; strikes or labor disputes; war, civil strife or other violence; and any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility.

Either Party may terminate this Agreement upon 15 days' written notice to the other Party if any event of Force Majeure affecting such other Party has been in existence for a period of 180 consecutive days or longer, unless such event of Force Majeure expired before the end of the 15 day notice period.

10. Remedies; Limitation of Liability; Waiver.

a. Remedies. Subject to the limitations set forth in this Agreement, the Parties each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Parties hereto under this Agreement. Under no circumstances shall Owner's liability for breach of this Agreement exceed, in any one calendar year, an amount equal to (i) the Allocation percentage times (ii) \$15,000; provided, however that such limitation shall not apply to damages arising out of the sale or allocation by Owner to a third party of the Credits allocated and committed to Subscriber hereunder. For example, if the Allocation is 40%, then the limit described in the preceding sentence shall equal $40\% \times \$15,000$ or \$6,000 total.

b. Owner Damages. In the event of Subscriber's breach, repudiation, or termination of this Agreement in violation of the provisions hereof, Owner shall be entitled to recover from Subscriber (subject to Owner's duty to mitigate damages including its duty to try and find a replacement subscriber): (i) the unpaid Monthly Allocation Payments due at the time of termination; and (ii) Owner's actual, reasonable, and verifiable damages resulting from Subscriber's breach. Any post-termination Monthly Allocation Payments that may qualify as damages under this section, will be calculated-based upon the Schedule of Expected Deliveries of Credits (Exhibit B, hereto), and the Bill Credit Rate at the time of Subscriber's breach of this Agreement.

c. Limitation of Liability. EXCEPT AS EXPRESSLY ALLOWED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT OR PUNITIVE DAMAGES OF ANY CHARACTER, RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF A PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER THEORY AT LAW OR EQUITY.

d. Exclusions. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 10, THE LIMITATIONS OF THIS SECTION 10 DO NOT APPLY TO A CLAIM FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; FOR FAILURE TO COMPLY WITH LAWS; FOR INDEMNIFICATION; FOR BREACH OF CONFIDENTIALITY OR FOR INTELLECTUAL PROPERTY INFRINGEMENT.

11. Early Termination.

a. Either Party may terminate this Agreement on notice thereof to Subscriber in the event that Owner is unable to obtain financing for the Facility on commercially reasonable terms on or before December 31, 2017.

b. If Owner fails to perform under this Agreement due to an event of Force Majeure that lasts more than twelve (12) months or fails to restore the Facility to full operation at Capacity within twelve (12) months following an event of Force Majeure causing damage to the Facility, Subscriber shall have the right to terminate this Agreement by giving Owner at least

sixty (60) days prior notice of its intent to terminate based on such failure(s). Any such notice of termination shall be given within three (3) months of such failure(s). In the event of termination pursuant to this Section 11(b), Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the six month period following the expiration of such twelve (12) month period.

c. In the event (i) the CSG Contract is terminated based on Owner's breach thereof or (ii) Owner materially breaches its obligations of performance in this Agreement and such breach is not cured within thirty (30) days after Owner receives written notice of such breach from Subscriber (provided, however, that if such breach is not capable of being cured within such thirty-day period and Owner has commenced and diligently continued actions to cure such breach within such thirty-day period, the cure period shall be extended to 180 days, so long as Owner is making diligent efforts to do so), then Subscriber may terminate this Agreement as provided in this Section 11. In the event of a termination by Subscriber described in the preceding sentence, Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the calendar year following termination according to the Schedule of Expected Deliveries, Exhibit B.

d. The Parties agree that actual damages in the event of termination of this Agreement as specified in Sections 11(b) and 11(c), would be difficult to calculate and that the liquidated damages specified herein are a reasonable approximation of such actual damages.

12. **Assignment**. No Party shall assign or in any manner transfer this Agreement or any part thereof except in connection with (a) Subscriber's assignment to a party approved in advance by Owner, with such approval not unreasonably withheld, on the bases of (i) creditworthiness, (ii) the party's eligibility under the Solar Rewards Community Program, (iii) Subscriber's payment to Owner of seven hundred fifty dollars (\$750) to cover Owner's administrative expenses associated with the transfer (the "***Transfer Fee***") and (iv) other factors evidencing an increase in a material risk of a breach of this Agreement, (b) Owner's assignment of this Agreement to any Affiliate that owns or, by long-term lease, controls the Facility, provided that such Affiliate has the same or better credit strength and has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; (c) Owner's collateral assignment of this Agreement to any financial institution that provides financing for the Facility (including a financial institution that enters into a sale/leaseback transaction with respect to the Facility) that has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder upon the foreclosure or conveyance in lieu thereof, and, in connection with any collateral assignment of this Agreement, Subscriber agrees to comply with the lender accommodations set forth in Exhibit C to this Agreement; (d) Owner's assignment of this Agreement, prior to the Commencement of Operations Date, to another operator/owner of a community garden facility, in the same County and qualified under the Solar Rewards Community Program which has sufficient capacity to accept Subscriber's Allocation, has the same or better credit strength, and agrees in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; or (e) Subscriber's assignment of this Agreement to any of its Affiliates or successor entity if the Minnesota legislature reassigns responsibility for the services provided by Metropolitan Council (without change of service address) provided that such Affiliate or successor entity has the same or better credit strength.

13. Miscellaneous.

a. LDC Disputes. Owner shall be solely responsible for resolving any dispute with LDC regarding the production of energy by the Facility. Subscriber shall be solely responsible for resolving any dispute with LDC regarding the calculation of the Bill Credit Rate.

b. Notices.

i. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be deemed delivered upon mailing, deposit with a courier for hand delivery, or electronic transmission, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or email transmission.

ii. Subscriber shall promptly notify Owner of any changes in Subscriber Data.

The notices and communications shall be sent to the following addresses:

If to Owner:

BHE Renewables, LLC
Program Manager – MN Community Solar Gardens
1850 N. Central Ave.
Suite 1025
Phoenix, AZ 85004
BHERenewables@bherenewables.com
515-252-6677

If to Subscriber:

City of Falcon Heights
2077 W. Larpenteur Ave
Falcon Heights, MN 55113

c. Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Minnesota without reference to any choice of law principles.

e. Dispute Resolution.

i. Amicable Settlement. The Parties shall attempt in good faith to resolve all disputes arising in connection with the interpretation or application of the provisions of this Agreement or in connection with the determination of any other matters arising under this Agreement by mutual agreement.

ii. Continuation of Performance. During the pendency of any dispute hereunder, the Parties shall continue to perform their respective obligations under this Agreement.

iii. Equitable Relief. Nothing in this Agreement shall be construed to preclude either Party from seeking or obtaining urgent equitable or injunctive relief from a court of law in relation to this Agreement.

iv. Venue and Jurisdiction. The Parties agree that the courts of the State of Minnesota and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law.

f. Insurance. With respect to the services provided pursuant to this Agreement, Owner shall at all times during the term of this Agreement and beyond such term when so required have and keep in force the following insurance coverages and limits:

i. Commercial General Liability on an occurrence basis with contractual liability coverage:

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	\$1,500,000

ii. Workers' Compensation and Employer's Liability:

Workers' Compensation	Statutory
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(If Owner is based outside the state of Minnesota, coverage must comply with Minnesota Law).

iii. Employer's Liability. Bodily injury by:

Accident—Each Accident	\$500,000
Disease—Policy Limit	\$500,000
Disease—Each Employee	\$500,000

An umbrella or excess policy over primary liability insurance coverages is an acceptable method to provide the required insurance limits.

The above establishes minimum insurance requirements. It is the sole responsibility of Owner to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, Owner shall promptly submit copies of insurance policies to Subscriber.

iv. Owner shall not commence work until it has obtained required insurance and filed with Subscriber a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Subscriber as the certificate holder and as an additional insured for the liability coverage(s) for all operations covered under this Agreement. Owner shall furnish to Subscriber updated certificates during the term of this Agreement as insurance policies expire.

g. Compliance with Law. Owner shall comply with all laws (including common laws), ordinances, codes, rules and regulations (collectively, “*Laws*”) regarding Owner’s obligations and performance under this Agreement. Owner shall obtain and maintain any and all permits, licenses, bonds, certificates and other similar approvals required in connection with this Agreement. In the event of an allegation that Owner has failed to comply with any Laws or failed to obtain any and all permits, licenses, bonds, certificates and/or any other similar approvals required in connection with this Agreement, Owner shall pay any fines or penalties imposed upon Subscriber as a result of such failure and shall reimburse Subscriber for any expenses (including attorneys’ fees) incurred by Subscriber in responding to such allegation.

h. Entire Agreement. This Agreement, and all documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

i. No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of another Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Subscriber and Owner hereunder are individual and neither collective nor joint in nature.

j. Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by each Party to this Agreement or its successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

l. Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by this Agreement.

m. Survival. The provisions of Sections 10, (Remedies, Limitation of

Liability; Waiver), 13(c) (Severability), 13(d) (Governing Law), and 13(e) (Dispute Resolution) shall survive the expiration or earlier termination of this Agreement for a period of six (6) years thereafter.

n. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed to create any duty to or standard of care with reference to, or any liability to, or any benefit for, any person not a party to this Agreement.

o. Confidentiality. Each Party agrees that it will not disclose Not Public Data (as hereinafter defined), directly or indirectly, under any circumstances or by any means (excluding disclosures to the LDC or as are required as a participant in the CSG Program), to any third person without the express written consent of the other Party unless such disclosure is permitted by the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, or required by applicable Law. “*Not Public Data*” means, not public data as defined in Minnesota Statutes § 13.02, subd. 8a (2014).

p. Data Practices.

i. Consistent with Minnesota Statutes, section 13.05, subdivision 6, if any data on individuals is made available to Owner by the Subscriber under this Agreement, Owner will administer and maintain any such data in accordance with Minnesota Statutes, Chapter 13 (the “*Minnesota* Government Data Practices Act”), and any other statutory provisions applicable to the data. If and to the extent that Minnesota Statutes, section 13.05, subdivision 11, is applicable to this Agreement, then: (A) all of the data created, collected, received, stored, used, maintained, or disseminated by Owner in performing this Agreement are subject to the requirements of the Minnesota Government Data Practices Act; (B) Owner must comply with those requirements as if it were a government entity; and (C) the remedies in Minnesota Statutes, section 13.08 apply to Owner.

ii. Consistent with Minnesota Statutes, section 13.055, if “private data on individuals,” “confidential data on individuals” or other “not public data” are provided to or made accessible to Owner by the Subscriber, Owner must: (A) have safeguards to ensure private or confidential data on individuals or other not public data are only accessible or viewable by Owner employees and agents whose work assignments in connection with the performance of this Agreement reasonably require them to have access to the data; (B) immediately notify the Subscriber of any unauthorized access by Owner employees and agents, and unauthorized access by third parties; (C) fully cooperate with Subscriber investigations into any breach in the security of private or confidential data on individuals or other not public data that may have occurred in connection with Owner’s access to or use of the data; and (D) fully cooperate with the Subscriber in fulfilling the notice and reporting requirements of Minnesota Statutes, section 13.055. The penalties in Minnesota Statutes, section 13.09 governing unauthorized acquisition of not public data apply to Owner and Owner employees and agents. If Owner is permitted to use a subcontractor to perform Owner’s work under this Agreement, Owner shall incorporate these data practices provisions into the subcontract.

iii. If Owner receives a request to release data referred to in this section, Owner must immediately notify the Subscriber. The Subscriber will give Owner instructions concerning the release of the data to the requesting party before the data is released.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF FALCON HEIGHTS

By: _____

Name: Peter Lindstrom

Title: Mayor

By: _____

Name: Sack Thongvanh

Title: City Administrator

GERONIMO ENERGY, LLC

By: _____

Name: Jeffrey R. Ringblom

Title: Vice President of Finance and Accounting

BHE RENEWABLES, LLC

By: _____

Name: Eric Besseling

Title: Authorized Representative

EXHIBIT A

Subscriber Agency Agreement and Consent Form

Solar*Rewards Community

Subscriber Agency Agreement and Consent Form

The undersigned ("**Subscriber**") has a Subscription to the following Community Solar Garden:

Community Solar Garden Name:	_____
Community Solar Garden Address:	<u>21205 St. Croix Trail N, Scandia, MN 55073</u>
Community Solar Garden Operator:	_____
Community Solar Garden contact information for Subscriber questions and complaints:	
Address (if different from above):	1850 N. Central Avenue, Suite 1025, Phoenix, AZ 58004_____
Telephone number:	515-252-6677_____
Email address:	BHERenewables@bherenewables.com_____
Web Site URL:	http://www.bherenewables.com_____

Subscriber Name:	<u>City of Falcon Heights</u>
Subscriber's Account Number with Northern States Power Company:	<u>51-6995557-5</u>
Subscriber Service Address where receiving electrical service from Northern States Power Company:	<u>2050 Roselawn Ave W, Saint Paul, MN 55113</u>

By signing this Solar Rewards Community Subscriber Agency Agreement and Consent Form, the Subscriber agrees to all of the following:

1. Assignment of Renewable Energy Credits (“RECs”), Energy and Capacity to Northern States Power Company, a Minnesota corporation. The Subscriber agrees that the Community Solar Garden Operator has authority to assign all energy produced and capacity associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and the Subscriber agrees that all energy produced, and capacity associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company. The Subscriber also agrees that the Community Solar Garden Operator has authority to assign all RECs associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and that if the Community Solar Garden or a person or entity on its behalf has assigned the RECs to Northern States Power Company, then all RECs associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company.

2. Tax Implications. The Community Solar Garden Operator has provided the Subscriber with a statement that Northern States Power Company makes no representations concerning the taxable consequences to the Subscriber with respect to its Bill Credits to the Subscriber or other tax issues relating to participation in the Community Solar Garden.

3. Northern States Power Company hereby discloses to the Subscriber that it recognizes that not all production risk factors, such as grid-failure events or atypically cloudy weather, are within the Community Solar Garden Operator's control.

4. Information Sharing. Participating in the Solar*Rewards Community Program will require sharing **Subscriber's Account Information** (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and **Subscriber's Energy Use Data** (the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden). The following outlines the type of information that will be shared, and how that information will be used.

a. Subscriber's Account Information and Subscriber Energy Usage Data. The Subscriber authorizes Northern States Power Company to provide the Community Solar Garden Operator (and the Community Solar Garden Operator's designated subcontractors and agents) with the Subscriber's Account Information and Subscriber's Energy Usage Data as described in Section 4 above. This information is needed to allow the Community Solar Garden Operator determine the extent to which the Subscriber is entitled to participate in the Community Solar Garden, and to validate the amount of the Bill Credits to be provided by Northern States Power Company to the Subscriber. The current data privacy policies of Northern States Power Company applicable to its Solar*Rewards Community Program provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above are attached as Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form.**

These privacy policies include definitions of “Subscriber's Account Information” and “Subscriber's Energy Usage Data.”

b. Subscriber's Subscription Information: The Subscriber authorizes the Community Solar Garden Operator to provide information to Northern States Power Company identifying the Subscriber (with the Subscriber's name, service address, and account number) and detailing the Subscriber's proportional share in kilowatts of the Community Solar Garden and to provide additional updates of this information to Northern States Power Company as circumstances change. This information is needed to allow Northern States Power Company to properly apply Bill Credits for the photovoltaic energy generated by the Community Solar Garden. Also, this information is needed to allow Northern States Power Company to send to the Subscriber notices or other mailings pertaining to their involvement in the Solar*Rewards Community Program. The Community Solar Garden Operator shall not disclose Subscriber information in annual reports or other public documents absent explicit, informed consent from the Subscriber. The Community Solar Garden Operator will not release any Subscriber data to third parties except to fulfill the regulated purposes of the Solar*Rewards Community Program, to comply with a legal or regulatory requirement, or upon explicit, informed consent from the Subscriber.

c. Aggregate Information. Aggregate information concerning production at the Community Solar Garden may be publicly disclosed to support regulatory oversight of the Solar*Rewards Community Program. This includes annual reports available to the public related to specific Community Solar Gardens, including but not limited to production from the Community Solar Gardens; size, location and the type of Community Solar Garden subscriber groups; reporting on known complaints and the resolution of these complaints; lessons learned and any potential changes to the Solar*Rewards Community Program; reporting on Bill Credits earned and paid; and reporting on the application process. Aggregated information will not identify individual Subscribers or provide Subscriber-Specific Account Information, Subscriber-Specific Energy Usage Data or Subscriber-specific Bill Credits unless a Subscriber provides explicit informed consent. Depending on the nature of the aggregated information, however, it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden. The Subscriber agrees to the inclusion of its production information in the creation of the aggregated information. The Community Solar Garden Operator will not use aggregated information for purposes unrelated to the Solar*Rewards Community Program without first providing notice and obtaining further consent, unless the aggregated information is otherwise available as public information. The policies of Northern States Power Company related to sharing aggregated information are part of the data privacy policies contained in the attached Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form** and should be provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above.

d. Information Requests from the MPUC or the Department of Commerce. The Subscriber agrees that the Community Solar Garden Operator and Northern States Power Company are authorized to provide any information they possess related to the

Subscriber or the Subscriber's participation in the Community Solar Garden to the Minnesota Public Utilities Commission (MPUC), the Minnesota Department of Commerce, or the Minnesota Office of Attorney General. This information is needed to allow proper regulatory oversight of Northern States Power Company and of the Solar*Rewards Community Program.

e. Liability Release. Northern States Power Company shall not be responsible for monitoring or taking any steps to ensure that the Community Solar Garden Operator maintains the confidentiality of the Subscriber's Account Information, the Subscriber's Energy Usage or the Bill Credits received pertaining to the Subscriber's participation in the Community Solar Garden. However, Northern States Power Company shall remain liable for its own inappropriate release of Subscriber's Account Information and Subscriber's Energy Use Data.

f. Duration of Consent. The Subscriber's consent to this information sharing shall be ongoing for the Term of the CSG Contract between the Community Solar Garden Operator and Northern States Power Company, or until the Subscriber no longer has a Subscription to the Community Solar Garden and the Community Solar Garden Operator notifies Northern States Power Company of this fact through the CSG Application System. Provided, however, the Subscriber's consent shall also apply thereafter to all such information of the Subscriber pertaining to that period of time during which the Subscriber had a Subscription to the Community Solar Garden.

g. Modification. The above provisions addressing data privacy and in Exhibit 1 shall remain in place until and unless other requirements are adopted by the MPUC in its generic privacy proceeding, Docket No. E,G999/CI-12-1344, or other MPUC Order. Northern States Power Company shall file necessary revisions to its tariffs and contracts within thirty (30) days of such Order.

Subscriber's Name: City of Falcon Heights

Subscriber's Signature: _____
Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

Date: _____

**Exhibit 1 to
Solar*Rewards Community Subscriber Agency Agreement and Consent Form**

**Data Privacy Policies of Northern States Power Company Pertaining to the Solar*Rewards
Community Program**

The data privacy policies of Northern States Power Company pertaining to the Solar*Rewards Community Program are as follows and may be changed from time to time as filed in the Company's tariff or as otherwise may be authorized by the Minnesota Public Utilities Commission ("MPUC"):

Definitions

Unless indicated otherwise, the same definition and meaning of terms in this document are the same as contained in the Standard Contract for Solar*Rewards Community. For ease of reference, here are some of the specific definitions:

“Company” means Northern States Power Company, a Minnesota Corporation, and its affiliates and agents.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers' Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more Subscriptions of a community solar garden interconnected with the Company.

“Subscriber’s Account Information” consists of the Subscriber's name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, and Subscriber specific Bill Credit(s).

“Subscriber's Energy Usage Data” includes the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden.

Overview

This section addresses how Subscriber's Account Information and Subscriber's Energy Usage Data will be collected, used and shared as part of participation in the Solar*Rewards Community Program.

1. How Subscriber's Account Information and Energy Usage Data Will Be Exchanged

a. Subscriber Specific Information

Once a Subscriber has executed a Subscriber Agency Agreement and Consent Form, an ongoing data exchange will occur between the Company and a Community Solar Garden Operator (and their designated subcontractors and agents):

(i) The Company will disclose the following Subscriber-specific information to the Community Solar Garden Operator:

- Subscriber's Account Information
- Subscriber's Energy Usage Data
- Bill credits

(ii) The Community Solar Garden Operator will disclose to the Company the following Subscriber-specific information:

- Subscriber's Account Information
- Community Solar Garden Allocation for each Subscriber's Subscription stated in kW
- Production data related to the PV System
- Monthly Subscription Information

b. Aggregated Subscriber Information

Aggregated Subscriber information will be reported as part of Permitted Public Reporting, outlined in Section 2(b) below.

To be considered "aggregated" the reported information must include information attributable to all Subscribers participating in a specific Solar*Rewards Community program site, which based on program requirements will contain a minimum of five Subscribers. Depending on the nature of the aggregated information, however, from this information alone or in combination with other publicly available information it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden.

2. How Subscriber's Information Will Be Used

The following outlines how the Subscriber's Account Information and Subscriber Energy Usage Data will be used as part of the Solar*Rewards Community Program.

a. Program Management

As part of administering the Solar*Rewards Community program, the Solar Garden Operator and the Company may provide information related to the Subscriber and/or the Community Solar Garden to:

- the MPUC
- the Minnesota Department of Commerce
- the Minnesota Office of Attorney General
- Other governmental or private entities as required by law or regulation

Account Information and Subscriber's Energy Usage Data to service providers, agents, or contracted agents who support the program on its behalf. The Company prohibits these service providers from using or disclosing the Subscriber's information except as necessary to perform these specific services or to comply with legal requirements. More information about the Company's general privacy practices is explained in its Privacy Policy available on www.xcelenergy.com.

b. Permitted Public Reporting

The Subscriber's Energy Usage Data of each participating Subscriber to a Community Solar Garden will be combined and reported in the aggregate by the Community Solar Garden Operator in its annual report on the Solar*Rewards Community program. The identity of specific Subscribers, the specific Subscriber's Account Information, Subscriber's Energy Usage Data and Subscriber-specific Bill Credit will not be listed in the public annual report unless the Subscriber has provided the Community Solar Garden Operator with prior written consent.

Per the requirements of the MPUC, the Company will provide to the MPUC annual reports which will include information or data requested by the MPUC or Minnesota Department of Commerce, including the following:

- Reporting on Solar*Rewards Community program costs, including an analysis of the deposit, application, participation and metering fees and further justification for these fees going forward;
- Reporting on the Solar*Rewards Community Gardens, including but not limited to size, location and the type of Solar*Rewards Community subscriber groups;
- Reporting on known complaints and the resolution of these complaints;

- A copy of each contract signed with a Community Solar Garden Operator, if not previously filed;
 - Lessons learned and any potential changes to the program;
 - Report on bill credits earned and paid; and the
 - Application process
- c. Prohibited Reporting or Sharing

Except as otherwise provided in this document, the Company will not disclose the Subscriber's Account Information, Subscriber's Energy Usage Data or Subscriber-specific Bill Credits to a third party without first obtaining the Subscriber's written consent.

Any requests by the Community Solar Garden Operator to the Company for information about a Subscriber that is not Subscriber's Account Information or Subscriber's Energy Usage Data will require execution of a separate written consent by the Subscriber. Notwithstanding the previous statement, the Company will not provide the Community Solar Garden Operator with the Subscriber's Social Security Number unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

3. Subscriber Data Access and Correction

The following outlines what information is available to the Subscriber from the Company and the Community Solar Garden Operator, and methods of correcting any inaccuracies.

a. Information Available from the Company

Subscribers can contact the Company's call center to obtain information pertaining to their specific Bill Credit attributable to their participation in Solar*Rewards Community Program. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber's Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company .

Subscribers may also obtain from the Company the following information related to the Solar*Rewards Community Program without obtaining written consent from the Community Solar Garden Operator:

- Site location
- Operator name
- Nameplate capacity

- Production data related to the PV system
- Bill Credit Rate and total amount of Bill Credits applied to the PV System
- Any other information pertaining to the Subscriber's Subscription

Other information regarding the Community Solar Garden Operator known to the Company will not be disclosed unless the Subscriber obtains prior explicit informed consent from the Community Solar Garden Operator or unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

b. Information Available from the Community Solar Garden Operator

Subscribers and prospective subscribers can contact the Community Solar Garden Operator to obtain the following information:

- Future costs and benefits of the Subscription, including:
 - i. All nonrecurring (i.e., one-time) charges;
 - ii. All recurring charges;
 - iii. Terms and conditions of service;
 - iv. Whether any charges may increase during the course of service, and if so, how much advance notice is provided to the Subscriber;
 - v. Whether the Subscriber may be required to sign a term contract;
 - vi. Terms and conditions for early termination;
 - vii. Any penalties that the Community Solar Garden may charge to the Subscriber;
 - viii. The process for unsubscribing and any associated costs;
 - ix. An explanation of the Subscriber data the Community Solar Garden Operator will share with Northern States Power Company and that Northern States Power Company will share with the Community Solar Garden Operator;
 - x. The data privacy policies of Northern States Power Company and of the Community Solar Garden Operator;
 - xi. The method of providing notice to Subscribers when the Community Solar Garden is out of service, including notice of estimated length and loss of production;

- xii. Assurance that all installations, upgrades and repairs will be under direct supervision of a NABCEP-certified solar professional and that maintenance will be performed according to industry standards, including the recommendations of the manufacturers of solar panels and other operational components;
 - xiii. Allocation of unsubscribed production; and
 - xiv. A statement that the Community Solar Garden Operator is solely responsible for resolving any disputes with Northern States Power Company or the Subscriber about the accuracy of the Community Solar Garden production and that Northern States Power Company is solely responsible for resolving any disputes with the Subscriber about the applicable rate used to determine the amount of the Bill Credit.
- Copy of the contract with Northern States Power Company for the Solar*Rewards Community Program
 - Copy of the solar panel warranty
 - Description of the compensation to be paid for any underperformance
 - Proof of insurance
 - Proof of a long-term maintenance plan
 - Current production projections and a description of the methodology used to develop production projections
 - Community Solar Garden Operator contact information for questions and complaints
 - Demonstration to the Subscriber by the Community Solar Garden Operator that it has sufficient funds to operate and maintain the Solar*Rewards Community Program

The Community Solar Garden Operator is solely responsible for the accuracy of the Subscriber's share of the Community Solar Garden production information forwarded to the Company, and should resolve with the Subscriber any dispute regarding the accuracy of such information.

Subscribers can submit comments to the Company on the accuracy and completeness of its annual report by contacting solarrewardscommunity@xcelenergy.com.

4. Data Retention

The Company will retain the Subscriber's Account Information, Subscriber's Energy Usage Data and information on Bill Credits for as long as required under applicable law.

EXHIBIT B

Schedule of Expected Deliveries of Credits [pro forma; final to be provided prior to commencement of construction]

Subscriber's Share (kWh)	
Year 1	30,631
Year 2	30,477
Year 3	30,325
Year 4	30,173
Year 5	30,022
Year 6	29,872
Year 7	29,723
Year 8	29,574
Year 9	29,427
Year 10	29,279
Year 11	29,133
Year 12	28,987
Year 13	28,842
Year 14	28,698
Year 15	28,555
Year 16	28,412
Year 17	28,270
Year 18	28,128
Year 19	27,988
Year 20	27,848
Year 21	27,709
Year 22	27,570
Year 23	27,432
Year 24	27,295
Year 25	27,159

Weather Adjustment Protocol for Expected Deliveries

For any two-year Measurement Period respecting application of the Performance Guarantee, Expected Deliveries shall be adjusted to reflect any negative difference (shortfall) between Expected Solar Irradiation (“*ESI*”) and Actual Solar Irradiation (“*ASI*”). The ratio of ASI to ESI for the Measurement Period shall be applied to Expected Deliveries as a weather adjustment prior to comparing Actual Deliveries to Expected Deliveries for the purposes of the Performance Guarantee.

The method of the weather adjustment is as follows.

1. The ESI for the Facility is 1390 KWh per square meter.
2. The ASI is to be determined by monthly pyranometer readings at the Facility. The monthly readings are to be averaged for each of the two calendar years in the Measurement Period.
3. The weather adjustment factor for the measurement period is the ratio of (i) ASI, determined per Step 2 of this method to (ii) ESI, determined per Step 1 of this method. The Expected Deliveries for the Measurement Period is multiplied by this factor to derive the Guaranteed Performance.

EXHIBIT C

Lender Accommodations

Subscriber acknowledges that Owner will be financing the installation of the Facility either through a lessor, lender or with financing accommodations from one or more financial institutions and that Owner may sell or assign the Facility and/or may secure Owner's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such sale, conveyance, or financing, and with respect to any such financial institutions of which Owner has notified Subscriber in writing Subscriber agrees as follows:

(a) Consent to Collateral Assignment. Provided the Financing Party has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights thereunder upon the foreclosure or conveyance in lieu thereof, Subscriber consents to either the sale or conveyance by Owner to a Financing Party that has provided financing of Owner's right, title and interest in the Facility and to this Agreement.

(b) Notices of Default. Subscriber will deliver to the Financing Party, concurrently with delivery thereof to Owner, a copy of each notice of default given by Subscriber under the Agreement, inclusive of a reasonable description of Owner default. Subscriber will not mutually agree with Owner to terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement, during the continuation of an event of default by Owner under its agreements with Financing Party, provided that the Financing Party has agreed in writing to recognize Subscriber's rights under the Agreement and to not disturb any of Subscriber's rights thereunder:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Owner, any and all rights and remedies of Owner under this Agreement in accordance with the terms of this Agreement and the Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Owner thereunder or cause to be cured any default of Owner thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Owner under this Agreement or (unless the Financing Party has succeeded to Owner's interests under this Agreement) to perform any act, duty or obligation of Owner under this Agreement, but Subscriber hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Owner to the Financing Party (or any assignee of the Financing Party). Any such exercise shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Owner under the United States Bankruptcy Code, at the

request of the Financing Party made within ninety (90) days of such termination or rejection, Subscriber shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Except for termination pursuant to Section 3(a) of the Subscription Agreement in connection with a failure to achieve commercial operation by December 31, 2016, Subscriber will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Owner) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Owner default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional sixty (60) days.

ii. If the Financing Party (including any transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Owner's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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SOLAR GARDEN SUBSCRIPTION AGREEMENT

This Solar Garden Subscription Agreement (“*Agreement*”) is entered into as of the _____ day of _____, 20____ (the “*Effective Date*”) by and among Geronimo Energy, LLC, a Delaware limited liability company and BHE Renewables, LLC, a Delaware limited liability company (“*Owner*”), and City of Falcon Heights, a Minnesota municipal corporation (the “*Subscriber*”). In this Agreement, Owner and Subscriber are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

A. Owner intends to develop, operate and maintain a photovoltaic generation facility qualified as a “Community Solar Garden” pursuant to Minn. Stat. 216B.1641 (“*CSG Program*”) to be located at 21205 St. Croix Trail N, Scandia, MN 55073 (the “*Facility*”) and has entered or will enter into a Standard Contract for Solar Rewards Community (“*CSG Contract*”) with the local electric distribution company (the “*LDC*”). The designed capacity of the Facility shall be approximately 1,000 kW_{AC} (1,279 kW_{DC}) (subject to adjustment as described herein, the “*Facility Capacity*”);

B. The energy produced by the Facility will be delivered by Owner via interconnection of the Facility to the electric grid, to the LDC, which will calculate the monetary value of the energy received from the Facility per applicable utility tariff and convert that amount into credits per kilowatt hour (the “*Bill Credit Rate*” as defined in the CSG Contract) on the bills from LDC to the subscribers of Owner (“*Credits*”);

C. Owner will, in accordance with the terms hereof, and through the administrative process established by the LDC as approved by the Minnesota Public Utilities Commission (“*MPUC*”), allocate and sell the right to receive Credits to its subscribers according to their respective Allocations (as defined below);

D. Subscriber is an LDC customer (Premise. No. 304521136) and desires to purchase Credits from Owner in proportion to its expected consumption of electricity at 1555 Iowa Ave W, Saint Paul, MN 55108 (“*Customer Site*”).

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual premises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Subscriber and Owner agree as follows.

1. **Term.** The term of this Agreement shall commence on the Effective Date, and, unless terminated earlier pursuant to the provisions hereof, shall terminate on the 25th anniversary of the Commercial Operation Date (as defined below) (the “*Term*”). The Term shall not be extended by virtue of any period of disconnection or event of Force Majeure experienced by the Facility.

2. **Operation of the Facility.**

a. Owner shall operate the Facility during the Term so as to deliver all energy generated by the Facility to LDC in accordance with the CSG Contract and applicable LDC tariffs.

b. Owner shall maintain the Facility in good working order at all times during the Term, and shall operate the Facility in a manner reasonably intended to maximize the amount of Credits allocable to Subscriber, consistent with good custom and practice for operation of utility generating facilities.

3. **Sale and Purchase of Credits; Allocation.**

a. Owner shall promptly notify Subscriber of the Date of Commercial Operation of the Facility as established pursuant to the CSG Contract (“**Commercial Operation Date**”). In the event that the Commercial Operation Date is not achieved by December 31, 2017, and any of the following events or circumstances occur, either Party may terminate this Agreement, without liability, upon delivery of such notice to the other Party:

i. after timely application to the LDC (or other applicable distribution service provider whose system the Facility connects to deliver energy (the “**Distribution Provider**”) and commercially reasonable efforts to secure interconnection services, Owner has not received written confirmation and evidence that interconnection services will be available for the energy generated by the Facility at the Facility Capacity; or

ii. if the LDC or another party with the authority to do so disqualifies Owner or the Facility from participating in the CSG Program.

b. Owner shall allocate a portion of Facility Capacity to Subscriber consisting of 10.232 kW_{DC} (subject to update by Owner in connection with finalizing the Facility Capacity) equal to eight tenths percent (0.8%) of Facility Capacity (the “**Allocation**”). Owner shall provide to LDC the Allocation along with Subscriber’s name, LDC account number(s), and service address(es) (“**Subscriber Data**”).

c. Owner shall sell to Subscriber and Subscriber shall purchase from Owner, the right to receive an amount of Credits calculated on the basis of that portion of the total kilowatt hours (in AC) delivered by the Facility to LDC which corresponds to the Allocation. The Allocation shall be effective for each and every LDC Production Month (as defined in the CSG Contract) during the Term. Owner shall post Credits to Subscriber’s account monthly for invoicing pursuant to Section 4 of this Agreement (“**Subscriber’s Monthly Credits**”). Thus, where $x = \#$ of Credits, $y = \text{kWh}_{AC}$ delivered in a Production Month, and $a = \text{Allocation}$, $x = y \times a$.

4. **Price and Payment.**

a. For the right to receive Credits generated by the Facility each month, Subscriber shall pay to Owner an amount equal to the product of (i) the corresponding Subscriber’s Monthly Credits, and (ii) the Bill Credit Rate then applicable to the LDC’s Solar Rewards Community Program minus one cent (\$.01) (the “**Monthly Allocation Payment**”).

b. Beginning with the second calendar month following the Commercial Operation Date, Owner shall invoice Subscriber, utilizing Subscriber’s preferred invoicing service, for the Monthly Allocation Payment for the Credits posted to Subscriber’s account since the prior invoice date. Subscriber shall make its payments to Owner no later than thirty (30)

days following receipt of the applicable invoice. Owner shall include with each invoice, a copy of the LDC statement delivered to Owner that indicates the kWh_{AC} upon which the LDC calculates the Credit to Subscriber.

5. **Records and Audits.**

a. Upon request by Subscriber, Owner shall provide (i) evidence of the accuracy of its metering equipment for the Facility and/or (ii) such other information and records requested by Subscriber to enable Subscriber to verify the accuracy of the Credits awarded by the LDC and any other calculation and/or measurements described in this Agreement.

b. Owner shall provide reports to Subscriber (i) monthly, containing the energy produced by the Facility, and (ii) annually, containing an audited financial statement of Owner, and a current statement of management, financing parties, and operatorship of Owner. Subscriber may provide comments to Owner on the accuracy and completeness of the annual reports, and shall provide a copy of any such comments to LDC.

c. As required by Minnesota Statutes, section 16C.05, subdivision 5, the records, books, documents, and accounting procedures and practices of Owner and of any subcontractor of Owner relating to work performed pursuant to this Agreement shall be subject to audit and examination by the Subscriber and the Legislative Auditor or State Auditor as described in such subdivision. Owner and any subcontractor of Owner shall permit, upon reasonable advance written notice, the Subscriber or its designee to inspect, copy, and audit its accounts, records, and business documents at any reasonable time during regular business hours, as they may relate to the performance under this Agreement. Audits conducted by the Subscriber under this provision shall be in accordance with generally accepted auditing standards.

6. **Taxes.**

a. Subscriber shall be solely liable for sales or similar taxes imposed by a governmental entity, if any, attributable to the sale of Credits allocated to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any investment tax credit or other tax benefits related to ownership of the Facility.

7. **Representations, Warranties and Covenants.**

a. Each Party represents and warrants to the other Party:

i. The Party is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party; and

iv. To the best of its knowledge, there is no litigation, action, proceeding or investigation pending before any court or other Governmental Authority by, against, affecting or involving its ability to carry out the transactions contemplated herein.

b. Owner represents, warrants, and covenants to Subscriber:

i. Owner has, or in the ordinary course will obtain, all licenses, permits and any other required documents to construct and operate the Facility;

ii. Owner shall perform its obligations under the CSG Contract and otherwise comply with all provisions of the CSG Program and other applicable tariffs.

iii. Except as may be required by law or regulation, or with Subscriber's consent, Owner will not publicly disclose Subscriber's LDC account information, energy usage data, or Credits.

c. Subscriber represents, warrants, and covenants to Owner:

i. Subscriber's average annual energy consumption for its subscribing account(s) over the two year period prior to the Effective Date is 11,784 kWh_{AC};

ii. Subscriber shall not install or procure any other distributed generation resource(s) serving Subscriber's premises to which energy is delivered by LDC under Account No. 51-0010945414-5, which resource(s), when combined with the Allocation, may generate energy (including energy upon which the Credits are based) exceeding one hundred twenty percent (120%) of Subscriber's average annual energy consumption over the twenty-four (24) months prior to such installment or procurement.

iii. Within thirty (30) days of request by Owner, which request shall be made not sooner than the date of commencement of construction of the Facility, Subscriber shall complete, execute, and deliver to Owner the Subscriber Agency Agreement in the form attached hereto as Exhibit A. Upon execution, all of the information and statements of Subscriber provided therein shall be accurate.

iv. Subscriber understands and agrees it will have no interest in or entitlement to (a) benefits or derivatives of "Unsubscribed Energy" or "RECs" associated with the Facility as each is defined in the CSG Contract; and (b) incentives under the MN Department of Commerce's Made in Minnesota program and LDC's Solar Rewards program associated with the Facility.

8. **Performance Guarantee.** Owner hereby guarantees that in every period of two consecutive calendar years during the Term, beginning with the first full calendar year, Owner will provide Credits from operation of the Facility in an amount not less than ninety percent (90%) of Expected Deliveries (weather adjusted) which will be set forth on Exhibit B hereto (the "***Guaranteed Performance***") not later than the date of commencement of construction of the Facility. Owner shall pay Subscriber one cent (\$.01) per Credit to the extent the actual number of Credits purchased by Subscriber during any such two year period (the "***Measurement Period***") is less than the Guaranteed Performance for the entire Measurement Period (combining

the Expected Deliveries for both calendar years). Such payment shall be Subscriber's sole remedy for default by Owner under this Section 8. Owner shall have no liability under this Section 8 if the Facility's failure to achieve Guaranteed Performance is due to an event of Force Majeure.

9. Default.

a. Events of Default. The following shall each constitute an Event of Default by a Party:

i. The Party fails to make any material payment due under this Agreement within thirty (30) days after delivery of notice from the other Party that such payment is overdue.

ii. The Party materially fails to perform or comply with any material representation, warranty, obligation, covenant or agreement set forth in this Agreement and such failure continues for a period of thirty (30) days after delivery of notice thereof from the other Party.

iii. The Party is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Force Majeure. Except as specifically provided herein, if by reason of Force Majeure, a Party is unable to carry out, either in whole or in part, any of its obligations herein contained, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party, within a reasonable time after the occurrence of the Force Majeure event, gives the other Party notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the non-performing Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "***Force Majeure***" as used in this Agreement shall mean an event or circumstances beyond the reasonable control of a Party and not resulting from the Party's negligence, including, but not limited to fire, acts of God, earthquake, flood or other casualty or accident; break down or failure of the Distribution Provider's electric distribution system; serial equipment defect; strikes or labor disputes; war, civil strife or other violence; and any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility.

Either Party may terminate this Agreement upon 15 days' written notice to the other Party if any event of Force Majeure affecting such other Party has been in existence for a period of 180 consecutive days or longer, unless such event of Force Majeure expired before the end of the 15 day notice period.

10. Remedies; Limitation of Liability; Waiver.

a. Remedies. Subject to the limitations set forth in this Agreement, the Parties each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Parties hereto under this Agreement. Under no circumstances shall Owner's liability for breach of this Agreement exceed, in any one calendar year, an amount equal to (i) the Allocation percentage times (ii) \$15,000; provided, however that such limitation shall not apply to damages arising out of the sale or allocation by Owner to a third party of the Credits allocated and committed to Subscriber hereunder. For example, if the Allocation is 40%, then the limit described in the preceding sentence shall equal $40\% \times \$15,000$ or \$6,000 total.

b. Owner Damages. In the event of Subscriber's breach, repudiation, or termination of this Agreement in violation of the provisions hereof, Owner shall be entitled to recover from Subscriber (subject to Owner's duty to mitigate damages including its duty to try and find a replacement subscriber): (i) the unpaid Monthly Allocation Payments due at the time of termination; and (ii) Owner's actual, reasonable, and verifiable damages resulting from Subscriber's breach. Any post-termination Monthly Allocation Payments that may qualify as damages under this section, will be calculated-based upon the Schedule of Expected Deliveries of Credits (Exhibit B, hereto), and the Bill Credit Rate at the time of Subscriber's breach of this Agreement.

c. Limitation of Liability. EXCEPT AS EXPRESSLY ALLOWED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT OR PUNITIVE DAMAGES OF ANY CHARACTER, RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF A PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER THEORY AT LAW OR EQUITY.

d. Exclusions. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 10, THE LIMITATIONS OF THIS SECTION 10 DO NOT APPLY TO A CLAIM FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; FOR FAILURE TO COMPLY WITH LAWS; FOR INDEMNIFICATION; FOR BREACH OF CONFIDENTIALITY OR FOR INTELLECTUAL PROPERTY INFRINGEMENT.

11. Early Termination.

a. Either Party may terminate this Agreement on notice thereof to Subscriber in the event that Owner is unable to obtain financing for the Facility on commercially reasonable terms on or before December 31, 2017.

b. If Owner fails to perform under this Agreement due to an event of Force Majeure that lasts more than twelve (12) months or fails to restore the Facility to full operation at Capacity within twelve (12) months following an event of Force Majeure causing damage to the Facility, Subscriber shall have the right to terminate this Agreement by giving Owner at least

sixty (60) days prior notice of its intent to terminate based on such failure(s). Any such notice of termination shall be given within three (3) months of such failure(s). In the event of termination pursuant to this Section 11(b), Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the six month period following the expiration of such twelve (12) month period.

c. In the event (i) the CSG Contract is terminated based on Owner's breach thereof or (ii) Owner materially breaches its obligations of performance in this Agreement and such breach is not cured within thirty (30) days after Owner receives written notice of such breach from Subscriber (provided, however, that if such breach is not capable of being cured within such thirty-day period and Owner has commenced and diligently continued actions to cure such breach within such thirty-day period, the cure period shall be extended to 180 days, so long as Owner is making diligent efforts to do so), then Subscriber may terminate this Agreement as provided in this Section 11. In the event of a termination by Subscriber described in the preceding sentence, Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the calendar year following termination according to the Schedule of Expected Deliveries, Exhibit B.

d. The Parties agree that actual damages in the event of termination of this Agreement as specified in Sections 11(b) and 11(c), would be difficult to calculate and that the liquidated damages specified herein are a reasonable approximation of such actual damages.

12. **Assignment**. No Party shall assign or in any manner transfer this Agreement or any part thereof except in connection with (a) Subscriber's assignment to a party approved in advance by Owner, with such approval not unreasonably withheld, on the bases of (i) creditworthiness, (ii) the party's eligibility under the Solar Rewards Community Program, (iii) Subscriber's payment to Owner of seven hundred fifty dollars (\$750) to cover Owner's administrative expenses associated with the transfer (the "***Transfer Fee***") and (iv) other factors evidencing an increase in a material risk of a breach of this Agreement, (b) Owner's assignment of this Agreement to any Affiliate that owns or, by long-term lease, controls the Facility, provided that such Affiliate has the same or better credit strength and has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; (c) Owner's collateral assignment of this Agreement to any financial institution that provides financing for the Facility (including a financial institution that enters into a sale/leaseback transaction with respect to the Facility) that has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder upon the foreclosure or conveyance in lieu thereof, and, in connection with any collateral assignment of this Agreement, Subscriber agrees to comply with the lender accommodations set forth in Exhibit C to this Agreement; (d) Owner's assignment of this Agreement, prior to the Commencement of Operations Date, to another operator/owner of a community garden facility, in the same County and qualified under the Solar Rewards Community Program which has sufficient capacity to accept Subscriber's Allocation, has the same or better credit strength, and agrees in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; or (e) Subscriber's assignment of this Agreement to any of its Affiliates or successor entity if the Minnesota legislature reassigns responsibility for the services provided by Metropolitan Council (without change of service address) provided that such Affiliate or successor entity has the same or better credit strength.

13. Miscellaneous.

a. LDC Disputes. Owner shall be solely responsible for resolving any dispute with LDC regarding the production of energy by the Facility. Subscriber shall be solely responsible for resolving any dispute with LDC regarding the calculation of the Bill Credit Rate.

b. Notices.

i. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be deemed delivered upon mailing, deposit with a courier for hand delivery, or electronic transmission, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or email transmission.

ii. Subscriber shall promptly notify Owner of any changes in Subscriber Data.

The notices and communications shall be sent to the following addresses:

If to Owner:

BHE Renewables, LLC
Program Manager – MN Community Solar Gardens
1850 N. Central Ave.
Suite 1025
Phoenix, AZ 85004
BHERenewables@bherenewables.com
515-252-6677

If to Subscriber:

City of Falcon Heights
2077 W. Larpenteur Ave
Falcon Heights, MN 55113

c. Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Minnesota without reference to any choice of law principles.

e. Dispute Resolution.

i. Amicable Settlement. The Parties shall attempt in good faith to resolve all disputes arising in connection with the interpretation or application of the provisions of this Agreement or in connection with the determination of any other matters arising under this Agreement by mutual agreement.

ii. Continuation of Performance. During the pendency of any dispute hereunder, the Parties shall continue to perform their respective obligations under this Agreement.

iii. Equitable Relief. Nothing in this Agreement shall be construed to preclude either Party from seeking or obtaining urgent equitable or injunctive relief from a court of law in relation to this Agreement.

iv. Venue and Jurisdiction. The Parties agree that the courts of the State of Minnesota and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law.

f. Insurance. With respect to the services provided pursuant to this Agreement, Owner shall at all times during the term of this Agreement and beyond such term when so required have and keep in force the following insurance coverages and limits:

i. Commercial General Liability on an occurrence basis with contractual liability coverage:

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	\$1,500,000

ii. Workers' Compensation and Employer's Liability:

Workers' Compensation	Statutory
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(If Owner is based outside the state of Minnesota, coverage must comply with Minnesota Law).

iii. Employer's Liability. Bodily injury by:

Accident—Each Accident	\$500,000
Disease—Policy Limit	\$500,000
Disease—Each Employee	\$500,000

An umbrella or excess policy over primary liability insurance coverages is an acceptable method to provide the required insurance limits.

The above establishes minimum insurance requirements. It is the sole responsibility of Owner to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, Owner shall promptly submit copies of insurance policies to Subscriber.

iv. Owner shall not commence work until it has obtained required insurance and filed with Subscriber a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Subscriber as the certificate holder and as an additional insured for the liability coverage(s) for all operations covered under this Agreement. Owner shall furnish to Subscriber updated certificates during the term of this Agreement as insurance policies expire.

g. Compliance with Law. Owner shall comply with all laws (including common laws), ordinances, codes, rules and regulations (collectively, “*Laws*”) regarding Owner’s obligations and performance under this Agreement. Owner shall obtain and maintain any and all permits, licenses, bonds, certificates and other similar approvals required in connection with this Agreement. In the event of an allegation that Owner has failed to comply with any Laws or failed to obtain any and all permits, licenses, bonds, certificates and/or any other similar approvals required in connection with this Agreement, Owner shall pay any fines or penalties imposed upon Subscriber as a result of such failure and shall reimburse Subscriber for any expenses (including attorneys’ fees) incurred by Subscriber in responding to such allegation.

h. Entire Agreement. This Agreement, and all documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

i. No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of another Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Subscriber and Owner hereunder are individual and neither collective nor joint in nature.

j. Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by each Party to this Agreement or its successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

l. Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by this Agreement.

m. Survival. The provisions of Sections 10, (Remedies, Limitation of

Liability; Waiver), 13(c) (Severability), 13(d) (Governing Law), and 13(e) (Dispute Resolution) shall survive the expiration or earlier termination of this Agreement for a period of six (6) years thereafter.

n. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed to create any duty to or standard of care with reference to, or any liability to, or any benefit for, any person not a party to this Agreement.

o. Confidentiality. Each Party agrees that it will not disclose Not Public Data (as hereinafter defined), directly or indirectly, under any circumstances or by any means (excluding disclosures to the LDC or as are required as a participant in the CSG Program), to any third person without the express written consent of the other Party unless such disclosure is permitted by the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, or required by applicable Law. “*Not Public Data*” means, not public data as defined in Minnesota Statutes § 13.02, subd. 8a (2014).

p. Data Practices.

i. Consistent with Minnesota Statutes, section 13.05, subdivision 6, if any data on individuals is made available to Owner by the Subscriber under this Agreement, Owner will administer and maintain any such data in accordance with Minnesota Statutes, Chapter 13 (the “*Minnesota* Government Data Practices Act”), and any other statutory provisions applicable to the data. If and to the extent that Minnesota Statutes, section 13.05, subdivision 11, is applicable to this Agreement, then: (A) all of the data created, collected, received, stored, used, maintained, or disseminated by Owner in performing this Agreement are subject to the requirements of the Minnesota Government Data Practices Act; (B) Owner must comply with those requirements as if it were a government entity; and (C) the remedies in Minnesota Statutes, section 13.08 apply to Owner.

ii. Consistent with Minnesota Statutes, section 13.055, if “private data on individuals,” “confidential data on individuals” or other “not public data” are provided to or made accessible to Owner by the Subscriber, Owner must: (A) have safeguards to ensure private or confidential data on individuals or other not public data are only accessible or viewable by Owner employees and agents whose work assignments in connection with the performance of this Agreement reasonably require them to have access to the data; (B) immediately notify the Subscriber of any unauthorized access by Owner employees and agents, and unauthorized access by third parties; (C) fully cooperate with Subscriber investigations into any breach in the security of private or confidential data on individuals or other not public data that may have occurred in connection with Owner’s access to or use of the data; and (D) fully cooperate with the Subscriber in fulfilling the notice and reporting requirements of Minnesota Statutes, section 13.055. The penalties in Minnesota Statutes, section 13.09 governing unauthorized acquisition of not public data apply to Owner and Owner employees and agents. If Owner is permitted to use a subcontractor to perform Owner’s work under this Agreement, Owner shall incorporate these data practices provisions into the subcontract.

iii. If Owner receives a request to release data referred to in this section, Owner must immediately notify the Subscriber. The Subscriber will give Owner instructions concerning the release of the data to the requesting party before the data is released.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF FALCON HEIGHTS

By: _____

Name: Peter Lindstrom

Title: Mayor

By: _____

Name: Sack Thongvanh

Title: City Administrator

GERONIMO ENERGY, LLC

By: _____

Name: Jeffrey R. Ringblom

Title: Vice President of Finance and Accounting

BHE RENEWABLES, LLC

By: _____

Name: Eric Besseling

Title: Authorized Representative

EXHIBIT A

Subscriber Agency Agreement and Consent Form

Solar*Rewards Community

Subscriber Agency Agreement and Consent Form

The undersigned ("**Subscriber**") has a Subscription to the following Community Solar Garden:

Community Solar Garden Name:	_____
Community Solar Garden Address:	<u>21205 St. Croix Trail N, Scandia, MN 55073</u>
Community Solar Garden Operator:	_____
Community Solar Garden contact information for Subscriber questions and complaints:	
Address (if different from above):	1850 N. Central Avenue, Suite 1025, Phoenix, AZ 58004_____
Telephone number:	515-252-6677_____
Email address:	BHERenewables@bherenewables.com_____
Web Site URL:	http://www.bherenewables.com_____

Subscriber Name:	<u>City of Falcon Heights</u>
Subscriber's Account Number with Northern States Power Company:	<u>51-0010945414-5</u>
Subscriber Service Address where receiving electrical service from Northern States Power Company:	<u>1555 Iowa Ave W, Saint Paul, MN 55108</u>

By signing this Solar Rewards Community Subscriber Agency Agreement and Consent Form, the Subscriber agrees to all of the following:

1. Assignment of Renewable Energy Credits (“RECs”), Energy and Capacity to Northern States Power Company, a Minnesota corporation. The Subscriber agrees that the Community Solar Garden Operator has authority to assign all energy produced and capacity associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and the Subscriber agrees that all energy produced, and capacity associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company. The Subscriber also agrees that the Community Solar Garden Operator has authority to assign all RECs associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and that if the Community Solar Garden or a person or entity on its behalf has assigned the RECs to Northern States Power Company, then all RECs associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company.

2. Tax Implications. The Community Solar Garden Operator has provided the Subscriber with a statement that Northern States Power Company makes no representations concerning the taxable consequences to the Subscriber with respect to its Bill Credits to the Subscriber or other tax issues relating to participation in the Community Solar Garden.

3. Northern States Power Company hereby discloses to the Subscriber that it recognizes that not all production risk factors, such as grid-failure events or atypically cloudy weather, are within the Community Solar Garden Operator's control.

4. Information Sharing. Participating in the Solar*Rewards Community Program will require sharing **Subscriber's Account Information** (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and **Subscriber's Energy Use Data** (the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden). The following outlines the type of information that will be shared, and how that information will be used.

a. Subscriber's Account Information and Subscriber Energy Usage Data. The Subscriber authorizes Northern States Power Company to provide the Community Solar Garden Operator (and the Community Solar Garden Operator's designated subcontractors and agents) with the Subscriber's Account Information and Subscriber's Energy Usage Data as described in Section 4 above. This information is needed to allow the Community Solar Garden Operator determine the extent to which the Subscriber is entitled to participate in the Community Solar Garden, and to validate the amount of the Bill Credits to be provided by Northern States Power Company to the Subscriber. The current data privacy policies of Northern States Power Company applicable to its Solar*Rewards Community Program provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above are attached as Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form.**

These privacy policies include definitions of “Subscriber's Account Information” and “Subscriber's Energy Usage Data.”

b. Subscriber's Subscription Information: The Subscriber authorizes the Community Solar Garden Operator to provide information to Northern States Power Company identifying the Subscriber (with the Subscriber's name, service address, and account number) and detailing the Subscriber's proportional share in kilowatts of the Community Solar Garden and to provide additional updates of this information to Northern States Power Company as circumstances change. This information is needed to allow Northern States Power Company to properly apply Bill Credits for the photovoltaic energy generated by the Community Solar Garden. Also, this information is needed to allow Northern States Power Company to send to the Subscriber notices or other mailings pertaining to their involvement in the Solar*Rewards Community Program. The Community Solar Garden Operator shall not disclose Subscriber information in annual reports or other public documents absent explicit, informed consent from the Subscriber. The Community Solar Garden Operator will not release any Subscriber data to third parties except to fulfill the regulated purposes of the Solar*Rewards Community Program, to comply with a legal or regulatory requirement, or upon explicit, informed consent from the Subscriber.

c. Aggregate Information. Aggregate information concerning production at the Community Solar Garden may be publicly disclosed to support regulatory oversight of the Solar*Rewards Community Program. This includes annual reports available to the public related to specific Community Solar Gardens, including but not limited to production from the Community Solar Gardens; size, location and the type of Community Solar Garden subscriber groups; reporting on known complaints and the resolution of these complaints; lessons learned and any potential changes to the Solar*Rewards Community Program; reporting on Bill Credits earned and paid; and reporting on the application process. Aggregated information will not identify individual Subscribers or provide Subscriber-Specific Account Information, Subscriber-Specific Energy Usage Data or Subscriber-specific Bill Credits unless a Subscriber provides explicit informed consent. Depending on the nature of the aggregated information, however, it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden. The Subscriber agrees to the inclusion of its production information in the creation of the aggregated information. The Community Solar Garden Operator will not use aggregated information for purposes unrelated to the Solar*Rewards Community Program without first providing notice and obtaining further consent, unless the aggregated information is otherwise available as public information. The policies of Northern States Power Company related to sharing aggregated information are part of the data privacy policies contained in the attached Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form** and should be provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above.

d. Information Requests from the MPUC or the Department of Commerce. The Subscriber agrees that the Community Solar Garden Operator and Northern States Power Company are authorized to provide any information they possess related to the

Subscriber or the Subscriber's participation in the Community Solar Garden to the Minnesota Public Utilities Commission (MPUC), the Minnesota Department of Commerce, or the Minnesota Office of Attorney General. This information is needed to allow proper regulatory oversight of Northern States Power Company and of the Solar*Rewards Community Program.

e. Liability Release. Northern States Power Company shall not be responsible for monitoring or taking any steps to ensure that the Community Solar Garden Operator maintains the confidentiality of the Subscriber's Account Information, the Subscriber's Energy Usage or the Bill Credits received pertaining to the Subscriber's participation in the Community Solar Garden. However, Northern States Power Company shall remain liable for its own inappropriate release of Subscriber's Account Information and Subscriber's Energy Use Data.

f. Duration of Consent. The Subscriber's consent to this information sharing shall be ongoing for the Term of the CSG Contract between the Community Solar Garden Operator and Northern States Power Company, or until the Subscriber no longer has a Subscription to the Community Solar Garden and the Community Solar Garden Operator notifies Northern States Power Company of this fact through the CSG Application System. Provided, however, the Subscriber's consent shall also apply thereafter to all such information of the Subscriber pertaining to that period of time during which the Subscriber had a Subscription to the Community Solar Garden.

g. Modification. The above provisions addressing data privacy and in Exhibit 1 shall remain in place until and unless other requirements are adopted by the MPUC in its generic privacy proceeding, Docket No. E,G999/CI-12-1344, or other MPUC Order. Northern States Power Company shall file necessary revisions to its tariffs and contracts within thirty (30) days of such Order.

Subscriber's Name: City of Falcon Heights

Subscriber's Signature: _____
Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

Date: _____

**Exhibit 1 to
Solar*Rewards Community Subscriber Agency Agreement and Consent Form**

**Data Privacy Policies of Northern States Power Company Pertaining to the Solar*Rewards
Community Program**

The data privacy policies of Northern States Power Company pertaining to the Solar*Rewards Community Program are as follows and may be changed from time to time as filed in the Company's tariff or as otherwise may be authorized by the Minnesota Public Utilities Commission ("MPUC"):

Definitions

Unless indicated otherwise, the same definition and meaning of terms in this document are the same as contained in the Standard Contract for Solar*Rewards Community. For ease of reference, here are some of the specific definitions:

“Company” means Northern States Power Company, a Minnesota Corporation, and its affiliates and agents.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers' Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more Subscriptions of a community solar garden interconnected with the Company.

“Subscriber’s Account Information” consists of the Subscriber's name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, and Subscriber specific Bill Credit(s).

“Subscriber's Energy Usage Data” includes the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden.

Overview

This section addresses how Subscriber's Account Information and Subscriber's Energy Usage Data will be collected, used and shared as part of participation in the Solar*Rewards Community Program.

1. How Subscriber's Account Information and Energy Usage Data Will Be Exchanged

a. Subscriber Specific Information

Once a Subscriber has executed a Subscriber Agency Agreement and Consent Form, an ongoing data exchange will occur between the Company and a Community Solar Garden Operator (and their designated subcontractors and agents):

(i) The Company will disclose the following Subscriber-specific information to the Community Solar Garden Operator:

- Subscriber's Account Information
- Subscriber's Energy Usage Data
- Bill credits

(ii) The Community Solar Garden Operator will disclose to the Company the following Subscriber-specific information:

- Subscriber's Account Information
- Community Solar Garden Allocation for each Subscriber's Subscription stated in kW
- Production data related to the PV System
- Monthly Subscription Information

b. Aggregated Subscriber Information

Aggregated Subscriber information will be reported as part of Permitted Public Reporting, outlined in Section 2(b) below.

To be considered "aggregated" the reported information must include information attributable to all Subscribers participating in a specific Solar*Rewards Community program site, which based on program requirements will contain a minimum of five Subscribers. Depending on the nature of the aggregated information, however, from this information alone or in combination with other publicly available information it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden.

2. **How Subscriber's Information Will Be Used**

The following outlines how the Subscriber's Account Information and Subscriber Energy Usage Data will be used as part of the Solar*Rewards Community Program.

a. Program Management

As part of administering the Solar*Rewards Community program, the Solar Garden Operator and the Company may provide information related to the Subscriber and/or the Community Solar Garden to:

- the MPUC
- the Minnesota Department of Commerce
- the Minnesota Office of Attorney General
- Other governmental or private entities as required by law or regulation

Account Information and Subscriber's Energy Usage Data to service providers, agents, or contracted agents who support the program on its behalf. The Company prohibits these service providers from using or disclosing the Subscriber's information except as necessary to perform these specific services or to comply with legal requirements. More information about the Company's general privacy practices is explained in its Privacy Policy available on www.xcelenergy.com.

b. Permitted Public Reporting

The Subscriber's Energy Usage Data of each participating Subscriber to a Community Solar Garden will be combined and reported in the aggregate by the Community Solar Garden Operator in its annual report on the Solar*Rewards Community program. The identity of specific Subscribers, the specific Subscriber's Account Information, Subscriber's Energy Usage Data and Subscriber-specific Bill Credit will not be listed in the public annual report unless the Subscriber has provided the Community Solar Garden Operator with prior written consent.

Per the requirements of the MPUC, the Company will provide to the MPUC annual reports which will include information or data requested by the MPUC or Minnesota Department of Commerce, including the following:

- Reporting on Solar*Rewards Community program costs, including an analysis of the deposit, application, participation and metering fees and further justification for these fees going forward;
- Reporting on the Solar*Rewards Community Gardens, including but not limited to size, location and the type of Solar*Rewards Community subscriber groups;
- Reporting on known complaints and the resolution of these complaints;

- A copy of each contract signed with a Community Solar Garden Operator, if not previously filed;
 - Lessons learned and any potential changes to the program;
 - Report on bill credits earned and paid; and the
 - Application process
- c. Prohibited Reporting or Sharing

Except as otherwise provided in this document, the Company will not disclose the Subscriber's Account Information, Subscriber's Energy Usage Data or Subscriber-specific Bill Credits to a third party without first obtaining the Subscriber's written consent.

Any requests by the Community Solar Garden Operator to the Company for information about a Subscriber that is not Subscriber's Account Information or Subscriber's Energy Usage Data will require execution of a separate written consent by the Subscriber. Notwithstanding the previous statement, the Company will not provide the Community Solar Garden Operator with the Subscriber's Social Security Number unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

3. Subscriber Data Access and Correction

The following outlines what information is available to the Subscriber from the Company and the Community Solar Garden Operator, and methods of correcting any inaccuracies.

a. Information Available from the Company

Subscribers can contact the Company's call center to obtain information pertaining to their specific Bill Credit attributable to their participation in Solar*Rewards Community Program. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber's Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company .

Subscribers may also obtain from the Company the following information related to the Solar*Rewards Community Program without obtaining written consent from the Community Solar Garden Operator:

- Site location
- Operator name
- Nameplate capacity

- Production data related to the PV system
- Bill Credit Rate and total amount of Bill Credits applied to the PV System
- Any other information pertaining to the Subscriber's Subscription

Other information regarding the Community Solar Garden Operator known to the Company will not be disclosed unless the Subscriber obtains prior explicit informed consent from the Community Solar Garden Operator or unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

b. Information Available from the Community Solar Garden Operator

Subscribers and prospective subscribers can contact the Community Solar Garden Operator to obtain the following information:

- Future costs and benefits of the Subscription, including:
 - i. All nonrecurring (i.e., one-time) charges;
 - ii. All recurring charges;
 - iii. Terms and conditions of service;
 - iv. Whether any charges may increase during the course of service, and if so, how much advance notice is provided to the Subscriber;
 - v. Whether the Subscriber may be required to sign a term contract;
 - vi. Terms and conditions for early termination;
 - vii. Any penalties that the Community Solar Garden may charge to the Subscriber;
 - viii. The process for unsubscribing and any associated costs;
 - ix. An explanation of the Subscriber data the Community Solar Garden Operator will share with Northern States Power Company and that Northern States Power Company will share with the Community Solar Garden Operator;
 - x. The data privacy policies of Northern States Power Company and of the Community Solar Garden Operator;
 - xi. The method of providing notice to Subscribers when the Community Solar Garden is out of service, including notice of estimated length and loss of production;

- xii. Assurance that all installations, upgrades and repairs will be under direct supervision of a NABCEP-certified solar professional and that maintenance will be performed according to industry standards, including the recommendations of the manufacturers of solar panels and other operational components;
 - xiii. Allocation of unsubscribed production; and
 - xiv. A statement that the Community Solar Garden Operator is solely responsible for resolving any disputes with Northern States Power Company or the Subscriber about the accuracy of the Community Solar Garden production and that Northern States Power Company is solely responsible for resolving any disputes with the Subscriber about the applicable rate used to determine the amount of the Bill Credit.
- Copy of the contract with Northern States Power Company for the Solar*Rewards Community Program
 - Copy of the solar panel warranty
 - Description of the compensation to be paid for any underperformance
 - Proof of insurance
 - Proof of a long-term maintenance plan
 - Current production projections and a description of the methodology used to develop production projections
 - Community Solar Garden Operator contact information for questions and complaints
 - Demonstration to the Subscriber by the Community Solar Garden Operator that it has sufficient funds to operate and maintain the Solar*Rewards Community Program

The Community Solar Garden Operator is solely responsible for the accuracy of the Subscriber's share of the Community Solar Garden production information forwarded to the Company, and should resolve with the Subscriber any dispute regarding the accuracy of such information.

Subscribers can submit comments to the Company on the accuracy and completeness of its annual report by contacting solarrewardscommunity@xcelenergy.com.

4. Data Retention

The Company will retain the Subscriber's Account Information, Subscriber's Energy Usage Data and information on Bill Credits for as long as required under applicable law.

EXHIBIT B

Schedule of Expected Deliveries of Credits [pro forma; final to be provided prior to commencement of construction]

Subscriber's Share (kWh)	
Year 1	13,432
Year 2	13,365
Year 3	13,298
Year 4	13,232
Year 5	13,165
Year 6	13,100
Year 7	13,034
Year 8	12,969
Year 9	12,904
Year 10	12,840
Year 11	12,775
Year 12	12,711
Year 13	12,648
Year 14	12,585
Year 15	12,522
Year 16	12,459
Year 17	12,397
Year 18	12,335
Year 19	12,273
Year 20	12,212
Year 21	12,151
Year 22	12,090
Year 23	12,030
Year 24	11,969
Year 25	11,910

Weather Adjustment Protocol for Expected Deliveries

For any two-year Measurement Period respecting application of the Performance Guarantee, Expected Deliveries shall be adjusted to reflect any negative difference (shortfall) between Expected Solar Irradiation (“*ESI*”) and Actual Solar Irradiation (“*ASI*”). The ratio of ASI to ESI for the Measurement Period shall be applied to Expected Deliveries as a weather adjustment prior to comparing Actual Deliveries to Expected Deliveries for the purposes of the Performance Guarantee.

The method of the weather adjustment is as follows.

1. The ESI for the Facility is 1390 KWh per square meter.
2. The ASI is to be determined by monthly pyranometer readings at the Facility. The monthly readings are to be averaged for each of the two calendar years in the Measurement Period.
3. The weather adjustment factor for the measurement period is the ratio of (i) ASI, determined per Step 2 of this method to (ii) ESI, determined per Step 1 of this method. The Expected Deliveries for the Measurement Period is multiplied by this factor to derive the Guaranteed Performance.

EXHIBIT C

Lender Accommodations

Subscriber acknowledges that Owner will be financing the installation of the Facility either through a lessor, lender or with financing accommodations from one or more financial institutions and that Owner may sell or assign the Facility and/or may secure Owner's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such sale, conveyance, or financing, and with respect to any such financial institutions of which Owner has notified Subscriber in writing Subscriber agrees as follows:

(a) Consent to Collateral Assignment. Provided the Financing Party has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights thereunder upon the foreclosure or conveyance in lieu thereof, Subscriber consents to either the sale or conveyance by Owner to a Financing Party that has provided financing of Owner's right, title and interest in the Facility and to this Agreement.

(b) Notices of Default. Subscriber will deliver to the Financing Party, concurrently with delivery thereof to Owner, a copy of each notice of default given by Subscriber under the Agreement, inclusive of a reasonable description of Owner default. Subscriber will not mutually agree with Owner to terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement, during the continuation of an event of default by Owner under its agreements with Financing Party, provided that the Financing Party has agreed in writing to recognize Subscriber's rights under the Agreement and to not disturb any of Subscriber's rights thereunder:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Owner, any and all rights and remedies of Owner under this Agreement in accordance with the terms of this Agreement and the Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Owner thereunder or cause to be cured any default of Owner thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Owner under this Agreement or (unless the Financing Party has succeeded to Owner's interests under this Agreement) to perform any act, duty or obligation of Owner under this Agreement, but Subscriber hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Owner to the Financing Party (or any assignee of the Financing Party). Any such exercise shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Owner under the United States Bankruptcy Code, at the

request of the Financing Party made within ninety (90) days of such termination or rejection, Subscriber shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Except for termination pursuant to Section 3(a) of the Subscription Agreement in connection with a failure to achieve commercial operation by December 31, 2016, Subscriber will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Owner) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Owner default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional sixty (60) days.

ii. If the Financing Party (including any transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Owner's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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SOLAR GARDEN SUBSCRIPTION AGREEMENT

This Solar Garden Subscription Agreement (“*Agreement*”) is entered into as of the _____ day of _____, 20____ (the “*Effective Date*”) by and among Geronimo Energy, LLC, a Delaware limited liability company and BHE Renewables, LLC, a Delaware limited liability company (“*Owner*”), and City of Falcon Heights, a Minnesota municipal corporation (the “*Subscriber*”). In this Agreement, Owner and Subscriber are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

A. Owner intends to develop, operate and maintain a photovoltaic generation facility qualified as a “Community Solar Garden” pursuant to Minn. Stat. 216B.1641 (“*CSG Program*”) to be located at 21205 St. Croix Trail N, Scandia, MN 55073 (the “*Facility*”) and has entered or will enter into a Standard Contract for Solar Rewards Community (“*CSG Contract*”) with the local electric distribution company (the “*LDC*”). The designed capacity of the Facility shall be approximately 1,000 kW_{AC} (1,279 kW_{DC}) (subject to adjustment as described herein, the “*Facility Capacity*”);

B. The energy produced by the Facility will be delivered by Owner via interconnection of the Facility to the electric grid, to the LDC, which will calculate the monetary value of the energy received from the Facility per applicable utility tariff and convert that amount into credits per kilowatt hour (the “*Bill Credit Rate*” as defined in the CSG Contract) on the bills from LDC to the subscribers of Owner (“*Credits*”);

C. Owner will, in accordance with the terms hereof, and through the administrative process established by the LDC as approved by the Minnesota Public Utilities Commission (“*MPUC*”), allocate and sell the right to receive Credits to its subscribers according to their respective Allocations (as defined below);

D. Subscriber is an LDC customer (Premise. No. 303309312) and desires to purchase Credits from Owner in proportion to its expected consumption of electricity at 1686 Larpenteur Ave W, Saint Paul, MN 55109 (“*Customer Site*”).

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual premises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Subscriber and Owner agree as follows.

1. **Term.** The term of this Agreement shall commence on the Effective Date, and, unless terminated earlier pursuant to the provisions hereof, shall terminate on the 25th anniversary of the Commercial Operation Date (as defined below) (the “*Term*”). The Term shall not be extended by virtue of any period of disconnection or event of Force Majeure experienced by the Facility.

2. **Operation of the Facility.**

a. Owner shall operate the Facility during the Term so as to deliver all energy generated by the Facility to LDC in accordance with the CSG Contract and applicable LDC tariffs.

b. Owner shall maintain the Facility in good working order at all times during the Term, and shall operate the Facility in a manner reasonably intended to maximize the amount of Credits allocable to Subscriber, consistent with good custom and practice for operation of utility generating facilities.

3. **Sale and Purchase of Credits; Allocation.**

a. Owner shall promptly notify Subscriber of the Date of Commercial Operation of the Facility as established pursuant to the CSG Contract (“**Commercial Operation Date**”). In the event that the Commercial Operation Date is not achieved by December 31, 2017, and any of the following events or circumstances occur, either Party may terminate this Agreement, without liability, upon delivery of such notice to the other Party:

i. after timely application to the LDC (or other applicable distribution service provider whose system the Facility connects to deliver energy (the “**Distribution Provider**”) and commercially reasonable efforts to secure interconnection services, Owner has not received written confirmation and evidence that interconnection services will be available for the energy generated by the Facility at the Facility Capacity; or

ii. if the LDC or another party with the authority to do so disqualifies Owner or the Facility from participating in the CSG Program.

b. Owner shall allocate a portion of Facility Capacity to Subscriber consisting of 3.423 kW_{DC} (subject to update by Owner in connection with finalizing the Facility Capacity) equal to three tenths percent (0.3%) of Facility Capacity (the “**Allocation**”). Owner shall provide to LDC the Allocation along with Subscriber’s name, LDC account number(s), and service address(es) (“**Subscriber Data**”).

c. Owner shall sell to Subscriber and Subscriber shall purchase from Owner, the right to receive an amount of Credits calculated on the basis of that portion of the total kilowatt hours (in AC) delivered by the Facility to LDC which corresponds to the Allocation. The Allocation shall be effective for each and every LDC Production Month (as defined in the CSG Contract) during the Term. Owner shall post Credits to Subscriber’s account monthly for invoicing pursuant to Section 4 of this Agreement (“**Subscriber’s Monthly Credits**”). Thus, where $x = \#$ of Credits, $y = \text{kWh}_{\text{AC}}$ delivered in a Production Month, and $a = \text{Allocation}$, $x = y \times a$.

4. **Price and Payment.**

a. For the right to receive Credits generated by the Facility each month, Subscriber shall pay to Owner an amount equal to the product of (i) the corresponding Subscriber’s Monthly Credits, and (ii) the Bill Credit Rate then applicable to the LDC’s Solar Rewards Community Program minus one cent (\$.01) (the “**Monthly Allocation Payment**”).

b. Beginning with the second calendar month following the Commercial Operation Date, Owner shall invoice Subscriber, utilizing Subscriber’s preferred invoicing service, for the Monthly Allocation Payment for the Credits posted to Subscriber’s account since the prior invoice date. Subscriber shall make its payments to Owner no later than thirty (30)

days following receipt of the applicable invoice. Owner shall include with each invoice, a copy of the LDC statement delivered to Owner that indicates the kWh_{AC} upon which the LDC calculates the Credit to Subscriber.

5. **Records and Audits.**

a. Upon request by Subscriber, Owner shall provide (i) evidence of the accuracy of its metering equipment for the Facility and/or (ii) such other information and records requested by Subscriber to enable Subscriber to verify the accuracy of the Credits awarded by the LDC and any other calculation and/or measurements described in this Agreement.

b. Owner shall provide reports to Subscriber (i) monthly, containing the energy produced by the Facility, and (ii) annually, containing an audited financial statement of Owner, and a current statement of management, financing parties, and operatorship of Owner. Subscriber may provide comments to Owner on the accuracy and completeness of the annual reports, and shall provide a copy of any such comments to LDC.

c. As required by Minnesota Statutes, section 16C.05, subdivision 5, the records, books, documents, and accounting procedures and practices of Owner and of any subcontractor of Owner relating to work performed pursuant to this Agreement shall be subject to audit and examination by the Subscriber and the Legislative Auditor or State Auditor as described in such subdivision. Owner and any subcontractor of Owner shall permit, upon reasonable advance written notice, the Subscriber or its designee to inspect, copy, and audit its accounts, records, and business documents at any reasonable time during regular business hours, as they may relate to the performance under this Agreement. Audits conducted by the Subscriber under this provision shall be in accordance with generally accepted auditing standards.

6. **Taxes.**

a. Subscriber shall be solely liable for sales or similar taxes imposed by a governmental entity, if any, attributable to the sale of Credits allocated to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any investment tax credit or other tax benefits related to ownership of the Facility.

7. **Representations, Warranties and Covenants.**

a. Each Party represents and warrants to the other Party:

i. The Party is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party; and

iv. To the best of its knowledge, there is no litigation, action, proceeding or investigation pending before any court or other Governmental Authority by, against, affecting or involving its ability to carry out the transactions contemplated herein.

b. Owner represents, warrants, and covenants to Subscriber:

i. Owner has, or in the ordinary course will obtain, all licenses, permits and any other required documents to construct and operate the Facility;

ii. Owner shall perform its obligations under the CSG Contract and otherwise comply with all provisions of the CSG Program and other applicable tariffs.

iii. Except as may be required by law or regulation, or with Subscriber's consent, Owner will not publicly disclose Subscriber's LDC account information, energy usage data, or Credits.

c. Subscriber represents, warrants, and covenants to Owner:

i. Subscriber's average annual energy consumption for its subscribing account(s) over the two year period prior to the Effective Date is 4,494 kWh_{AC};

ii. Subscriber shall not install or procure any other distributed generation resource(s) serving Subscriber's premises to which energy is delivered by LDC under Account No. 51-5162638-7, which resource(s), when combined with the Allocation, may generate energy (including energy upon which the Credits are based) exceeding one hundred twenty percent (120%) of Subscriber's average annual energy consumption over the twenty-four (24) months prior to such installment or procurement.

iii. Within thirty (30) days of request by Owner, which request shall be made not sooner than the date of commencement of construction of the Facility, Subscriber shall complete, execute, and deliver to Owner the Subscriber Agency Agreement in the form attached hereto as Exhibit A. Upon execution, all of the information and statements of Subscriber provided therein shall be accurate.

iv. Subscriber understands and agrees it will have no interest in or entitlement to (a) benefits or derivatives of "Unsubscribed Energy" or "RECs" associated with the Facility as each is defined in the CSG Contract; and (b) incentives under the MN Department of Commerce's Made in Minnesota program and LDC's Solar Rewards program associated with the Facility.

8. **Performance Guarantee**. Owner hereby guarantees that in every period of two consecutive calendar years during the Term, beginning with the first full calendar year, Owner will provide Credits from operation of the Facility in an amount not less than ninety percent (90%) of Expected Deliveries (weather adjusted) which will be set forth on Exhibit B hereto (the "***Guaranteed Performance***") not later than the date of commencement of construction of the Facility. Owner shall pay Subscriber one cent (\$.01) per Credit to the extent the actual number of Credits purchased by Subscriber during any such two year period (the "***Measurement Period***") is less than the Guaranteed Performance for the entire Measurement Period (combining

the Expected Deliveries for both calendar years). Such payment shall be Subscriber's sole remedy for default by Owner under this Section 8. Owner shall have no liability under this Section 8 if the Facility's failure to achieve Guaranteed Performance is due to an event of Force Majeure.

9. Default.

a. Events of Default. The following shall each constitute an Event of Default by a Party:

i. The Party fails to make any material payment due under this Agreement within thirty (30) days after delivery of notice from the other Party that such payment is overdue.

ii. The Party materially fails to perform or comply with any material representation, warranty, obligation, covenant or agreement set forth in this Agreement and such failure continues for a period of thirty (30) days after delivery of notice thereof from the other Party.

iii. The Party is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Force Majeure. Except as specifically provided herein, if by reason of Force Majeure, a Party is unable to carry out, either in whole or in part, any of its obligations herein contained, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party, within a reasonable time after the occurrence of the Force Majeure event, gives the other Party notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the non-performing Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "***Force Majeure***" as used in this Agreement shall mean an event or circumstances beyond the reasonable control of a Party and not resulting from the Party's negligence, including, but not limited to fire, acts of God, earthquake, flood or other casualty or accident; break down or failure of the Distribution Provider's electric distribution system; serial equipment defect; strikes or labor disputes; war, civil strife or other violence; and any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility.

Either Party may terminate this Agreement upon 15 days' written notice to the other Party if any event of Force Majeure affecting such other Party has been in existence for a period of 180 consecutive days or longer, unless such event of Force Majeure expired before the end of the 15 day notice period.

10. Remedies; Limitation of Liability; Waiver.

a. Remedies. Subject to the limitations set forth in this Agreement, the Parties each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Parties hereto under this Agreement. Under no circumstances shall Owner's liability for breach of this Agreement exceed, in any one calendar year, an amount equal to (i) the Allocation percentage times (ii) \$15,000; provided, however that such limitation shall not apply to damages arising out of the sale or allocation by Owner to a third party of the Credits allocated and committed to Subscriber hereunder. For example, if the Allocation is 40%, then the limit described in the preceding sentence shall equal $40\% \times \$15,000$ or \$6,000 total.

b. Owner Damages. In the event of Subscriber's breach, repudiation, or termination of this Agreement in violation of the provisions hereof, Owner shall be entitled to recover from Subscriber (subject to Owner's duty to mitigate damages including its duty to try and find a replacement subscriber): (i) the unpaid Monthly Allocation Payments due at the time of termination; and (ii) Owner's actual, reasonable, and verifiable damages resulting from Subscriber's breach. Any post-termination Monthly Allocation Payments that may qualify as damages under this section, will be calculated-based upon the Schedule of Expected Deliveries of Credits (Exhibit B, hereto), and the Bill Credit Rate at the time of Subscriber's breach of this Agreement.

c. Limitation of Liability. EXCEPT AS EXPRESSLY ALLOWED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT OR PUNITIVE DAMAGES OF ANY CHARACTER, RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF A PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER THEORY AT LAW OR EQUITY.

d. Exclusions. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 10, THE LIMITATIONS OF THIS SECTION 10 DO NOT APPLY TO A CLAIM FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; FOR FAILURE TO COMPLY WITH LAWS; FOR INDEMNIFICATION; FOR BREACH OF CONFIDENTIALITY OR FOR INTELLECTUAL PROPERTY INFRINGEMENT.

11. Early Termination.

a. Either Party may terminate this Agreement on notice thereof to Subscriber in the event that Owner is unable to obtain financing for the Facility on commercially reasonable terms on or before December 31, 2017.

b. If Owner fails to perform under this Agreement due to an event of Force Majeure that lasts more than twelve (12) months or fails to restore the Facility to full operation at Capacity within twelve (12) months following an event of Force Majeure causing damage to the Facility, Subscriber shall have the right to terminate this Agreement by giving Owner at least

sixty (60) days prior notice of its intent to terminate based on such failure(s). Any such notice of termination shall be given within three (3) months of such failure(s). In the event of termination pursuant to this Section 11(b), Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the six month period following the expiration of such twelve (12) month period.

c. In the event (i) the CSG Contract is terminated based on Owner's breach thereof or (ii) Owner materially breaches its obligations of performance in this Agreement and such breach is not cured within thirty (30) days after Owner receives written notice of such breach from Subscriber (provided, however, that if such breach is not capable of being cured within such thirty-day period and Owner has commenced and diligently continued actions to cure such breach within such thirty-day period, the cure period shall be extended to 180 days, so long as Owner is making diligent efforts to do so), then Subscriber may terminate this Agreement as provided in this Section 11. In the event of a termination by Subscriber described in the preceding sentence, Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the calendar year following termination according to the Schedule of Expected Deliveries, Exhibit B.

d. The Parties agree that actual damages in the event of termination of this Agreement as specified in Sections 11(b) and 11(c), would be difficult to calculate and that the liquidated damages specified herein are a reasonable approximation of such actual damages.

12. **Assignment**. No Party shall assign or in any manner transfer this Agreement or any part thereof except in connection with (a) Subscriber's assignment to a party approved in advance by Owner, with such approval not unreasonably withheld, on the bases of (i) creditworthiness, (ii) the party's eligibility under the Solar Rewards Community Program, (iii) Subscriber's payment to Owner of seven hundred fifty dollars (\$750) to cover Owner's administrative expenses associated with the transfer (the "***Transfer Fee***") and (iv) other factors evidencing an increase in a material risk of a breach of this Agreement, (b) Owner's assignment of this Agreement to any Affiliate that owns or, by long-term lease, controls the Facility, provided that such Affiliate has the same or better credit strength and has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; (c) Owner's collateral assignment of this Agreement to any financial institution that provides financing for the Facility (including a financial institution that enters into a sale/leaseback transaction with respect to the Facility) that has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder upon the foreclosure or conveyance in lieu thereof, and, in connection with any collateral assignment of this Agreement, Subscriber agrees to comply with the lender accommodations set forth in Exhibit C to this Agreement; (d) Owner's assignment of this Agreement, prior to the Commencement of Operations Date, to another operator/owner of a community garden facility, in the same County and qualified under the Solar Rewards Community Program which has sufficient capacity to accept Subscriber's Allocation, has the same or better credit strength, and agrees in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; or (e) Subscriber's assignment of this Agreement to any of its Affiliates or successor entity if the Minnesota legislature reassigns responsibility for the services provided by Metropolitan Council (without change of service address) provided that such Affiliate or successor entity has the same or better credit strength.

13. Miscellaneous.

a. LDC Disputes. Owner shall be solely responsible for resolving any dispute with LDC regarding the production of energy by the Facility. Subscriber shall be solely responsible for resolving any dispute with LDC regarding the calculation of the Bill Credit Rate.

b. Notices.

i. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be deemed delivered upon mailing, deposit with a courier for hand delivery, or electronic transmission, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or email transmission.

ii. Subscriber shall promptly notify Owner of any changes in Subscriber Data.

The notices and communications shall be sent to the following addresses:

If to Owner:

BHE Renewables, LLC
Program Manager – MN Community Solar Gardens
1850 N. Central Ave.
Suite 1025
Phoenix, AZ 85004
BHERenewables@bherenewables.com
515-252-6677

If to Subscriber:

City of Falcon Heights
2077 W. Larpenteur Ave
Falcon Heights, MN 55113

c. Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Minnesota without reference to any choice of law principles.

e. Dispute Resolution.

i. Amicable Settlement. The Parties shall attempt in good faith to resolve all disputes arising in connection with the interpretation or application of the provisions of this Agreement or in connection with the determination of any other matters arising under this Agreement by mutual agreement.

ii. Continuation of Performance. During the pendency of any dispute hereunder, the Parties shall continue to perform their respective obligations under this Agreement.

iii. Equitable Relief. Nothing in this Agreement shall be construed to preclude either Party from seeking or obtaining urgent equitable or injunctive relief from a court of law in relation to this Agreement.

iv. Venue and Jurisdiction. The Parties agree that the courts of the State of Minnesota and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law.

f. Insurance. With respect to the services provided pursuant to this Agreement, Owner shall at all times during the term of this Agreement and beyond such term when so required have and keep in force the following insurance coverages and limits:

i. Commercial General Liability on an occurrence basis with contractual liability coverage:

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	\$1,500,000

ii. Workers' Compensation and Employer's Liability:

Workers' Compensation	Statutory
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(If Owner is based outside the state of Minnesota, coverage must comply with Minnesota Law).

iii. Employer's Liability. Bodily injury by:

Accident—Each Accident	\$500,000
Disease—Policy Limit	\$500,000
Disease—Each Employee	\$500,000

An umbrella or excess policy over primary liability insurance coverages is an acceptable method to provide the required insurance limits.

The above establishes minimum insurance requirements. It is the sole responsibility of Owner to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, Owner shall promptly submit copies of insurance policies to Subscriber.

iv. Owner shall not commence work until it has obtained required insurance and filed with Subscriber a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Subscriber as the certificate holder and as an additional insured for the liability coverage(s) for all operations covered under this Agreement. Owner shall furnish to Subscriber updated certificates during the term of this Agreement as insurance policies expire.

g. Compliance with Law. Owner shall comply with all laws (including common laws), ordinances, codes, rules and regulations (collectively, “*Laws*”) regarding Owner’s obligations and performance under this Agreement. Owner shall obtain and maintain any and all permits, licenses, bonds, certificates and other similar approvals required in connection with this Agreement. In the event of an allegation that Owner has failed to comply with any Laws or failed to obtain any and all permits, licenses, bonds, certificates and/or any other similar approvals required in connection with this Agreement, Owner shall pay any fines or penalties imposed upon Subscriber as a result of such failure and shall reimburse Subscriber for any expenses (including attorneys’ fees) incurred by Subscriber in responding to such allegation.

h. Entire Agreement. This Agreement, and all documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

i. No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of another Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Subscriber and Owner hereunder are individual and neither collective nor joint in nature.

j. Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by each Party to this Agreement or its successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

l. Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by this Agreement.

m. Survival. The provisions of Sections 10, (Remedies, Limitation of

Liability; Waiver), 13(c) (Severability), 13(d) (Governing Law), and 13(e) (Dispute Resolution) shall survive the expiration or earlier termination of this Agreement for a period of six (6) years thereafter.

n. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed to create any duty to or standard of care with reference to, or any liability to, or any benefit for, any person not a party to this Agreement.

o. Confidentiality. Each Party agrees that it will not disclose Not Public Data (as hereinafter defined), directly or indirectly, under any circumstances or by any means (excluding disclosures to the LDC or as are required as a participant in the CSG Program), to any third person without the express written consent of the other Party unless such disclosure is permitted by the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, or required by applicable Law. “*Not Public Data*” means, not public data as defined in Minnesota Statutes § 13.02, subd. 8a (2014).

p. Data Practices.

i. Consistent with Minnesota Statutes, section 13.05, subdivision 6, if any data on individuals is made available to Owner by the Subscriber under this Agreement, Owner will administer and maintain any such data in accordance with Minnesota Statutes, Chapter 13 (the “*Minnesota* Government Data Practices Act”), and any other statutory provisions applicable to the data. If and to the extent that Minnesota Statutes, section 13.05, subdivision 11, is applicable to this Agreement, then: (A) all of the data created, collected, received, stored, used, maintained, or disseminated by Owner in performing this Agreement are subject to the requirements of the Minnesota Government Data Practices Act; (B) Owner must comply with those requirements as if it were a government entity; and (C) the remedies in Minnesota Statutes, section 13.08 apply to Owner.

ii. Consistent with Minnesota Statutes, section 13.055, if “private data on individuals,” “confidential data on individuals” or other “not public data” are provided to or made accessible to Owner by the Subscriber, Owner must: (A) have safeguards to ensure private or confidential data on individuals or other not public data are only accessible or viewable by Owner employees and agents whose work assignments in connection with the performance of this Agreement reasonably require them to have access to the data; (B) immediately notify the Subscriber of any unauthorized access by Owner employees and agents, and unauthorized access by third parties; (C) fully cooperate with Subscriber investigations into any breach in the security of private or confidential data on individuals or other not public data that may have occurred in connection with Owner’s access to or use of the data; and (D) fully cooperate with the Subscriber in fulfilling the notice and reporting requirements of Minnesota Statutes, section 13.055. The penalties in Minnesota Statutes, section 13.09 governing unauthorized acquisition of not public data apply to Owner and Owner employees and agents. If Owner is permitted to use a subcontractor to perform Owner’s work under this Agreement, Owner shall incorporate these data practices provisions into the subcontract.

iii. If Owner receives a request to release data referred to in this section, Owner must immediately notify the Subscriber. The Subscriber will give Owner instructions concerning the release of the data to the requesting party before the data is released.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF FALCON HEIGHTS

By: _____

Name: Peter Lindstrom

Title: Mayor

By: _____

Name: Sack Thongvanh

Title: City Administrator

GERONIMO ENERGY, LLC

By: _____

Name: Jeffrey R. Ringblom

Title: Vice President of Finance and Accounting

BHE RENEWABLES, LLC

By: _____

Name: Eric Besseling

Title: Authorized Representative

EXHIBIT A

Subscriber Agency Agreement and Consent Form

Solar*Rewards Community

Subscriber Agency Agreement and Consent Form

The undersigned ("**Subscriber**") has a Subscription to the following Community Solar Garden:

Community Solar Garden Name:	_____
Community Solar Garden Address:	<u>21205 St. Croix Trail N, Scandia, MN 55073</u>
Community Solar Garden Operator:	_____
Community Solar Garden contact information for Subscriber questions and complaints:	
Address (if different from above):	1850 N. Central Avenue, Suite 1025, Phoenix, AZ 58004_____
Telephone number:	515-252-6677_____
Email address:	BHERenewables@bherenewables.com_____
Web Site URL:	http://www.bherenewables.com_____

Subscriber Name:	<u>City of Falcon Heights</u>
Subscriber's Account Number with Northern States Power Company:	<u>51-5162638-7</u>
Subscriber Service Address where receiving electrical service from Northern States Power Company:	<u>1686 Larpenteur Ave W, Saint Paul, MN 55109</u>

By signing this Solar Rewards Community Subscriber Agency Agreement and Consent Form, the Subscriber agrees to all of the following:

1. Assignment of Renewable Energy Credits (“RECs”), Energy and Capacity to Northern States Power Company, a Minnesota corporation. The Subscriber agrees that the Community Solar Garden Operator has authority to assign all energy produced and capacity associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and the Subscriber agrees that all energy produced, and capacity associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company. The Subscriber also agrees that the Community Solar Garden Operator has authority to assign all RECs associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and that if the Community Solar Garden or a person or entity on its behalf has assigned the RECs to Northern States Power Company, then all RECs associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company.

2. Tax Implications. The Community Solar Garden Operator has provided the Subscriber with a statement that Northern States Power Company makes no representations concerning the taxable consequences to the Subscriber with respect to its Bill Credits to the Subscriber or other tax issues relating to participation in the Community Solar Garden.

3. Northern States Power Company hereby discloses to the Subscriber that it recognizes that not all production risk factors, such as grid-failure events or atypically cloudy weather, are within the Community Solar Garden Operator's control.

4. Information Sharing. Participating in the Solar*Rewards Community Program will require sharing **Subscriber's Account Information** (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and **Subscriber's Energy Use Data** (the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden). The following outlines the type of information that will be shared, and how that information will be used.

a. Subscriber's Account Information and Subscriber Energy Usage Data. The Subscriber authorizes Northern States Power Company to provide the Community Solar Garden Operator (and the Community Solar Garden Operator's designated subcontractors and agents) with the Subscriber's Account Information and Subscriber's Energy Usage Data as described in Section 4 above. This information is needed to allow the Community Solar Garden Operator determine the extent to which the Subscriber is entitled to participate in the Community Solar Garden, and to validate the amount of the Bill Credits to be provided by Northern States Power Company to the Subscriber. The current data privacy policies of Northern States Power Company applicable to its Solar*Rewards Community Program provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above are attached as Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form.**

These privacy policies include definitions of “Subscriber's Account Information” and “Subscriber's Energy Usage Data.”

b. Subscriber's Subscription Information: The Subscriber authorizes the Community Solar Garden Operator to provide information to Northern States Power Company identifying the Subscriber (with the Subscriber's name, service address, and account number) and detailing the Subscriber's proportional share in kilowatts of the Community Solar Garden and to provide additional updates of this information to Northern States Power Company as circumstances change. This information is needed to allow Northern States Power Company to properly apply Bill Credits for the photovoltaic energy generated by the Community Solar Garden. Also, this information is needed to allow Northern States Power Company to send to the Subscriber notices or other mailings pertaining to their involvement in the Solar*Rewards Community Program. The Community Solar Garden Operator shall not disclose Subscriber information in annual reports or other public documents absent explicit, informed consent from the Subscriber. The Community Solar Garden Operator will not release any Subscriber data to third parties except to fulfill the regulated purposes of the Solar*Rewards Community Program, to comply with a legal or regulatory requirement, or upon explicit, informed consent from the Subscriber.

c. Aggregate Information. Aggregate information concerning production at the Community Solar Garden may be publicly disclosed to support regulatory oversight of the Solar*Rewards Community Program. This includes annual reports available to the public related to specific Community Solar Gardens, including but not limited to production from the Community Solar Gardens; size, location and the type of Community Solar Garden subscriber groups; reporting on known complaints and the resolution of these complaints; lessons learned and any potential changes to the Solar*Rewards Community Program; reporting on Bill Credits earned and paid; and reporting on the application process. Aggregated information will not identify individual Subscribers or provide Subscriber-Specific Account Information, Subscriber-Specific Energy Usage Data or Subscriber-specific Bill Credits unless a Subscriber provides explicit informed consent. Depending on the nature of the aggregated information, however, it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden. The Subscriber agrees to the inclusion of its production information in the creation of the aggregated information. The Community Solar Garden Operator will not use aggregated information for purposes unrelated to the Solar*Rewards Community Program without first providing notice and obtaining further consent, unless the aggregated information is otherwise available as public information. The policies of Northern States Power Company related to sharing aggregated information are part of the data privacy policies contained in the attached Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form** and should be provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above.

d. Information Requests from the MPUC or the Department of Commerce. The Subscriber agrees that the Community Solar Garden Operator and Northern States Power Company are authorized to provide any information they possess related to the

Subscriber or the Subscriber's participation in the Community Solar Garden to the Minnesota Public Utilities Commission (MPUC), the Minnesota Department of Commerce, or the Minnesota Office of Attorney General. This information is needed to allow proper regulatory oversight of Northern States Power Company and of the Solar*Rewards Community Program.

e. Liability Release. Northern States Power Company shall not be responsible for monitoring or taking any steps to ensure that the Community Solar Garden Operator maintains the confidentiality of the Subscriber's Account Information, the Subscriber's Energy Usage or the Bill Credits received pertaining to the Subscriber's participation in the Community Solar Garden. However, Northern States Power Company shall remain liable for its own inappropriate release of Subscriber's Account Information and Subscriber's Energy Use Data.

f. Duration of Consent. The Subscriber's consent to this information sharing shall be ongoing for the Term of the CSG Contract between the Community Solar Garden Operator and Northern States Power Company, or until the Subscriber no longer has a Subscription to the Community Solar Garden and the Community Solar Garden Operator notifies Northern States Power Company of this fact through the CSG Application System. Provided, however, the Subscriber's consent shall also apply thereafter to all such information of the Subscriber pertaining to that period of time during which the Subscriber had a Subscription to the Community Solar Garden.

g. Modification. The above provisions addressing data privacy and in Exhibit 1 shall remain in place until and unless other requirements are adopted by the MPUC in its generic privacy proceeding, Docket No. E,G999/CI-12-1344, or other MPUC Order. Northern States Power Company shall file necessary revisions to its tariffs and contracts within thirty (30) days of such Order.

Subscriber's Name: City of Falcon Heights

Subscriber's Signature: _____
Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

Date: _____

**Exhibit 1 to
Solar*Rewards Community Subscriber Agency Agreement and Consent Form**

**Data Privacy Policies of Northern States Power Company Pertaining to the Solar*Rewards
Community Program**

The data privacy policies of Northern States Power Company pertaining to the Solar*Rewards Community Program are as follows and may be changed from time to time as filed in the Company's tariff or as otherwise may be authorized by the Minnesota Public Utilities Commission ("MPUC"):

Definitions

Unless indicated otherwise, the same definition and meaning of terms in this document are the same as contained in the Standard Contract for Solar*Rewards Community. For ease of reference, here are some of the specific definitions:

“Company” means Northern States Power Company, a Minnesota Corporation, and its affiliates and agents.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers' Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more Subscriptions of a community solar garden interconnected with the Company.

“Subscriber’s Account Information” consists of the Subscriber's name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, and Subscriber specific Bill Credit(s).

“Subscriber's Energy Usage Data” includes the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden.

Overview

This section addresses how Subscriber's Account Information and Subscriber's Energy Usage Data will be collected, used and shared as part of participation in the Solar*Rewards Community Program.

1. How Subscriber's Account Information and Energy Usage Data Will Be Exchanged

a. Subscriber Specific Information

Once a Subscriber has executed a Subscriber Agency Agreement and Consent Form, an ongoing data exchange will occur between the Company and a Community Solar Garden Operator (and their designated subcontractors and agents):

(i) The Company will disclose the following Subscriber-specific information to the Community Solar Garden Operator:

- Subscriber's Account Information
- Subscriber's Energy Usage Data
- Bill credits

(ii) The Community Solar Garden Operator will disclose to the Company the following Subscriber-specific information:

- Subscriber's Account Information
- Community Solar Garden Allocation for each Subscriber's Subscription stated in kW
- Production data related to the PV System
- Monthly Subscription Information

b. Aggregated Subscriber Information

Aggregated Subscriber information will be reported as part of Permitted Public Reporting, outlined in Section 2(b) below.

To be considered "aggregated" the reported information must include information attributable to all Subscribers participating in a specific Solar*Rewards Community program site, which based on program requirements will contain a minimum of five Subscribers. Depending on the nature of the aggregated information, however, from this information alone or in combination with other publicly available information it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden.

2. How Subscriber's Information Will Be Used

The following outlines how the Subscriber's Account Information and Subscriber Energy Usage Data will be used as part of the Solar*Rewards Community Program.

a. Program Management

As part of administering the Solar*Rewards Community program, the Solar Garden Operator and the Company may provide information related to the Subscriber and/or the Community Solar Garden to:

- the MPUC
- the Minnesota Department of Commerce
- the Minnesota Office of Attorney General
- Other governmental or private entities as required by law or regulation

Account Information and Subscriber's Energy Usage Data to service providers, agents, or contracted agents who support the program on its behalf. The Company prohibits these service providers from using or disclosing the Subscriber's information except as necessary to perform these specific services or to comply with legal requirements. More information about the Company's general privacy practices is explained in its Privacy Policy available on www.xcelenergy.com.

b. Permitted Public Reporting

The Subscriber's Energy Usage Data of each participating Subscriber to a Community Solar Garden will be combined and reported in the aggregate by the Community Solar Garden Operator in its annual report on the Solar*Rewards Community program. The identity of specific Subscribers, the specific Subscriber's Account Information, Subscriber's Energy Usage Data and Subscriber-specific Bill Credit will not be listed in the public annual report unless the Subscriber has provided the Community Solar Garden Operator with prior written consent.

Per the requirements of the MPUC, the Company will provide to the MPUC annual reports which will include information or data requested by the MPUC or Minnesota Department of Commerce, including the following:

- Reporting on Solar*Rewards Community program costs, including an analysis of the deposit, application, participation and metering fees and further justification for these fees going forward;
- Reporting on the Solar*Rewards Community Gardens, including but not limited to size, location and the type of Solar*Rewards Community subscriber groups;
- Reporting on known complaints and the resolution of these complaints;

- A copy of each contract signed with a Community Solar Garden Operator, if not previously filed;
 - Lessons learned and any potential changes to the program;
 - Report on bill credits earned and paid; and the
 - Application process
- c. Prohibited Reporting or Sharing

Except as otherwise provided in this document, the Company will not disclose the Subscriber's Account Information, Subscriber's Energy Usage Data or Subscriber-specific Bill Credits to a third party without first obtaining the Subscriber's written consent.

Any requests by the Community Solar Garden Operator to the Company for information about a Subscriber that is not Subscriber's Account Information or Subscriber's Energy Usage Data will require execution of a separate written consent by the Subscriber. Notwithstanding the previous statement, the Company will not provide the Community Solar Garden Operator with the Subscriber's Social Security Number unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

3. Subscriber Data Access and Correction

The following outlines what information is available to the Subscriber from the Company and the Community Solar Garden Operator, and methods of correcting any inaccuracies.

a. Information Available from the Company

Subscribers can contact the Company's call center to obtain information pertaining to their specific Bill Credit attributable to their participation in Solar*Rewards Community Program. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber's Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company .

Subscribers may also obtain from the Company the following information related to the Solar*Rewards Community Program without obtaining written consent from the Community Solar Garden Operator:

- Site location
- Operator name
- Nameplate capacity

- Production data related to the PV system
- Bill Credit Rate and total amount of Bill Credits applied to the PV System
- Any other information pertaining to the Subscriber's Subscription

Other information regarding the Community Solar Garden Operator known to the Company will not be disclosed unless the Subscriber obtains prior explicit informed consent from the Community Solar Garden Operator or unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

b. Information Available from the Community Solar Garden Operator

Subscribers and prospective subscribers can contact the Community Solar Garden Operator to obtain the following information:

- Future costs and benefits of the Subscription, including:
 - i. All nonrecurring (i.e., one-time) charges;
 - ii. All recurring charges;
 - iii. Terms and conditions of service;
 - iv. Whether any charges may increase during the course of service, and if so, how much advance notice is provided to the Subscriber;
 - v. Whether the Subscriber may be required to sign a term contract;
 - vi. Terms and conditions for early termination;
 - vii. Any penalties that the Community Solar Garden may charge to the Subscriber;
 - viii. The process for unsubscribing and any associated costs;
 - ix. An explanation of the Subscriber data the Community Solar Garden Operator will share with Northern States Power Company and that Northern States Power Company will share with the Community Solar Garden Operator;
 - x. The data privacy policies of Northern States Power Company and of the Community Solar Garden Operator;
 - xi. The method of providing notice to Subscribers when the Community Solar Garden is out of service, including notice of estimated length and loss of production;

- xii. Assurance that all installations, upgrades and repairs will be under direct supervision of a NABCEP-certified solar professional and that maintenance will be performed according to industry standards, including the recommendations of the manufacturers of solar panels and other operational components;
 - xiii. Allocation of unsubscribed production; and
 - xiv. A statement that the Community Solar Garden Operator is solely responsible for resolving any disputes with Northern States Power Company or the Subscriber about the accuracy of the Community Solar Garden production and that Northern States Power Company is solely responsible for resolving any disputes with the Subscriber about the applicable rate used to determine the amount of the Bill Credit.
- Copy of the contract with Northern States Power Company for the Solar*Rewards Community Program
 - Copy of the solar panel warranty
 - Description of the compensation to be paid for any underperformance
 - Proof of insurance
 - Proof of a long-term maintenance plan
 - Current production projections and a description of the methodology used to develop production projections
 - Community Solar Garden Operator contact information for questions and complaints
 - Demonstration to the Subscriber by the Community Solar Garden Operator that it has sufficient funds to operate and maintain the Solar*Rewards Community Program

The Community Solar Garden Operator is solely responsible for the accuracy of the Subscriber's share of the Community Solar Garden production information forwarded to the Company, and should resolve with the Subscriber any dispute regarding the accuracy of such information.

Subscribers can submit comments to the Company on the accuracy and completeness of its annual report by contacting solarrewardscommunity@xcelenergy.com.

4. Data Retention

The Company will retain the Subscriber's Account Information, Subscriber's Energy Usage Data and information on Bill Credits for as long as required under applicable law.

EXHIBIT B

Schedule of Expected Deliveries of Credits [pro forma; final to be provided prior to commencement of construction]

Subscriber's Share (kWh)	
Year 1	4,494
Year 2	4,472
Year 3	4,449
Year 4	4,427
Year 5	4,405
Year 6	4,383
Year 7	4,361
Year 8	4,339
Year 9	4,317
Year 10	4,296
Year 11	4,274
Year 12	4,253
Year 13	4,232
Year 14	4,210
Year 15	4,189
Year 16	4,168
Year 17	4,148
Year 18	4,127
Year 19	4,106
Year 20	4,086
Year 21	4,065
Year 22	4,045
Year 23	4,025
Year 24	4,005
Year 25	3,985

Weather Adjustment Protocol for Expected Deliveries

For any two-year Measurement Period respecting application of the Performance Guarantee, Expected Deliveries shall be adjusted to reflect any negative difference (shortfall) between Expected Solar Irradiation (“*ESI*”) and Actual Solar Irradiation (“*ASI*”). The ratio of ASI to ESI for the Measurement Period shall be applied to Expected Deliveries as a weather adjustment prior to comparing Actual Deliveries to Expected Deliveries for the purposes of the Performance Guarantee.

The method of the weather adjustment is as follows.

1. The ESI for the Facility is 1390 KWh per square meter.
2. The ASI is to be determined by monthly pyranometer readings at the Facility. The monthly readings are to be averaged for each of the two calendar years in the Measurement Period.
3. The weather adjustment factor for the measurement period is the ratio of (i) ASI, determined per Step 2 of this method to (ii) ESI, determined per Step 1 of this method. The Expected Deliveries for the Measurement Period is multiplied by this factor to derive the Guaranteed Performance.

EXHIBIT C

Lender Accommodations

Subscriber acknowledges that Owner will be financing the installation of the Facility either through a lessor, lender or with financing accommodations from one or more financial institutions and that Owner may sell or assign the Facility and/or may secure Owner's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such sale, conveyance, or financing, and with respect to any such financial institutions of which Owner has notified Subscriber in writing Subscriber agrees as follows:

(a) Consent to Collateral Assignment. Provided the Financing Party has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights thereunder upon the foreclosure or conveyance in lieu thereof, Subscriber consents to either the sale or conveyance by Owner to a Financing Party that has provided financing of Owner's right, title and interest in the Facility and to this Agreement.

(b) Notices of Default. Subscriber will deliver to the Financing Party, concurrently with delivery thereof to Owner, a copy of each notice of default given by Subscriber under the Agreement, inclusive of a reasonable description of Owner default. Subscriber will not mutually agree with Owner to terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement, during the continuation of an event of default by Owner under its agreements with Financing Party, provided that the Financing Party has agreed in writing to recognize Subscriber's rights under the Agreement and to not disturb any of Subscriber's rights thereunder:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Owner, any and all rights and remedies of Owner under this Agreement in accordance with the terms of this Agreement and the Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Owner thereunder or cause to be cured any default of Owner thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Owner under this Agreement or (unless the Financing Party has succeeded to Owner's interests under this Agreement) to perform any act, duty or obligation of Owner under this Agreement, but Subscriber hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Owner to the Financing Party (or any assignee of the Financing Party). Any such exercise shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Owner under the United States Bankruptcy Code, at the

request of the Financing Party made within ninety (90) days of such termination or rejection, Subscriber shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Except for termination pursuant to Section 3(a) of the Subscription Agreement in connection with a failure to achieve commercial operation by December 31, 2016, Subscriber will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Owner) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Owner default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional sixty (60) days.

ii. If the Financing Party (including any transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Owner's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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SOLAR GARDEN SUBSCRIPTION AGREEMENT

This Solar Garden Subscription Agreement (“*Agreement*”) is entered into as of the _____ day of _____, 20____ (the “*Effective Date*”) by and among Geronimo Energy, LLC, a Delaware limited liability company and BHE Renewables, LLC, a Delaware limited liability company (“*Owner*”), and City of Falcon Heights, a Minnesota municipal corporation (the “*Subscriber*”). In this Agreement, Owner and Subscriber are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

A. Owner intends to develop, operate and maintain a photovoltaic generation facility qualified as a “Community Solar Garden” pursuant to Minn. Stat. 216B.1641 (“*CSG Program*”) to be located at 21205 St. Croix Trail N, Scandia, MN 55073 (the “*Facility*”) and has entered or will enter into a Standard Contract for Solar Rewards Community (“*CSG Contract*”) with the local electric distribution company (the “*LDC*”). The designed capacity of the Facility shall be approximately 1,000 kW_{AC} (1,279 kW_{DC}) (subject to adjustment as described herein, the “*Facility Capacity*”);

B. The energy produced by the Facility will be delivered by Owner via interconnection of the Facility to the electric grid, to the LDC, which will calculate the monetary value of the energy received from the Facility per applicable utility tariff and convert that amount into credits per kilowatt hour (the “*Bill Credit Rate*” as defined in the CSG Contract) on the bills from LDC to the subscribers of Owner (“*Credits*”);

C. Owner will, in accordance with the terms hereof, and through the administrative process established by the LDC as approved by the Minnesota Public Utilities Commission (“*MPUC*”), allocate and sell the right to receive Credits to its subscribers according to their respective Allocations (as defined below);

D. Subscriber is an LDC customer (Premise. No. 302899373) and desires to purchase Credits from Owner in proportion to its expected consumption of electricity at 1840 Larpenteur Ave W, Saint Paul, MN 55113 (“*Customer Site*”).

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual premises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Subscriber and Owner agree as follows.

1. **Term.** The term of this Agreement shall commence on the Effective Date, and, unless terminated earlier pursuant to the provisions hereof, shall terminate on the 25th anniversary of the Commercial Operation Date (as defined below) (the “*Term*”). The Term shall not be extended by virtue of any period of disconnection or event of Force Majeure experienced by the Facility.

2. **Operation of the Facility.**

a. Owner shall operate the Facility during the Term so as to deliver all energy generated by the Facility to LDC in accordance with the CSG Contract and applicable LDC tariffs.

b. Owner shall maintain the Facility in good working order at all times during the Term, and shall operate the Facility in a manner reasonably intended to maximize the amount of Credits allocable to Subscriber, consistent with good custom and practice for operation of utility generating facilities.

3. **Sale and Purchase of Credits; Allocation.**

a. Owner shall promptly notify Subscriber of the Date of Commercial Operation of the Facility as established pursuant to the CSG Contract (“**Commercial Operation Date**”). In the event that the Commercial Operation Date is not achieved by December 31, 2017, and any of the following events or circumstances occur, either Party may terminate this Agreement, without liability, upon delivery of such notice to the other Party:

i. after timely application to the LDC (or other applicable distribution service provider whose system the Facility connects to deliver energy (the “**Distribution Provider**”) and commercially reasonable efforts to secure interconnection services, Owner has not received written confirmation and evidence that interconnection services will be available for the energy generated by the Facility at the Facility Capacity; or

ii. if the LDC or another party with the authority to do so disqualifies Owner or the Facility from participating in the CSG Program.

b. Owner shall allocate a portion of Facility Capacity to Subscriber consisting of 3.167 kW_{DC} (subject to update by Owner in connection with finalizing the Facility Capacity) equal to two tenths percent (0.2%) of Facility Capacity (the “**Allocation**”). Owner shall provide to LDC the Allocation along with Subscriber’s name, LDC account number(s), and service address(es) (“**Subscriber Data**”).

c. Owner shall sell to Subscriber and Subscriber shall purchase from Owner, the right to receive an amount of Credits calculated on the basis of that portion of the total kilowatt hours (in AC) delivered by the Facility to LDC which corresponds to the Allocation. The Allocation shall be effective for each and every LDC Production Month (as defined in the CSG Contract) during the Term. Owner shall post Credits to Subscriber’s account monthly for invoicing pursuant to Section 4 of this Agreement (“**Subscriber’s Monthly Credits**”). Thus, where $x = \#$ of Credits, $y = \text{kWh}_{AC}$ delivered in a Production Month, and $a = \text{Allocation}$, $x = y \times a$.

4. **Price and Payment.**

a. For the right to receive Credits generated by the Facility each month, Subscriber shall pay to Owner an amount equal to the product of (i) the corresponding Subscriber’s Monthly Credits, and (ii) the Bill Credit Rate then applicable to the LDC’s Solar Rewards Community Program minus one cent (\$.01) (the “**Monthly Allocation Payment**”).

b. Beginning with the second calendar month following the Commercial Operation Date, Owner shall invoice Subscriber, utilizing Subscriber’s preferred invoicing service, for the Monthly Allocation Payment for the Credits posted to Subscriber’s account since the prior invoice date. Subscriber shall make its payments to Owner no later than thirty (30)

days following receipt of the applicable invoice. Owner shall include with each invoice, a copy of the LDC statement delivered to Owner that indicates the kWh_{AC} upon which the LDC calculates the Credit to Subscriber.

5. **Records and Audits.**

a. Upon request by Subscriber, Owner shall provide (i) evidence of the accuracy of its metering equipment for the Facility and/or (ii) such other information and records requested by Subscriber to enable Subscriber to verify the accuracy of the Credits awarded by the LDC and any other calculation and/or measurements described in this Agreement.

b. Owner shall provide reports to Subscriber (i) monthly, containing the energy produced by the Facility, and (ii) annually, containing an audited financial statement of Owner, and a current statement of management, financing parties, and operatorship of Owner. Subscriber may provide comments to Owner on the accuracy and completeness of the annual reports, and shall provide a copy of any such comments to LDC.

c. As required by Minnesota Statutes, section 16C.05, subdivision 5, the records, books, documents, and accounting procedures and practices of Owner and of any subcontractor of Owner relating to work performed pursuant to this Agreement shall be subject to audit and examination by the Subscriber and the Legislative Auditor or State Auditor as described in such subdivision. Owner and any subcontractor of Owner shall permit, upon reasonable advance written notice, the Subscriber or its designee to inspect, copy, and audit its accounts, records, and business documents at any reasonable time during regular business hours, as they may relate to the performance under this Agreement. Audits conducted by the Subscriber under this provision shall be in accordance with generally accepted auditing standards.

6. **Taxes.**

a. Subscriber shall be solely liable for sales or similar taxes imposed by a governmental entity, if any, attributable to the sale of Credits allocated to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any investment tax credit or other tax benefits related to ownership of the Facility.

7. **Representations, Warranties and Covenants.**

a. Each Party represents and warrants to the other Party:

i. The Party is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party; and

iv. To the best of its knowledge, there is no litigation, action, proceeding or investigation pending before any court or other Governmental Authority by, against, affecting or involving its ability to carry out the transactions contemplated herein.

b. Owner represents, warrants, and covenants to Subscriber:

i. Owner has, or in the ordinary course will obtain, all licenses, permits and any other required documents to construct and operate the Facility;

ii. Owner shall perform its obligations under the CSG Contract and otherwise comply with all provisions of the CSG Program and other applicable tariffs.

iii. Except as may be required by law or regulation, or with Subscriber's consent, Owner will not publicly disclose Subscriber's LDC account information, energy usage data, or Credits.

c. Subscriber represents, warrants, and covenants to Owner:

i. Subscriber's average annual energy consumption for its subscribing account(s) over the two year period prior to the Effective Date is 4,158 kWh_{AC};

ii. Subscriber shall not install or procure any other distributed generation resource(s) serving Subscriber's premises to which energy is delivered by LDC under Account No. 51-6009190-3, which resource(s), when combined with the Allocation, may generate energy (including energy upon which the Credits are based) exceeding one hundred twenty percent (120%) of Subscriber's average annual energy consumption over the twenty-four (24) months prior to such installment or procurement.

iii. Within thirty (30) days of request by Owner, which request shall be made not sooner than the date of commencement of construction of the Facility, Subscriber shall complete, execute, and deliver to Owner the Subscriber Agency Agreement in the form attached hereto as Exhibit A. Upon execution, all of the information and statements of Subscriber provided therein shall be accurate.

iv. Subscriber understands and agrees it will have no interest in or entitlement to (a) benefits or derivatives of "Unsubscribed Energy" or "RECs" associated with the Facility as each is defined in the CSG Contract; and (b) incentives under the MN Department of Commerce's Made in Minnesota program and LDC's Solar Rewards program associated with the Facility.

8. **Performance Guarantee**. Owner hereby guarantees that in every period of two consecutive calendar years during the Term, beginning with the first full calendar year, Owner will provide Credits from operation of the Facility in an amount not less than ninety percent (90%) of Expected Deliveries (weather adjusted) which will be set forth on Exhibit B hereto (the "***Guaranteed Performance***") not later than the date of commencement of construction of the Facility. Owner shall pay Subscriber one cent (\$.01) per Credit to the extent the actual number of Credits purchased by Subscriber during any such two year period (the "***Measurement Period***") is less than the Guaranteed Performance for the entire Measurement Period (combining

the Expected Deliveries for both calendar years). Such payment shall be Subscriber's sole remedy for default by Owner under this Section 8. Owner shall have no liability under this Section 8 if the Facility's failure to achieve Guaranteed Performance is due to an event of Force Majeure.

9. Default.

a. Events of Default. The following shall each constitute an Event of Default by a Party:

i. The Party fails to make any material payment due under this Agreement within thirty (30) days after delivery of notice from the other Party that such payment is overdue.

ii. The Party materially fails to perform or comply with any material representation, warranty, obligation, covenant or agreement set forth in this Agreement and such failure continues for a period of thirty (30) days after delivery of notice thereof from the other Party.

iii. The Party is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Force Majeure. Except as specifically provided herein, if by reason of Force Majeure, a Party is unable to carry out, either in whole or in part, any of its obligations herein contained, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party, within a reasonable time after the occurrence of the Force Majeure event, gives the other Party notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the non-performing Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "***Force Majeure***" as used in this Agreement shall mean an event or circumstances beyond the reasonable control of a Party and not resulting from the Party's negligence, including, but not limited to fire, acts of God, earthquake, flood or other casualty or accident; break down or failure of the Distribution Provider's electric distribution system; serial equipment defect; strikes or labor disputes; war, civil strife or other violence; and any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility.

Either Party may terminate this Agreement upon 15 days' written notice to the other Party if any event of Force Majeure affecting such other Party has been in existence for a period of 180 consecutive days or longer, unless such event of Force Majeure expired before the end of the 15 day notice period.

10. Remedies; Limitation of Liability; Waiver.

a. Remedies. Subject to the limitations set forth in this Agreement, the Parties each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Parties hereto under this Agreement. Under no circumstances shall Owner's liability for breach of this Agreement exceed, in any one calendar year, an amount equal to (i) the Allocation percentage times (ii) \$15,000; provided, however that such limitation shall not apply to damages arising out of the sale or allocation by Owner to a third party of the Credits allocated and committed to Subscriber hereunder. For example, if the Allocation is 40%, then the limit described in the preceding sentence shall equal $40\% \times \$15,000$ or \$6,000 total.

b. Owner Damages. In the event of Subscriber's breach, repudiation, or termination of this Agreement in violation of the provisions hereof, Owner shall be entitled to recover from Subscriber (subject to Owner's duty to mitigate damages including its duty to try and find a replacement subscriber): (i) the unpaid Monthly Allocation Payments due at the time of termination; and (ii) Owner's actual, reasonable, and verifiable damages resulting from Subscriber's breach. Any post-termination Monthly Allocation Payments that may qualify as damages under this section, will be calculated-based upon the Schedule of Expected Deliveries of Credits (Exhibit B, hereto), and the Bill Credit Rate at the time of Subscriber's breach of this Agreement.

c. Limitation of Liability. EXCEPT AS EXPRESSLY ALLOWED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT OR PUNITIVE DAMAGES OF ANY CHARACTER, RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF A PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER THEORY AT LAW OR EQUITY.

d. Exclusions. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 10, THE LIMITATIONS OF THIS SECTION 10 DO NOT APPLY TO A CLAIM FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; FOR FAILURE TO COMPLY WITH LAWS; FOR INDEMNIFICATION; FOR BREACH OF CONFIDENTIALITY OR FOR INTELLECTUAL PROPERTY INFRINGEMENT.

11. Early Termination.

a. Either Party may terminate this Agreement on notice thereof to Subscriber in the event that Owner is unable to obtain financing for the Facility on commercially reasonable terms on or before December 31, 2017.

b. If Owner fails to perform under this Agreement due to an event of Force Majeure that lasts more than twelve (12) months or fails to restore the Facility to full operation at Capacity within twelve (12) months following an event of Force Majeure causing damage to the Facility, Subscriber shall have the right to terminate this Agreement by giving Owner at least

sixty (60) days prior notice of its intent to terminate based on such failure(s). Any such notice of termination shall be given within three (3) months of such failure(s). In the event of termination pursuant to this Section 11(b), Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the six month period following the expiration of such twelve (12) month period.

c. In the event (i) the CSG Contract is terminated based on Owner's breach thereof or (ii) Owner materially breaches its obligations of performance in this Agreement and such breach is not cured within thirty (30) days after Owner receives written notice of such breach from Subscriber (provided, however, that if such breach is not capable of being cured within such thirty-day period and Owner has commenced and diligently continued actions to cure such breach within such thirty-day period, the cure period shall be extended to 180 days, so long as Owner is making diligent efforts to do so), then Subscriber may terminate this Agreement as provided in this Section 11. In the event of a termination by Subscriber described in the preceding sentence, Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the calendar year following termination according to the Schedule of Expected Deliveries, Exhibit B.

d. The Parties agree that actual damages in the event of termination of this Agreement as specified in Sections 11(b) and 11(c), would be difficult to calculate and that the liquidated damages specified herein are a reasonable approximation of such actual damages.

12. **Assignment**. No Party shall assign or in any manner transfer this Agreement or any part thereof except in connection with (a) Subscriber's assignment to a party approved in advance by Owner, with such approval not unreasonably withheld, on the bases of (i) creditworthiness, (ii) the party's eligibility under the Solar Rewards Community Program, (iii) Subscriber's payment to Owner of seven hundred fifty dollars (\$750) to cover Owner's administrative expenses associated with the transfer (the "***Transfer Fee***") and (iv) other factors evidencing an increase in a material risk of a breach of this Agreement, (b) Owner's assignment of this Agreement to any Affiliate that owns or, by long-term lease, controls the Facility, provided that such Affiliate has the same or better credit strength and has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; (c) Owner's collateral assignment of this Agreement to any financial institution that provides financing for the Facility (including a financial institution that enters into a sale/leaseback transaction with respect to the Facility) that has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder upon the foreclosure or conveyance in lieu thereof, and, in connection with any collateral assignment of this Agreement, Subscriber agrees to comply with the lender accommodations set forth in Exhibit C to this Agreement; (d) Owner's assignment of this Agreement, prior to the Commencement of Operations Date, to another operator/owner of a community garden facility, in the same County and qualified under the Solar Rewards Community Program which has sufficient capacity to accept Subscriber's Allocation, has the same or better credit strength, and agrees in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; or (e) Subscriber's assignment of this Agreement to any of its Affiliates or successor entity if the Minnesota legislature reassigns responsibility for the services provided by Metropolitan Council (without change of service address) provided that such Affiliate or successor entity has the same or better credit strength.

13. Miscellaneous.

a. LDC Disputes. Owner shall be solely responsible for resolving any dispute with LDC regarding the production of energy by the Facility. Subscriber shall be solely responsible for resolving any dispute with LDC regarding the calculation of the Bill Credit Rate.

b. Notices.

i. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be deemed delivered upon mailing, deposit with a courier for hand delivery, or electronic transmission, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or email transmission.

ii. Subscriber shall promptly notify Owner of any changes in Subscriber Data.

The notices and communications shall be sent to the following addresses:

If to Owner:

BHE Renewables, LLC
Program Manager – MN Community Solar Gardens
1850 N. Central Ave.
Suite 1025
Phoenix, AZ 85004
BHERenewables@bherenewables.com
515-252-6677

If to Subscriber:

City of Falcon Heights
2077 W. Larpenteur Ave
Falcon Heights, MN 55113

c. Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Minnesota without reference to any choice of law principles.

e. Dispute Resolution.

i. Amicable Settlement. The Parties shall attempt in good faith to resolve all disputes arising in connection with the interpretation or application of the provisions of this Agreement or in connection with the determination of any other matters arising under this Agreement by mutual agreement.

ii. Continuation of Performance. During the pendency of any dispute hereunder, the Parties shall continue to perform their respective obligations under this Agreement.

iii. Equitable Relief. Nothing in this Agreement shall be construed to preclude either Party from seeking or obtaining urgent equitable or injunctive relief from a court of law in relation to this Agreement.

iv. Venue and Jurisdiction. The Parties agree that the courts of the State of Minnesota and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law.

f. Insurance. With respect to the services provided pursuant to this Agreement, Owner shall at all times during the term of this Agreement and beyond such term when so required have and keep in force the following insurance coverages and limits:

i. Commercial General Liability on an occurrence basis with contractual liability coverage:

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	\$1,500,000

ii. Workers' Compensation and Employer's Liability:

Workers' Compensation	Statutory
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(If Owner is based outside the state of Minnesota, coverage must comply with Minnesota Law).

iii. Employer's Liability. Bodily injury by:

Accident—Each Accident	\$500,000
Disease—Policy Limit	\$500,000
Disease—Each Employee	\$500,000

An umbrella or excess policy over primary liability insurance coverages is an acceptable method to provide the required insurance limits.

The above establishes minimum insurance requirements. It is the sole responsibility of Owner to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, Owner shall promptly submit copies of insurance policies to Subscriber.

iv. Owner shall not commence work until it has obtained required insurance and filed with Subscriber a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Subscriber as the certificate holder and as an additional insured for the liability coverage(s) for all operations covered under this Agreement. Owner shall furnish to Subscriber updated certificates during the term of this Agreement as insurance policies expire.

g. Compliance with Law. Owner shall comply with all laws (including common laws), ordinances, codes, rules and regulations (collectively, “*Laws*”) regarding Owner’s obligations and performance under this Agreement. Owner shall obtain and maintain any and all permits, licenses, bonds, certificates and other similar approvals required in connection with this Agreement. In the event of an allegation that Owner has failed to comply with any Laws or failed to obtain any and all permits, licenses, bonds, certificates and/or any other similar approvals required in connection with this Agreement, Owner shall pay any fines or penalties imposed upon Subscriber as a result of such failure and shall reimburse Subscriber for any expenses (including attorneys’ fees) incurred by Subscriber in responding to such allegation.

h. Entire Agreement. This Agreement, and all documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

i. No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of another Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Subscriber and Owner hereunder are individual and neither collective nor joint in nature.

j. Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by each Party to this Agreement or its successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

l. Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by this Agreement.

m. Survival. The provisions of Sections 10, (Remedies, Limitation of

Liability; Waiver), 13(c) (Severability), 13(d) (Governing Law), and 13(e) (Dispute Resolution) shall survive the expiration or earlier termination of this Agreement for a period of six (6) years thereafter.

n. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed to create any duty to or standard of care with reference to, or any liability to, or any benefit for, any person not a party to this Agreement.

o. Confidentiality. Each Party agrees that it will not disclose Not Public Data (as hereinafter defined), directly or indirectly, under any circumstances or by any means (excluding disclosures to the LDC or as are required as a participant in the CSG Program), to any third person without the express written consent of the other Party unless such disclosure is permitted by the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, or required by applicable Law. “*Not Public Data*” means, not public data as defined in Minnesota Statutes § 13.02, subd. 8a (2014).

p. Data Practices.

i. Consistent with Minnesota Statutes, section 13.05, subdivision 6, if any data on individuals is made available to Owner by the Subscriber under this Agreement, Owner will administer and maintain any such data in accordance with Minnesota Statutes, Chapter 13 (the “*Minnesota* Government Data Practices Act”), and any other statutory provisions applicable to the data. If and to the extent that Minnesota Statutes, section 13.05, subdivision 11, is applicable to this Agreement, then: (A) all of the data created, collected, received, stored, used, maintained, or disseminated by Owner in performing this Agreement are subject to the requirements of the Minnesota Government Data Practices Act; (B) Owner must comply with those requirements as if it were a government entity; and (C) the remedies in Minnesota Statutes, section 13.08 apply to Owner.

ii. Consistent with Minnesota Statutes, section 13.055, if “private data on individuals,” “confidential data on individuals” or other “not public data” are provided to or made accessible to Owner by the Subscriber, Owner must: (A) have safeguards to ensure private or confidential data on individuals or other not public data are only accessible or viewable by Owner employees and agents whose work assignments in connection with the performance of this Agreement reasonably require them to have access to the data; (B) immediately notify the Subscriber of any unauthorized access by Owner employees and agents, and unauthorized access by third parties; (C) fully cooperate with Subscriber investigations into any breach in the security of private or confidential data on individuals or other not public data that may have occurred in connection with Owner’s access to or use of the data; and (D) fully cooperate with the Subscriber in fulfilling the notice and reporting requirements of Minnesota Statutes, section 13.055. The penalties in Minnesota Statutes, section 13.09 governing unauthorized acquisition of not public data apply to Owner and Owner employees and agents. If Owner is permitted to use a subcontractor to perform Owner’s work under this Agreement, Owner shall incorporate these data practices provisions into the subcontract.

iii. If Owner receives a request to release data referred to in this section, Owner must immediately notify the Subscriber. The Subscriber will give Owner instructions concerning the release of the data to the requesting party before the data is released.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF FALCON HEIGHTS

By: _____

Name: Peter Lindstrom

Title: Mayor

By: _____

Name: Sack Thongvanh

Title: City Administrator

GERONIMO ENERGY, LLC

By: _____

Name: Jeffrey R. Ringblom

Title: Vice President of Finance and Accounting

BHE RENEWABLES, LLC

By: _____

Name: Eric Besseling

Title: Authorized Representative

EXHIBIT A

Subscriber Agency Agreement and Consent Form

Solar*Rewards Community

Subscriber Agency Agreement and Consent Form

The undersigned ("**Subscriber**") has a Subscription to the following Community Solar Garden:

Community Solar Garden Name:	_____
Community Solar Garden Address:	<u>21205 St. Croix Trail N, Scandia, MN 55073</u>
Community Solar Garden Operator:	_____
Community Solar Garden contact information for Subscriber questions and complaints:	
Address (if different from above):	1850 N. Central Avenue, Suite 1025, Phoenix, AZ 58004_____
Telephone number:	515-252-6677_____
Email address:	BHERenewables@bherenewables.com_____
Web Site URL:	http://www.bherenewables.com_____

Subscriber Name:	<u>City of Falcon Heights</u>
Subscriber's Account Number with Northern States Power Company:	<u>51-6009190-3</u>
Subscriber Service Address where receiving electrical service from Northern States Power Company:	<u>1840 Larpenteur Ave W, Saint Paul, MN 55113</u>

By signing this Solar Rewards Community Subscriber Agency Agreement and Consent Form, the Subscriber agrees to all of the following:

1. Assignment of Renewable Energy Credits (“RECs”), Energy and Capacity to Northern States Power Company, a Minnesota corporation. The Subscriber agrees that the Community Solar Garden Operator has authority to assign all energy produced and capacity associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and the Subscriber agrees that all energy produced, and capacity associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company. The Subscriber also agrees that the Community Solar Garden Operator has authority to assign all RECs associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and that if the Community Solar Garden or a person or entity on its behalf has assigned the RECs to Northern States Power Company, then all RECs associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company.

2. Tax Implications. The Community Solar Garden Operator has provided the Subscriber with a statement that Northern States Power Company makes no representations concerning the taxable consequences to the Subscriber with respect to its Bill Credits to the Subscriber or other tax issues relating to participation in the Community Solar Garden.

3. Northern States Power Company hereby discloses to the Subscriber that it recognizes that not all production risk factors, such as grid-failure events or atypically cloudy weather, are within the Community Solar Garden Operator's control.

4. Information Sharing. Participating in the Solar*Rewards Community Program will require sharing **Subscriber's Account Information** (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and **Subscriber's Energy Use Data** (the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden). The following outlines the type of information that will be shared, and how that information will be used.

a. Subscriber's Account Information and Subscriber Energy Usage Data. The Subscriber authorizes Northern States Power Company to provide the Community Solar Garden Operator (and the Community Solar Garden Operator's designated subcontractors and agents) with the Subscriber's Account Information and Subscriber's Energy Usage Data as described in Section 4 above. This information is needed to allow the Community Solar Garden Operator determine the extent to which the Subscriber is entitled to participate in the Community Solar Garden, and to validate the amount of the Bill Credits to be provided by Northern States Power Company to the Subscriber. The current data privacy policies of Northern States Power Company applicable to its Solar*Rewards Community Program provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above are attached as Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form.**

These privacy policies include definitions of “Subscriber's Account Information” and “Subscriber's Energy Usage Data.”

b. Subscriber's Subscription Information: The Subscriber authorizes the Community Solar Garden Operator to provide information to Northern States Power Company identifying the Subscriber (with the Subscriber's name, service address, and account number) and detailing the Subscriber's proportional share in kilowatts of the Community Solar Garden and to provide additional updates of this information to Northern States Power Company as circumstances change. This information is needed to allow Northern States Power Company to properly apply Bill Credits for the photovoltaic energy generated by the Community Solar Garden. Also, this information is needed to allow Northern States Power Company to send to the Subscriber notices or other mailings pertaining to their involvement in the Solar*Rewards Community Program. The Community Solar Garden Operator shall not disclose Subscriber information in annual reports or other public documents absent explicit, informed consent from the Subscriber. The Community Solar Garden Operator will not release any Subscriber data to third parties except to fulfill the regulated purposes of the Solar*Rewards Community Program, to comply with a legal or regulatory requirement, or upon explicit, informed consent from the Subscriber.

c. Aggregate Information. Aggregate information concerning production at the Community Solar Garden may be publicly disclosed to support regulatory oversight of the Solar*Rewards Community Program. This includes annual reports available to the public related to specific Community Solar Gardens, including but not limited to production from the Community Solar Gardens; size, location and the type of Community Solar Garden subscriber groups; reporting on known complaints and the resolution of these complaints; lessons learned and any potential changes to the Solar*Rewards Community Program; reporting on Bill Credits earned and paid; and reporting on the application process. Aggregated information will not identify individual Subscribers or provide Subscriber-Specific Account Information, Subscriber-Specific Energy Usage Data or Subscriber-specific Bill Credits unless a Subscriber provides explicit informed consent. Depending on the nature of the aggregated information, however, it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden. The Subscriber agrees to the inclusion of its production information in the creation of the aggregated information. The Community Solar Garden Operator will not use aggregated information for purposes unrelated to the Solar*Rewards Community Program without first providing notice and obtaining further consent, unless the aggregated information is otherwise available as public information. The policies of Northern States Power Company related to sharing aggregated information are part of the data privacy policies contained in the attached Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form** and should be provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above.

d. Information Requests from the MPUC or the Department of Commerce. The Subscriber agrees that the Community Solar Garden Operator and Northern States Power Company are authorized to provide any information they possess related to the

Subscriber or the Subscriber's participation in the Community Solar Garden to the Minnesota Public Utilities Commission (MPUC), the Minnesota Department of Commerce, or the Minnesota Office of Attorney General. This information is needed to allow proper regulatory oversight of Northern States Power Company and of the Solar*Rewards Community Program.

e. Liability Release. Northern States Power Company shall not be responsible for monitoring or taking any steps to ensure that the Community Solar Garden Operator maintains the confidentiality of the Subscriber's Account Information, the Subscriber's Energy Usage or the Bill Credits received pertaining to the Subscriber's participation in the Community Solar Garden. However, Northern States Power Company shall remain liable for its own inappropriate release of Subscriber's Account Information and Subscriber's Energy Use Data.

f. Duration of Consent. The Subscriber's consent to this information sharing shall be ongoing for the Term of the CSG Contract between the Community Solar Garden Operator and Northern States Power Company, or until the Subscriber no longer has a Subscription to the Community Solar Garden and the Community Solar Garden Operator notifies Northern States Power Company of this fact through the CSG Application System. Provided, however, the Subscriber's consent shall also apply thereafter to all such information of the Subscriber pertaining to that period of time during which the Subscriber had a Subscription to the Community Solar Garden.

g. Modification. The above provisions addressing data privacy and in Exhibit 1 shall remain in place until and unless other requirements are adopted by the MPUC in its generic privacy proceeding, Docket No. E,G999/CI-12-1344, or other MPUC Order. Northern States Power Company shall file necessary revisions to its tariffs and contracts within thirty (30) days of such Order.

Subscriber's Name: City of Falcon Heights

Subscriber's Signature: _____
Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

Date: _____

**Exhibit 1 to
Solar*Rewards Community Subscriber Agency Agreement and Consent Form**

**Data Privacy Policies of Northern States Power Company Pertaining to the Solar*Rewards
Community Program**

The data privacy policies of Northern States Power Company pertaining to the Solar*Rewards Community Program are as follows and may be changed from time to time as filed in the Company's tariff or as otherwise may be authorized by the Minnesota Public Utilities Commission ("MPUC"):

Definitions

Unless indicated otherwise, the same definition and meaning of terms in this document are the same as contained in the Standard Contract for Solar*Rewards Community. For ease of reference, here are some of the specific definitions:

“Company” means Northern States Power Company, a Minnesota Corporation, and its affiliates and agents.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers' Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more Subscriptions of a community solar garden interconnected with the Company.

“Subscriber’s Account Information” consists of the Subscriber's name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, and Subscriber specific Bill Credit(s).

“Subscriber's Energy Usage Data” includes the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden.

Overview

This section addresses how Subscriber's Account Information and Subscriber's Energy Usage Data will be collected, used and shared as part of participation in the Solar*Rewards Community Program.

1. How Subscriber's Account Information and Energy Usage Data Will Be Exchanged

a. Subscriber Specific Information

Once a Subscriber has executed a Subscriber Agency Agreement and Consent Form, an ongoing data exchange will occur between the Company and a Community Solar Garden Operator (and their designated subcontractors and agents):

(i) The Company will disclose the following Subscriber-specific information to the Community Solar Garden Operator:

- Subscriber's Account Information
- Subscriber's Energy Usage Data
- Bill credits

(ii) The Community Solar Garden Operator will disclose to the Company the following Subscriber-specific information:

- Subscriber's Account Information
- Community Solar Garden Allocation for each Subscriber's Subscription stated in kW
- Production data related to the PV System
- Monthly Subscription Information

b. Aggregated Subscriber Information

Aggregated Subscriber information will be reported as part of Permitted Public Reporting, outlined in Section 2(b) below.

To be considered "aggregated" the reported information must include information attributable to all Subscribers participating in a specific Solar*Rewards Community program site, which based on program requirements will contain a minimum of five Subscribers. Depending on the nature of the aggregated information, however, from this information alone or in combination with other publicly available information it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden.

2. **How Subscriber's Information Will Be Used**

The following outlines how the Subscriber's Account Information and Subscriber Energy Usage Data will be used as part of the Solar*Rewards Community Program.

a. Program Management

As part of administering the Solar*Rewards Community program, the Solar Garden Operator and the Company may provide information related to the Subscriber and/or the Community Solar Garden to:

- the MPUC
- the Minnesota Department of Commerce
- the Minnesota Office of Attorney General
- Other governmental or private entities as required by law or regulation

Account Information and Subscriber's Energy Usage Data to service providers, agents, or contracted agents who support the program on its behalf. The Company prohibits these service providers from using or disclosing the Subscriber's information except as necessary to perform these specific services or to comply with legal requirements. More information about the Company's general privacy practices is explained in its Privacy Policy available on www.xcelenergy.com.

b. Permitted Public Reporting

The Subscriber's Energy Usage Data of each participating Subscriber to a Community Solar Garden will be combined and reported in the aggregate by the Community Solar Garden Operator in its annual report on the Solar*Rewards Community program. The identity of specific Subscribers, the specific Subscriber's Account Information, Subscriber's Energy Usage Data and Subscriber-specific Bill Credit will not be listed in the public annual report unless the Subscriber has provided the Community Solar Garden Operator with prior written consent.

Per the requirements of the MPUC, the Company will provide to the MPUC annual reports which will include information or data requested by the MPUC or Minnesota Department of Commerce, including the following:

- Reporting on Solar*Rewards Community program costs, including an analysis of the deposit, application, participation and metering fees and further justification for these fees going forward;
- Reporting on the Solar*Rewards Community Gardens, including but not limited to size, location and the type of Solar*Rewards Community subscriber groups;
- Reporting on known complaints and the resolution of these complaints;

- A copy of each contract signed with a Community Solar Garden Operator, if not previously filed;
 - Lessons learned and any potential changes to the program;
 - Report on bill credits earned and paid; and the
 - Application process
- c. Prohibited Reporting or Sharing

Except as otherwise provided in this document, the Company will not disclose the Subscriber's Account Information, Subscriber's Energy Usage Data or Subscriber-specific Bill Credits to a third party without first obtaining the Subscriber's written consent.

Any requests by the Community Solar Garden Operator to the Company for information about a Subscriber that is not Subscriber's Account Information or Subscriber's Energy Usage Data will require execution of a separate written consent by the Subscriber. Notwithstanding the previous statement, the Company will not provide the Community Solar Garden Operator with the Subscriber's Social Security Number unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

3. Subscriber Data Access and Correction

The following outlines what information is available to the Subscriber from the Company and the Community Solar Garden Operator, and methods of correcting any inaccuracies.

a. Information Available from the Company

Subscribers can contact the Company's call center to obtain information pertaining to their specific Bill Credit attributable to their participation in Solar*Rewards Community Program. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber's Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company .

Subscribers may also obtain from the Company the following information related to the Solar*Rewards Community Program without obtaining written consent from the Community Solar Garden Operator:

- Site location
- Operator name
- Nameplate capacity

- Production data related to the PV system
- Bill Credit Rate and total amount of Bill Credits applied to the PV System
- Any other information pertaining to the Subscriber's Subscription

Other information regarding the Community Solar Garden Operator known to the Company will not be disclosed unless the Subscriber obtains prior explicit informed consent from the Community Solar Garden Operator or unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

b. Information Available from the Community Solar Garden Operator

Subscribers and prospective subscribers can contact the Community Solar Garden Operator to obtain the following information:

- Future costs and benefits of the Subscription, including:
 - i. All nonrecurring (i.e., one-time) charges;
 - ii. All recurring charges;
 - iii. Terms and conditions of service;
 - iv. Whether any charges may increase during the course of service, and if so, how much advance notice is provided to the Subscriber;
 - v. Whether the Subscriber may be required to sign a term contract;
 - vi. Terms and conditions for early termination;
 - vii. Any penalties that the Community Solar Garden may charge to the Subscriber;
 - viii. The process for unsubscribing and any associated costs;
 - ix. An explanation of the Subscriber data the Community Solar Garden Operator will share with Northern States Power Company and that Northern States Power Company will share with the Community Solar Garden Operator;
 - x. The data privacy policies of Northern States Power Company and of the Community Solar Garden Operator;
 - xi. The method of providing notice to Subscribers when the Community Solar Garden is out of service, including notice of estimated length and loss of production;

- xii. Assurance that all installations, upgrades and repairs will be under direct supervision of a NABCEP-certified solar professional and that maintenance will be performed according to industry standards, including the recommendations of the manufacturers of solar panels and other operational components;
 - xiii. Allocation of unsubscribed production; and
 - xiv. A statement that the Community Solar Garden Operator is solely responsible for resolving any disputes with Northern States Power Company or the Subscriber about the accuracy of the Community Solar Garden production and that Northern States Power Company is solely responsible for resolving any disputes with the Subscriber about the applicable rate used to determine the amount of the Bill Credit.
- Copy of the contract with Northern States Power Company for the Solar*Rewards Community Program
 - Copy of the solar panel warranty
 - Description of the compensation to be paid for any underperformance
 - Proof of insurance
 - Proof of a long-term maintenance plan
 - Current production projections and a description of the methodology used to develop production projections
 - Community Solar Garden Operator contact information for questions and complaints
 - Demonstration to the Subscriber by the Community Solar Garden Operator that it has sufficient funds to operate and maintain the Solar*Rewards Community Program

The Community Solar Garden Operator is solely responsible for the accuracy of the Subscriber's share of the Community Solar Garden production information forwarded to the Company, and should resolve with the Subscriber any dispute regarding the accuracy of such information.

Subscribers can submit comments to the Company on the accuracy and completeness of its annual report by contacting solarrewardscommunity@xcelenergy.com.

4. Data Retention

The Company will retain the Subscriber's Account Information, Subscriber's Energy Usage Data and information on Bill Credits for as long as required under applicable law.

EXHIBIT B

Schedule of Expected Deliveries of Credits [pro forma; final to be provided prior to commencement of construction]

Subscriber's Share (kWh)	
Year 1	4,158
Year 2	4,137
Year 3	4,116
Year 4	4,095
Year 5	4,075
Year 6	4,055
Year 7	4,034
Year 8	4,014
Year 9	3,994
Year 10	3,974
Year 11	3,954
Year 12	3,934
Year 13	3,915
Year 14	3,895
Year 15	3,876
Year 16	3,856
Year 17	3,837
Year 18	3,818
Year 19	3,799
Year 20	3,780
Year 21	3,761
Year 22	3,742
Year 23	3,723
Year 24	3,705
Year 25	3,686

Weather Adjustment Protocol for Expected Deliveries

For any two-year Measurement Period respecting application of the Performance Guarantee, Expected Deliveries shall be adjusted to reflect any negative difference (shortfall) between Expected Solar Irradiation (“*ESI*”) and Actual Solar Irradiation (“*ASI*”). The ratio of ASI to ESI for the Measurement Period shall be applied to Expected Deliveries as a weather adjustment prior to comparing Actual Deliveries to Expected Deliveries for the purposes of the Performance Guarantee.

The method of the weather adjustment is as follows.

1. The ESI for the Facility is 1390 KWh per square meter.
2. The ASI is to be determined by monthly pyranometer readings at the Facility. The monthly readings are to be averaged for each of the two calendar years in the Measurement Period.
3. The weather adjustment factor for the measurement period is the ratio of (i) ASI, determined per Step 2 of this method to (ii) ESI, determined per Step 1 of this method. The Expected Deliveries for the Measurement Period is multiplied by this factor to derive the Guaranteed Performance.

EXHIBIT C

Lender Accommodations

Subscriber acknowledges that Owner will be financing the installation of the Facility either through a lessor, lender or with financing accommodations from one or more financial institutions and that Owner may sell or assign the Facility and/or may secure Owner's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such sale, conveyance, or financing, and with respect to any such financial institutions of which Owner has notified Subscriber in writing Subscriber agrees as follows:

(a) Consent to Collateral Assignment. Provided the Financing Party has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights thereunder upon the foreclosure or conveyance in lieu thereof, Subscriber consents to either the sale or conveyance by Owner to a Financing Party that has provided financing of Owner's right, title and interest in the Facility and to this Agreement.

(b) Notices of Default. Subscriber will deliver to the Financing Party, concurrently with delivery thereof to Owner, a copy of each notice of default given by Subscriber under the Agreement, inclusive of a reasonable description of Owner default. Subscriber will not mutually agree with Owner to terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement, during the continuation of an event of default by Owner under its agreements with Financing Party, provided that the Financing Party has agreed in writing to recognize Subscriber's rights under the Agreement and to not disturb any of Subscriber's rights thereunder:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Owner, any and all rights and remedies of Owner under this Agreement in accordance with the terms of this Agreement and the Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Owner thereunder or cause to be cured any default of Owner thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Owner under this Agreement or (unless the Financing Party has succeeded to Owner's interests under this Agreement) to perform any act, duty or obligation of Owner under this Agreement, but Subscriber hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Owner to the Financing Party (or any assignee of the Financing Party). Any such exercise shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Owner under the United States Bankruptcy Code, at the

request of the Financing Party made within ninety (90) days of such termination or rejection, Subscriber shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Except for termination pursuant to Section 3(a) of the Subscription Agreement in connection with a failure to achieve commercial operation by December 31, 2016, Subscriber will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Owner) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Owner default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional sixty (60) days.

ii. If the Financing Party (including any transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Owner's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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SOLAR GARDEN SUBSCRIPTION AGREEMENT

This Solar Garden Subscription Agreement (“*Agreement*”) is entered into as of the _____ day of _____, 20____ (the “*Effective Date*”) by and among Geronimo Energy, LLC, a Delaware limited liability company and BHE Renewables, LLC, a Delaware limited liability company (“*Owner*”), and City of Falcon Heights, a Minnesota municipal corporation (the “*Subscriber*”). In this Agreement, Owner and Subscriber are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

A. Owner intends to develop, operate and maintain a photovoltaic generation facility qualified as a “Community Solar Garden” pursuant to Minn. Stat. 216B.1641 (“*CSG Program*”) to be located at 21205 St. Croix Trail N, Scandia, MN 55073 (the “*Facility*”) and has entered or will enter into a Standard Contract for Solar Rewards Community (“*CSG Contract*”) with the local electric distribution company (the “*LDC*”). The designed capacity of the Facility shall be approximately 1,000 kW_{AC} (1,279 kW_{DC}) (subject to adjustment as described herein, the “*Facility Capacity*”);

B. The energy produced by the Facility will be delivered by Owner via interconnection of the Facility to the electric grid, to the LDC, which will calculate the monetary value of the energy received from the Facility per applicable utility tariff and convert that amount into credits per kilowatt hour (the “*Bill Credit Rate*” as defined in the CSG Contract) on the bills from LDC to the subscribers of Owner (“*Credits*”);

C. Owner will, in accordance with the terms hereof, and through the administrative process established by the LDC as approved by the Minnesota Public Utilities Commission (“*MPUC*”), allocate and sell the right to receive Credits to its subscribers according to their respective Allocations (as defined below);

D. Subscriber is an LDC customer (Premise. No. 303818051) and desires to purchase Credits from Owner in proportion to its expected consumption of electricity at 1568 Snelling Ave N, Saint Paul, MN 55108 (“*Customer Site*”).

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual premises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Subscriber and Owner agree as follows.

1. **Term.** The term of this Agreement shall commence on the Effective Date, and, unless terminated earlier pursuant to the provisions hereof, shall terminate on the 25th anniversary of the Commercial Operation Date (as defined below) (the “*Term*”). The Term shall not be extended by virtue of any period of disconnection or event of Force Majeure experienced by the Facility.

2. **Operation of the Facility.**

a. Owner shall operate the Facility during the Term so as to deliver all energy generated by the Facility to LDC in accordance with the CSG Contract and applicable LDC tariffs.

b. Owner shall maintain the Facility in good working order at all times during the Term, and shall operate the Facility in a manner reasonably intended to maximize the amount of Credits allocable to Subscriber, consistent with good custom and practice for operation of utility generating facilities.

3. **Sale and Purchase of Credits; Allocation.**

a. Owner shall promptly notify Subscriber of the Date of Commercial Operation of the Facility as established pursuant to the CSG Contract (“**Commercial Operation Date**”). In the event that the Commercial Operation Date is not achieved by December 31, 2017, and any of the following events or circumstances occur, either Party may terminate this Agreement, without liability, upon delivery of such notice to the other Party:

i. after timely application to the LDC (or other applicable distribution service provider whose system the Facility connects to deliver energy (the “**Distribution Provider**”) and commercially reasonable efforts to secure interconnection services, Owner has not received written confirmation and evidence that interconnection services will be available for the energy generated by the Facility at the Facility Capacity; or

ii. if the LDC or another party with the authority to do so disqualifies Owner or the Facility from participating in the CSG Program.

b. Owner shall allocate a portion of Facility Capacity to Subscriber consisting of 3.124 kW_{DC} (subject to update by Owner in connection with finalizing the Facility Capacity) equal to two tenths percent (0.2%) of Facility Capacity (the “**Allocation**”). Owner shall provide to LDC the Allocation along with Subscriber’s name, LDC account number(s), and service address(es) (“**Subscriber Data**”).

c. Owner shall sell to Subscriber and Subscriber shall purchase from Owner, the right to receive an amount of Credits calculated on the basis of that portion of the total kilowatt hours (in AC) delivered by the Facility to LDC which corresponds to the Allocation. The Allocation shall be effective for each and every LDC Production Month (as defined in the CSG Contract) during the Term. Owner shall post Credits to Subscriber’s account monthly for invoicing pursuant to Section 4 of this Agreement (“**Subscriber’s Monthly Credits**”). Thus, where $x = \#$ of Credits, $y = \text{kWh}_{\text{AC}}$ delivered in a Production Month, and $a = \text{Allocation}$, $x = y \times a$.

4. **Price and Payment.**

a. For the right to receive Credits generated by the Facility each month, Subscriber shall pay to Owner an amount equal to the product of (i) the corresponding Subscriber’s Monthly Credits, and (ii) the Bill Credit Rate then applicable to the LDC’s Solar Rewards Community Program minus one cent (\$.01) (the “**Monthly Allocation Payment**”).

b. Beginning with the second calendar month following the Commercial Operation Date, Owner shall invoice Subscriber, utilizing Subscriber’s preferred invoicing service, for the Monthly Allocation Payment for the Credits posted to Subscriber’s account since the prior invoice date. Subscriber shall make its payments to Owner no later than thirty (30)

days following receipt of the applicable invoice. Owner shall include with each invoice, a copy of the LDC statement delivered to Owner that indicates the kWh_{AC} upon which the LDC calculates the Credit to Subscriber.

5. **Records and Audits.**

a. Upon request by Subscriber, Owner shall provide (i) evidence of the accuracy of its metering equipment for the Facility and/or (ii) such other information and records requested by Subscriber to enable Subscriber to verify the accuracy of the Credits awarded by the LDC and any other calculation and/or measurements described in this Agreement.

b. Owner shall provide reports to Subscriber (i) monthly, containing the energy produced by the Facility, and (ii) annually, containing an audited financial statement of Owner, and a current statement of management, financing parties, and operatorship of Owner. Subscriber may provide comments to Owner on the accuracy and completeness of the annual reports, and shall provide a copy of any such comments to LDC.

c. As required by Minnesota Statutes, section 16C.05, subdivision 5, the records, books, documents, and accounting procedures and practices of Owner and of any subcontractor of Owner relating to work performed pursuant to this Agreement shall be subject to audit and examination by the Subscriber and the Legislative Auditor or State Auditor as described in such subdivision. Owner and any subcontractor of Owner shall permit, upon reasonable advance written notice, the Subscriber or its designee to inspect, copy, and audit its accounts, records, and business documents at any reasonable time during regular business hours, as they may relate to the performance under this Agreement. Audits conducted by the Subscriber under this provision shall be in accordance with generally accepted auditing standards.

6. **Taxes.**

a. Subscriber shall be solely liable for sales or similar taxes imposed by a governmental entity, if any, attributable to the sale of Credits allocated to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any investment tax credit or other tax benefits related to ownership of the Facility.

7. **Representations, Warranties and Covenants.**

a. Each Party represents and warrants to the other Party:

i. The Party is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party; and

iv. To the best of its knowledge, there is no litigation, action, proceeding or investigation pending before any court or other Governmental Authority by, against, affecting or involving its ability to carry out the transactions contemplated herein.

b. Owner represents, warrants, and covenants to Subscriber:

i. Owner has, or in the ordinary course will obtain, all licenses, permits and any other required documents to construct and operate the Facility;

ii. Owner shall perform its obligations under the CSG Contract and otherwise comply with all provisions of the CSG Program and other applicable tariffs.

iii. Except as may be required by law or regulation, or with Subscriber's consent, Owner will not publicly disclose Subscriber's LDC account information, energy usage data, or Credits.

c. Subscriber represents, warrants, and covenants to Owner:

i. Subscriber's average annual energy consumption for its subscribing account(s) over the two year period prior to the Effective Date is 4,102 kWh_{AC};

ii. Subscriber shall not install or procure any other distributed generation resource(s) serving Subscriber's premises to which energy is delivered by LDC under Account No. 51-0877693-4, which resource(s), when combined with the Allocation, may generate energy (including energy upon which the Credits are based) exceeding one hundred twenty percent (120%) of Subscriber's average annual energy consumption over the twenty-four (24) months prior to such installment or procurement.

iii. Within thirty (30) days of request by Owner, which request shall be made not sooner than the date of commencement of construction of the Facility, Subscriber shall complete, execute, and deliver to Owner the Subscriber Agency Agreement in the form attached hereto as Exhibit A. Upon execution, all of the information and statements of Subscriber provided therein shall be accurate.

iv. Subscriber understands and agrees it will have no interest in or entitlement to (a) benefits or derivatives of "Unsubscribed Energy" or "RECs" associated with the Facility as each is defined in the CSG Contract; and (b) incentives under the MN Department of Commerce's Made in Minnesota program and LDC's Solar Rewards program associated with the Facility.

8. **Performance Guarantee.** Owner hereby guarantees that in every period of two consecutive calendar years during the Term, beginning with the first full calendar year, Owner will provide Credits from operation of the Facility in an amount not less than ninety percent (90%) of Expected Deliveries (weather adjusted) which will be set forth on Exhibit B hereto (the "***Guaranteed Performance***") not later than the date of commencement of construction of the Facility. Owner shall pay Subscriber one cent (\$.01) per Credit to the extent the actual number of Credits purchased by Subscriber during any such two year period (the "***Measurement Period***") is less than the Guaranteed Performance for the entire Measurement Period (combining

the Expected Deliveries for both calendar years). Such payment shall be Subscriber's sole remedy for default by Owner under this Section 8. Owner shall have no liability under this Section 8 if the Facility's failure to achieve Guaranteed Performance is due to an event of Force Majeure.

9. Default.

a. Events of Default. The following shall each constitute an Event of Default by a Party:

i. The Party fails to make any material payment due under this Agreement within thirty (30) days after delivery of notice from the other Party that such payment is overdue.

ii. The Party materially fails to perform or comply with any material representation, warranty, obligation, covenant or agreement set forth in this Agreement and such failure continues for a period of thirty (30) days after delivery of notice thereof from the other Party.

iii. The Party is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Force Majeure. Except as specifically provided herein, if by reason of Force Majeure, a Party is unable to carry out, either in whole or in part, any of its obligations herein contained, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party, within a reasonable time after the occurrence of the Force Majeure event, gives the other Party notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the non-performing Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "***Force Majeure***" as used in this Agreement shall mean an event or circumstances beyond the reasonable control of a Party and not resulting from the Party's negligence, including, but not limited to fire, acts of God, earthquake, flood or other casualty or accident; break down or failure of the Distribution Provider's electric distribution system; serial equipment defect; strikes or labor disputes; war, civil strife or other violence; and any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility.

Either Party may terminate this Agreement upon 15 days' written notice to the other Party if any event of Force Majeure affecting such other Party has been in existence for a period of 180 consecutive days or longer, unless such event of Force Majeure expired before the end of the 15 day notice period.

10. **Remedies; Limitation of Liability; Waiver.**

a. **Remedies.** Subject to the limitations set forth in this Agreement, the Parties each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Parties hereto under this Agreement. Under no circumstances shall Owner's liability for breach of this Agreement exceed, in any one calendar year, an amount equal to (i) the Allocation percentage times (ii) \$15,000; provided, however that such limitation shall not apply to damages arising out of the sale or allocation by Owner to a third party of the Credits allocated and committed to Subscriber hereunder. For example, if the Allocation is 40%, then the limit described in the preceding sentence shall equal $40\% \times \$15,000$ or \$6,000 total.

b. **Owner Damages.** In the event of Subscriber's breach, repudiation, or termination of this Agreement in violation of the provisions hereof, Owner shall be entitled to recover from Subscriber (subject to Owner's duty to mitigate damages including its duty to try and find a replacement subscriber): (i) the unpaid Monthly Allocation Payments due at the time of termination; and (ii) Owner's actual, reasonable, and verifiable damages resulting from Subscriber's breach. Any post-termination Monthly Allocation Payments that may qualify as damages under this section, will be calculated-based upon the Schedule of Expected Deliveries of Credits (Exhibit B, hereto), and the Bill Credit Rate at the time of Subscriber's breach of this Agreement.

c. **Limitation of Liability.** EXCEPT AS EXPRESSLY ALLOWED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT OR PUNITIVE DAMAGES OF ANY CHARACTER, RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF A PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER THEORY AT LAW OR EQUITY.

d. **Exclusions.** NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 10, THE LIMITATIONS OF THIS SECTION 10 DO NOT APPLY TO A CLAIM FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; FOR FAILURE TO COMPLY WITH LAWS; FOR INDEMNIFICATION; FOR BREACH OF CONFIDENTIALITY OR FOR INTELLECTUAL PROPERTY INFRINGEMENT.

11. **Early Termination.**

a. Either Party may terminate this Agreement on notice thereof to Subscriber in the event that Owner is unable to obtain financing for the Facility on commercially reasonable terms on or before December 31, 2017.

b. If Owner fails to perform under this Agreement due to an event of Force Majeure that lasts more than twelve (12) months or fails to restore the Facility to full operation at Capacity within twelve (12) months following an event of Force Majeure causing damage to the Facility, Subscriber shall have the right to terminate this Agreement by giving Owner at least

sixty (60) days prior notice of its intent to terminate based on such failure(s). Any such notice of termination shall be given within three (3) months of such failure(s). In the event of termination pursuant to this Section 11(b), Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the six month period following the expiration of such twelve (12) month period.

c. In the event (i) the CSG Contract is terminated based on Owner's breach thereof or (ii) Owner materially breaches its obligations of performance in this Agreement and such breach is not cured within thirty (30) days after Owner receives written notice of such breach from Subscriber (provided, however, that if such breach is not capable of being cured within such thirty-day period and Owner has commenced and diligently continued actions to cure such breach within such thirty-day period, the cure period shall be extended to 180 days, so long as Owner is making diligent efforts to do so), then Subscriber may terminate this Agreement as provided in this Section 11. In the event of a termination by Subscriber described in the preceding sentence, Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the calendar year following termination according to the Schedule of Expected Deliveries, Exhibit B.

d. The Parties agree that actual damages in the event of termination of this Agreement as specified in Sections 11(b) and 11(c), would be difficult to calculate and that the liquidated damages specified herein are a reasonable approximation of such actual damages.

12. **Assignment**. No Party shall assign or in any manner transfer this Agreement or any part thereof except in connection with (a) Subscriber's assignment to a party approved in advance by Owner, with such approval not unreasonably withheld, on the bases of (i) creditworthiness, (ii) the party's eligibility under the Solar Rewards Community Program, (iii) Subscriber's payment to Owner of seven hundred fifty dollars (\$750) to cover Owner's administrative expenses associated with the transfer (the "***Transfer Fee***") and (iv) other factors evidencing an increase in a material risk of a breach of this Agreement, (b) Owner's assignment of this Agreement to any Affiliate that owns or, by long-term lease, controls the Facility, provided that such Affiliate has the same or better credit strength and has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; (c) Owner's collateral assignment of this Agreement to any financial institution that provides financing for the Facility (including a financial institution that enters into a sale/leaseback transaction with respect to the Facility) that has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder upon the foreclosure or conveyance in lieu thereof, and, in connection with any collateral assignment of this Agreement, Subscriber agrees to comply with the lender accommodations set forth in Exhibit C to this Agreement; (d) Owner's assignment of this Agreement, prior to the Commencement of Operations Date, to another operator/owner of a community garden facility, in the same County and qualified under the Solar Rewards Community Program which has sufficient capacity to accept Subscriber's Allocation, has the same or better credit strength, and agrees in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; or (e) Subscriber's assignment of this Agreement to any of its Affiliates or successor entity if the Minnesota legislature reassigns responsibility for the services provided by Metropolitan Council (without change of service address) provided that such Affiliate or successor entity has the same or better credit strength.

13. Miscellaneous.

a. LDC Disputes. Owner shall be solely responsible for resolving any dispute with LDC regarding the production of energy by the Facility. Subscriber shall be solely responsible for resolving any dispute with LDC regarding the calculation of the Bill Credit Rate.

b. Notices.

i. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be deemed delivered upon mailing, deposit with a courier for hand delivery, or electronic transmission, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or email transmission.

ii. Subscriber shall promptly notify Owner of any changes in Subscriber Data.

The notices and communications shall be sent to the following addresses:

If to Owner:

BHE Renewables, LLC
Program Manager – MN Community Solar Gardens
1850 N. Central Ave.
Suite 1025
Phoenix, AZ 85004
BHERenewables@bherenewables.com
515-252-6677

If to Subscriber:

City of Falcon Heights
2077 W. Larpenteur Ave
Falcon Heights, MN 55113

c. Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Minnesota without reference to any choice of law principles.

e. Dispute Resolution.

i. Amicable Settlement. The Parties shall attempt in good faith to resolve all disputes arising in connection with the interpretation or application of the provisions of this Agreement or in connection with the determination of any other matters arising under this Agreement by mutual agreement.

ii. Continuation of Performance. During the pendency of any dispute hereunder, the Parties shall continue to perform their respective obligations under this Agreement.

iii. Equitable Relief. Nothing in this Agreement shall be construed to preclude either Party from seeking or obtaining urgent equitable or injunctive relief from a court of law in relation to this Agreement.

iv. Venue and Jurisdiction. The Parties agree that the courts of the State of Minnesota and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law.

f. Insurance. With respect to the services provided pursuant to this Agreement, Owner shall at all times during the term of this Agreement and beyond such term when so required have and keep in force the following insurance coverages and limits:

i. Commercial General Liability on an occurrence basis with contractual liability coverage:

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	\$1,500,000

ii. Workers' Compensation and Employer's Liability:

Workers' Compensation	Statutory
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(If Owner is based outside the state of Minnesota, coverage must comply with Minnesota Law).

iii. Employer's Liability. Bodily injury by:

Accident—Each Accident	\$500,000
Disease—Policy Limit	\$500,000
Disease—Each Employee	\$500,000

An umbrella or excess policy over primary liability insurance coverages is an acceptable method to provide the required insurance limits.

The above establishes minimum insurance requirements. It is the sole responsibility of Owner to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, Owner shall promptly submit copies of insurance policies to Subscriber.

iv. Owner shall not commence work until it has obtained required insurance and filed with Subscriber a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Subscriber as the certificate holder and as an additional insured for the liability coverage(s) for all operations covered under this Agreement. Owner shall furnish to Subscriber updated certificates during the term of this Agreement as insurance policies expire.

g. Compliance with Law. Owner shall comply with all laws (including common laws), ordinances, codes, rules and regulations (collectively, “*Laws*”) regarding Owner’s obligations and performance under this Agreement. Owner shall obtain and maintain any and all permits, licenses, bonds, certificates and other similar approvals required in connection with this Agreement. In the event of an allegation that Owner has failed to comply with any Laws or failed to obtain any and all permits, licenses, bonds, certificates and/or any other similar approvals required in connection with this Agreement, Owner shall pay any fines or penalties imposed upon Subscriber as a result of such failure and shall reimburse Subscriber for any expenses (including attorneys’ fees) incurred by Subscriber in responding to such allegation.

h. Entire Agreement. This Agreement, and all documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

i. No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of another Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Subscriber and Owner hereunder are individual and neither collective nor joint in nature.

j. Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by each Party to this Agreement or its successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

l. Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by this Agreement.

m. Survival. The provisions of Sections 10, (Remedies, Limitation of

Liability; Waiver), 13(c) (Severability), 13(d) (Governing Law), and 13(e) (Dispute Resolution) shall survive the expiration or earlier termination of this Agreement for a period of six (6) years thereafter.

n. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed to create any duty to or standard of care with reference to, or any liability to, or any benefit for, any person not a party to this Agreement.

o. Confidentiality. Each Party agrees that it will not disclose Not Public Data (as hereinafter defined), directly or indirectly, under any circumstances or by any means (excluding disclosures to the LDC or as are required as a participant in the CSG Program), to any third person without the express written consent of the other Party unless such disclosure is permitted by the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, or required by applicable Law. “*Not Public Data*” means, not public data as defined in Minnesota Statutes § 13.02, subd. 8a (2014).

p. Data Practices.

i. Consistent with Minnesota Statutes, section 13.05, subdivision 6, if any data on individuals is made available to Owner by the Subscriber under this Agreement, Owner will administer and maintain any such data in accordance with Minnesota Statutes, Chapter 13 (the “*Minnesota* Government Data Practices Act”), and any other statutory provisions applicable to the data. If and to the extent that Minnesota Statutes, section 13.05, subdivision 11, is applicable to this Agreement, then: (A) all of the data created, collected, received, stored, used, maintained, or disseminated by Owner in performing this Agreement are subject to the requirements of the Minnesota Government Data Practices Act; (B) Owner must comply with those requirements as if it were a government entity; and (C) the remedies in Minnesota Statutes, section 13.08 apply to Owner.

ii. Consistent with Minnesota Statutes, section 13.055, if “private data on individuals,” “confidential data on individuals” or other “not public data” are provided to or made accessible to Owner by the Subscriber, Owner must: (A) have safeguards to ensure private or confidential data on individuals or other not public data are only accessible or viewable by Owner employees and agents whose work assignments in connection with the performance of this Agreement reasonably require them to have access to the data; (B) immediately notify the Subscriber of any unauthorized access by Owner employees and agents, and unauthorized access by third parties; (C) fully cooperate with Subscriber investigations into any breach in the security of private or confidential data on individuals or other not public data that may have occurred in connection with Owner’s access to or use of the data; and (D) fully cooperate with the Subscriber in fulfilling the notice and reporting requirements of Minnesota Statutes, section 13.055. The penalties in Minnesota Statutes, section 13.09 governing unauthorized acquisition of not public data apply to Owner and Owner employees and agents. If Owner is permitted to use a subcontractor to perform Owner’s work under this Agreement, Owner shall incorporate these data practices provisions into the subcontract.

iii. If Owner receives a request to release data referred to in this section, Owner must immediately notify the Subscriber. The Subscriber will give Owner instructions concerning the release of the data to the requesting party before the data is released.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF FALCON HEIGHTS

By: _____

Name: Peter Lindstrom

Title: Mayor

By: _____

Name: Sack Thongvanh

Title: City Administrator

GERONIMO ENERGY, LLC

By: _____

Name: Jeffrey R. Ringblom

Title: Vice President of Finance and Accounting

BHE RENEWABLES, LLC

By: _____

Name: Eric Besseling

Title: Authorized Representative

EXHIBIT A

Subscriber Agency Agreement and Consent Form

Solar*Rewards Community

Subscriber Agency Agreement and Consent Form

The undersigned ("**Subscriber**") has a Subscription to the following Community Solar Garden:

Community Solar Garden Name:	_____
Community Solar Garden Address:	<u>21205 St. Croix Trail N, Scandia, MN 55073</u>
Community Solar Garden Operator:	_____
Community Solar Garden contact information for Subscriber questions and complaints:	
Address (if different from above):	1850 N. Central Avenue, Suite 1025, Phoenix, AZ 58004_____
Telephone number:	515-252-6677_____
Email address:	BHERenewables@bherenewables.com_____
Web Site URL:	http://www.bherenewables.com_____

Subscriber Name:	<u>City of Falcon Heights</u>
Subscriber's Account Number with Northern States Power Company:	<u>51-0877693-4</u>
Subscriber Service Address where receiving electrical service from Northern States Power Company:	<u>1568 Snelling Ave N, Saint Paul, MN 55108</u>

By signing this Solar Rewards Community Subscriber Agency Agreement and Consent Form, the Subscriber agrees to all of the following:

1. Assignment of Renewable Energy Credits (“RECs”), Energy and Capacity to Northern States Power Company, a Minnesota corporation. The Subscriber agrees that the Community Solar Garden Operator has authority to assign all energy produced and capacity associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and the Subscriber agrees that all energy produced, and capacity associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company. The Subscriber also agrees that the Community Solar Garden Operator has authority to assign all RECs associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and that if the Community Solar Garden or a person or entity on its behalf has assigned the RECs to Northern States Power Company, then all RECs associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company.

2. Tax Implications. The Community Solar Garden Operator has provided the Subscriber with a statement that Northern States Power Company makes no representations concerning the taxable consequences to the Subscriber with respect to its Bill Credits to the Subscriber or other tax issues relating to participation in the Community Solar Garden.

3. Northern States Power Company hereby discloses to the Subscriber that it recognizes that not all production risk factors, such as grid-failure events or atypically cloudy weather, are within the Community Solar Garden Operator's control.

4. Information Sharing. Participating in the Solar*Rewards Community Program will require sharing **Subscriber's Account Information** (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and **Subscriber's Energy Use Data** (the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden). The following outlines the type of information that will be shared, and how that information will be used.

a. Subscriber's Account Information and Subscriber Energy Usage Data. The Subscriber authorizes Northern States Power Company to provide the Community Solar Garden Operator (and the Community Solar Garden Operator's designated subcontractors and agents) with the Subscriber's Account Information and Subscriber's Energy Usage Data as described in Section 4 above. This information is needed to allow the Community Solar Garden Operator determine the extent to which the Subscriber is entitled to participate in the Community Solar Garden, and to validate the amount of the Bill Credits to be provided by Northern States Power Company to the Subscriber. The current data privacy policies of Northern States Power Company applicable to its Solar*Rewards Community Program provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above are attached as Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form.**

These privacy policies include definitions of “Subscriber's Account Information” and “Subscriber's Energy Usage Data.”

b. Subscriber's Subscription Information: The Subscriber authorizes the Community Solar Garden Operator to provide information to Northern States Power Company identifying the Subscriber (with the Subscriber's name, service address, and account number) and detailing the Subscriber's proportional share in kilowatts of the Community Solar Garden and to provide additional updates of this information to Northern States Power Company as circumstances change. This information is needed to allow Northern States Power Company to properly apply Bill Credits for the photovoltaic energy generated by the Community Solar Garden. Also, this information is needed to allow Northern States Power Company to send to the Subscriber notices or other mailings pertaining to their involvement in the Solar*Rewards Community Program. The Community Solar Garden Operator shall not disclose Subscriber information in annual reports or other public documents absent explicit, informed consent from the Subscriber. The Community Solar Garden Operator will not release any Subscriber data to third parties except to fulfill the regulated purposes of the Solar*Rewards Community Program, to comply with a legal or regulatory requirement, or upon explicit, informed consent from the Subscriber.

c. Aggregate Information. Aggregate information concerning production at the Community Solar Garden may be publicly disclosed to support regulatory oversight of the Solar*Rewards Community Program. This includes annual reports available to the public related to specific Community Solar Gardens, including but not limited to production from the Community Solar Gardens; size, location and the type of Community Solar Garden subscriber groups; reporting on known complaints and the resolution of these complaints; lessons learned and any potential changes to the Solar*Rewards Community Program; reporting on Bill Credits earned and paid; and reporting on the application process. Aggregated information will not identify individual Subscribers or provide Subscriber-Specific Account Information, Subscriber-Specific Energy Usage Data or Subscriber-specific Bill Credits unless a Subscriber provides explicit informed consent. Depending on the nature of the aggregated information, however, it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden. The Subscriber agrees to the inclusion of its production information in the creation of the aggregated information. The Community Solar Garden Operator will not use aggregated information for purposes unrelated to the Solar*Rewards Community Program without first providing notice and obtaining further consent, unless the aggregated information is otherwise available as public information. The policies of Northern States Power Company related to sharing aggregated information are part of the data privacy policies contained in the attached Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form** and should be provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above.

d. Information Requests from the MPUC or the Department of Commerce. The Subscriber agrees that the Community Solar Garden Operator and Northern States Power Company are authorized to provide any information they possess related to the

Subscriber or the Subscriber's participation in the Community Solar Garden to the Minnesota Public Utilities Commission (MPUC), the Minnesota Department of Commerce, or the Minnesota Office of Attorney General. This information is needed to allow proper regulatory oversight of Northern States Power Company and of the Solar*Rewards Community Program.

e. Liability Release. Northern States Power Company shall not be responsible for monitoring or taking any steps to ensure that the Community Solar Garden Operator maintains the confidentiality of the Subscriber's Account Information, the Subscriber's Energy Usage or the Bill Credits received pertaining to the Subscriber's participation in the Community Solar Garden. However, Northern States Power Company shall remain liable for its own inappropriate release of Subscriber's Account Information and Subscriber's Energy Use Data.

f. Duration of Consent. The Subscriber's consent to this information sharing shall be ongoing for the Term of the CSG Contract between the Community Solar Garden Operator and Northern States Power Company, or until the Subscriber no longer has a Subscription to the Community Solar Garden and the Community Solar Garden Operator notifies Northern States Power Company of this fact through the CSG Application System. Provided, however, the Subscriber's consent shall also apply thereafter to all such information of the Subscriber pertaining to that period of time during which the Subscriber had a Subscription to the Community Solar Garden.

g. Modification. The above provisions addressing data privacy and in Exhibit 1 shall remain in place until and unless other requirements are adopted by the MPUC in its generic privacy proceeding, Docket No. E,G999/CI-12-1344, or other MPUC Order. Northern States Power Company shall file necessary revisions to its tariffs and contracts within thirty (30) days of such Order.

Subscriber's Name: City of Falcon Heights

Subscriber's Signature: _____
Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

Date: _____

**Exhibit 1 to
Solar*Rewards Community Subscriber Agency Agreement and Consent Form**

**Data Privacy Policies of Northern States Power Company Pertaining to the Solar*Rewards
Community Program**

The data privacy policies of Northern States Power Company pertaining to the Solar*Rewards Community Program are as follows and may be changed from time to time as filed in the Company's tariff or as otherwise may be authorized by the Minnesota Public Utilities Commission ("MPUC"):

Definitions

Unless indicated otherwise, the same definition and meaning of terms in this document are the same as contained in the Standard Contract for Solar*Rewards Community. For ease of reference, here are some of the specific definitions:

“Company” means Northern States Power Company, a Minnesota Corporation, and its affiliates and agents.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers' Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more Subscriptions of a community solar garden interconnected with the Company.

“Subscriber’s Account Information” consists of the Subscriber's name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, and Subscriber specific Bill Credit(s).

“Subscriber's Energy Usage Data” includes the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden.

Overview

This section addresses how Subscriber's Account Information and Subscriber's Energy Usage Data will be collected, used and shared as part of participation in the Solar*Rewards Community Program.

1. How Subscriber's Account Information and Energy Usage Data Will Be Exchanged

a. Subscriber Specific Information

Once a Subscriber has executed a Subscriber Agency Agreement and Consent Form, an ongoing data exchange will occur between the Company and a Community Solar Garden Operator (and their designated subcontractors and agents):

(i) The Company will disclose the following Subscriber-specific information to the Community Solar Garden Operator:

- Subscriber's Account Information
- Subscriber's Energy Usage Data
- Bill credits

(ii) The Community Solar Garden Operator will disclose to the Company the following Subscriber-specific information:

- Subscriber's Account Information
- Community Solar Garden Allocation for each Subscriber's Subscription stated in kW
- Production data related to the PV System
- Monthly Subscription Information

b. Aggregated Subscriber Information

Aggregated Subscriber information will be reported as part of Permitted Public Reporting, outlined in Section 2(b) below.

To be considered "aggregated" the reported information must include information attributable to all Subscribers participating in a specific Solar*Rewards Community program site, which based on program requirements will contain a minimum of five Subscribers. Depending on the nature of the aggregated information, however, from this information alone or in combination with other publicly available information it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden.

2. **How Subscriber's Information Will Be Used**

The following outlines how the Subscriber's Account Information and Subscriber Energy Usage Data will be used as part of the Solar*Rewards Community Program.

a. Program Management

As part of administering the Solar*Rewards Community program, the Solar Garden Operator and the Company may provide information related to the Subscriber and/or the Community Solar Garden to:

- the MPUC
- the Minnesota Department of Commerce
- the Minnesota Office of Attorney General
- Other governmental or private entities as required by law or regulation

Account Information and Subscriber's Energy Usage Data to service providers, agents, or contracted agents who support the program on its behalf. The Company prohibits these service providers from using or disclosing the Subscriber's information except as necessary to perform these specific services or to comply with legal requirements. More information about the Company's general privacy practices is explained in its Privacy Policy available on www.xcelenergy.com.

b. Permitted Public Reporting

The Subscriber's Energy Usage Data of each participating Subscriber to a Community Solar Garden will be combined and reported in the aggregate by the Community Solar Garden Operator in its annual report on the Solar*Rewards Community program. The identity of specific Subscribers, the specific Subscriber's Account Information, Subscriber's Energy Usage Data and Subscriber-specific Bill Credit will not be listed in the public annual report unless the Subscriber has provided the Community Solar Garden Operator with prior written consent.

Per the requirements of the MPUC, the Company will provide to the MPUC annual reports which will include information or data requested by the MPUC or Minnesota Department of Commerce, including the following:

- Reporting on Solar*Rewards Community program costs, including an analysis of the deposit, application, participation and metering fees and further justification for these fees going forward;
- Reporting on the Solar*Rewards Community Gardens, including but not limited to size, location and the type of Solar*Rewards Community subscriber groups;
- Reporting on known complaints and the resolution of these complaints;

- A copy of each contract signed with a Community Solar Garden Operator, if not previously filed;
 - Lessons learned and any potential changes to the program;
 - Report on bill credits earned and paid; and the
 - Application process
- c. Prohibited Reporting or Sharing

Except as otherwise provided in this document, the Company will not disclose the Subscriber's Account Information, Subscriber's Energy Usage Data or Subscriber-specific Bill Credits to a third party without first obtaining the Subscriber's written consent.

Any requests by the Community Solar Garden Operator to the Company for information about a Subscriber that is not Subscriber's Account Information or Subscriber's Energy Usage Data will require execution of a separate written consent by the Subscriber. Notwithstanding the previous statement, the Company will not provide the Community Solar Garden Operator with the Subscriber's Social Security Number unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

3. Subscriber Data Access and Correction

The following outlines what information is available to the Subscriber from the Company and the Community Solar Garden Operator, and methods of correcting any inaccuracies.

a. Information Available from the Company

Subscribers can contact the Company's call center to obtain information pertaining to their specific Bill Credit attributable to their participation in Solar*Rewards Community Program. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber's Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company .

Subscribers may also obtain from the Company the following information related to the Solar*Rewards Community Program without obtaining written consent from the Community Solar Garden Operator:

- Site location
- Operator name
- Nameplate capacity

- Production data related to the PV system
- Bill Credit Rate and total amount of Bill Credits applied to the PV System
- Any other information pertaining to the Subscriber's Subscription

Other information regarding the Community Solar Garden Operator known to the Company will not be disclosed unless the Subscriber obtains prior explicit informed consent from the Community Solar Garden Operator or unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

b. Information Available from the Community Solar Garden Operator

Subscribers and prospective subscribers can contact the Community Solar Garden Operator to obtain the following information:

- Future costs and benefits of the Subscription, including:
 - i. All nonrecurring (i.e., one-time) charges;
 - ii. All recurring charges;
 - iii. Terms and conditions of service;
 - iv. Whether any charges may increase during the course of service, and if so, how much advance notice is provided to the Subscriber;
 - v. Whether the Subscriber may be required to sign a term contract;
 - vi. Terms and conditions for early termination;
 - vii. Any penalties that the Community Solar Garden may charge to the Subscriber;
 - viii. The process for unsubscribing and any associated costs;
 - ix. An explanation of the Subscriber data the Community Solar Garden Operator will share with Northern States Power Company and that Northern States Power Company will share with the Community Solar Garden Operator;
 - x. The data privacy policies of Northern States Power Company and of the Community Solar Garden Operator;
 - xi. The method of providing notice to Subscribers when the Community Solar Garden is out of service, including notice of estimated length and loss of production;

- xii. Assurance that all installations, upgrades and repairs will be under direct supervision of a NABCEP-certified solar professional and that maintenance will be performed according to industry standards, including the recommendations of the manufacturers of solar panels and other operational components;
 - xiii. Allocation of unsubscribed production; and
 - xiv. A statement that the Community Solar Garden Operator is solely responsible for resolving any disputes with Northern States Power Company or the Subscriber about the accuracy of the Community Solar Garden production and that Northern States Power Company is solely responsible for resolving any disputes with the Subscriber about the applicable rate used to determine the amount of the Bill Credit.
- Copy of the contract with Northern States Power Company for the Solar*Rewards Community Program
 - Copy of the solar panel warranty
 - Description of the compensation to be paid for any underperformance
 - Proof of insurance
 - Proof of a long-term maintenance plan
 - Current production projections and a description of the methodology used to develop production projections
 - Community Solar Garden Operator contact information for questions and complaints
 - Demonstration to the Subscriber by the Community Solar Garden Operator that it has sufficient funds to operate and maintain the Solar*Rewards Community Program

The Community Solar Garden Operator is solely responsible for the accuracy of the Subscriber's share of the Community Solar Garden production information forwarded to the Company, and should resolve with the Subscriber any dispute regarding the accuracy of such information.

Subscribers can submit comments to the Company on the accuracy and completeness of its annual report by contacting solarrewardscommunity@xcelenergy.com.

4. Data Retention

The Company will retain the Subscriber's Account Information, Subscriber's Energy Usage Data and information on Bill Credits for as long as required under applicable law.

EXHIBIT B

Schedule of Expected Deliveries of Credits [pro forma; final to be provided prior to commencement of construction]

Subscriber's Share (kWh)	
Year 1	4,102
Year 2	4,081
Year 3	4,061
Year 4	4,040
Year 5	4,020
Year 6	4,000
Year 7	3,980
Year 8	3,960
Year 9	3,940
Year 10	3,921
Year 11	3,901
Year 12	3,881
Year 13	3,862
Year 14	3,843
Year 15	3,824
Year 16	3,804
Year 17	3,785
Year 18	3,766
Year 19	3,748
Year 20	3,729
Year 21	3,710
Year 22	3,692
Year 23	3,673
Year 24	3,655
Year 25	3,637

Weather Adjustment Protocol for Expected Deliveries

For any two-year Measurement Period respecting application of the Performance Guarantee, Expected Deliveries shall be adjusted to reflect any negative difference (shortfall) between Expected Solar Irradiation (“*ESI*”) and Actual Solar Irradiation (“*ASI*”). The ratio of ASI to ESI for the Measurement Period shall be applied to Expected Deliveries as a weather adjustment prior to comparing Actual Deliveries to Expected Deliveries for the purposes of the Performance Guarantee.

The method of the weather adjustment is as follows.

1. The ESI for the Facility is 1390 KWh per square meter.
2. The ASI is to be determined by monthly pyranometer readings at the Facility. The monthly readings are to be averaged for each of the two calendar years in the Measurement Period.
3. The weather adjustment factor for the measurement period is the ratio of (i) ASI, determined per Step 2 of this method to (ii) ESI, determined per Step 1 of this method. The Expected Deliveries for the Measurement Period is multiplied by this factor to derive the Guaranteed Performance.

EXHIBIT C

Lender Accommodations

Subscriber acknowledges that Owner will be financing the installation of the Facility either through a lessor, lender or with financing accommodations from one or more financial institutions and that Owner may sell or assign the Facility and/or may secure Owner's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such sale, conveyance, or financing, and with respect to any such financial institutions of which Owner has notified Subscriber in writing Subscriber agrees as follows:

(a) Consent to Collateral Assignment. Provided the Financing Party has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights thereunder upon the foreclosure or conveyance in lieu thereof, Subscriber consents to either the sale or conveyance by Owner to a Financing Party that has provided financing of Owner's right, title and interest in the Facility and to this Agreement.

(b) Notices of Default. Subscriber will deliver to the Financing Party, concurrently with delivery thereof to Owner, a copy of each notice of default given by Subscriber under the Agreement, inclusive of a reasonable description of Owner default. Subscriber will not mutually agree with Owner to terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement, during the continuation of an event of default by Owner under its agreements with Financing Party, provided that the Financing Party has agreed in writing to recognize Subscriber's rights under the Agreement and to not disturb any of Subscriber's rights thereunder:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Owner, any and all rights and remedies of Owner under this Agreement in accordance with the terms of this Agreement and the Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Owner thereunder or cause to be cured any default of Owner thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Owner under this Agreement or (unless the Financing Party has succeeded to Owner's interests under this Agreement) to perform any act, duty or obligation of Owner under this Agreement, but Subscriber hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Owner to the Financing Party (or any assignee of the Financing Party). Any such exercise shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Owner under the United States Bankruptcy Code, at the

request of the Financing Party made within ninety (90) days of such termination or rejection, Subscriber shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Except for termination pursuant to Section 3(a) of the Subscription Agreement in connection with a failure to achieve commercial operation by December 31, 2016, Subscriber will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Owner) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Owner default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional sixty (60) days.

ii. If the Financing Party (including any transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Owner's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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SOLAR GARDEN SUBSCRIPTION AGREEMENT

This Solar Garden Subscription Agreement (“*Agreement*”) is entered into as of the _____ day of _____, 20____ (the “*Effective Date*”) by and among Geronimo Energy, LLC, a Delaware limited liability company and BHE Renewables, LLC, a Delaware limited liability company (“*Owner*”), and City of Falcon Heights, a Minnesota municipal corporation (the “*Subscriber*”). In this Agreement, Owner and Subscriber are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

A. Owner intends to develop, operate and maintain a photovoltaic generation facility qualified as a “Community Solar Garden” pursuant to Minn. Stat. 216B.1641 (“*CSG Program*”) to be located at 21205 St. Croix Trail N, Scandia, MN 55073 (the “*Facility*”) and has entered or will enter into a Standard Contract for Solar Rewards Community (“*CSG Contract*”) with the local electric distribution company (the “*LDC*”). The designed capacity of the Facility shall be approximately 1,000 kW_{AC} (1,279 kW_{DC}) (subject to adjustment as described herein, the “*Facility Capacity*”);

B. The energy produced by the Facility will be delivered by Owner via interconnection of the Facility to the electric grid, to the LDC, which will calculate the monetary value of the energy received from the Facility per applicable utility tariff and convert that amount into credits per kilowatt hour (the “*Bill Credit Rate*” as defined in the CSG Contract) on the bills from LDC to the subscribers of Owner (“*Credits*”);

C. Owner will, in accordance with the terms hereof, and through the administrative process established by the LDC as approved by the Minnesota Public Utilities Commission (“*MPUC*”), allocate and sell the right to receive Credits to its subscribers according to their respective Allocations (as defined below);

D. Subscriber is an LDC customer (Premise. No. 302178652) and desires to purchase Credits from Owner in proportion to its expected consumption of electricity at 2026 Larpenteur Ave W, Saint Paul, MN 55113 (“*Customer Site*”).

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual premises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Subscriber and Owner agree as follows.

1. **Term.** The term of this Agreement shall commence on the Effective Date, and, unless terminated earlier pursuant to the provisions hereof, shall terminate on the 25th anniversary of the Commercial Operation Date (as defined below) (the “*Term*”). The Term shall not be extended by virtue of any period of disconnection or event of Force Majeure experienced by the Facility.

2. **Operation of the Facility.**

a. Owner shall operate the Facility during the Term so as to deliver all energy generated by the Facility to LDC in accordance with the CSG Contract and applicable LDC tariffs.

b. Owner shall maintain the Facility in good working order at all times during the Term, and shall operate the Facility in a manner reasonably intended to maximize the amount of Credits allocable to Subscriber, consistent with good custom and practice for operation of utility generating facilities.

3. **Sale and Purchase of Credits; Allocation.**

a. Owner shall promptly notify Subscriber of the Date of Commercial Operation of the Facility as established pursuant to the CSG Contract (“**Commercial Operation Date**”). In the event that the Commercial Operation Date is not achieved by December 31, 2017, and any of the following events or circumstances occur, either Party may terminate this Agreement, without liability, upon delivery of such notice to the other Party:

i. after timely application to the LDC (or other applicable distribution service provider whose system the Facility connects to deliver energy (the “**Distribution Provider**”) and commercially reasonable efforts to secure interconnection services, Owner has not received written confirmation and evidence that interconnection services will be available for the energy generated by the Facility at the Facility Capacity; or

ii. if the LDC or another party with the authority to do so disqualifies Owner or the Facility from participating in the CSG Program.

b. Owner shall allocate a portion of Facility Capacity to Subscriber consisting of 3.049 kW_{DC} (subject to update by Owner in connection with finalizing the Facility Capacity) equal to two tenths percent (0.2%) of Facility Capacity (the “**Allocation**”). Owner shall provide to LDC the Allocation along with Subscriber’s name, LDC account number(s), and service address(es) (“**Subscriber Data**”).

c. Owner shall sell to Subscriber and Subscriber shall purchase from Owner, the right to receive an amount of Credits calculated on the basis of that portion of the total kilowatt hours (in AC) delivered by the Facility to LDC which corresponds to the Allocation. The Allocation shall be effective for each and every LDC Production Month (as defined in the CSG Contract) during the Term. Owner shall post Credits to Subscriber’s account monthly for invoicing pursuant to Section 4 of this Agreement (“**Subscriber’s Monthly Credits**”). Thus, where $x = \#$ of Credits, $y = \text{kWh}_{AC}$ delivered in a Production Month, and $a = \text{Allocation}$, $x = y \times a$.

4. **Price and Payment.**

a. For the right to receive Credits generated by the Facility each month, Subscriber shall pay to Owner an amount equal to the product of (i) the corresponding Subscriber’s Monthly Credits, and (ii) the Bill Credit Rate then applicable to the LDC’s Solar Rewards Community Program minus one cent (\$.01) (the “**Monthly Allocation Payment**”).

b. Beginning with the second calendar month following the Commercial Operation Date, Owner shall invoice Subscriber, utilizing Subscriber’s preferred invoicing service, for the Monthly Allocation Payment for the Credits posted to Subscriber’s account since the prior invoice date. Subscriber shall make its payments to Owner no later than thirty (30)

days following receipt of the applicable invoice. Owner shall include with each invoice, a copy of the LDC statement delivered to Owner that indicates the kWh_{AC} upon which the LDC calculates the Credit to Subscriber.

5. **Records and Audits.**

a. Upon request by Subscriber, Owner shall provide (i) evidence of the accuracy of its metering equipment for the Facility and/or (ii) such other information and records requested by Subscriber to enable Subscriber to verify the accuracy of the Credits awarded by the LDC and any other calculation and/or measurements described in this Agreement.

b. Owner shall provide reports to Subscriber (i) monthly, containing the energy produced by the Facility, and (ii) annually, containing an audited financial statement of Owner, and a current statement of management, financing parties, and operatorship of Owner. Subscriber may provide comments to Owner on the accuracy and completeness of the annual reports, and shall provide a copy of any such comments to LDC.

c. As required by Minnesota Statutes, section 16C.05, subdivision 5, the records, books, documents, and accounting procedures and practices of Owner and of any subcontractor of Owner relating to work performed pursuant to this Agreement shall be subject to audit and examination by the Subscriber and the Legislative Auditor or State Auditor as described in such subdivision. Owner and any subcontractor of Owner shall permit, upon reasonable advance written notice, the Subscriber or its designee to inspect, copy, and audit its accounts, records, and business documents at any reasonable time during regular business hours, as they may relate to the performance under this Agreement. Audits conducted by the Subscriber under this provision shall be in accordance with generally accepted auditing standards.

6. **Taxes.**

a. Subscriber shall be solely liable for sales or similar taxes imposed by a governmental entity, if any, attributable to the sale of Credits allocated to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any investment tax credit or other tax benefits related to ownership of the Facility.

7. **Representations, Warranties and Covenants.**

a. Each Party represents and warrants to the other Party:

i. The Party is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party; and

iv. To the best of its knowledge, there is no litigation, action, proceeding or investigation pending before any court or other Governmental Authority by, against, affecting or involving its ability to carry out the transactions contemplated herein.

b. Owner represents, warrants, and covenants to Subscriber:

i. Owner has, or in the ordinary course will obtain, all licenses, permits and any other required documents to construct and operate the Facility;

ii. Owner shall perform its obligations under the CSG Contract and otherwise comply with all provisions of the CSG Program and other applicable tariffs.

iii. Except as may be required by law or regulation, or with Subscriber's consent, Owner will not publicly disclose Subscriber's LDC account information, energy usage data, or Credits.

c. Subscriber represents, warrants, and covenants to Owner:

i. Subscriber's average annual energy consumption for its subscribing account(s) over the two year period prior to the Effective Date is 4,002 kWh_{AC};

ii. Subscriber shall not install or procure any other distributed generation resource(s) serving Subscriber's premises to which energy is delivered by LDC under Account No. 51-5967522-4, which resource(s), when combined with the Allocation, may generate energy (including energy upon which the Credits are based) exceeding one hundred twenty percent (120%) of Subscriber's average annual energy consumption over the twenty-four (24) months prior to such installment or procurement.

iii. Within thirty (30) days of request by Owner, which request shall be made not sooner than the date of commencement of construction of the Facility, Subscriber shall complete, execute, and deliver to Owner the Subscriber Agency Agreement in the form attached hereto as Exhibit A. Upon execution, all of the information and statements of Subscriber provided therein shall be accurate.

iv. Subscriber understands and agrees it will have no interest in or entitlement to (a) benefits or derivatives of "Unsubscribed Energy" or "RECs" associated with the Facility as each is defined in the CSG Contract; and (b) incentives under the MN Department of Commerce's Made in Minnesota program and LDC's Solar Rewards program associated with the Facility.

8. **Performance Guarantee.** Owner hereby guarantees that in every period of two consecutive calendar years during the Term, beginning with the first full calendar year, Owner will provide Credits from operation of the Facility in an amount not less than ninety percent (90%) of Expected Deliveries (weather adjusted) which will be set forth on Exhibit B hereto (the "***Guaranteed Performance***") not later than the date of commencement of construction of the Facility. Owner shall pay Subscriber one cent (\$.01) per Credit to the extent the actual number of Credits purchased by Subscriber during any such two year period (the "***Measurement Period***") is less than the Guaranteed Performance for the entire Measurement Period (combining

the Expected Deliveries for both calendar years). Such payment shall be Subscriber's sole remedy for default by Owner under this Section 8. Owner shall have no liability under this Section 8 if the Facility's failure to achieve Guaranteed Performance is due to an event of Force Majeure.

9. Default.

a. Events of Default. The following shall each constitute an Event of Default by a Party:

i. The Party fails to make any material payment due under this Agreement within thirty (30) days after delivery of notice from the other Party that such payment is overdue.

ii. The Party materially fails to perform or comply with any material representation, warranty, obligation, covenant or agreement set forth in this Agreement and such failure continues for a period of thirty (30) days after delivery of notice thereof from the other Party.

iii. The Party is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Force Majeure. Except as specifically provided herein, if by reason of Force Majeure, a Party is unable to carry out, either in whole or in part, any of its obligations herein contained, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party, within a reasonable time after the occurrence of the Force Majeure event, gives the other Party notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the non-performing Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "***Force Majeure***" as used in this Agreement shall mean an event or circumstances beyond the reasonable control of a Party and not resulting from the Party's negligence, including, but not limited to fire, acts of God, earthquake, flood or other casualty or accident; break down or failure of the Distribution Provider's electric distribution system; serial equipment defect; strikes or labor disputes; war, civil strife or other violence; and any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility.

Either Party may terminate this Agreement upon 15 days' written notice to the other Party if any event of Force Majeure affecting such other Party has been in existence for a period of 180 consecutive days or longer, unless such event of Force Majeure expired before the end of the 15 day notice period.

10. **Remedies; Limitation of Liability; Waiver.**

a. **Remedies.** Subject to the limitations set forth in this Agreement, the Parties each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Parties hereto under this Agreement. Under no circumstances shall Owner's liability for breach of this Agreement exceed, in any one calendar year, an amount equal to (i) the Allocation percentage times (ii) \$15,000; provided, however that such limitation shall not apply to damages arising out of the sale or allocation by Owner to a third party of the Credits allocated and committed to Subscriber hereunder. For example, if the Allocation is 40%, then the limit described in the preceding sentence shall equal $40\% \times \$15,000$ or \$6,000 total.

b. **Owner Damages.** In the event of Subscriber's breach, repudiation, or termination of this Agreement in violation of the provisions hereof, Owner shall be entitled to recover from Subscriber (subject to Owner's duty to mitigate damages including its duty to try and find a replacement subscriber): (i) the unpaid Monthly Allocation Payments due at the time of termination; and (ii) Owner's actual, reasonable, and verifiable damages resulting from Subscriber's breach. Any post-termination Monthly Allocation Payments that may qualify as damages under this section, will be calculated-based upon the Schedule of Expected Deliveries of Credits (Exhibit B, hereto), and the Bill Credit Rate at the time of Subscriber's breach of this Agreement.

c. **Limitation of Liability.** EXCEPT AS EXPRESSLY ALLOWED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT OR PUNITIVE DAMAGES OF ANY CHARACTER, RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF A PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER THEORY AT LAW OR EQUITY.

d. **Exclusions.** NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 10, THE LIMITATIONS OF THIS SECTION 10 DO NOT APPLY TO A CLAIM FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; FOR FAILURE TO COMPLY WITH LAWS; FOR INDEMNIFICATION; FOR BREACH OF CONFIDENTIALITY OR FOR INTELLECTUAL PROPERTY INFRINGEMENT.

11. **Early Termination.**

a. Either Party may terminate this Agreement on notice thereof to Subscriber in the event that Owner is unable to obtain financing for the Facility on commercially reasonable terms on or before December 31, 2017.

b. If Owner fails to perform under this Agreement due to an event of Force Majeure that lasts more than twelve (12) months or fails to restore the Facility to full operation at Capacity within twelve (12) months following an event of Force Majeure causing damage to the Facility, Subscriber shall have the right to terminate this Agreement by giving Owner at least

sixty (60) days prior notice of its intent to terminate based on such failure(s). Any such notice of termination shall be given within three (3) months of such failure(s). In the event of termination pursuant to this Section 11(b), Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the six month period following the expiration of such twelve (12) month period.

c. In the event (i) the CSG Contract is terminated based on Owner's breach thereof or (ii) Owner materially breaches its obligations of performance in this Agreement and such breach is not cured within thirty (30) days after Owner receives written notice of such breach from Subscriber (provided, however, that if such breach is not capable of being cured within such thirty-day period and Owner has commenced and diligently continued actions to cure such breach within such thirty-day period, the cure period shall be extended to 180 days, so long as Owner is making diligent efforts to do so), then Subscriber may terminate this Agreement as provided in this Section 11. In the event of a termination by Subscriber described in the preceding sentence, Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the calendar year following termination according to the Schedule of Expected Deliveries, Exhibit B.

d. The Parties agree that actual damages in the event of termination of this Agreement as specified in Sections 11(b) and 11(c), would be difficult to calculate and that the liquidated damages specified herein are a reasonable approximation of such actual damages.

12. **Assignment**. No Party shall assign or in any manner transfer this Agreement or any part thereof except in connection with (a) Subscriber's assignment to a party approved in advance by Owner, with such approval not unreasonably withheld, on the bases of (i) creditworthiness, (ii) the party's eligibility under the Solar Rewards Community Program, (iii) Subscriber's payment to Owner of seven hundred fifty dollars (\$750) to cover Owner's administrative expenses associated with the transfer (the "***Transfer Fee***") and (iv) other factors evidencing an increase in a material risk of a breach of this Agreement, (b) Owner's assignment of this Agreement to any Affiliate that owns or, by long-term lease, controls the Facility, provided that such Affiliate has the same or better credit strength and has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; (c) Owner's collateral assignment of this Agreement to any financial institution that provides financing for the Facility (including a financial institution that enters into a sale/leaseback transaction with respect to the Facility) that has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder upon the foreclosure or conveyance in lieu thereof, and, in connection with any collateral assignment of this Agreement, Subscriber agrees to comply with the lender accommodations set forth in Exhibit C to this Agreement; (d) Owner's assignment of this Agreement, prior to the Commencement of Operations Date, to another operator/owner of a community garden facility, in the same County and qualified under the Solar Rewards Community Program which has sufficient capacity to accept Subscriber's Allocation, has the same or better credit strength, and agrees in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; or (e) Subscriber's assignment of this Agreement to any of its Affiliates or successor entity if the Minnesota legislature reassigns responsibility for the services provided by Metropolitan Council (without change of service address) provided that such Affiliate or successor entity has the same or better credit strength.

13. Miscellaneous.

a. LDC Disputes. Owner shall be solely responsible for resolving any dispute with LDC regarding the production of energy by the Facility. Subscriber shall be solely responsible for resolving any dispute with LDC regarding the calculation of the Bill Credit Rate.

b. Notices.

i. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be deemed delivered upon mailing, deposit with a courier for hand delivery, or electronic transmission, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or email transmission.

ii. Subscriber shall promptly notify Owner of any changes in Subscriber Data.

The notices and communications shall be sent to the following addresses:

If to Owner:

BHE Renewables, LLC
Program Manager – MN Community Solar Gardens
1850 N. Central Ave.
Suite 1025
Phoenix, AZ 85004
BHERenewables@bherenewables.com
515-252-6677

If to Subscriber:

City of Falcon Heights
2077 W. Larpenteur Ave
Falcon Heights, MN 55113

c. Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Minnesota without reference to any choice of law principles.

e. Dispute Resolution.

i. Amicable Settlement. The Parties shall attempt in good faith to resolve all disputes arising in connection with the interpretation or application of the provisions of this Agreement or in connection with the determination of any other matters arising under this Agreement by mutual agreement.

ii. Continuation of Performance. During the pendency of any dispute hereunder, the Parties shall continue to perform their respective obligations under this Agreement.

iii. Equitable Relief. Nothing in this Agreement shall be construed to preclude either Party from seeking or obtaining urgent equitable or injunctive relief from a court of law in relation to this Agreement.

iv. Venue and Jurisdiction. The Parties agree that the courts of the State of Minnesota and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law.

f. Insurance. With respect to the services provided pursuant to this Agreement, Owner shall at all times during the term of this Agreement and beyond such term when so required have and keep in force the following insurance coverages and limits:

i. Commercial General Liability on an occurrence basis with contractual liability coverage:

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	\$1,500,000

ii. Workers' Compensation and Employer's Liability:

Workers' Compensation	Statutory
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(If Owner is based outside the state of Minnesota, coverage must comply with Minnesota Law).

iii. Employer's Liability. Bodily injury by:

Accident—Each Accident	\$500,000
Disease—Policy Limit	\$500,000
Disease—Each Employee	\$500,000

An umbrella or excess policy over primary liability insurance coverages is an acceptable method to provide the required insurance limits.

The above establishes minimum insurance requirements. It is the sole responsibility of Owner to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, Owner shall promptly submit copies of insurance policies to Subscriber.

iv. Owner shall not commence work until it has obtained required insurance and filed with Subscriber a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Subscriber as the certificate holder and as an additional insured for the liability coverage(s) for all operations covered under this Agreement. Owner shall furnish to Subscriber updated certificates during the term of this Agreement as insurance policies expire.

g. Compliance with Law. Owner shall comply with all laws (including common laws), ordinances, codes, rules and regulations (collectively, “*Laws*”) regarding Owner’s obligations and performance under this Agreement. Owner shall obtain and maintain any and all permits, licenses, bonds, certificates and other similar approvals required in connection with this Agreement. In the event of an allegation that Owner has failed to comply with any Laws or failed to obtain any and all permits, licenses, bonds, certificates and/or any other similar approvals required in connection with this Agreement, Owner shall pay any fines or penalties imposed upon Subscriber as a result of such failure and shall reimburse Subscriber for any expenses (including attorneys’ fees) incurred by Subscriber in responding to such allegation.

h. Entire Agreement. This Agreement, and all documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

i. No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of another Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Subscriber and Owner hereunder are individual and neither collective nor joint in nature.

j. Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by each Party to this Agreement or its successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

l. Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by this Agreement.

m. Survival. The provisions of Sections 10, (Remedies, Limitation of

Liability; Waiver), 13(c) (Severability), 13(d) (Governing Law), and 13(e) (Dispute Resolution) shall survive the expiration or earlier termination of this Agreement for a period of six (6) years thereafter.

n. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed to create any duty to or standard of care with reference to, or any liability to, or any benefit for, any person not a party to this Agreement.

o. Confidentiality. Each Party agrees that it will not disclose Not Public Data (as hereinafter defined), directly or indirectly, under any circumstances or by any means (excluding disclosures to the LDC or as are required as a participant in the CSG Program), to any third person without the express written consent of the other Party unless such disclosure is permitted by the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, or required by applicable Law. “*Not Public Data*” means, not public data as defined in Minnesota Statutes § 13.02, subd. 8a (2014).

p. Data Practices.

i. Consistent with Minnesota Statutes, section 13.05, subdivision 6, if any data on individuals is made available to Owner by the Subscriber under this Agreement, Owner will administer and maintain any such data in accordance with Minnesota Statutes, Chapter 13 (the “*Minnesota* Government Data Practices Act”), and any other statutory provisions applicable to the data. If and to the extent that Minnesota Statutes, section 13.05, subdivision 11, is applicable to this Agreement, then: (A) all of the data created, collected, received, stored, used, maintained, or disseminated by Owner in performing this Agreement are subject to the requirements of the Minnesota Government Data Practices Act; (B) Owner must comply with those requirements as if it were a government entity; and (C) the remedies in Minnesota Statutes, section 13.08 apply to Owner.

ii. Consistent with Minnesota Statutes, section 13.055, if “private data on individuals,” “confidential data on individuals” or other “not public data” are provided to or made accessible to Owner by the Subscriber, Owner must: (A) have safeguards to ensure private or confidential data on individuals or other not public data are only accessible or viewable by Owner employees and agents whose work assignments in connection with the performance of this Agreement reasonably require them to have access to the data; (B) immediately notify the Subscriber of any unauthorized access by Owner employees and agents, and unauthorized access by third parties; (C) fully cooperate with Subscriber investigations into any breach in the security of private or confidential data on individuals or other not public data that may have occurred in connection with Owner’s access to or use of the data; and (D) fully cooperate with the Subscriber in fulfilling the notice and reporting requirements of Minnesota Statutes, section 13.055. The penalties in Minnesota Statutes, section 13.09 governing unauthorized acquisition of not public data apply to Owner and Owner employees and agents. If Owner is permitted to use a subcontractor to perform Owner’s work under this Agreement, Owner shall incorporate these data practices provisions into the subcontract.

iii. If Owner receives a request to release data referred to in this section, Owner must immediately notify the Subscriber. The Subscriber will give Owner instructions concerning the release of the data to the requesting party before the data is released.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF FALCON HEIGHTS

By: _____

Name: Peter Lindstrom

Title: Mayor

By: _____

Name: Sack Thongvanh

Title: City Administrator

GERONIMO ENERGY, LLC

By: _____

Name: Jeffrey R. Ringblom

Title: Vice President of Finance and Accounting

BHE RENEWABLES, LLC

By: _____

Name: Eric Besseling

Title: Authorized Representative

EXHIBIT A

Subscriber Agency Agreement and Consent Form

Solar*Rewards Community

Subscriber Agency Agreement and Consent Form

The undersigned ("**Subscriber**") has a Subscription to the following Community Solar Garden:

Community Solar Garden Name:	_____
Community Solar Garden Address:	<u>21205 St. Croix Trail N, Scandia, MN 55073</u>
Community Solar Garden Operator:	_____
Community Solar Garden contact information for Subscriber questions and complaints:	
Address (if different from above):	1850 N. Central Avenue, Suite 1025, Phoenix, AZ 58004_____
Telephone number:	515-252-6677_____
Email address:	BHERenewables@bherenewables.com_____
Web Site URL:	http://www.bherenewables.com_____

Subscriber Name:	<u>City of Falcon Heights</u>
Subscriber's Account Number with Northern States Power Company:	<u>51-5967522-4</u>
Subscriber Service Address where receiving electrical service from Northern States Power Company:	<u>2026 Larpenteur Ave W, Saint Paul, MN 55113</u>

By signing this Solar Rewards Community Subscriber Agency Agreement and Consent Form, the Subscriber agrees to all of the following:

1. Assignment of Renewable Energy Credits (“RECs”), Energy and Capacity to Northern States Power Company, a Minnesota corporation. The Subscriber agrees that the Community Solar Garden Operator has authority to assign all energy produced and capacity associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and the Subscriber agrees that all energy produced, and capacity associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company. The Subscriber also agrees that the Community Solar Garden Operator has authority to assign all RECs associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and that if the Community Solar Garden or a person or entity on its behalf has assigned the RECs to Northern States Power Company, then all RECs associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company.

2. Tax Implications. The Community Solar Garden Operator has provided the Subscriber with a statement that Northern States Power Company makes no representations concerning the taxable consequences to the Subscriber with respect to its Bill Credits to the Subscriber or other tax issues relating to participation in the Community Solar Garden.

3. Northern States Power Company hereby discloses to the Subscriber that it recognizes that not all production risk factors, such as grid-failure events or atypically cloudy weather, are within the Community Solar Garden Operator's control.

4. Information Sharing. Participating in the Solar*Rewards Community Program will require sharing **Subscriber's Account Information** (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and **Subscriber's Energy Use Data** (the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden). The following outlines the type of information that will be shared, and how that information will be used.

a. Subscriber's Account Information and Subscriber Energy Usage Data. The Subscriber authorizes Northern States Power Company to provide the Community Solar Garden Operator (and the Community Solar Garden Operator's designated subcontractors and agents) with the Subscriber's Account Information and Subscriber's Energy Usage Data as described in Section 4 above. This information is needed to allow the Community Solar Garden Operator determine the extent to which the Subscriber is entitled to participate in the Community Solar Garden, and to validate the amount of the Bill Credits to be provided by Northern States Power Company to the Subscriber. The current data privacy policies of Northern States Power Company applicable to its Solar*Rewards Community Program provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above are attached as Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form.**

These privacy policies include definitions of “Subscriber's Account Information” and “Subscriber's Energy Usage Data.”

b. Subscriber's Subscription Information: The Subscriber authorizes the Community Solar Garden Operator to provide information to Northern States Power Company identifying the Subscriber (with the Subscriber's name, service address, and account number) and detailing the Subscriber's proportional share in kilowatts of the Community Solar Garden and to provide additional updates of this information to Northern States Power Company as circumstances change. This information is needed to allow Northern States Power Company to properly apply Bill Credits for the photovoltaic energy generated by the Community Solar Garden. Also, this information is needed to allow Northern States Power Company to send to the Subscriber notices or other mailings pertaining to their involvement in the Solar*Rewards Community Program. The Community Solar Garden Operator shall not disclose Subscriber information in annual reports or other public documents absent explicit, informed consent from the Subscriber. The Community Solar Garden Operator will not release any Subscriber data to third parties except to fulfill the regulated purposes of the Solar*Rewards Community Program, to comply with a legal or regulatory requirement, or upon explicit, informed consent from the Subscriber.

c. Aggregate Information. Aggregate information concerning production at the Community Solar Garden may be publicly disclosed to support regulatory oversight of the Solar*Rewards Community Program. This includes annual reports available to the public related to specific Community Solar Gardens, including but not limited to production from the Community Solar Gardens; size, location and the type of Community Solar Garden subscriber groups; reporting on known complaints and the resolution of these complaints; lessons learned and any potential changes to the Solar*Rewards Community Program; reporting on Bill Credits earned and paid; and reporting on the application process. Aggregated information will not identify individual Subscribers or provide Subscriber-Specific Account Information, Subscriber-Specific Energy Usage Data or Subscriber-specific Bill Credits unless a Subscriber provides explicit informed consent. Depending on the nature of the aggregated information, however, it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden. The Subscriber agrees to the inclusion of its production information in the creation of the aggregated information. The Community Solar Garden Operator will not use aggregated information for purposes unrelated to the Solar*Rewards Community Program without first providing notice and obtaining further consent, unless the aggregated information is otherwise available as public information. The policies of Northern States Power Company related to sharing aggregated information are part of the data privacy policies contained in the attached Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form** and should be provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above.

d. Information Requests from the MPUC or the Department of Commerce. The Subscriber agrees that the Community Solar Garden Operator and Northern States Power Company are authorized to provide any information they possess related to the

Subscriber or the Subscriber's participation in the Community Solar Garden to the Minnesota Public Utilities Commission (MPUC), the Minnesota Department of Commerce, or the Minnesota Office of Attorney General. This information is needed to allow proper regulatory oversight of Northern States Power Company and of the Solar*Rewards Community Program.

e. Liability Release. Northern States Power Company shall not be responsible for monitoring or taking any steps to ensure that the Community Solar Garden Operator maintains the confidentiality of the Subscriber's Account Information, the Subscriber's Energy Usage or the Bill Credits received pertaining to the Subscriber's participation in the Community Solar Garden. However, Northern States Power Company shall remain liable for its own inappropriate release of Subscriber's Account Information and Subscriber's Energy Use Data.

f. Duration of Consent. The Subscriber's consent to this information sharing shall be ongoing for the Term of the CSG Contract between the Community Solar Garden Operator and Northern States Power Company, or until the Subscriber no longer has a Subscription to the Community Solar Garden and the Community Solar Garden Operator notifies Northern States Power Company of this fact through the CSG Application System. Provided, however, the Subscriber's consent shall also apply thereafter to all such information of the Subscriber pertaining to that period of time during which the Subscriber had a Subscription to the Community Solar Garden.

g. Modification. The above provisions addressing data privacy and in Exhibit 1 shall remain in place until and unless other requirements are adopted by the MPUC in its generic privacy proceeding, Docket No. E,G999/CI-12-1344, or other MPUC Order. Northern States Power Company shall file necessary revisions to its tariffs and contracts within thirty (30) days of such Order.

Subscriber's Name: City of Falcon Heights

Subscriber's Signature: _____
Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

Date: _____

**Exhibit 1 to
Solar*Rewards Community Subscriber Agency Agreement and Consent Form**

**Data Privacy Policies of Northern States Power Company Pertaining to the Solar*Rewards
Community Program**

The data privacy policies of Northern States Power Company pertaining to the Solar*Rewards Community Program are as follows and may be changed from time to time as filed in the Company's tariff or as otherwise may be authorized by the Minnesota Public Utilities Commission ("MPUC"):

Definitions

Unless indicated otherwise, the same definition and meaning of terms in this document are the same as contained in the Standard Contract for Solar*Rewards Community. For ease of reference, here are some of the specific definitions:

“Company” means Northern States Power Company, a Minnesota Corporation, and its affiliates and agents.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers' Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more Subscriptions of a community solar garden interconnected with the Company.

“Subscriber’s Account Information” consists of the Subscriber's name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, and Subscriber specific Bill Credit(s).

“Subscriber's Energy Usage Data” includes the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden.

Overview

This section addresses how Subscriber's Account Information and Subscriber's Energy Usage Data will be collected, used and shared as part of participation in the Solar*Rewards Community Program.

1. How Subscriber's Account Information and Energy Usage Data Will Be Exchanged

a. Subscriber Specific Information

Once a Subscriber has executed a Subscriber Agency Agreement and Consent Form, an ongoing data exchange will occur between the Company and a Community Solar Garden Operator (and their designated subcontractors and agents):

(i) The Company will disclose the following Subscriber-specific information to the Community Solar Garden Operator:

- Subscriber's Account Information
- Subscriber's Energy Usage Data
- Bill credits

(ii) The Community Solar Garden Operator will disclose to the Company the following Subscriber-specific information:

- Subscriber's Account Information
- Community Solar Garden Allocation for each Subscriber's Subscription stated in kW
- Production data related to the PV System
- Monthly Subscription Information

b. Aggregated Subscriber Information

Aggregated Subscriber information will be reported as part of Permitted Public Reporting, outlined in Section 2(b) below.

To be considered "aggregated" the reported information must include information attributable to all Subscribers participating in a specific Solar*Rewards Community program site, which based on program requirements will contain a minimum of five Subscribers. Depending on the nature of the aggregated information, however, from this information alone or in combination with other publicly available information it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden.

2. How Subscriber's Information Will Be Used

The following outlines how the Subscriber's Account Information and Subscriber Energy Usage Data will be used as part of the Solar*Rewards Community Program.

a. Program Management

As part of administering the Solar*Rewards Community program, the Solar Garden Operator and the Company may provide information related to the Subscriber and/or the Community Solar Garden to:

- the MPUC
- the Minnesota Department of Commerce
- the Minnesota Office of Attorney General
- Other governmental or private entities as required by law or regulation

Account Information and Subscriber's Energy Usage Data to service providers, agents, or contracted agents who support the program on its behalf. The Company prohibits these service providers from using or disclosing the Subscriber's information except as necessary to perform these specific services or to comply with legal requirements. More information about the Company's general privacy practices is explained in its Privacy Policy available on www.xcelenergy.com.

b. Permitted Public Reporting

The Subscriber's Energy Usage Data of each participating Subscriber to a Community Solar Garden will be combined and reported in the aggregate by the Community Solar Garden Operator in its annual report on the Solar*Rewards Community program. The identity of specific Subscribers, the specific Subscriber's Account Information, Subscriber's Energy Usage Data and Subscriber-specific Bill Credit will not be listed in the public annual report unless the Subscriber has provided the Community Solar Garden Operator with prior written consent.

Per the requirements of the MPUC, the Company will provide to the MPUC annual reports which will include information or data requested by the MPUC or Minnesota Department of Commerce, including the following:

- Reporting on Solar*Rewards Community program costs, including an analysis of the deposit, application, participation and metering fees and further justification for these fees going forward;
- Reporting on the Solar*Rewards Community Gardens, including but not limited to size, location and the type of Solar*Rewards Community subscriber groups;
- Reporting on known complaints and the resolution of these complaints;

- A copy of each contract signed with a Community Solar Garden Operator, if not previously filed;
 - Lessons learned and any potential changes to the program;
 - Report on bill credits earned and paid; and the
 - Application process
- c. Prohibited Reporting or Sharing

Except as otherwise provided in this document, the Company will not disclose the Subscriber's Account Information, Subscriber's Energy Usage Data or Subscriber-specific Bill Credits to a third party without first obtaining the Subscriber's written consent.

Any requests by the Community Solar Garden Operator to the Company for information about a Subscriber that is not Subscriber's Account Information or Subscriber's Energy Usage Data will require execution of a separate written consent by the Subscriber. Notwithstanding the previous statement, the Company will not provide the Community Solar Garden Operator with the Subscriber's Social Security Number unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

3. Subscriber Data Access and Correction

The following outlines what information is available to the Subscriber from the Company and the Community Solar Garden Operator, and methods of correcting any inaccuracies.

a. Information Available from the Company

Subscribers can contact the Company's call center to obtain information pertaining to their specific Bill Credit attributable to their participation in Solar*Rewards Community Program. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber's Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company .

Subscribers may also obtain from the Company the following information related to the Solar*Rewards Community Program without obtaining written consent from the Community Solar Garden Operator:

- Site location
- Operator name
- Nameplate capacity

- Production data related to the PV system
- Bill Credit Rate and total amount of Bill Credits applied to the PV System
- Any other information pertaining to the Subscriber's Subscription

Other information regarding the Community Solar Garden Operator known to the Company will not be disclosed unless the Subscriber obtains prior explicit informed consent from the Community Solar Garden Operator or unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

b. Information Available from the Community Solar Garden Operator

Subscribers and prospective subscribers can contact the Community Solar Garden Operator to obtain the following information:

- Future costs and benefits of the Subscription, including:
 - i. All nonrecurring (i.e., one-time) charges;
 - ii. All recurring charges;
 - iii. Terms and conditions of service;
 - iv. Whether any charges may increase during the course of service, and if so, how much advance notice is provided to the Subscriber;
 - v. Whether the Subscriber may be required to sign a term contract;
 - vi. Terms and conditions for early termination;
 - vii. Any penalties that the Community Solar Garden may charge to the Subscriber;
 - viii. The process for unsubscribing and any associated costs;
 - ix. An explanation of the Subscriber data the Community Solar Garden Operator will share with Northern States Power Company and that Northern States Power Company will share with the Community Solar Garden Operator;
 - x. The data privacy policies of Northern States Power Company and of the Community Solar Garden Operator;
 - xi. The method of providing notice to Subscribers when the Community Solar Garden is out of service, including notice of estimated length and loss of production;

- xii. Assurance that all installations, upgrades and repairs will be under direct supervision of a NABCEP-certified solar professional and that maintenance will be performed according to industry standards, including the recommendations of the manufacturers of solar panels and other operational components;
 - xiii. Allocation of unsubscribed production; and
 - xiv. A statement that the Community Solar Garden Operator is solely responsible for resolving any disputes with Northern States Power Company or the Subscriber about the accuracy of the Community Solar Garden production and that Northern States Power Company is solely responsible for resolving any disputes with the Subscriber about the applicable rate used to determine the amount of the Bill Credit.
- Copy of the contract with Northern States Power Company for the Solar*Rewards Community Program
 - Copy of the solar panel warranty
 - Description of the compensation to be paid for any underperformance
 - Proof of insurance
 - Proof of a long-term maintenance plan
 - Current production projections and a description of the methodology used to develop production projections
 - Community Solar Garden Operator contact information for questions and complaints
 - Demonstration to the Subscriber by the Community Solar Garden Operator that it has sufficient funds to operate and maintain the Solar*Rewards Community Program

The Community Solar Garden Operator is solely responsible for the accuracy of the Subscriber's share of the Community Solar Garden production information forwarded to the Company, and should resolve with the Subscriber any dispute regarding the accuracy of such information.

Subscribers can submit comments to the Company on the accuracy and completeness of its annual report by contacting solarrewardscommunity@xcelenergy.com.

4. Data Retention

The Company will retain the Subscriber's Account Information, Subscriber's Energy Usage Data and information on Bill Credits for as long as required under applicable law.

EXHIBIT B

Schedule of Expected Deliveries of Credits [pro forma; final to be provided prior to commencement of construction]

Subscriber's Share (kWh)	
Year 1	4,002
Year 2	3,982
Year 3	3,962
Year 4	3,942
Year 5	3,923
Year 6	3,903
Year 7	3,883
Year 8	3,864
Year 9	3,845
Year 10	3,825
Year 11	3,806
Year 12	3,787
Year 13	3,768
Year 14	3,750
Year 15	3,731
Year 16	3,712
Year 17	3,694
Year 18	3,675
Year 19	3,657
Year 20	3,638
Year 21	3,620
Year 22	3,602
Year 23	3,584
Year 24	3,566
Year 25	3,548

Weather Adjustment Protocol for Expected Deliveries

For any two-year Measurement Period respecting application of the Performance Guarantee, Expected Deliveries shall be adjusted to reflect any negative difference (shortfall) between Expected Solar Irradiation (“*ESI*”) and Actual Solar Irradiation (“*ASI*”). The ratio of ASI to ESI for the Measurement Period shall be applied to Expected Deliveries as a weather adjustment prior to comparing Actual Deliveries to Expected Deliveries for the purposes of the Performance Guarantee.

The method of the weather adjustment is as follows.

1. The ESI for the Facility is 1390 KWh per square meter.
2. The ASI is to be determined by monthly pyranometer readings at the Facility. The monthly readings are to be averaged for each of the two calendar years in the Measurement Period.
3. The weather adjustment factor for the measurement period is the ratio of (i) ASI, determined per Step 2 of this method to (ii) ESI, determined per Step 1 of this method. The Expected Deliveries for the Measurement Period is multiplied by this factor to derive the Guaranteed Performance.

EXHIBIT C

Lender Accommodations

Subscriber acknowledges that Owner will be financing the installation of the Facility either through a lessor, lender or with financing accommodations from one or more financial institutions and that Owner may sell or assign the Facility and/or may secure Owner's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such sale, conveyance, or financing, and with respect to any such financial institutions of which Owner has notified Subscriber in writing Subscriber agrees as follows:

(a) Consent to Collateral Assignment. Provided the Financing Party has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights thereunder upon the foreclosure or conveyance in lieu thereof, Subscriber consents to either the sale or conveyance by Owner to a Financing Party that has provided financing of Owner's right, title and interest in the Facility and to this Agreement.

(b) Notices of Default. Subscriber will deliver to the Financing Party, concurrently with delivery thereof to Owner, a copy of each notice of default given by Subscriber under the Agreement, inclusive of a reasonable description of Owner default. Subscriber will not mutually agree with Owner to terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement, during the continuation of an event of default by Owner under its agreements with Financing Party, provided that the Financing Party has agreed in writing to recognize Subscriber's rights under the Agreement and to not disturb any of Subscriber's rights thereunder:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Owner, any and all rights and remedies of Owner under this Agreement in accordance with the terms of this Agreement and the Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Owner thereunder or cause to be cured any default of Owner thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Owner under this Agreement or (unless the Financing Party has succeeded to Owner's interests under this Agreement) to perform any act, duty or obligation of Owner under this Agreement, but Subscriber hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Owner to the Financing Party (or any assignee of the Financing Party). Any such exercise shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Owner under the United States Bankruptcy Code, at the

request of the Financing Party made within ninety (90) days of such termination or rejection, Subscriber shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Except for termination pursuant to Section 3(a) of the Subscription Agreement in connection with a failure to achieve commercial operation by December 31, 2016, Subscriber will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Owner) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Owner default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional sixty (60) days.

ii. If the Financing Party (including any transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Owner's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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SOLAR GARDEN SUBSCRIPTION AGREEMENT

This Solar Garden Subscription Agreement (“*Agreement*”) is entered into as of the _____ day of _____, 20____ (the “*Effective Date*”) by and among Geronimo Energy, LLC, a Delaware limited liability company and BHE Renewables, LLC, a Delaware limited liability company (“*Owner*”), and City of Falcon Heights, a Minnesota municipal corporation (the “*Subscriber*”). In this Agreement, Owner and Subscriber are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

A. Owner intends to develop, operate and maintain a photovoltaic generation facility qualified as a “Community Solar Garden” pursuant to Minn. Stat. 216B.1641 (“*CSG Program*”) to be located at 21205 St. Croix Trail N, Scandia, MN 55073 (the “*Facility*”) and has entered or will enter into a Standard Contract for Solar Rewards Community (“*CSG Contract*”) with the local electric distribution company (the “*LDC*”). The designed capacity of the Facility shall be approximately 1,000 kW_{AC} (1,279 kW_{DC}) (subject to adjustment as described herein, the “*Facility Capacity*”);

B. The energy produced by the Facility will be delivered by Owner via interconnection of the Facility to the electric grid, to the LDC, which will calculate the monetary value of the energy received from the Facility per applicable utility tariff and convert that amount into credits per kilowatt hour (the “*Bill Credit Rate*” as defined in the CSG Contract) on the bills from LDC to the subscribers of Owner (“*Credits*”);

C. Owner will, in accordance with the terms hereof, and through the administrative process established by the LDC as approved by the Minnesota Public Utilities Commission (“*MPUC*”), allocate and sell the right to receive Credits to its subscribers according to their respective Allocations (as defined below);

D. Subscriber is an LDC customer (Premise. No. 303212625) and desires to purchase Credits from Owner in proportion to its expected consumption of electricity at 1524 Larpenteur Ave W, Saint Paul, MN 55113 (“*Customer Site*”).

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual premises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Subscriber and Owner agree as follows.

1. **Term.** The term of this Agreement shall commence on the Effective Date, and, unless terminated earlier pursuant to the provisions hereof, shall terminate on the 25th anniversary of the Commercial Operation Date (as defined below) (the “*Term*”). The Term shall not be extended by virtue of any period of disconnection or event of Force Majeure experienced by the Facility.

2. **Operation of the Facility.**

a. Owner shall operate the Facility during the Term so as to deliver all energy generated by the Facility to LDC in accordance with the CSG Contract and applicable LDC tariffs.

b. Owner shall maintain the Facility in good working order at all times during the Term, and shall operate the Facility in a manner reasonably intended to maximize the amount of Credits allocable to Subscriber, consistent with good custom and practice for operation of utility generating facilities.

3. **Sale and Purchase of Credits; Allocation.**

a. Owner shall promptly notify Subscriber of the Date of Commercial Operation of the Facility as established pursuant to the CSG Contract (“**Commercial Operation Date**”). In the event that the Commercial Operation Date is not achieved by December 31, 2017, and any of the following events or circumstances occur, either Party may terminate this Agreement, without liability, upon delivery of such notice to the other Party:

i. after timely application to the LDC (or other applicable distribution service provider whose system the Facility connects to deliver energy (the “**Distribution Provider**”) and commercially reasonable efforts to secure interconnection services, Owner has not received written confirmation and evidence that interconnection services will be available for the energy generated by the Facility at the Facility Capacity; or

ii. if the LDC or another party with the authority to do so disqualifies Owner or the Facility from participating in the CSG Program.

b. Owner shall allocate a portion of Facility Capacity to Subscriber consisting of 2.975 kW_{DC} (subject to update by Owner in connection with finalizing the Facility Capacity) equal to two tenths percent (0.2%) of Facility Capacity (the “**Allocation**”). Owner shall provide to LDC the Allocation along with Subscriber’s name, LDC account number(s), and service address(es) (“**Subscriber Data**”).

c. Owner shall sell to Subscriber and Subscriber shall purchase from Owner, the right to receive an amount of Credits calculated on the basis of that portion of the total kilowatt hours (in AC) delivered by the Facility to LDC which corresponds to the Allocation. The Allocation shall be effective for each and every LDC Production Month (as defined in the CSG Contract) during the Term. Owner shall post Credits to Subscriber’s account monthly for invoicing pursuant to Section 4 of this Agreement (“**Subscriber’s Monthly Credits**”). Thus, where $x = \#$ of Credits, $y = \text{kWh}_{AC}$ delivered in a Production Month, and $a = \text{Allocation}$, $x = y \times a$.

4. **Price and Payment.**

a. For the right to receive Credits generated by the Facility each month, Subscriber shall pay to Owner an amount equal to the product of (i) the corresponding Subscriber’s Monthly Credits, and (ii) the Bill Credit Rate then applicable to the LDC’s Solar Rewards Community Program minus one cent (\$.01) (the “**Monthly Allocation Payment**”).

b. Beginning with the second calendar month following the Commercial Operation Date, Owner shall invoice Subscriber, utilizing Subscriber’s preferred invoicing service, for the Monthly Allocation Payment for the Credits posted to Subscriber’s account since the prior invoice date. Subscriber shall make its payments to Owner no later than thirty (30)

days following receipt of the applicable invoice. Owner shall include with each invoice, a copy of the LDC statement delivered to Owner that indicates the kWh_{AC} upon which the LDC calculates the Credit to Subscriber.

5. **Records and Audits.**

a. Upon request by Subscriber, Owner shall provide (i) evidence of the accuracy of its metering equipment for the Facility and/or (ii) such other information and records requested by Subscriber to enable Subscriber to verify the accuracy of the Credits awarded by the LDC and any other calculation and/or measurements described in this Agreement.

b. Owner shall provide reports to Subscriber (i) monthly, containing the energy produced by the Facility, and (ii) annually, containing an audited financial statement of Owner, and a current statement of management, financing parties, and operatorship of Owner. Subscriber may provide comments to Owner on the accuracy and completeness of the annual reports, and shall provide a copy of any such comments to LDC.

c. As required by Minnesota Statutes, section 16C.05, subdivision 5, the records, books, documents, and accounting procedures and practices of Owner and of any subcontractor of Owner relating to work performed pursuant to this Agreement shall be subject to audit and examination by the Subscriber and the Legislative Auditor or State Auditor as described in such subdivision. Owner and any subcontractor of Owner shall permit, upon reasonable advance written notice, the Subscriber or its designee to inspect, copy, and audit its accounts, records, and business documents at any reasonable time during regular business hours, as they may relate to the performance under this Agreement. Audits conducted by the Subscriber under this provision shall be in accordance with generally accepted auditing standards.

6. **Taxes.**

a. Subscriber shall be solely liable for sales or similar taxes imposed by a governmental entity, if any, attributable to the sale of Credits allocated to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any investment tax credit or other tax benefits related to ownership of the Facility.

7. **Representations, Warranties and Covenants.**

a. Each Party represents and warrants to the other Party:

i. The Party is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party; and

iv. To the best of its knowledge, there is no litigation, action, proceeding or investigation pending before any court or other Governmental Authority by, against, affecting or involving its ability to carry out the transactions contemplated herein.

b. Owner represents, warrants, and covenants to Subscriber:

i. Owner has, or in the ordinary course will obtain, all licenses, permits and any other required documents to construct and operate the Facility;

ii. Owner shall perform its obligations under the CSG Contract and otherwise comply with all provisions of the CSG Program and other applicable tariffs.

iii. Except as may be required by law or regulation, or with Subscriber's consent, Owner will not publicly disclose Subscriber's LDC account information, energy usage data, or Credits.

c. Subscriber represents, warrants, and covenants to Owner:

i. Subscriber's average annual energy consumption for its subscribing account(s) over the two year period prior to the Effective Date is 3,906 kWh_{AC};

ii. Subscriber shall not install or procure any other distributed generation resource(s) serving Subscriber's premises to which energy is delivered by LDC under Account No. 51-4149186-1, which resource(s), when combined with the Allocation, may generate energy (including energy upon which the Credits are based) exceeding one hundred twenty percent (120%) of Subscriber's average annual energy consumption over the twenty-four (24) months prior to such installment or procurement.

iii. Within thirty (30) days of request by Owner, which request shall be made not sooner than the date of commencement of construction of the Facility, Subscriber shall complete, execute, and deliver to Owner the Subscriber Agency Agreement in the form attached hereto as Exhibit A. Upon execution, all of the information and statements of Subscriber provided therein shall be accurate.

iv. Subscriber understands and agrees it will have no interest in or entitlement to (a) benefits or derivatives of "Unsubscribed Energy" or "RECs" associated with the Facility as each is defined in the CSG Contract; and (b) incentives under the MN Department of Commerce's Made in Minnesota program and LDC's Solar Rewards program associated with the Facility.

8. **Performance Guarantee**. Owner hereby guarantees that in every period of two consecutive calendar years during the Term, beginning with the first full calendar year, Owner will provide Credits from operation of the Facility in an amount not less than ninety percent (90%) of Expected Deliveries (weather adjusted) which will be set forth on Exhibit B hereto (the "***Guaranteed Performance***") not later than the date of commencement of construction of the Facility. Owner shall pay Subscriber one cent (\$.01) per Credit to the extent the actual number of Credits purchased by Subscriber during any such two year period (the "***Measurement Period***") is less than the Guaranteed Performance for the entire Measurement Period (combining

the Expected Deliveries for both calendar years). Such payment shall be Subscriber's sole remedy for default by Owner under this Section 8. Owner shall have no liability under this Section 8 if the Facility's failure to achieve Guaranteed Performance is due to an event of Force Majeure.

9. Default.

a. Events of Default. The following shall each constitute an Event of Default by a Party:

i. The Party fails to make any material payment due under this Agreement within thirty (30) days after delivery of notice from the other Party that such payment is overdue.

ii. The Party materially fails to perform or comply with any material representation, warranty, obligation, covenant or agreement set forth in this Agreement and such failure continues for a period of thirty (30) days after delivery of notice thereof from the other Party.

iii. The Party is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Force Majeure. Except as specifically provided herein, if by reason of Force Majeure, a Party is unable to carry out, either in whole or in part, any of its obligations herein contained, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party, within a reasonable time after the occurrence of the Force Majeure event, gives the other Party notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the non-performing Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "***Force Majeure***" as used in this Agreement shall mean an event or circumstances beyond the reasonable control of a Party and not resulting from the Party's negligence, including, but not limited to fire, acts of God, earthquake, flood or other casualty or accident; break down or failure of the Distribution Provider's electric distribution system; serial equipment defect; strikes or labor disputes; war, civil strife or other violence; and any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility.

Either Party may terminate this Agreement upon 15 days' written notice to the other Party if any event of Force Majeure affecting such other Party has been in existence for a period of 180 consecutive days or longer, unless such event of Force Majeure expired before the end of the 15 day notice period.

10. Remedies; Limitation of Liability; Waiver.

a. Remedies. Subject to the limitations set forth in this Agreement, the Parties each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Parties hereto under this Agreement. Under no circumstances shall Owner's liability for breach of this Agreement exceed, in any one calendar year, an amount equal to (i) the Allocation percentage times (ii) \$15,000; provided, however that such limitation shall not apply to damages arising out of the sale or allocation by Owner to a third party of the Credits allocated and committed to Subscriber hereunder. For example, if the Allocation is 40%, then the limit described in the preceding sentence shall equal $40\% \times \$15,000$ or \$6,000 total.

b. Owner Damages. In the event of Subscriber's breach, repudiation, or termination of this Agreement in violation of the provisions hereof, Owner shall be entitled to recover from Subscriber (subject to Owner's duty to mitigate damages including its duty to try and find a replacement subscriber): (i) the unpaid Monthly Allocation Payments due at the time of termination; and (ii) Owner's actual, reasonable, and verifiable damages resulting from Subscriber's breach. Any post-termination Monthly Allocation Payments that may qualify as damages under this section, will be calculated-based upon the Schedule of Expected Deliveries of Credits (Exhibit B, hereto), and the Bill Credit Rate at the time of Subscriber's breach of this Agreement.

c. Limitation of Liability. EXCEPT AS EXPRESSLY ALLOWED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT OR PUNITIVE DAMAGES OF ANY CHARACTER, RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF A PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER THEORY AT LAW OR EQUITY.

d. Exclusions. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 10, THE LIMITATIONS OF THIS SECTION 10 DO NOT APPLY TO A CLAIM FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; FOR FAILURE TO COMPLY WITH LAWS; FOR INDEMNIFICATION; FOR BREACH OF CONFIDENTIALITY OR FOR INTELLECTUAL PROPERTY INFRINGEMENT.

11. Early Termination.

a. Either Party may terminate this Agreement on notice thereof to Subscriber in the event that Owner is unable to obtain financing for the Facility on commercially reasonable terms on or before December 31, 2017.

b. If Owner fails to perform under this Agreement due to an event of Force Majeure that lasts more than twelve (12) months or fails to restore the Facility to full operation at Capacity within twelve (12) months following an event of Force Majeure causing damage to the Facility, Subscriber shall have the right to terminate this Agreement by giving Owner at least

sixty (60) days prior notice of its intent to terminate based on such failure(s). Any such notice of termination shall be given within three (3) months of such failure(s). In the event of termination pursuant to this Section 11(b), Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the six month period following the expiration of such twelve (12) month period.

c. In the event (i) the CSG Contract is terminated based on Owner's breach thereof or (ii) Owner materially breaches its obligations of performance in this Agreement and such breach is not cured within thirty (30) days after Owner receives written notice of such breach from Subscriber (provided, however, that if such breach is not capable of being cured within such thirty-day period and Owner has commenced and diligently continued actions to cure such breach within such thirty-day period, the cure period shall be extended to 180 days, so long as Owner is making diligent efforts to do so), then Subscriber may terminate this Agreement as provided in this Section 11. In the event of a termination by Subscriber described in the preceding sentence, Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the calendar year following termination according to the Schedule of Expected Deliveries, Exhibit B.

d. The Parties agree that actual damages in the event of termination of this Agreement as specified in Sections 11(b) and 11(c), would be difficult to calculate and that the liquidated damages specified herein are a reasonable approximation of such actual damages.

12. **Assignment**. No Party shall assign or in any manner transfer this Agreement or any part thereof except in connection with (a) Subscriber's assignment to a party approved in advance by Owner, with such approval not unreasonably withheld, on the bases of (i) creditworthiness, (ii) the party's eligibility under the Solar Rewards Community Program, (iii) Subscriber's payment to Owner of seven hundred fifty dollars (\$750) to cover Owner's administrative expenses associated with the transfer (the "***Transfer Fee***") and (iv) other factors evidencing an increase in a material risk of a breach of this Agreement, (b) Owner's assignment of this Agreement to any Affiliate that owns or, by long-term lease, controls the Facility, provided that such Affiliate has the same or better credit strength and has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; (c) Owner's collateral assignment of this Agreement to any financial institution that provides financing for the Facility (including a financial institution that enters into a sale/leaseback transaction with respect to the Facility) that has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder upon the foreclosure or conveyance in lieu thereof, and, in connection with any collateral assignment of this Agreement, Subscriber agrees to comply with the lender accommodations set forth in Exhibit C to this Agreement; (d) Owner's assignment of this Agreement, prior to the Commencement of Operations Date, to another operator/owner of a community garden facility, in the same County and qualified under the Solar Rewards Community Program which has sufficient capacity to accept Subscriber's Allocation, has the same or better credit strength, and agrees in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; or (e) Subscriber's assignment of this Agreement to any of its Affiliates or successor entity if the Minnesota legislature reassigns responsibility for the services provided by Metropolitan Council (without change of service address) provided that such Affiliate or successor entity has the same or better credit strength.

13. Miscellaneous.

a. LDC Disputes. Owner shall be solely responsible for resolving any dispute with LDC regarding the production of energy by the Facility. Subscriber shall be solely responsible for resolving any dispute with LDC regarding the calculation of the Bill Credit Rate.

b. Notices.

i. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be deemed delivered upon mailing, deposit with a courier for hand delivery, or electronic transmission, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or email transmission.

ii. Subscriber shall promptly notify Owner of any changes in Subscriber Data.

The notices and communications shall be sent to the following addresses:

If to Owner:

BHE Renewables, LLC
Program Manager – MN Community Solar Gardens
1850 N. Central Ave.
Suite 1025
Phoenix, AZ 85004
BHERenewables@bherenewables.com
515-252-6677

If to Subscriber:

City of Falcon Heights
2077 W. Larpenteur Ave
Falcon Heights, MN 55113

c. Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Minnesota without reference to any choice of law principles.

e. Dispute Resolution.

i. Amicable Settlement. The Parties shall attempt in good faith to resolve all disputes arising in connection with the interpretation or application of the provisions of this Agreement or in connection with the determination of any other matters arising under this Agreement by mutual agreement.

ii. Continuation of Performance. During the pendency of any dispute hereunder, the Parties shall continue to perform their respective obligations under this Agreement.

iii. Equitable Relief. Nothing in this Agreement shall be construed to preclude either Party from seeking or obtaining urgent equitable or injunctive relief from a court of law in relation to this Agreement.

iv. Venue and Jurisdiction. The Parties agree that the courts of the State of Minnesota and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law.

f. Insurance. With respect to the services provided pursuant to this Agreement, Owner shall at all times during the term of this Agreement and beyond such term when so required have and keep in force the following insurance coverages and limits:

i. Commercial General Liability on an occurrence basis with contractual liability coverage:

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	\$1,500,000

ii. Workers' Compensation and Employer's Liability:

Workers' Compensation	Statutory
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(If Owner is based outside the state of Minnesota, coverage must comply with Minnesota Law).

iii. Employer's Liability. Bodily injury by:

Accident—Each Accident	\$500,000
Disease—Policy Limit	\$500,000
Disease—Each Employee	\$500,000

An umbrella or excess policy over primary liability insurance coverages is an acceptable method to provide the required insurance limits.

The above establishes minimum insurance requirements. It is the sole responsibility of Owner to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, Owner shall promptly submit copies of insurance policies to Subscriber.

iv. Owner shall not commence work until it has obtained required insurance and filed with Subscriber a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Subscriber as the certificate holder and as an additional insured for the liability coverage(s) for all operations covered under this Agreement. Owner shall furnish to Subscriber updated certificates during the term of this Agreement as insurance policies expire.

g. Compliance with Law. Owner shall comply with all laws (including common laws), ordinances, codes, rules and regulations (collectively, “*Laws*”) regarding Owner’s obligations and performance under this Agreement. Owner shall obtain and maintain any and all permits, licenses, bonds, certificates and other similar approvals required in connection with this Agreement. In the event of an allegation that Owner has failed to comply with any Laws or failed to obtain any and all permits, licenses, bonds, certificates and/or any other similar approvals required in connection with this Agreement, Owner shall pay any fines or penalties imposed upon Subscriber as a result of such failure and shall reimburse Subscriber for any expenses (including attorneys’ fees) incurred by Subscriber in responding to such allegation.

h. Entire Agreement. This Agreement, and all documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

i. No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of another Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Subscriber and Owner hereunder are individual and neither collective nor joint in nature.

j. Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by each Party to this Agreement or its successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

l. Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by this Agreement.

m. Survival. The provisions of Sections 10, (Remedies, Limitation of

Liability; Waiver), 13(c) (Severability), 13(d) (Governing Law), and 13(e) (Dispute Resolution) shall survive the expiration or earlier termination of this Agreement for a period of six (6) years thereafter.

n. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed to create any duty to or standard of care with reference to, or any liability to, or any benefit for, any person not a party to this Agreement.

o. Confidentiality. Each Party agrees that it will not disclose Not Public Data (as hereinafter defined), directly or indirectly, under any circumstances or by any means (excluding disclosures to the LDC or as are required as a participant in the CSG Program), to any third person without the express written consent of the other Party unless such disclosure is permitted by the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, or required by applicable Law. “*Not Public Data*” means, not public data as defined in Minnesota Statutes § 13.02, subd. 8a (2014).

p. Data Practices.

i. Consistent with Minnesota Statutes, section 13.05, subdivision 6, if any data on individuals is made available to Owner by the Subscriber under this Agreement, Owner will administer and maintain any such data in accordance with Minnesota Statutes, Chapter 13 (the “*Minnesota* Government Data Practices Act”), and any other statutory provisions applicable to the data. If and to the extent that Minnesota Statutes, section 13.05, subdivision 11, is applicable to this Agreement, then: (A) all of the data created, collected, received, stored, used, maintained, or disseminated by Owner in performing this Agreement are subject to the requirements of the Minnesota Government Data Practices Act; (B) Owner must comply with those requirements as if it were a government entity; and (C) the remedies in Minnesota Statutes, section 13.08 apply to Owner.

ii. Consistent with Minnesota Statutes, section 13.055, if “private data on individuals,” “confidential data on individuals” or other “not public data” are provided to or made accessible to Owner by the Subscriber, Owner must: (A) have safeguards to ensure private or confidential data on individuals or other not public data are only accessible or viewable by Owner employees and agents whose work assignments in connection with the performance of this Agreement reasonably require them to have access to the data; (B) immediately notify the Subscriber of any unauthorized access by Owner employees and agents, and unauthorized access by third parties; (C) fully cooperate with Subscriber investigations into any breach in the security of private or confidential data on individuals or other not public data that may have occurred in connection with Owner’s access to or use of the data; and (D) fully cooperate with the Subscriber in fulfilling the notice and reporting requirements of Minnesota Statutes, section 13.055. The penalties in Minnesota Statutes, section 13.09 governing unauthorized acquisition of not public data apply to Owner and Owner employees and agents. If Owner is permitted to use a subcontractor to perform Owner’s work under this Agreement, Owner shall incorporate these data practices provisions into the subcontract.

iii. If Owner receives a request to release data referred to in this section, Owner must immediately notify the Subscriber. The Subscriber will give Owner instructions concerning the release of the data to the requesting party before the data is released.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF FALCON HEIGHTS

By: _____

Name: Peter Lindstrom

Title: Mayor

By: _____

Name: Sack Thongvanh

Title: City Administrator

GERONIMO ENERGY, LLC

By: _____

Name: Jeffrey R. Ringblom

Title: Vice President of Finance and Accounting

BHE RENEWABLES, LLC

By: _____

Name: Eric Besseling

Title: Authorized Representative

EXHIBIT A

Subscriber Agency Agreement and Consent Form

Solar*Rewards Community

Subscriber Agency Agreement and Consent Form

The undersigned ("**Subscriber**") has a Subscription to the following Community Solar Garden:

Community Solar Garden Name:	_____
Community Solar Garden Address:	<u>21205 St. Croix Trail N, Scandia, MN 55073</u>
Community Solar Garden Operator:	_____
Community Solar Garden contact information for Subscriber questions and complaints:	
Address (if different from above):	1850 N. Central Avenue, Suite 1025, Phoenix, AZ 58004_____
Telephone number:	515-252-6677_____
Email address:	BHERenewables@bherenewables.com_____
Web Site URL:	http://www.bherenewables.com_____

Subscriber Name:	<u>City of Falcon Heights</u>
Subscriber's Account Number with Northern States Power Company:	<u>51-4149186-1</u>
Subscriber Service Address where receiving electrical service from Northern States Power Company:	<u>1524 Larpenteur Ave W, Saint Paul, MN 55113</u>

By signing this Solar Rewards Community Subscriber Agency Agreement and Consent Form, the Subscriber agrees to all of the following:

1. Assignment of Renewable Energy Credits (“RECs”), Energy and Capacity to Northern States Power Company, a Minnesota corporation. The Subscriber agrees that the Community Solar Garden Operator has authority to assign all energy produced and capacity associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and the Subscriber agrees that all energy produced, and capacity associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company. The Subscriber also agrees that the Community Solar Garden Operator has authority to assign all RECs associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and that if the Community Solar Garden or a person or entity on its behalf has assigned the RECs to Northern States Power Company, then all RECs associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company.

2. Tax Implications. The Community Solar Garden Operator has provided the Subscriber with a statement that Northern States Power Company makes no representations concerning the taxable consequences to the Subscriber with respect to its Bill Credits to the Subscriber or other tax issues relating to participation in the Community Solar Garden.

3. Northern States Power Company hereby discloses to the Subscriber that it recognizes that not all production risk factors, such as grid-failure events or atypically cloudy weather, are within the Community Solar Garden Operator's control.

4. Information Sharing. Participating in the Solar*Rewards Community Program will require sharing **Subscriber's Account Information** (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and **Subscriber's Energy Use Data** (the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden). The following outlines the type of information that will be shared, and how that information will be used.

a. Subscriber's Account Information and Subscriber Energy Usage Data. The Subscriber authorizes Northern States Power Company to provide the Community Solar Garden Operator (and the Community Solar Garden Operator's designated subcontractors and agents) with the Subscriber's Account Information and Subscriber's Energy Usage Data as described in Section 4 above. This information is needed to allow the Community Solar Garden Operator determine the extent to which the Subscriber is entitled to participate in the Community Solar Garden, and to validate the amount of the Bill Credits to be provided by Northern States Power Company to the Subscriber. The current data privacy policies of Northern States Power Company applicable to its Solar*Rewards Community Program provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above are attached as Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form.**

These privacy policies include definitions of “Subscriber's Account Information” and “Subscriber's Energy Usage Data.”

b. Subscriber's Subscription Information: The Subscriber authorizes the Community Solar Garden Operator to provide information to Northern States Power Company identifying the Subscriber (with the Subscriber's name, service address, and account number) and detailing the Subscriber's proportional share in kilowatts of the Community Solar Garden and to provide additional updates of this information to Northern States Power Company as circumstances change. This information is needed to allow Northern States Power Company to properly apply Bill Credits for the photovoltaic energy generated by the Community Solar Garden. Also, this information is needed to allow Northern States Power Company to send to the Subscriber notices or other mailings pertaining to their involvement in the Solar*Rewards Community Program. The Community Solar Garden Operator shall not disclose Subscriber information in annual reports or other public documents absent explicit, informed consent from the Subscriber. The Community Solar Garden Operator will not release any Subscriber data to third parties except to fulfill the regulated purposes of the Solar*Rewards Community Program, to comply with a legal or regulatory requirement, or upon explicit, informed consent from the Subscriber.

c. Aggregate Information. Aggregate information concerning production at the Community Solar Garden may be publicly disclosed to support regulatory oversight of the Solar*Rewards Community Program. This includes annual reports available to the public related to specific Community Solar Gardens, including but not limited to production from the Community Solar Gardens; size, location and the type of Community Solar Garden subscriber groups; reporting on known complaints and the resolution of these complaints; lessons learned and any potential changes to the Solar*Rewards Community Program; reporting on Bill Credits earned and paid; and reporting on the application process. Aggregated information will not identify individual Subscribers or provide Subscriber-Specific Account Information, Subscriber-Specific Energy Usage Data or Subscriber-specific Bill Credits unless a Subscriber provides explicit informed consent. Depending on the nature of the aggregated information, however, it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden. The Subscriber agrees to the inclusion of its production information in the creation of the aggregated information. The Community Solar Garden Operator will not use aggregated information for purposes unrelated to the Solar*Rewards Community Program without first providing notice and obtaining further consent, unless the aggregated information is otherwise available as public information. The policies of Northern States Power Company related to sharing aggregated information are part of the data privacy policies contained in the attached Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form** and should be provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above.

d. Information Requests from the MPUC or the Department of Commerce. The Subscriber agrees that the Community Solar Garden Operator and Northern States Power Company are authorized to provide any information they possess related to the

Subscriber or the Subscriber's participation in the Community Solar Garden to the Minnesota Public Utilities Commission (MPUC), the Minnesota Department of Commerce, or the Minnesota Office of Attorney General. This information is needed to allow proper regulatory oversight of Northern States Power Company and of the Solar*Rewards Community Program.

e. Liability Release. Northern States Power Company shall not be responsible for monitoring or taking any steps to ensure that the Community Solar Garden Operator maintains the confidentiality of the Subscriber's Account Information, the Subscriber's Energy Usage or the Bill Credits received pertaining to the Subscriber's participation in the Community Solar Garden. However, Northern States Power Company shall remain liable for its own inappropriate release of Subscriber's Account Information and Subscriber's Energy Use Data.

f. Duration of Consent. The Subscriber's consent to this information sharing shall be ongoing for the Term of the CSG Contract between the Community Solar Garden Operator and Northern States Power Company, or until the Subscriber no longer has a Subscription to the Community Solar Garden and the Community Solar Garden Operator notifies Northern States Power Company of this fact through the CSG Application System. Provided, however, the Subscriber's consent shall also apply thereafter to all such information of the Subscriber pertaining to that period of time during which the Subscriber had a Subscription to the Community Solar Garden.

g. Modification. The above provisions addressing data privacy and in Exhibit 1 shall remain in place until and unless other requirements are adopted by the MPUC in its generic privacy proceeding, Docket No. E,G999/CI-12-1344, or other MPUC Order. Northern States Power Company shall file necessary revisions to its tariffs and contracts within thirty (30) days of such Order.

Subscriber's Name: City of Falcon Heights

Subscriber's Signature: _____
Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

Date: _____

**Exhibit 1 to
Solar*Rewards Community Subscriber Agency Agreement and Consent Form**

**Data Privacy Policies of Northern States Power Company Pertaining to the Solar*Rewards
Community Program**

The data privacy policies of Northern States Power Company pertaining to the Solar*Rewards Community Program are as follows and may be changed from time to time as filed in the Company's tariff or as otherwise may be authorized by the Minnesota Public Utilities Commission ("MPUC"):

Definitions

Unless indicated otherwise, the same definition and meaning of terms in this document are the same as contained in the Standard Contract for Solar*Rewards Community. For ease of reference, here are some of the specific definitions:

“Company” means Northern States Power Company, a Minnesota Corporation, and its affiliates and agents.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers' Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more Subscriptions of a community solar garden interconnected with the Company.

“Subscriber’s Account Information” consists of the Subscriber's name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, and Subscriber specific Bill Credit(s).

“Subscriber's Energy Usage Data” includes the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden.

Overview

This section addresses how Subscriber's Account Information and Subscriber's Energy Usage Data will be collected, used and shared as part of participation in the Solar*Rewards Community Program.

1. How Subscriber's Account Information and Energy Usage Data Will Be Exchanged

a. Subscriber Specific Information

Once a Subscriber has executed a Subscriber Agency Agreement and Consent Form, an ongoing data exchange will occur between the Company and a Community Solar Garden Operator (and their designated subcontractors and agents):

(i) The Company will disclose the following Subscriber-specific information to the Community Solar Garden Operator:

- Subscriber's Account Information
- Subscriber's Energy Usage Data
- Bill credits

(ii) The Community Solar Garden Operator will disclose to the Company the following Subscriber-specific information:

- Subscriber's Account Information
- Community Solar Garden Allocation for each Subscriber's Subscription stated in kW
- Production data related to the PV System
- Monthly Subscription Information

b. Aggregated Subscriber Information

Aggregated Subscriber information will be reported as part of Permitted Public Reporting, outlined in Section 2(b) below.

To be considered "aggregated" the reported information must include information attributable to all Subscribers participating in a specific Solar*Rewards Community program site, which based on program requirements will contain a minimum of five Subscribers. Depending on the nature of the aggregated information, however, from this information alone or in combination with other publicly available information it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden.

2. How Subscriber's Information Will Be Used

The following outlines how the Subscriber's Account Information and Subscriber Energy Usage Data will be used as part of the Solar*Rewards Community Program.

a. Program Management

As part of administering the Solar*Rewards Community program, the Solar Garden Operator and the Company may provide information related to the Subscriber and/or the Community Solar Garden to:

- the MPUC
- the Minnesota Department of Commerce
- the Minnesota Office of Attorney General
- Other governmental or private entities as required by law or regulation

Account Information and Subscriber's Energy Usage Data to service providers, agents, or contracted agents who support the program on its behalf. The Company prohibits these service providers from using or disclosing the Subscriber's information except as necessary to perform these specific services or to comply with legal requirements. More information about the Company's general privacy practices is explained in its Privacy Policy available on www.xcelenergy.com.

b. Permitted Public Reporting

The Subscriber's Energy Usage Data of each participating Subscriber to a Community Solar Garden will be combined and reported in the aggregate by the Community Solar Garden Operator in its annual report on the Solar*Rewards Community program. The identity of specific Subscribers, the specific Subscriber's Account Information, Subscriber's Energy Usage Data and Subscriber-specific Bill Credit will not be listed in the public annual report unless the Subscriber has provided the Community Solar Garden Operator with prior written consent.

Per the requirements of the MPUC, the Company will provide to the MPUC annual reports which will include information or data requested by the MPUC or Minnesota Department of Commerce, including the following:

- Reporting on Solar*Rewards Community program costs, including an analysis of the deposit, application, participation and metering fees and further justification for these fees going forward;
- Reporting on the Solar*Rewards Community Gardens, including but not limited to size, location and the type of Solar*Rewards Community subscriber groups;
- Reporting on known complaints and the resolution of these complaints;

- A copy of each contract signed with a Community Solar Garden Operator, if not previously filed;
 - Lessons learned and any potential changes to the program;
 - Report on bill credits earned and paid; and the
 - Application process
- c. Prohibited Reporting or Sharing

Except as otherwise provided in this document, the Company will not disclose the Subscriber's Account Information, Subscriber's Energy Usage Data or Subscriber-specific Bill Credits to a third party without first obtaining the Subscriber's written consent.

Any requests by the Community Solar Garden Operator to the Company for information about a Subscriber that is not Subscriber's Account Information or Subscriber's Energy Usage Data will require execution of a separate written consent by the Subscriber. Notwithstanding the previous statement, the Company will not provide the Community Solar Garden Operator with the Subscriber's Social Security Number unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

3. Subscriber Data Access and Correction

The following outlines what information is available to the Subscriber from the Company and the Community Solar Garden Operator, and methods of correcting any inaccuracies.

a. Information Available from the Company

Subscribers can contact the Company's call center to obtain information pertaining to their specific Bill Credit attributable to their participation in Solar*Rewards Community Program. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber's Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company .

Subscribers may also obtain from the Company the following information related to the Solar*Rewards Community Program without obtaining written consent from the Community Solar Garden Operator:

- Site location
- Operator name
- Nameplate capacity

- Production data related to the PV system
- Bill Credit Rate and total amount of Bill Credits applied to the PV System
- Any other information pertaining to the Subscriber's Subscription

Other information regarding the Community Solar Garden Operator known to the Company will not be disclosed unless the Subscriber obtains prior explicit informed consent from the Community Solar Garden Operator or unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

b. Information Available from the Community Solar Garden Operator

Subscribers and prospective subscribers can contact the Community Solar Garden Operator to obtain the following information:

- Future costs and benefits of the Subscription, including:
 - i. All nonrecurring (i.e., one-time) charges;
 - ii. All recurring charges;
 - iii. Terms and conditions of service;
 - iv. Whether any charges may increase during the course of service, and if so, how much advance notice is provided to the Subscriber;
 - v. Whether the Subscriber may be required to sign a term contract;
 - vi. Terms and conditions for early termination;
 - vii. Any penalties that the Community Solar Garden may charge to the Subscriber;
 - viii. The process for unsubscribing and any associated costs;
 - ix. An explanation of the Subscriber data the Community Solar Garden Operator will share with Northern States Power Company and that Northern States Power Company will share with the Community Solar Garden Operator;
 - x. The data privacy policies of Northern States Power Company and of the Community Solar Garden Operator;
 - xi. The method of providing notice to Subscribers when the Community Solar Garden is out of service, including notice of estimated length and loss of production;

- xii. Assurance that all installations, upgrades and repairs will be under direct supervision of a NABCEP-certified solar professional and that maintenance will be performed according to industry standards, including the recommendations of the manufacturers of solar panels and other operational components;
 - xiii. Allocation of unsubscribed production; and
 - xiv. A statement that the Community Solar Garden Operator is solely responsible for resolving any disputes with Northern States Power Company or the Subscriber about the accuracy of the Community Solar Garden production and that Northern States Power Company is solely responsible for resolving any disputes with the Subscriber about the applicable rate used to determine the amount of the Bill Credit.
- Copy of the contract with Northern States Power Company for the Solar*Rewards Community Program
 - Copy of the solar panel warranty
 - Description of the compensation to be paid for any underperformance
 - Proof of insurance
 - Proof of a long-term maintenance plan
 - Current production projections and a description of the methodology used to develop production projections
 - Community Solar Garden Operator contact information for questions and complaints
 - Demonstration to the Subscriber by the Community Solar Garden Operator that it has sufficient funds to operate and maintain the Solar*Rewards Community Program

The Community Solar Garden Operator is solely responsible for the accuracy of the Subscriber's share of the Community Solar Garden production information forwarded to the Company, and should resolve with the Subscriber any dispute regarding the accuracy of such information.

Subscribers can submit comments to the Company on the accuracy and completeness of its annual report by contacting solarrewardscommunity@xcelenergy.com.

4. Data Retention

The Company will retain the Subscriber's Account Information, Subscriber's Energy Usage Data and information on Bill Credits for as long as required under applicable law.

EXHIBIT B

Schedule of Expected Deliveries of Credits [pro forma; final to be provided prior to commencement of construction]

Subscriber's Share (kWh)	
Year 1	3,906
Year 2	3,886
Year 3	3,867
Year 4	3,847
Year 5	3,828
Year 6	3,809
Year 7	3,790
Year 8	3,771
Year 9	3,752
Year 10	3,733
Year 11	3,715
Year 12	3,696
Year 13	3,678
Year 14	3,659
Year 15	3,641
Year 16	3,623
Year 17	3,605
Year 18	3,586
Year 19	3,569
Year 20	3,551
Year 21	3,533
Year 22	3,515
Year 23	3,498
Year 24	3,480
Year 25	3,463

Weather Adjustment Protocol for Expected Deliveries

For any two-year Measurement Period respecting application of the Performance Guarantee, Expected Deliveries shall be adjusted to reflect any negative difference (shortfall) between Expected Solar Irradiation (“*ESI*”) and Actual Solar Irradiation (“*ASI*”). The ratio of ASI to ESI for the Measurement Period shall be applied to Expected Deliveries as a weather adjustment prior to comparing Actual Deliveries to Expected Deliveries for the purposes of the Performance Guarantee.

The method of the weather adjustment is as follows.

1. The ESI for the Facility is 1390 KWh per square meter.
2. The ASI is to be determined by monthly pyranometer readings at the Facility. The monthly readings are to be averaged for each of the two calendar years in the Measurement Period.
3. The weather adjustment factor for the measurement period is the ratio of (i) ASI, determined per Step 2 of this method to (ii) ESI, determined per Step 1 of this method. The Expected Deliveries for the Measurement Period is multiplied by this factor to derive the Guaranteed Performance.

EXHIBIT C

Lender Accommodations

Subscriber acknowledges that Owner will be financing the installation of the Facility either through a lessor, lender or with financing accommodations from one or more financial institutions and that Owner may sell or assign the Facility and/or may secure Owner's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such sale, conveyance, or financing, and with respect to any such financial institutions of which Owner has notified Subscriber in writing Subscriber agrees as follows:

(a) Consent to Collateral Assignment. Provided the Financing Party has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights thereunder upon the foreclosure or conveyance in lieu thereof, Subscriber consents to either the sale or conveyance by Owner to a Financing Party that has provided financing of Owner's right, title and interest in the Facility and to this Agreement.

(b) Notices of Default. Subscriber will deliver to the Financing Party, concurrently with delivery thereof to Owner, a copy of each notice of default given by Subscriber under the Agreement, inclusive of a reasonable description of Owner default. Subscriber will not mutually agree with Owner to terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement, during the continuation of an event of default by Owner under its agreements with Financing Party, provided that the Financing Party has agreed in writing to recognize Subscriber's rights under the Agreement and to not disturb any of Subscriber's rights thereunder:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Owner, any and all rights and remedies of Owner under this Agreement in accordance with the terms of this Agreement and the Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Owner thereunder or cause to be cured any default of Owner thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Owner under this Agreement or (unless the Financing Party has succeeded to Owner's interests under this Agreement) to perform any act, duty or obligation of Owner under this Agreement, but Subscriber hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Owner to the Financing Party (or any assignee of the Financing Party). Any such exercise shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Owner under the United States Bankruptcy Code, at the

request of the Financing Party made within ninety (90) days of such termination or rejection, Subscriber shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Except for termination pursuant to Section 3(a) of the Subscription Agreement in connection with a failure to achieve commercial operation by December 31, 2016, Subscriber will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Owner) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Owner default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional sixty (60) days.

ii. If the Financing Party (including any transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Owner's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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SOLAR GARDEN SUBSCRIPTION AGREEMENT

This Solar Garden Subscription Agreement (“*Agreement*”) is entered into as of the _____ day of _____, 20____ (the “*Effective Date*”) by and among Geronimo Energy, LLC, a Delaware limited liability company and BHE Renewables, LLC, a Delaware limited liability company (“*Owner*”), and City of Falcon Heights, a Minnesota municipal corporation (the “*Subscriber*”). In this Agreement, Owner and Subscriber are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

A. Owner intends to develop, operate and maintain a photovoltaic generation facility qualified as a “Community Solar Garden” pursuant to Minn. Stat. 216B.1641 (“*CSG Program*”) to be located at 21205 St. Croix Trail N, Scandia, MN 55073 (the “*Facility*”) and has entered or will enter into a Standard Contract for Solar Rewards Community (“*CSG Contract*”) with the local electric distribution company (the “*LDC*”). The designed capacity of the Facility shall be approximately 1,000 kW_{AC} (1,279 kW_{DC}) (subject to adjustment as described herein, the “*Facility Capacity*”);

B. The energy produced by the Facility will be delivered by Owner via interconnection of the Facility to the electric grid, to the LDC, which will calculate the monetary value of the energy received from the Facility per applicable utility tariff and convert that amount into credits per kilowatt hour (the “*Bill Credit Rate*” as defined in the CSG Contract) on the bills from LDC to the subscribers of Owner (“*Credits*”);

C. Owner will, in accordance with the terms hereof, and through the administrative process established by the LDC as approved by the Minnesota Public Utilities Commission (“*MPUC*”), allocate and sell the right to receive Credits to its subscribers according to their respective Allocations (as defined below);

D. Subscriber is an LDC customer (Premise. No. 302812961) and desires to purchase Credits from Owner in proportion to its expected consumption of electricity at 2176 Larpenteur Ave W, Saint Paul, MN 55113 (“*Customer Site*”).

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual premises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Subscriber and Owner agree as follows.

1. **Term.** The term of this Agreement shall commence on the Effective Date, and, unless terminated earlier pursuant to the provisions hereof, shall terminate on the 25th anniversary of the Commercial Operation Date (as defined below) (the “*Term*”). The Term shall not be extended by virtue of any period of disconnection or event of Force Majeure experienced by the Facility.

2. **Operation of the Facility.**

a. Owner shall operate the Facility during the Term so as to deliver all energy generated by the Facility to LDC in accordance with the CSG Contract and applicable LDC tariffs.

b. Owner shall maintain the Facility in good working order at all times during the Term, and shall operate the Facility in a manner reasonably intended to maximize the amount of Credits allocable to Subscriber, consistent with good custom and practice for operation of utility generating facilities.

3. **Sale and Purchase of Credits; Allocation.**

a. Owner shall promptly notify Subscriber of the Date of Commercial Operation of the Facility as established pursuant to the CSG Contract (“**Commercial Operation Date**”). In the event that the Commercial Operation Date is not achieved by December 31, 2017, and any of the following events or circumstances occur, either Party may terminate this Agreement, without liability, upon delivery of such notice to the other Party:

i. after timely application to the LDC (or other applicable distribution service provider whose system the Facility connects to deliver energy (the “**Distribution Provider**”) and commercially reasonable efforts to secure interconnection services, Owner has not received written confirmation and evidence that interconnection services will be available for the energy generated by the Facility at the Facility Capacity; or

ii. if the LDC or another party with the authority to do so disqualifies Owner or the Facility from participating in the CSG Program.

b. Owner shall allocate a portion of Facility Capacity to Subscriber consisting of 1.209 kW_{DC} (subject to update by Owner in connection with finalizing the Facility Capacity) equal to one tenth percent (0.1%) of Facility Capacity (the “**Allocation**”). Owner shall provide to LDC the Allocation along with Subscriber’s name, LDC account number(s), and service address(es) (“**Subscriber Data**”).

c. Owner shall sell to Subscriber and Subscriber shall purchase from Owner, the right to receive an amount of Credits calculated on the basis of that portion of the total kilowatt hours (in AC) delivered by the Facility to LDC which corresponds to the Allocation. The Allocation shall be effective for each and every LDC Production Month (as defined in the CSG Contract) during the Term. Owner shall post Credits to Subscriber’s account monthly for invoicing pursuant to Section 4 of this Agreement (“**Subscriber’s Monthly Credits**”). Thus, where $x = \#$ of Credits, $y = \text{kWh}_{AC}$ delivered in a Production Month, and $a = \text{Allocation}$, $x = y \times a$.

4. **Price and Payment.**

a. For the right to receive Credits generated by the Facility each month, Subscriber shall pay to Owner an amount equal to the product of (i) the corresponding Subscriber’s Monthly Credits, and (ii) the Bill Credit Rate then applicable to the LDC’s Solar Rewards Community Program minus one cent (\$.01) (the “**Monthly Allocation Payment**”).

b. Beginning with the second calendar month following the Commercial Operation Date, Owner shall invoice Subscriber, utilizing Subscriber’s preferred invoicing service, for the Monthly Allocation Payment for the Credits posted to Subscriber’s account since the prior invoice date. Subscriber shall make its payments to Owner no later than thirty (30)

days following receipt of the applicable invoice. Owner shall include with each invoice, a copy of the LDC statement delivered to Owner that indicates the kWh_{AC} upon which the LDC calculates the Credit to Subscriber.

5. **Records and Audits.**

a. Upon request by Subscriber, Owner shall provide (i) evidence of the accuracy of its metering equipment for the Facility and/or (ii) such other information and records requested by Subscriber to enable Subscriber to verify the accuracy of the Credits awarded by the LDC and any other calculation and/or measurements described in this Agreement.

b. Owner shall provide reports to Subscriber (i) monthly, containing the energy produced by the Facility, and (ii) annually, containing an audited financial statement of Owner, and a current statement of management, financing parties, and operatorship of Owner. Subscriber may provide comments to Owner on the accuracy and completeness of the annual reports, and shall provide a copy of any such comments to LDC.

c. As required by Minnesota Statutes, section 16C.05, subdivision 5, the records, books, documents, and accounting procedures and practices of Owner and of any subcontractor of Owner relating to work performed pursuant to this Agreement shall be subject to audit and examination by the Subscriber and the Legislative Auditor or State Auditor as described in such subdivision. Owner and any subcontractor of Owner shall permit, upon reasonable advance written notice, the Subscriber or its designee to inspect, copy, and audit its accounts, records, and business documents at any reasonable time during regular business hours, as they may relate to the performance under this Agreement. Audits conducted by the Subscriber under this provision shall be in accordance with generally accepted auditing standards.

6. **Taxes.**

a. Subscriber shall be solely liable for sales or similar taxes imposed by a governmental entity, if any, attributable to the sale of Credits allocated to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any investment tax credit or other tax benefits related to ownership of the Facility.

7. **Representations, Warranties and Covenants.**

a. Each Party represents and warrants to the other Party:

i. The Party is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party; and

iv. To the best of its knowledge, there is no litigation, action, proceeding or investigation pending before any court or other Governmental Authority by, against, affecting or involving its ability to carry out the transactions contemplated herein.

b. Owner represents, warrants, and covenants to Subscriber:

i. Owner has, or in the ordinary course will obtain, all licenses, permits and any other required documents to construct and operate the Facility;

ii. Owner shall perform its obligations under the CSG Contract and otherwise comply with all provisions of the CSG Program and other applicable tariffs.

iii. Except as may be required by law or regulation, or with Subscriber's consent, Owner will not publicly disclose Subscriber's LDC account information, energy usage data, or Credits.

c. Subscriber represents, warrants, and covenants to Owner:

i. Subscriber's average annual energy consumption for its subscribing account(s) over the two year period prior to the Effective Date is 2,475 kWh_{AC};

ii. Subscriber shall not install or procure any other distributed generation resource(s) serving Subscriber's premises to which energy is delivered by LDC under Account No. 51-4943977-2, which resource(s), when combined with the Allocation, may generate energy (including energy upon which the Credits are based) exceeding one hundred twenty percent (120%) of Subscriber's average annual energy consumption over the twenty-four (24) months prior to such installment or procurement.

iii. Within thirty (30) days of request by Owner, which request shall be made not sooner than the date of commencement of construction of the Facility, Subscriber shall complete, execute, and deliver to Owner the Subscriber Agency Agreement in the form attached hereto as Exhibit A. Upon execution, all of the information and statements of Subscriber provided therein shall be accurate.

iv. Subscriber understands and agrees it will have no interest in or entitlement to (a) benefits or derivatives of "Unsubscribed Energy" or "RECs" associated with the Facility as each is defined in the CSG Contract; and (b) incentives under the MN Department of Commerce's Made in Minnesota program and LDC's Solar Rewards program associated with the Facility.

8. **Performance Guarantee**. Owner hereby guarantees that in every period of two consecutive calendar years during the Term, beginning with the first full calendar year, Owner will provide Credits from operation of the Facility in an amount not less than ninety percent (90%) of Expected Deliveries (weather adjusted) which will be set forth on Exhibit B hereto (the "***Guaranteed Performance***") not later than the date of commencement of construction of the Facility. Owner shall pay Subscriber one cent (\$.01) per Credit to the extent the actual number of Credits purchased by Subscriber during any such two year period (the "***Measurement Period***") is less than the Guaranteed Performance for the entire Measurement Period (combining

the Expected Deliveries for both calendar years). Such payment shall be Subscriber's sole remedy for default by Owner under this Section 8. Owner shall have no liability under this Section 8 if the Facility's failure to achieve Guaranteed Performance is due to an event of Force Majeure.

9. Default.

a. Events of Default. The following shall each constitute an Event of Default by a Party:

i. The Party fails to make any material payment due under this Agreement within thirty (30) days after delivery of notice from the other Party that such payment is overdue.

ii. The Party materially fails to perform or comply with any material representation, warranty, obligation, covenant or agreement set forth in this Agreement and such failure continues for a period of thirty (30) days after delivery of notice thereof from the other Party.

iii. The Party is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Force Majeure. Except as specifically provided herein, if by reason of Force Majeure, a Party is unable to carry out, either in whole or in part, any of its obligations herein contained, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party, within a reasonable time after the occurrence of the Force Majeure event, gives the other Party notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the non-performing Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "***Force Majeure***" as used in this Agreement shall mean an event or circumstances beyond the reasonable control of a Party and not resulting from the Party's negligence, including, but not limited to fire, acts of God, earthquake, flood or other casualty or accident; break down or failure of the Distribution Provider's electric distribution system; serial equipment defect; strikes or labor disputes; war, civil strife or other violence; and any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility.

Either Party may terminate this Agreement upon 15 days' written notice to the other Party if any event of Force Majeure affecting such other Party has been in existence for a period of 180 consecutive days or longer, unless such event of Force Majeure expired before the end of the 15 day notice period.

10. Remedies; Limitation of Liability; Waiver.

a. Remedies. Subject to the limitations set forth in this Agreement, the Parties each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Parties hereto under this Agreement. Under no circumstances shall Owner's liability for breach of this Agreement exceed, in any one calendar year, an amount equal to (i) the Allocation percentage times (ii) \$15,000; provided, however that such limitation shall not apply to damages arising out of the sale or allocation by Owner to a third party of the Credits allocated and committed to Subscriber hereunder. For example, if the Allocation is 40%, then the limit described in the preceding sentence shall equal $40\% \times \$15,000$ or \$6,000 total.

b. Owner Damages. In the event of Subscriber's breach, repudiation, or termination of this Agreement in violation of the provisions hereof, Owner shall be entitled to recover from Subscriber (subject to Owner's duty to mitigate damages including its duty to try and find a replacement subscriber): (i) the unpaid Monthly Allocation Payments due at the time of termination; and (ii) Owner's actual, reasonable, and verifiable damages resulting from Subscriber's breach. Any post-termination Monthly Allocation Payments that may qualify as damages under this section, will be calculated-based upon the Schedule of Expected Deliveries of Credits (Exhibit B, hereto), and the Bill Credit Rate at the time of Subscriber's breach of this Agreement.

c. Limitation of Liability. EXCEPT AS EXPRESSLY ALLOWED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT OR PUNITIVE DAMAGES OF ANY CHARACTER, RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF A PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER THEORY AT LAW OR EQUITY.

d. Exclusions. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 10, THE LIMITATIONS OF THIS SECTION 10 DO NOT APPLY TO A CLAIM FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; FOR FAILURE TO COMPLY WITH LAWS; FOR INDEMNIFICATION; FOR BREACH OF CONFIDENTIALITY OR FOR INTELLECTUAL PROPERTY INFRINGEMENT.

11. Early Termination.

a. Either Party may terminate this Agreement on notice thereof to Subscriber in the event that Owner is unable to obtain financing for the Facility on commercially reasonable terms on or before December 31, 2017.

b. If Owner fails to perform under this Agreement due to an event of Force Majeure that lasts more than twelve (12) months or fails to restore the Facility to full operation at Capacity within twelve (12) months following an event of Force Majeure causing damage to the Facility, Subscriber shall have the right to terminate this Agreement by giving Owner at least

sixty (60) days prior notice of its intent to terminate based on such failure(s). Any such notice of termination shall be given within three (3) months of such failure(s). In the event of termination pursuant to this Section 11(b), Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the six month period following the expiration of such twelve (12) month period.

c. In the event (i) the CSG Contract is terminated based on Owner's breach thereof or (ii) Owner materially breaches its obligations of performance in this Agreement and such breach is not cured within thirty (30) days after Owner receives written notice of such breach from Subscriber (provided, however, that if such breach is not capable of being cured within such thirty-day period and Owner has commenced and diligently continued actions to cure such breach within such thirty-day period, the cure period shall be extended to 180 days, so long as Owner is making diligent efforts to do so), then Subscriber may terminate this Agreement as provided in this Section 11. In the event of a termination by Subscriber described in the preceding sentence, Owner shall pay to Subscriber, as liquidated damages, one cent (\$.01) for each Credit expected to have been allocated to Subscriber for the calendar year following termination according to the Schedule of Expected Deliveries, Exhibit B.

d. The Parties agree that actual damages in the event of termination of this Agreement as specified in Sections 11(b) and 11(c), would be difficult to calculate and that the liquidated damages specified herein are a reasonable approximation of such actual damages.

12. **Assignment**. No Party shall assign or in any manner transfer this Agreement or any part thereof except in connection with (a) Subscriber's assignment to a party approved in advance by Owner, with such approval not unreasonably withheld, on the bases of (i) creditworthiness, (ii) the party's eligibility under the Solar Rewards Community Program, (iii) Subscriber's payment to Owner of seven hundred fifty dollars (\$750) to cover Owner's administrative expenses associated with the transfer (the "***Transfer Fee***") and (iv) other factors evidencing an increase in a material risk of a breach of this Agreement, (b) Owner's assignment of this Agreement to any Affiliate that owns or, by long-term lease, controls the Facility, provided that such Affiliate has the same or better credit strength and has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; (c) Owner's collateral assignment of this Agreement to any financial institution that provides financing for the Facility (including a financial institution that enters into a sale/leaseback transaction with respect to the Facility) that has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder upon the foreclosure or conveyance in lieu thereof, and, in connection with any collateral assignment of this Agreement, Subscriber agrees to comply with the lender accommodations set forth in Exhibit C to this Agreement; (d) Owner's assignment of this Agreement, prior to the Commencement of Operations Date, to another operator/owner of a community garden facility, in the same County and qualified under the Solar Rewards Community Program which has sufficient capacity to accept Subscriber's Allocation, has the same or better credit strength, and agrees in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights hereunder; or (e) Subscriber's assignment of this Agreement to any of its Affiliates or successor entity if the Minnesota legislature reassigns responsibility for the services provided by Metropolitan Council (without change of service address) provided that such Affiliate or successor entity has the same or better credit strength.

13. Miscellaneous.

a. LDC Disputes. Owner shall be solely responsible for resolving any dispute with LDC regarding the production of energy by the Facility. Subscriber shall be solely responsible for resolving any dispute with LDC regarding the calculation of the Bill Credit Rate.

b. Notices.

i. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be deemed delivered upon mailing, deposit with a courier for hand delivery, or electronic transmission, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or email transmission.

ii. Subscriber shall promptly notify Owner of any changes in Subscriber Data.

The notices and communications shall be sent to the following addresses:

If to Owner:

BHE Renewables, LLC
Program Manager – MN Community Solar Gardens
1850 N. Central Ave.
Suite 1025
Phoenix, AZ 85004
BHERenewables@bherenewables.com
515-252-6677

If to Subscriber:

City of Falcon Heights
2077 W. Larpenteur Ave
Falcon Heights, MN 55113

c. Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Minnesota without reference to any choice of law principles.

e. Dispute Resolution.

i. Amicable Settlement. The Parties shall attempt in good faith to resolve all disputes arising in connection with the interpretation or application of the provisions of this Agreement or in connection with the determination of any other matters arising under this Agreement by mutual agreement.

ii. Continuation of Performance. During the pendency of any dispute hereunder, the Parties shall continue to perform their respective obligations under this Agreement.

iii. Equitable Relief. Nothing in this Agreement shall be construed to preclude either Party from seeking or obtaining urgent equitable or injunctive relief from a court of law in relation to this Agreement.

iv. Venue and Jurisdiction. The Parties agree that the courts of the State of Minnesota and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law.

f. Insurance. With respect to the services provided pursuant to this Agreement, Owner shall at all times during the term of this Agreement and beyond such term when so required have and keep in force the following insurance coverages and limits:

i. Commercial General Liability on an occurrence basis with contractual liability coverage:

General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	\$1,500,000

ii. Workers' Compensation and Employer's Liability:

Workers' Compensation	Statutory
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(If Owner is based outside the state of Minnesota, coverage must comply with Minnesota Law).

iii. Employer's Liability. Bodily injury by:

Accident—Each Accident	\$500,000
Disease—Policy Limit	\$500,000
Disease—Each Employee	\$500,000

An umbrella or excess policy over primary liability insurance coverages is an acceptable method to provide the required insurance limits.

The above establishes minimum insurance requirements. It is the sole responsibility of Owner to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, Owner shall promptly submit copies of insurance policies to Subscriber.

iv. Owner shall not commence work until it has obtained required insurance and filed with Subscriber a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Subscriber as the certificate holder and as an additional insured for the liability coverage(s) for all operations covered under this Agreement. Owner shall furnish to Subscriber updated certificates during the term of this Agreement as insurance policies expire.

g. Compliance with Law. Owner shall comply with all laws (including common laws), ordinances, codes, rules and regulations (collectively, “*Laws*”) regarding Owner’s obligations and performance under this Agreement. Owner shall obtain and maintain any and all permits, licenses, bonds, certificates and other similar approvals required in connection with this Agreement. In the event of an allegation that Owner has failed to comply with any Laws or failed to obtain any and all permits, licenses, bonds, certificates and/or any other similar approvals required in connection with this Agreement, Owner shall pay any fines or penalties imposed upon Subscriber as a result of such failure and shall reimburse Subscriber for any expenses (including attorneys’ fees) incurred by Subscriber in responding to such allegation.

h. Entire Agreement. This Agreement, and all documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

i. No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of another Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Subscriber and Owner hereunder are individual and neither collective nor joint in nature.

j. Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by each Party to this Agreement or its successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

l. Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by this Agreement.

m. Survival. The provisions of Sections 10, (Remedies, Limitation of

Liability; Waiver), 13(c) (Severability), 13(d) (Governing Law), and 13(e) (Dispute Resolution) shall survive the expiration or earlier termination of this Agreement for a period of six (6) years thereafter.

n. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed to create any duty to or standard of care with reference to, or any liability to, or any benefit for, any person not a party to this Agreement.

o. Confidentiality. Each Party agrees that it will not disclose Not Public Data (as hereinafter defined), directly or indirectly, under any circumstances or by any means (excluding disclosures to the LDC or as are required as a participant in the CSG Program), to any third person without the express written consent of the other Party unless such disclosure is permitted by the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, or required by applicable Law. “*Not Public Data*” means, not public data as defined in Minnesota Statutes § 13.02, subd. 8a (2014).

p. Data Practices.

i. Consistent with Minnesota Statutes, section 13.05, subdivision 6, if any data on individuals is made available to Owner by the Subscriber under this Agreement, Owner will administer and maintain any such data in accordance with Minnesota Statutes, Chapter 13 (the “*Minnesota* Government Data Practices Act”), and any other statutory provisions applicable to the data. If and to the extent that Minnesota Statutes, section 13.05, subdivision 11, is applicable to this Agreement, then: (A) all of the data created, collected, received, stored, used, maintained, or disseminated by Owner in performing this Agreement are subject to the requirements of the Minnesota Government Data Practices Act; (B) Owner must comply with those requirements as if it were a government entity; and (C) the remedies in Minnesota Statutes, section 13.08 apply to Owner.

ii. Consistent with Minnesota Statutes, section 13.055, if “private data on individuals,” “confidential data on individuals” or other “not public data” are provided to or made accessible to Owner by the Subscriber, Owner must: (A) have safeguards to ensure private or confidential data on individuals or other not public data are only accessible or viewable by Owner employees and agents whose work assignments in connection with the performance of this Agreement reasonably require them to have access to the data; (B) immediately notify the Subscriber of any unauthorized access by Owner employees and agents, and unauthorized access by third parties; (C) fully cooperate with Subscriber investigations into any breach in the security of private or confidential data on individuals or other not public data that may have occurred in connection with Owner’s access to or use of the data; and (D) fully cooperate with the Subscriber in fulfilling the notice and reporting requirements of Minnesota Statutes, section 13.055. The penalties in Minnesota Statutes, section 13.09 governing unauthorized acquisition of not public data apply to Owner and Owner employees and agents. If Owner is permitted to use a subcontractor to perform Owner’s work under this Agreement, Owner shall incorporate these data practices provisions into the subcontract.

iii. If Owner receives a request to release data referred to in this section, Owner must immediately notify the Subscriber. The Subscriber will give Owner instructions concerning the release of the data to the requesting party before the data is released.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF FALCON HEIGHTS

By: _____

Name: Peter Lindstrom

Title: Mayor

By: _____

Name: Sack Thongvanh

Title: City Administrator

GERONIMO ENERGY, LLC

By: _____

Name: Jeffrey R. Ringblom

Title: Vice President of Finance and Accounting

BHE RENEWABLES, LLC

By: _____

Name: Eric Besseling

Title: Authorized Representative

EXHIBIT A

Subscriber Agency Agreement and Consent Form

Solar*Rewards Community

Subscriber Agency Agreement and Consent Form

The undersigned ("**Subscriber**") has a Subscription to the following Community Solar Garden:

Community Solar Garden Name:	_____
Community Solar Garden Address:	<u>21205 St. Croix Trail N, Scandia, MN 55073</u>
Community Solar Garden Operator:	_____
Community Solar Garden contact information for Subscriber questions and complaints:	
Address (if different from above):	1850 N. Central Avenue, Suite 1025, Phoenix, AZ 58004_____
Telephone number:	515-252-6677_____
Email address:	BHERenewables@bherenewables.com_____
Web Site URL:	http://www.bherenewables.com_____

Subscriber Name:	<u>City of Falcon Heights</u>
Subscriber's Account Number with Northern States Power Company:	<u>51-4943977-2</u>
Subscriber Service Address where receiving electrical service from Northern States Power Company:	<u>2176 Larpenteur Ave W, Saint Paul, MN 55113</u>

By signing this Solar Rewards Community Subscriber Agency Agreement and Consent Form, the Subscriber agrees to all of the following:

1. Assignment of Renewable Energy Credits (“RECs”), Energy and Capacity to Northern States Power Company, a Minnesota corporation. The Subscriber agrees that the Community Solar Garden Operator has authority to assign all energy produced and capacity associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and the Subscriber agrees that all energy produced, and capacity associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company. The Subscriber also agrees that the Community Solar Garden Operator has authority to assign all RECs associated with the photovoltaic energy system at the Community Solar Garden to Northern States Power Company, and that if the Community Solar Garden or a person or entity on its behalf has assigned the RECs to Northern States Power Company, then all RECs associated with the photovoltaic energy system at the Community Solar Garden shall belong to Northern States Power Company.

2. Tax Implications. The Community Solar Garden Operator has provided the Subscriber with a statement that Northern States Power Company makes no representations concerning the taxable consequences to the Subscriber with respect to its Bill Credits to the Subscriber or other tax issues relating to participation in the Community Solar Garden.

3. Northern States Power Company hereby discloses to the Subscriber that it recognizes that not all production risk factors, such as grid-failure events or atypically cloudy weather, are within the Community Solar Garden Operator's control.

4. Information Sharing. Participating in the Solar*Rewards Community Program will require sharing **Subscriber's Account Information** (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and **Subscriber's Energy Use Data** (the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden). The following outlines the type of information that will be shared, and how that information will be used.

a. Subscriber's Account Information and Subscriber Energy Usage Data. The Subscriber authorizes Northern States Power Company to provide the Community Solar Garden Operator (and the Community Solar Garden Operator's designated subcontractors and agents) with the Subscriber's Account Information and Subscriber's Energy Usage Data as described in Section 4 above. This information is needed to allow the Community Solar Garden Operator determine the extent to which the Subscriber is entitled to participate in the Community Solar Garden, and to validate the amount of the Bill Credits to be provided by Northern States Power Company to the Subscriber. The current data privacy policies of Northern States Power Company applicable to its Solar*Rewards Community Program provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above are attached as Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form.**

These privacy policies include definitions of “Subscriber's Account Information” and “Subscriber's Energy Usage Data.”

b. Subscriber's Subscription Information: The Subscriber authorizes the Community Solar Garden Operator to provide information to Northern States Power Company identifying the Subscriber (with the Subscriber's name, service address, and account number) and detailing the Subscriber's proportional share in kilowatts of the Community Solar Garden and to provide additional updates of this information to Northern States Power Company as circumstances change. This information is needed to allow Northern States Power Company to properly apply Bill Credits for the photovoltaic energy generated by the Community Solar Garden. Also, this information is needed to allow Northern States Power Company to send to the Subscriber notices or other mailings pertaining to their involvement in the Solar*Rewards Community Program. The Community Solar Garden Operator shall not disclose Subscriber information in annual reports or other public documents absent explicit, informed consent from the Subscriber. The Community Solar Garden Operator will not release any Subscriber data to third parties except to fulfill the regulated purposes of the Solar*Rewards Community Program, to comply with a legal or regulatory requirement, or upon explicit, informed consent from the Subscriber.

c. Aggregate Information. Aggregate information concerning production at the Community Solar Garden may be publicly disclosed to support regulatory oversight of the Solar*Rewards Community Program. This includes annual reports available to the public related to specific Community Solar Gardens, including but not limited to production from the Community Solar Gardens; size, location and the type of Community Solar Garden subscriber groups; reporting on known complaints and the resolution of these complaints; lessons learned and any potential changes to the Solar*Rewards Community Program; reporting on Bill Credits earned and paid; and reporting on the application process. Aggregated information will not identify individual Subscribers or provide Subscriber-Specific Account Information, Subscriber-Specific Energy Usage Data or Subscriber-specific Bill Credits unless a Subscriber provides explicit informed consent. Depending on the nature of the aggregated information, however, it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden. The Subscriber agrees to the inclusion of its production information in the creation of the aggregated information. The Community Solar Garden Operator will not use aggregated information for purposes unrelated to the Solar*Rewards Community Program without first providing notice and obtaining further consent, unless the aggregated information is otherwise available as public information. The policies of Northern States Power Company related to sharing aggregated information are part of the data privacy policies contained in the attached Exhibit 1 of this **Solar*Rewards Community Subscriber Agency Agreement and Consent Form** and should be provided to the Subscriber by the Community Solar Garden Operator pursuant Section 3 above.

d. Information Requests from the MPUC or the Department of Commerce. The Subscriber agrees that the Community Solar Garden Operator and Northern States Power Company are authorized to provide any information they possess related to the

Subscriber or the Subscriber's participation in the Community Solar Garden to the Minnesota Public Utilities Commission (MPUC), the Minnesota Department of Commerce, or the Minnesota Office of Attorney General. This information is needed to allow proper regulatory oversight of Northern States Power Company and of the Solar*Rewards Community Program.

e. Liability Release. Northern States Power Company shall not be responsible for monitoring or taking any steps to ensure that the Community Solar Garden Operator maintains the confidentiality of the Subscriber's Account Information, the Subscriber's Energy Usage or the Bill Credits received pertaining to the Subscriber's participation in the Community Solar Garden. However, Northern States Power Company shall remain liable for its own inappropriate release of Subscriber's Account Information and Subscriber's Energy Use Data.

f. Duration of Consent. The Subscriber's consent to this information sharing shall be ongoing for the Term of the CSG Contract between the Community Solar Garden Operator and Northern States Power Company, or until the Subscriber no longer has a Subscription to the Community Solar Garden and the Community Solar Garden Operator notifies Northern States Power Company of this fact through the CSG Application System. Provided, however, the Subscriber's consent shall also apply thereafter to all such information of the Subscriber pertaining to that period of time during which the Subscriber had a Subscription to the Community Solar Garden.

g. Modification. The above provisions addressing data privacy and in Exhibit 1 shall remain in place until and unless other requirements are adopted by the MPUC in its generic privacy proceeding, Docket No. E,G999/CI-12-1344, or other MPUC Order. Northern States Power Company shall file necessary revisions to its tariffs and contracts within thirty (30) days of such Order.

Subscriber's Name: City of Falcon Heights

Subscriber's Signature: _____
Peter Lindstrom, Mayor

Sack Thongvanh, City Administrator

Date: _____

**Exhibit 1 to
Solar*Rewards Community Subscriber Agency Agreement and Consent Form**

**Data Privacy Policies of Northern States Power Company Pertaining to the Solar*Rewards
Community Program**

The data privacy policies of Northern States Power Company pertaining to the Solar*Rewards Community Program are as follows and may be changed from time to time as filed in the Company's tariff or as otherwise may be authorized by the Minnesota Public Utilities Commission ("MPUC"):

Definitions

Unless indicated otherwise, the same definition and meaning of terms in this document are the same as contained in the Standard Contract for Solar*Rewards Community. For ease of reference, here are some of the specific definitions:

“Company” means Northern States Power Company, a Minnesota Corporation, and its affiliates and agents.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers' Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more Subscriptions of a community solar garden interconnected with the Company.

“Subscriber’s Account Information” consists of the Subscriber's name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, and Subscriber specific Bill Credit(s).

“Subscriber's Energy Usage Data” includes the past, present and future electricity usage attributable to the Subscriber for the service address and account number identified for participation in the Community Solar Garden.

Overview

This section addresses how Subscriber's Account Information and Subscriber's Energy Usage Data will be collected, used and shared as part of participation in the Solar*Rewards Community Program.

1. How Subscriber's Account Information and Energy Usage Data Will Be Exchanged

a. Subscriber Specific Information

Once a Subscriber has executed a Subscriber Agency Agreement and Consent Form, an ongoing data exchange will occur between the Company and a Community Solar Garden Operator (and their designated subcontractors and agents):

(i) The Company will disclose the following Subscriber-specific information to the Community Solar Garden Operator:

- Subscriber's Account Information
- Subscriber's Energy Usage Data
- Bill credits

(ii) The Community Solar Garden Operator will disclose to the Company the following Subscriber-specific information:

- Subscriber's Account Information
- Community Solar Garden Allocation for each Subscriber's Subscription stated in kW
- Production data related to the PV System
- Monthly Subscription Information

b. Aggregated Subscriber Information

Aggregated Subscriber information will be reported as part of Permitted Public Reporting, outlined in Section 2(b) below.

To be considered "aggregated" the reported information must include information attributable to all Subscribers participating in a specific Solar*Rewards Community program site, which based on program requirements will contain a minimum of five Subscribers. Depending on the nature of the aggregated information, however, from this information alone or in combination with other publicly available information it may still be possible to infer the amount of production attributed to individual Subscribers to the Community Solar Garden.

2. How Subscriber's Information Will Be Used

The following outlines how the Subscriber's Account Information and Subscriber Energy Usage Data will be used as part of the Solar*Rewards Community Program.

a. Program Management

As part of administering the Solar*Rewards Community program, the Solar Garden Operator and the Company may provide information related to the Subscriber and/or the Community Solar Garden to:

- the MPUC
- the Minnesota Department of Commerce
- the Minnesota Office of Attorney General
- Other governmental or private entities as required by law or regulation

Account Information and Subscriber's Energy Usage Data to service providers, agents, or contracted agents who support the program on its behalf. The Company prohibits these service providers from using or disclosing the Subscriber's information except as necessary to perform these specific services or to comply with legal requirements. More information about the Company's general privacy practices is explained in its Privacy Policy available on www.xcelenergy.com.

b. Permitted Public Reporting

The Subscriber's Energy Usage Data of each participating Subscriber to a Community Solar Garden will be combined and reported in the aggregate by the Community Solar Garden Operator in its annual report on the Solar*Rewards Community program. The identity of specific Subscribers, the specific Subscriber's Account Information, Subscriber's Energy Usage Data and Subscriber-specific Bill Credit will not be listed in the public annual report unless the Subscriber has provided the Community Solar Garden Operator with prior written consent.

Per the requirements of the MPUC, the Company will provide to the MPUC annual reports which will include information or data requested by the MPUC or Minnesota Department of Commerce, including the following:

- Reporting on Solar*Rewards Community program costs, including an analysis of the deposit, application, participation and metering fees and further justification for these fees going forward;
- Reporting on the Solar*Rewards Community Gardens, including but not limited to size, location and the type of Solar*Rewards Community subscriber groups;
- Reporting on known complaints and the resolution of these complaints;

- A copy of each contract signed with a Community Solar Garden Operator, if not previously filed;
 - Lessons learned and any potential changes to the program;
 - Report on bill credits earned and paid; and the
 - Application process
- c. Prohibited Reporting or Sharing

Except as otherwise provided in this document, the Company will not disclose the Subscriber's Account Information, Subscriber's Energy Usage Data or Subscriber-specific Bill Credits to a third party without first obtaining the Subscriber's written consent.

Any requests by the Community Solar Garden Operator to the Company for information about a Subscriber that is not Subscriber's Account Information or Subscriber's Energy Usage Data will require execution of a separate written consent by the Subscriber. Notwithstanding the previous statement, the Company will not provide the Community Solar Garden Operator with the Subscriber's Social Security Number unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

3. Subscriber Data Access and Correction

The following outlines what information is available to the Subscriber from the Company and the Community Solar Garden Operator, and methods of correcting any inaccuracies.

a. Information Available from the Company

Subscribers can contact the Company's call center to obtain information pertaining to their specific Bill Credit attributable to their participation in Solar*Rewards Community Program. The correction of any allocation of previously-applied Bill Credits among Subscribers or payments to the Community Solar Garden Operator for Unsubscribed Energy, pertaining to a particular month due to any inaccuracy reflected in such Monthly Subscription Information with regard to a Subscriber's Subscription in the PV System and the beneficial share of photovoltaic energy produced by the PV System, or the share of Unsubscribed Energy, shall be the full responsibility of the Community Solar Garden Operator, unless such inaccuracies are caused by the Company .

Subscribers may also obtain from the Company the following information related to the Solar*Rewards Community Program without obtaining written consent from the Community Solar Garden Operator:

- Site location
- Operator name
- Nameplate capacity

- Production data related to the PV system
- Bill Credit Rate and total amount of Bill Credits applied to the PV System
- Any other information pertaining to the Subscriber's Subscription

Other information regarding the Community Solar Garden Operator known to the Company will not be disclosed unless the Subscriber obtains prior explicit informed consent from the Community Solar Garden Operator or unless directed to do so by the MPUC or Minnesota Department of Commerce or compelled by law or regulation.

b. Information Available from the Community Solar Garden Operator

Subscribers and prospective subscribers can contact the Community Solar Garden Operator to obtain the following information:

- Future costs and benefits of the Subscription, including:
 - i. All nonrecurring (i.e., one-time) charges;
 - ii. All recurring charges;
 - iii. Terms and conditions of service;
 - iv. Whether any charges may increase during the course of service, and if so, how much advance notice is provided to the Subscriber;
 - v. Whether the Subscriber may be required to sign a term contract;
 - vi. Terms and conditions for early termination;
 - vii. Any penalties that the Community Solar Garden may charge to the Subscriber;
 - viii. The process for unsubscribing and any associated costs;
 - ix. An explanation of the Subscriber data the Community Solar Garden Operator will share with Northern States Power Company and that Northern States Power Company will share with the Community Solar Garden Operator;
 - x. The data privacy policies of Northern States Power Company and of the Community Solar Garden Operator;
 - xi. The method of providing notice to Subscribers when the Community Solar Garden is out of service, including notice of estimated length and loss of production;

- xii. Assurance that all installations, upgrades and repairs will be under direct supervision of a NABCEP-certified solar professional and that maintenance will be performed according to industry standards, including the recommendations of the manufacturers of solar panels and other operational components;
 - xiii. Allocation of unsubscribed production; and
 - xiv. A statement that the Community Solar Garden Operator is solely responsible for resolving any disputes with Northern States Power Company or the Subscriber about the accuracy of the Community Solar Garden production and that Northern States Power Company is solely responsible for resolving any disputes with the Subscriber about the applicable rate used to determine the amount of the Bill Credit.
- Copy of the contract with Northern States Power Company for the Solar*Rewards Community Program
 - Copy of the solar panel warranty
 - Description of the compensation to be paid for any underperformance
 - Proof of insurance
 - Proof of a long-term maintenance plan
 - Current production projections and a description of the methodology used to develop production projections
 - Community Solar Garden Operator contact information for questions and complaints
 - Demonstration to the Subscriber by the Community Solar Garden Operator that it has sufficient funds to operate and maintain the Solar*Rewards Community Program

The Community Solar Garden Operator is solely responsible for the accuracy of the Subscriber's share of the Community Solar Garden production information forwarded to the Company, and should resolve with the Subscriber any dispute regarding the accuracy of such information.

Subscribers can submit comments to the Company on the accuracy and completeness of its annual report by contacting solarrewardscommunity@xcelenergy.com.

4. Data Retention

The Company will retain the Subscriber's Account Information, Subscriber's Energy Usage Data and information on Bill Credits for as long as required under applicable law.

EXHIBIT B

Schedule of Expected Deliveries of Credits [pro forma; final to be provided prior to commencement of construction]

Subscriber's Share (kWh)	
Year 1	1,588
Year 2	1,580
Year 3	1,572
Year 4	1,564
Year 5	1,556
Year 6	1,548
Year 7	1,540
Year 8	1,533
Year 9	1,525
Year 10	1,517
Year 11	1,510
Year 12	1,502
Year 13	1,495
Year 14	1,487
Year 15	1,480
Year 16	1,473
Year 17	1,465
Year 18	1,458
Year 19	1,451
Year 20	1,443
Year 21	1,436
Year 22	1,429
Year 23	1,422
Year 24	1,415
Year 25	1,408

Weather Adjustment Protocol for Expected Deliveries

For any two-year Measurement Period respecting application of the Performance Guarantee, Expected Deliveries shall be adjusted to reflect any negative difference (shortfall) between Expected Solar Irradiation (“*ESI*”) and Actual Solar Irradiation (“*ASI*”). The ratio of ASI to ESI for the Measurement Period shall be applied to Expected Deliveries as a weather adjustment prior to comparing Actual Deliveries to Expected Deliveries for the purposes of the Performance Guarantee.

The method of the weather adjustment is as follows.

1. The ESI for the Facility is 1390 KWh per square meter.
2. The ASI is to be determined by monthly pyranometer readings at the Facility. The monthly readings are to be averaged for each of the two calendar years in the Measurement Period.
3. The weather adjustment factor for the measurement period is the ratio of (i) ASI, determined per Step 2 of this method to (ii) ESI, determined per Step 1 of this method. The Expected Deliveries for the Measurement Period is multiplied by this factor to derive the Guaranteed Performance.

EXHIBIT C

Lender Accommodations

Subscriber acknowledges that Owner will be financing the installation of the Facility either through a lessor, lender or with financing accommodations from one or more financial institutions and that Owner may sell or assign the Facility and/or may secure Owner's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such sale, conveyance, or financing, and with respect to any such financial institutions of which Owner has notified Subscriber in writing Subscriber agrees as follows:

(a) Consent to Collateral Assignment. Provided the Financing Party has agreed in writing to recognize Subscriber's rights under this Agreement and to not disturb any of Subscriber's rights thereunder upon the foreclosure or conveyance in lieu thereof, Subscriber consents to either the sale or conveyance by Owner to a Financing Party that has provided financing of Owner's right, title and interest in the Facility and to this Agreement.

(b) Notices of Default. Subscriber will deliver to the Financing Party, concurrently with delivery thereof to Owner, a copy of each notice of default given by Subscriber under the Agreement, inclusive of a reasonable description of Owner default. Subscriber will not mutually agree with Owner to terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement, during the continuation of an event of default by Owner under its agreements with Financing Party, provided that the Financing Party has agreed in writing to recognize Subscriber's rights under the Agreement and to not disturb any of Subscriber's rights thereunder:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Owner, any and all rights and remedies of Owner under this Agreement in accordance with the terms of this Agreement and the Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Owner thereunder or cause to be cured any default of Owner thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Owner under this Agreement or (unless the Financing Party has succeeded to Owner's interests under this Agreement) to perform any act, duty or obligation of Owner under this Agreement, but Subscriber hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Owner to the Financing Party (or any assignee of the Financing Party). Any such exercise shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Owner under the United States Bankruptcy Code, at the

request of the Financing Party made within ninety (90) days of such termination or rejection, Subscriber shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Except for termination pursuant to Section 3(a) of the Subscription Agreement in connection with a failure to achieve commercial operation by December 31, 2016, Subscriber will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Owner) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Owner default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional sixty (60) days.

ii. If the Financing Party (including any transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Owner's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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The City That Soars!

REQUEST FOR COUNCIL ACTION

Meeting Date	May 11, 2016
Agenda Item	Policy G2
Attachment	Project Location Map & Resolution
Submitted By	Jesse Freihammer, City Engineer

Item	Order Feasibility Report for the 2017 Pavement Management Program
Description	<p>City Staff is proposing to initiate the planning and preliminary design for roadway maintenance included in the 2017 Pavement Management Project (PMP). The proposed project includes the following streets:</p> <ul style="list-style-type: none"> • Garden Avenue, from Snelling Avenue to Hamline Avenue • Folwell Ave, from Fulham St to Hoyt Ave • Vincent St, from Hoyt Ave to Folwell Ave • Northrup Ave, from Hoyt Ave to Folwell Ave • Burton St, from Hoyt Ave to Folwell Ave • Coffman St, From Hoyt Ave to Larpenteur Ave <p>The pathway along Roselawn from Fairview Ave to Cleveland Ave will be included as well.</p> <p>The proposed project area abuts approximately 117 properties, one of which is the University of Minnesota.</p> <p>A resolution ordering the preparation of the feasibility report is attached. A portion of the street projects are proposed to be assessed. The approval of the attached resolution is required for the Minnesota Chapter 429 Assessment Process.</p>
Budget Impact	<p>This project has the following financial implications for the city and property owners along the streets being considered for maintenance:</p> <ul style="list-style-type: none"> • Assessments levied in accordance with the City’s assessment policy. • Use of Municipal State Aid (MSA) and street infrastructure funds to pay the City’s portion of the project. <p>Expenditure of utility fund dollars to pay for repairs needed to the existing utility system.</p>
Attachment(s)	<ul style="list-style-type: none"> • Resolution 2016-17 Order Feasibility Report for the 2017 Pavement Management Program • Project Location Map

Action(s) Requested	Staff recommends that the Falcon Heights City Council approve the attached resolution to order preparation of the feasibility report for the 2017 pavement management program.
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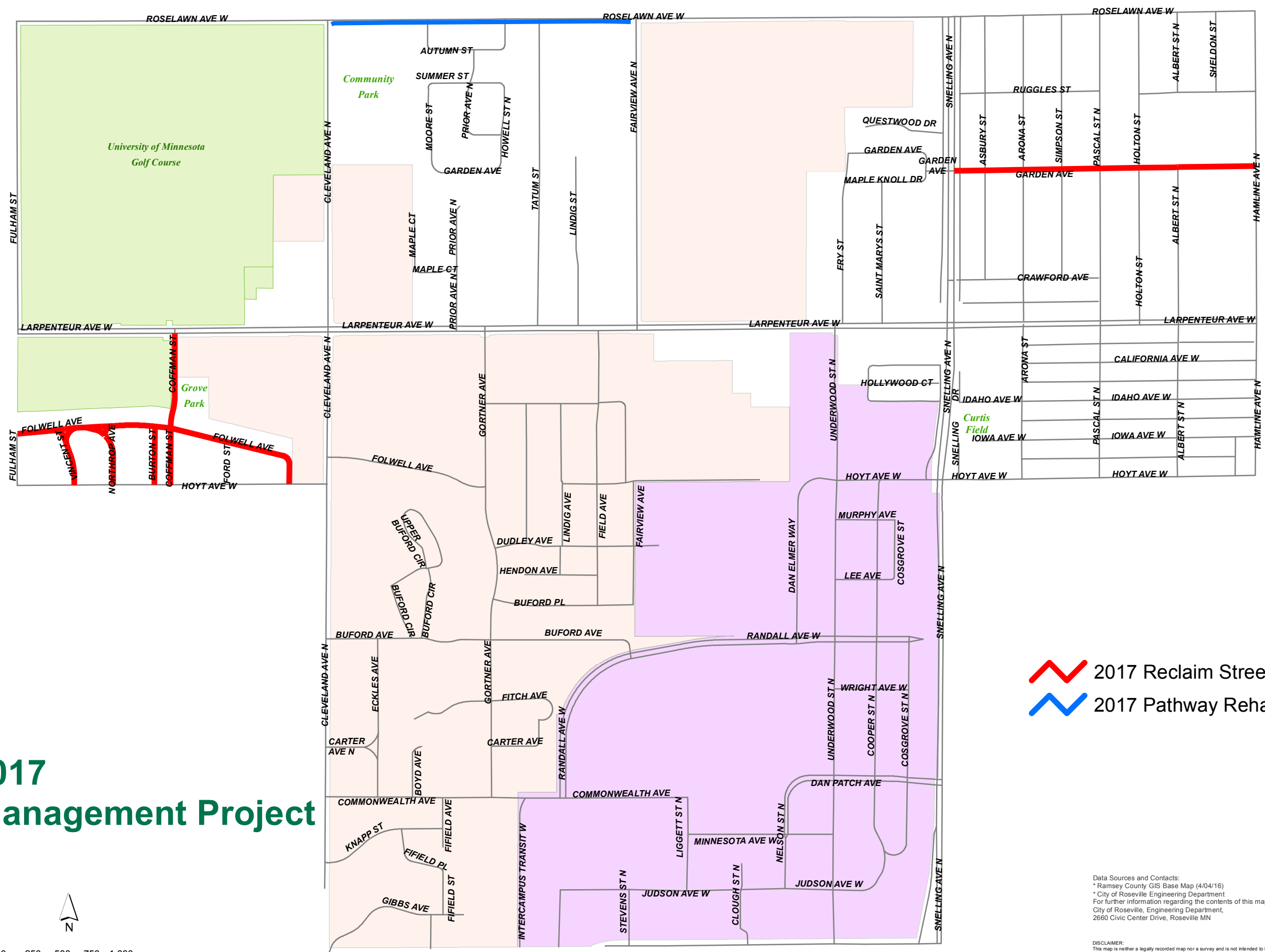
Proposed 2017 Pavement Management Project FH 17-07



0 250 500 750 1,000
Feet

mapdoc: 2017PMP.mxd
map: 2017PMP.pdf

Prepared by:
City of Roseville Engineering Department
April 13, 2016



- 2017 Reclaim Street Projects
- 2017 Pathway Rehabilitation Project

Data Sources and Contacts:
 * Ramsey County GIS Base Map (4/04/16)
 * City of Roseville Engineering Department
 For further information regarding the contents of this map contact:
 City of Roseville, Engineering Department,
 2660 Civic Center Drive, Roseville MN

DISCLAIMER:
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**CITY OF FALCON HEIGHTS
COUNCIL RESOLUTION**

May 11, 2016

No. 16-17

**RESOLUTION ORDER FEASIBILITY REPORT FOR THE 2017 PAVEMENT
MANAGEMENT PROJECT**

BE IT RESOLVED by the City Council of the City of Falcon Heights, as follows:

WHEREAS, The City of Falcon Heights plans to complete a Pavement Management Project in 2017.

WHEREAS, The City of Falcon Heights proposes to improve the following streets;

- Garden Avenue, from Snelling Avenue to Hamline Avenue
- Folwell Ave, from Fulham St to Hoyt Ave
- Vincent St, from Hoyt Ave to Folwell Ave
- Northrup Ave, from Hoyt Ave to Folwell Ave
- Burton St, from Hoyt Ave to Folwell Ave
- Coffman St, From Hoyt Ave to Larpenteur Ave

WHEREAS, the City of Falcon Heights plans to assess all of a portion of the cost of the improvements to the benefited property owners, pursuant to Minnesota Statutes, Chapter 429,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF FALCON HEIGHTS, MINNESOTA:

That the proposed improvement, called Improvement 17-07, 2017 Pavement Management Project, be referred to the City Engineer for study and that that person is instructed to report to the council with all convenient speed advising the council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible; whether it should best be made as proposed or in connection with some other improvement; the estimated cost of the improvement as recommended; and a description of the methodology used to calculate individual assessments for affected parcels.

Moved by:

Approved by: _____

Peter Lindstrom
Mayor

LINDSTROM _____ In Favor
BROWN THUNDER _____
HARRIS _____ Against
FISCHER _____
GUSTAFSON _____

Attested by: _____

Sack Thongvanh
City Administrator

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The City That Soars!

REQUEST FOR COUNCIL ACTION

Meeting Date	May 11, 2016
Agenda Item	Policy G3
Attachment	Cooperative Cost Share Understanding Attachment A
Submitted By	Jesse Freihammer, City Engineer

Item	St. Paul Regional Water Services Cost Share Agreement
Description	The City of Falcon Heights is currently planning for the 2017 Pavement Management Project. Alongside this work, St. Paul Regional Water Services (SPRWS) is planning on replacing watermain that had been the subject of numerous repairs over the past several years. Since this work created a higher project cost to the City of Falcon Heights, SPRWS agreed to pay for the increased expenditures and their portion of engineering costs. Attached to this report is an agreement that SPRWS is asking be approved by the City of Falcon Heights. Once the project is completed the City will invoice and receive reimbursement from SPRWS these costs.
Budget Impact	There are no costs for this agreement. This agreement ensures SPRWS pays for their portion of the costs associated with the project.
Attachment	<ul style="list-style-type: none"> • Cooperative Cost Share Understanding • Resolution 2016-18 Approve the Cost Share Agreement with St. Paul Water for the 2017 PMP-The Grove
Action(s) Requested	Staff recommends that the Falcon Heights City Council approve resolution and adopt the cooperative cost share agreement with St. Paul Regional Water Services.

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COOPERATIVE COST SHARE UNDERSTANDING
Between
BOARD OF WATER COMMISSIONERS OF THE CITY OF SAINT PAUL
and
CITY OF FALCON HEIGHTS

FH-17-07 Pavement Management Project

THIS UNDERSTANDING is made and entered into this ___ day of _____ 2016, by and between the **BOARD OF WATER COMMISSIONERS OF THE CITY OF SAINT PAUL**, (the “Board”), acting through its Saint Paul Regional Water Services General Manager (“SPRWS General Manager”), and the **CITY OF FALCON HEIGHTS** (“Falcon Heights”).

WITNESSETH:

WHEREAS, Falcon Heights and the Board entered into an agreement dated July 9, 1997 for the provision of water service by the Board to properties within Falcon Heights; and

WHEREAS, Falcon Heights and the Board entered into an Amendment No. 1 to Agreement dated March 10, 2009, which provided for water facility support work (“Support Work”) within Falcon Heights street projects; and

WHEREAS, said Amendment No. 1 to Agreement further provided that Falcon Heights and the Board shall negotiate a Cooperative Cost Share Understanding for each street project that is to include Support Work in order to define the work responsibilities and cost obligations of the parties with respect to Support Work, and that such Cooperative Cost Share Understandings shall be approved by Saint Paul Regional Water Services General Manager on behalf of the Board, and by Falcon Heights city council on behalf of Falcon Heights; and

WHEREAS, Falcon Heights is planning a pavement management project, boundaries of which are shown on attached Exhibit A (“Project”), and the Board has requested that Falcon Heights, as part of the Project, provide Support Work necessary for the Board to replace water mains and services; and

WHEREAS, Falcon Heights has prepared a preliminary estimate of Support Work costs in the amount of \$403,040, attached as Exhibit B.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and in accordance with said Amendment No. 1 to Agreement, the parties mutually agree as follows:

1. Falcon Heights, in cooperation with the Board, shall prepare plans, specifications, estimates, and proposals for the Project including Support Work.
2. Falcon Heights shall obtain bids for Support Work including excavation, pipe handling, backfilling, restoration, and all other work necessary for water facility pipe work to be performed by Board forces.

3. The Board shall pay the actual costs of Support Work, based upon bid prices contained in a contract duly awarded by Falcon Heights for the Project, and upon quantities agreed to by the parties.
4. The Board shall pay the actual costs of Falcon Heights' water facility construction administration costs.
5. Falcon Heights shall provide the Board with itemized invoices showing the costs for completed Support Work and construction administration.

IN WITNESS WHEREOF, the parties hereto have caused this Cooperative cost Share Understanding to be executed as of the day and year first above written.

**BOARD OF WATER COMMISSIONERS
OF THE CITY OF SAINT PAUL**

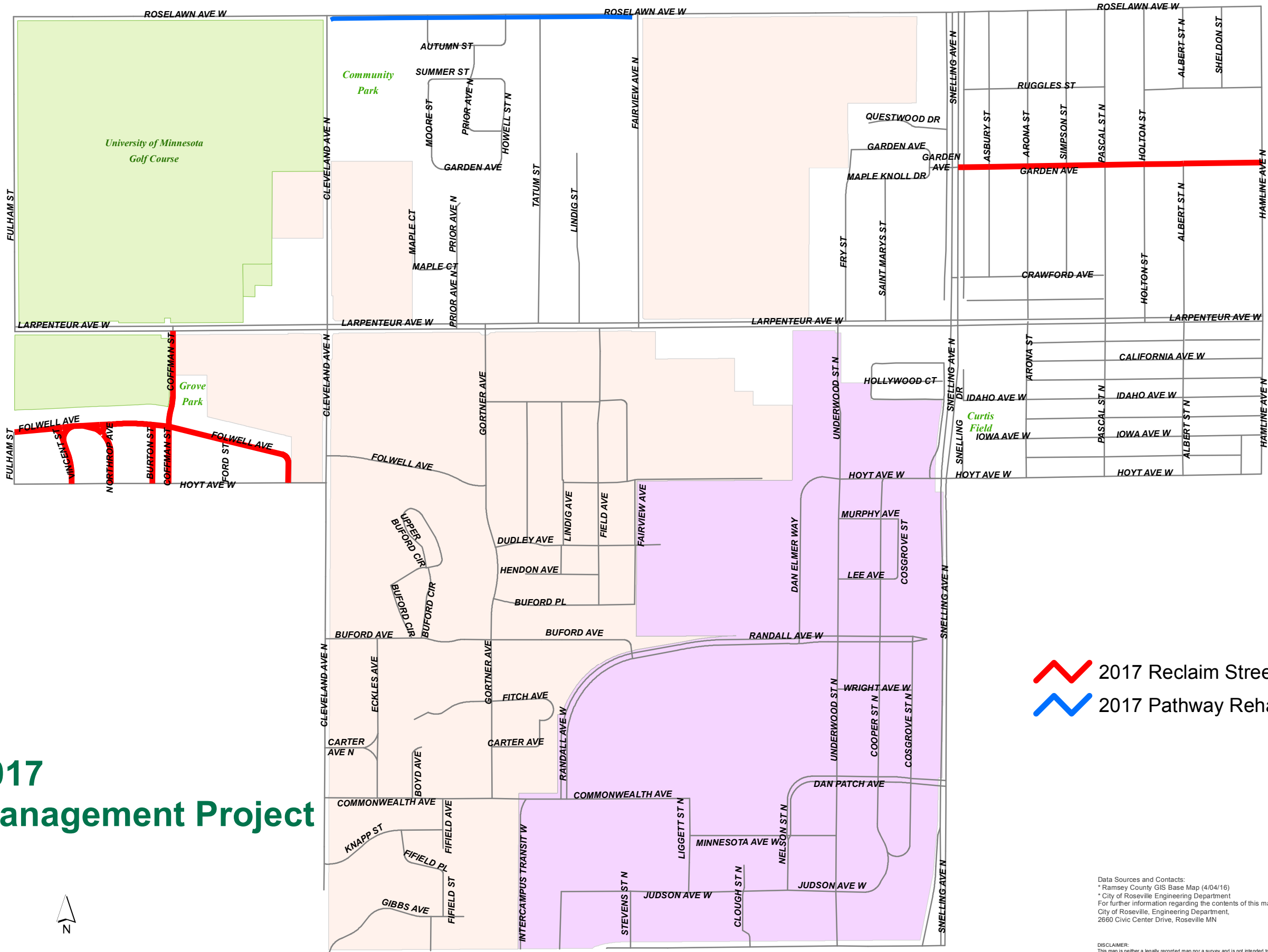
By _____
Stephen P. Schneider, General Manager
Saint Paul Regional Water Services



CITY OF FALCON HEIGHTS

By _____
Peter Lindstrom, Mayor

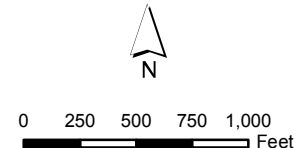
By _____
Sack Thongvanh, City Administrator

Exhibit A



 2017 Reclaim Street Projects
 2017 Pathway Rehabilitation Project

Proposed 2017 Pavement Management Project FH 17-07



mapdoc: 2017PMP.mxd
map: 2017PMP.pdf

Data Sources and Contacts:
 * Ramsey County GIS Base Map (4/04/16)
 * City of Roseville Engineering Department
 For further information regarding the contents of this map contact:
 City of Roseville, Engineering Department,
 2660 Civic Center Drive, Roseville MN

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Exhibit B

CITY OF FALCON HEIGHTS
 2017 PMP
 FH-17-07Mill and Overlay Projects

ST PAUL REGIONAL WATER SERVICES ESTIMATED COSTS

ITEM NO.	ITEM DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL COST
2021.501	MOBILIZATION	LS	\$20,000.00	0.25	\$5,000.00
2104.501	REMOVE CONCRETE CURB & GUTTER	LF	\$5.00	3000	\$15,000.00
2104.505	REMOVE CONCRETE DWY. PAVEMENT	SY	\$2.00	800	\$1,600.00
2104.511	SAWCUT CONCRETE	LF	\$2.00	400	\$800.00
2531.507	6" THICK CONCRETE DRIVEWAY PAVEMENT	SY	\$41.00	800	\$32,800.00
2531.501	CONCRETE CURB & GUTTER, DESIGN B-618	LF	\$25.00	3000	\$75,000.00
2575.505	SOD, WITH 3" TOPSOIL	SY	\$3.00	1400	\$4,200.00
WATERMAIN					
2504.603	WATERMAIN TRENCH FOR SPWU WATERMAIN	LF	\$40.00	3100	\$124,000.00
2504.603	SPWU SERVICE TRENCH	LF	\$40.00	200	\$8,000.00
2504.603	SPWU UTILITY HOLE	EACH	\$1,500.00	8	\$12,000.00
2112.501	AGGREGATE GRADING AND COMPACTION	STA	\$25.00	20	\$500.00
2451.503	GRANULAR TRENCH BACKFILL	CY	\$25.00	3500	\$87,500.00
TOTAL					\$366,400.00
ENGINEERING ADDITIVE (Estimated at 10%; will be actual cost)					\$36,640.00
GRAND TOTAL					\$403,040.00

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**CITY OF FALCON HEIGHTS
COUNCIL RESOLUTION**

May 11, 2016

No. 16-18

**RESOLUTION APPROVING A COST SHARE AGREEMENT FOR THE 2017 PAVEMENT
MANAGEMENT PROJECT FOR UNIVERSITY GROVE WITH THE BOARD OF WATER
COMMISSIONERS OF THE CITY OF SAINT PAUL**

WHEREAS, the City of Falcon Heights and the Board entered into an agreement dated July 9, 1997 for the provision of water service by the Board to properties within the City of Falcon Heights; and

WHEREAS, the City of Falcon Heights and the Board entered into an Amendment No. 1 to Agreement dated March 10, 2009, which provided for water facility support work (“Support Work”) within Falcon Heights street projects; and

WHEREAS, said Amendment No. 1 to Agreement further provided that Falcon Heights and Board shall negotiate a Cooperative Cost Share Understanding for each street project that is include Support Work in order to define the work responsibilities and cost obligations of the parties with respect to Support Work, and that such Cooperative Cost Share Understandings shall be approve by Saint Paul Regional Water Services General Manager on behalf of the Board and by Falcon Heights City Council on behalf of Falcon Heights; and

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Falcon Heights, Minnesota approves a Cost Share Agreement for the 2017 Pavement Management Project for University Grove with the Board of Water Commissioners of the City of St. Paul with the following:

1. Approve the Cooperative Cost Share Understanding between the Board of Water Commissioners of the City of Saint Paul and City of Falcon Heights.
2. Authorize the Mayor and City Administrator to sign all necessary documents.

ADOPTED by the Falcon Heights City Council this 11th day of May, 2016.

Moved by:

Approved by: _____
Peter Lindstrom
Mayor

LINDSTROM _____ In Favor
BROWN THUNDER
HARRIS _____ Against
FISCHER
GUSTAFSON

Attested by: _____
Sack Thongvanh
City Administrator