

January 16, 2018
Ryan Emerson, Administrator
Department of Community Economic Development
Commonwealth Financing Authority

Re: CFA Grant Application, Exhibits 1 a - n
Applicant: Bedford 57 Solar, LLC (Parent company: General Energy Solutions, Inc.)
Borough of Bedford Water Treatment Facility

Dear Mr. Emerson,

Please accept the following documents and exhibits as supporting documentation for the Application submitted by Bedford 57 Solar, LLC for the Commonwealth Financing Authority Grant Funding for the Solar Energy Program (SEP) for a solar Project at the Borough of Bedford (PA) Water Treatment Facility. The Borough of Bedford (PA) has signed a Power Purchase Agreement to purchase all of the energy from a +/-1,353.78 kW DC Solar installation on site at their Todd Springs Reservoir Water Treatment Plant facilities in Bedford, PA. This project will be financed by the applicant's Parent Company General Energy Solutions (GES). The Borough of Bedford has agreed to put forth +/- \$100,000.00 as a prepayment on energy costs, should the project receive the CFA SEP Grant.

EXHIBIT 1(A) - The Proposed project is an approximately 1,353.78 Kilowatt DC Ground-Mounted solar array located at the Todd Springs Reservoir Water Treatment Plant in Bedford, Pennsylvania. The Borough of Bedford Municipal Authority, which operates the Treatment facility, will be the off-takers of the energy that will be produced. Development of a 1,353.78 kW Solar Array under this PPA agreement will lower the cost of electricity for the Borough of Bedford Government and its citizen taxpayers, who receive water and sewer services from the Municipal Authority. In recent years the Borough of Bedford has had to levy tax increases and increase fees to maintain service delivery for the Municipal Authority and the Treatment Plant. The array will benefit all of the taxpayers of the Borough of Bedford, by reducing energy costs and freeing up resources which will save the taxpayers from municipal rate increases to meet the expanding operational, maintenance and facilities improvement for the Water Treatment Plant.

The Borough of Bedford's Water Treatment Facility is currently serviced by PENNELEC and has experienced an average 3.5% escalation cost to energy services in recent years. The implementation of the Solar facility will generate savings which will mitigate these cost increases, allowing the Borough of Bedford to use the generated savings for other operational needs, reducing future costs for the taxpayer. The Borough of Bedford has agreed to provide +/- \$100,000.00 as a prepayment on energy costs should the requested CFA Grant be received. This

will lower the overall PPA rate and enhance savings for the Borough and citizen of the Borough of Bedford.

EXHIBIT 1(B) – The Project will be located at the Borough of Bedford Municipal Authority Water Treatment Facility at Todd Springs Reservoir in Bedford, PA. The Anticipated acreage requirement for the project is +/- 4.8 Acres. If the design or interconnection process would lead us to need more space, additional land, owned and operated by the Municipal Authority of up to 12+ acres are available at Todd Springs Reservoir Location, adjacent to the location of the proposed array.

EXHIBIT 1(C) – This project will be located in Bedford, Pennsylvania. According to Bedford County Economic Development commission, Bedford County has 49,868 permanent residents, of whom 28,988 are currently in the local workforce. 2,841 of these individuals reside within the Borough of Bedford. The Bedford County Census indicates there has been a 2.9 % growth in population from 2010 to 2015.

The primary employers in the area are manufacturing, industrial and agricultural in nature. Significant Portions of Bedford County fall within a designated Keystone Opportunity Zone, Including the I-99 Corridor KOZ and the BCDA II KOZ. Bedford has seen some long-standing manufacturing facilities with deep history in the Bedford Community, recently shutter their doors, only to be replaced with new companies with a primarily technical and bio-industrial focus.

EXHIBIT 1(D) – Over the last 20+ years, the site for the proposed solar development at Todd Springs Reservoir, in Bedford, PA, has only been used as the community Water Supply for public water and the Wastewater treatment facility for the Borough of Bedford. There is no other planned development at the location. The location is rural and surrounded on all sides by wooded acreage with no intrusion into personal or residential property.

EXHIBIT 1 (E) – Development of the 1,353.78 kW PV Solar Array will produce 1,759,914 kWh annually. Total estimated cost per Watt of the array is \$ 1.88. The project cost will be paid for with Commonwealth Financing Authority program funds of \$0.643 per Watt or 34% of the Total Project Cost. The Remaining funds will be provided through General Energy Solutions (GES).

EXHIBIT 1(F) – General Energy Solutions Inc. (GES) is a leading solar energy company with experienced project developers and financing specialists. They are proud to be the team that designed, built, financed and operate the world's largest airport solar project (25 MW) in Indianapolis, IN. In the past two years, GES has developed over 200 MW throughout the world.

GES has partnered with RER Energy Group on multiple projects since 2015, financing projects such as RER’s 1.985 MW Cedar Falls Utilities Community Solar Project in Iowa, as well as a 1.5 MW ground mounted project in CT and 2.1 MW multiple roof locations in Boston, MA.

EXHIBIT 1(G) = The Borough of Bedford has entered into a 25 Year PPA Agreement to purchase energy generated from the project. The PPA Agreement will begin at final commissioning of the project and extend for 25 calendar years, unless the Borough of Bedford choses early buyout of the system, per the terms of the PPA Agreement. As the PPA is signed and permissions have been preliminarily received from the Municipal Authority and Planning Commission, this project is shovel ready. It is anticipated that, given traditional permitting and materials timelines, that initial construction would begin prior to 7/1/18 with substantial completion, interconnection and commissioning by 12/31/18. Current estimate of project timeline is below:

WEEK	TASK	Estimated Date for Project
1	Finalize Installation Agreement (pending successful award of CFA by end of March)	Early April, 2018
2	Structural & electrical review, engineering, submit interconnection	Early April
8	Interconnection approval; submit building & electrical permit packages; order materials	Start Mid to Late April
12	Permit approvals; receive materials & begin construction	Early July
26	Substantial completion	Mid-September
28	Final interconnection and system commissioning	Late November
30	Training and close out meeting	Early December, 2018

EXHIBIT 1(H) = The solar project will create 20 jobs for six to nine months through project development and construction. The project will also reduce the operating budget of the Borough of Bedford Municipal Authority at the Todd Springs Reservoir facility. The facility currently employs multiple staff including:

- Plant Manager
- Assistant Plant Manager
- Treatment Operations Staff (4)
- Water Quality Inspectors (2)
- Engineers (2)
- Borough Maintenance Personnel (2)

The resident population of Bedford County per the 2014 Census Report is 48,868 persons of which, 2,841 reside within the Borough boundaries and are serviced by the Todd Springs Reservoir Treatment Plant.

EXHIBIT 1(I) - Today, the Borough of Bedford purchases all of their electric supply from PENNELEC. The implementation of the solar array will reduce the reliance on the resources of the PENNELEC service, which use fossil fuels to generate electricity. The array is expected to enable The Borough of Bedford Municipal Authority Water Treatment Facility to procure over 90 % of their estimated energy needs from renewable sources.

EXHIBIT 1(J) - The 1,353.78 kW Solar Array will generate an estimated 1,759,914 kWh of energy in year one. Over the 30-year expected life span of the project (and factoring in degradation) the system will generate an estimated 48,823,648 kWh for use by the Borough of Bedford Water Treatment Facility. The method for determination of the anticipated production was the NREL PV Watts Calculator.

EXHIBIT 1(K) – Environmental Benefits –

By installing a solar electricity system, Bedford County Government will be doing its part to reduce global warming, air pollution, natural disasters and ultimately preserve our planet.

The proposed 1,353.78 kW photovoltaic system is estimated to generate 1,759,914 kWh of clean energy each year (calculated using the NREL PV Watts Calculator). 1,759,914 kWh of clean energy is equivalent to any of the following:

- 1,243 metric tons of Carbon Dioxide (CO₂) from entering into the environment.
- Annual greenhouse gas emissions from 259 cars
- CO₂ emissions from 139,206 gallons of gasoline consumed.
- CO₂ emissions 2,888 barrels of oil consumed.
- Carbon sequestered annually by 1,017 acres of U.S. forests
- Greenhouse gas emission avoided by recycling 465 tons of waste.

EXHIBIT 1 (L) - Current energy cost per kWh for supply of energy to Borough of Bedford Water Treatment Facility through the PENNELEC is \$0.080 per kWh with an annual anticipated escalation of 3.5%. This PPA will create significant energy cost savings by locking in a price of \$.0695 per kWh with a 2% annual escalation rate. As the Borough of Bedford Water Treatment Facility operates 24-hours per day, 365 days a year, with greatest demand occurring during peak daytime demand times, which coincide with peak sun/solar production hours, the Borough of Bedford Water

Treatment Facility will significantly reduce its draw from the grid during times of highest demand. This should reduce its impact on grid congestion during the times of greatest need.

Exhibit 1 (M) – The signed PPA Agreement is attached to this submission. The interconnection point will be at the existing meter of Borough of Bedford Water Treatment Plant. An interconnection application will be submitted to the utility, PENNELEC, upon finalization of all agreements and contracts.

EXHIBIT 1 (N) – Equipment For Project Installation

<i>Component</i>	<i>Mfg.</i>	<i>Country of Origin for Examples</i>
<i>Modules</i>	<i>CSUN, Hanwha, or Equal to Bloomberg Tier 1</i>	<i>China, South Korea</i>
<i>Inverters</i>	<i>Chint Power Systems, Enphase, or Equal per System Design</i>	<i>China, United States</i>
<i>Racking</i>	<i>RBI, Gamechange, or Equal</i>	<i>United States</i>
<i>Data Acquisition System</i>	<i>Locus Energy, Also Energy, or Equal</i>	<i>United States</i>



701 West Kimberly Ave, Suite 220
Placentia, CA 92870

Exhibit 2

PA Department of Community and Economic Development
Center for Business Financing – CFA Programs Division
Solar Energy Program
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

January 18, 2018

RE: Funding Commitment Letter for the Bedford 57 Solar, LLC Project

Dear Members of the CFA Solar Energy Grant Program Review Board:

General Energy Solutions Inc. (“GES”) is the solar project development and finance subsidiary of Neo Solar Power, one of the largest solar photovoltaic cell manufacturers in the world. GES and its affiliates have developed and financed over 250MWp of solar power projects worldwide.

We are pleased to present this letter of project finance support for Bedford 57 Solar, LLC Project Grant Application.

We have worked with RER for approximately three years to successfully develop, finance and build over 60MWp of solar projects.. We believe RER is one of the most experienced and reliable solar development, engineering and construction partners in North America, and we highly recommend them in such capacities for competitively priced and bankable solar projects in the range of 1-20MWp.

We intend to continue our partnership with RER to develop and finance compelling solar projects for local power off takers in Pennsylvania. Toward that end, we have taken assignment of the Bedford 57 Solar, LLC, pending a successful Grant Award from the Commonwealth Financing Authority Please feel free to contact me at jack.chen@gesyw.com with any follow up questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jack Chen', is written over a horizontal line.

Jack Chen,

Corporate Secretary,
General Energy Solutions USA, Inc.



January 19, 2018
Ryan Emerson, Administrator
Department of Community Economic Development
Commonwealth Financing Authority

Re: Exhibit 3 - CFA Grant Application
Borough of Bedford

Dear Mr. Emerson,

Please accept the following documents and exhibits as supporting documentation for the Application submitted for the Commonwealth Financing Authority Grant Funding for the Solar Energy Program (SEP) by Borough of Bedford.

Exhibit 3

A statement of the amount and type of assistance requested.

The Grant amount requested is \$870,481.

Exhibit 4a

BOROUGH OF BEDFORD
INDEPENDENT AUDITOR'S REPORT
For The Year Ending
December 31, 2014

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Independent Auditor's Report

Bedford Borough Council
Bedford, PA

We have audited the accompanying modified cash basis financial statements of the Borough of Bedford (the Borough) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough'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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion 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 entity'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 entity'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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, and each major fund, of Bedford Borough as of December 31, 2014, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bedford Borough's basic financial statements. The budgetary comparison information on pages 20 to 28, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. Our opinion on the basic financial statements is not affected by this missing information.

Very truly yours,

RITCHEY, RITCHEY & KOONTZ

Ritchey, Ritchey & Koontz

Bedford, PA
September 30, 2015

BOROUGH OF BEDFORD
Statement of Net Position – Modified Cash Basis
December 31, 2014

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash	\$ 382,241
Due from other funds	<u>7,957</u>
Total Assets	\$ <u>390,198</u>
 <u>Liabilities and Net Position</u>	
Liabilities	
Due to other funds	\$ 1,002
Due to other governments	1,636
Taxes payable	<u>12,921</u>
Total Liabilities	15,559
Net Position	
Unrestricted	<u>374,639</u>
Total Liabilities and Net Position	\$ <u>390,198</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD
Statement of Activities – Modified Cash Basis
For The Year Ending December 31, 2014

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Net (Expense) Revenue Governmental Activities
General government	\$ 205,989	\$ 0	\$ 0	\$ (205,989)
Public safety	436,207	26,884	15,878	(393,445)
Public works sanitation	4,104	0	0	(4,104)
Public works streets	399,879	0	74,924	(324,955)
Culture & recreation	76,547	3,138	21,398	(52,011)
Community development	55,000	0	4,000	(51,000)
Pension	158,248	0	0	(158,248)
Insurance	<u>41,941</u>	<u>0</u>	<u>0</u>	<u>(41,941)</u>
Total	\$ <u>1,377,915</u>	\$ <u>30,022</u>	\$ <u>116,200</u>	\$ <u>(1,231,693)</u>
General Revenues				
Taxes				904,973
Licenses & permits				38,598
Fines & forfeits				44,302
Interest & rents				12,270
Intergovernmental not restricted to specific programs				65,057
Miscellaneous				<u>12,601</u>
Total General Revenues				<u>1,077,801</u>
Change in Net Position				(153,892)
Net Position, January 1, 2014				<u>528,531</u>
Net Position, December 31, 2014				\$ <u>374,639</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD
 Balance Sheet – Modified Cash Basis
 For The Year Ending December 31, 2014

	<u>General Fund</u>	<u>State Liquid Fuels Fund</u>	<u>Fort Bedford Museum Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash	\$ 343,353	\$ 24,832	\$ 1,194	\$ 12,862	\$ 382,241
Due from other funds	<u>7,957</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,957</u>
Total Assets	\$ <u>351,310</u>	\$ <u>24,832</u>	\$ <u>1,194</u>	\$ <u>12,862</u>	\$ <u>390,198</u>
 <u>Liabilities and Fund Balance</u>					
Liabilities					
Due to other funds	\$ 0	\$ 0	\$ 1,002	\$ 0	\$ 1,002
Due to other governments	1,636	0	0	0	1,636
Taxes payable	<u>12,921</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,921</u>
Total Liabilities	14,557	0	1,002	0	15,559
Fund Balance					
Unreserved fund balance	<u>336,753</u>	<u>24,832</u>	<u>192</u>	<u>12,862</u>	<u>374,639</u>
Total Liabilities and Fund Balance	\$ <u>351,310</u>	\$ <u>24,832</u>	\$ <u>1,194</u>	\$ <u>12,862</u>	\$ <u>390,198</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD

Statement of Revenues, Expenditures, and Changes in Fund Balances

Modified Cash Basis – Governmental Funds

For The Year Ending December 31, 2014

	General Fund	State Liquid Fuel Fund	Fort Bedford Museum Fund	Capital Reserve Fund	Total Government Funds
<u>Revenue</u>					
Taxes	\$ 904,973	\$ 0	\$ 0	\$ 0	\$ 904,973
Licenses & permits	38,598	0	0	0	38,598
Fines & forfeits	44,302	0	0	0	44,302
Interest & rents	12,189	10	0	71	12,270
Intergovernmental	84,935	74,924	0	0	159,859
Charges for services	26,884	0	3,138	0	30,022
Miscellaneous	<u>33,999</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,999</u>
Total revenue	<u>1,145,880</u>	<u>74,934</u>	<u>3,138</u>	<u>71</u>	<u>1,224,023</u>
<u>Expenditures</u>					
General government	205,670	0	0	319	205,989
Public safety	423,062	0	0	13,145	436,207
Public works sanitation	4,104	0	0	0	4,104
Public works streets	290,409	71,850	0	37,620	399,879
Culture & recreation	49,777	0	26,770	0	76,547
Community development	55,000	0	0	0	55,000
Employee benefits	158,248	0	0	0	158,248
Insurance	<u>37,950</u>	<u>0</u>	<u>3,991</u>	<u>0</u>	<u>41,941</u>
Total expenditures	<u>(1,224,220)</u>	<u>(71,850)</u>	<u>(30,761)</u>	<u>(51,084)</u>	<u>(1,377,915)</u>
Excess (Deficiency) of Revenue	(78,340)	3,084	(27,623)	(51,013)	(153,892)
<u>Other Financing Sources (Uses)</u>					
Transfers from other funds	0	0	27,000	57,485	84,485
Transfers to other funds	<u>(84,485)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(84,485)</u>
Total other financing sources	<u>(84,485)</u>	<u>0</u>	<u>27,000</u>	<u>57,485</u>	<u>0</u>
Net Change in Fund Balances	(162,825)	3,084	(623)	6,472	(153,892)
Fund Balance, January 1, 2014	<u>499,578</u>	<u>21,748</u>	<u>815</u>	<u>6,390</u>	<u>528,531</u>
Fund Balance, December 31, 2014	\$ <u>336,753</u>	\$ <u>24,832</u>	\$ <u>192</u>	\$ <u>12,862</u>	\$ <u>374,639</u>

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough of Bedford (the Borough) was incorporated as the Borough of Bedford on March 13, 1795, under the provisions of the Commonwealth of Pennsylvania. The Borough operates under the Borough Code as mandated by the Commonwealth of Pennsylvania. The Borough provides the following services as authorized by its charter: public safety (police); streets; sanitation; health and social services; culture and recreation; public improvements, planning and zoning; and general administrative services.

The governing body of the Borough is a Council consisting of seven members and the Mayor. All of the Council members and the Mayor are elected by the residents of the Borough.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluation of potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of the potential component units required to be addressed in defining the government's reporting entity.

Excluded from the reporting entity:

**BEDFORD BOROUGH WATER AUTHORITY AND MUNICIPAL AUTHORITY
OF BEDFORD BOROUGH.**

These potential units are operated by separately appointed Boards. They are excluded because the Borough does not have the ability to make decisions concerning managerial or financial matters. Each Authority issues its own audited financial statements.

Accounting Basis & Presentation

The Borough's financial statements are presented on the modified cash basis of accounting. This modified basis of accounting differs from generally accepted accounting principles in the United States of America. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The modified cash basis of accounting recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for accrual of payroll liabilities. This basis is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues, such as accounts receivable and revenue for billed or provided services not yet collected, and certain liabilities and their related expenses, such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities (other than payroll liabilities), are not recorded in these financial statements.

If the Borough utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non fiduciary activities of the Borough. For the most part, the effect of inter fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and state and federal subsidies, are reported separately from *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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to customers and 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*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund statements. The Borough has elected to show all three funds as major funds for this report.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *modified cash basis of accounting*, as are the proprietary fund and fiduciary 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 the provider have been met.

Government 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, amounts due from other governments, interest and miscellaneous fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other items are considered to be measurable and available only when cash is received by the government.

Fund Financial Statements

Fund Financial Statements of the Borough are organized into funds, each of which is considered as a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue, and expenses/expenditures. Funds used by the Borough are all categorized as governmental. The Borough presently has no proprietary or fiduciary funds.

Funds used by the Borough include:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Borough. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specific purposes or designated to finance particular functions or activities of the Borough. The reporting entity includes the following special revenue funds:

State Liquid Fuels: Accounts for revenues received and expenditures paid from liquid fuels funds received from the State.

Fort Bedford: Accounts for revenues received and expenditures paid specifically for the Fort Bedford Museum.

Capital Reserve Fund

The Capital Reserve Fund is used to account for funds set aside by the Borough for large type expenditures that are not part of the ordinary course of business.

Budgets

Budgets are adopted on a basis consistent with the modified cash basis of accounting. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects.

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within ninety days of the date acquired by the Borough.

The State of Pennsylvania authorizes the Borough to invest in obligations of the United States, obligations of the Commonwealth of Pennsylvania or to deposit funds in federally insured banking institutions. If deposits in banking institutions exceed the federally insured amounts, the banking institution must post additional collateral to secure Borough deposits. All investments are authorized by the Borough Council.

Inventories, Materials, and Supplies

Materials and supplies of the general fund are expensed as purchased.

Property, Plant, and Equipment

The Borough does not record fixed assets and related depreciation. All equipment purchases have historically been charged to expense in the year of acquisition.

Due to and Due from Other Funds

Interfund receivables and payables are from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed.

Net Position – Statement of Net Position

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Restricted net position is limited by external parties or by law through constitutional provisions or enabling legislation.

Fund Balance – Governmental Funds Balance Sheet

GASB 54 has defined fund balance classifications as follows:

Non spendable – amounts that cannot be spent because they are in a non spendable form (prepaid expenses) or legally or contractually required to be maintained intact.

Restricted – amounts limited by external parties or by law through constitutional provisions or enabling legislation.

Committed – amounts designated by the Borough Council as required for future use (increases in health care and retirement).

Assigned – amounts that are intended for a particular purpose, such as a rate stabilization fund or segregation of amounts intended for costs expected to be incurred in the future.

Unassigned – amounts available for current use, not restricted in any manner.

Property Tax Calendar

Property taxes are levied each January 1 at 100 percent of the assessed valuation of taxable property in the Borough. A 2 percent discount is given to taxpayers if taxes are paid by March 31. The face amount of taxes is due by July 31. After that date, a 10 percent penalty is assessed on taxes due.

Property taxes not collected by the tax collector by December 31 are turned over to the Bedford County Tax Claim Bureau for collection.

Estimates

The preparation of financial statements 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been considered through September __, 2015, which is the date the financial statements were available to be issued.

2. BUDGETING

The Borough has prepared and adopted budgets of the various funds as required by Section 1307 of the Borough Code. The Code requires that:

- * a proposed budget be prepared and advertised in a local newspaper prior to the adoption;
- * the budget be available for public inspection for ten days;
- * final adoption must be made by December 31 prior to the budget year.

3. DEPOSITS AND INVESTMENTS

Pennsylvania law requires that all deposits in financial institutions in excess of federal insurance limits be fully collateralized by obligations of the United States, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Pennsylvania Act 72 of 1971, as amended, permits banking institutions to satisfy this collateralization requirement by pooling securities pledged as collateral for public funds on deposit. At December 31, 2014, the carrying amount and the bank balances of Borough funds on deposit with financial institutions amounted to \$382,241 and \$399,768. Of the total bank balance, \$314,534 was covered by Federal Deposit Insurance. The remainder of \$85,234 was collateralized under the provisions of Pennsylvania Act 72, as amended.

4. MANAGEMENT AGREEMENT WITH MUNICIPAL AUTHORITY

The Borough has entered into a management agreement with The Municipal Authority of the Borough of Bedford, County of Bedford, Pennsylvania (the Authority) for operation and maintenance of its sewer system. Unless either party takes action to terminate the agreement prior to September 30, it is automatically renewed the following December 31. If the agreement is terminated, termination occurs at December 31 of the next year (fifteen months from the September 30 notification date).

5. PENSION PLAN - NON-UNIFORMED

Plan Description

The Borough pension plan is a single-employer defined benefit pension plan controlled by the provisions of Resolution of 5/3/1976 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a

separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained by contacting the PMRS office.

According to information provided by the PMRS, the actuarial pension plan information for the Borough is as follows:

Membership of the plan consisted of the following at December 31, 2014:

Active plan members	10
Retirees and Beneficiaries currently receiving benefits	7
Terminated plan members entitled but not yet receiving benefits	<u>0</u>
Total	<u>17</u>

The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan.

Summary of Significant Accounting Policies

The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. The plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by Statement Number 3 of the Government Accounting Standards Board for aggregate PMRS investments are included in PMRS's separately issued CAFR.

Contributions

Act 205 requires that annual contributions be based upon the plan's Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. In accordance with the plan's governing Ordinance, members are required to contribute 5.5% of compensation to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the plan and funded through investment earnings.

STATEMENT OF PLAN NET ASSETS
AS OF DECEMBER 31, 2014

Total Assets	
Investments at fair value with PMRS	\$ <u>1,533,730</u>
Total Liabilities	
Net assets held in trust for pension benefits	\$ <u>1,533,730</u>

STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

Additions	
Contributions	
Employer	\$ 18,575
Member	<u>23,173</u>
Subtotal	41,748
Investment income	
Interest	<u>93,838</u>
Total Additions	<u>135,586</u>
Deductions	
Benefits	336,429
Administrative	<u>300</u>
Total Deductions	<u>336,729</u>
Change in Net Assets	(201,143)
Net assets held in trust for pension benefits	
Beginning of year	<u>1,734,873</u>
End of year	\$ <u>1,533,730</u>

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c))
1/1/03	833,637	609,695	(223,942)	137%	145,636	-154%
1/1/05	930,340	730,657	(199,683)	127%	134,718	-148%
1/1/07	1,012,727	764,318	(248,409)	132%	143,834	-173%
1/1/09	2,370,937	2,306,216	(64,721)	103%	406,548	-16%
1/1/11	2,611,388	2,606,060	(5,329)	100%	454,081	-1%
1/1/13	2,868,491	2,953,979	85,488	97%	425,025	20%

SCHEDULE OF CONTRIBUTIONS FROM THE BOROUGH & OTHER CONTRIBUTION ENTITIES

Year ended December 31	Annual Required Contribution	Actuarial Valuation Date	Percentage Contributed
2005	\$ 0	2003	100
2006	0	2003	100
2007	0	2005	100
2008	0	2005	100
2009	0	2007	100
2010	0	2007	100
2011	16,052	2009	100
2012	17,014	2009	100
2013	16,691	2011	100
2014	18,555	2011	100

Notes

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the actuarial latest valuation date used to determine the Annual Required Contribution(ARC) is as follows:

Actuarial Valuation Date	January 1, 2013
Actuarial Cost Method	Entry age, Normal
Amortization Method	Level Dollar Closed
Remaining Amortization period	8.00 years
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Investment Rate of Return	5.5%
Projected Salary Increases	Age-related scale for merit/seniority (age 30-6.4%;age 40-5%;age 50-4.1%; age 60-3.7%;2% is added for each of the first 3 years of service) Includes inflation at 3%

6. PENSION PLAN – UNIFORMED

Plan Description

The Borough Police pension plan is a single-employer defined benefit pension plan controlled by the provisions of the collective bargaining agreement adopted pursuant to Act 600. The plan is governed by the Borough which may amend plan provisions, and which is responsible for the management of plan assets. The Borough filed actuarial valuation report under Act 205(Form PC-201A) with the Public Employee Retirement Commission(for year beginning January 1, 2013. Report Form PC-201A indicated the municipality maintains a defined benefit pension plan to provide pension or retirement benefits for FT Police Officers working at least 40 Hrs/Week.

According to information provided by the pension actuary, the plan actuarial information is as follows:

Membership of the plan consisted of the following at January 1:

	<u>2015</u>
Active plan members	5
Retired plan members	1
Disabled members	<u>2</u>
Total	<u>8</u>

As of January 1, 2015, the plan provides retirement, disability, and death benefits to plan members and their beneficiaries. An annual cost of living adjustment is made to retirees with a maximum total cost-of-living increase of 30%, and a maximum pension benefit of 75% of the salary used for computing retirement benefits. The annual maximum is 3.0%. Members receiving a disability benefit are not eligible for a COLA until after attainment of their normal retirement date.

Summary of Significant Accounting Policies

The plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

For the plan, any unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities or pay administrative expenses charged by the insurance company. Funds under a contract that have been allocated and applied to purchase annuities are excluded from the pension plan’s assets. Any unallocated separate accounts are valued at fair value.

Contributions

Act 205 requires that annual contributions be based upon the plan's Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. In accordance with the plan's governing Ordinance, members are required to contribute to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the plan and funded through investment earnings.

STATEMENT OF PLAN NET ASSETS AS OF DECEMBER 31, 2014

Assets

Cash	\$	0
Money Markets		43,185
US Government Securities		65,071
Corporate Bonds		330,308
Common Stocks		441,965
Equity Funds		<u>587,430</u>
Total Assets in Fund	\$	1,467,959
Employee Contributions Receivable		12,571
Accrued Income		<u>3,381</u>
Total Assets	\$	<u>1,483,911</u>
Liabilities		
Other	\$	<u>0</u>
Total Liabilities		<u>0</u>
Net Assets	\$	<u>1,483,911</u>

STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

Additions	
Contributions	
Employer	\$ 38,849
Employee	12,571
State	<u>49,432</u>
Total Contributions	<u>100,852</u>
Investment income	
Interest & Dividends	35,072
Change in Market Value	<u>34,131</u>
Total Investment income	<u>69,203</u>
Total Additions	<u>170,055</u>
Deductions	
Pension payments	75,376
Fees	<u>10,434</u>
Total Deductions	<u>85,810</u>
Change in Net Assets	84,245
Net assets held in trust for pension benefits	
Beginning of year	<u>1,399,666</u>
End of year	<u>\$ 1,483,911</u>

SCHEDULE OF FUNDING PROGRESS UNDER ACT 205

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/05	1,283,287	1,140,694	(142,593)	112%	190,027	-75%
1/1/07	1,485,475	1,355,267	(130,208)	110%	176,874	-74%
1/1/09	1,262,128	1,640,932	378,804	77%	138,571	273%
1/1/11	1,217,683	1,609,013	391,330	76%	221,824	176%
1/1/13	1,260,443	2,071,341	810,898	61%	237,539	194%
1/1/15	1,483,911	1,835,713	351,802	81%	251,416	140%

SCHEDULE OF CONTRIBUTIONS FROM THE BOROUGH & OTHER CONTRIBUTION ENTITIES

Year ended December 31	Annual Required Contribution	Percentage Contributed
2005	24,176	101%
2006	13,883	100%
2007	13,746	110%
2008	19,795	100%
2009	8,426	104%
2010	18,710	346%
2011	72,748	120%
2012	83,204	100%
2013	83,995	100%
2014	88,256	100%

Notes

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the actuarial latest valuation date used to determine the Annual Required Contribution (ARC) is as follows:

Actuarial Valuation Date	January 1, 2015
Actuarial Cost Method	Entry age, Normal
Amortization Method	Level Dollar
Asset Valuation Method	Asset Smoothing
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	4.50%

SUPPLEMENTARY INFORMATION

BOROUGH OF BEDFORD

Budgetary Comparison Schedule – Modified Cash Basis – General Fund

For The Year Ending December 31, 2014

	Original & Final <u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Favorable (<u>Unfavorable</u>)
REVENUE			
Taxes			
Real estate	\$ 534,000	\$ 515,841	\$(18,159)
Real estate transfer	35,000	42,985	7,985
Earned income	222,000	241,955	19,955
Local services	<u>107,010</u>	<u>104,192</u>	<u>(2,818)</u>
Total taxes	<u>898,010</u>	<u>904,973</u>	<u>6,963</u>
Licenses & Permits			
Other	1,900	1,000	(900)
Cable TV contract	<u>37,000</u>	<u>37,598</u>	<u>598</u>
Total licenses & permits	<u>38,900</u>	<u>38,598</u>	<u>(302)</u>
Fines & Forfeits	<u>39,540</u>	<u>44,302</u>	<u>4,762</u>
Interest & Rents			
Interest	510	625	115
Rents	<u>24,450</u>	<u>11,564</u>	<u>(12,886)</u>
Total interest & rents	<u>24,960</u>	<u>12,189</u>	<u>(12,771)</u>
State Government			
Public utility realty tax	1,000	1,158	158
Alcoholic beverage licenses	1,500	1,700	200
Municipal pension aid	64,700	62,108	(2,592)
Fire relief	18,640	15,878	(2,762)
Marcellus shale impact fee	<u>90</u>	<u>91</u>	<u>1</u>
Total state government	<u>85,930</u>	<u>80,935</u>	<u>(4,995)</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD

Budgetary Comparison Schedule – Modified Cash Basis - General Fund

For The Year Ending December 31, 2014

	Original & Final <u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Local Government			
Highways & streets	10,000	0	(10,000)
Payments in lieu of taxes	<u>4,010</u>	<u>4,000</u>	<u>(10)</u>
Total local government	<u>14,010</u>	<u>4,000</u>	<u>(10,010)</u>
Charges for Services			
Zoning & Subdivision	1,610	3,237	1,627
Police services	25,420	21,995	(3,425)
Highways & streets	<u>1,400</u>	<u>1,652</u>	<u>252</u>
Total charges for services	<u>28,430</u>	<u>26,884</u>	<u>(1,546)</u>
Miscellaneous Revenues			
Sale of property	30	4,051	4,021
Donations	310	8,500	8,190
Reimbursements	26,334	21,398	(4,936)
Miscellaneous	<u>10</u>	<u>50</u>	<u>40</u>
Total miscellaneous revenue	<u>26,684</u>	<u>33,999</u>	<u>7,315</u>
Total Revenues	<u>1,156,464</u>	<u>1,145,880</u>	<u>(10,584)</u>
Charges to Appropriations(Outflows)			
General Government			
Executive salaries	<u>25,200</u>	<u>25,764</u>	<u>(564)</u>
Auditing fees	<u>8,250</u>	<u>8,250</u>	<u>0</u>
Tax collection			
Commissions	11,800	18,689	(6,889)
Bond	55	323	(268)
General expense	<u>900</u>	<u>820</u>	<u>80</u>
Total tax collection	<u>12,755</u>	<u>19,832</u>	<u>(7,077)</u>
Legal fees	<u>4,850</u>	<u>3,883</u>	<u>967</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD

Budgetary Comparison Schedule – Modified Cash Basis - General Fund

For The Year Ending December 31, 2014

	Original & Final <u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Favorable (<u>Unfavorable</u>)
Secretary/Office			
Salaries	28,210	24,404	3,806
Other	2,500	2,656	(156)
Data processing	<u>3,150</u>	<u>8,703</u>	<u>(5,553)</u>
Total secretary/office	<u>33,860</u>	<u>35,763</u>	<u>(1,903)</u>
Other administration			
Benefits	81,070	85,817	(4,747)
General	<u>2,750</u>	<u>3,270</u>	<u>(520)</u>
Total other administration	<u>83,820</u>	<u>89,087</u>	<u>(5,267)</u>
Engineering	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Borough buildings			
Salaries & wages	1,000	1,306	(306)
Supplies	800	430	370
Utilities	7,800	6,719	1,081
Maintenance	<u>1,000</u>	<u>14,636</u>	<u>(13,636)</u>
Total borough buildings	<u>10,600</u>	<u>23,091</u>	<u>(12,491)</u>
Total General Government	<u>180,335</u>	<u>205,670</u>	<u>(25,335)</u>
Public Safety			
Police			
Wages and benefits	374,790	340,115	34,675
Uniforms	5,250	4,901	349
Supplies	1,800	1,487	313
Minor equipment	2,000	766	1,234
Communication	5,500	6,257	(757)
Fuel	9,000	12,457	(3,457)
Repairs	3,500	3,457	43
Shooting range	2,000	1,895	105
General expense	<u>3,700</u>	<u>4,636</u>	<u>(936)</u>
Total police	<u>407,540</u>	<u>375,971</u>	<u>31,569</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD
 Budgetary Comparison Schedule – Modified Cash Basis - General Fund
 For The Year Ending December 31, 2014

	Original & Final <u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Favorable (<u>Unfavorable</u>)
Fire protection			
Wages	500	165	335
Fuel	7,200	9,203	(2,003)
Utilities	2,730	2,775	(45)
Contributions	6,000	6,000	0
Relief fund	18,640	15,878	2,762
General	<u>0</u>	<u>4,250</u>	<u>(4,250)</u>
Total fire protection	<u>35,070</u>	<u>38,271</u>	<u>(3,201)</u>
Ambulance	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Code enforcement	<u>4,500</u>	<u>4,112</u>	<u>388</u>
Zoning & historical architecture	<u>220</u>	<u>408</u>	<u>(188)</u>
Emergency management			
Wages	1,800	1,800	0
Repairs	200	0	200
General expenses	<u>200</u>	<u>0</u>	<u>200</u>
Total emergency management	<u>2,200</u>	<u>1,800</u>	<u>400</u>
Civil Service	<u>50</u>	<u>0</u>	<u>50</u>
Total Public Safety	<u>452,080</u>	<u>423,062</u>	<u>29,018</u>
Health and Human Services			
Pest control	400	0	400
Contributions	<u>10</u>	<u>0</u>	<u>10</u>
Total health and human services	<u>410</u>	<u>0</u>	<u>410</u>
Sanitation	<u>4,150</u>	<u>4,104</u>	<u>46</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD

Budgetary Comparison Schedule – Modified Cash Basis - General Fund

For The Year Ending December 31, 2014

	Original & Final <u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Highways & Streets			
Wages & benefits	118,425	120,377	(1,952)
Street cleaning	10,010	10,653	(643)
Snow removal	8,530	9,276	(746)
Traffic signals & signs	6,520	5,247	1,273
Street lighting	33,150	27,628	5,522
Sidewalks	1,010	11	999
Storm sewers	12,680	10,682	1,998
Road repairs	4,520	5,629	(1,109)
Road construction	<u>45,000</u>	<u>100,906</u>	<u>(55,906)</u>
Total Highway & Streets	<u>239,845</u>	<u>290,409</u>	<u>(50,564)</u>
Culture & Recreation			
Participant			
Arts Council	250	0	250
Bedford Joint Municipal Authority	5,500	5,500	0
Bedford Parks and Recreation	3,770	3,409	361
Egolf Park	<u>0</u>	<u>2,235</u>	<u>(2,235)</u>
Total participant	<u>9,520</u>	<u>11,144</u>	<u>(1,624)</u>
Spectator – Anderson House	<u>0</u>	<u>9,713</u>	<u>(9,713)</u>
Parks & recreation			
Wages	8,500	4,748	3,752
Supplies	1,310	842	468
Electricity	2,300	2,309	(9)
Repairs	2,000	1,170	830
Rent	1,250	1,280	(30)
Contracted services	<u>5,120</u>	<u>5,113</u>	<u>7</u>
Total parks & recreation	<u>20,480</u>	<u>15,462</u>	<u>5,018</u>
Shade trees			
Wages	11,010	9,458	1,552
Supplies	1,000	1,500	(500)
Contracted services	<u>1,000</u>	<u>500</u>	<u>500</u>
Total shade trees	<u>13,010</u>	<u>11,458</u>	<u>1,552</u>
Library	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Total Culture & Recreation	<u>45,010</u>	<u>49,777</u>	<u>(4,767)</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD
 Budgetary Comparison Schedule – Modified Cash Basis - General Fund
 For The Year Ending December 31, 2014

	Original & Final <u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Favorable (<u>Unfavorable</u>)
Community Development			
Downtown Bedford contribution	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Total Community Development	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Employer Paid Benefits			
Pension contributions	95,337	95,338	(1)
Workers compensation insurance	<u>63,130</u>	<u>62,910</u>	<u>220</u>
Total Employer Paid Benefits	<u>158,467</u>	<u>158,248</u>	<u>219</u>
Insurance Premiums	<u>37,338</u>	<u>37,950</u>	<u>(612)</u>
Total Expenditures	<u>(1,172,635)</u>	<u>(1,224,220)</u>	<u>(51,585)</u>
Net Income from Operations	(16,171)	(78,340)	(62,169)
Transfers	<u>(76,955)</u>	<u>(84,485)</u>	<u>(7,530)</u>
Excess (Deficiency) of Budgeted Revenue over Expenditures	(93,126)	(162,825)	(69,699)
Fund Balance, January 1, 2014	<u>0</u>	<u>499,578</u>	<u>499,578</u>
Fund Balance, December 31, 2014	\$ <u>(93,126)</u>	\$ <u>336,753</u>	\$ <u>429,879</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD

Budgetary Comparison Schedule – Modified Cash Basis - State Liquid Fuels Fund
For The Year Ending December 31, 2014

	Original & Final <u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenue			
Liquid fuels grant	\$ 67,370	\$ 74,924	\$ 7,554
Interest	<u>10</u>	<u>10</u>	<u>0</u>
Total revenue	<u>67,380</u>	<u>74,934</u>	<u>7,554</u>
Operating Expenditures			
Equipment	1,000	0	1,000
Snow & ice removal	22,000	30,684	(8,684)
Traffic signals, signs & markings	5,900	2,004	3,896
Storm sewers & drains	4,500	0	4,500
Highway repair & maintenance	1,000	2,162	(1,162)
Highway construction & rebuilding	<u>32,980</u>	<u>37,000</u>	<u>(4,020)</u>
Total operating expenditures	<u>(67,380)</u>	<u>(71,850)</u>	<u>(4,470)</u>
Excess (Deficiency) of Budgeted Revenue over Expenditures	0	3,084	3,084
Fund Balance- January 1, 2014	<u>0</u>	<u>21,748</u>	<u>21,748</u>
Fund Balance – December 31, 2014	\$ <u>0</u>	\$ <u>24,832</u>	\$ <u>24,832</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD

Budgetary Comparison Schedule – Modified Cash Basis - Fort Bedford Museum Fund
For The Year Ending December 31, 2014

	Original & Final <u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenue			
Interest & rents	\$ 10	\$ 0	\$ (10)
Sales	13,050	0	(13,050)
Admissions	8,750	0	(8,750)
Reimbursements	0	3,138	3,138
Donations	<u>1,800</u>	<u>0</u>	<u>(1,800)</u>
Total revenue	<u>23,610</u>	<u>3,138</u>	<u>(20,472)</u>
Operating Expenditures			
General expense	18,510	271	18,239
Building maintenance & repairs	19,950	787	19,163
Spectator recreation	6,520	712	5,808
Insurance	5,100	3,991	1,109
Bedford heritage trust	<u>0</u>	<u>25,000</u>	<u>(25,000)</u>
Total operating expenditures	<u>(50,080)</u>	<u>(30,761)</u>	<u>19,319</u>
Net (Loss) from Operating Expenditures	(26,470)	(27,623)	(1,153)
Transfer from General Fund	<u>26,470</u>	<u>27,000</u>	<u>530</u>
Excess (Deficiency) of Budgeted Revenue over Expenditures	0	(623)	(623)
Fund Balance- January 1, 2014	<u>0</u>	<u>815</u>	<u>815</u>
Fund Balance – December 31, 2014	\$ <u>0</u>	\$ <u>192</u>	\$ <u>192</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF BEDFORD

Budgetary Comparison Schedule – Modified Cash Basis - Capital Reserve Fund
For The Year Ending December 31, 2014

	Original & Final <u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Favorable (<u>Unfavorable</u>)
Revenue			
Interest	\$ <u>25</u>	\$ <u>71</u>	\$ <u>46</u>
Operating Expenditures			
General expense	10	0	10
Data processing	2,000	319	1,681
Police	20,000	13,145	6,855
Public works	27,500	37,620	(10,120)
Construction	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total operating expenditures	<u>50,510</u>	<u>51,084</u>	<u>(574)</u>
Net Income from Operations	(50,485)	(51,013)	(528)
Transfer from (to) General Fund	<u>50,485</u>	<u>57,485</u>	<u>7,000</u>
Excess (Deficiency) of Budgeted Revenue over Expenditures	0	6,472	6,472
Fund Balance- January 1, 2014	<u>0</u>	<u>6,390</u>	<u>6,390</u>
Fund Balance – December 31, 2014	\$ <u>0</u>	\$ <u>12,862</u>	\$ <u>12,862</u>

The accompanying notes are an integral part of this statement.

BEDFORD BOROUGH
BEDFORD, PENNSYLVANIA

Financial Statements
December 31, 2015

BEDFORD BOROUGH
FINANCIAL STATEMENTS
DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

August 01, 2016

Borough Council
Bedford Borough
Bedford, Pennsylvania

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bedford Borough, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Bedford Borough's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 of 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 Borough'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 Borough'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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bedford Borough, as of December 31, 2015, and the respective changes in financial position – modified cash basis thereof for the year ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 budgetary comparison information, schedules of changes in net pension liability and related ratios, employer contributions and investment return on pages 31 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. Our opinion on the financial statements is not affected by this missing information.



WESSEL & COMPANY
Certified Public Accountants

BEDFORD BOROUGH
 GOVERNMENT-WIDE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 DECEMBER 31, 2015

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 325,593
Total Assets	<u>\$ 325,593</u>
<u>LIABILITIES AND NET POSITION</u>	
Current Liabilities	
Accrued payroll taxes and withholdings	\$ 10,897
Due to other governments	<u>23,668</u>
Total Liabilities	<u>34,565</u>
Net Position	
Restricted	21,415
Unrestricted	<u>269,613</u>
Total Net Position	<u>291,028</u>
Total Liabilities and Net Position	<u>\$ 325,593</u>

BEDFORD BOROUGH
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position Primary Government	
		Charges for Services	Operating Grants and Contribution	Governmental Activities	Total
Primary Government:					
Governmental Activities:					
General government	\$ 172,500	\$ 500	\$ 52,406	\$ (119,594)	\$ (119,594)
Public safety	462,670	21,428	16,834	(424,408)	(424,408)
Public works - sanitation	4,464	-	-	(4,464)	(4,464)
Public works - highways & streets	331,361	-	85,108	(246,253)	(246,253)
Culture and recreation	55,180	-	500	(54,680)	(54,680)
Community development	55,000	-	4,000	(51,000)	(51,000)
Employee benefits	165,913	-	-	(165,913)	(165,913)
Insurance	40,053	-	-	(40,053)	(40,053)
Total Governmental Activities	1,287,141	21,928	158,848	(1,106,365)	(1,106,365)
General Revenues:					
Taxes:					
Property taxes				\$ 572,389	\$ 572,389
Local enabling taxes				341,268	341,268
Licenses and permits				44,291	44,291
Fines, forfeitures and costs				31,526	31,526
Interest and rents				661	661
Proceeds from asset disposal				5,000	5,000
Other revenues				27,619	27,619
Total General Revenues and Transfers				1,022,754	1,022,754
Change in Net Position				(83,611)	(83,611)
Net Position - Beginning of Year				374,639	374,639
Net Position - End of Year				\$ 291,028	\$ 291,028

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BEDFORD BOROUGH
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
DECEMBER 31, 2015

	Governmental Fund Types				Totals
	General	State Liquid Fuels Fund	Fort Bedford Museum Fund	Capital Reserve	
<u>ASSETS</u>					
Cash	\$ 288,975	\$ 21,415	\$ 872	14,331	\$ 325,593
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 288,975</u>	<u>\$ 21,415</u>	<u>\$ 872</u>	<u>\$ 14,331</u>	<u>\$ 325,593</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Taxes payable	\$ 10,897	\$ -	\$ -	\$ -	\$ 10,897
Due to other governments	23,668	-	-	-	23,668
Total Liabilities	<u>34,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,565</u>
Fund Balance					
Restricted	-	21,415	-	-	21,415
Assigned	-	-	872	14,331	15,203
Unassigned	254,410	-	-	-	254,410
Total Fund Balance	<u>254,410</u>	<u>21,415</u>	<u>872</u>	<u>14,331</u>	<u>291,028</u>
Total Liabilities and Fund Balance	<u>\$ 288,975</u>	<u>\$ 21,415</u>	<u>\$ 872</u>	<u>\$ 14,331</u>	<u>\$ 325,593</u>

BEDFORD BOROUGH
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Governmental Fund Types				Totals
	General	State Liquid Fuels Fund	Fort Bedford Museum Fund	Capital Reserve	
Revenues:					
Taxes	\$ 913,657	\$ -	\$ -	\$ -	\$ 913,657
Licenses and permits	44,291	-	-	-	44,291
Fines, forfeitures and costs	31,526	-	-	-	31,526
Interest and rents	574	16	-	71	661
Intergovernmental	68,202	83,008	-	-	151,210
Charges for services	21,928	-	-	-	21,928
Miscellaneous revenue	35,257	-	-	-	35,257
Total Revenues	1,115,435	83,024	-	71	1,198,530
Expenditures:					
General government	171,864	-	-	636	172,500
Public safety	443,544	-	-	19,126	462,670
Public works - sanitation	4,464	-	-	-	4,464
Public works - highways & streets	217,595	86,441	-	27,325	331,361
Culture and recreation	29,156	-	26,024	-	55,180
Community development	55,000	-	-	-	55,000
Employee benefits	165,913	-	-	-	165,913
Insurance	36,037	-	4,016	-	40,053
Total Expenditures	1,123,573	86,441	30,040	47,087	1,287,141
Excess/(Deficiency) of Revenues Over Expenditures	(8,138)	(3,417)	(30,040)	(47,016)	(88,611)
Other Financing Sources/(Uses):					
Sale of a capital asset	5,000	-	-	-	5,000
Operating transfers in	-	-	30,720	48,485	79,205
Operating transfers (out)	(79,205)	-	-	-	(79,205)
Total Other Financing Sources/(Uses)	(74,205)	-	30,720	48,485	5,000
Excess/(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(82,343)	(3,417)	680	1,469	(83,611)
Fund Balance - Beginning of Year	336,753	24,832	192	12,862	374,639
Fund Balance - End of Year	<u>\$ 254,410</u>	<u>\$ 21,415</u>	<u>\$ 872</u>	<u>\$ 14,331</u>	<u>\$ 291,028</u>

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

BEDFORD BOROUGH
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2015

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

Net change in fund balance - total governmental funds (page 7)	\$ (83,611)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of the differences in the treatment of long-term debt on the statement of activities.

-

The net effect of various transactions involving capital assets, (i.e. purchases, disposals, etc.) is to increase net assets

-

Change in net position of governmental activities (page 5)	<u><u>\$ (83,611)</u></u>
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BEDFORD BOROUGH
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
 DECEMBER 31, 2015

	<u>Police Pension Trust Fund</u>	<u>Non-Uniform Pension Trust Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Investments	<u>\$ 1,461,439</u>	<u>\$ 1,683,838</u>	<u>\$ 3,145,277</u>
Total Assets	<u><u>\$ 1,461,439</u></u>	<u><u>\$ 1,683,838</u></u>	<u><u>\$ 3,145,277</u></u>
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Held in trust for employee pension benefits	<u>1,461,439</u>	<u>1,683,838</u>	<u>3,145,277</u>
Total Net Position	<u>1,461,439</u>	<u>1,683,838</u>	<u>3,145,277</u>
Total Liabilities and Net Position	<u><u>\$ 1,461,439</u></u>	<u><u>\$ 1,683,838</u></u>	<u><u>\$ 3,145,277</u></u>

BEDFORD BOROUGH
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Police Pension Trust Fund	Non-Uniform Pension Trust Fund	Total
<u>Additions</u>			
Contributions - employee	\$ 24,437	\$ 22,864	\$ 47,301
Contributions - employer	50,487	39,833	90,320
State Contribution	38,220	-	38,220
Net appreciation/(depreciation) in fair value of investments	(92,975)	-	(92,975)
Other income	-	2,155	2,155
Investment Income	43,977	85,256	129,233
Total Additions	<u>64,146</u>	<u>150,108</u>	<u>214,254</u>
<u>Deductions</u>			
Withdrawals by Check	210	-	210
Administrative expenses	13,301	-	13,301
Purchased annuities	73,107	-	73,107
Total Deductions	<u>86,618</u>	<u>-</u>	<u>86,618</u>
Change in Net Position	(22,472)	150,108	127,636
Net Position Held in Trust for Employee Pension Benefits:			
Beginning of the Year	<u>1,483,911</u>	<u>1,533,730</u>	<u>3,017,641</u>
End of the Year	<u>\$ 1,461,439</u>	<u>\$ 1,683,838</u>	<u>\$ 3,145,277</u>

BEDFORD BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bedford Borough, the Borough, was incorporated under the Commonwealth of Pennsylvania Municipalities Act. The Borough operates under the Mayor-Council form of government whereby the mayor and council are elected officials.

a. Basis of Accounting

The accompanying financial statement has been prepared on the modified cash basis of accounting, a special purpose framework. Under this basis, the only asset recognized is cash and only liabilities due at year end are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. The modified cash basis differs from generally accepted accounting principles primarily because the effects of accounts receivable, capital assets and related depreciation, deferred inflows, accounts payable, long-term debt obligations, other liabilities, and deferred outflows are not included in the financial statement.

b. Basis of Presentation

The Borough's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

In the current year, the Borough has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", which replaces the requirements of Statements No. 27, "Accounting for pensions by State and Local Governmental Employers", and No. 50, "Pension Disclosures", as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

The Borough's two (2) defined benefit pension plans, the Police pension plan and the Non-Uniform pension plan, are described further in Note 6.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Borough as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial position of the governmental activities of the Borough at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Borough, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program activity is self-financing or draws from the general revenues of the Borough.

Fund Financial Statements

During the year, the Borough segregates transactions related to certain Borough functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Borough at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Fiduciary funds are reported by type.

c. Fund Accounting

The Borough uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two (2) categories of funds: governmental and fiduciary.

Governmental Funds

Governmental funds are those which most governmental functions of the Borough are financed. The Governmental funds follow the modified cash basis of accounting.

The following are the funds maintained by the Borough:

Major Funds:

General Fund - The General Fund is the general operating fund of the Borough. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds:

Liquid Fuels Fund – Accounts for revenue received and expenditures paid from the State’s liquid fuels tax.

Fort Museum Fund – Accounts for revenue and expenditures specifically for the mission and programmatic activities of Fort Bedford Museum.

Capital Reserve Fund:

The Capital Reserve Fund is used to account for funds set aside by the Borough for large type expenditures that are not part of the ordinary course of business.

Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds account for assets held by a government unit in a trustee capacity and/or as an agent for individuals, private organizations, other governmental units and/or other funds. These include (a) expendable trust funds, (b) non-expendable trust funds, (c) pension trust funds, and (d) agency funds. The modified cash basis of accounting is utilized for fiduciary funds. The Borough’s fiduciary funds are pension trust funds, which consists of the Police and Non-Uniform Pension Plans.

d. Budgets

The administration submits to the Borough Council proposed operating budgets in accordance with the Administrative Code. Prior to the inception of the calendar year, the budgets are legally enacted by the Council Members through passage of budget resolutions. All transfers of budgeted amounts between departments, as well as all budget amendments, require the approval of Council.

The budgets are prepared on the cash receipts and disbursements basis of accounting, for the following funds:

- General Fund
- Special Revenue
 - Liquid Fuels Fund
 - Fort Museum Fund
- Capital Projects Fund

Formal budgetary integration is employed as a management control device on a cash receipts and disbursements basis of accounting during the year for the aforementioned funds. However, since the budgets are not adopted on a basis consistent with generally accepted accounting principles (GAAP), the budgetary comparisons presented in this report are on a non-GAAP budgetary basis. In this instance, however, the comparison is not materially by the different bases. The individual financial statements of the budgetary funds of the Borough present comparisons of non-GAAP budgets to actual results.

Encumbrance accounting is not utilized by the Borough. This is the procedure under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Reservations of fund balances are, therefore, not provided for in the financial statements.

f. Reporting Entity

The Borough follows the Statement of Governmental Accounting Standards Board No. 61, "The Financial Reporting Entity." The criteria for including organizations as component units within the Borough's reporting entity include whether:

- The Borough is legally separate (can sue and be sued in their own name)
- The Borough holds the corporate powers of the organization
- The Borough appoints a voting majority of the organization's board
- The Borough is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Borough
- There is fiscal dependency by the organization on the Borough

Based on the aforementioned criteria, the Borough has the following component unit:

Bedford Borough Municipal Authority

Selected financial information from the most recently issued reports of Bedford Borough Municipal Authority is presented below. Complete financial statements are available at their administrative offices.

Condensed Statement of Net Position

	<u>December 31, 2015</u>
Assets:	
Current Assets	\$ 1,516,659
Capital Assets	<u>23,760,889</u>
Total Assets	<u>\$ 25,277,548</u>
Liabilities	
Current Liabilities	\$ 778,379
Non-Current Liabilities	<u>12,997,464</u>
Total Liabilities	<u>\$ 13,775,843</u>
Net Position	
Unrestricted	\$ 1,452,999
Invested in Capital Assets	<u>10,048,706</u>
Total Net Position	<u>\$ 11,501,705</u>

Condensed Statement of Activities

	<u>December 31, 2015</u>
Service fees	\$ 1,994,181
Other operating revenue	<u>37,657</u>
Total Revenues	<u>2,031,169</u>
Depreciation expense	837,306
Other operating expense	900,385
Non-operating expense	<u>144,422</u>
Total Expenses	<u>1,822,113</u>
Change in Net Position	149,725
Beginning Net Position	<u>11,351,980</u>
Ending Net Position	<u>\$ 11,501,705</u>

g. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors, or laws or other regulations of other governments.

The Borough's policy is to first apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

h. Fund Balance

The Borough follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement required the governmental funds' fund balances to be reclassified into the following five new categories:

Nonspendable - fund balance permanently restricted and unavailable for current operations.

Restricted - fund balance temporarily restricted for specified purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed - fund balance temporarily restricted for specified purposes established by a formal action by the Borough Council. Formal action by Borough Council is also necessary to modify or rescind a fund balance commitment.

Committed - fund balance temporarily restricted for specified purposes established by a formal action by the Borough Council. Formal action by Borough Council is also necessary to modify or rescind a fund balance commitment.

Assigned - fund balance intended for specific purpose that does not meet the criteria to be classified as restricted or committed. Borough Council has authorized the Borough Manager as the official authorized to assign fund balance to a specific purpose.

Unassigned - fund balance available for operations without any restriction

Borough Council will spend the most restricted dollars before less restricted in the order as defined above.

i. Interfund Transactions

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

j. GASB Statement 45 – Post Employment Benefits

The Borough does not provide any other post-retirement benefits (OPEB) other than pension benefits; therefore GASB 45 does not apply.

NOTE 2 - CASH AND INVESTMENTS

The Borough has a policy that requires all deposits and investments, other than U.S. government obligations, to be covered by Federal insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not insured by the Federal Deposit Insurance Corporation are collateralized using the pooled asset method to one hundred percent (100%) of value as required by Pennsylvania Law.

The securities pledged as collateral are held by the trust department of a financial institution or by its agents in the financial institution's name. When certificates of deposit are purchased, the Borough or its agent either holds the actual certificate of deposit or receives a safekeeping certificate as its proof of ownership.

Pennsylvania Law limits investment and deposit types the Borough may purchase as follows:

- (a) U.S. Treasury bills.
- (b) Short-term obligations of the U.S. government or its agencies.
- (c) Demand, savings and time deposits with institutions insured by the FDIC or the National Credit Union Share Funds or collateralized with securities as provided by law.
- (d) Obligations of the United States or any of its agencies, the Commonwealth of Pennsylvania or any of its agencies or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies providing the obligations are backed by the full faith and credit of the political subdivision.

Deposits include items described in (b) and (c).

A. Deposits

As of December 31, 2015 the carrying amount and the bank balance of the Borough's deposits totaled \$325,593 at multiple financial institutions. All of the Borough's bank balances were fully insured by federal depository insurance of \$250,000 per bank. The amounts are included on the statements of net position as cash and cash equivalents.

B. Investment Pools

FNB Wealth Management

The Borough maintains one (1) single-employer defined benefit pension plan with FNB Wealth Management to manage the Police Pension Plan. The Plan is governed by the Borough Council which may amend plan provisions, and which are responsible for the management of Plan assets.

Investments in external investment pools or in mutual funds are disclosed by First National Bank but not categorized because they are not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are also disclosed but not categorized because they are held by the buyer-lender. As of December 31, 2015, the carrying amount and fair value of the FNB Wealth Management pooled funds totaled \$1,458,413 which is the same as the value of the pool share.

PMRS

The Borough maintains one (1) single-employer defined benefit pension plan with Pennsylvania Municipal Retirement System (PMRS) to manage the Non-Uniform Pension Plan. The Plan is governed by the Borough Council which may amend plan provisions, and which are responsible for the management of Plan assets.

Investments in external investment pools or in mutual funds are disclosed by PMRS but not categorized because they are not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are also disclosed but not categorized because they are held by the buyer-lender. As of December 31, 2015, the carrying amount and fair value of the pooled funds totaled \$1,683,838 which is the same as the value of the pool share.

NOTE 3 - PROPERTY TAXES

The Borough levies property taxes at 3.0 mills of assessed valuation of taxable property in the Borough. The assessed valuation for 2015 totaled \$176,397,200 which would generate \$529,192 of property tax revenue.

The following is a summary of the tax calendar for the year ended December 31, 2015:

Mailing Date --- February 1, 2015
Discount Period at 2% --- February 1, 2015 to March 31, 2015
Face Period --- April 1, 2015 to May 31, 2015
Penalty Period at 10% --- June 1, 2015
Lien Date --- January 15, 2016

NOTE 4 - LIQUID FUELS TAX – HIGHWAY AID FUND

Revenues recorded within this special revenue fund are received annually by virtue of the Commonwealth of Pennsylvania Liquid Fuels Tax Act and expenditures are restricted to certain appropriations for highway purposes as approved by the Pennsylvania Department of Transportation. Unexpended allocations of such revenues are available for carryover and reappropriation to the succeeding year.

NOTE 5 - MANAGEMENT AGREEMENT WITH MUNICIPAL AUTHORITY

The Borough has entered into a management agreement with the Municipal Authority if the Borough of Bedford, County of Bedford, Pennsylvania (the Authority) for operation and maintenance of its sewer system. Unless either party takes action to terminate the agreement prior to September 30, it is automatically renewed the following December 31. If the agreement is terminated, termination occurs at December 31 of the next year (fifteen months from the September 30 notification date).

NOTE 6 - PENSION PLANS

Plan Description

The Borough maintains two (2) single employer defined benefit pension plans, the Police Pension plan and the Non-Uniform Pension plan. The benefits provided to the employees and beneficiaries under both plans are retirement, disability and death. The pension plans benefit provisions are established and may be amended by the Borough Council. The Borough Council has the authority to manage plan assets. The Borough issues a separate financial report on each pension plan. A copy of these financial reports can be obtained at the Borough Municipal Building.

The Commonwealth of Pennsylvania has enacted the "Municipal Pension Plan Funding and Recovery Act" (Act 205). This act establishes certain standards and requirements for municipal pensions in the areas of: (1) actuarial reporting; (2) employer contribution requirements; and (3) revising the State insurance allocations. The Borough's actuarial reports for the pension have been changed to meet the reporting requirements of Act 205. The disclosure requirements for the plan are summarized as follows:

Police Pension Plan

Plan administration

The Bedford Borough Police Pension Plan is a single-employer defined benefit pension plan. The plan is controlled by the provisions of the collective bargaining agreement adopted pursuant to Act 600. The plan is governed by the board of borough supervisors which is responsible for the management of plan assets.

Method used to value investments

Plan investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan membership

The plan covers all full time employees of the Police Department. As of December 31, 2015, pension plan membership consisted of the following:

Active employees	5
Retirees and beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving them	<u>0</u>
Total	<u>8</u>

Benefits provided

The plan provides normal retirement, vesting, survivor, and disability benefits to plan members and their. Retirement benefits for plan members are calculated as fifty percent (50%) of the final monthly average salary (total pay excluding task force pay averaged over the final thirty-six (36) months of employment), plus service increment of \$80 for each completed year of service in excess of twenty-five (25) years, to a maximum increment of \$450. Plan members with twenty-five (25) years of service are eligible to retire at age fifty (50). The members are vested after twelve (12) years of service.

Survivor benefits before retirement eligibility amount to a refund of contributions, if any, plus interest. Survivor benefits after retirement eligibility are determined as fifty percent (50%) of the amount that the participant was receiving or was eligible to receive, for life.

Disability benefits are only received if the cause is service related and the benefits are determined as fifty percent (50%) of the average monthly salary at the time of disability, offset by any benefits payable under the Social Security Act because of the same injuries.

Contributions

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Act 205 requires that annual contributions to the pension plan be based upon the minimum municipal obligation (MMO). The MMO is determined from the plan's latest actuarial valuation report along with estimates of payroll, employee contributions, and administrative costs. For the year ended December 31, 2015, the Borough's required contribution was \$88,707.

Employees are required to contribute five percent (5%) of covered payroll to the plan. This contribution is governed by the plan's governing ordinances and collective bargaining. Contributions are currently 33.2% of covered payroll.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the plan and funded through the MMO and/or plan earnings.

Investments

The plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The plan's target asset allocation is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash & Cash Equivalents	9.00%
Real Estate	0.00%
Domestic Equity	58.00%
International Equity	0.00%
Fixed Income	33.00%

Concentrations

Concentration of credit risk is the loss attributed to the magnitude of an investment in a single issuer. The plan places no limits on the amount that may be invested in any one issuer. At December 31, 2015, the plan had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments) in any one issuer than represent five percent (5%) of more of fiduciary net position.

Rate of return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was (-3.9) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability/(Asset) of the Borough

The components of the net pension asset of the Borough at December 31, 2015 were as follows:

Total Pension Plan Liability	\$ 1,935,968
Plan Fiduciary Net Position	(<u>1,462,831</u>)
Borough's Net Pension Liability/(Asset)	\$ <u><u>473,037</u></u>

Plan fiduciary net position as a percentage of the total pension asset is 75.6%.

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.0% including inflation
Investment rate of return	7.5% including inflation

Mortality rates were based on the IRS 2009 Static Combined Table for Small Plans males and females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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>Long Term Expected Real Rate of Return</u>
Domestic equity	5.50-7.50%
International equity	4.50-6.50%
Fixed income	1.00-3.00%
Real estate	4.50-6.50%
Cash and cash equivalents	0.00-1.00%

Discount rate

The discount rate used to measure the total pension liability/(asset) was 7.5 percent. The pension plan's fiduciary net position is 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. The employer has always met the funding requirement of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability/(asset) of the Borough, calculated using the discount rate of 7.5 percent, as well as what the Borough's net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	<u>-1% (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>+1% (8.5%)</u>
Borough net pension liability/(asset)	\$690,029	\$473,037	\$290,232

Pension expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

Components of Pension Expense	<u>12/31/15</u>
Service Cost	\$ 35,315
Interest on total pension liability	137,602
Recognition of differences between expected and Actual experience	---
Change in benefit terms	---
Recognition of changes in assumptions	---
Employee contributions	(13,357)
Projected earnings on pension plan investments	(112,264)
Recognition of differences between projected and Actual earnings on plan investments	31,824
Pension plan administrative expense	3,524
Other changes in fiduciary net position	<u>---</u>
 Total pension expense	 \$ <u>82,644</u>

At December 31, 2015, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension expense from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between the Expected and actual experience	\$ ---	\$ ---
Changes of assumptions	---	---
Net difference between projected and Actual earnings on plan investments	<u>31,824</u>	<u>---</u>
 Total	 \$ <u>31,824</u>	 \$ <u>---</u>

Amounts reported as deferred outflows of resources and (deferred inflows of resources) related to pension will be recognized in pension expense as follows:

<u>Year ended</u>	<u>Amount</u>
2016	\$ 6,365
2017	6,365
2018	6,365
2019	6,365
2020	6,364
Thereafter	<u>---</u>
 Total	 \$ <u>31,824</u>

Non-Uniform Plan

Plan administration

The Borough of Bedford Non-Uniformed Employees' Pension Plan is a single-employer defined benefit pension plan. The plan was amended and restated by Ordinance No. 2015-04, effective April 1, 2015. The plan is governed by the Borough Council of the Borough of Bedford which may amend plan provisions, and which is responsible for the management of plan assets. The Borough Council has delegated the authority to manage certain plan assets to PMRS. The plan is required to file Form PC-203C biennially with the Public Employee Retirement Commission (PERC). The most recent filing was as of January 1, 2015.

Method used to value investments

Plan investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan membership

The plan covers all full-time, non-uniform employees. As of December 31, 2015, pension plan membership consisted of the following:

Active employees	8
Retirees and beneficiaries currently receiving benefits	7
Terminated employees entitled to benefits but not yet receiving them	<u>1</u>
Total	<u>16</u>

Benefits provided

The plan provides normal retirement, early retirement, vesting, survivor, and disability benefits to plan members and their beneficiaries in accordance with Ordinance No. 2015-04. The annual basic benefit shall be calculated by multiplying the member's final salary by all years of credited service and multiplied by the benefit accrual rate of two and five tenths percent (2.5%). Provided however, in no event shall the annual basic benefit exceed sixty percent (60%) of the member's final salary.

Plan members with twelve (12) years of service are eligible to retire at age sixty (60). The early retirement benefit will be actuarially reduced for each year or partial year thereof prior to sixty (60) years of age that early retirement takes place.

Survivor benefits before early retirement eligibility amount to a refund of contributions, if any. Survivor benefits after early retirement eligibility but before retirement are determined as fifty percent (50%) of the amount the participant would have received had they retired the day before death and elected immediate commencement of benefits in the form of a joint and fifty percent (50%) survivor annuity. Survivor benefits after retirement are determined as the form of benefit payment in force for the participant at the time the death occurs.

Disability benefits for total and permanent disablement and qualification for social security disability benefits are calculated as a monthly benefit equal to the accrued benefit at the date of disablement payable following date of disablement until normal retirement date at which time the normal retirement benefit will commence. The accrued benefit is equal to the prospective normal retirement benefit based on years of service and average monthly pay at date of disability.

Contributions

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Act 205 requires that annual contributions to the pension plan be based upon the minimum municipal obligation (MMO). The MMO is determined from the plan’s latest actuarial valuation report along with estimates of payroll, employee contributions, and administrative costs. For the year ended December 31, 2015, the Borough’s required contribution was \$18,555.

Employees are required to contribute to the plan in an amount to be determined from time to time. This contribution is governed by the plan’s governing ordinances and collective bargaining. Contributions are currently 4.26% of covered payroll.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the plan and funded through the MMO and/or plan earnings.

Investments

The plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The plan’s target asset allocation according to the PMRS investment policy adopted May 15, 2014 is as follows:

<u>Asset Class</u>	<u>Range</u>
Cash & Cash Equivalents	0%
Domestic equities	40%
International equities	25%
Real estate	20%
Fixed income	15%

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit ratings of the plan's investments (excluding obligations explicitly guaranteed by the U.S. government) are included on the table below.

Rate of return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 5.2 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability/(Asset) of the Borough

The components of the net pension asset of the Borough at December 31, 2015 were as follows:

Total Pension Plan Liability	\$ 3,145,704
Plan Fiduciary Net Position	(<u>2,912,797</u>)
Borough's Net Pension Liability	\$ <u><u>232,907</u></u>

Plan fiduciary net position as a percentage of the total pension asset is 92.6%.

Pension expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

Components of Pension Expense	<u>12/31/15</u>
Service Cost	\$ 51,933
Interest on total pension liability	165,816
Recognition of differences between expected and Actual experience	17,981
Change in benefit terms	---
Recognition of changes in assumptions	---
Employee contributions	(23,173)
Projected earnings on pension plan investments	(162,097)
Recognition of differences between projected and Actual earnings on plan investments	2,483
Pension plan administrative expense	6,516
Other changes in fiduciary net position	<u>---</u>
Total pension expense	\$ <u><u>59,459</u></u>

At December 31, 2015, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension expense from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between the Expected and actual experience	\$ 71,924	\$ ---
Changes of assumptions	---	---
Net difference between projected and Actual earnings on plan investments	<u>9,933</u>	<u>---</u>
Total	<u>\$ 81,857</u>	<u>\$ ---</u>

Amounts reported as deferred outflows of resources and (deferred inflows of resources) related to pension will be recognized in pension expense as follows:

<u>Year ended</u>	<u>Amount</u>
2016	\$ 20,464
2017	20,464
2018	20,464
2019	20,465
2020	---
Thereafter	<u>---</u>
Total	<u>\$ 81,857</u>

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Age related scale with merit and inflation component
Investment rate of return	5.5% net of investment expenses not funded through the MMO, and including inflation

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements. The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2015, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equities (large cap)	8.7%
Domestic equities (small cap)	8.4%
International equities (int. dev. mkts)	4.6%
International equities (emerg. mkts)	8.1%
Real estate	6.7%
Fixed	<u>-1.0%</u>
 TOTAL	 <u>6.2%</u>

Discount rate

The discount rate used to measure the total pension liability was 5.5 percent. The projection of cash flows used to determine the discount rate assumed that Borough contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability/(asset) of the Borough, calculated using the discount rate of 7.5 percent, as well as what the Borough's net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	<u>-1% (4.5%)</u>	Current Discount Rate (5.5%)	<u>+1% (6.5%)</u>
Borough net pension liability/(asset)	\$539,959	\$232,907	\$(32,827)

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of operations, the Borough is involved in various disputes and grievances. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the Borough's financial position.

NOTE 8 - OPERATING LEASES

Lessee

The Borough entered into various lease agreements for the leasing of four (4) vehicles. The following is a schedule of the future minimum payments required under the lease obligations:

2016	\$ 41,266
2017	29,148
2018	19,869
2019	<u>4,824</u>
	<u>\$ 93,107</u>

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events were considered through August 01, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BEDFORD BOROUGH
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 918,700	\$ 918,700	\$ 913,657	\$ (5,043)
Licenses and permits	42,750	42,750	44,291	1,541
Fines, forfeitures and costs	47,540	47,540	31,526	(16,014)
Interest and rents	860	860	574	(286)
Intergovernmental	10,000	10,000	68,202	58,202
Charges for services	22,920	22,920	21,928	(992)
Miscellaneous revenue	30,000	30,000	35,257	5,257
Total Revenues	<u>1,072,770</u>	<u>1,072,770</u>	<u>1,115,435</u>	<u>42,665</u>
Expenditures - Operating:				
General government	173,195	173,195	171,864	1,331
Public safety	463,800	463,800	443,544	20,256
Public works - Sanitation	4,150	4,150	4,464	(314)
Public works - Highways & Streets	239,000	239,000	217,595	21,405
Culture and recreation	40,590	40,590	29,156	11,434
Community development	55,000	55,000	55,000	-
Employee benefits	159,600	159,600	165,913	(6,313)
Insurance	36,520	36,520	36,037	483
Total Expenditures - Operating	<u>1,171,855</u>	<u>1,171,855</u>	<u>1,123,573</u>	<u>48,282</u>
Excess/(Deficiency) of Revenues Over Expenditures	(99,085)	(99,085)	(8,138)	90,947
Other Financing Sources/(Uses):				
Sale of a capital asset	30	30	5,000	4,970
Operating transfers in	-	-	-	-
Operating transfers (out)	(98,065)	(98,065)	(79,205)	18,860
Total Other Financing Sources	<u>(98,035)</u>	<u>(98,035)</u>	<u>(74,205)</u>	<u>23,830</u>
Excess/(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (197,120)</u>	<u>\$ (197,120)</u>	(82,343)	<u>\$ 114,777</u>
Fund Balance - Beginning of Year			<u>336,753</u>	
Fund Balance - End of Year			<u>\$ 254,410</u>	

BEDFORD BOROUGH
STATE LIQUID FUELS
REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State liquid fuel tax	\$ 80,160	\$ 80,160	\$ 82,808	\$ 2,648
State road turnback	200	200	200	-
Interest	10	10	16	6
Total Revenues	80,370	80,370	83,024	2,654
Expenditures - Operating:				
Equipment	500	500	-	(500)
Snow & ice removal	25,000	25,000	27,543	2,543
Traffic signals, signs & markings	5,400	5,400	4,306	(1,094)
Storm sewer & drains	3,000	3,000	1,305	(1,695)
Highway repair & maintenance	3,500	3,500	3,287	(213)
Highway construction & rebuilding	42,970	42,970	50,000	(7,030)
Total Expenditures - Operating	80,370	80,370	86,441	(7,989)
Excess/(Deficiency) of Revenues Over Expenditures	-	-	(3,417)	(5,335)
Fund Balance - Beginning of Year			24,832	
Fund Balance - End of Year			\$ 21,415	

BEDFORD BOROUGH
 FORT BEDFORD MUSEUM
 REQUIRED SUPPLEMENTARY INFORMATION
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Gift shoppe and admission sales	\$ -	\$ -	\$ -	\$ -
Donations, memberships	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures - Operating:				
General administration	720	720	1,024	(304)
Insurance	5,000	5,000	4,016	984
Contributions to Heritage Trust	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Expenditures - Operating	<u>30,720</u>	<u>30,720</u>	<u>30,040</u>	<u>680</u>
Excess/(Deficiency) of Revenues Over Expenditures	(30,720)	(30,720)	(30,040)	680
Other Financing Sources/(Uses):				
Operating transfers in	<u>30,720</u>	<u>30,720</u>	<u>30,720</u>	<u>-</u>
Total Other Financing Sources	<u>30,720</u>	<u>30,720</u>	<u>30,720</u>	<u>-</u>
Excess/(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	680	<u>\$ 680</u>
Fund Balance - Beginning of Year			<u>192</u>	
Fund Balance - End of Year			<u>\$ 872</u>	

BEDFORD BOROUGH
 CAPITAL RESERVE FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest	<u>25</u>	<u>25</u>	<u>71</u>	<u>46</u>
Total Revenues	<u>25</u>	<u>25</u>	<u>71</u>	<u>46</u>
Expenditures - Operating:				
General	10	10	-	10
Data processing	2,000	2,000	636	1,364
Police	20,000	20,000	19,126	874
Public works	27,500	27,500	27,325	175
Parks	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Expenditures - Operating	<u>50,510</u>	<u>50,510</u>	<u>47,087</u>	<u>3,423</u>
Excess/(Deficiency) of Revenues Over Expenditures	(50,485)	(50,485)	(47,016)	3,469
Other Financing Sources/(Uses):				
Operating transfers in	<u>50,485</u>	<u>50,485</u>	<u>48,485</u>	<u>(2,000)</u>
Total Other Financing Sources	<u>50,485</u>	<u>50,485</u>	<u>48,485</u>	<u>\$ (2,000)</u>
Excess/(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>-</u>	<u>\$ 1,469</u>	<u>\$ 1,469</u>
Fund Balance - Beginning of Year			<u>12,862</u>	
Fund Balance - End of Year			<u>\$ 14,331</u>	

See Accompanying Notes to Financial Statements

	<u>2015</u>
Total pension liability	
Service cost	\$ 35,315
Interest	137,602
Change in benefit terms	-
Differences between expected and actual experience	-
Change in assumptions	-
Benefit payments, including refunds of member contributions	<u>(72,662)</u>
Net change in pension liability	100,255
Total pension liability/(asset) - beginning	<u>1,835,713</u>
Total pension liability/(asset) - ending (A)	<u><u>\$ 1,935,968</u></u>
Plan fiduciary net position	
General Municipal State Aid	\$ 88,707
Contributions - employer	-
Contributions - member	13,357
Net investment income	(46,858)
Benefit payments, including refunds of member contributions	(72,662)
Administrative expenses	(3,524)
Other	<u>-</u>
Net change in plan fiduciary net position	(20,980)
Plan fiduciary net position - beginning	<u>1,483,911</u>
Plan fiduciary net position - ending (B)	<u><u>\$ 1,462,931</u></u>
Borough's net pension liability/(asset) - ending (A-B)	<u><u>\$ 473,037</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u><u>75.6%</u></u>
Covered employee payroll	<u><u>\$ 267,157</u></u>
Borough's net pension liability as a percentage of covered employee payroll	<u><u>177.1%</u></u>

Notes to Schedule:

* The years presented in this schedule are all of the years in which information is available.

	<u>2015</u>
Actuarially determined contribution	\$ 88,707
Contributions in relation to the actuarially determined contributions	<u>88,707</u>
Contribution deficiency/(excess)	<u><u>\$ -</u></u>
Covered employee payroll	<u><u>\$ 267,157</u></u>
Borough's net pension liability as a percentage of covered employee payroll	<u><u>33.2%</u></u>

Notes to Schedule:

Valuation Date: 1/1/2015

Methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed
Remaining amortization period	7 years
Asset valuation method	Market value of assets as determined by trustee
Inflation	2.5%
Salary increases	5.00%
Investment rate of return	7.50%
Retirement age	Normal Retirement Age
Mortality	RP2000 Table statements

Other:

* The years presented in this schedule are all of the years in which information is available.

2015

Annual money-weighted rate of return,
net of investment expense

-3.9%

* The years presented in this schedule are all of the years in which information is available.

	<u>2015</u>
Total pension liability	
Service cost	\$ 51,933
Interest	165,816
Change in benefit terms	-
Differences between expected and actual experience	89,905
Change in assumptions	-
Benefit payments, including refunds of member contributions	<u>(246,394)</u>
Net change in pension liability	61,260
Total pension liability/(asset) - beginning	<u>3,084,444</u>
Total pension liability/(asset) - ending (A)	<u><u>\$ 3,145,704</u></u>
Plan fiduciary net position	
General Municipal State Aid	\$ -
Contributions - employer	18,855
Contributions - member	23,173
Net investment income	149,681
Benefit payments, including refunds of member contributions	(246,394)
Administrative expenses	(6,516)
Other	<u>-</u>
Net change in plan fiduciary net position	(61,201)
Plan fiduciary net position - beginning	<u>2,973,998</u>
Plan fiduciary net position - ending (B)	<u><u>\$ 2,912,797</u></u>
Borough's net pension liability/(asset) - ending (A-B)	<u><u>\$ 232,907</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u><u>92.6%</u></u>
Covered employee payroll	<u><u>\$ 442,876</u></u>
Borough's net pension liability as a percentage of covered employee payroll	<u><u>52.6%</u></u>

Notes to Schedule:

Note: The years presented in this schedule are all of the years in which information is available.

	<u>2015</u>
Actuarially determined contribution	\$ 18,555
Contributions in relation to the actuarially determined contributions	<u>18,855</u>
Contribution deficiency/(excess)	<u>\$ (300)</u>
Covered employee payroll	<u>\$ 442,876</u>
Borough's net pension liability as a percentage of covered employee payroll	<u>4.26%</u>

Notes to Schedule:

Valuation Date: 1/1/2015

Methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed
Remaining amortization period	Based upon Act 205 amortization periods
Asset valuation method	Based upon municipal reserves
Inflation	3.0%
Salary increases	Age related scale with merit and inflation component
Investment rate of return	5.50%
Retirement age	See accompanying footnotes to the financial statements
Mortality	See accompanying footnotes to the financial statements

Other:

*The years presented in this schedule are all of the years in which information is available.

2015

Annual money-weighted rate of return,
net of investment expense

5.2%

* The years presented in this schedule are all of the years in which information is available.

BEDFORD BOROUGH
STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS

Current assets	\$	240,448
Total Assets	\$	<u>240,448</u>

LIABILITIES AND NET POSITION

Current liabilities	\$	51,939
Total Liabilities		<u>51,939</u>

Net Position		
Restricted		41,948
Unrestricted		146,561
Total Net Position		<u>188,509</u>

Total Liabilities and Net Position	\$	<u>240,448</u>
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STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2016

<u>Revenue</u>		
Taxes	\$	929,597
Operating grants		185,053
Charges for service		23,473
Licenses and Permits		46,487
Fines, forfeitures and costs		32,644
Other income		29,847
Total Revenue		<u>1,247,101</u>

General government		181,701
Public safety		474,381
Public works		355,881
Culture and recreation		73,543
Community development		55,000
Employee benefits		164,281
Insurance		44,834
Total Expenses		<u>1,349,621</u>

Change in net position		(102,520)
------------------------	--	-----------

Net position, end of year		291,029
Net position, end of year	\$	<u>188,509</u>

The above is a copy of an audit completed by a Certified Public Accounting Firm. A complete copy of the audit is available for inspection during regular business hours.

Exhibit 4b

(English Translation of Financial Report Originally Issued in Chinese)

**GENERAL ENERGY SOLUTIONS USA, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**Years ended 31 December 2014 and 2013
(with Independent Auditor's Report Thereon)**



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

The Board of Directors
General Energy Solutions Incorporation:

We have audited the accompanying consolidated balance sheets of General Energy Solutions USA, Inc. (the "Company") and subsidiaries as of December 31, 2014 and 2013, the related statements of comprehensive income, changes in equity, and cash flows, for the year ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards in the Republic of China. Those Regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in conformity with the International Financial Reporting Standards endorsed by the ROC Financial Supervisory Commission (FSC), International Accounting Standards, IFRIC interpretations and SIC interpretations (hereinafter referred to as the IFRS endorsed by the FSC).

The auditors' report is intended solely for the consolidation and recognition of General Energy Solutions and the application for bank loans; therefore, it should not be used for any other purposes.

Taipei, Taiwan (the Republic of China)
March 16, 2015

Notes to Readers

The accompanying consolidated financial statements are intended only to present the financial position, financial performance and cash flows in accordance the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations approved by the Financial Supervisory Commission in the Republic of China. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Report Originally Issued in Chinese)
GENERAL ENERGY SOLUTIONS USA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2014 and 2013

(Amount expressed in United States Dollars)

	December 31, 2014	December 31, 2013	Liabilities and Equity
Assets			
Current assets:			
Cash and cash equivalents (note 6(a))	\$ 10,630,158	1,365,909	
Accounts receivable, net (note 6(c))	173,924	1,378,107	
Lease payments receivable (note 6(d) and 8)	1,735,656	1,771,304	
Other non-operating receivables (note 6(c))	236,085	-	
Other receivables due from related parties (note 6(c))	-	7,017	
Current tax assets	800	-	
Inventories (note 6(e))	6,542,005	-	
Other current assets (note 6(j))	1,306,896	1,468,975	
Total current assets	20,625,524	5,991,312	
Non-current assets:			
Financial assets at cost-noncurrent (note 6(b))	20,000	20,000	
Investments accounted for using equity method (note 6(f))	1,143,891	-	
Property, plant and equipment (note 6(h) and 8)	3,200,881	1,396,425	
Deferred tax assets (note 6(p))	382,988	-	
Guarantee deposits paid (note 6(s))	1,620	1,520	
Long-term lease payments receivable (note 6(d) and 8)	31,854,737	33,684,393	
Long-term prepaid rents (note 6(i))	779,825	835,965	
Total non-current assets	37,383,942	35,938,303	
Total assets	\$ 58,009,466	41,929,615	
Current liabilities:			
Short-term borrowings (note 6 (k) and 8)	\$ 3,406,920	-	
Other payables (note 6(m))	294,739	438,910	
Other payables to related parties (note 7)	1,004,565	1,004,565	
Long-term liabilities, current portion (note 6(l), 7 and 8)	1,374,812	6,500,000	
Other current liabilities (note 6(m)(n))	5,679,452	9,349	
Total current liabilities	11,760,488	7,952,824	
Non-current Liabilities:			
Long-term borrowings (note 6(l), 7 and 8)	15,810,331	18,000,000	
Long-term deferred revenue (note 6(n))	8,332,786	-	
Total non-current liabilities	24,143,117	18,000,000	
Total liabilities	35,903,605	25,952,824	
Equity (note 6(q)):			
Capital stock	18,780,000	15,080,000	
Retained earnings	3,325,861	896,791	
Total equity	22,105,861	15,976,791	
Total liabilities and equity	\$ 58,009,466	41,929,615	

See accompanying notes to consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

GENERAL ENERGY SOLUTIONS USA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2014 and 2013

(Amount expressed in United States Dollars)

	<u>2014</u>	<u>2013</u>
Net revenues (note 6(n)(r))	\$ 28,232,542	3,044,221
Cost of sales (note 6(e)(o))	<u>22,849,608</u>	<u>538,045</u>
Gross profit from operations	<u>5,382,934</u>	<u>2,506,176</u>
Operating expenses (note 6(h)(i)(o))		
Selling	1,591,866	777,952
Administrative	<u>499,242</u>	<u>210,882</u>
Total operating expenses	<u>2,091,108</u>	<u>988,834</u>
Operating Income	<u>3,291,826</u>	<u>1,517,342</u>
Non-operating income and expenses :		
Interest income	477	1,115
Other gains and losses	(332,740)	(133,233)
Recognized share of profit (loss) of associates accounted for equity method (note 6(f))	1,025	-
Interest expense	<u>(907,527)</u>	<u>(222,116)</u>
Total non-operating income and expenses	<u>(1,238,765)</u>	<u>(354,234)</u>
Profit before tax	2,053,061	1,163,108
Income tax (income) expense (note 6(p))	<u>(376,009)</u>	<u>2,400</u>
Profit	<u>2,429,070</u>	<u>1,160,708</u>
Other comprehensive income, net	-	-
Comprehensive income	<u>\$ 2,429,070</u>	<u>1,160,708</u>

See accompanying notes to consolidated financial statements.



CHEN & FAN

ACCOUNTANCY CORPORATION

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San Jose, California 95131
Telephone (408) 432-1218
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Offices in Other Locations:
El Monte / Los Angeles
San Diego

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholder
GENERAL ENERGY SOLUTIONS USA, INC.
Placentia, California

We have audited the accompanying consolidated financial statements of **GENERAL ENERGY SOLUTIONS USA, INC. AND SUBSIDIARIES**, which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statement of income and retained earnings, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

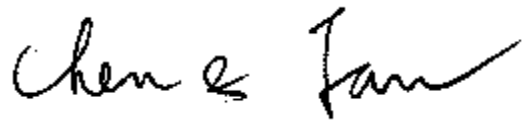
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **GENERAL ENERGY SOLUTIONS USA, INC. AND SUBSIDIARIES** as of December 31, 2015, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Chen & Fan".

Chen & Fan
Accountancy Corporation

San Jose, California

January 13, 2016

**GENERAL ENERGY SOLUTIONS USA, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheet

December 31, 2015

Assets

Current Assets	
Cash	\$ 4,967,037
Accounts receivable	667,195
Financing lease receivable - current	2,101,617
Inventories, net	7,325,344
Prepaid expenses and other current assets	<u>174,883</u>
Total Current Assets	<u>15,236,076</u>
Property and Equipment	
Furniture and office equipment	21,842
Construction in progress	<u>314,351</u>
	336,193
Accumulated depreciation	<u>(2,367)</u>
Net Property and Equipment	<u>333,826</u>
Long-Term Investment	<u>1,138,816</u>
Other Assets	
Financing lease receivable - non-current	30,073,600
Deferred charges, net	1,185,932
Deferred tax assets	382,988
Restricted cash	500,000
Deposits	<u>4,188</u>
Total Other Assets	<u>32,146,708</u>
Total Assets	<u>\$ 48,855,426</u>

The accompanying notes are an integral part
of these consolidated financial statements.

**GENERAL ENERGY SOLUTIONS USA, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheet - Continued
December 31, 2015

Liabilities and Stockholder's Equity

Current Liabilities	
Short-term bank loan	\$ 1,776,000
Accrued expenses	162,664
Other payable	565,466
Long-term bank loans - current	1,185,890
Deferred revenue - current	583,109
	<hr/>
Total Current Liabilities	4,273,129
	<hr/>
Long-Term Liabilities	
Long-term bank loans - non-current	15,515,082
Deferred revenue - non-current	6,851,528
Deferred rent	108,333
	<hr/>
Total Long-Term Liabilities	22,474,943
	<hr/>
Total Liabilities	26,748,072
	<hr/>
Commitments and Contingency	
Stockholder's Equity	
Common stock, \$0.001 par value; Authorized 100,000,000 shares; Issued and outstanding, 18,780,000 shares	18,780
Additional paid-in capital	18,761,220
Retained earnings	3,327,354
	<hr/>
Total Stockholder's Equity	22,107,354
	<hr/>
Total Liabilities and Stockholder's Equity	\$ 48,855,426
	<hr/> <hr/>

The accompanying notes are an integral part
of these consolidated financial statements.

**GENERAL ENERGY SOLUTIONS USA, INC.
AND SUBSIDIARIES**
Consolidated Statement of Income and Retained Earnings
For the Year Ended December 31, 2015

Revenue	
Net sales	\$ 28,015,523
Interest income from direct financing lease	1,500,206
Government grant income	<u>1,005,095</u>
Total Revenue	<u>30,520,824</u>
Cost and Expenses	
Cost of sales	25,907,405
Operating expenses	<u>3,702,998</u>
Total Cost and Expenses	<u>29,610,403</u>
Income from Operations	<u>910,421</u>
Non-Operating Expenses	
Interest expense	(865,577)
Unrealized loss on long-term investment	(25,075)
Other expenses, net	<u>(10,257)</u>
Total Non-Operating Expenses	<u>(900,909)</u>
Income before Income Taxes	9,512
Income Tax Expense	<u>8,019</u>
Net Income	1,493
Retained Earnings, Beginning of Year	<u>3,325,861</u>
Retained Earnings, End of Year	<u><u>\$ 3,327,354</u></u>

The accompanying notes are an integral part
of these consolidated financial statements.



CHEN & FAN

ACCOUNTANCY CORPORATION

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Offices in Other Locations:

El Monte / Los Angeles

San Diego

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholder

GENERAL ENERGY SOLUTIONS USA, INC.

Placentia, California

We have audited the accompanying consolidated financial statements of **GENERAL ENERGY SOLUTIONS USA, INC. AND SUBSIDIARIES**, which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **GENERAL ENERGY SOLUTIONS USA, INC. AND SUBSIDIARIES** as of December 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Chen & Fan". The signature is written in a cursive, flowing style.

Chen & Fan
Accountancy Corporation

San Jose, California

January 25, 2017

**GENERAL ENERGY SOLUTIONS USA, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheet
December 31, 2016

Assets

Current Assets	
Cash	\$ 3,813,216
Accounts receivable	1,020,198
Financing lease receivable - current	2,229,461
Inventories, net	27,454,826
Prepaid expenses	193,683
Restricted cash	657,054
	<hr/>
Total Current Assets	35,368,438
	<hr/>
Property and Equipment	
Furniture and office equipment	22,893
Accumulated depreciation	(6,732)
	<hr/>
Net Property and Equipment	16,161
	<hr/>
Long-Term Investments	1,192,423
	<hr/>
Other Assets	
Financing lease receivable - non-current	33,695,358
Deferred charges, net	1,096,550
Deferred tax assets	382,988
Restricted cash	801,693
Others	30,150
	<hr/>
Total Other Assets	36,006,739
	<hr/>
Total Assets	\$ 72,583,761
	<hr/> <hr/>

The accompanying notes are an integral part
of these consolidated financial statements.

**GENERAL ENERGY SOLUTIONS USA, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheet - Continued
December 31, 2016

Liabilities and Equity

Current Liabilities	
Short-term loans	
- related party	\$ 7,000,000
- banks	9,415,459
Accrued expenses	501,834
Other payable	
- related parties	1,545,713
- others	2,150,655
Long-term bank loans - current	1,397,899
Deferred revenue - current	583,109
	22,594,669
Long-Term Liabilities	
Long-term bank loans - non-current	18,058,854
Deferred revenue - non-current	6,268,419
Deferred rent	144,444
	24,471,717
Total Liabilities	
	47,066,386
Commitments and Contingency	
Stockholder's Equity	
Common stock, \$0.001 par value;	
Authorized 100,000,000 shares;	
Issued and outstanding, 18,780,000 shares	18,780
Additional paid-in capital	18,761,220
Retained earnings	2,594,076
Accumulated other comprehensive income	80,661
	21,454,737
Non-Controlling Interests in Subsidiaries	4,062,638
	25,517,375
Total Liabilities and Equity	\$ 72,583,761

The accompanying notes are an integral part
of these consolidated financial statements.

**GENERAL ENERGY SOLUTIONS USA, INC.
AND SUBSIDIARIES**

Consolidated Statement of Operations and Comprehensive Loss
For the Year Ended December 31, 2016

Revenue	
Net sales	\$ 11,707,296
Service income	1,053,210
Interest income from direct financing lease	1,582,106
Government grant income	<u>583,109</u>
Total Revenue	<u>14,925,721</u>
Cost and Expenses	
Cost of sales	9,191,743
Operating expenses	<u>4,522,780</u>
Total Cost and Expenses	<u>13,714,523</u>
Income from Operations	<u>1,211,198</u>
Non-Operating Income (Expenses)	
Foreign currency exchange gain, net	125,784
Unrealized gain on long-term investment	82,164
Interest expense	(1,195,343)
Other income, net	<u>4,981</u>
Net Non-Operating Expenses	<u>(982,414)</u>
Income before Income Taxes	228,784
Income Tax Expense	<u>979,047</u>
Net Loss	(750,263)
Less: Net Loss attributable to Non-Controlling Interests	<u>16,985</u>
Net Loss attributable to Stockholder	(733,278)
Other Comprehensive Income	
Change in foreign currency translation adjustments	<u>80,661</u>
Total Comprehensive Loss	<u><u>\$ (652,617)</u></u>

The accompanying notes are an integral part
of these consolidated financial statements.

G Mount Borough of Bedford PA (Todd Springs Reservoir), 244 Penn St Bedford PA 16655

Report	
Project Name	Borough of Bedford PA (Todd Springs Reservoir)
Project Address	244 Penn St Bedford PA 16655
Prepared By	Andrew Biederman abiederman@reenergygroup.com

System Metrics	
Design	G Mount
Module DC Nameplate	1.35 MW
Inverter AC Nameplate	1.02 MW Load Ratio: 1.33
Annual Production	1.690 GWh
Performance Ratio	80.4%
kWh/kWp	1,248.1
Weather Dataset	TMY, ALTOONA BLAIR CO ARPT, NSRDB (tmy3, II)
Simulator Version	3af8f9d82e-c16d58a844-22fe6e291d-b015f7a687

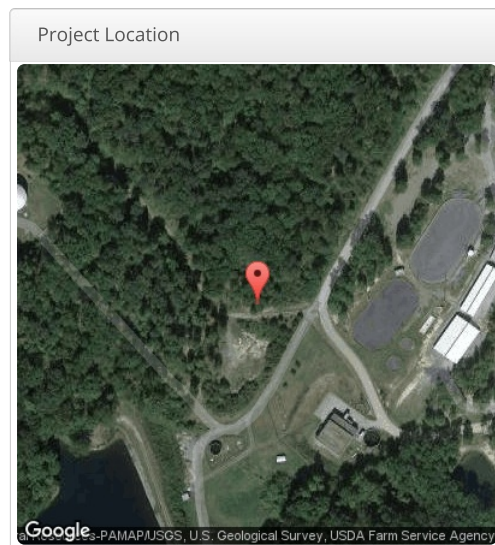
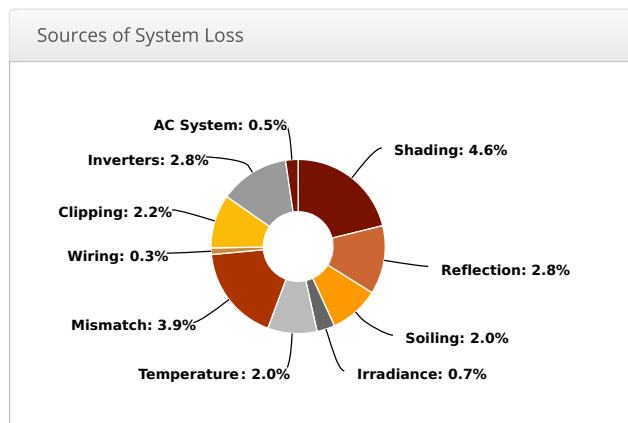
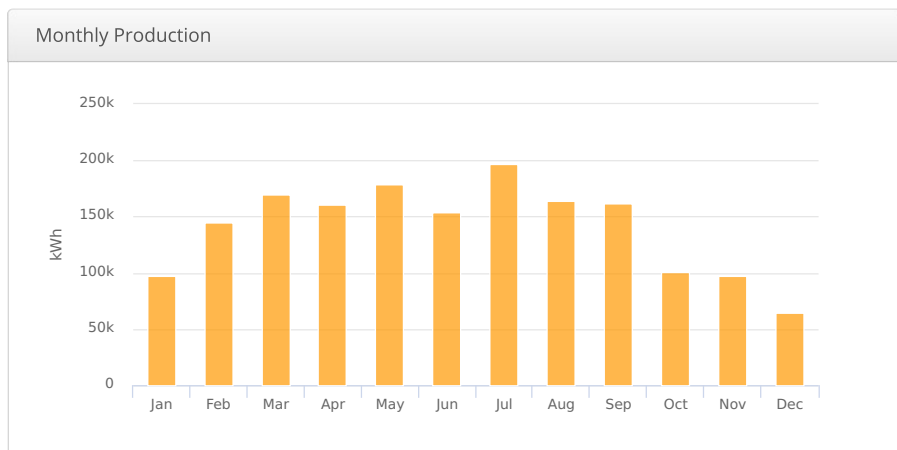


EXHIBIT 6a



Annual Production			
	Description	Output	% Delta
Irradiance (kWh/m ²)	Annual Global Horizontal Irradiance	1,357.0	
	POA Irradiance	1,552.3	14.4%
	Shaded Irradiance	1,481.4	-4.6%
	Irradiance after Reflection	1,440.6	-2.8%
	Irradiance after Soiling	1,411.8	-2.0%
	Total Collector Irradiance	1,411.7	0.0%
Energy (kWh)	Nameplate	1,913,444.6	
	Output at Irradiance Levels	1,899,625.6	-0.7%
	Output at Cell Temperature Derate	1,862,095.3	-2.0%
	Output After Mismatch	1,790,209.1	-3.9%
	Optimal DC Output	1,785,503.3	-0.3%
	Constrained DC Output	1,747,100.3	-2.2%
	Inverter Output	1,698,150.0	-2.8%
	Energy to Grid	1,689,660.0	-0.5%
Temperature Metrics			
	Avg. Operating Ambient Temp		13.2 °C
	Avg. Operating Cell Temp		21.1 °C
Simulation Metrics			
	Operating Hours	4331	
	Solved Hours	4331	

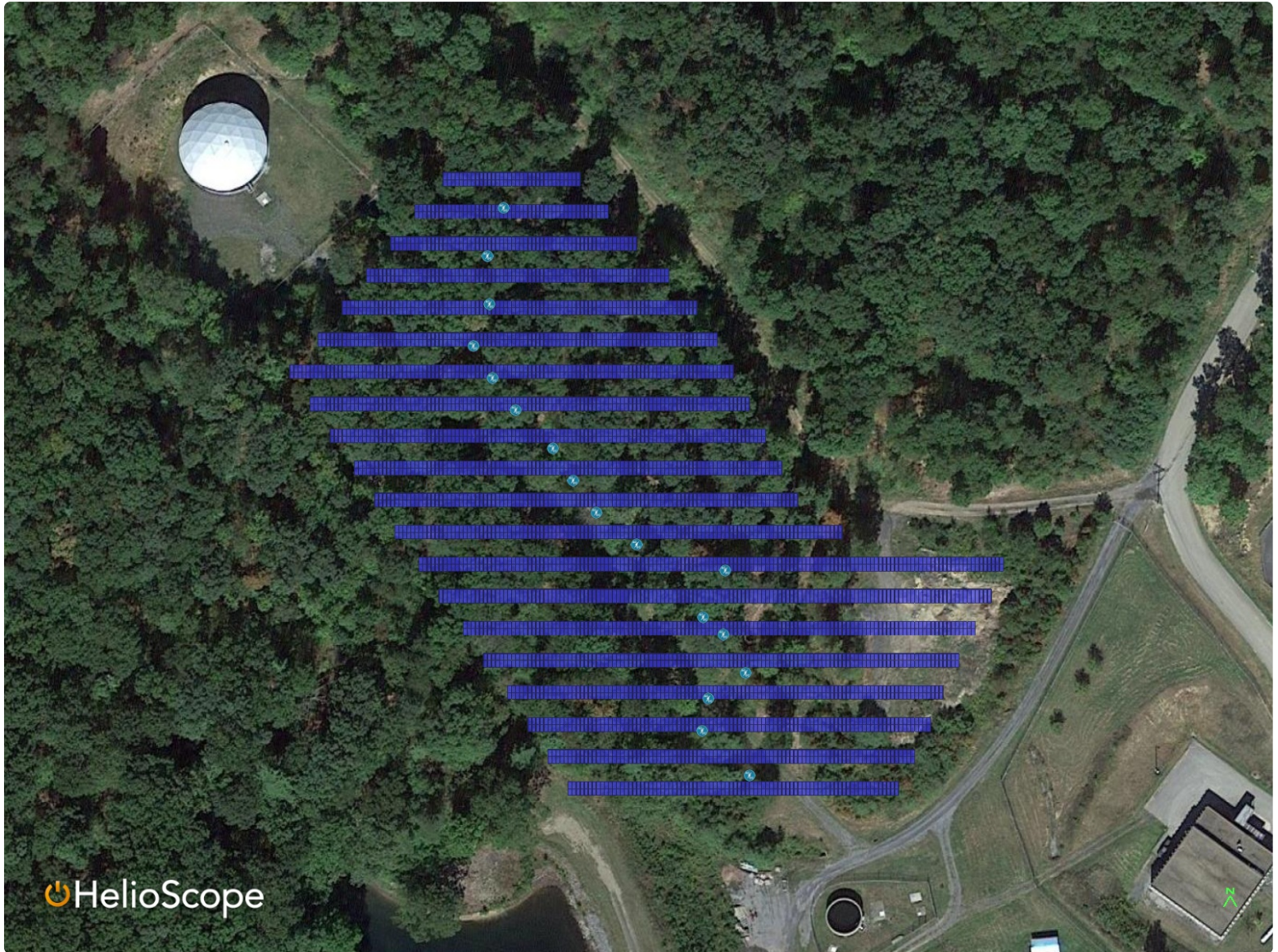
Condition Set												
Description	Condition Set 2											
Weather Dataset	TMY, ALTOONA BLAIR CO ARPT, NSRDB (tmy3, II)											
Solar Angle Location	Meteo Lat/Lng											
Transposition Model	Perez Model											
Temperature Model	Sandia Model											
Temperature Model Parameters	Rack Type	a	b	Temperature Delta								
	Fixed Tilt	-3.56	-0.075	3°C								
	Flush Mount	-2.81	-0.0455	0°C								
Soiling (%)	J	F	M	A	M	J	J	A	S	O	N	D
	2	2	2	2	2	2	2	2	2	2	2	2
Irradiation Variance	5%											
Cell Temperature Spread	4° C											
Module Binning Range	-2.5% to 2.5%											
AC System Derate	0.50%											
Module Characterizations	Module						Characterization					
	CSUN 345-72M (China Sunergy)						Manufacturer R&D, PAN					
Component Characterizations	Device						Characterization					
	CPS SCA60KTL-DO/US-480 V1.2b (Chint Power Systems)						Manufacturer					

Components		
Component	Name	Count
Inverters	CPS SCA60KTL-DO/US-480 V1.2b (Chint Power Systems)	17 (1.02 MW)
Home Runs	1/0 AWG (Aluminum)	31 (4,143.5 ft)
Combiners	1 input Combiner	3
Combiners	2 input Combiner	14
Combiners	6 input Combiner	14
Combiners	7 input Combiner	14
Combiners	12 input Combiner	3
Strings	10 AWG (Copper)	218 (28,858.4 ft)
Module	China Sunergy, CSUN 345-72M (345W)	3,924 (1.35 MW)

Wiring Zones			
Description	Combiner Poles	String Size	Stringing Strategy
Wiring Zone	12	18-18	Along Racking

Field Segments									
Description	Racking	Orientation	Tilt	Azimuth	Intrarow Spacing	Frame Size	Frames	Modules	Power
Field Segment 1	Fixed Tilt	Portrait (Vertical)	30°	180°	15.0 ft	2x1	1,962	3,924	1.35 MW

Detailed Layout



LEGEND





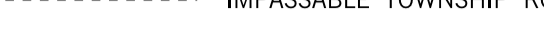
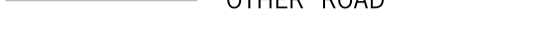







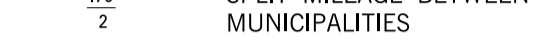
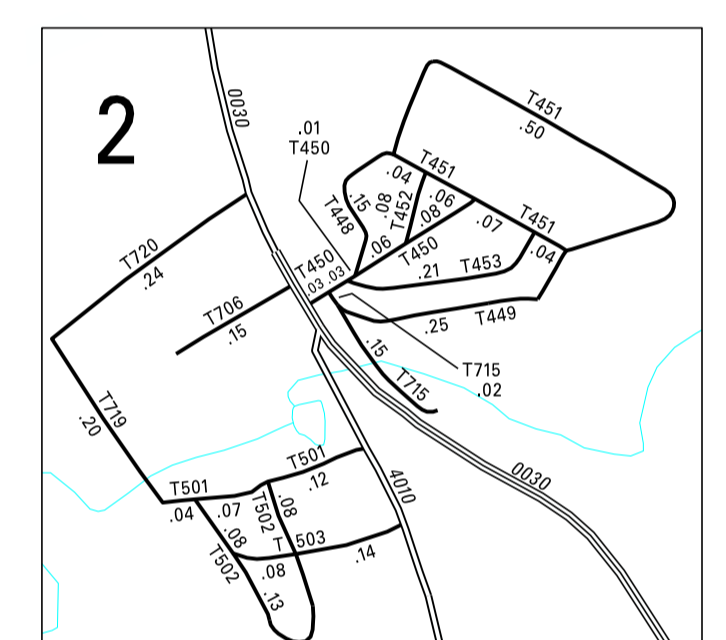
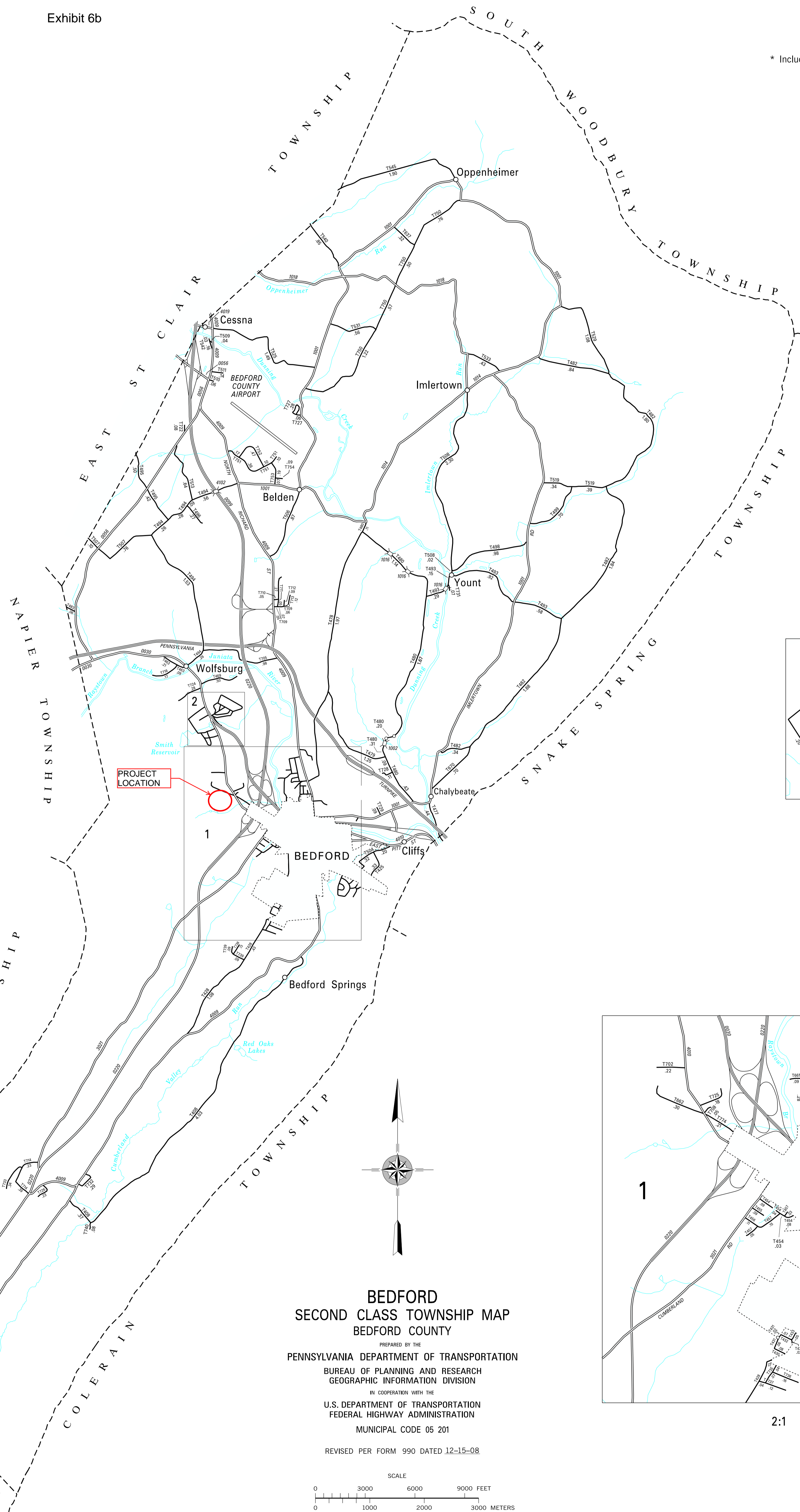
-  LIMITED ACCESS HIGHWAY
-  STATE ROUTE AND NUMBER
-  STATE MAINTAINED BRIDGE ON TOWNSHIP ROAD
-  TOWNSHIP ROAD, NUMBER AND SEGMENT LENGTH IN MILES
-  IMPASSABLE TOWNSHIP ROAD
-  OTHER ROAD
-  RAILROAD (IN SERVICE)
-  RAILROAD ABANDONED (TRACK RETAINED)
-  STATE BOUNDARY
-  COUNTY BOUNDARY
-  TOWNSHIP BOUNDARY
-  CITY OR BOROUGH BOUNDARY
-  MUNICIPAL BUILDING
-  SPLIT MILEAGE BETWEEN MUNICIPALITIES

Exhibit 6b

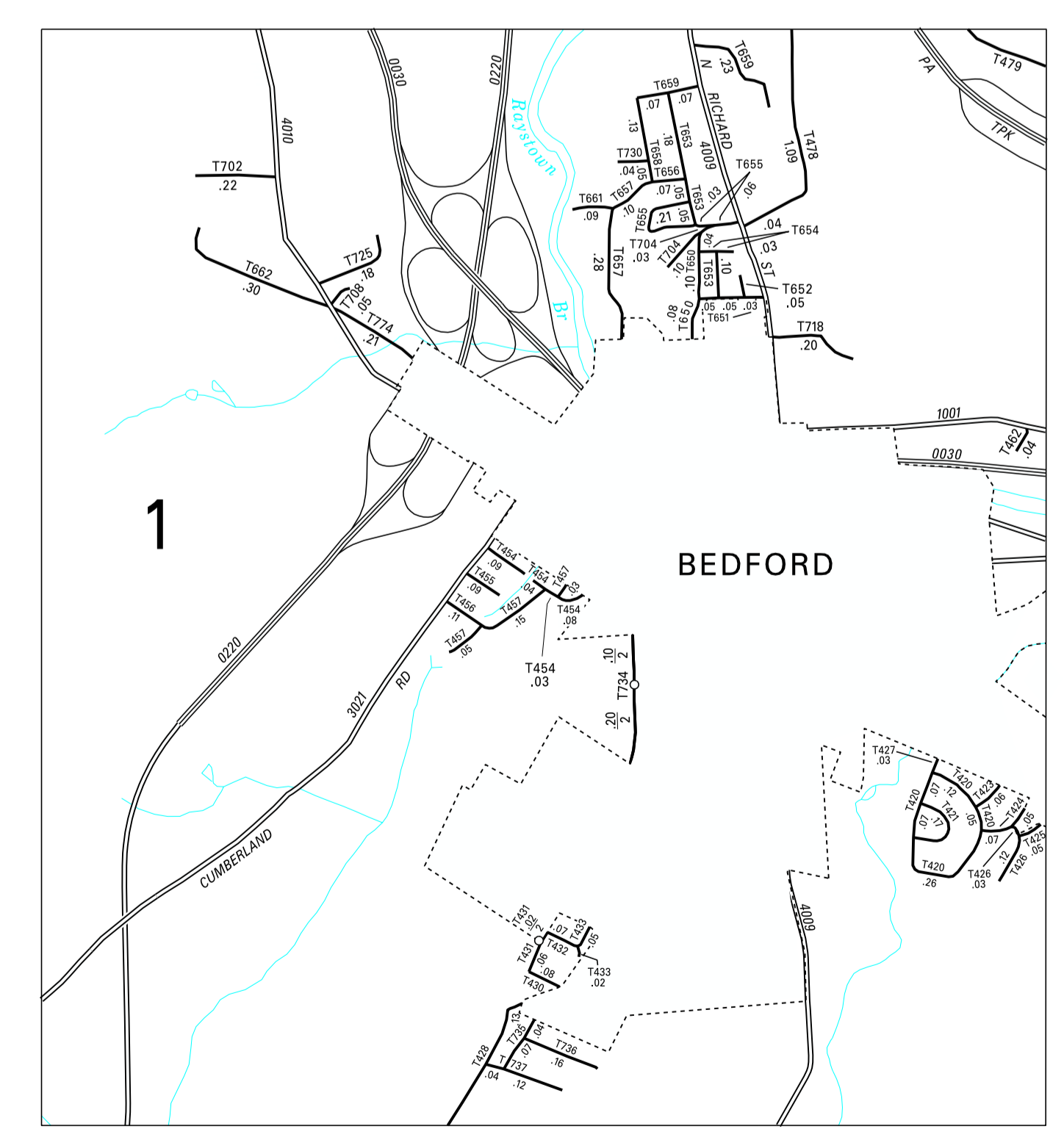
TOTAL MILES	
Township Road System	63.62 *
State Highway System	65.03
Total	128.65

* Includes ACT 32 Turnback Mileage of 6.89

- 387 BROWNS RD
- 388 TEXAS EASTERN RD
- 408 SWEETWOOD RD
- 420 ARANDALE ST
- 421 SHAMMEE CIR
- 423 APPLE AV
- 424 VISTA AV
- 425 WOODLAND DR
- 426 WOODLAND AV
- 427 MASHERS DR
- 428 BACKSPRINGS RD
- 430 BLACKBURN AV
- 431 BARKLEY DR
- 432 CARRBERRY DR
- 433 ECHO VALE DR
- 448 MAPLE DR
- 449 MEADOW LA
- 450 LINCOLN DR
- 451 FOREST AV
- 452 REED BLVD
- 453 CEPHART AV
- 454 SIEBERT ST
- 455 PAUL ST
- 456 BLANCHE ST
- 457 LENORE ST
- 462 ANDERSON ST
- 463 WOLFSBURG RD
- 469 FRIENDSHIP RD
- 477 RIVERVIEW RD
- 478 BRIAR VALLEY RD
- 479 SHED RD
- 480 CHEEK RD
- 482 DEIBERT RD
- 483 NAUGLE RD
- 493 RABBIT LA
- 494 COUNTRY RIDGE RD
- 495 DODDWOOD DR
- 496 INNOVATION DR
- 498 DIVLEY RD
- 499 WILL RD
- 501 LAKE DR
- 502 WINDWARD CIR
- 503 MARKWOOD DR
- 504 DONAHUE MANOR RD
- 506 BELDEN RD
- 507 MOUNTAIN RD
- 508 IMLERTOWN RD
- 509 CESSNA ST
- 510 WALMART RD
- 511 EMPLOYEE DR
- 513 LETICER RD
- 519 KOONZ RD
- 525 HOAGLAND RD
- 529 BELSH RD
- 531 FINDLEY RD
- 535 SHUEMAKER RD
- 540 WILLOW BROOK LA
- 542 CESSNA CIR
- 545 OPPENHEIMER RD
- 637 FETTER LA
- 650 ORCHARD WAY
- 651 BROAD ST
- 652 CEDAR LA
- 653 NORTH JULIANA ST
- 654 HILL ST
- 655 FALLOWFIELD DR
- 656 COLFELT LA
- 657 INDUSTRIAL DR
- 658 NORTH THOMAS ST
- 659 SCHOOL ST
- 661 AUCTION RD
- 662 FAIRLANE DR
- 670 WOODBURY RD
- 702 VALLEY VIEW DR
- 703 MARKWOOD DR
- 704 OAK CREST DR
- 705 WEBER LA
- 706 SCENIC DR
- 707 SPRING LA
- 708 JUDY RD
- 709 HILLCREST DR
- 710 CENTER ST
- 711 TRANSPORT ST
- 712 NORWOOD ST
- 713 GREENWOOD ST
- 714 OAKVIEW RD
- 715 L'INGERSFELTER RD
- 716 HENDERSON PARK RD
- 718 ASH LAAN RD
- 719 GRAHAM LA
- 720 STONEY LA
- 722 BOHN RD
- 724 PATIO RANCH RD
- 725 ORE ST
- 726 HEMLOCK DR
- 727 LOUELLA DR
- 728 N ST
- 729 WICKLEY RD
- 730 SHORT ST
- 731 STATION RD
- 732 SUNRISE TER
- 733 SPRUCE RD
- 734 OAKWOOD DR
- 735 HIBBS DR
- 736 OAKFORD AV
- 737 LAUREL DR
- 738 ELWOOD RD
- 739 CARA DR
- 740 KARRS RD
- 750 MESSIAH CHURCH RD
- 751 COMMERCE CT
- 752 CORPORATE DR
- 753 PROGRESS DR
- 754 ENTERPRISE LA
- 714 OLD STATE RD



3:1

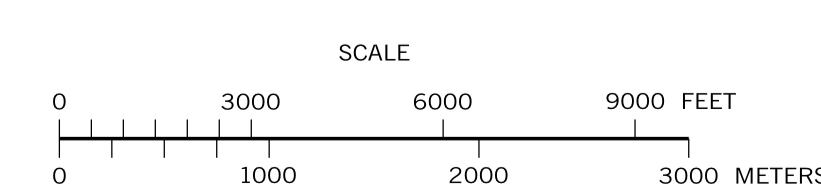


2:1

**BEDFORD
SECOND CLASS TOWNSHIP MAP
BEDFORD COUNTY**

PREPARED BY THE
PENNSYLVANIA DEPARTMENT OF TRANSPORTATION
BUREAU OF PLANNING AND RESEARCH
GEOGRAPHIC INFORMATION DIVISION
IN COOPERATION WITH THE
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
MUNICIPAL CODE 05 201

REVISED PER FORM 990 DATED 12-15-08





CORPORATE: [4700 POTTSVILLE PIKE, READING, PA 19605](#)
REGIONAL OFFICES SERVING CT, DE, MD, NJ, NY AND PA
MBARNES@RERENERGYGROUP.COM
• C: 717-554-5801 • F: 888-712-0734 •
WWW.RERENERGYGROUP.COM

EXHIBIT 7

January 19, 2018

To whom it may concern,

RER Energy Group, LLC is pleased to provide pricing for this turn-key procurement and installation of a 1353.78.86 kW (DC) fixed-tilt, ground-mounted solar photovoltaic system for the Borough of Bedford.

Modules:	\$850,000
Racking:	\$525,000
Inverters:	\$94,106
Data Acquisition System (DAS):	\$20,000
Balance of System Materials and Gear:	\$25,000
Engineering:	\$45,000
Permits and Inspections:	\$20,000
Fencing:	\$48,000
Installation of AC and DC System:	\$600,000
Interconnection:	\$90,000
Total:	\$2,545,106.00

For your review, we have broken this scope of work into the following categories:

Please contact me directly at 717-554-5801 for questions or clarifications.

Best regards,

A handwritten signature in black ink, appearing to read "Michael F. Barnes", with a long, sweeping underline.

Michael F. Barnes
COO, RER Energy Group

NABCEP Certified Trainer & Master Electrician



Borough of Bedford
Exhibit 8: Site Host PPA Economics

Assumptions	
System Size (kW - DC STC)	1,353.8
Year 1 Production (kWh)	1,689,660
Annual System Degradation	0.5%
State of Site	PA
Initial Utility Rate	\$0.080
Annual Utility Escalator Rate	3.5%
PPA Starting Rate	\$0.052
PPA Rate Discount to Current Rate	35.0%
PPA Annual Escalation Rate	2.0%
PPA Term - Yrs	25
Est. System Buyout - % Orig. Cost (2)	10.0%
O&M Annual Escalation Rate	2.0%

Summary Outputs	
NPV of Savings at 4%	\$1,663,237
NPV of Avoided Utility Bills	\$3,393,399
NPV of PPA, Buyout & O&M Payments	\$1,730,162
5 Year Cum. Savings vs. Utility Bill	\$264,838
10 Year Cum. Savings vs. Utility Bill	\$608,496
30 Year Cum. Savings vs. Utility Bill	\$3,404,741
5 Year Cumulative Cost Per kWh	\$0.054
10 Year Cumulative Cost Per kWh	\$0.057
30 Year Cumulative Cost Per kWh	\$0.064

Year	Annual kWh	Utility Rate	PPA Effective	Donation Pmts.	System Costs (1)	Avoided Utility Bills	PPA Payments	O&M Costs	Annual Savings	Cumulative Savings	Cumul. \$ / kWh
0				\$101,683	\$0		\$0	\$0	\$0	\$0	
1	1,689,660	\$0.080	\$0.052	\$0	\$0	\$135,173	(\$87,855)	\$0	\$47,318	\$47,318	\$0.052
2	1,681,212	\$0.083	\$0.053	\$0	\$0	\$139,204	(\$89,164)	\$0	\$50,040	\$97,358	\$0.053
3	1,672,806	\$0.086	\$0.054	\$0	\$0	\$143,356	(\$90,493)	\$0	\$52,863	\$150,221	\$0.053
4	1,664,442	\$0.089	\$0.055	\$0	\$0	\$147,632	(\$91,841)	\$0	\$55,791	\$206,012	\$0.054
5	1,656,119	\$0.092	\$0.056	\$0	\$0	\$152,035	(\$93,209)	\$0	\$58,825	\$264,838	\$0.054
6	1,647,839	\$0.095	\$0.057	\$0	\$0	\$156,569	(\$94,598)	\$0	\$61,971	\$326,809	\$0.055
7	1,639,600	\$0.098	\$0.059	\$0	\$0	\$161,239	(\$96,008)	\$0	\$65,231	\$392,040	\$0.055
8	1,631,402	\$0.102	\$0.060	\$0	\$0	\$166,048	(\$97,438)	\$0	\$68,610	\$460,649	\$0.056
9	1,623,245	\$0.105	\$0.061	\$0	\$0	\$171,000	(\$98,890)	\$0	\$72,110	\$532,760	\$0.056
10	1,615,128	\$0.109	\$0.062	\$0	\$0	\$176,100	(\$100,364)	\$0	\$75,737	\$608,496	\$0.057
11	1,607,053	\$0.113	\$0.063	\$0	\$0	\$181,353	(\$101,859)	\$0	\$79,494	\$687,990	\$0.057
12	1,599,017	\$0.117	\$0.065	\$0	\$0	\$186,761	(\$103,377)	\$0	\$83,385	\$771,375	\$0.058
13	1,591,022	\$0.121	\$0.066	\$0	\$0	\$192,332	(\$104,917)	\$0	\$87,415	\$858,789	\$0.059
14	1,583,067	\$0.125	\$0.067	\$0	\$0	\$198,068	(\$106,480)	\$0	\$91,588	\$950,377	\$0.059
15	1,575,152	\$0.129	\$0.069	\$0	\$0	\$203,975	(\$108,067)	\$0	\$95,908	\$1,046,285	\$0.060
16	1,567,276	\$0.134	\$0.070	\$0	\$0	\$210,059	(\$109,677)	\$0	\$100,382	\$1,146,667	\$0.060
17	1,559,440	\$0.139	\$0.071	\$0	\$0	\$216,324	(\$111,311)	\$0	\$105,013	\$1,251,679	\$0.061
18	1,551,643	\$0.144	\$0.073	\$0	\$0	\$222,776	(\$112,970)	\$0	\$109,806	\$1,361,485	\$0.062
19	1,543,884	\$0.149	\$0.074	\$0	\$0	\$229,420	(\$114,653)	\$0	\$114,767	\$1,476,252	\$0.062
20	1,536,165	\$0.154	\$0.076	\$0	\$0	\$236,262	(\$116,361)	\$0	\$119,901	\$1,596,153	\$0.063
21	1,528,484	\$0.159	\$0.077	\$0	\$0	\$243,309	(\$118,095)	\$0	\$125,214	\$1,721,367	\$0.064
22	1,520,842	\$0.165	\$0.079	\$0	\$0	\$250,566	(\$119,855)	\$0	\$130,711	\$1,852,078	\$0.064
23	1,513,238	\$0.171	\$0.080	\$0	\$0	\$258,039	(\$121,641)	\$0	\$136,398	\$1,988,476	\$0.065
24	1,505,671	\$0.176	\$0.082	\$0	\$0	\$265,735	(\$123,453)	\$0	\$142,282	\$2,130,758	\$0.066
25	1,498,143	\$0.183	\$0.084	\$0	\$0	\$273,660	(\$125,292)	\$0	\$148,368	\$2,279,125	\$0.066
26	1,490,652	\$0.189	\$0.000	\$0	(\$254,511)	\$281,822	\$0	(\$22,210)	\$5,101	\$2,284,227	\$0.071
27	1,483,199	\$0.196	\$0.000	\$0	\$0	\$290,227	\$0	(\$22,654)	\$267,573	\$2,551,800	\$0.069
28	1,475,783	\$0.203	\$0.000	\$0	\$0	\$298,883	\$0	(\$23,107)	\$275,776	\$2,827,576	\$0.067
29	1,468,404	\$0.210	\$0.000	\$0	\$0	\$307,798	\$0	(\$23,570)	\$284,228	\$3,111,804	\$0.065
30	1,461,062	\$0.217	\$0.000	\$0	\$0	\$316,978	\$0	(\$24,041)	\$292,937	\$3,404,741	\$0.064
Total	47,180,649	\$0.136	\$0.000	\$0	(\$254,511)	\$6,412,702	(\$2,637,868)	(\$115,583)	\$3,404,741	\$3,404,741	\$0.064

(1) Costs represent the purchase of the system. This represents an option, not an obligation.
(2) Represents estimated figure. Market rates will determine actual figure, or the system may potentially be donated.
(3) Represents proceeds which are provided to the Solar PPA Provider LLC entity as a pre-payment of PPA obligations.



DONALD P. SCHWARTZ
Director

BEDFORD COUNTY PLANNING COMMISSION

200 SOUTH JULIANA STREET
BEDFORD, PENNSYLVANIA 15522

TELEPHONE: 814-623-4827

FAX: 814-623-5964 E-mail: dschwartz@bedfordcountypa.org
TTY-TDD: 1-800-654-5984

WAYNE KOONTZ
Chairman

JOSEPH BAREFOOT
ROBERT DETWILER
ERNEST FULLER
KIMBERLEY LEYDIG
SUSAN RAMIREZ
MARY STANLEY
CHARLES SWARTZWELDER
PANDORA WERTZ

Exhibit 9

December 15, 2017

Mr. Rodney G. Rose, Esq.
RER Energy Group
4700 Pottsville Pike
Reading, PA 19605

Dear Mr. Rose:

I am writing after having reviewed the materials submitted by your firm regarding the proposed solar power generation project located at the Bedford County Correctional Facility. I have also spoken with Mr. Larry Myers and Commissioner Barry Dallara to discuss several questions I had based upon my review.

Bedford County does not have a subdivision and land development ordinance (SALDO) and thus the final approval of the project will rest with Bedford Township Supervisors in accordance with the Township's SALDO and any other relevant ordinances.

The project as described is consistent with Bedford County Comprehensive Plan of December 19, 2006. Objective 3.7 of the Plan states that the County should "Develop strategies to address the energy needs of Bedford County." Further, Action 3.7.2 is to "Develop land development and siting standards that support the appropriate development of renewable energy sources...".

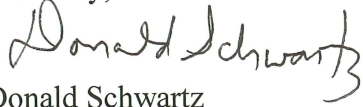
This project would clearly be the first—and major – step towards the development of a renewable, clean energy source (solar power) at the County level. It would join a local solar array project currently providing power at the Broad Top Township wastewater treatment plant.

The Comprehensive Plan also includes a Natural Resources Action Plan to protect the County's extensive natural resources. The use of solar power for this project will result in the elimination of CO2 emissions equivalent to 344 cars or 3844 barrels of oil per year, reducing air pollution and the potential impact on global warming.

The Planning Commission provides its full support for the project as an economic enhancement to the county taxpayers, and also through the implementation of a clean, renewable energy source for a number of County facilities. Hopefully, it will provide an example for future solar energy projects.

Please contact me if I may be of further assistance and best of luck with your funding application.

Sincerely,

A handwritten signature in black ink that reads "Donald Schwartz". The signature is written in a cursive style with a large, stylized 'D' and 'S'.

Donald Schwartz
Director

C: Commissioners
Bedford County Planning Commission
Mr. Larry Myers, Schneider Electric

G Mount Borough of Bedford PA (Todd Springs Reservoir), 244 Penn St Bedford PA 16655

Shading Heatmap



Shading by Field Segment

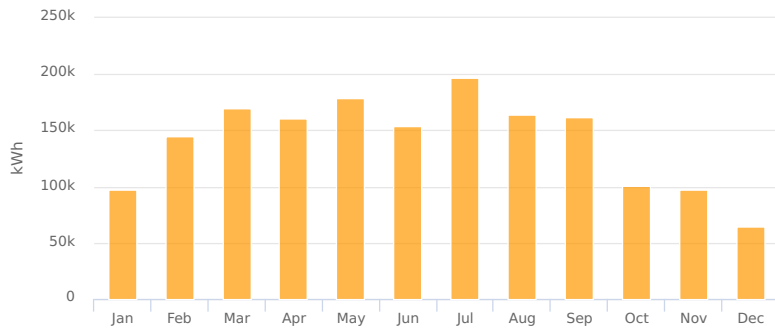
Description	Tilt	Azimuth	Modules	Nameplate	Shaded Irradiance	AC Energy	TOF ²	Solar Access	TSRF ²
Field Segment 1	30.0°	180.0°	3,924	1.35 MWp	1,481.4kWh/m ²	1.69 GWh ¹	95.1%	95.4%	90.8%
Totals, weighted by kWp			3,924	1.35 MWp	1,481.4kWh/m²	1.69 GWh	95.1%	95.4%	90.8%

¹ approximate, varies based on inverter performance
² based on location Optimal POA Irradiance of 1,632.2kWh/m² at 35.2° tilt and 180.4° azimuth

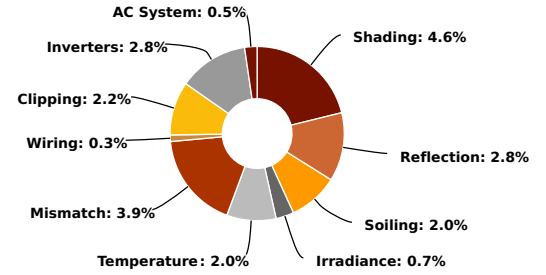
Solar Access by Month

Description	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec
Field Segment 1	91%	96%	97%	97%	96%	96%	96%	96%	97%	96%	93%	86%
Solar Access, weighted by kWp	90.9%	96.0%	96.8%	96.7%	96.1%	96.0%	96.4%	96.0%	96.7%	96.0%	93.3%	86.4%
AC Power (kWh)	97,088.1	144,755.9	169,662.6	160,356.4	179,253.8	153,922.5	197,377.4	163,512.4	161,364.3	100,157.2	97,719.4	64,488.2

Monthly Production



Sources of System Loss



Southwestern Angle

Southeastern Angle

Exhibit 11

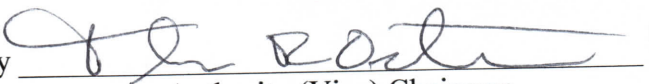
BEDFORD BOROUGH WATER AUTHORITY RESOLUTION NO. 02-2018

BE IT RESOLVED and it is hereby resolved by the Bedford Borough Water Authority, as follows:

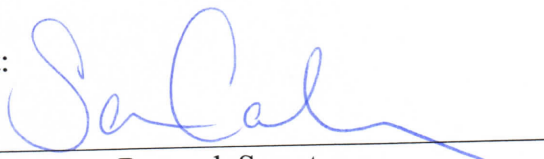
1. The Bedford Borough Water Authority (BBWA) met on Tuesday, January 9, 2018 (along with members of Bedford Borough Council and the Municipal Authority of the Borough of Bedford) and agreed to pursue the project with RER provided the grant is received from the CFA Program.
2. Along with Borough Council and the Municipal Authority of the Borough of Bedford, the entities have agreed to provide an energy prepayment amount totaling \$100,000 to lower the effective cost of the PPA starting rate. The Prepayment will be paid to RER Energy Group in 2 payments. One-half (1/2) upon signing of the final PPA Agreement (\$50,000) and the remainder at the commercial operation date of the array (\$50,000).
3. In order to achieve the desired amount of energy offset illustrated in the proposal, the completion of the proposed 1000kW Ground Mount will require additional land of +/- Four (4) Acres, as designated in the proposal. This land must be within the geographic parameters of Pennsylvania Remote Net Metering Rules (2 Mi. Radius) and be economically feasible with the terms of the project. Land procured by BEDFORD may be an existing owned parcel, purchased, or leased for the term of the PPA agreement. RER Energy Group will evaluate and approve any parcel recommended to achieve the additional parcels and space required.

Duly Resolved by the Bedford Borough Water Authority, this 15th day of January, 2018, in lawful session.

Bedford Borough Water Authority

By 
Authority (Vice) Chairman

Attest:


Borough Secretary

RESOLUTION 01-2018

THE MUNICIPAL AUTHORITY OF THE BOROUGH OF BEDFORD

BE IT RESOLVED and it is hereby resolved by the Municipal Authority of the Borough of Bedford, as follows:

1. The Municipal Authority of the Borough of Bedford (MABB) met on Tuesday, January 9, 2018 (along with members of Bedford Borough Council and the Bedford Borough Water Authority) and agreed to pursue the project with RER provided the grant is received from the CFA Program.
2. Along with Borough Council and the Bedford Borough Water Authority, the entities have agreed to provide an energy prepayment amount totaling \$100,000 to lower the effective cost of the PPA starting rate. The Prepayment will be paid to RER Energy Group in 2 payments. One-half (½) upon signing of the final PPA Agreement (\$50,000) and the remainder at the commercial operation date of the array (\$50,000).
3. In order to achieve the desired amount of energy offset illustrated in the proposal, the completion of the proposed 1000kW Ground Mount will require additional land of +/- Four (4) Acres, as designated in the proposal. This land must be within the geographic parameters of Pennsylvania Remote Net Metering Rules (2 Mi. Radius) and be economically feasible with the terms of the project. Land procured by BEDFORD may be an existing owned parcel, purchased, or leased for the term of the PPA agreement. RER Energy Group will evaluate and approve any parcel recommended to achieve the additional parcels and space required.

DULY ADOPTED this 16th day of January, 2018, by the Board of the Municipal Authority of the Borough of Bedford, in lawful session duly assembled.

Municipal Authority of the Borough of Bedford

By: _____

Larry Johnson
Board Chairman

ATTEST:

Aaron Berkebile, Secretary



Empower Your World.

Qualification Summary

for Photovoltaic Design & Installation



RER Energy Group, “RER”, was founded in September, 2009, and is a national leader in developing and installing renewable energy systems. Our mission is to educate clients on the optimal ways to save on energy costs and help them implement cost efficient renewable energy systems.

Focusing on the total energy picture, we first identify how to reduce energy consumption. Next, we explore supplementing purchased energy with renewable energy systems. And then we assist in procuring remaining needs in the most cost-efficient manner.

We provide cost efficient and quality renewable energy systems to commercial, industrial, agricultural and municipal organizations in throughout the United States and Latin America.

Since 2009, the RER Energy Group team has provided a combination of development, design, procurement, project management and installations services for 40 Megawatts (MW) of solar arrays at over 100 solar systems throughout the United States and Latin America. To help fund these solar systems, we have assisted in securing more than \$30 million in State and Federal grants for our clients.

In 2016, RER Energy Group made the Inc. 5000 list of fastest growing companies for the second year in a row and was named #1 Commercial Solar developer in the State of Pennsylvania, and one of Top 50 U.S. Commercial Solar Developers by Solar Power World.

Each RER installation is overseen by one of the company’s experienced Project Managers. These individuals are tasked with choosing qualified subcontractors, overseeing the entire installation process, and commissioning the completed system through the Utility. Our Project Managers participate from the onset of the project, providing insight and guidance to the design team, and ensuring that the process runs smoothly. RER has built a strong team that comes together to ensure the work is done properly.

Design Approach

There are many ways to design a Solar Electric project. The RER Energy Group approach focuses on the customer's needs and how to generate energy at the most reasonable costs based upon consumption levels and the local facility. To do this, we first isolate the current energy expense to use as our baseline, and then design a system tailored to the usage levels and facility.

Solar Electric Capacity

A preliminary proposal would highlight the ability to provide a percentage of existing electricity overhead that would take in account the maximum financial advantage of available grants along with the client's financial ability to utilize the tax incentives and depreciation benefits available. Center of the decisions would be an audit of the existing roof and ground areas the client would like to utilize that are well suited for solar acquisition.

Turn-Key Solution

Our proposals are a complete, turn-key solution, inclusive of:

- All components necessary to complete the project
- Permitting costs
- Installation and project management
- Clean up and removal of recycling of project debris
- Warranty, utility interconnection and Maryland Energy Administration Grant Applications and Production Reporting

Additional Features

- Each Solar Electric Array will be custom designed to compliment your building's construction and architecture.
- We use only the most highly trained Solar Electric engineers and designers to ensure your system meets or exceeds industry standards.
- System Design and Engineering by a NABCEP Certified Solar Installer.
- All components are selected specifically for your Solar Electric system, with maximum lifetime production as the goal.
- All RER solar systems are designed to last 30-40 years or more.

24/7/365 Monitoring

Your solar electric system would include a data acquisition system that will enable 24/7/365, web-based monitoring, allowing real-time access to the system's energy production levels from any computer and even hand-held communication devices. RER will also provide a monthly production report every year on the anniversary date of your system commissioning.

Additional Benefits

- A Solar Electric Array will block the sun's harmful ultraviolet rays from degrading the covered portion of your roof.
- Customers and Visitors will appreciate your effort to make an impact to help the environment.
- Employees typically get a morale boost when they see renewable energy being utilized.
- Purchasing an array sends a signal of long-term commitment to the organization
- Producing your own electricity reduces the United States' and our collective dependence on foreign oil and fossil fuels.
- You will save significantly on energy costs.

Warranties

- Solar Modules: 25 years
- DC to AC Inverters: 10 years
- Roof Racking: 10 years
- System Installation: 5 years

Jim Kurtz

President and Finance Management

Mr. Kurtz joined Reading Electric in 2008 as General Manager with the objective of expanding the company, founded by his Great Uncle, into new business markets. In this role he developed the unit focused on Energy Efficiency and Renewable Energy, which he eventually turned to full time, founding RER Energy Group in 2009, with the support of Reading Electric.

In the early days of RER Energy Group, Jim helped obtain approximately 25% of the grants awarded throughout all of Pennsylvania for small businesses through the \$100MM Sunshine Grant Program, and has since led the business to develop and now build projects across multiple states and into Mexico. Mr. Kurtz's background of Executive Management has been focused on business development activities of both large and small companies, with expertise in financial analysis and investment opportunities. Mr. Kurtz obtained his MBA from Harvard Business School and graduated *summa cum laude* from The Wharton School of Business, of the University of Pennsylvania.

Mike Barnes

COO, NABCEP Trainer

Mr. Barnes has been collaborating with, and leading operations for RER Energy Group since 2014, bringing years of business development and project management experience to this role. Mr. Barnes assembles teams, negotiates with suppliers, and engages in top flight planning of all projects to consistently deliver work that is on time and under budget. As operations leaders for RER, Mr. Barnes oversees: design, engineering, permitting, procurement, construction and commissioning of PV Solar projects.

In addition to his extensive business development and project management experience, Mr. Barnes is certified on the North American Board of Energy Practitioners (NABCEP) as an instructor with 8+ years experience teaching post-secondary students in renewable energy and electrical technologies. He is registered as a Master Electrician in the states of FL, IA, and PA.

Christopher Flynn

Vice President, Strategy

Chris has been working in the sustainable energy market place since as a business professional, banker, and educator since 2009. Prior to joining RER, Chris served as the head of business development for the Sustainable Energy Fund, where he worked to provide financing for over U.S. \$40 million worth of renewable energy projects.

Chris has more than 20 years of professional experience in sales, marketing, financial services, brand development, and management. He is also a Certified Renewable Energy Professional with the Association of Energy Engineers.

Kurt D. Karsten, Esq.

Legal Counsel

Kurt has been a critical part of the RER Energy Group team since 2015, when he became involved in legal work for a number of projects as well as broad based advising to the enterprise. Kurt began actively working in renewable energy in the fall of 2007 when he was hired as a consultant by Bluewater Wind to help organize and establish their Maryland offshore wind project. Since that time, Kurt has consulted in utility scale and large commercial scale renewable energy projects with corporations, municipalities and individual communities. He has worked on the contracting and permitting for over 100 MWs of commercial and utility scale solar projects around the country over the last 5 years.

Stephanie Brun de Pontet, PhD

Vice President, Organizational Development

Stephanie joined RER Energy Group in 2014, initially as an advisor to the President and leadership team. As the company has experienced significant growth in the past several years, Stephanie has had the opportunity to get involved in all aspects of the enterprise, with a special emphasis on organizational development and strategic planning.

Stephanie also serves in a strategic advisory and board oversight capacity for Sunvestment Energy Group, a separate but related business that provides financing services to solar developers and EPC firms.

Anthony B. (Tony) Parisi

Senior Financial Consultant

Tony joined the RER Energy Group team in September 2016 to drive project development and financing solutions that optimize savings and solar benefits for the company's clients.

Tony has 25 years of experience in finance, company operations, business development, investment banking transactions, and project development. He has experience and relationships across numerous industries, including renewable energy, finance, real estate, sustainability, technology, software, and telecommunications. Prior to working with RER, Tony was chief financial officer of Dynamic Energy, where he collaborated with business development and operational teams and raised capital to fund solar projects ranging from \$500,000 to \$10 million.

Rodney G. Rose, Esq.

Director of Business Development

Rodney joined RER in January 2016, bringing expertise gained over more than a decade as in-house counsel and director of regulatory compliance with Horizon Goodwill Industries in Hagerstown, Maryland, where he handled all legal aspects of the U.S. \$20 million organization. Rodney made the move to RER and solar development after successfully completing a Power Purchase Agreement (PPA) for his former employer.

Rodney's current concentration is on developing projects for non-profit organizations, Municipalities, school systems, and private enterprises. Rodney's unique combination of legal knowledge, government, and business experience enables him to collaborate with Boards of Directors and C-level executives on how to best implement solar to positively boost their bottom line.

RER is an Equal Opportunity Employer

RER does not discriminate against any employee or against any person seeking employment by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the Pennsylvania Humans Relation Act, which prohibits discrimination on the basis of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or in violation of any applicable federal laws.

Engineering Partners, *SSM Group, Inc.*

As a preferred engineering partner, SSM Group based in Reading, PA provides electrical engineering associated with medium and low voltage utility and power distribution interconnections for ground and roof mounted PV solar arrays.

RICK MARTIN

Senior electrical engineer, architectural engineering

- *Over 30 years of electrical engineering & construction experience
- *Registered professional engineer in 35 states

GARY BASHORE

Senior electrical designer, architectural engineering

- *Over 25 years of experience as electrical designer & draftsman
- *Designer, project manager & CAD operator

DAVID MORGAN, RLA

Civil design lead

- *Registered Landscape Architect
- *25 years of experience in land planning and landscape architecture

Project Managers & Construction Leads

JOE RINALDI

President of Grid Electric and Solar Solutions, LLC

- *Over 18 years experience, NABCEP Certified PV Installer & Master electrician

GORDON SMITH

President of Renewable Energy Solutions

- *Over 40 years experience in the construction industry
- *NYSERDA & PA Sunshine approved PV Installer since 2009

ROBERT HASSMAN JR.

CEO – CNR Energy Solutions LLC

- *Over 30 years experience, PA Sunshine approved Installer 2008/2009
- *NABCEP professional PV Installer (recertification in process)



Cedar Falls Utility
Cedar Fall, Iowa

System Size: 1.9 MW

Hanwha Modules

Solectria Inverters

Sunlink Large Scale GMS Racking





**Avon Central
School District
Avon, NY**

System Size: 1.5 MW

Panels: Stion

Inverters: Solectria

Racking: FlexRack



A&A Global Industries
Cockeysville, MD

System Size: 1.6 MW

Panels: Hanwha

Inverters: Solectria

Racking: K&B ECONORACK





AGP Plastics
Quakertown, PA

System Size: 602 kW

Panel: Hanwha

Inverters: Solectria

Racking: KB





Boscov's Department Store
Westminster, MD

System Size: 478 kW

Panels: ReneSola

Inverter: Advanced Energy

Racking: Schletter FIX-EZ Ballasted





Horizon Goodwill
Hagerstown, MD

System Size: 880 kW

Panels: REC

Inverters: Chint

Racking: Solar Flex Rack





Aerzen USA Corporation
Coatesville, PA

System Size: 205.8 kW

Panels: Hanwha

Inverter: SatCon PowerGate Plus

Racking: Schletter





Town of Middletown
Middletown, MD

System Size: 837 kW

Panels: Trina

Inverters: Sunny Central

Racking: Schletter





**American Sugar Refining –
Domino Sugar
Baltimore, MD**

System Size: 35 kW

Panels: Motech

Inverters: SMA Tripower

Racking: AE Rayport Roof Mount





Phoenixville High School
Phoenixville, PA

Systems Size: 252 kW

Panels: Kyocera

Inverter: Satcon

Racking: Panel Claw Ballasted

Penn. State University: Berks Campus
Reading, PA

System Size: 2.8 kW

Motech Modules

Fronius Inverter

DPW Ground Mount Racking



Hopewell Elementary School
Center Valley, PA

System Size: 70.68 kW

Canadian Solar Modules

Solectria Inverter

RBI Racking





Boscov's Department Store
Woodbridge Mall, NJ

System Size: 478.4kW
Renesola Modules
Advanced Energy Inverter
Schletter Ballasted Racking

Lloyd Kurtz Farm
Fleetwood, PA

System Size: 46.92 kW
Yingli Modules
SMA Inverters
SolarMount Roof Racking



Red Hill Farms
Pitman, PA

System Size: 74.75 kW
Yingli Modules
SMA Inverters
ULA Ground Mount Racking





JR Peters, Inc.
Allentown, PA

System Size: 197.34 kW

Yingli Modules

Satcon and PVS Inverters

Solar Flex Rack Ground Mount Racking

American PowerNet
Wyomissing, PA

System Size: Roof 23 kW & Carport 16 kW

Canadian Solar Modules

ABB Inverter

IronRidge Racking & Baja Carport



**Insulation Corporation
of America**
Allentown, PA

System Size: 191.36 kW

Yingli Modules

Xantrex Inverter

Sunlink Racking

The Quality Assurance Plan provides a detailed description of processes, procedures and protocols that RER Energy Group strives to improve continuously to develop, engineer, construct, operate, maintain and repair solar PV systems that meet or exceed industry standards and practices.

1. BUSINESS PRACTICES
 1. Predictable Energy Cost
 2. Maximum Return on Investment
 3. Minimum Life-Cycle Cost
 4. Completed Project Hand-off
 5. Warranty
2. TRAINING, CERTIFICATIONS AND LICENSES
 1. Training and Experience Requirements
3. PROJECT DESIGN AND ENGINEERING
 1. Research and select quality material based on long-term quality
 2. Develop designs based on best practices and life-cycle costing
 3. Maintain a design drawings development and equipment submittal review log
 4. Final Design and Specification Documentation
4. PROJECT MANAGEMENT
 1. Construction Oversight Responsibilities
 2. Project Record Documentation
5. CONSTRUCTION PRACTICES AND PROCEDURES
 1. Electrical Installation and Test Procedures
 2. Safety Program
6. OPERATIONS AND MAINTENANCE PROGRAM
 1. Operations Services
 2. Maintenance and Repair Services
7. WARRANTY
 1. Terms and Conditions



GES

General Energy Solutions

<http://www.gesyw.com/>

GENERAL ENERGY SOLUTIONS (GES)

GES is proud to be member of the **Neo Solar Power (NSP) Group**

€ **Founded in**

2009.07- SOC headquartered in Hukou, Taiwan

2012.03- Renamed as GES

2014.06- Became a publicly traded company

2017 - Preparing for an IPO

€ **Company Sector – Solar Electric Power Generation**

SIC code: 4911; NAICS code: 221114

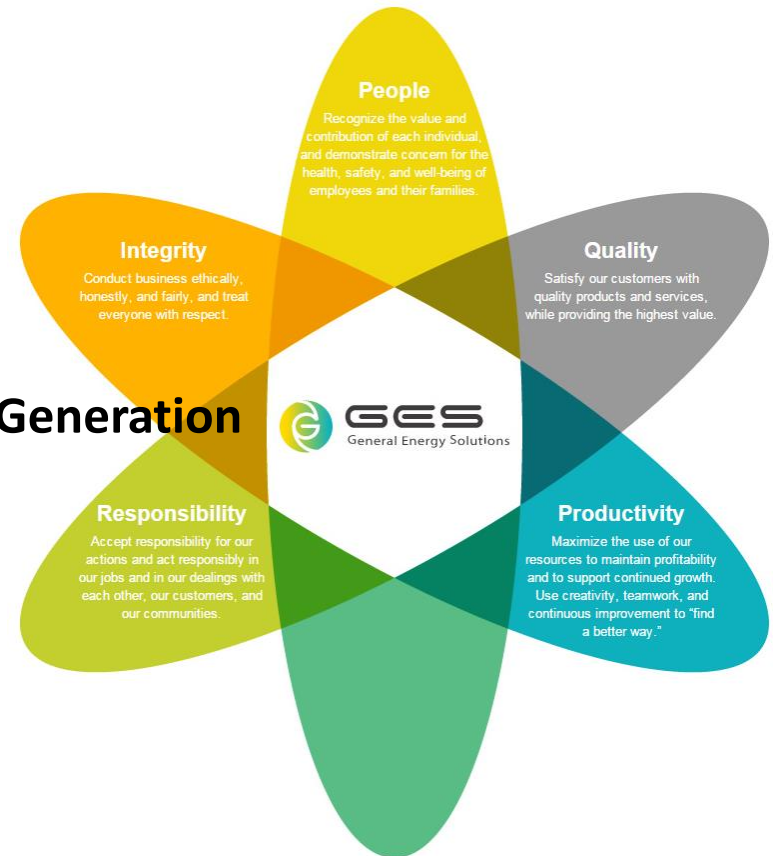
€ **Capital: USD \$61 M**

€ **Global Installed Assets: > USD \$300M**

€ **Business Models**

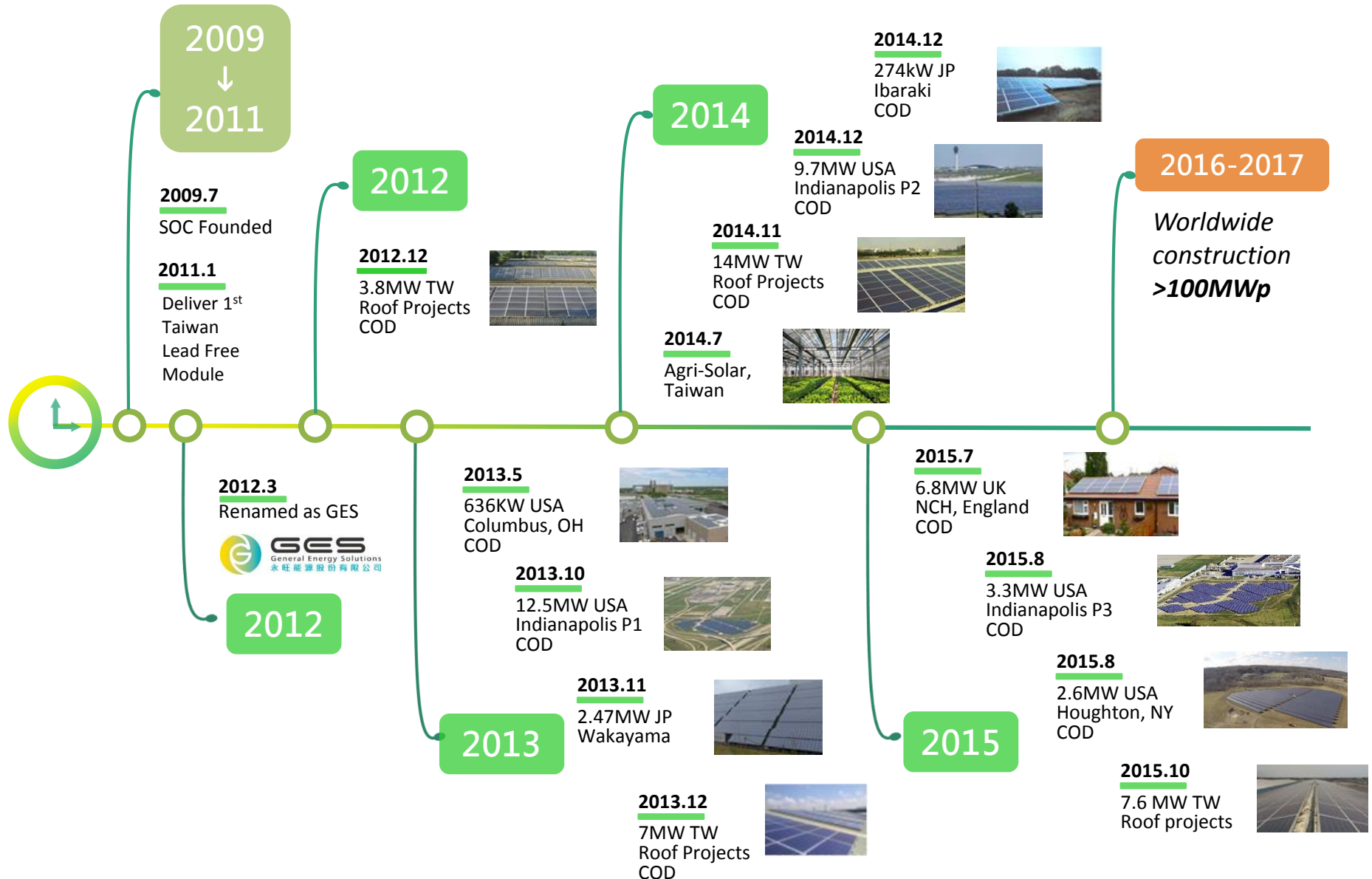
Solar System Development, Project Financing,

EPC Services, O&M provider, Independent Power Producer (IPP)



Delivering quality energy solutions for long-term performance

COMPANY MILESTONES



WORLDWIDE PROJECTS

USA

- California
- Arizona
- Hawaii
- Iowa
- Michigan
- Indiana
- Ohio
- New York
- New Jersey
- Massachusetts
- Utah
- New Hampshire
- Connecticut
- Illinois



UK

- Manchester
- South Wales
- South Lake



Dominican

- Monte Plata

Mexico

- Sonora



UAE(Dubai)

- Jebel Ali Freezone



Taiwan

- Changhua
- Tainan
- Kaohsiung
- Pingtung
- Yunlin
- Chiayi
- Taichung

Japan

- Wakayama
- Fukuoka
- Fukushima
- Ibaraki
- Miyagi



1. Installed/installing: around 200MW
2. Pipeline: more than 300MW

GLOBAL LOCATIONS



GENERAL ENERGY SOLUTIONS INC. (Headquarter)

No. 18-1, Guangfu N. Rd., Hukou, Hsinchu County, Taiwan, Republic of China 30351
Tel: +886-3-5972899 / Fax: +886-3-5971899



GENERAL ENERGY SOLUTIONS USA, INC.

South CA office > 701 West Kimberly Ave, Suite 220, Placentia, CA 92870
Tel: +1-657-444-2690

North CA Office > 1525 McCathy Blvd., Suite 118, Milpitas, CA 95035
Tel: +1-408-916-6688



GENERAL ENERGY SOLUTIONS UK, INC.

City View House, 5 Union Street, Manchester, M12 4JD
Tel: +44-1612-777640 / +44-1612-777641



GES JAPAN CORPORATION

2-1-1-611. Sakaimachi, Kokurakita-ku, Kitakyushu-shi, Fukuoka, 802-0005, Japan
Tel: +81-93-512-5755 / Fax: +81-93-512-5756



GES USA Status

MANAGEMENT TEAM (GES USA)

Management



Dr. Sam Hong
Chairman

Background

Dr. Hong has more than thirty years of experience in photovoltaic solar energy. He has served as the Research Division Director of Photovoltaic Solar Energy Division at the Industry Technology Research Institute, and Vice President and Plant Director of Sinonar Amorphous Silicon Solar Cell Co., which is the first amorphous silicon manufacturer in Taiwan. In addition, Dr. Hong was responsible for Power Subsystem of ROCSAT 1 for the Taiwan National Space Program. Dr. Hong has published numerous books, journal and international conference papers, and patents. Dr. Hong was the recipient of Outstanding Achievement Award from the Ministry of Economic Affairs. Dr. Hong has been elected the Chairman of Taiwan Photovoltaic Industry Association (TPVIA) and has taken office from 2011 to 2015.



Dr. David Su
President

Dr. Su has more than 25 years of experience in the communications industry. He has served as President and CEO in various companies related to the telecommunications field. He holds a Ph.D., in Industrial & Systems Engineering from Georgia Institute of Technology . Dr. Su served as Professor at the Department of Computer Science and Information Engineering at the National Taiwan University. He is currently leading an effort to establishing GES as a major worldwide leader in the energy industry.



Dr. Jack Chen
Managing Director

Dr. Chen has more than 20 years of experience in the Information Technology industry. In 2007, he became one of the pioneers to set up Foxconn Solar division. Under his co-leadership, Foxconn became one of the major suppliers in mechanical parts to several Tier one solar companies. He holds a Ph.D., in Thermal Science from Case Western Reserve University. Dr. Chen served as Professor at the Department of Mechanical and Mechatronic Engineering at the National Taiwan Ocean University. He joined GES in 2012 to set-up and lead US operation since then.

TEAM of KNOWLEDGE, SKILL & EXPERIENCE

- A complete Team consists of members in finance, engineering, legal and project development/management fields
- Full tracking record of
 - ✓ Project evaluation/development
 - ✓ Project finance
 - Subsidies
 - Loan
 - JV (tax and equity)
 - Final out-taker
 - ✓ Project design and construction
 - ✓ International experience

We are proud to be the team to design, finance, construct and operate the world largest airport solar project (~25MW)

US PROJECTS – IN OPERATION

Project Name	Region	Capacity (MW)	Project type	Off-taker	COD Date
Columbus Fleet Management	Ohio	0.64	Rooftop	Municipality	May, 2013
Indy Airport Phase I	Indiana	12.50	Ground mount	Utility	October, 2013
Yuma A&B	Arizona	1.23	Ground mount	Utility	November, 2014
Indy Airport Phase II	Indiana	9.38	1-axis tracking ground mount	Utility	December, 2014
Indy G	Indiana	1.25	Rooftop	Utility	June, 2015
Houghton	New York	2.62	Ground mount	College	August, 2015
Indy Airport Phase III	Indiana	3.13	1-axis tracking ground mount	Utility	August, 2015
Calverton	New York	3.92	Ground mount	Utility	October, 2015
LarkSpur	California	0.35	Carport	School	December, 2015
Boretech	California	0.42	Rooftop	Private company	January, 2016
Cedar Falls	Iowa	1.99	Ground mount	Utility	April, 2016
Oakdale Club	California	0.32	Ground mount	Private company	November, 2016
Washington Borough	New Jersey	0.63	Ground mount + rooftop	Municipality	January, 2017
Plymouth Airport	Indiana	0.24	Ground mount	Utility	January, 2017
Club Kona	Hawaii	0.16	Rooftop	Private company	June, 2017
Brookside Golf Course - Roof	California	0.12	Rooftop	Private company	July, 2017
Tracy Golf Course	California	0.24	Ground mount	Private company	July, 2017
Shagbark	Connecticut	1.48	Ground mount	Private company	August, 2017
Hawaii Times	Hawaii	1.27	Rooftop	Private company	October, 2017
IMPA	Indiana	15.40	Ground mount	Utility	December, 2017

Total: 57.28MW

US PROJECTS – CONSTRUCTION & PLANNING

Project Name	Region	Capacity (MW)	Project type	Off-taker	COD Date
HYPE Athletics	Michigan	0.56	Rooftop	Private company	January, 2018
Becker College	New York	0.42	Rooftop	College	January, 2018
Byrd Hotels	Indiana/ Utah/ Arizona	0.80	Rooftop/ Carport	Private company	February, 2018
Boston Housing Authority I	Massachusetts	0.75	Rooftop	Housing Authority	February, 2018
Boston Housing Authority II	Massachusetts	1.30	Rooftop	Housing Authority	March, 2108
Manhattanville College	New York	1.09	Carport + Ground mount	College	March, 2108
City of California	California	2.45	1-axis tracking ground mount	Municipality	March, 2018
Munisol I	Mexico	21.56	Ground mount	Municipalities	March, 2018
Heywood Hospital	Massachusetts	0.94	Carport	Hospital	April, 2018
Hanover	Indiana	0.24	Ground mount	Utility	May, 2108
Lowell	Indiana	0.24	Ground mount	Utility	May, 2018
City of Monterey Park	California	2.02	Carport	Municipality	June, 2018
OES	California	0.90	Rooftop/ Carport	Private company	August, 2018
ASAP Hotel Chain	California/Texas/NJ	4.25	Rooftop/ Carport	Private company	August, 2018
Ventura County	California	3.38	1-axis tracking ground mount	Municipality	Sept, 2018
Dewitt City	New York	2.63	Ground mount	Municipality	Sept, 2018
Prime Healthcare	California	4.00	Ground mount	Private company	October, 2018
Village of Coxsackie	New York	0.74	Ground mount	Municipality	October, 2018
IL Community Solar Portfolio	Illinois	17.50	1-axis tracking ground mount	Municipality	October, 2018
Livermore	California	4.00	Ground mount	Municipality	November, 2018
IMPA II	Indiana	15.00	Ground mount	Utility	November, 2018
MI Community Solar Portfolio	Michigan	5.00	1-axis tracking ground mount	Municipality	December, 2018

Total: 89.75MW

Exhibit 14a

Solar Power Purchase Agreement

This Solar Power Purchase Agreement (this “**Agreement**”) is entered into by the parties listed below (each a “**Party**” and collectively the “**Parties**”) as of the date signed by Seller below (the “**Effective Date**”).

Purchaser:		Seller:	
Name and Address of System and Premises Owner	Borough of Bedford (PA) 244 Penn St. Bedford, PA 15522 Barbara Diehl, Borough Manager	Name and Address	Bedford 57 Solar, LLC 2000 Shelby Road Reading PA 19605 Attn: Stephanie Brun de Pontet
Phone	(814) 263-8192	Phone	(678) 773-1675
E-mail	bdiehl@bedboro.com	E-mail	sbrundepontet@sunvestmentgroup.com

This Agreement sets forth the terms and conditions of the purchase and sale of solar generated electric energy from the solar panel system described in Exhibit 2 (the “**System**”) and installed at the Purchaser’s facility described in Exhibit 2, Attachment A (the “**Facility**”). and credited pursuant to a “aggregated virtual net-metering agreement” with the Utility against electrical energy used at the Purchaser’s Facilities, with Seller to retain all responsibility for the Operation, Maintenance and Repair of the System until buy-out or termination. In consideration of the terms and conditions set forth in Exhibits 1 and 4 and the payments set forth in Exhibit 1, the Seller agrees to sell and Purchaser agrees to purchase, the energy from the system described in Exhibit 2, attached hereto.

The exhibits listed below are incorporated by reference and made part of this Agreement.

- Exhibit 1 Basic Terms and Conditions
- Exhibit 2 System Description
- Exhibit 3 Credit Terms
- Exhibit 4 Solar PPA General Terms and Conditions
- Exhibit 5 Termination Value
- Exhibit 6 Description of Premises
- Exhibit 7 Operations and Maintenance Manual and Agreement

Purchaser:

Signature: _____



Printed Name: Barbara Diehl

Title: Borough Manager

Date: January 16, 2018

Seller: Bedford 57 Solar, LLC

Signature: _____



Printed Name: Stephanie Brun de Pontet

Title: Director, Bedford 57 Solar, LLC

Date: January 16, 2018

Exhibit 1
Basic Terms and Conditions

1. **Term:** Up to Twenty-Five Years (25) years pursuant to the terms and conditions herein, beginning on the Commercial Operation Date with buy out or renewal options at years 7, 10, or 15 years.
2. **Additional Terms:** Optional extensions at years 25 and 30 - two (2) Additional Terms of five (5) years each.
3. **Environmental Incentives and Environment Attributes:** Accrue to Seller until buyout or termination.
4. **Energy Prepayment:** Purchaser may pay One Hundred and One Thousand Six Hundred Eighty Two dollars (\$101,682) on or before the completion and beneficial use of the array, as a prepayment towards future energy payment obligations. The \$/kWh figures below shall be modified to account for the reduction in future energy payments due to the prepayment. If the Agreement is terminated prior to the end of the Term, the Seller will owe the Purchaser a pro-rata portion of the prepayment based upon the amount of anticipated production that has not yet been delivered, as determined by the terms and conditions of the Agreement.

Contract Year	\$/kWh	kWh
1	\$0.052	1,748,500
2	\$0.053	1,739,758
3	\$0.054	1,731,059
4	\$0.055	1,722,403
5	\$0.056	1,713,791
6	\$0.057	1,705,222
7	\$0.058	1,696,696
8	\$0.059	1,688,213
9	\$0.060	1,679,722
10	\$0.062	1,671,373
11	\$0.063	1,663,016
12	\$0.064	1,654,701
13	\$0.065	1,646,427
14	\$0.067	1,638,195
15	\$0.067	1,630,004
16	\$0.069	1,621,854
17	\$0.071	1,613,745
18	\$0.072	1,606,696
19	\$0.074	1,597,648
20	\$0.075	1,589,660
21	\$0.077	1,581,771
22	\$0.078	1,573,803
23	\$0.080	1,565,934
24	\$0.081	1,558,104
25	\$0.083	1,550,314

5. **Seller's Condition Satisfaction Date:** December 31, 2018
6. **Anticipated Commercial Operation Date:** December 31, 2018
7. **Purchaser Options to Purchase System.** None or as set forth in Section 16(b).
Agreed upon Fair Market Value (subject to confirmation as per Section 16(b) and these amounts include the prepayment credits remaining):
 Year 5: \$ NA
 Year 7: \$ 952,397.57
 Year 10: \$ 900,698.31
 Year 15: \$ 754,408.65
8. **Outside Commercial Operation Date:** Dec. 31. 2019

9. System Installation:

Includes:	<p><input checked="" type="checkbox"/> Design, engineering, permitting, installation, monitoring, rebate application and paperwork processing of the System, including unforeseen groundwork (including, but not limited to, excavation/circumvention of underground obstacles), upgrades or repair to the Facility or utility electrical infrastructure, payment bonds, performance bond(s), prevailing wage construction, tree removal, or tree trimming all prior to COD.</p> <p><input checked="" type="checkbox"/> Limited Warranty.</p> <p><input checked="" type="checkbox"/> Any like substantive equipment, in the sole discretion of the Seller.</p> <p><input checked="" type="checkbox"/> State or Utility Rebate, if any.</p>
Excludes:	<p>Unforeseen groundwork (including, but not limited to, excavation/circumvention of underground obstacles), upgrades or repair to the Facility or utility electrical infrastructure, payment bonds, performance bond(s), prevailing wage construction, tree removal, or tree trimming.</p>

Exhibit 2
System Description

1. **System Location: Todd Reservoir, Borough of Bedford, PA**
2. **System Size (DC kW): 1,345 kW DC**
3. **Expected First Year Energy Production (kWh): 1,748,500 kWh**
4. **Expected Structure: Ground Mounted**
5. **Expected Modules:**

<u>Manufacturer/Model</u>	<u>Quantity</u>
Bloomberg Rated Tier I modules or Equivalent	TBD

6. **Expected Inverters:**

<u>Manufacturer/Model</u>	<u>Quantity</u>
Bloomberg Rated Tier One High Quality String Inverters or Equivalent	TBD

7. **Facility and System Layout:** To be provided at permitting
8. **Utility:** PENELEC

Exhibit 2
Attachment A:
 Facility and System Layout

An Aerial Photograph of the Facility	See below
Conceptual Drawing of the System	See below
Delivery Point	TBD –
Access Points	All points of access necessary to construct, operate, inspect, repair and maintain the System

Aerial Photograph of Facility



**Exhibit 3
Credit Information**

Promptly following the execution of this Agreement, Purchaser shall supply Seller with the following credit information:

PURCHASER INFORMATION							
Name:					Tax ID:		
Previous & Other Names:				Website:			
Corporate Address:							
City, State, Zip							
Phone Number: () - -				Fax Number: () - -			
Entity Type Check One:	S-Corp	C-Corp	Partnership	Sole Prop	LLC	LLP	Other
Property Address for Solar Installation:			State:		Zip Code:	Property Owned by Applicant <input type="radio"/> YES <input type="radio"/> NO	
Property Type		Insurance Agent Name		Agents Phone: () - -	Name of Property Owner if Not Applicant		
Information Requested: Please submit the information required below via electronic format to _____@_____.							
<u>Corporate Records</u> <ul style="list-style-type: none"> <input type="checkbox"/> Copy of Articles of Incorporation, Partnership Agreement, Fictitious Name Statement or Organizational formation Documents (If applicable). 							
<u>Financial Statements</u> <ul style="list-style-type: none"> <input type="checkbox"/> Last two (2) years of CPA audited, reviewed, compiled statements (Balance Sheet, Income Statement, Cash Flow). 							
<u>Real Estate Documents</u> <ul style="list-style-type: none"> <input type="checkbox"/> Lease with Premises Fee Owner <input type="checkbox"/> Copies of Liens or Third Party Security Interests in the Premises 							
Seller may request you provide additional documentation to complete the credit evaluation process. Seller will notify you if additional information is required.							

The above information and any information attached is furnished to Seller and its Financing Parties in connection with the Application of credit for which you may apply or credit you may guarantee. You acknowledge and understand that the Lender is relying on this information in deciding to grant or continue credit or to accept a guarantee of credit. You represent, warranty and certify that the information provided herein is true, correct and complete. The Lender is authorized to make all inquiries deemed necessary to verify the accuracy of the information contained herein and to determine your creditworthiness. You authorize any person or consumer-reporting agency to give the Lender any information it may have about you. You authorize the Lender to answer questions about its credit experience with you. Subject to any non-disclosure agreement between you and Lender, this form and any other information given to the Lender shall be the Lender's property. If your application for business credit is denied you have the right to a written statement of the specific reason for the denial. To obtain the statement, please contact Seller at () - -, _____, _____. You must contact us within 60 days from date you are notified of our decision. We will send you a written statement of reasons for the denial within 30 days of receiving your request.

NOTICE: The Federal Equal Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance programs; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Office of the Comptroller of the Currency, Customer Assistance Unit, 1301 McKinney Street, Suite 3450, Houston, Texas 77010-9050. Seller is an equal opportunity lender.

Signature:

Title:

Date:

Exhibit 4
Solar Power Purchase Agreement
General Terms and Conditions

1. **Definitions and Interpretation:** Unless otherwise defined or required by the context in which any term appears: (a) the singular includes the plural and vice versa; (b) the words “herein,” “hereof” and “hereunder” refer to this Agreement as a whole and not to any particular section or subsection of this Agreement; (c) references to any agreement, document or instrument mean such agreement, document or instrument as amended, modified, supplemented or replaced from time to time; and (d) the words “include,” “includes” and “including” mean include, includes and including “without limitation.” The captions or headings in this Agreement are strictly for convenience and shall not be considered in interpreting this Agreement.
2. **Purchase and Sale of Electricity.** Purchaser shall purchase from Seller, and Seller shall sell to Purchaser, all of the electric energy generated by the System during the Initial Term and any Additional Term (as defined in Exhibit 1, and collectively the “Term”). Electric energy generated by the System will be delivered to Purchaser as a credit from the Utility at the delivery point identified on Exhibit 2 (the “Delivery Point”). Purchaser shall take title to the energy and to the credit for electric energy generated by the System at the Delivery Point, and except as detailed herein, risk of loss of the credit will pass from Seller to Purchaser at the Delivery Point at the time of the monthly billing from the Utility. Purchaser may purchase electric energy for the Purchaser’s Premises from other sources if at any given time the Purchaser’s electric requirements at the Purchaser’s Premises exceed the output of the System. Any purchase, sale and/or delivery of electric energy generated by the System prior to the Commercial Operation Date shall be treated as purchase, sale and/or delivery of limited amounts of test energy only and shall not indicate that the System has been put in commercial operation by the purchase, sale and/or delivery of such test energy.
3. **Term and Termination.**
 - a. **Initial Term.** The initial term (“Initial Term”) of this Agreement shall be up to Twenty-Five (25) Years, commencing with a five (5) year term on the actual Commercial Operation Date (as defined below), which may be renewed every five (5) years by the Purchaser, continuing for the length of time specified in Exhibit 1. **In the event Purchaser does not renew for an additional five (5) year term at either Contract Year 5, 10 15 or 20 during the Initial Term, Purchaser shall be obligated to a buy-out of the System as set forth in Section 16 herein.** The “Commercial Operation Date” (“COD”) is the date Seller gives Purchaser written notice that the System is mechanically complete and capable of providing electric energy to the Delivery Point. Such notice shall be deemed effective unless Purchaser reasonably objects within ten (10) days of the date of such notice. Within five (5) days after the Commercial Operation Date, Seller will give Purchaser copies of certificates of completion or similar documentation from Seller’s contractor and the interconnection or similar agreement with the entity authorized and required under applicable law to provide electric distribution service to Purchaser at the Facility (the “Utility”), as set forth on Exhibit 2, including the “virtual aggregated net-metering agreement” that provides that all electric energy generated by the system shall be credited against the variable transmission and distribution costs, and energy costs at the Premises as if the electric energy generated by the system were generated “behind the meter” at each of the Purchaser’s Premise’s qualifying meters.
 - b. **Additional Terms.** Prior to the end of the Initial Term or of any applicable Additional Term, as defined below, if Purchaser has not exercised its option to purchase the System, Purchaser may give Seller written notice of its desire to extend this Agreement on the terms and conditions set forth herein for the number and length of additional periods specified in Exhibit 1 (each such additional period, an “Additional Term”). Such notice shall be given, if at all, not more than one hundred twenty (120) and not less than sixty (60) days before the last day of the Initial Term or the then current Additional Term, as applicable. If Purchaser elects an Additional Term, the Additional Term shall begin immediately upon the conclusion of the Initial Term or the then current term on the same terms and conditions as set forth in this Agreement. If the Purchaser does not request an Additional Term, this Agreement shall terminate at the end of the Initial Term (if the same has not been extended) or the then current Additional Term.
4. **Billing and Payment.**
 - a. **Monthly Charges.** Purchaser shall pay Seller monthly for the electric energy generated by the System and delivered to the Delivery Point at the \$/kWh rate shown in Exhibit 1 (the “Contract Price”). The monthly payment for such energy will be equal to the applicable \$/kWh rate multiplied by the number of kWh of energy generated during the applicable month, as measured by the System meter that is recording accurately the amount of electric energy received by Purchaser at the Delivery Point.

- b. **Monthly Invoices.** Seller shall invoice Purchaser monthly, either manually or through ACH. Such monthly invoices shall state (i) the amount of electric energy produced by the System and delivered to the Delivery Point, (ii) the rates applicable to, and charges incurred by, Purchaser under this Agreement and (iii) the total amount due from Purchaser. The Contract Price includes ACH invoicing
- c. **Taxes.** Seller shall be responsible for any and all taxes assessed on the generation, sale, delivery or consumption of electric energy produced by the System or the interconnection of the System to the Utility's electric distribution system, including property taxes on the System. For purposes of this Section 4(c), "Taxes" means any federal, state and local ad valorem, property, occupation, generation, privilege, sales, use, consumption, excise, transaction, and other taxes, regulatory fees, surcharges or other similar charges, and shall include any income taxes or similar taxes imposed on Seller's revenues due to the sale of energy under this Agreement, which shall be Seller's responsibility.
- d. **Payment Terms.** All amounts due under this Agreement shall be due and payable net twenty (20) days from receipt of invoice. Any undisputed portion of the invoice amount not paid within the twenty (20) day period shall accrue interest at the annual rate of two and one-half percent (2.5%) over the prime rate, as published in the Wall Street Journal (but not to exceed the maximum rate permitted by law).
- e. **Prepayment of Energy Costs.** If Purchaser has elected to prepay for some of the electrical energy being purchased pursuant to this Agreement, Seller will adjust the PPA rate to reflect prepayment at an agreed upon rate. Invoicing shall occur monthly, per Paragraph 4(b) herein, however, the monthly invoice shall show the remaining credit balance on the account for future energy payments. Prepayment credit shall apply to all regular and recurring charges for electricity under paragraph 4(a) and taxes under paragraph 4(c.) Prepayment credits do not apply to buy-out of the system under paragraph 16(b,) as these buy-out values have already taken the Prepayment amounts into account in the construction costs of the system.

5. Environmental Attributes and Environmental Incentives.

Unless otherwise specified on Exhibit 1, Purchaser hereby irrevocably assigns to Seller all Environmental Attributes and Environmental Incentives and from this date forward, Seller is entitled to the benefit of all Tax Credits, and Purchaser's purchase of electricity under this Agreement does not include Environmental Attributes, Environmental Incentives or the right to Tax Credits or any other attributes of ownership and operation of the System, all of which shall be retained by Seller until buy-out or termination. Purchaser shall cooperate with Seller in obtaining, securing and transferring all Environmental Attributes and Environmental Incentives and the benefit of all Tax Credits, including by using the electric energy generated by the System in a manner necessary to qualify for such available Environmental Attributes, Environmental Incentives and Tax Credits, consistent with the New York net-metering laws and regulations. Purchaser shall not be obligated to incur any out-of-pocket costs or expenses in connection with such actions unless reimbursed by Seller. If any Environmental Incentives are paid directly to Purchaser, Purchaser shall immediately pay such amounts over to Seller. To avoid any conflicts with fair trade rules regarding claims of solar or renewable energy use, Purchaser, if engaged in commerce and/or trade, shall submit to Seller for approval any press releases regarding Purchaser's use of solar or renewable energy and shall not submit for publication any such releases without the written approval of Seller. Approval shall not be unreasonably withheld, and Seller's review and approval shall be made in a timely manner to permit Purchaser's timely publication.

"**Environmental Attributes**" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the System, the production of electrical energy from the System and its displacement of conventional energy generation, including (a) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (b) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; and (c) the reporting rights related to these avoided emissions, such as Green Tag Reporting Rights and Renewable Energy Credits. Green Tag Reporting Rights are the right of a party to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party, and include Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Environmental Attributes do not include Environmental Incentives and Tax Credits. Purchaser and Seller shall file all tax returns in a manner consistent with this Section 5. Without limiting the generality of the foregoing, Environmental Attributes include carbon trading credits, renewable energy credits or certificates, emissions reduction credits, emissions allowances, green tags tradable renewable credits and Green-e® products.

"**Environmental Incentives**" means any and all credits, rebates, subsidies, payments or other incentives that relate to self-generation of electricity, the use of technology incorporated into the System, environmental benefits of using the System, or

other similar programs available from the Utility, any other regulated entity, the manufacturer of any part of the System or any Governmental Authority.

“**Governmental Authority**” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including the Federal Energy Regulatory Commission or the California Public Utilities Commission), or any arbitrator with authority to bind a party at law.

“**Tax Credits**” means any and all (a) investment tax credits, (b) production tax credits and (c) similar tax credits or grants under federal, state or local law relating to the construction, ownership or production of energy from the System.

6. **Conditions to Obligations.**

a. **Conditions to Seller’s Obligations.** Seller’s obligations under this Agreement are conditioned on the completion of the following conditions to Seller’s reasonable satisfaction on or before the Seller’s Condition Satisfaction Date:

- i. Completion of a physical inspection of the Facility and the property upon which the Facility is located (the “**Premises**”) including, if applicable, geotechnical work, and real estate due diligence to confirm the suitability of the Facility and the Premises for the System;
- ii. Approval of (A) this Agreement and (B) the Construction Agreement (if any) for the System by Seller’s Financing Parties. “**Construction Agreement**” as used in this subsection means an agreement between Seller and any contractor or subcontractor to install the System;
- iii. Confirmation that Seller will obtain all applicable Environmental Incentives and Tax Credits;
- iv. Receipt of all necessary zoning, land use and building permits; and
- v. Execution of all necessary agreements with the Utility for interconnection of the System to Facility electrical system and/or the Utility’s electric distribution system.

b. **Failure of Conditions.** If any of the conditions listed in subsection (a) are not satisfied by the Seller’s Condition Satisfaction Date, the Parties will attempt in good faith to negotiate new dates for the satisfaction of the failed conditions. If the Parties are unable to negotiate new dates then Seller may terminate this Agreement upon ten (10) days written notice to Buyer without liability for costs or damages or triggering a default under this Agreement.

c. **Commencement of Construction.** Seller’s obligation to commence construction and installation of the System is conditioned on Seller’s receipt of (A) proof of insurance for all insurance required to be maintained by Purchaser under this Agreement, (B) written confirmation from any person holding a mortgage, lien or other encumbrance over the Premises or the Facility, as applicable, that such person will recognize Seller’s rights under this Agreement for as long Seller is not in default hereunder and (C), a signed and notarized original copy of the Easement agreement suitable for recording, substantially in Solar Power Easement Agreement executed separately (the “**Easement Agreement**”).

d. **Conditions to Purchaser’s Obligations.** Purchaser’s obligations under this Agreement are conditioned on the occurrence of the Commercial Operation Date for the System by the Outside Commercial Operation Date, the delivery of the electricity generated by the system to the delivery point, as well as the following conditions to Purchaser’s reasonable satisfaction:

- i. Completion of a physical inspection of the Facility and the property upon which the Facility is located (the “**Premises**”) including, if applicable, geotechnical work, and real estate due diligence to confirm the suitability of the Facility and the Premises for the System on a mutually agreed upon date prior to Seller incurring permitting costs;
- ii. Approval of (A) this Agreement and (B) the Construction Agreement (if any) for the System by Seller’s Financing Parties as identified on Schedule __ attached hereto. “**Construction Agreement**” as used in this subsection means an agreement between Seller and any general contractor other than RER to install the System;
- iii. Confirmation that Seller has obtained all applicable zoning, land use, building and occupancy permits and approvals required by Federal, State and Local law to construct and operate the System;

- iv. Completion of the Construction of the System at the Facility to the standards specified by the Construction Agreement, which shall include meeting all applicable safety and performance standards.
 - v. Execution of all necessary agreements with the Utility for interconnection of the System to Facility electrical system and/or the Utility's electric distribution system, including the "virtual aggregated net-metering agreement" that provides that all electric energy generated by the system shall be credited against the variable transmission and distribution costs, and energy costs on the Premises as if the electric energy generated by the system were generated "behind the meter" at Purchaser's Premises.
 - vi. The Project being awarded a grant by the Pennsylvania Consumer Financing Administration ("CFA") as a result of a timely application being filed by Purchaser and/or Bedford 57 Solar, LLC (on behalf of the Project) by the January 19, 2018 deadline (or any extension thereof.) The Parties specifically agree that if the Project is not awarded the grant award amount being applied for by Purchaser (or Bedford 57 Solar on behalf of Purchaser) then this Agreement is voidable at the election of Purchaser for a period of sixty (60) days after release of the Grant award results. To elect to void the Agreement for failure to be awarded a CFA Grant, Purchaser shall deliver a written statement by letter or email to Stephanie Brun de Pontet at the notification addresses herein within this time period, at which point all of each Party's obligations under this Agreement shall be null and void.
- e. **Failure of Conditions.** If any of the conditions listed in subsection (d) are not satisfied by the Purchaser's Condition Satisfaction Date, the Parties will attempt in good faith to negotiate new dates for the satisfaction of the failed conditions. If the Parties are unable to negotiate new dates then Purchaser may terminate this Agreement upon ten (10) days written notice to Buyer without liability for costs or damages or triggering a default under this Agreement.

7. **Seller's Rights and Obligations.**

- a. **Permits and Approvals.** Seller, with Purchaser's reasonable cooperation, shall use commercially reasonable efforts to obtain, at its sole cost and expense:
 - i. any zoning, land use and building permits required to construct, install and operate the System; and
 - ii. any agreements and approvals from the Utility necessary in order to interconnect the System to the Facility electrical system and/or the Utility's electric distribution system in order for Purchaser to receive "net-metering" credits for Utility generated electricity consumed at the Purchaser's Location of Operations.

Purchaser shall cooperate with Seller's reasonable requests to assist Seller in obtaining such agreements, permits and approvals. Purchaser understands and agrees that Seller shall not apply for permits until Purchaser has either satisfied or waived the approval requirements set forth in Section 6.d.1 above.
- b. **Standard System Repair and Maintenance.** Seller shall construct and install the System at the Facility. During the Term, Seller will operate and perform all routine and emergency repairs to, and maintenance of, the System pursuant to a separate Operations and Maintenance Manual and Agreement, attached hereto as **Exhibit 7**, including any repairs or maintenance resulting from Seller's negligence, willful misconduct or breach of this Agreement. Seller shall not be responsible for any damage caused to the System by repair work or changes made by others to the System or to Purchaser's electrical system at the either the Facility or on the Premises that are not part of the System installed by Seller. Seller shall not be responsible for any work done by others on any part of the System. Seller shall not be responsible for any loss, damage, cost or expense arising out of or resulting from improper environmental controls or improper operation or maintenance of the System by anyone other than Seller or Seller's contractors. If the System requires repairs or maintenance for which Purchaser is responsible, and Purchaser engages Seller to perform those repairs or maintenance, or Purchaser fails to make commercially reasonable efforts to perform those repairs or maintenance on a timely basis, Purchaser shall pay Seller for diagnosing and correcting the problem at Seller or Seller's contractors' then current standard rates. Purchaser hereby grants access to Seller to perform any and all such inspections, maintenance and/or repairs.
- c. **Non-Standard System Repair and Maintenance.** Purchaser shall be responsible for maintaining the System due to conditions at the Facility or due to any other cause, solely at Purchaser's risk and expense, pursuant to Exhibit 7, and subject to Section 7(b) and 8(c) herein.

- d. **Breakdown Notice.** Purchaser shall notify Seller within twenty-four (24) hours following Purchaser's discovery of (i) any material malfunction in the operation of the System or (ii) an interruption in the supply of electrical energy from the System. Purchaser and Seller shall each designate personnel and establish procedures such that each Party may provide notice of such conditions requiring Seller's repair or alteration at all times, twenty-four (24) hours per day, including weekends and holidays.
- e. **Suspension.** Notwithstanding anything to the contrary herein, if delivery of electricity from the System to the Delivery Point for the purpose of maintaining and repairing the System becomes necessary, such suspension of service shall not constitute a breach of this Agreement; provided, that Seller shall use commercially reasonable efforts to minimize any interruption in service, and provided further that for any such interruption lasting more than three (3) days, Seller shall credit Purchaser an amount equal to the sum for electric energy that would have been produced by the System during such suspension for repairs. Determination of the amount of energy that would have been produced during any disconnection or removal shall be in accordance with the procedures in Section 10(b).
- f. **Use of Contractors and Subcontractors.** Seller shall be permitted to use contractors and subcontractors to perform its obligations under this Agreement, provided however, that such contractors and subcontractors shall be duly licensed and shall provide any work in accordance with applicable industry standards. Notwithstanding the foregoing, Seller shall continue to be responsible for the quality of the work performed by its contractors and subcontractors. It is understood and agreed that there is no privity of contract between Purchaser and any such contractors or subcontractors. Seller agrees to hold harmless and indemnify Purchaser from any and all claims by any of Seller's contractors or subcontractors.
- g. **Liens and Payment of Contractors and Suppliers.** Seller shall pay when due all valid charges from all contractors, subcontractors and suppliers supplying goods or services to Seller under this Agreement and shall keep the Facility free and clear of any liens related to such charges, except for those liens which Seller is permitted by law to place on the Facility following non-payment by Purchaser of amounts due under this Agreement. Seller shall indemnify Purchaser for all claims, losses, damages, liabilities and expenses resulting from any liens filed against the Facility or the Premises in connection with such charges; provided, however, that Seller shall have the right to contest any such lien, so long as it provides a statutory bond or other reasonable assurances of payment that either remove such lien from title to the Facility and the Premises or that assure that any adverse judgment with respect to such lien will be paid without affecting title to the Facility and the Premises.
- h. **No Warranty.** UNLESS THE SYSTEM IS PURCHASED PURSUANT TO PURCHASE OPTIONS SET FORTH HEREIN, NO WARRANTY OR REMEDY, WHETHER STATUTORY, WRITTEN, ORAL, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE SHALL APPLY. The remedies set forth in this Agreement shall be Purchaser's sole and exclusive remedies for any claim or liability arising out of or in connection with this Agreement, whether arising in contract, tort (including negligence), strict liability or otherwise.

8. **Purchaser's Rights and Obligations.**

- a. **Easement to the Premises; Facility Access Rights.** Purchaser grants to Seller and to Seller's agents, employees, contractors and assignees an irrevocable non-exclusive Easement running with the Premises (the "**Easement**") for access to, on, over, under and across the Premises for the purposes of (i) installing, constructing, owning, maintaining, accessing, removing and replacing the System; (ii) performing all of Seller's obligations and enforcing all of Seller's rights set forth in this Agreement; and (iii) installing, using and maintaining electric lines and equipment, including inverters and meters necessary to interconnect the System to Purchaser's electric system at the Facility, to the Utility's electric distribution system, if any, or for any other purpose that may from time to time be useful or necessary in connection with the construction, installation, operation, maintenance or repair of the System. Seller shall notify Purchaser prior to entering the Facility except in situations where there is imminent risk of damage to persons or property. The term of the Easement shall continue until the date that is one hundred and twenty (120) days following the date of expiration or termination of this Agreement (the "**Easement Term**"). During the Easement Term, Purchaser shall ensure that Seller's rights under the Easement and Seller's access to the Premises and the Facility are preserved and protected. Purchaser shall not interfere with such rights or access. The grant of the Easement shall survive termination of this Agreement by either Party. At request of Seller, Purchaser shall execute a separate Solar Power Easement Agreement agreed to by the parties. Seller may, at its sole cost and expense, record such memorandum of Easement with the appropriate land registry or recorder's office.
- b. **OSHA Compliance.** Both Seller and Purchaser shall ensure that all Occupational Safety and Health Act (OSHA) requirements and other similar applicable safety laws or codes are adhered to in its performance under this Agreement.

- c. **Maintenance of Facility.** Purchaser shall, at its sole cost and expense, maintain the electrical system of the Facility in good condition and repair, so as to maximize the output of the electrical energy generated by the System. Purchaser will ensure that the Facility remains interconnected to the Utility's electric distribution system at all times and will not cause cessation of electric service to the Facility from the Utility. Seller is fully responsible for the maintenance and repair of the System and of all of the System's outputs. Purchaser shall promptly notify Seller of any matters of which it is aware pertaining to any damage to or loss of use of the Facility that could reasonably be expected to adversely affect the System. In the event Purchaser fails to maintain and/or repair the Facility's electrical system in good working order to maximize the amount of output from the System, Seller shall have the right to enter, inspect, maintain and repair the System or the Facility electrical system pursuant to Section 7(b) above, at Purchaser's sole expense. In addition, Purchaser shall pay Seller an amount equal to the sum of any electric energy that would have been produced by the System during such repair or maintenance. Determination of the amount of energy that would have been produced during any disconnection or removal shall be in accordance with the procedures in Section 10(b). All alterations and repairs will be done in a good and workmanlike manner and in compliance with all applicable laws, codes and permits.
- d. **No Alteration of Facility.** Purchaser shall not make any alterations or repairs to the Facility, which could adversely affect the operation and maintenance of the System without Seller's prior written consent. If Purchaser wishes to make such alterations or repairs, Purchaser shall give prior written notice to Seller, setting forth the work to be undertaken (except for emergency repairs, for which notice may be given by telephone.) Purchaser shall be responsible for all damage to the System caused by Purchaser or its contractors. To the extent that removal of the System is necessary to perform such alterations or repairs, such work and any replacement of the System, shall be done by Seller only, at Purchaser's cost. In addition, Purchaser shall pay Seller an amount equal to the sum of any electric energy that would have been produced by the System during such disconnection or removal. Determination of the amount of energy that would have been produced during any disconnection or removal shall be in accordance with the procedures in Section 10(b). All alterations and repairs will be done in a good and workmanlike manner and in compliance with all applicable laws, codes and permits.
- e. **Liens.** Purchaser shall not cause, create, incur, assume or allow to exist any mortgage, pledge, lien, charge, security interest, encumbrance or other claim of any nature on or with respect to the System. Purchaser shall immediately notify Seller in writing of the existence of any such mortgage, pledge, lien, charge, security interest, encumbrance or other claim, shall promptly cause the same to be discharged and released of record without cost to Seller, and shall indemnify Seller against all costs and expenses (including reasonable attorneys' fees) incurred in discharging and releasing any such mortgage, pledge, lien, charge, security interest, encumbrance or other claim. Notwithstanding anything else herein to the contrary, pursuant to Section 19.a, Seller may grant a lien on the System and may assign, mortgage, pledge or otherwise collaterally assign its interests in this Agreement and the System to any Financing Party.
- f. **Security.** Purchaser shall be responsible for using commercially reasonable efforts to maintain the physical security of the Facility and the System against known risks and risks that should have been known by Purchaser. Purchaser will not conduct activities on, in or about the Premises or the Facility that have a reasonable likelihood of causing damage, impairment or otherwise adversely affecting the System.
- g. **Insolation.** Purchaser understands that unobstructed access to sunlight ("**Insolation**") is essential to Seller's performance of its obligations and a material term of this Agreement. If Purchaser becomes aware of any activity or condition that could diminish the Insolation of the System, Purchaser shall notify Seller immediately and shall cooperate with Seller in preserving the System's existing Insolation levels.
- h. **Data Line.** Purchaser shall provide a high speed internet data line during the Term to enable Seller to record the electric energy generated by the System, and Seller shall provide access to Purchaser to review said data.
- i. **Breakdown Notice.** Purchaser shall notify Seller within twenty-four (24) hours following the discovery by it of (i) any material malfunction in the operation of the System; or (ii) any occurrences that could reasonably be expected to adversely affect the System. Purchaser shall notify Seller immediately upon (i) an interruption in the supply of electrical energy from the System; or (ii) the discovery of an emergency condition respecting the System. Purchaser and Seller shall each designate personnel and establish procedures such that each Party may provide notice of such conditions requiring Seller's repair or alteration at all times, twenty-four (24) hours per day, including weekends and holidays.

9. **Change in Law.**

“**Change in Law**” means (i) the enactment, adoption, promulgation, modification or repeal after the Effective Date of any applicable law or regulation; (ii) the imposition of any material conditions on the issuance or renewal of any applicable permit after the Effective Date of this Agreement (notwithstanding the general requirements contained in any applicable Permit at the time of application or issue to comply with future laws, ordinances, codes, rules, regulations or similar legislation), or (iii) a change in any utility rate schedule or tariff approved by any Governmental Authority which in the case of any of (i), (ii) or (iii), establishes requirements affecting owning, supplying, constructing, installing, operating or maintaining the System, or other performance of the Seller’s obligations hereunder and which has a material adverse effect on the cost to Seller of performing such obligations; provided, that a change in federal, state, county or any other tax law after the Effective Date of this Agreement shall not be a Change in Law pursuant to this Agreement.

If any Change in Law occurs that has a material adverse effect on the cost to Seller of performing its obligations under this Agreement, then the Parties shall, within thirty (30) days following receipt by Purchaser from Seller of notice of such Change in Law, meet and attempt in good faith to negotiate amendments to this Agreement as are reasonably necessary to preserve the economic value of this Agreement to both Parties. If the Parties are unable to agree upon such amendments within such thirty (30) day period, then Seller shall have the right to terminate this Agreement without further liability to either Party except with respect to payment of amounts accrued prior to termination. In the event Seller terminates this Agreement on the basis of this Change of Law provision, Purchaser agrees to execute any and all documents necessary to assign sublet or otherwise convey Purchaser’s interests in the Facility to Seller or its assigns.

10. **Relocation of System.**

- a. **System Relocation.** If Purchaser, due to a failure of insolation or force majeure, is unable to conduct operations at the Facility, and must vacate the Facility prior to the expiration of the Term, Purchaser shall have the option to provide Seller with a mutually agreeable substitute premises located within the same utility district as the terminated System or in a location with similar utility rates and Insolation. Purchaser shall provide written notice at least sixty (60) days but not more than one hundred eighty (180) days prior to the date that it wants to make this substitution. In connection with such substitution, Purchaser shall execute an amended agreement that shall have all of the same terms as this Agreement except for the (i) Effective Date; (ii) Easement, which will be amended to grant rights in the real property where the System relocated to; and (iii) Term, which will be equal to the remainder of the Term of this Agreement calculated starting at the shutdown of the System pursuant to such relocation, and shall toll until the relocated System achieves commercial operation of such new location. Such amended agreement shall be deemed to be a continuation of this Agreement without termination. In addition, Purchaser shall provide a new executed and notarized Easement agreement covering the substitute premises in form and content substantially similar to the Easement Agreement. Purchaser shall also provide any new consents, estoppels, or acknowledgments reasonably required by Financing Parties in connection with the substitute premises.
- b. **Costs of Relocation.** Purchaser shall pay all costs associated with relocation of the System, including all costs and expenses incurred by or on behalf of Seller in connection with removal of the System from the Facility and installation and testing of the System at the substitute facility and all applicable interconnection fees and expenses at the substitute facility, as well as costs of new title search and other out-of-pocket expenses connected to preserving and refiling the security interests of Seller’s Financing Parties in the System. In addition, Purchaser shall pay Seller for any electric energy that would have been produced by the System during the relocation; Determination of the amount of energy that would have been produced during the relocation shall be based, during the first Contract Year, on the estimated levels of production and, after the first Contract Year, based on actual operation of the System in the same period in the previous Contract Year, unless Seller and Purchaser mutually agree to an alternative methodology. “**Contract Year**” means the twelve month period beginning at 12:00 AM on the Commercial Operation Date or on any anniversary of the Commercial Operation Date and ending at 11:59 PM on the day immediately preceding the next anniversary of the Commercial Operation Date, provided that the first Contract Year shall begin on the Commercial Operation Date.
- c. **Termination.** At Purchaser’s expense, Seller shall remove the System from the vacated Facility prior to the termination of Purchaser’s rights to use such Facility. Purchaser shall be responsible for the costs of any damage caused during removal of the System, but not for normal wear and tear. If Purchaser is unable to provide such substitute facility and to relocate the System as provided, any early termination will be treated as a default by Purchaser.

11. **Removal of System at Expiration.**

Upon the expiration or earlier termination of this Agreement (provided Purchaser does not exercise its purchase option), Seller shall, at its expense, remove all of its tangible property comprising the System from the Facility on a mutually convenient date,

but in no event later than ninety (90) days after the expiration of the Term. Excluding ordinary wear and tear, the Facility shall be returned to its original condition including the removal of System mounting pads or other support structures. Seller shall leave the Facility in neat and clean order. If Seller fails to remove or commence substantial efforts to remove the System by such agreed upon date, Purchaser shall have the right, at its option, to remove the System to a public warehouse and restore the Facility to its original condition (other than ordinary wear and tear) at Seller's cost.

12. Measurement.

At Seller's expense, Seller shall install one or more meter(s), as Seller deems appropriate, at or immediately before the Delivery Point to measure the output of the System. Such meter shall meet the general commercial standards of the solar photovoltaic industry or the required standard of the Utility. Seller shall maintain the meter(s) in accordance with industry standards and shall provide Purchaser with online access to the data metered.

13. Default, Remedies and Damages.

a. Default. Any Party that fails to perform its responsibilities as listed below or experiences any of the circumstances listed below shall be deemed to be the "**Defaulting Party**", the other Party shall be deemed to be the "**Non-Defaulting Party**", and each event of default shall be a "**Default Event**":

- i. failure of a Party to pay any amount due and payable under this Agreement, other than an amount that is subject to a good faith dispute, within ten (10) days following receipt of written notice from the Non-Defaulting Party of such failure to pay ("**Payment Default**");
- ii. failure of a Party to substantially perform any other material obligation under this Agreement within thirty (30) days following receipt of written notice from the Non-Defaulting Party demanding such cure (excepting Purchaser's maintenance and repair responsibilities under Section 7(b) and 8(c), which shall be performed within ten (10) days of said written notice); provided, that such thirty (30) day cure period shall be extended (but not beyond ninety (90) days) if and to the extent reasonably necessary to cure the Default Event, if (A) the Defaulting Party initiates such cure within the cure period and continues such cure to completion and (B) there is no material adverse effect on the Non-Defaulting Party resulting from the failure to cure the Default Event;
- iii. if any representation or warranty of a Party proves at any time to have been incorrect in any material respect when made and is material to the transactions contemplated hereby, if the effect of such incorrectness is not cured within thirty (30) days following receipt of written notice from the Non-Defaulting Party demanding such cure;
- iv. Purchaser loses its rights to occupy and enjoy the Premises;
- v. a Party becomes insolvent or is a party to a bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or any general assignment for the benefit of creditors or other similar arrangement or any event occurs or proceedings are taken in any jurisdiction with respect to the Party which has a similar effect, and, if any such bankruptcy or other proceedings were initiated by a third party, if such proceedings have not been dismissed within sixty (60) days following receipt of a written notice from the Non-Defaulting Party demanding such cure; or
- vi. Purchaser prevents Seller from installing the System or otherwise failing to perform in a way that prevents the delivery of electric energy from the System. Such Default Event shall not excuse Purchaser's obligations to make payments that otherwise would have been due under this Agreement.

b. Remedies.

- i. Remedies for Payment Default. If a Payment Default occurs, the Non-Defaulting Party may suspend performance of its obligations under this Agreement. Further, the Non-Defaulting Party may (A) at any time during the continuation of the Default Event, terminate this Agreement upon five (5) days prior written notice to the Defaulting Party, and (B) pursue any remedy under this Agreement, at law or in equity, including an action for damages.
- ii. Remedies for Other Defaults. On the occurrence of a Default Event other than a Payment Default, the Non-Defaulting Party may (A) at any time during the continuation of the Default Event, terminate this Agreement or suspend its performance of its obligations under this Agreement, upon five (5) days prior written notice to

the Defaulting Party, and (B) pursue any remedy under this Agreement, at law or in equity, including an action for damages. Nothing herein shall limit either Party's right to collect damages upon the occurrence of a breach or a default by the other Party that does not become a Default Event. If Purchaser terminates this contract without cause prior to commencement of System installation a five thousand dollar (\$5,000) design cancellation fee shall also apply in addition to any other remedy available to Seller.

iii. Damages Upon Termination by Default. Upon a termination of this Agreement by the Non-Defaulting Party as a result of a Default Event by the Defaulting Party, the Defaulting Party shall pay a Termination Payment to the Non-Defaulting Party determined as follows (the "**Termination Payment**"):

A. Purchaser. If Purchaser is the Defaulting Party and Seller terminates this Agreement, the Termination Payment to Seller shall be equal to for any given Contract Year, the amount set forth on **Exhibit 4, Attachment A** attached hereto. The Parties agree that actual damages to Seller in the event this Agreement terminates prior to the expiration of the Term as the result of a Default Event by Purchaser would be difficult to ascertain, and the applicable Termination Payment is a reasonable approximation of the damages suffered by Seller as a result of early termination of this Agreement.

Mitigation of Seller's damages. Seller shall have the obligation to promptly mitigate damages suffered by Seller due to Purchaser's default.

B. Seller. If Seller is the Defaulting Party and Purchaser terminates this Agreement, the Termination Payment to Purchaser shall be equal to the sum of (1) the net present value (using a discount rate of **(3.5%)**) of the excess, if any, of the reasonably expected cost of electric energy from the Utility over the Contract Price for the reasonably expected production of the System for the remainder of the Initial Term or the then current Additional Term, as applicable; (2) all costs reasonably incurred by Purchaser in re-converting its electric supply to service from the Utility; (3) any removal costs incurred by Purchaser, and (4) any and all other amounts previously accrued under this Agreement and then owed by Seller to Purchaser. The Termination Payment shall not be less than zero¹.

Mitigation of Purchaser's damages. Purchaser shall have the obligation to promptly mitigate damages suffered by Purchaser due to Seller's default, which shall include taking all commercially reasonable steps necessary to purchase electric energy from a third party at prices equal to or less than the Contract Price, for the remainder of the Initial Term or the then current term, with the amounts saved accruing to reduce the Termination Payment owed by Seller.

C. Prepayment Credit; Default. In the event of a termination due to default by Seller, any prepayment credit still remaining shall be used to calculate any damages owed Seller under 13.b.iii.A above.

14. Representations, Warranties and Covenants.

a. General Representations and Warranties. Each Party represents and warrants to the other the following as of the Effective Date:

- i. Such Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation; the execution, delivery and performance by such Party of this Agreement have been duly authorized by all necessary corporate, partnership or limited liability company action, as applicable, and do not and shall not violate any law; and this Agreement is the valid obligation of such Party, enforceable against such Party in accordance with its terms (except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect relating to creditors' rights generally).
- ii. Such Party has obtained all licenses, authorizations, consents and approvals required by any Governmental Authority or other third party and necessary for such Party to own its assets, carry on its business and to

execute and deliver this Agreement; and such Party is in compliance with all laws that relate to this Agreement in all material respects.

b. Purchaser's Representations, Warranties and Covenants. Purchaser represents and warrants to Seller the following as of the Effective Date and covenants that throughout the Term:

- i. Easement. Purchaser has title to or a leasehold or other property interest in the Premises. Purchaser has the full right, power and authority to grant the Easement contained in Section 8(a). Such grant of the Easement does not violate any law, ordinance, rule or other governmental restriction applicable to Purchaser or the Facility and is not inconsistent with and will not result in a breach or default under any agreement by which Purchaser is bound or that affects the Facility. If Purchaser does not own the Premises or Facility, Purchaser has obtained all required consents from the owner of the Premises and/or Facility to grant the Easement and enter into and perform its obligations under this Agreement.
- ii. Other Agreements. Neither the execution and delivery of this Agreement by Purchaser nor the performance by Purchaser of any of its obligations under this Agreement conflicts with or will result in a breach or default under any agreement or obligation to which Purchaser is a party or by which Purchaser or the Facility is bound.
- iii. Accuracy of Information. To the best of Purchaser's knowledge, all information provided by Purchaser to Seller, as it pertains to the Facility's physical configuration, Purchaser's planned use of the Facility, and Purchaser's estimated electricity requirements, is accurate in all material respects.
- iv. Purchaser Status. Purchaser is not a public utility nor a public utility holding company and is not subject to regulation as a public utility nor as a public utility holding company.
- v. Hazardous Substances. There are no Hazardous Substances at, on, above, below or near the Premises known to Purchaser.
- vi. No Pool Use. No electricity generated by the System will be used to heat a swimming pool.

c. Seller's Representations, Warranties and Covenants.

- i. Licenses, Experience and Capacity. Seller has the full right, power and authority to design and construct and operate the System at the Facility and construction of the System by Seller does not violate any law, ordinance, rule or other governmental restriction applicable to Seller or the Facility and is not inconsistent with and will not result in a breach or default under any agreement by which Seller is bound or that affects the Facility. Seller has obtained all required consents from the owner of the Premises and/or Facility to construct the System and enter into and perform its obligations under this Agreement.
- ii. Other Agreements. Neither the execution and delivery of this Agreement by Seller nor the performance by Seller of any of its obligations under this Agreement conflicts with or will result in a breach or default under any agreement or obligation to which Seller is a party or by which Seller or the Facility is bound.
- iii. Accuracy of Information. To the best of Seller's knowledge, all information provided by Seller to Purchaser, as it pertains to the Facility's physical configuration, design, construction, equipment, the planned use of the Facility, and the System's estimated electricity production capabilities, is accurate in all material respects.
- iv. Seller Status. Seller is not a public utility nor a public utility holding company and is not subject to regulation as a public utility nor as a public utility holding company.
- v. Hazardous Substances. There are no Hazardous Substances at, on, above, below or near the Premises known to Seller.

15. System and Facility Damage and Insurance.

a. System and Facility Damage.

i. Purchaser's Obligations. If the **System** is damaged or destroyed other than by Seller's gross negligence or willful misconduct, Purchaser shall promptly repair and restore the System to its pre-existing condition; provided, however, that if more than fifty percent (50%) of the System is destroyed during the last five (5) years of the Initial Term or during any Additional Term, Seller shall not be required to restore the System.

b. Insurance Coverage. At all times during the Term, Seller and Purchaser shall maintain the following insurance:

i. Insurance. Both Purchaser and Seller shall maintain (A) property insurance on the System for the replacement cost thereof, (B) commercial general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate, (C) employer's liability insurance with coverage of at least \$1,000,000 and (iv) workers' compensation insurance as required by law.

c. Policy Provisions. All insurance policies provided hereunder shall (i) contain a provision whereby the insurer agrees to give the party not providing the insurance (A) not less than ten (10) days written notice before the insurance is cancelled, or terminated as a result of non-payment of premiums, or (B) not less than thirty (30) days written notice before the insurance is otherwise cancelled or terminated, (ii) be written on an occurrence basis, and (iii) be maintained with companies either rated no less than A-VII as to Policy Holder's Rating in the current edition of A.M. Best's Insurance Guide or otherwise reasonably acceptable to the other party.

d. Certificates. Upon the other Party's request each Party shall deliver the other Party certificates of insurance evidencing the above required coverage. A Party's receipt, review or acceptance of such certificate shall in no way limit or relieve the other Party of the duties and responsibilities to maintain insurance as set forth in this Agreement.

e. Deductibles. Unless and to the extent that a claim is covered by an indemnity set forth in this Agreement, each Party shall be responsible for the payment of its own deductibles.

16. Ownership; Option to Purchase.

a. Ownership of System. Throughout the Term (except as otherwise permitted in Section 19), Seller shall be the legal and beneficial owner of the System at all times, including all Environmental Attributes (unless otherwise specified on Exhibit 1), and the System shall remain the personal property of Seller and shall not attach to or be deemed a part of, or fixture to, the Facility or the Premises. Each of the Seller and Purchaser agree that the Seller (or the designated assignee of Seller permitted under Section 19) is the tax owner of the System and all tax filings and reports will be filed in a manner consistent with this Agreement. The System shall at all times retain the legal status of personal property as defined under Article 9 of the Uniform Commercial Code. Purchaser covenants that it will use commercially reasonable efforts to place all parties having an interest in or a mortgage, pledge, lien, charge, security interest, encumbrance or other claim of any nature on the Facility or the Premises on notice of the ownership of the System and the legal status or classification of the System as personal property. If there is any mortgage or fixture filing against the Premises which could reasonably be construed as prospectively attaching to the System as a fixture of the Premises, Purchaser shall provide a disclaimer or release from such lienholder. If Purchaser is the fee owner of the Premises, Purchaser consents to the filing of a disclaimer of the System as a fixture of the Premises in the office where real estate records are customarily filed in the jurisdiction where the Facility is located. If Purchaser is not the fee owner, Purchaser will obtain such consent from such owner. Upon request, Purchaser agrees to deliver to Seller a non-disturbance agreement in a form reasonably acceptable to Seller from the owner of the Facility (if the Facility is leased by Purchaser), any mortgagee with a lien on the Premises, and other Persons holding a similar interest in the Premises. To the extent that Purchaser does not own the Premises or Facility, Purchaser shall provide to Seller immediate written notice of receipt of notice of eviction from the Premises or Facility or termination of Purchaser's lease of the Premises and/or Facility.

b. Option to Purchase. At 6 Years, 10 years, 15 years, and 20 years and at the end of the Initial Term and each Additional Term, so long as Purchaser is not in default under this Agreement, Purchaser has the option of either renewing this Agreement or purchasing the System from Seller on any such date for a purchase price equal to the Fair Market Value of the System as defined in Section 16(c). During the Initial Term, the Agreement automatically renews at Contract Years 6, 10, 15 and 20, unless Purchaser affirmatively votes not to renew the Agreement. In the event Purchaser affirmatively votes not to renew, Purchaser shall purchase the System as outlined herein. Purchaser may also purchase the System at 7 years pursuant to the terms of this Section 16. To Purchase the System, Purchaser must provide a notification to Seller of its intent to purchase at least ninety (90) days and not more than one hundred eighty

(180) days prior to the end of the applicable Contract Year or the Initial Term or Additional Term, as applicable, and the purchase shall be complete prior to the end of the applicable Contract Year or the Initial Term or Additional Term, as applicable. Any such purchase shall be on an as-is, where-is basis, and Seller shall not provide any warranty or other guarantee regarding the performance of the System, provided, however, that Seller shall assign to Purchaser any manufacturers warranties that are in effect as of the purchase, and which are assignable pursuant to their terms.

- c. **Determination of Fair Market Value.** “Fair Market Value” means, either: (i) the amount that would be paid in an arm’s length, free market transaction, for cash, between an informed, willing seller and an informed willing buyer, neither of whom is under compulsion to complete the transaction, taking into account, among other things, the age, condition and performance of the System and advances in solar technology, provided that installed equipment shall be valued on an installed basis, shall not be valued as scrap if it is functioning and in good condition, or (ii) for any given agreed upon purchase year, the amount set forth on Exhibit 4, Attachment A attached hereto, whichever is greater. Seller shall determine Fair Market Value within thirty (30) days after Purchaser has given notice of its interest in exercising its option to Purchase the System. Seller shall give written notice to Purchaser of its determination of Fair Market Value, along with a full explanation of the calculation of Fair Market Value under both methodologies, including without limitation, an explanation of all assumptions, figures and values used in such calculation and factual support for such assumptions, figures and values. If Purchaser reasonably objects to Seller’s determination of Fair Market Value within thirty (30) days after Seller has provided written notice of such determination, the Parties shall select a nationally recognized independent appraiser with experience and expertise in the solar photovoltaic industry to determine the Fair Market Value of the System. Such appraiser shall act reasonably and in good faith to determine the Fair Market Value of the System based on the formulation set forth herein, and shall set forth such determination in a written opinion delivered to the Parties. The valuation made by the appraiser shall be binding upon the Parties in the absence of fraud or manifest error. The costs of the appraisal shall be borne by the Parties equally. Upon purchase of the System, Purchaser will assume complete responsibility for the operation and maintenance of the System and liability for the performance of the System, and Seller shall have no further liabilities or obligations hereunder.

17. **Indemnification and Limitations of Liability.**

- a. **General.** Each Party (the “Indemnifying Party”) shall defend, indemnify and hold harmless the other Party and the directors, officers, shareholders, partners, members, agents and employees of such other Party, and the respective affiliates of each thereof (collectively, the “Indemnified Parties”), from and against all loss, damage, expense, liability and other claims, including court costs and reasonable attorneys’ fees (collectively, “Liabilities”) resulting from any third party actions relating to the breach of any representation or warranty set forth in Section 14 and from injury to or death of persons, and damage to or loss of property to the extent caused by or arising out of the negligent acts or omissions of, or the willful misconduct of, the Indemnifying Party (or its contractors, agents or employees) in connection with this Agreement; provided, however, that nothing herein shall require the Indemnifying Party to indemnify the Indemnified Party for any Liabilities to the extent caused by or arising out of the negligent acts or omissions of, or the willful misconduct of, the Indemnified Party. This Section 17(a) however, shall not apply to liability arising from any form of hazardous substances or other environmental contamination, such matters being addressed exclusively by Section 17(c).
- b. **Notice and Participation in Third Party Claims.** The Indemnified Party shall give the Indemnifying Party written notice with respect to any Liability asserted by a third party (a “Claim”), as soon as possible upon the receipt of information of any possible Claim or of the commencement of such Claim. The Indemnifying Party may assume the defense of any Claim, at its sole cost and expense, with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. The Indemnified Party may, however, select separate counsel if both Parties are defendants in the Claim and such defense or other form of participation is not reasonably available to the Indemnifying Party. The Indemnifying Party shall pay the reasonable attorneys’ fees incurred by such separate counsel until such time as the need for separate counsel expires. The Indemnified Party may also, at the sole cost and expense of the Indemnifying Party, assume the defense of any Claim if the Indemnifying Party fails to assume the defense of the Claim within a reasonable time. Neither Party shall settle any Claim covered by this Section 17(b) unless it has obtained the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. The Indemnifying Party shall have no liability under this Section 17(b) for any Claim for which such notice is not provided if that the failure to give notice prejudices the Indemnifying Party.
- c. **Environmental Indemnification.** Purchaser shall indemnify, defend and hold harmless all of Seller’s Indemnified Parties from and against all Liabilities arising out of or relating to the existence at, on, above, below or near the Premises of any Hazardous Substance (as defined in Section 17(c)(i)) to the extent deposited, spilled or otherwise caused by Purchaser, its predecessors or any of its contractors or agents.

- i. **“Hazardous Substance”** means any chemical, waste or other substance (A) which now or hereafter becomes defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “pollution,” “pollutants,” “regulated substances,” or words of similar import under any laws pertaining to the environment, health, safety or welfare, (B) which is declared to be hazardous, toxic, or polluting by any Governmental Authority, (C) exposure to which is now or hereafter prohibited, limited or regulated by any Governmental Authority, (D) the storage, use, handling, disposal or release of which is restricted or regulated by any Governmental Authority, or (E) for which remediation or cleanup is required by any Governmental Authority.

d. **Limitations on Liability.**

- i. **No Consequential Damages.** Except with respect to indemnification for third party claims pursuant to this Section 17 and damages that result from the willful misconduct of a Party, neither Party nor its directors, officers, shareholders, partners, members, agents and employees subcontractors or suppliers shall be liable for any indirect, special, incidental, exemplary, or consequential loss or damage of any nature arising out of their performance or non-performance hereunder even if advised of such. The Parties agree that (1) in the event that Seller is required to recapture any Tax Credits or other tax benefits as a result of a breach of this Agreement by Purchaser, such recaptured amount shall be deemed to be direct and not indirect or consequential damages, and (ii) in the event that Seller is retaining the Environmental Attributes produced by the System, and a breach of this Agreement by Purchaser causes Seller to lose the benefit of sales of such Environmental Attributes to third parties, the amount of such lost sales shall be direct and not indirect or consequential damages.
- ii. **Actual Damages.** Except with respect to indemnification for third party claims pursuant to Section 26, claims covered by insurance, and damages that result from the willful misconduct of a Party, neither Party’s aggregate liability under this Agreement arising out of or in connection with the performance or non-performance of this Agreement shall exceed the total payments made (or, as applicable, projected to be made) by Purchaser under this Agreement. The provisions of this Section (17)(d)(ii) shall apply whether such liability arises in contract, tort (including negligence), strict liability or otherwise. Any action against a Party must be brought within three (3) years after the cause of action accrues.

18. **Force Majeure.**

- a. **“Force Majeure”** means any event or circumstances beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure. It shall include, without limitation, failure or interruption of the production, delivery or acceptance of electricity due to: an act of god; war (declared or undeclared); sabotage; riot; insurrection; civil unrest or disturbance; military or guerilla action; terrorism; economic sanction or embargo; civil strike, work stoppage, slow-down, or lock-out; explosion; fire; earthquake; abnormal weather condition or actions of the elements; hurricane; flood; lightning; wind; drought; the binding order of any Governmental Authority (provided that such order has been resisted in good faith by all reasonable legal means); the failure to act on the part of any Governmental Authority (provided that such action has been timely requested and diligently pursued); unavailability of electricity from the utility grid, equipment, supplies or products (but not to the extent that any such availability of any of the foregoing results from the failure of the Party claiming Force Majeure to have exercised reasonable diligence); and failure of equipment not utilized by or under the control of the Party claiming Force Majeure.
- b. Except as otherwise expressly provided to the contrary in this Agreement, if either Party is rendered wholly or partly unable to timely perform its obligations under this Agreement because of a Force Majeure event, that Party shall be excused from the performance affected by the Force Majeure event (but only to the extent so affected) and the time for performing such excused obligations shall be extended as reasonably necessary; provided, that: (i) the Party affected by such Force Majeure event, as soon as reasonably practicable after obtaining knowledge of the occurrence of the claimed Force Majeure event, gives the other Party prompt oral notice, followed by a written notice reasonably describing the event; (ii) the suspension of or extension of time for performance is of no greater scope and of no longer duration than is required by the Force Majeure event; and (iii) the Party affected by such Force Majeure event uses all reasonable efforts to mitigate or remedy its inability to perform as soon as reasonably possible. The Term shall be extended day for day for each day performance is suspended due to a Force Majeure event.
- c. If a Force Majeure event continues for a period of one hundred twenty (120) days or more within a twelve (12) month period and prevents a material part of the performance by a Party hereunder, then at any time during the continuation

of the Force Majeure event, the Party not claiming the Force Majeure shall have the right to terminate this Agreement without fault or further liability to either Party (except for amounts accrued but unpaid).

19. Assignment and Financing.

- a. **Assignment.** This Agreement may not be assigned in whole or in part by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Seller may, without the prior written consent of Purchaser, (i) assign, transfer, mortgage, pledge or otherwise collaterally assign its interests in this Agreement and the System to any Financing Party, (ii) directly or indirectly assign this Agreement and the System to an affiliate or subsidiary of Seller, (iii) assign this Agreement and the System to any entity through which Seller is obtaining financing or capital for the System (iv) assign this Agreement and the System to any person succeeding to all or substantially all of the assets of Seller, and/or (v) assign this Agreement and the System to any Purchaser that is purchasing all or substantially all of the assets of this Project (provided that Seller shall be released from liability hereunder as a result of any of the foregoing permitted assignments only upon assumption of Seller's obligations hereunder by the assignee. In the event of any such assignment, the Seller shall be released from all its liabilities and other obligations under this Agreement. However, any assignment of Seller's right and/or obligations under this Agreement, shall not result in any change to Purchaser's rights and obligations under this Agreement. Purchaser's consent to any other assignment shall not be unreasonably withheld if Purchaser has been provided with reasonable proof that the proposed assignee (x) has comparable experience in operating and maintaining photovoltaic solar systems comparable to the System and providing services comparable to those contemplated by this Agreement and (y) has the financial capability to maintain the System and provide the services contemplated by this Agreement in the manner required by this Agreement. This Agreement shall be binding on and inure to the benefit of the successors and permitted assignees.
- b. **Financing.** The Parties acknowledge that Seller may obtain construction and long-term financing or other credit support from one or more Financing Parties through a Purchase/Sale Lease Back arrangement or standard Project Purchase Agreement. "**Financing Parties**" means the person or persons providing construction or permanent financing to Seller in connection with construction, ownership, operation and maintenance of the System, or if applicable, means, if applicable, any person to whom Seller has transferred the ownership interest in the System in exchange for Construction Financing in the form of an Engineering, Procurement and Construction Agreement. . Both Parties agree in good faith to consider and to negotiate changes or additions to this Agreement that may be reasonably requested by the Financing Parties; provided, that such changes do not alter the fundamental economic terms or benefits to Purchaser of this Agreement. In connection with an assignment pursuant to Section 19(a)(i)-(iv), Purchaser agrees to execute any consent, estoppel or acknowledgement in form and substance reasonably acceptable to such Financing Parties.
- c. **Successor Servicing.** The Parties further acknowledge that in connection with any construction or long term financing or other credit support provided to Seller or its affiliates by Financing Parties, that such Financing Parties may require that Seller or its affiliates appoint a third party to act as backup or successor provider of operation and maintenance services with respect to the System and/or administrative services with respect to this Agreement (the "**Successor Provider**"). Purchaser agrees to accept performance from any Successor Provider so appointed so long as such Successor Provider performs in accordance with the terms of this Agreement.

20. Confidentiality and Publicity.

- a. **Confidentiality.** If either Party provides confidential information, including business plans, strategies, financial information, proprietary, patented, licensed, copyrighted or trademarked information, and/or technical information regarding the design, operation and maintenance of the System or of Purchaser's business ("**Confidential Information**") to the other or, if in the course of performing under this Agreement or negotiating this Agreement a Party learns Confidential Information regarding the facilities or plans of the other, the receiving Party shall (a) protect the Confidential Information from disclosure to third parties with the same degree of care accorded its own confidential and proprietary information, and (b) refrain from using such Confidential Information, except in the negotiation and performance of this Agreement, including but not limited to obtaining financing for the System. Notwithstanding the above, a Party may provide such Confidential Information to its, officers, directors, members, managers, employees, agents, contractors and consultants (collectively, "**Representatives**"), and affiliates, lenders, and potential assignees of this Agreement (provided and on condition that such potential assignees be bound by a written agreement or legal obligation restricting use and disclosure of Confidential Information). Each such recipient of Confidential Information shall be informed by the Party disclosing Confidential Information of its confidential nature and shall be directed to treat such information confidentially and shall agree to abide by these provisions. In any event, each Party shall be

liable (with respect to the other Party) for any breach of this provision by any entity to whom that Party improperly discloses Confidential Information. The terms of this Agreement (but not its execution or existence) shall be considered Confidential Information for purposes of this Section 20(a), except as set forth in Section 20(b). All Confidential Information shall remain the property of the disclosing Party and shall be returned to the disclosing Party or destroyed after the receiving Party's need for it has expired or upon the request of the disclosing Party. Each Party agrees that the disclosing Party would be irreparably injured by a breach of this Section 20(a) by the receiving Party or its Representatives or other person to whom the receiving Party discloses Confidential Information of the disclosing Party and that the disclosing Party may be entitled to equitable relief, including injunctive relief and specific performance, in the event of a breach of the provision of this Section 20(a). To the fullest extent permitted by applicable law, such remedies shall not be deemed to be the exclusive remedies for a breach of this Section 20(a), but shall be in addition to all other remedies available at law or in equity.

- b. **Permitted Disclosures.** Notwithstanding any other provision in this Agreement, neither Party shall be required to hold confidential any information that (i) becomes publicly available other than through the receiving Party, (ii) is required to be disclosed to a Governmental Authority under applicable law or pursuant to a validly issued subpoena (but a receiving Party subject to any such requirement shall promptly notify the disclosing Party of such requirement to the extent permitted by applicable law), (iii) is independently developed by the receiving Party or (iv) becomes available to the receiving Party without restriction from a third party under no obligation of confidentiality. If disclosure of information is required by a Governmental Authority, the disclosing Party shall, to the extent permitted by applicable law, notify the other Party of such required disclosure promptly upon becoming aware of such required disclosure and shall cooperate with the other Party in efforts to limit the disclosure to the maximum extent permitted by law.

21. **Goodwill and Publicity.** Neither Party shall use any name, trade name, service mark or trademark of the other Party in any promotional or advertising material without the prior written consent of such other Party. The Parties shall coordinate and cooperate with each other when making public announcements related to the execution and existence of this Agreement, and each Party shall have the right to promptly review, comment upon and approve any publicity materials, press releases or other public statements by the other Party that refer to, or that describe any aspect of, this Agreement. Neither Party shall make any press release or public announcement of the specific terms of this Agreement (except for filings or other statements or releases as may be required by applicable law) without the specific prior written consent of the other Party. Without limiting the generality of the foregoing, all public statements must accurately reflect the rights and obligations of the Parties under this Agreement, including the ownership of Environmental Attributes and Environmental Incentives and any related reporting rights.

22. **Miscellaneous Provisions**

- a. **Choice of Law.** The law of the Commonwealth of Pennsylvania shall govern this Agreement without giving effect to conflict of laws principles. The Parties consent to venue being in the Court of Common Pleas of the County of Pennsylvania, in which the Project is located.
- b. **Mediation and Attorneys' Fees.** In the event of a dispute between the Parties arising out of this Agreement, the Parties shall attempt mediation, in good faith, before suit is filed in any court. Choice of a mediator shall be made by agreement of the parties, and if no such agreement is possible, each party shall select an experienced mediator who shall together select an acceptable mediator. The prevailing party in any dispute arising out of this Agreement shall be entitled to reasonable attorneys' fees and costs.
- c. **Notices.** All notices under this Agreement shall be in writing and shall be by personal delivery, facsimile transmission, electronic mail, overnight courier, or regular, certified, or registered mail, return receipt requested, and deemed received upon personal delivery, acknowledgment of receipt of electronic transmission, the promised delivery date after deposit with overnight courier, or five (5) days after deposit in the mail. Notices shall be sent to the person identified in this Agreement at the addresses set forth in this Agreement or such other address as either party may specify in writing. Each party shall deem a document faxed, emailed or electronically sent in PDF form to it as an original document.
- d. **Survival.** Provisions of this Agreement that should reasonably be considered to survive termination of this Agreement shall survive. For the avoidance of doubt, surviving provisions shall include, without limitation, Section 4 (Representations and Warranties), Section 7(h) (No Warranty), Section 15(b) (Insurance Coverage), Section 17 (Indemnification and Limits of Liability), Section 20 (Confidentiality and Publicity), Section 22(a) (Choice of Law), Section 22 (b) (Arbitration and Attorneys' Fees), Section 22(c) (Notices), Section 22 (g) (Comparative Negligence), Section 22(h) (Non-Dedication of Facilities), Section 22(j) (Service Contract), Section 22(k) (No Partnership) Section

22(l) (Full Agreement, Modification, Invalidity, Counterparts, Captions) and Section 22(n) (No Third Party Beneficiaries).

- e. **Further Assurances.** Each of the Parties hereto agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, to give full effect to this Agreement and to carry out the intent of this Agreement.
- f. **Right of Waiver.** Each Party, in its sole discretion, shall have the right to waive, defer or reduce any of the requirements to which the other Party is subject under this Agreement at any time (other than with respect to and/or relating to the obligation to make any payment due under this Agreement); provided, however that neither Party shall be deemed to have waived, deferred or reduced any such requirements unless such action is in writing and signed by the waiving Party. No waiver will be implied by any usage of trade, course of dealing or course of performance. A Party's exercise of any rights hereunder shall apply only to such requirements and on such occasions as such Party may specify and shall in no event relieve the other Party of any requirements or other obligations not so specified. No failure of either Party to enforce any term of this Agreement will be deemed to be a waiver. No exercise of any right or remedy under this Agreement by Purchaser or Seller shall constitute a waiver of any other right or remedy contained or provided by law. Any delay or failure of a Party to exercise, or any partial exercise of, its rights and remedies under this Agreement shall not operate to limit or otherwise affect such rights or remedies. Any waiver of performance under this Agreement shall be limited to the specific performance waived and shall not, unless otherwise expressly stated in writing, constitute a continuous waiver or a waiver of future performance.
- g. **Comparative Negligence.** It is the intent of the Parties that where negligence is determined to have been joint, contributory or concurrent, each Party shall bear the proportionate cost of any Liability.
- h. **Non-Dedication of Facilities.** Nothing herein shall be construed as the dedication by either Party of its facilities or equipment to the public or any part thereof. Neither Party shall knowingly take any action that would subject the other Party, or other Party's facilities or equipment, to the jurisdiction of any Governmental Authority as a public utility or similar entity. Neither Party shall assert in any proceeding before a court or regulatory body that the other Party is a public utility by virtue of such other Party's performance under this agreement. If Seller is reasonably likely to become subject to regulation as a public utility, then the Parties shall use all reasonable efforts to restructure their relationship under this Agreement in a manner that preserves their relative economic interests while ensuring that Seller does not become subject to any such regulation. If the Parties are unable to agree upon such restructuring, Seller shall have the right to terminate this Agreement without further liability, and Seller shall remove the System in accordance with Section 11 of this Agreement.
- i. **Estoppel.** Either Party hereto, without charge, at any time and from time to time, within five (5) business days after receipt of a written request by the other party hereto, shall deliver a written instrument, duly executed, certifying to such requesting party, or any other person specified by such requesting Party: (i) that this Agreement is unmodified and in full force and effect, or if there has been any modification, that the same is in full force and effect as so modified, and identifying any such modification; (ii) whether or not to the knowledge of any such party there are then existing any offsets or defenses in favor of such party against enforcement of any of the terms, covenants and conditions of this Agreement and, if so, specifying the same and also whether or not to the knowledge of such party the other party has observed and performed all of the terms, covenants and conditions on its part to be observed and performed, and if not, specifying the same; and (iii) such other information as may be reasonably requested by the requesting Party. Any written instrument given hereunder may be relied upon by the recipient of such instrument, except to the extent the recipient has actual knowledge of facts contained in the certificate.
- j. **Service Contract.** The Parties intend this Agreement to be a "service contract" within the meaning of Section 7701(e)(3) of the Internal Revenue Code of 1986. Purchaser will not take the position on any tax return or in any other filings suggesting that it is anything other than a purchase of electricity from the System.
- k. **No Partnership.** No provision of this Agreement shall be construed or represented as creating a partnership, trust, joint venture, fiduciary or any similar relationship between the Parties. No Party is authorized to act on behalf of the other Party, and neither shall be considered the agent of the other.
- l. **Full Agreement, Modification, Invalidity, Counterparts, Captions.** This Agreement, together with any Exhibits, completely and exclusively states the agreement of the Parties regarding its subject matter and supersedes all prior proposals, agreements, or other communications between the Parties, oral or written, regarding its subject matter. This Agreement may be modified only by a writing signed by both Parties. If any provision of this Agreement is found

unenforceable or invalid, such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole. In such event, such provision shall be changed and interpreted so as to best accomplish the objectives of such unenforceable or invalid provision within the limits of applicable law. This Agreement may be executed in any number of separate counterparts and each counterpart shall be considered an original and together shall comprise the same Agreement. The captions or headings in this Agreement are strictly for convenience and shall not be considered in interpreting this Agreement.

- m. **Forward Contract.** The transaction contemplated under this Agreement constitutes a “forward contract” within the meaning of the United States Bankruptcy Code, and the Parties further acknowledge and agree that each Party is a “forward contract merchant” within the meaning of the United States Bankruptcy Code.
- n. **No Third Party Beneficiaries.** Except for assignees, Financing Parties, and Successor Providers permitted under Section 19, this Agreement and all rights hereunder are intended for the sole benefit of the Parties hereto and shall not imply or create any rights on the part of, or obligations to, any other Person.
- o. **Bonding.**
 - i. **Performance bond liability.** Any performance bond issued for a site or system will cease one (1) year from the completion of construction. If a warranty or guarantee is provided under the terms of this Agreement, the balance of any warranty or guarantee beyond one year term of the applicable performance bond shall continue to be guaranteed solely by Seller under the terms of this Agreement. The performance bond does not guarantee any property restorative requirements.
 - ii. **Payment bond liability.** Any payment bond issued will cease at the termination of any time required by law.
 - iii. **Performance Guarantee.** Neither payment bonds, whether for labor or materials, nor performance bonds are applicable to any specified performance guarantee.

Exhibit 5
Attachment A
Termination Payment

Contract Year	Termination Payment Amount
1	N/A
2	N/A
3	N/A
4	N/A
5	N/A
7	\$952,397.57
10	\$900,698.31
15	\$754,408.65

End of Exhibit 5

Exhibit 6
Attachment A
Description of the Premises

The proposed solar photovoltaic array for the Borough of Bedford (PA) is located on the premises of Todd Reservoir in the Borough of Bedford in Bedford County, Pennsylvania. The array will be installed as a 1.345 MW Ground Mounted Solar Array with regard to industry design standards. The solar photovoltaic array will occupy approximately 4.0 to 4.5 acres which is subject to change based on final design conditions and site planning requirements of the AHJ.

The area utilized by the solar photovoltaic array will be fenced to limit unauthorized access to individuals. All electrical equipment will be appropriately secured via code to prevent risk of injury. The approved installation equipment as identified in the final system design and all other equipment and materials as required by the final system design shall be delivered directly to the site. Delivery of materials and equipment shall utilize the existing site maintenance access points and loading and unloading locations. The site host shall help in the identification and arrangement of material deliveries and secure onsite inventory locations.

End of Exhibit 6

Exhibit 7

Operations and Maintenance Manual and Agreement

Attached

IN WITNESS WHEREOF, this Agreement has been executed and delivered under seal on this 18th day of January, 2018.

Seller:

Bedford 57 Solar, LLC

By: SBP

Print Name: Stephanie Brun de Pontet

Title: Director

Purchaser:

By: Barbara Diehl, Borough Manager 1/16/2018

Print Name: BARBARA E. DIEHL

Title: Borough Manager

Bedford Borough
Water Authority
Municipal Authority

Exhibit 14b

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (“**Assignment**”), dated January 17, 2018, is made and entered into by and between STEPHANIE BRUN de PONTET (“**Assignor**”), and General Energy Solutions, Inc. (“**Assignee**”). Assignor and Assignee are sometimes referred to herein individually, as “**Party**” and collectively, as the “**Parties**.”

Recitals

A. Assignor owns one hundred percent (100%) of the Ownership Interests (the “**Equity Interests**”) of Bedford 57 Solar, LLC, a Pennsylvania limited liability company (the “**Company**”).

B. The Company is constructing a solar power-generating project totaling approximately 1,353.78 kW DC located at Todd Reservoir, Borough of Bedford, PA (the “**Project**”).

C. Assignee wishes to acquire and accept from Assignor, and Assignor wishes to transfer and assign to Assignee, One Hundred percent (100%) of the Equity Interests (“**Equity Interests**”) in Company accordance with the terms and conditions hereof.

Assignment

In consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Definitions.** All capitalized terms used in this Assignment but not otherwise defined herein have the meanings set forth herein.

2. **Assignment and Assumption.** Assignor hereby assigns, conveys, transfers and delivers to Assignee, upon and effective from and after the date hereof, all of Assignor’s right, title and interest in and to the Equity Interests, upon satisfaction of the CONDITIONS listed in the Disclosure Schedule (“**Appendix A**”), Assignee, upon and effective from and after the date hereof. Assignee hereby accepts all of Assignor’s right, title and interest in and to the Equity Interests, and assumes all of Assignor’s duties, obligations and liabilities arising with respect to the Equity Interests, subject to the fulfillment of the Conditions set forth herein. In the event of a failure of any of the Conditions or failure to obtain any of the consents or waivers listed in Appendix A, this Assignment shall be null and void and the parties shall be released from any further obligations to each other set forth herein, as if this Agreement was never executed, and ownership of the Company shall revert to Assignor.

3. **Right of First Refusal.** Assignor (or his permitted Assignee, RER Energy Group, LLC) will have the right of first refusal to perform the Engineering, Procurement and

Construction Agreement (“EPCA”) for the Assignee for the Project, so long as Assignor’s quote to perform the EPCA is at a competitive solar industry price.

If Assignor (or his permitted Assignee, RER Energy Group, LLC) does not enter into an EPCA with Assignee for the Project, Assignee will pay Assignor \$0.10 per watt for the Project size to be paid at the start of construction of the Project as long as permitting for the Project is completed and Assignee starts construction under an EPCA with another contractor. The payment of \$0.10 per watt will be adjusted once an actual rated system capacity for the installed system is determined. Assignor will pay to Assignee the difference of projected project size and actual rated system capacity to the extent actual rated system capacity is smaller than the projected project size. Assignee will pay to Assignor the difference of projected project size and actual rated system capacity to the extent the actual rated system capacity is larger than the projected project size.

4. **Further Assurances.** Assignor and Assignee mutually agree to cooperate with respect to any of the matters described herein, and to execute such further deeds, assignments, assumptions, notifications, or other documents as may be legally requested or reasonably necessary for the purpose of giving effect to, evidencing, or giving notice of the transactions evidenced by this Assignment.

5. **Successors and Assigns; Third Parties.** This Assignment shall be binding upon and shall inure to the benefit of the Parties and their respective agents, successors and permitted assigns. This Assignment shall not confer any rights, benefits or remedies to any Person not a Party.

6. **Governing Law.** This Assignment shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to its conflict of laws principles.

7. **Titles and Captions.** All section titles or captions in this Assignment are for convenience only, shall not be deemed part of this Assignment and in no way define, limit, extend or describe the scope or intent of any provision hereof.

8. **Counterparts; Electronic Signatures.** This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one assignment. Each Party hereby agrees that facsimile or electronic signatures (.pdf) shall be valid and binding on the Parties.

IN WITNESS WHEREOF, the Parties have caused this Assignment and Conveyance to be duly executed by their respective authorized officers as of the date first above written.

ASSIGNOR:

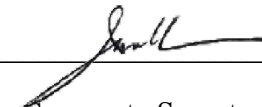
Stephanie Brun de Pontet



Title: Managing Member

ASSIGNEE:

General Energy Solutions USA, Inc.

By:  _____

Jack Chen, Corporate Secretary

APPENDIX A

Disclosure Schedule – Conditions, Consents and Waivers

The Assignment herein is subject to the following:

Conditions:

1. That Bedford 57 Solar, LLC is awarded a Grant by the Commonwealth Financing Authority (“CFA”) of the Commonwealth of Pennsylvania in the approximate amount of \$0.643/watt.
2. That Assignor, with the consent of Assignee, not to be unreasonably withheld, enters an EPCA for the construction of the Bedford 57 Solar, LLC Solar Array Project within Sixty (60) days after satisfaction of Condition 1 above.

Consents:

None

Waivers:

None

Component	Mfg.	Useful Life in Yrs.	Documentation
Modules	CSUN, Hanwha, or Equal to Bloomberg Tier 1	25	See sample warranties below
Inverters	Chint Power Systems, Enphase, or Equal per System Design	10	See sample warranties below
Racking	RBI, Gamechange, or Equal	20	See sample warranties below
Data Acquisition System	Locus Energy, Also Energy, or Equal	5	See sample warranties below

EXHIBIT 15

Limited Warranty for PV Modules

Subject to the conditions, exclusions and limitations set forth below, China Sunergy (Nanjing) Co. (“CSUN”) hereby grants the following Limited Warranty for PV Modules (collectively, the “Limited Warranty”) to the original end user purchaser installing (for its own use) (the “Customer”) any of the specified (and no other) brand models of solar photovoltaic modules listed below (the “Product(s)”):

1. Warranted Products

CSUNXXX-72M/P/MH/PH(XXX=290,295,300,305,310,315,320,325,330,335,340,345,350,355,360,365,370)
CSUNXXX-60M/P/MH/PH-DG(XXX=235,240,245,250,255,260,265,270,275,280,285,290,295,300,305,310)
CSUNXXX-54M/P/MH/PH-DG(XXX=210,215,220,225,230,235,240,245,250,255,260,265,270,275,280,285)
CSUNXXX-48M/P/MH/PH -DG(XXX=180,185,190,195,200,205,210,215,220,225,230,235,240,245,250,255)
CSUNXXX-36M/P/MH/PH -DG(XXX=135,140,145,150,155,160,165,185,190)
CSUNXXX-72M(XXX=190,195,200,205,210,215,220,225,230,235)
CSUNXXX-144M (XXX=325,330,335,340,345,350,355,360,365,370,375,380,390)
CSUNXXX-120M(XXX=270,275,280,285,290,295,300,305,310,315,320,325)
CSUNXXX-108M(XXX=240,245,250,255,260,265,270,275,280,285,290)
CSUNXXX-96M (XXX=215,220,225,230,235,240,245,250,255,260)
CSUNXXX-72M (XXX=165,185,190,195)

M -Monocrystalline module.

P -Polycrystalline module.

MH-Monocrystalline module(used in PV plants at a maximum system voltage(Voc at STC) of up to 1500VDC).

PH-Polycrystalline module(used in PV plants at a maximum system voltage(Voc at STC) of up to 1500VDC).

DG-Double glass, For the normal module the -DG leave out.

Types of Products will include but not limited to the above.

2. 10 Year Limited Product Warranty

CSUN warrants the Product(s) to be free from serious visual defects in materials and workmanship which defined in IEC61215、IEC61730、UL1703 or cause abnormal power output under normal application and use, installation and service conditions as specified in CSUN’s installation manual for a period of ten (10) years from Warranty Start Date(as defined below). Claims under this warranty will be honored only if the Customer can provide the proof that said serious visual defects results exclusively from defects in materials or workmanship or cause abnormal power output occurred during the ten-year period of this warranty under normal application, use, installation and service conditions specified in CSUN’s installation manual.

This Limited Warranty does not warrant a specific power output, which shall be exclusively covered under clause 3 hereinafter (“Limited Power Warranty”).

Note: Ten years limited warranty for materials or workmanship just includes types of material provided by CSUN and does not include types of material provided by customers.

3. Limited Power Output Warranty

A. Under normal application, use, installation and service condition as specified in CSUN’s installation manual, CSUN warrants that within a period of twenty-five (25) years after the Warranty Start Date,

ℓ For Polycrystalline Products:within the first year, the output power shall not be less than 97.5 % of the

- minimum output power in CSUN's product datasheet, thereafter the loss of output power shall not exceed 0.7% per year, ending with 80.7% in the 25th year.
- ℓ For Monocrystalline Products: within the first year, the output power shall not be less than 96.5 % of the minimum output power in CSUN's product datasheet, thereafter the loss of output power shall not exceed 0.68% per year, ending with 80.18% in the 25th year.
 - ℓ For Polycrystalline Double glass Products: within the first year, the output power shall not be less than 97.5 % of the minimum output power in CSUN's product datasheet, thereafter the loss of output power shall not exceed 0.5% per year, ending with 83% in the 30th year.
 - ℓ For Monocrystalline Double glass Products: within the first year, the output power shall not be less than 96.5 % of the minimum output power in CSUN's product datasheet, thereafter the loss of output power shall not exceed 0.48% per year, ending with 82.5% in the 30th year.
- B. The DC power of a Product shall be tested at Standard Test Conditions (STC) by the third party accredited by CSUN (should be the same party with CSUN applied) which are: [a] light spectrum of AM 1.5, [b] irradiation of 1,000 Watts per square meter and [c] temperature of 25 ± 2 degrees Centigrade. The measurements are carried out at the junction box terminals per the calibration and testing standards of CSUN valid at the date of manufacture of the PV Modules in accordance with IEC61215 and IEC60904. The extended measurement uncertainty 2σ (Pmpp) is $\leq \pm 3\%$.
- C. The remedies set forth in Clause 7 are the sole and exclusive remedies provided under the limited Warranty. Customers shall notify CSUN or its authorized resellers in writing within 30 business days after the date when the malfunction or defects provided under this warranty have been found.
- D. If the modules are used in high-temperature and high-humidity environment, please see the item 7.2 in CSUN Crystalline Silicon PV Module Products Installation Manual (IEC Version).

4. Warranty Start Date

The Warranty Start Date shall be defined as the date of installation or 90 (ninety) days after the delivery by CSUN, whichever date is earlier.

5. Not Independent Warranties

The Customer has the right to pursue claims under each of the warranties set forth above; provided, however, that if claims arise under multiple limited warranties from a single incident, then if CSUN remedies such incidents as set forth above, CSUN shall be deemed to have resolved all applicable warranty claims arising from such incident.

6. Exclusions and Limitations

- A. Warranty claims shall be filed in writing to CSUN or its authorized distributors within the applicable warranting period, without exception.
- B. The Limited Warranty does not apply to any Products which have been subjected to:
 - (1) Alteration, repair or modification without the expressed, prior written consent of CSUN Solar.
 - (2) Removal of Product(s) and reinstallation at a new site.
 - (3) Non-observance of CSUN's Installation and User Manual. Particularly in the installation and maintenance, the products are subject to violent collision and trampled by the operator, and products are collided, scratched or squeezed.
 - (4) Misuse, abuse, neglect, or accident in storage, transportation, handling, installation, application, use or service.

-
- (5) Electrical surges, lightning, flood, fire, vandalism, tampering, accidental breakage, mold discoloration, or other events beyond CSUN's control, including without limitation any technological or physical event or condition that is not reasonably known or understood at the time the Customer purchased the Products.
 - (6) Installation on mobile platforms or in a marine environment; direct contact with corrosive agents or salt water; pest damage; or malfunctioning PV system components and other operating conditions, which are not expressly allowed in the Installation and User Manual.
 - (7) Alteration, removal or obliteration of the original Product label.
- C. Warranty claim will not be honored if the type or serial number of the module(s) have been altered, removed or made illegible.
 - D. This "Limited Warranty for PV Modules" only applies for the conforming products.
 - E. Any additional Products provided, and any Product repaired or replaced, by CSUN under a warranty claim shall be covered by the same Limited Warranties and terms as the first Products purchased that were the subject of the claim; no warranty periods or terms shall be extended because of a warranty claim or remedy. CSUN shall make commercially reasonable efforts to replace defective Products with new or refurbished Products of the same or similar size and aesthetics but reserves the right to deliver another Product type in the event that CSUN has discontinued production of the Product type that is the subject of the warranty claim provided, that such other Product type is compatible to the Customer's PV System. Replaced Products and parts shall become the property of CSUN.

7. Repair, Replacement or Refund Remedy

- A. If a Product, under normal application, use and service conditions, fails to conform to this 10 Year Limited Product Warranty during this ten-year period, as Customer's sole and exclusive remedy under this Limited Warranty, CSUN will, in its sole discretion, either, with regard to the applicable Products:
 - i. Refund the Actual Cash Value of the defective Product(s) or the current market price of the relevant new Product(s), For this purpose the Actual Cash Value is defined as the price at the time of purchase of the Product(s) reduced by an amount equal to 3.5% of that price per each 365 day period (and 16% of that price for the first year) following Warranty Start Date until the conclusion of the twenty-fifth period;
 - ii. Repair the defective Product(s) at no charge; or replace the defective Product(s) or part thereof by a new or remanufactured equivalent at no charge.
- B. If a Product fails to conform to the Limited Power Output Warranty during the warranty period and if such decrease in power is due to defects in materials or workmanship under normal application, use and service conditions, as Customer's sole and exclusive remedy under this Limited Warranty, CSUN will, in its sole discretion, either, with regard to the applicable Products:
 - i. Repair the defective Product(s) at no charge; or replace the defective Product(s) or part thereof by a new or remanufactured equivalent at no charge;
 - ii. Providing Customer with additional Products to make up for such decrease in power, provided, it is possible for the Customer to mount such additional Products; or
 - iii. Refunding the decrease in power, based on the Actual Cash Value.

In the event that CSUN opts for options A (ii) or B(i) or B(ii), CSUN shall bear all insurance and transportation charges (except air freight), customs clearance and any other costs for returning the defective Product(s) to CSUN and shipping the repaired or replaced Product(s) to Customer. The costs and expenses for their removal, installation or reinstallation shall remain with Customer.

8. Limitation of Warranty Scope

This Limited Warranties as set forth herein are expressly in lieu of and exclude all other express or implied warranties, including but not limited to warranties of merchantability and of fitness for particular purpose, use, or application, and all other obligations or liabilities on the part of CSUN, unless such other obligations or liabilities are expressly agreed to in writing signed and approved by CSUN. CSUN Shall have no responsibility or liability whatsoever for damage or injury to persons or property, or for other loss or injury resulting from any cause whatsoever arising out of or related to the Product(s), including, without limitation, any defects in the module(s), or from use or installation. Under no circumstances shall CSUN be liable for incidental, consequential or special damages, howsoever caused. Loss of use, loss of profits, loss of production, and loss of revenues are therefore specifically but without limitation excluded. CSUN' s liability, if any, in damages or otherwise, shall not exceed the Actual Cash Value of the product(s) which is the subject of claim or dispute. FOR SALES TO U.S. ONLY: SOME STATES IN THE U.S. DO NOT ALLOW LIMITATIONS ON IMPLIED WARRANTIES OR THE EXCLUSION OF DAMAGES BY STATE LAW. SO THE ABOVE LIMITATIONS OR EXCLUSIONS MAY NOT APPLY FOR YOU.

9. Transferability

This warranty is extended to the original end-user purchaser, and is transferable to any subsequent owner of the location or subsequent holder of the product when Product(s) remain at their original installed location upon satisfactory proof of succession or assignment.

10. Obtaining Warranty Performance

- A. In order to obtain warranty service under the Limited Warranty, the Customer should promptly notify CSUN regional customer service center. Together with the notification, the Customer should enclose the evidence of the claim, such as the description of the defect, the complete serial number printed on the module label, the picture of the bar code, a copy of commercial invoice and the delivery date of its Products. Should the Products be returned for inspection, repair or replacement by CSUN, CSUN will provide the customer a Return Merchandise Authorization (RMA). CSUN will not accept the return of any modules without a RMA.
- B. If CSUN determines that the Product is not defective or that a performance deficit is not covered under this warranty, CSUN will return the Product to Customer at Customer's expense and will have no further obligation for the repair, replacement, or refund.

Obtain CSUN customer service:

Add: No. 123, Focheng West Road, Jiangning E & T Development Zone, Nanjing, P. R. China

PC: 211100 E-mail: customer_service@chinasunergy.com Web: www.chinasunergy.com

11. Force Majeure

CSUN shall not be in any way responsible or liable to the Customer or any third-party for matters arising from any non-performance or delay in performance of any terms and conditions of sale, including this Limited Warranty, due to fire, flood, blizzard, hurricane, thunder, acts of God, changes of public policies, terrorism, war, riots, strikes, unavailability of suitable and sufficient labor or materials and other events which are out of control of CSUN.

12. Validity

This "Limited Power Warranty for PV Modules" is valid for module(s) dispatched from CSUN between Jan. 1st 2018 and Dec. 31st 2018.

China Sunergy (Nanjing) Co., Ltd.

LIMITED WARRANTY FOR CRYSTALLINE PHOTOVOLTAIC MODULES FROM HANWHA Q CELLS

Valid from December 1st, 2015

This limited warranty ("Limited Warranty") is issued by Hanwha Q CELLS Corp, Hanwha Building, 86 Cheonggyecheon-ro Jung-gu, Seoul, Republic of Korea, or its successors or assigns ("HQC"), and applies exclusively to Q CELLS Modules (as defined in Section 1.a).

1. SCOPE

a. Products

Q CELLS Modules are defined in this Limited Warranty as Q CELLS branded photovoltaic modules manufactured by HQC or its authorized manufacturers that are sold and installed within the United States, Canada, Mexico, Panama and Costa Rica and are of the following product type:

- Q.PRO BFR-G4.1, Q.PLUS BFR-G4.1
- Q.PRO-G4.1/SC, Q.PLUS-G4.1/SC
- Q.PRO L-G4, Q.PRO L-G4.1, Q.PRO L-G4.2
- Q.PLUS L-G4, Q.PLUS L-G4.1, Q.PLUS L-G4.2

b. Beneficiary

The sole and exclusive beneficiary of this Limited Warranty is an end customer who purchases Q CELLS Modules from HQC or any one of its authorized distributors ("Distributor") and is the initial installer of such modules into a specific photovoltaic (PV) solar energy project ("Project"), and any of the end customer's permitted successors or assigns ("Customer").

c. Validity

This Limited Warranty takes effect on December 1st, 2015 and shall remain valid until a new version of warranty applying to Q CELLS Modules is released by HQC.

d. Term

The term of this Limited Warranty ("Term") for the Customer begins on the date of initial delivery to the Customer ("Warranty Start Date") and ends at the end of the warranty periods set forth in Section 2. The performance of warranty services under this Limited Warranty does not extend the Term. HQC's obligations under this Limited Warranty are conditioned upon the Customer's compliance with its payment obligations for purchase of the applicable Q CELLS Module.

2. WARRANTY

a. Product Warranty

Subject to the terms and conditions in this Limited Warranty, HQC warrants to the Customer for a period of twelve (12) years following the Warranty Start Date that the Q CELLS Modules, when installed, used, and serviced under normal operating conditions and in accordance with Q CELLS Module Installation Manual provided by HQC or Distributor: (i) will be free from defects in materials and workmanship that have a significant negative effect on the power output of the Q CELLS Modules; and (ii) will be free from potential-induced degradation in accordance to the test criteria: Cells at -1000 V against ground, with conductive metal foil covered module surface, 25 °C, 168 h, (collectively, "Product Defect"). The Product Warranty does not warrant a specific power output of the Q CELLS Modules, which shall be exclusively covered under the Performance Warranty in Section 2.b. Product Defect does not include any cosmetic changes or other changes in

the Q CELLS Modules' appearance, including but not limited to, any color changes, mold and normal wear and tear.

b. Performance Warranty

Subject to the terms and conditions of this Limited Warranty, HQC warrants to the Customer that the Q CELLS Modules are manufactured to (i) produce a power output of at least ninety-seven percent (97%) of the minimum power output specified in the applicable module data sheet during the first twelve (12) months following the Warranty Start Date, and (ii) have a yearly maximum decrease (or degradation) of power of not more than six tenths of one percent (0.6%) from start of the second (2nd) twelve (12)-month period following the Warranty Start Date until the end of such twelve (12)-month period, and repeated for each successive twelve (12)-month period until the twenty-fifth (25th) anniversary of the Warranty Start Date, in both (i) and (ii) (collectively, "Performance Warranty"). As an example, the Q CELLS Module will be manufactured to have a minimum power output of eighty-three percent (83 %) of the minimum power output specified in the applicable module data sheet at the end of the term of this Limited Warranty. Failure to meet the Performance Warranty is defined herein as a "Performance Defect." In the event of a Performance Defect claim, the power output of any Q CELLS Modules described in this Section 2.b shall be measured by HQC under the Standard Test Conditions ("STCs") defined in the IEC standards EN 61215 and 60904-3 in effect as of the Warranty Start Date.

3. EXCLUSIONS

The Limited Warranty shall not apply to any Q CELLS Modules affected by the following events or conditions:

1. usage, transport, storage, installation and/or handling in any manner that fails to strictly comply with the Installation Manual and the Packaging and Transportation Information sheet applicable to the Q CELLS Modules;
2. system or components of such system that are of a design, configuration or installation that does not meet the standards typically used by experienced professionals in the industry;
3. incorrect, improper or inadequate service, operation or maintenance of the Q CELLS Modules or the Project, or any normal wear and tear of the Q CELLS Modules;
4. damage caused by extreme environmental sources of impact, including, but not limited to (i) acid rain or snow, (ii) blowing sand, (iii) saline air, (iv) pollution of any kind in the air, soil or groundwater, (v) unusual oxidation levels, (vi) mold, or (vii) any nearby fire, explosion, smoke or charring;
5. damage caused by acts of nature or acts of God, including, but not limited to, lightning, hail, frost, snow, storms, tidal waves, floods, extreme temperatures, earthquakes, typhoons, tornadoes, volcanic eruptions, meteorites, ground motions, earth fissures or landslides;

6. damage caused directly or indirectly by acts of violence or intervention by third parties or external forces, including but not limited to, misadventure, riots, war, insurrection, communal violence, unintentional damage by third parties, vandalism, damage caused by animals and birds, and/or acts or omissions by third parties beyond the reasonable control of HQC;
7. damage to the Project in which the Q CELLS Modules are installed caused by external factors, including, but not limited to, voltage fluctuations, power peaks, excess current, power failure, poor electrical or mechanical engineering work, or other faults occurring in a power supply system with or without mains connection, whether or not such faults in the power supply system was contributed to by any act or omission of the Customer;
8. Q CELLS Modules are modified or used in processes involving other products, without obtaining the prior written consent of HQC;
9. the serial number or product label has been removed, changed, deleted or made unrecognizable;
10. the Q CELLS Modules are used on any mobile carriers (such as motor vehicles or ships);
11. the conditions of use at the Project, at any time, exceed the specifications set out in the applicable module data sheet; and/or
12. the Customer fails to notify the Distributor or HQC of a Product Defect or Performance Defect within 30 days of the initial discovery or prior to the end of the applicable warranty period set forth in Section 2.

4. WARRANTY CLAIMS

a. Customer Inspection

The Customer must inspect the Q CELLS Modules for visible defects when delivered. The Customer must notify HQC of any defects immediately, but in no event less than thirty (30) days any such defects were discovered during such visible defect inspection process.

b. Warranty Claims

The Customer will be entitled to make claims under this Limited Warranty ("Warranty Claims") only if the Customer has provided documented evidence sufficient to prove that the malfunctioning or non-conformity of the Q CELLS Modules resulted exclusively from a Product Defect or Performance Defect covered by this Limited Warranty. If the Warranty Claim is based on glass breakage, then the Customer shall conduct a static load calculation on the substructure.

c. Warranty Claim Compliance

The Customer must comply with the HQC's then-current Return Merchandise Authorization ("RMA") process to make any Warranty Claim. HQC will not accept any Warranty Claims not in compliance with the RMA or Warranty Claims that use the delivery of any unauthorized return shipments of Q CELLS Modules.

d. Warranty Claim Procedure

The Customer is responsible for shipping the Q CELLS Modules to HQC for evaluation at the Customer's expense. HQC shall pay the costs of a technical inspection and, in the event that the warranty claim is confirmed by such inspection, transportation. Otherwise, the Customer shall be charged with these costs. To make a Warranty Claim, the Customer must submit the original receipt or invoice, which bears the date of purchase, the serial numbers of the relevant Q CELLS Modules and the name of the authorized distributor or seller.

e. Ownership Interest

The Q CELLS Modules sent to HQC in the course of the RMA process shall remain the property of the Customer until any inspection has been completed and HQC provides a replacement or refund. At the time any refund or delivery of a replacement Q CELLS Module to the Customer takes place under this Limited Warranty, the ownership interest of the defective module passes to HQC. Any repaired, replaced or additionally supplied modules will be warranted only for the remainder of the original warranty period applicable to the original Q CELLS Modules.

5. REMEDIES

a. Product Defect Remedy

If HQC determines, following a Warranty Claim, that a Q CELLS Module has a Product Defect, then HQC shall, at its discretion, within a reasonable time: (i) remedy or repair the Product Defect; (ii) provide a replacement module in place of the Q CELLS Module with the Product Defect; or (iii) provide the Customer monetary compensation equal to the purchase price of the Q CELLS Module subject to an annual four percent (4%) depreciation rate on the original purchase price as evidenced by the invoice produced by the Customer; provided, however, if the Customer fails to produce an original invoice, then the price shall be based upon the then-current per watt market price of a comparable PV module in a similar market and the date shall be based upon the date of manufacture according to the HQC records.

b. Performance Warranty Remedy

If HQC determines following a Warranty Claim that a Q CELLS Module has a Performance Defect, then HQC shall, at its discretion, within a reasonable time: (i) remedy or repair the Performance Defect; (ii) provide a replacement module in place of the Q CELLS Module that has the Performance Defect; (iii) make up the difference to the guaranteed power output by providing additional modules; or (iv) provide to the Customer monetary compensation equal to the portion of the purchase price of the Q CELLS Module that is in the same proportion to the purchase price as the actual measured power is to the guaranteed power subject to an annual four percent (4%) depreciation rate on the original purchase price as evidenced by the invoice produced by the Customer; provided, however, if the Customer fails to produce an original invoice, then the price shall be based upon the then current per watt market price of a comparable PV module in a similar market and the date shall be based upon the date of manufacture according to the HQC records.

c. Sole and Exclusive Remedy and Obligation

THE REMEDIES SET FORTH IN THIS SECTION 5 ARE HQC'S SOLE AND EXCLUSIVE LIABILITY AND OBLIGATION, AND THE CUSTOMER'S SOLE AND EXCLUSIVE REMEDIES, FOR ANY PRODUCT DEFECT OR PERFORMANCE DEFECT IN ANY Q CELLS MODULE. THE REMEDY EXTENDED TO THE CUSTOMER SPECIFICALLY EXCLUDES ANY REIMBURSEMENT FOR THE COSTS OR EXPENSES INCURRED IN THE DISMANTLING OR INSTALLATION OF THE Q CELLS MODULES, REPLACEMENT MODULES OR PARTS, OR LOSS OF POWER.

6. WARRANTY LIMITATIONS

THE WARRANTIES SET FORTH IN THIS LIMITED WARRANTY ARE IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED, OR STATUTORY, REGARDING ANY Q CELLS MODULES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

HOWEVER, IF A Q CELLS MODULE IS SOLD AS A CONSUMER PRODUCT, TO THE EXTENT REQUIRED BY APPLICABLE LAW, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT ARE LIMITED TO THE PERIODS OF THE LIMITED PRODUCT AND LIMITED PERFORMANCE WARRANTIES SET FORTH ABOVE, OR SUCH SHORTER PERIOD AS REQUIRED

BY APPLICABLE LAW. THIS LIMITED WARRANTY GIVES THE CUSTOMER SPECIFIC LEGAL RIGHTS, AND THE CUSTOMER MAY ALSO HAVE OTHER RIGHTS WHICH VARY FROM STATE TO STATE. HQC IS NOT RESPONSIBLE OR LIABLE IN ANY WAY FOR DAMAGE OR INJURY TO PERSONS OR PROPERTY, OR FOR OTHER LOSS OR INJURY RESULTING FROM ANY CAUSE WHATSOEVER, ARISING OUT OF OR RELATED TO ANY Q CELLS MODULES.

EXCEPT AS PROVIDED IN THIS SECTION 6, THE Q CELLS MODULES, THE PRODUCT DOCUMENTATION AND ALL INFORMATION ARE PROVIDED ON AN "AS IS" BASIS. HQC'S LIABILITY FOR FRAUDULENT OR WILLFUL INTENT, GROSS NEGLIGENCE OR PERSONAL INJURY, IN EACH CASE, UNDER APPLICABLE MANDATORY LIABILITY LAW SHALL REMAIN UNAFFECTED.

THE CUSTOMER ACKNOWLEDGES THAT THE FOREGOING LIMITATIONS ON LIABILITY ARE AN ESSENTIAL ELEMENT OF THE RELEVANT SALES AGREEMENT BETWEEN THE PARTIES AND THAT IN THE ABSENCE OF SUCH LIMITATIONS THE PURCHASE PRICE OF THE Q CELLS MODULES WOULD BE SUBSTANTIALLY HIGHER.

SOME JURISDICTIONS LIMIT OR DO NOT PERMIT DISCLAIMERS OF LIABILITY, SO THIS PROVISION MAY NOT APPLY TO THE CUSTOMER IN SAID JURISDICTION. SOME JURISDICTIONS DO NOT ALLOW LIMITATIONS OR THE EXCLUSION OF DAMAGES SO THE ABOVE LIMITATIONS OR EXCLUSIONS MAY NOT APPLY TO THE CUSTOMER IN SAID JURISDICTION. THE CUSTOMER MAY HAVE SPECIFIC LEGAL RIGHTS OUTSIDE THIS LIMITED WARRANTY FOR Q CELLS MODULES, AND MAY ALSO HAVE OTHER MANDATORY RIGHTS THAT VARY FROM JURISDICTION TO JURISDICTION, WHICH SHALL REMAIN UNAFFECTED.

IN NO EVENT WILL HQC BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, EXEMPLARY, SPECIAL OR INCIDENTAL DAMAGES, INCLUDING LOSS OF USE, LOST REVENUE AND/OR LOST POWER, ARISING FROM OR RELATING TO THIS WARRANTY OR ANY Q CELLS MODULE OR ANY REPLACEMENT OR ADDITIONAL MODULE SUPPLIED BY HQC HEREUNDER, EVEN IF HQC IS AWARE OF THE POSSIBILITY OF SUCH DAMAGES.

THE TOTAL LIABILITY OF HQC, ANY DISTRIBUTOR, AND/OR THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS ARISING FROM OR RELATING TO THIS LIMITED WARRANTY, WHETHER IN CONTRACT, TORT OR OTHERWISE, WILL NOT EXCEED THE AMOUNT RECEIVED BY HQC FOR THE Q CELLS MODULE THAT IS THE SUBJECT OF THE CLAIM OR DISPUTE. SOME STATES DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY TO THE CUSTOMER IN SAID JURISDICTION.

7. ASSIGNMENT

Customer Assignment

Customer may assign this Limited Warranty for any Q CELLS Module to a new owner of the entire photovoltaic system in which such module is originally installed, provided that such system remains intact in its original place of installation. This Limited Warranty may not otherwise be assigned or transferred, and any attempt to assign or transfer in violation of this Section 7 shall be null and void.

8. MISCELLANEOUS

a. Survival

If any provision of this Limited Warranty terms and conditions is held to be invalid, illegal or unenforceable in any respect, such provision will be changed and interpreted to accomplish the objectives of such provision to the greatest extent possible under applicable law and the remaining provisions will continue in full force and effect.

b. Governing Law

All matters arising from or relating to this Limited Warranty shall be governed by the laws of the State of New York, without regard to its choice of law rules (other than Section 5-1401 of the New York General Obligations Law). The UN Convention on the International Sale of Goods shall not apply.

c. Waiver of Jury Trial; Jurisdiction

Any dispute, controversy or claim arising out of or relating to this Limited Warranty or any of its provisions, or the breach, termination, interpretation, enforcement or validity thereof, including any dispute hereby is waived to the fullest extent permitted by applicable Law any right it may have to a trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Limited Warranty. Any dispute, controversy or claim arising out of or relating to this Limited Warranty or any of its provisions, or the breach, termination, interpretation, enforcement or validity thereof, including any dispute irrevocably is submitted to the jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in the State, City and County of New York solely in respect of the interpretation and enforcement of the provisions of this Limited Warranty.



CPS America Standard Terms and Conditions of Sale

1. SCOPE

The Terms and Conditions (“Terms”) contained herein shall apply to all quotations and sales orders made by and purchase orders accepted by Chint Power. These Terms apply to all sales made by Chint Power except to the extent the Terms conflict with a Sales Agreement signed by Chint Power and Buyer. These Terms apply in lieu of any course of dealing between the parties or usage of trade in the industry. These Terms may in some instances conflict with some of the terms and conditions affixed to the purchase order or other procurement document issued by the Buyer. In such case, the Terms contained herein shall govern, and acceptance of Buyer’s order is conditioned upon Buyer’s acceptance of the terms and conditions herein, irrespective of whether the Buyer accepts these conditions by a written acknowledgement, or by implication, or acceptance and payment of products ordered hereunder. Chint Power’s failure to object to provisions contained in any communication from Buyer shall not be deemed a waiver of the provisions herein. Any changes in the Terms contained herein must specifically be agreed to in writing signed by an authorized representative of Chint Power before becoming binding on either party.

2. PRICE, TAXES AND QUOTATIONS

Prices are subject to change on thirty (30) days notice to Buyer. Any order that can be canceled and rescheduled pursuant to paragraph 6(a) is subject to a price change immediately. All prices are exclusive of any present or future sales, revenue or excise tax, value added tax, turnover tax, import duty or other tax applicable to the manufacture or sale of any product. Such taxes, when applicable, shall be paid by Buyer unless Buyer provides a proper tax exemption certificate. Unless otherwise agreed to in writing by the parties, prices quoted should be valid for thirty (30) days since its date of issuance.

3. DELIVERY

Unless otherwise agreed in writing, sales are FOB Richardson, Texas (Incoterms 2000). Chint Power may deliver products in one or more consignment and invoice each consignment separately. Chint Power reserves the right to ship product that is not subject to cancellation in advance of the agreed shipping date. Unless otherwise agreed in writing, delivery time is not of the essence. If Buyer provide rolling forecast to Chint Power, delivery time can be appropriately shortened.



4. PAYMENT TERMS

Unless otherwise agreed in writing by Chint Power, terms of payment shall be:

- (a) First order with any new customer less than USD 10,000 in total value, 100% payment before shipment;
- (b) Any order in equal to or excess of USD 10,000 in total value or any follow-up order with existing customer, twenty percent (20%) down payment with order and balance within forty-five (45) days after issuing date of shipping document.
- (c) Any late payment shall bear interest at the rate of one percent (1%) per month (12% per annum), and shall be calculated and due on a monthly basis. If any other loss incurred by such aforesaid late, Chint Power is entitled to claim the reimbursement pursuant to the applicable law and based on the situation.
- (d) Any order with any new customer excess of USD 10,000 received by Chint Power is subject to credit approval and may be cancelled at Chint Power's sole discretion if buyer's credit standing is not satisfactory to Chint Power or becomes unsatisfactory to Chint Power for any reason at any time prior to delivery of the Products.

5. NON-CONFORMING DELIVERY AND RISK OF LOSS

Buyer shall notify Chint Power in writing of any visible defects, quantity shortages or incorrect product shipments within seven (7) days of receipt of each shipment. Failure to notify Chint Power in writing of any visible defects in the products or of quantity shortages or incorrect shipments within such period shall be deemed as a waiver of all rights to return products on the basis of alleged visible defects, shortages or incorrect shipments, subject to Buyer's rights under Section 7. Seller shall retain a certain security interest in the products until Buyer have cleared all due payment to Chint Power for the products. Risk of loss and title shall pass to Buyer as soon as the products have been received by the assigned transport agent.

6. ORDER CANCELLATION

(a) Buyers Cancellation for Convenience: Buyer may cancel any order for convenience on the following terms: (i) For standard products, Buyer may cancel or reschedule a product without penalty if the cancellation is made and received by the Seller thirty (30) days prior to the Confirmed Shipping Date; cancellations less than thirty (30) days before the Confirmed Shipping Date must be approved in writing by Chint Power and may be subject to a certain charge ; (ii) For nonstandard parts, custom products, or standard parts with minimum usage Buyer shall not cancel the order.

(b) Chint Power's Cancellation: Chint Power shall have the right to cancel any unfinished order without notice to Buyer in the event that Buyer becomes insolvent,



adjudicated bankrupt, petitions for or consents to any relief under any bankruptcy reorganization statute, or becomes unable to meet its financial obligations in the normal course of business. Any order that can be canceled or rescheduled by Buyer pursuant to paragraph 6(a) may be canceled or rescheduled by Chint Power if notice provided to Buyer.

7. LIMITED LIABILITY

Chint Power shall not be liable for any incidental or consequential damages, including but not limited to, the cost of labor, re-qualifications, rework charges, delay, lost profits, or loss of goodwill arising out of the sale, installation or use of any Chint Power product. If Chint Power has any liability for breach of contract, any implied condition, warranty or representation, the maximum liability of Chint Power to Buyer shall be limited to and in respect of the contractual value of the products or services that are the subject of the contract.

8. PATENTS

Chint Power retains its Intellectual Property attached to the products: The sale of any products hereunder does not confer, transfer any license by implication, estoppel or otherwise covering combinations of the products with other equipment data or programs. The company retains the copyright in all documents, catalogs and plans supplied to Buyer pursuant to or ancillary to the contract. Unless otherwise agreed in writing, Buyer shall obtain no interest in any mask or other tooling used in the production of any Chint Power's product.

9. CONFIDENTIAL INFORMATION

Except as required by law or agreed in writing by the Parties, neither party shall use (except for purposes associated with the performance of its obligations hereunder), divulge or communicate to any third party any information of the other it reasonably knows to be confidential.

10. FORCE MAJEURE

Chint Power shall not be liable for any damage or penalty for delay in delivery or for failure to give notice of delay when such delay is due to the elements, acts of god, acts of the Buyer, act of civil or military authority, war, riots, concerted labor action, shortages of materials, or any other causes beyond the reasonable control of Chint Power. The anticipated delivery date shall be deemed extended for a period of time equal to the time lost due to any delay excusable under this provision.



11. EXPORT REGULATIONS

Buyer agrees to comply fully with all applicable laws and regulations concerning the purchase and sale of products hereof. In particular, Buyer agrees to comply with the export regulations of the USA in so far as they apply to the sale of products. The products are licensed by the P.R. China and Chint Power Systems America for delivery to the ultimate destination as shown on the shipment/invoice address and any contrary diversion is prohibited unless otherwise agreed in writing by Chint Power Systems America.

12. ASSIGNMENT AND SUBCONTRACTING

Chint Power, at its sole discretion, shall be entitled at all times to assign its rights under the contract (in whole or in part) or to subcontract any part of the work or services to be provided under the contract.

13. NOTICES

Any notice hereunder shall be deemed to have been given if sent by prepaid first class mail to the party concerned at its last known address. Notice to Chint Power shall be to the regional sales office in the territory (Pleasanton, California office in North America).

14. WAIVER

Failure by Chint Power to exercise or enforce any rights hereunder shall not be deemed to be a waiver of any such right nor operate so as to bar the exercise or enforcement thereof at any time or times thereafter.

15. APPLICABLE LAW

Unless otherwise agreed in writing, the terms and conditions contained herein shall be governed by and construed under the laws of Texas, USA.

16. Change

Chint Power may appropriately change this Terms from time to time and the changes shall become effect 30 days after the notice have been sent to the qualified party.



Chint Power Systems America Inverter Warranty

Chint Power Systems America Co. (“CPS”) and its parent company, Shanghai Chint Power Systems Co., Ltd, warrant that all new inverter products conform to applicable codes and standards and are free of any defects in material and workmanship for a standard warranty period of ten (10) years. The warranty period begins one (1) month from the date CPS ships the product or the date of installation, whichever comes first. If the customer purchases an extended warranty, the warranty terms and conditions provided herein will continue for the duration of the extended warranty.

Scope of Warranty Services:

- Covers new inverter products installed in North America.
- CPS will repair, replace with a product of the same type, or refund the purchase price, at its sole discretion, at no cost to the customer if the customer notifies CPS of any breach of warranty within the warranty period.
- CPS will, with commercially reasonable efforts, respond to customer inquiries within 24 hours and provide a resolution plan within 48 hours to rapidly resolve warranty issues.
- If the unit is replaced in the field, the customer agrees to utilize the CPS Return Material Authorization (“RMA”) process in place at the time of replacement.
- CPS warrants that any repaired or replaced product will be free from defects in material or workmanship for the remainder of original unit warranty period.

Warranty Exclusions:

- Damage from shipping or transportation.
- Damage caused by improper installation, operation and maintenance according to the installation manual or any local, state or federal codes and requirements.
- Replaceable service items, including fuses and filters.
- Any costs incurred by the customer or installer for troubleshooting, installation, removal or the value of lost energy production.
- Damage caused by force majeure, including but not limited to flood, fire, earthquakes and lightning.
- Material or workmanship not provided by CPS or its approved service providers.
- Damage caused by rust or corrosion.
- Units not paid for in full by original purchaser per mutually agreed payment terms.

If your product requires troubleshooting or warranty service, contact your installer or dealer. If you are unable to contact your installer or dealer, or the installer or dealer is unable to provide service, contact CPS directly at:

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CHINT POWER SYSTEMS AMERICA CO.
700 INTERNATIONAL PARKWAY, SUITE 102
RICHARDSON, TX 75081



North American call center: 1-855-584-7168
AmericaSales@ChintPower.com

CPS LIABILITY FOR LOSSES CAUSED BY PRODUCT FAILURE OR DAMAGE IS ONLY LIMITED TO THE VALUE OF THE PURCHASE PRICE OF THE ORIGINAL PRODUCT AND EXCLUDES CONSEQUENTIAL LOSSES. IN THE EVENT OF ANY DISCREPANCY BETWEEN OTHER APPLICABLE QUALITY GUARANTEE OR AFTER-SALES PROVISIONS AND THIS WARRANTY, THIS WARRANTY SHALL PREVAIL. IN THE EVENT THAT PROVISIONS OF THIS WARRANTY ARE IN CONTRADICTION WITH APPLICABLE STATE OR FEDERAL LAWS OR REGULATIONS, THE LATTER SHALL HAVE TOP PRIORITY. THE RIGHT OF MODIFICATION AND INTERPRETATION OF THIS WARRANTY IS RESERVED BY SHANGHAI CHINT POWER SYSTEM CO., LTD.

Enphase Energy Limited Warranty – United States, United States Territories, and Canada

This Enphase Energy, Inc. ("Enphase") limited warranty ("Limited Warranty") covers defects in workmanship and materials of the following Enphase products for the applicable warranty periods (each a "Warranty Period") set out below:

- IQ7, IQ7 Plus, IQ6, IQ6 Plus, M215/250, S230/280 Microinverter: 25 years commencing on the earlier of (i) 4 months from the date the product is shipped from Enphase and (ii) the installation of the product at the original end-user location ("Original Location").
- C250 Microinverter: 10 or 20 years (dependent upon product SKU) commencing on the earlier of (i) 4 months from the date the product is shipped from Enphase and (ii) the installation of the product at the Original Location.
- Envoy: 2 years commencing on the earlier of (i) 4 months from the date the product is shipped from Enphase and (ii) the installation of the product at the Original Location.
- IQ Envoy, IQ Combiner+, IQ Combiner, IQ Commercial Envoy, Q Aggregator, Q Commercial Aggregator, Envoy-S Standard, Envoy-S Metered, Mobile Connect, Consumption CT, AC Combiner Box: 5 years commencing on the earlier of (i) 4 months from the date the product is shipped from Enphase and (ii) the installation of the product at the Original Location.

Except as set forth above, this Limited warranty applies only to products installed in the United States, United States territories (including Puerto Rico, Northern Mariana Islands, U.S. Virgin Islands, American Samoa, and Guam), and Canada. During the Warranty Period, the Limited Warranty is transferable to a different owner ("Transferee") as long as the product remains at the Original Location, the Transferee submits to Enphase a "Change of PV Ownership Form", and pays the applicable Transfer Fee within 30 days from the date of transfer to the Transferee. This submission is a requirement for continued Limited Warranty coverage. The Transfer Fee is set forth in the Change of PV Ownership Form, and is subject to reasonable adjustment from time to time (as determined at Enphase's discretion). The Change of PV Ownership Form and payment instructions are available at <http://www.enphase.com/warranty>.

During the Warranty Period, if Enphase establishes the existence of a defect that is covered by the Limited Warranty, Enphase will, at its option, either (1) repair or replace the product free of charge, or (2) issue a credit or refund for the product to the owner of the system in an amount up to its actual value at the time the owner notifies Enphase of the defect, as determined by Enphase.

If Enphase elects to repair or replace the product, Enphase will, at its option, use new and/or reconditioned parts or products of original or improved design. If Enphase repairs or replaces a product, the Limited Warranty continues on the repaired or replacement product for the remainder of the original Warranty Period or ninety (90) days from the date of receipt of Enphase's return shipment of the repaired or replacement product, whichever is later. The Limited Warranty covers a replacement unit but does not include labor costs related to (1) un-installing the product or (2) if applicable, re-installing a repaired or replacement product. To the extent applicable, the Limited Warranty also covers the costs of shipping a repaired or replacement product from Enphase, via a non-expedited freight carrier selected by Enphase, to locations in United States, United States territories, and Canada. The Limited Warranty does not cover, and Enphase will not be responsible for, shipping damage or damage caused by mishandling by the freight carrier.

The Limited Warranty does not apply to, and Enphase will not be responsible for, any defect in or damage to any products: (1) that have been misused, neglected, tampered with, altered, or otherwise damaged, either internally or externally; (2) that have been improperly installed, operated, handled or used, including use under conditions for which the product was not designed, use in an unsuitable environment, or use in

a manner contrary to the Enphase User Manual or applicable laws or regulations; (3) that have been subjected to fire, water, generalized corrosion, biological infestations, acts of nature, or input voltage that creates operating conditions beyond the maximum or minimum limits listed in the products specifications, including high input voltage from generators or lightning strikes; (4) that have been subjected to incidental or consequential damage caused by defects of other components of the solar system; (5) if the original identification markings (including trademark or serial number) of such products have been defaced, altered, or removed; or (6) for which the Trip Point Management (TPM) profile with either pre-loaded or pre-set functions has been altered, and such alteration of the profile causes the product to malfunction, fail, or fail to optimally perform. The Limited Warranty does not cover cosmetic, technical or design defects, or shortcomings which do not materially influence or affect energy production or degrade form, fit, or function of the products. The Limited Warranty does not cover costs related to the removal, installation or troubleshooting of the owner's electrical systems. The Limited Warranty does not extend beyond the original cost of the products.

To obtain repair or replacement service, credit or refund (as applicable) under this Limited Warranty, the owner must comply with the Return Merchandise Authorization Procedure available at <http://www.enphase.com/warranty>.

Enphase expressly reserves the right to novate or assign its rights and obligations under this warranty agreement to a third party with the demonstrated expertise and requisite resources needed to effectively discharge the obligations hereunder.

THE LIMITED WARRANTY IS THE SOLE AND EXCLUSIVE WARRANTY GIVEN BY ENPHASE AND, WHERE PERMITTED BY LAW, IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF TITLE, QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT OR WARRANTIES AS TO THE ACCURACY, SUFFICIENCY OR SUITABILITY OF ANY TECHNICAL OR OTHER INFORMATION PROVIDED IN MANUALS OR OTHER DOCUMENTATION. IN NO EVENT WILL ENPHASE BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES, COSTS OR EXPENSES HOWEVER ARISING, WHETHER IN CONTRACT OR TORT, INCLUDING WITHOUT LIMITATION ANY ECONOMIC LOSSES OF ANY KIND, ANY LOSS OR DAMAGE TO PROPERTY, OR ANY PERSONAL INJURY.

To the extent any implied warranties are required under applicable law to apply to the products, such implied warranties shall be limited in duration to the Warranty Period, to the extent permitted by applicable law. Some regions do not allow limitations or exclusions on implied warranties or on the duration of an implied warranty or on the limitation or exclusion of incidental or consequential damages, so the above limitation(s) or exclusion(s) may not apply. This Limited Warranty gives the owner specific legal rights, and the owner may have other rights that may vary from region to region. The grant of this Limited Warranty by Enphase is conditioned upon agreement by the owner and any permitted Transferee to the terms, conditions and requirements herein.



RBI Solar Warranty

Warranty and Limitation on Liability

- RBI Solar warrants its products' durability for a period of twenty (20) years after the date the Project is Substantially Completed. For purposes of this Agreement, the Project shall be deemed "Substantially Completed" when all material aspects of the Project have been completed, and only minor punch list items remain to be completed. RBI Solar makes no warranties as to items and components furnished and warranted by others or as to any item or component which is furnished by RBI Solar and altered, damaged or misused by others or damaged by storm, flooding, instability of the sub-surface, chemical or biological effects, or other casualties. No warranty claims exist to the degree the damage is covered or coverable by insurance against storms or other natural events.
- In the event of a claim against RBI Solar which is based on the warranty provided in the above sections, Customer agrees to promptly notify RBI Solar in writing regarding the alleged breach of warranty. Customer specifically waives any and all warranty claims if RBI Solar does not receive written notification of a warranty claim within thirty (30) days of the occurrence generating the warranty claim. If the claim is covered by the warranty provided above, RBI Solar, at its option, will either repair or replace the product.
- **THE FOREGOING LIMITED EXPRESS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES AND, EXCEPT AS PROVIDED ABOVE, RBI SOLAR MAKES NO REPRESENTATION, GUARANTY, OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRODUCTS, MATERIALS, AND LABOR IT IS SUPPLYING PURSUANT TO THIS AGREEMENT. RBI SOLAR HEREBY DISCLAIMS ALL REPRESENTATIONS, GUARANTIES, AND WARRANTIES INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR HABITABILITY. THERE IS NO WARRANTY, EXPRESS OR IMPLIED, OTHER THAN THAT WARRANTY SPECIFICALLY AND EXPRESSLY PROVIDED ABOVE.**
- RBI Solar reserves the right to inspect all materials and products alleged to have breached the above-provided warranty. Customer agrees to hold and protect all materials and products alleged to have breached the above-provided warranty until Customer is instructed to do otherwise by RBI Solar. While such materials and products are in Customer's possession, Customer shall not alter same and Customer shall be liable for all damages to same. Customer specifically waives any and all warranty claims against RBI Solar if and to the extent Customer fails to hold or protect the materials and products complained of, or if Customer fails to provide to RBI Solar the unencumbered right and opportunity to inspect fully all materials and products alleged by Customer to have breached the above-stated warranty.
- Customer expressly waives all rights it may have against RBI Solar, its officers, employees, or agent, for damages caused or alleged to be caused by RBI Solar to the extent covered by any insurance applicable to the damages asserted.
- **RBI SOLAR'S OBLIGATIONS ARE STRICTLY LIMITED TO THE OBLIGATIONS EXPRESSLY SET FORTH IN THIS AGREEMENT. RBI SOLAR NEITHER ASSUMES NOR AUTHORIZES ANY PERSON TO ASSUME ON ITS BEHALF ANY OTHER OBLIGATION NOT SET FORTH IN THIS AGREEMENT. CUSTOMER AGREES THAT RBI SOLAR IS ONLY WILLING TO ENTER INTO THIS AGREEMENT ON CERTAIN TERMS AND CONDITIONS, ONE OF WHICH IS THAT RBI SOLAR SHALL HAVE NO LIABILITY TO CUSTOMER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE OR SPECIAL DAMAGES ARISING DIRECTLY OR INDIRECTLY FROM THE USE OR MISUSE OF RBI SOLAR'S PRODUCTS OR MATERIALS. AS SUCH, CUSTOMER AGREES THAT, IN THE EVENT OF A DEFAULT OR OTHER ACTS OR OMISSIONS BY RBI SOLAR ALLEGED TO HAVE CAUSED DAMAGES, CUSTOMER SHALL ONLY BE ENTITLED TO RECOVER FROM RBI SOLAR CUSTOMER'S ACTUAL DAMAGES AND THAT, IN ALL CASES, CUSTOMER'S DAMAGES RECOVERABLE FROM RBI SOLAR, WHETHER BASED ON TORT, BREACH OF THIS AGREEMENT, OR ANY OTHER CAUSE OF ACTION, SHALL BE LIMITED TO A MAXIMUM AMOUNT EQUAL TO THE AMOUNT PAID BY CUSTOMER TO RBI SOLAR UNDER THIS AGREEMENT. UNDER NO CIRCUMSTANCE WHATSOEVER WILL RBI SOLAR'S LIABILITY TO CUSTOMER FOR DAMAGES,**

WHETHER BASED ON TORT, BREACH OF THIS AGREEMENT, OR ANY OTHER CAUSE OF ACTION, EXCEED THE AMOUNT PAID BY CUSTOMER TO RBI SOLAR UNDER THIS AGREEMENT.

- The above-provided warranty extends only to claims of the Customer. Third parties shall have no rights or benefits under the warranty. CUSTOMER SHALL DEFEND, INDEMNIFY, AND HOLD FOREVER HARMLESS RBI SOLAR AND ITS OFFICERS, AGENTS, AND EMPLOYEES FROM AND AGAINST ALL CLAIMS BY THIRD PARTIES, INCLUDING REASONABLE ATTORNEYS' FEES, FOR DAMAGES, INJURIES, OR LOSSES SUSTAINED BY THIRD PARTIES AS A RESULT OF CUSTOMER'S USE OR MISUSE OF RBI SOLAR'S PRODUCTS OR MATERIALS.



20-Year Warranty

GameChange Solar LLC (“GameChange”) warrants each Solar Racking System to be free from defects in materials and workmanship that result in structural failure of the product for twenty (20) years from the date of first purchase (“Warranty Period”), when installed properly and used for the purpose for which it is designed, except for the finish, which shall be free from visible peeling, or cracking under normal atmospheric conditions for a period of three (3) years, from the earlier of 1) the date the installation of the Product is completed, or 2) 30 days after the purchase of the Product by the original Purchaser (“Finish Warranty”). The Finish Warranty does not apply to any foreign residue deposited on the finish or non-structural galvanized steel cut edge surface oxidation. The Finish Warranty is VOID if the practices specified by AAMA 609 & 610-02 – “Cleaning and Maintenance for Architecturally Finished Aluminum” (www.aamanet.org) and equivalent standards for galvanized steel, are not followed by Purchaser for GameChange aluminum and galvanized steel based products. All installations in corrosive atmospheric conditions or areas of periodic submersion or ponding, or where components were subject to any ponding or moisture while still bundled prior to installation at the site, are excluded from the 20-Year and/or Finish Warranties, at the sole discretion of GameChange.

The warranty covers the replacement cost of parts to repair the product to proper working condition. The warranty only covers the actual cost of the parts, not the labor or any other work required to install them. Transportation, labor and incidental costs associated with warranty items are not covered. The warranty does not cover normal wear, or damage resulting from misuse, abuse, improper installation, negligence, or accident. The warranty does not cover any defect that has not been reported in writing to GameChange or its authorized representative, within ten (10) days after discovery of such defect. Furthermore, it does not cover components of any Solar Racking System that have been altered, modified or repaired without written authorization from the manufacturer or its authorized representative, or units used in a manner or for a purpose other than that specified by the manufacturer, or installed in any manner not specified by, or recommended against in, the installation manual provided by GameChange for the Solar Racking System. GameChange entire liability and Purchaser exclusive remedy, whether in contract, tort or otherwise, for any claim related to or arising out of breach of the warranty covering the Solar Racking Construct shall be correction of defects by repair, replacement, or credit, at GameChange discretion. Refurbished solar racking constructs may be used to repair or replace the original solar racking construct. The Warranty covers only GameChange manufactured metal rack components and does not cover any slip sheets, ballast blocks or other accessory components which may be provided as a facilitation to the customer by GameChange or any damage caused to GameChange manufactured metal rack components by slip sheets or ballast blocks provided by GameChange or any other vendor.

GameChange and or its authorized representative, shall have no liability for any injuries or damages to persons or property resulting from any cause, whatsoever, or any claims or demands brought against GameChange by Purchaser, any employee of Purchaser, client of Purchaser, end-user of the Product or other party, even if GameChange has been advised of the possibility of such claims or demands (collectively, “Third Party Claims”). This limitation applies to all materials provided by GameChange during and after the Warranty Period.

Agreed and Acknowledged;

Date

Customer Company Name

Authorized Representative on behalf of GameChange Solar, LLC

Authorized Customer Representative Name

Authorized Representative Signature

Authorized Customer Representative Signature

Project Name

Project Address



Locus Energy, LLC Hardware Product Limited Warranty

Locus Energy, LLC certifies all “LGate” monitoring equipment to be free from defect in material and workmanship for a period of (5) years after the original purchase, as evidenced by the date on the seller’s invoice. For some products, an extended warranty may be purchased at the time of ordering. Any extended warranty offered will be at the sole discretion of Locus Energy, LLC.

AUTHORIZED DISTRIBUTION CHANNELS:

Locus Energy, LLC will honor the warranty term only for products sold directly through Locus Energy LLC, or through an authorized distributor. Warranties will not be honored for any Locus Energy-branded equipment obtained from an unauthorized distributor or any other source.

THIRD PARTY (NON-LOCUS ENERGY, LLC MANUFACTURED) HARDWARE:

Locus Energy, LLC does not offer or provide any additional warranties to purchased equipment not manufactured by Locus Energy, LLC. Such components (or subcomponents) will be subject to the Original Equipment Manufacturer (OEM)’s own warranty which may be less than (5) years. For products where Locus Energy, LLC is the distributor, Locus Energy, LLC shall transfer any transferrable warranty or indemnities offered by the OEM. The purchaser is responsible for maintaining all documentation required to process a warranty claim for a given product.

RETURN OF PRODUCT:

Locus Energy, LLC hardware may be returned by the purchaser for any reason within thirty (30) days of purchase for a full refund minus a 20% restocking fee. Returns will only be accepted of products in original condition and in original packaging. Product that has been modified or excessively handled (including the removal of ‘knock-out’ panels) will not be accepted as a return. A copy of the seller’s invoice must accompany any return. The purchaser is responsible for both the determination of the suitability of a particular product for a particular application, as well as the full shipping cost of any returned product.

REPLACEMENT OF DEFECTIVE HARDWARE:

If Locus Energy, LLC has determined that a replacement of one of its products or a component of one of its products is warranted, a Return Material Authorization (RMA) will be issued. No products will be accepted as returned or defective without the issuance of an RMA, and failure to obtain an RMA will result in the purchaser bearing all costs associated with the shipping and handling of the returned product. An RMA will only be issued under the following conditions: (1) A specific issue has been identified with a particular product in the field, (2) the purchaser or installer has made a good-faith effort to troubleshoot any installation problems, and (3) a Locus Energy, LLC support representative has confirmed that there is a possible defect.

In the event an RMA has been issued, Locus Energy, LLC will attempt to ship replacement product(s) within five (5) business days of the RMA issue date. Replacement product may either be new or reconditioned. In certain cases, Locus Energy, LLC may at its sole discretion require a credit card hold or other form of collateral to ship replacement product. The purchaser is responsible for the return of all defective product(s) to Locus Energy, LLC or its authorized distributor within thirty (30) business days of the RMA being issued. If

returned product is not received within thirty (30) business days of the RMA issue date, regardless of cause, the purchaser will be invoiced for the full cost of both the original and replacement equipment.

LIMITATIONS OF WARRANTY:

This warranty shall terminate and be of no further effect at the time the product is (1) damaged by extraneous cause such as fire, water, lightning, electrical surge, mishandling, etc, (2) not installed or maintained in accordance with the accompanying documentation, (3) modified, (4) repaired or serviced by someone other than Locus Energy, LLC or an approved representative, or (5) used in a manner or purpose for which the product was not intended.

DAMAGE CAUSED BY SHIPPING OR OTHER TRANSPORTATION:

All Locus Energy, LLC products will be packed for shipping in accordance with standard business practices. All products are shipped with the express understanding that the carrier is not an agent of Locus Energy, LLC, and that Locus Energy, LLC is not responsible for loss or damage to products during shipment. The purchaser shall be responsible for providing information to justify and pursue the claim per the carrier's claims process.

LIMITATION OF LIABILITY:

The limit of Locus Energy, LLC's liability for any loss whatsoever shall not exceed the purchaser's price of the affected product(s).

THERE ARE NO WARRANTIES BEYOND THE EXPRESSED WARRANTY OFFERED WITH THE SALE OF EACH PARTICULAR PRODUCT. EXCEPT AS SPECIFICALLY PROVIDED IN THIS DOCUMENT, THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NO INFORMATION OR ADVICE GIVEN BY LOCUS, ITS AGENTS, OR EMPLOYEES SHALL CREATE A WARRANTY OR IN ANY WAY INCREASE THE SCOPE OF THE EXPRESSED WARRANTY OFFERED WITH THE SALE OF EACH PARTICULAR PRODUCT. IN NO EVENT SHALL LOCUS ENERGY, LLC BE LIABLE FOR LOSS OF PROFITS OR INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR OTHER SIMILAR DAMAGES ARISING OUT OF ANY BREACH OF THIS CONTRACT OR OBLIGATIONS UNDER THIS CONTRACT, INCLUDING BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER LEGAL THEORY.

INDEMNIFICATION: Products supplied by Locus Energy, LLC are not designed, intended, or authorized for use in any applications involving life-support, or for any application in which the failure of the Locus Energy, LLC supplied product could create or contribute to a situation where personal injury or death may occur.

The warranty information included in this document applies to products sold to end-users by Also Energy LLC (AE) or one of its authorized Value-Added Resellers, Solution Integrators, Direct Marketers or Distributors. For post-warranty service/support options, please contact your AE Authorized Reseller or local AE Representative, or email support@AlsoEnergy.com.

End User Warranty Periods

Product	Standard Warranty
Gateway	1-Year Advance Exchange Hardware Support, Customer Satisfaction
Gateway / Logger	5-Year Advance Exchange Hardware Support, Customer Satisfaction
Monitoring Products	Term of Service Contract 24 x 7 x 365 Phone Support, Customer Satisfaction
Third Party Hardware or Software when provided by AE	Unless specified above, all third party hardware and software is provided AS IS. However the non AE supplier or publisher may provide their own warranty.

Worldwide End-User Limited Warranty Claim Process

AE 24 x 7 x 365 Installer / Integrator Phone Support and Limited Warranty Claim Process

This service includes telephone access to a technical support representative 24 hours a day, 365 days a year. You can obtain support or file a warranty claim by contacting the AE Customer Support Center that will:

1. Ask your Name and installation address
2. Ask the Model, part number and Serial number
3. Ask the Reason for the description of failure
4. Diagnose the problem
5. Support the customer with one of the authorized programs

Advance Exchange Hardware Support

The target ship date of Advance Exchange Products or Parts is five (5) business days after receipt of the call. All replacement components are shipped to the customer. AE is available during the hours listed for telephone support to assist with the installation of replacement components if needed.

Advance Exchange shipments require the customer to provide AE with a credit card hold or another form of AE specified collateral for security purposes. Once the defective Product or Part is received by AE, the hold/deposit will be released. If a credit card or another form of AE specified collateral is not provided, then the replacement product cannot be sent until defective product has been received by AE. In the event the defective Product or Part is not received by AE within fourteen (14) business days after the customer has received a replacement Product or Part, AE will convert the hold/deposit to a charge. The requestor is responsible for the full retail value of the missing Product or Part. Additionally, the warranty will be void on the Product or Part that AE shipped out as part of the Advance Exchange Program AND the Product or Part that was not returned. The defective Product or Part must be returned to a AE specified receiving location with the RMA number clearly indicated on the outside of the shipping package. No product can be returned without a valid Return Material Authorization (RMA) Number. Failure to obtain a RMA will result in the customer bearing all costs associated with the shipping and handling of the returned product. Replacement Products or Parts shall be furnished on an exchange basis and may be either new or reconditioned as new. Removal, shipment to AE, shipping insurance and loss or damage of the failed Product or Part, as well as the installation and configuration of the replacement Product or Part is the responsibility of the End User. The customer may choose an on-site field call at the then-current price for removal and installation of the replacement Product or Part. Products and Parts shipped to the End User by AE shall be freight prepaid by AE. Responsibility for loss or damage shall be on AE. AE shall not be responsible for any handling fees, import duties or tariffs, or delays as a result of customs.

Customer Satisfaction

If a customer unit fails within the first 90 day after installation, a AE Technical Services Representative, after discussing the nature of the problem and if the problem cannot be resolved, will assign a Return Material Authorization (RMA) number and replace the unit with a new unit. The target ship date of the Customer Satisfaction Product is five (5) business days after receipt of the call.

Worldwide End User Hardware Limited Warranty

Hardware Product Warranty Start Date

The warranty term (duration) begins on the date of purchase from AE or an authorized AE VAR/VAD as evidenced by a copy of the seller's invoice.

Hardware - Repaired Warranty

AE warrants that the product is free from manufacturing defects for thirty days or the balance of the original warranty.

Hardware Exclusions and Limitations

For the time periods set forth with the specific Product, AE warrants to the original End User that the Product (excluding expendable parts and covers) you have purchased from AE or a AE authorized Reseller is free from defects in material and workmanship under normal use.

THIS LIMITED WARRANTY DOES NOT APPLY TO ANY PRODUCTS OR PARTS FROM WHICH THE SERIAL NUMBER HAS BEEN REMOVED OR ALTERED OR THAT HAVE BEEN DAMAGED OR RENDERED DEFECTIVE:

- (i) AS A RESULT OF ACCIDENT, MISUSE OR ABUSE;
- (ii) BY THE USE OF PARTS NOT APPROVED, MANUFACTURED OR SOLD BY AE OR NOT CONFORMING TO AE SPECIFICATIONS;
- (iii) BY MODIFICATION WITHOUT THE WRITTEN PERMISSION OF AE;
- (iv) AS A RESULT OF INSTALLATION OR SERVICE BY ANYONE OTHER THAN AE, AN AUTHORIZED AE SERVICE CENTER, OR AN AE SERVICE PROVIDER CERTIFIED TO PERFORM SUCH WORK.
- (v) AS A RESULT OF FAILURES DUE TO A PRODUCT FOR WHICH AE IS NOT RESPONSIBLE
- (vi) AS A RESULT OF USE IN AN ENVIRONMENT FOR WHICH THE PRODUCT WAS NOT DESIGNED.

When AE releases a critical update to a hardware or firmware component to the product, in-warranty or uplifted support will only be provided for six months on the previous version. After the six-month period, support will be provided on a time and material basis.

Disclaimer of Warranties

EXCEPT AS EXPRESSLY STATED HEREIN, AE EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR TITLE, ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE, OR ANY WARRANTIES OF NON-INFRINGEMENT OF ANY THIRD PARTY'S PATENT(S), TRADE SECRET(S), COPYRIGHT(S), OR OTHER INTELLECTUAL PROPERTY RIGHT(S). IN THE EVENT THE PRODUCT, PART OR REPAIR IS NOT FREE FROM DEFECTS AS WARRANTED ABOVE, END-USER'S SOLE REMEDY SHALL BE REPAIR OR REPLACEMENT AT AE DISCRETION AS PROVIDED ABOVE.

NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY AE OR AE AUTHORIZED REPRESENTATIVE SHALL CREATE ANY WARRANTY OR IN ANY WAY INCREASE THE SCOPE OF THIS LIMITED WARRANTY.

AE DOES NOT WARRANT THAT OPERATION OF THE PRODUCT WILL BE UNINTERRUPTED OR ERROR FREE OR THAT THE FUNCTIONS CONTAINED IN THE PRODUCTS WILL OPERATE IN COMBINATIONS THAT MAY BE SELECTED FOR USE BY YOU.

AE PRODUCTS ARE MANUFACTURED USING NEW MATERIALS OR NEW AND USED MATERIALS EQUIVALENT TO NEW IN PERFORMANCE AND RELIABILITY.

Limitation of Liability

UNDER NO CIRCUMSTANCES, INCLUDING NEGLIGENCE, SHALL AE OR AE SUPPLIERS BE LIABLE TO END-USER, FOR ANY INJURIES, DAMAGE TO OR REPLACEMENT OF PRODUCT OR PROPERTY, COSTS FOR RECOVERING, REPROGRAMMING, OR REPRODUCING ANY PROGRAM OR DATA USED WITH THE PRODUCT, OR ANY SPECIAL, INDIRECT, INCIDENTAL, ECONOMIC OR CONSEQUENTIAL DAMAGES OR CLAIMS FOR LOSS OF BUSINESS OR LOSS OF PROFITS WHATSOEVER, EVEN IF AE WAS ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. SOME STATES DO NOT ALLOW THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES SO THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY TO YOU. IN NO EVENT SHALL AE TOTAL LIABILITY TO YOU FOR ALL DAMAGES, LOSSES, AND CAUSES OF ACTION, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THE AMOUNT PAID BY YOU FOR THE PRODUCT.

ALL AE PRODUCTS ARE COVERED BY A WORLDWIDE LIMITED WARRANTY. THIS LIMITED WARRANTY GIVES YOU SPECIFIC RIGHTS. YOU MAY HAVE OTHER RIGHTS THAT MAY VARY FROM STATE TO STATE OR COUNTRY TO COUNTRY.

AE shall not be responsible for any handling fees, delays as a result of customs, import duties or tariffs.

All returned parts or Products become the property of AE. AE Reserves the right to choose, at its sole discretion, to exchange the whole unit or failing part with new or refurbished parts and may at its discretion supply units that are aesthetically different. AE reserves the right, at its sole discretion, to refund the purchase price instead of replacing the Product. For purposes of this limited Warranty, "refurbished" means a product or part that has been returned to its original specifications.

General Terms

AE shall use commercially reasonable efforts to respond to a specific response time. However, the times specified are targets and not a guarantee. Neither AE nor the Service Provider is responsible for failure to fulfill its obligations pursuant to these Terms and Conditions due to acts of God, labor disputes, shortages of parts or materials or any other causes similar or dissimilar, beyond its reasonable control. These Terms and Conditions and the Expanded Warranty Coverage and Service Options together constitute the complete and exclusive agreement regarding the warranty and service terms and conditions of AE branded Product. These Terms and Conditions supersede any prior agreements or representations-including representations made in AE sales literature or advice given to Customer by AE, a AE authorized reseller, or an agent or employee thereof-that may have been made in connection with Customer's purchase of the Product. No change to the conditions of these Terms and Conditions is valid unless it is made in writing and signed by an authorized representative of AE. AE may in its sole discretion modify the Terms and Conditions at any time and from time to time. If any provision of these Terms and Conditions is held invalid by any law or regulation of any government or by any court, such invalidity will not affect the enforceability of other provisions in these Terms and Conditions. These Terms and Conditions will be governed by the laws of the State of Colorado. Any legal suit, action or proceeding arising out of or relating to these Terms and Conditions will be commenced in a federal or state court in Boulder County, Colorado, and each party hereto irrevocably submits to the exclusive jurisdiction and venue of any such court in any such suit, action or proceeding.

In the event of a defect, these are your exclusive remedies.