



Commercial Solar Electric Solar System Contract

This Commercial Solar Electric Contract (the "Contract") is entered into by and between Third Laguna Woods Mutual. ("Customer") and Solar Optimum, Inc. ("Solar Optimum") for the sale and installation of a solar photovoltaic system (the "System") as of the last date they sign below (the "Effective Date"). Solar Optimum is a licensed California electrical contractor (License No. 972228). Solar Optimum and Customer are sometimes individually referred to as "Party" and collectively referred to as the "Parties." This Contract includes and incorporates by reference the following attachments (the "Attachments"):

- Attachment 1:** Scope of Work
- Attachment 2:** Milestone Definitions
- Attachment 3:** Payment Schedule
- Attachment 4:** Estimated Project Schedule
- Attachment 5:** Job Assumptions, Disclaimers & Notes- Proposal Caveats
- Attachment 6:** Special Provisions; Third Laguna Hills Mutual Construction Conditions
- Attachment 7:** Third Laguna Hills Mutual Asbestos Disclosure
- Attachment 8:** Insurance

1.GENERAL PROJECT INFORMATION.

1.1Customer's Address: 24351 El Toro Road Laguna Woods, CA 92637

1.2PV System installation address (the "Property"): 24351 El Toro Road Laguna Woods, CA 92637, 12 physical solar sites within this primary general location on NEMA filing contiguous properties, facilities as follows:

**2353 Via Puerta, 2381 Via Mariposa West, 2393 Via Mariposa West,
2394 Via Mariposa West,2397 Via Mariposa West,2399 Via Mariposa West,
2400 Via Mariposa West, 3242 San Amadeo, 3243 San Amadeo, 3420 Calle
Azul, 5372 Punta Alta, 5510 Paseo Del Lago**

1.3Authorized Persons. The following persons, together with the person who signs this Contract on a Party's behalf, are authorized to modify any provision of this Contract and legally obligate on whose behalf they are designated below:

**(a)For Customer: Burt Baum, Secretary, Third Laguna Woods Mutual
Address:24351 El Toro Road Laguna Woods, CA 92637**

(b)For Solar Optimum: Arno Aghamalian, CEO

614 W. Colorado St., Glendale, CA 91204

Tel: (818) 804-3122 Fax: (818) 804-3123

E-mail: arno@solaroptimum.com

2.SCOPE OF WORK. Solar Optimum, together with its subcontractors and suppliers, will provide all labor, equipment and materials required to install a fully functioning 841kW DC total capacity solar system PV System (the "PV System" or "Work"), as more fully described in Attachment 1.

2.1Assumptions. Solar Optimum's design of any PV, its size, output and other parameters are based on data & information supplied by Customer and its current utility consumption. Solar Optimum has no control over, and therefore is not liable for, any changes in a Customer's consumption patterns, changes to utility rates or tariffs, or other charges imposed by Customer's utility providers. Customer is responsible for satisfying the requirements of any conditions, covenants and restrictions (commonly referred to as "CCRs") and design- review requirements applicable to performing the Work. By signing this Contract, Customer represents that it has complete authority to enter into this Contract and cause the PV System to be installed at the location and in the manner specified in this Contract.

2.2Exclusions. The PV System and Contract Price (defined below) exclude the following items and work:

(a)Costs Imposed by Customer's Utility and Government Inspectors. Utility providers sometimes impose additional costs and requirements, including without limitation, charges for new electricity meters, switchgear and transformers. Customer is solely responsible for paying such costs. These requirements and costs are outside the scope of Solar Optimum's Work and are not included in the Contract Price. Customer shall pay these costs as directed by its utility. Customer acknowledges the Work will require inspection by governmental officials, who may determine that pre-existing conditions unrelated to the Work require correction and/or modification before the Work is approved. These utility and governmental requirements and costs are outside the scope of the Work, are not included in the Contract Price and shall not excuse Customer from its obligations to provide timely payment of the Contract Price and any progress payments as provided in this Contract. Customer shall promptly complete at its own expense all work outside the scope of Solar Optimum's Work that is required by governmental inspectors and applicable utility providers.

(b)New Utility Service. Unless specifically included in the Attachments provided with this Contract, Solar Optimum anticipates no change to Customer's existing electrical service. Any cost incurred for changing Customer's point of electrical service, main switch, or electric meters will be charged as extra work in addition to the Contract Price.

3.CONTRACT PRICE AND PAYMENT TERMS.

3.1Contract Price. The total cost for performing Solar Optimum’s Work to construct the PV System is \$2,312,750.00 (the “Contract Price”) includes charges for equipment, materials and labor for installing the PV System, including applicable tax, shipping and handling of all equipment and materials, site preparation and clean up, including \$25,000 toward building permit costs, as provided in the Attachments.

3.2Schedule of Payments. Interim progress billings will be submitted to Customer as provided in the Payment Schedule. Invoices are due within 15 days from receipt. Customer’s final payment is due in full upon Board approval of the Notice of Completion plus 60 days.

Solar Optimum will provide conditional or progress Lien release

3.3Prompt Payment. Late payments will be subject to interest charged at 1.0% per month (12% per year) or such lesser amount constituting the maximum rate permitted by law. Minor malfunction, minor damage or blemishes to installed equipment and materials are not grounds for withholding payment to Solar Optimum. If payments are not timely paid, then Solar Optimum may, in its sole discretion, suspend or discontinue all Work until the entire balance has been paid and remove from the PV System any equipment, whether installed or not installed. Title to all equipment and material supplied under this Contract shall pass to Customer upon Solar Optimum’s receipt of payment for such items.

4.TIME OF COMPLETION; SITE ACCESS. Solar Optimum will diligently perform the Work and begin mobilization and installation after a building permit is issued. Unless otherwise specified in the Estimated Project Schedule, any dates or durations provided for completing the Work are estimates only. Customer recognizes that changes in the Work, abnormal weather, equipment and material supply problems, labor disruptions and other events beyond Solar Optimum’s reasonable control can alter the time and cost of performing the Work. Should this should occur, Solar Optimum will provide a Change Order as described under section 5 (below) for performing the Work if cost increase is caused by the actions or in actions of Customer.

Customer will provide Solar Optimum: unimpeded access to work areas; a designated place for storing equipment, materials and garbage; and electricity and water necessary to perform the Work. Customer agrees to keep driveways clear and available for the movement and parking of trucks during normal work hours.

5.SUBSTITUTIONS: EXTRAS AND CHANGES. Any issues beyond Solar Optimum’s reasonable control that increase the cost or time necessary to perform the Work will constitute a change for which Solar Optimum will receive a change order providing an equitable adjustment in the Contract Price and time for performing this Contract. Without limitation, these include the discovery of hazardous substances regulated by law, unforeseen existing conditions, or any changes in Solar Optimum’s original design that are caused by Customer, their utility or applicable government entity, or unforeseen conditions. No such changes (excluding substitutions) will be performed without Customer’s written authorization. If the Parties are unable to agree on pricing for such changes, then Solar Optimum will be reimbursed for its costs and receive a 20% markup as compensation for overhead and profit.

6.ADEQUACY OF STRUCTURE. Any existing structure or building onto which the PV System will be mounted is assumed to be structurally capable of supporting the associated loads. Unless specified in an Attachment, the Contract Price and Work do not include any structural improvements, so any such work will require a written change order that specifies the time and cost necessary to perform it.

7.ROOF PENETRATIONS. If the PV System requires penetrations in Customer's existing roof, Solar Optimum will subcontract the roofing penetrations with to Letner Roofing, Inc that will perform their work in a professional manner to maintain the warranties supplied by the roofing manufacturer and the original installer. Leaks resulting from the improper installation of roof penetrations are included in our roofer's installation warranty; but neither Solar Optimum nor our roofing subcontractor will be liable for other, unrelated problems or leaks in Customer's roof.

8.PRE-EXISTING CONDITIONS.

8.1Customer represents that it has provided Solar Optimum all information it possess regarding existing conditions at and near the location where the PV System is to be installed so that Solar Optimum can evaluate what is required to perform the Work and associated cost and time implications. This includes, but is not limited to, surveys, reports and other information regarding the following: utility locations; physical characteristics of soils and structures where the PV System will be installed; geologic and underground conditions; and property boundaries and restrictions. Any of the foregoing that impact the cost or time of performing the Work but were not disclosed to Solar Optimum will result in an equitable adjustment in the Contract Price and time for performing the Work. Solar Optimum is not responsible for any existing conditions or defects that would not be apparent from a visual inspection of the Work site. Customer is liable for any hazardous substances located at the Property regardless of how obvious their presence may be, except for those brought onto the site by Solar Optimum, its subcontractors or suppliers.

8.2 Customer acknowledges that proper operation of the equipment purchased under this Contract may depend on Customer's existing equipment. Solar Optimum will have no liability for equipment not purchased under this Contract. And while Solar Optimum will exercise all due care, Solar Optimum will not be responsible for pre-existing conditions or damage resulting from normal traffic and material handling procedures on Customer's property (roof included) associated with performing the Work.

9.WARRANTIES.

9.1Labor and Materials. Solar Optimum warranties its labor against defects in materials and workmanship for a period of one-year from the date that the PV System is interconnected.to the electricity grid.

9.2Equipment. Warranties for equipment supplied under this Contract are provided exclusively by the applicable manufacturer(s). Solar Optimum will transfer these warranties to Customer after receiving full payment of the Contract Price. Solar Optimum will make commercially reasonable efforts to coordinate and assist Customer with any equipment warranty claims for a period of ten years after the Work is substantially complete. During the first year, and at no cost to Customer, Solar Optimum will provide the labor necessary to perform any repair or replacement of PV System equipment.

9.3 No Other Warranties. The express warranties provided above are exclusive of all other warranties provided by law. SOLAR OPTIMUM DISCLAIMS ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

9.4 No Performance or Savings Guarantees. The energy and financial performance of any PV System depends on factors beyond Solar Optimum's control (such as weather, cloud cover and shading), Customer's particular energy demands and utility charges. All energy production and financial performance estimates provided to Customer are calculations based on industry-accepted computer modeling software and assumed utility information. These estimates are not a warranty or guarantee. Therefore, unless a performance guarantee is expressly and separately provided in the Attachments, Solar Optimum does not make any warranty or legal representation concerning the PV System's electricity production or financial performance or any reduction in Customer's utility bills.

10. MAINTENANCE; OPPORTUNITY TO REPAIR.

10.1 Customer's Maintenance Responsibilities. PV Systems are reliable and long-lasting, but they do require limited maintenance to assure continued and optimum performance. For example, solar modules must be cleaned periodically to remove dust and grime that blocks sunlight and reduces energy generation. When the Work is completed, Solar Optimum will provide Customer the operation manuals, maintenance recommendations and warranty documents published by the PV System equipment manufacturers. Customer is responsible for complying with such manufacturer information, and Solar Optimum is not responsible for any problems or losses resulting from Customer's failure to do so. A maintenance agreement may be offered by Solar Optimum, the terms of which shall be the subject of a separate agreement.

10.2 Solar Optimum's Right to Repair. Solar Optimum works hard to avoid disputes. In an effort to productively resolve any disputes that do arise, Customer agrees to provide Solar Optimum written notice of any claimed defect or warranty claims within two weeks after discovery, together with a reasonable opportunity to investigate and repair the problem. Customer will immediately report urgent problems or defects, including those presenting health or safety risks. Customer's full compliance with these obligations is a pre-condition to Customer pursuing the matter in arbitration or court against Solar Optimum, its subcontractors or suppliers.

10.3 Effect of Non-compliance. Customer is responsible to ensure the maintenance of the PV System per manufacturer requirements. Solar Optimum will not be liable for any costs or damages that reasonably might have been mitigated or avoided by Customer's timely and complete compliance with the maintenance and repair obligations outlined in this section. Nothing in this section establishes any duty or obligation of Solar Optimum beyond those provided elsewhere in this Contract.

11. INDEMNIFICATION. Solar Optimum and Customer will each indemnify and hold harmless the other from all liabilities to the proportional extent caused by their respective negligent acts, as well as the negligent acts of those for whom they are responsible.

12. DISPUTE RESOLUTION THROUGH LITIGATION. Prior to the commencement of litigation by either Party, the Parties shall first for a period of up to thirty (30) days endeavor to settle any dispute that arises out of this Agreement or its breach through direct discussions between their

respective representatives. During this time, the Statute of Limitations for filing any legal action shall be tolled. Thereafter, either Party may commence litigation.

13.INSURANCE (see Attachment 8 to this Agreement) Throughout performance of the Work, Customer shall be an additional insured under Solar Optimum's commercial general liability insurance with limits of at least \$2,000,000.Solar Optimum will add as additional insured both Third Laguna Woods Mutual and VMS to their insurance policy. Solar Optimum shall also maintain workers compensation insurance in amounts required by law. Customer's existing property insurance may provide coverage for loss or damage to the PV System during construction from various causes, including but not limited to, vandalism and adverse weather (like hail storms). Solar Optimum recommends that Customer confer with its insurance broker to discuss and retain such coverage. Customer bears the risk of loss for damage or loss to the PV System (or any component of it) during construction, and Solar Optimum shall have no liability for such damage or loss, except to the comparative extent that such loss or damage is caused by Solar Optimum's negligence and is not covered by Customer's insurance. Customer and Solar Optimum waive rights of subrogation against each other for any loss covered under their respective insurance policies.

14.MARKETING AND SIGNAGE. Solar Optimum is permitted to take photos and videos of the PV System and any associated structures or property for use in marketing its services without restriction. Under no circumstances will Solar Optimum release Customer's address without Customer's prior consent. Contractor's vehicles are marked with Contractor name.

15.LICENSING NOTICE. Contractors are required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, CA 95826.

16.TERMINATION.

16.1Solar Optimum's Termination Rights. Solar Optimum may suspend or, at its option, terminate further performance of this Contract if Customer becomes insolvent or commits a breach or default under this Contract. This includes but is not limited to Customer's failure to timely pay undisputed amounts owed to Solar Optimum and failure to rectify the same within 7 calendar days after receiving from written or e-mailed notice of default from Solar Optimum. Solar Optimum shall be entitled to all damages incurred as a result of such suspension or termination, including but not limited to, additional time and compensation resulting from any suspension and overhead and profit that would have been earned by Solar Optimum and any subcontractors or suppliers if the Work had been fully performed.

16.2Customer's Termination Rights.

(a)For Cause. Customer may suspend or terminate performance of this Contract for cause under the following circumstances if Solar Optimum fails to act in good faith to remedy same within 20 days after receiving Customer's written demand: (i) Solar Optimum becomes insolvent; (ii) Solar Optimum refuses or neglects to supply a sufficient number of properly skilled workers, tools, or materials within Solar Optimum's control; or (iii) Solar Optimum commits a material breach of this Contract. Customer

shall pay Solar Optimum for all Work performed as of the date of such termination for cause, including overhead and profit allocable to such Work performed.

(b)For Convenience. Customer may terminate performance of this Contract for its convenience (without cause) if Customer immediately pays Solar Optimum for all costs incurred through the date of termination, plus any demobilization costs and a fee in the amount of 15% of the unpaid portion of the Contract Price, which compensates Solar Optimum for its lost profit and overhead on the remaining Work. The total of these termination charges shall not exceed the remaining balance of the Contract Price plus the value of any agreed changes in the Work.

17.MISCELLANEOUS.

17.1Limitation of Liability. Neither Party shall be liable to the other, whether in contract (including warranty), in tort or under any other legal theory or doctrine, for any indirect, special, incidental or consequential loss or damage, including without limitation, lost profits or use, even if such loss or damage was or could have been foreseen. Without limiting the generality of the foregoing. Customer acknowledges and agrees that Solar Optimum's total liability for all claims arising out of his Contract and/or the Work is limited to policy limits for insurance coverage carried by Solar Optimum.

17.2Notice. Except as otherwise provided above, all formal notice provided under this Contract or relating to the PV System shall be provided in writing and sent by overnight courier or registered or certified mail with return receipt requested, addressed to the Party's representative listed above or the individual who signs this Contract on that Party's behalf. Either Party may change their address or designated recipient by providing the other Party notice as provided in this section.

17.3California Law; Attorneys' Fees. This Contract will be governed by and construed in accordance with the laws of the State of California without regard to its rules pertaining to conflicts of law. Any dispute, arbitration or lawsuit or action will be venued in the county where the PV System is installed. The prevailing Party in any arbitration or court proceedings related to this Contract or its performance shall be awarded its costs, including attorneys' fees.

17.4Scope of Contract. Time is of the essence in this Contract. At its discretion, Solar Optimum may engage subcontractors to perform the entirety or any part of the Work. Solar Optimum will pay such subcontractors and in all instances remain responsible for the proper completion of the Work. No contractual rights arise until this Contract is accepted in writing, as evidenced by the signatures of both Customer and Solar Optimum below. No modification or waiver of this Contract is valid unless written and signed by the Parties. This Contract constitutes the entire integrated agreement and supersedes all prior agreements and discussions. Neither Party is bound by any representation, warranty, promise, statement, or information, unless it is specifically incorporated into this Contract. If a part of this Contract is held to be unenforceable for any reason, then that part will be stricken and the remainder of this Contract will remain in full force and effect. This Contract will bind and inure to the benefit of the Parties' respective heirs, executors, administrators, successors, and assigns. This Contract may be executed and initialed in one or more counterparts, and faxed or e-mailed signatures are equally as effective and binding as originals.

FOR THE CUSTOMER:
Third Laguna Woods Mutual:

FOR THE CONTRACTOR:
SOLAR OPTIMUM, INC

Signature

Signature

Jim Matson
Print Name

Arno Aghamalian
Print Name

President
Title

CEO
Title

Date: _____

Date: _____

Signature

Burt Baum
Print Name

Secretary
Title

Date: _____

ATTACHMENT 1

Scope of Work

Administrative

- 1.Solar Optimum shall be responsible for providing all Appropriate Certificates of Insurance.
- 2.Solar Optimum shall hold internal weekly progress meetings to ensure compliance with scope, schedule, health and safety, etc. and make corrective actions if required.
- 3Solar Optimum shall provide all tools, material and equipment necessary to perform the Work. Solar Optimum assumes all liability for the security and integrity of all equipment and material stored at jobsite and will provide sufficient equipment and manpower to accommodate the Project schedule.

Health & Safety

For the avoidance of doubt, and not in limitation of the foregoing, Solar Optimum shall comply with all OSHA, local fire department, state, local, NEC, and NFPA regulations applicable to this Scope of Work

1. Personal protection equipment (PPE) to be worn as required by OSHA and local codes.
2. Solar Optimum shall be responsible for the prevention of accidents and injury in the vicinity of or connected with the work.
3. Solar Optimum agrees to comply with all Federal, State, Municipal, and Local Laws, Ordinances, rules, regulations, codes and other requirements concerning safety, including but not limited to all OSHA requirements, and with all applicable safety standards.
4. Smoking shall be prohibited on construction site and any other area prohibited by property management.
5. Solar Optimum to be aware that the installation is taking place in a public area and workers are to be mindful and respectful as such. Inappropriate behavior or language shall not be tolerated.
6. If Solar Optimum becomes aware of any safety or environmental hazards, Solar Optimum shall stop work and notify Owner and take immediate action if necessary to prevent further damage.

Site Logistics

- 1.Solar Optimum is responsible for all equipment delivered to site, including but not limited to handling, receiving, unpacking equipment, etc.
- 2.Deliveries must be coordinated with the Solar Optimum's Project Manager.
- 3.Solar Optimum shall stage entire work area in accordance with the site and construction plans to properly ensure worker and passer-by safety including but not limited to temporary barriers, project and safety signage, vehicular barriers, etc. Solar Optimum will hold a pre-construction meeting with Owner to develop and confirm site and construction plans for the Project. Such site and construction plans will be agreed to by Solar Optimum and Owner in writing.
- 4.Solar Optimum shall place tarps on equipment including but not limited to panels, racking, and other materials as directed by Customer.
- 5.Solar Optimum shall ensure all materials are secured and stored at the end of each day.

- 6.Solar Optimum shall be responsible for any equipment it brings or has delivered to Customer's property to perform the Work, including but not limited to cranes, booms, man lifts, rental equipment, and sanitation facilities as necessary.
- 7.Solar Optimum shall be responsible for onsite security equipment including but not limited to lock boxes, storage containers, and/or storage fencing.
8. Solar Optimum shall keep the Project site clean and secure.

Site Cleanliness

- 1.Solar Optimum is responsible for providing dumpsters, off site hauling, pallet returns, packaging trash collection and any other trash disposal services required to perform work.
- 2.Solar Optimum shall ensure that site is presentable and all debris is placed in solar optimum provided dumpstercontainer at the end of every day.

Engineering:

1. Solar Optimum to provide engineering services and can if required can outsource portions or all of the electrical and structural engineering. Electrical and Structural Engineering is being performed as part of Phase 1 Engineering Scope and not part of this scope but is in preparation for phase 2 which is this contract scope; permitting, procurement, and construction.

Permitting:

1. The Customer approved final engineered planset from the completed in according with LOI June 18, 2016 Engineering Scope. Permitting submission to plancheck will be inclusive and submitted as part of the scope of work of this contract.

Scope of Work

- 1.Solar Optimum shall provide all labor, tools, material, equipment and supervision required to complete scope of work listed below in compliance with all applicable codes and standards, submittals, final project drawings, and specifications.
 - a.PV Panel and Racking Installation:
 - i.Install all modules and panel clamps and any associated racking hardware for grounding the panels and panel rows.
 - ii.Ensure all panels are properly fastened and torqued to manufacturer specifications with panel clamps.
 - iii.Installation of approved roofing slip sheets if applicable
 - iv.Includes the installation of all attachments and the connection of racking system to the attachments. Includes roofer work to re-seal attachments, and includes cost of the attachment materials. Roofer will provide all waterproofing of all mechanical attachments and provide warranty on said penetrations for leaks.

b.PV Panel Wiring:

- i.Connect panels into proper strings and install PV string homerun wires using consistent and good wire management practices.
- ii.Solar Optimum shall provide wire management and protection materials.
- iii.No wiring shall be in direct contact with metal edges or roof.
- iv.PV Panel wiring shall be labeled as designated on the engineered drawings. Wire type shall be consistent and installed as specified by the Engineered drawings.
- v.All wiring shall be neat and tight with no excess slack.

c.PV Combiner Boxes/Connection Units (if applicable):

- i.Provide all fusing necessary for combiners box/connection units as required by manufacturer.
- ii.Pull out and test all fuses from each combiner box/connection unit and ensure they are all continuous.
- iii.Solar Optimum shall then store all fuses in a dry zip lock bag labeled, with the combiner box/connection unit identification and placed in a safe and dry location and only reinstall the fuses during commissioning.
- iv.Provide all material to mount the combiner box/connection unit as specified on engineered drawings.
- v.Provide required equipment grounding from combiner box/connection unit to racking system.
- vi.Ensure that water tight hubs are used for all entries.
- vii.Ensure that penetration is from the bottom of the combiner box/connection unit.
- viii.Provide all required material to install PV output circuit wiring from the combiner box/connection unit into the designated DC inverter inputs.
- ix.PV output circuit wiring shall be labeled as designated on the Engineered Drawings.
- x.Ensure all inputs are torqued and marked to manufacturer specifications.

d.String Inverters:

- i.Provide all inverter fusing necessary as required by manufacturer.
- ii.Pull out and test all fuses from each string inverter and ensure they are all continuous.
- iii.Solar Optimum shall then store all fuses in a dry zip lock bag labeled, with the string inverter identification and placed in a safe and dry location and only reinstall the fuses during commissioning.
- iv.Verify all clearances are met around string inverters.
- v.Provide and install inverter racking/mounting system per engineered drawings specification
- vi. Install all inverters at designated location specified in engineered drawings.
- vii.Ensure that water tight hubs are used for all entries.
- viii.Ensure that penetration is from the bottom of the string inverters.
- ix.Provide AC conductors from Inverters to the respective AC subpanel specified in the engineered drawings.

x.AC conductors shall be labeled and color coded per engineered drawings and applicable codes.

e.AC Equipment:

i.Furnish and Install the AC equipment and all required materials for installation, including but not limited to the breakers.

ii.Verify all clearances are met around AC equipment.

iii.Provide and install AC equipment racking/mounting system per the engineered drawings specification.

iv.Install all AC Equipment at designated location specified in engineered drawings.

v.Ensure that water tight hubs are used for all entries.

vi.Ensure that penetration is from the bottom of the AC equipment.

vii.Provide AC conductors to and from AC equipment as specified in the engineered drawings.

viii.AC conductors shall be labeled and color coded per engineered drawings and applicable codes.

f.Interconnection:

i.Provide all wires and equipment required to interconnect the PV system to the point of interconnection.

ii.Coordinate with the utility to satisfy all utility requirements for interconnection.

iii.Furnish and install any required CT cabinets and associated equipment.

iv.Any meters or related equipment shown on plans or required by Utility are to be supplied by Solar Optimum.

g.Equipment Grounding:

i.Provide all grounding material to ground and bond each row of panel racks to ground rod.

ii.Provide all grounding material to properly ground and bond all electrical equipment metal racks, inverters, switchboards, panelboards, transformers, and equipment pads.

iii.Provide all grounding material to properly ground and bond all fencing, if applicable, under power lines or fencing within 6' of any electrical equipment. All fence gates, if applicable, shall be properly grounded and bonded.

iv.Exothermic (CAD) weld to Service GEC, when applicable.

v.All grounding to comply with NEC and engineered drawings.

h.Data Monitoring:

i.Ensure that CT's are installed in the correct orientation.

ii.Provide all materials required to install any applicable data monitoring system at locations identified on the final engineered drawings.

iii.Solar Optimum responsible for all monitoring configuration coordinated with DAS provider. Solar Optimum shall install monitoring system in accordance with drawings provided by DAS provider.

i.Signage and Labels

i.Provide arc flash labels for all electrical equipment with operating voltages greater than 50V per NEC 110.16.

ii. Provide cable labels at each end of all conductors including DC conductors utilized in the PV Module string circuits and for conductors between combiners/connection units, if applicable, and string inverters that uniquely identify the cables and are traceable to the electrical drawings.

iii. Provide and apply all labels on electrical system components per NEC, engineered drawings and AHJ and local electric utility requirements, including without limitation strings (including those that are field wired rather than wired using pre-made harnesses), inverter, junction, AC load system, and subpanels.

iv. Provide weather rated/UV protected labels for each equipment enclosure, relay, switch, and device; as specified per engineered drawings.

j. Miscellaneous:

i. Roof penetrations must be done by a manufacturer certified roofer. All penetrations must be sealed the same day they are created. Solar Optimum to pay for all labor and costs associated with sealing the penetrations. Roofer to provide warranty on all roof penetrations.

ii. Furnish and install all pull boxes, meter pans and connections required by utility.

iv. All electrical pull boxes/enclosures/ or similar supplied by Solar Optimum will be NEMA 4 if there are wire terminations. Enclosures with no terminations may be NEMA 3R.

v. All EMT connectors shall be compression raintight type installed as per manufactures instructions and have factory rain tight stamp showing.

vi. Install bollards, equipment pad and permanent fencing as required per drawings and only if included in drawings.

viii. Thermal expansion fittings shall be bonded with bonding jumpers.

ix. Install Thermal expansion fitting per NEC requirements.

x. If trenching is required, backfill shall be free of the following including but not limited to rock, wood, roots, vegetative matter, etc.; Solar Optimum to bear the cost, effort, and expense of trenching.

xi. Solar Optimum shall perform the Work so that there is no water intrusion into combiners, junctions or inverters.

xii. EMT conduits shall be compression coupled. Once coupled all conduits shall be marked at the connection point between couple and conduit with a marker prior to wire pull. Once wire has been pulled through the conduit, Solar Optimum shall ensure that the mark did not move from where it was initially marked. If mark is moved, conduit shall be repaired and corrected to its initial mark location.

xiii. Solar Optimum shall be provided a designated work, mobilization and loading area; there shall be no restrictions as to loading time

K.Exclusions

i. X-raying and coring;

iii. Concrete pads and chain link fences unless included in the scope of work.

iv. Work during nighttime hours, lighting equipment and lighting generators; Removal and relocation of any other existing equipment, including but not limited to panels, transformers, cameras, alarms, fire alarms;

v. Roofing material, labor, and penetrations; any roofing

vi. Boring and trenching

v. Utility shut down and line side tap flags if required; Backup generators if required for critical loads on utility shutdown for line side tap

vii. Any Monitoring fees or fees related to wireless data access, all monitoring fees or access fees will be paid for by customer, including any reoccurring monitoring fees if any or cellular data charges if any apply to the monitoring.

Inspection/Testing

1.Solar Optimum shall ensure that data monitoring system and all components are up, running and providing data to data monitoring providers servers—if system is permitted to operate or tested by the utility.

2.Solar Optimum shall be responsible for all testing required by municipality and utility.

3.Solar Optimum shall be responsible for calling, scheduling, and attending any required inspections.

4.Quality Assurance/Quality Acceptance walks shall be scheduled and attended per Estimated Project Schedule.

5.Complete and document system performance testing including but not limited to Solmetric PV Analyzer or Seaward PV150, string testing, and megger testing of all runs including strings. Megger testing results shall be recorded by Solar Optimum. Solar Optimum shall provide Customer with a report detailing all performance testing as soon as reasonably practicable after testing is completed.

6.Solar Optimum is responsible for all work necessary to bring the PV System into compliance with the design drawings we prepared. If the changes required are not included in the drawings, Solar Optimum shall issue a change order to Customer.

7. Final commissioning to coincide with kickoff date for project O&M to begin takeover of system operations and maintenance under a separate O&M Contract.

Close-out

1.Solar Optimum is responsible for providing all system documentation; commissioning reports, redlines to drawings, manuals, inspection cards and sign-offs sent electronically as well as original hard copies.

2.Correction of Utility, and QA/QC punchlist items will be Solar Optimum’s responsibility.

3. Solar Optimum to provide basic customer training on basic monitoring and maintenance.

Materials:

The following materials shall be supplied by Solar Optimum:

Provided by Solar Optimum (All Specifications of below attached to contract):

- SunPower 327W PV modules
- Inverters: SMA TriPower Inverter(s)
- Sunpower Helix Racking systems and necessary stanchions
- SMA Monitoring system for the PV Solar System
- Electrical Combiners and AC/DC Switchgear
 - Electrical Balance of Systems, inclusive of all conduit and conductors
- All Permits and Inspection fees
- Customer Operations Guide
 - Final Systems Commissioning & Report

ATTACHMENT 2
Milestone Definitions
Milestone Definitions, Substantial Completion, Final Completion,
Commissioning and System Acceptance Testing

| <u>Milestone</u> | <u>Description</u> |
|-------------------------------|---|
| <u>Project Signing</u> | Full Engineered permit ready plan set; ready for permitting and product procurement |
| <u>Procurement</u> | Ordering of all long lead items, Inverters, PV Panels, Switchgear, Solar Racking |
| <u>Mobilization</u> | Permit in hand, materials arrived and staged; manpower to site to commence work on project |
| <u>Substantial Completion</u> | All inverters set in place, all DC string wiring terminated into inverters, all DC strings connected at solar panels. All AC conduit installed, all AC wire pulled and terminated, system interconnected if on LOAD side. If Lineside Bus Tap required, conductors stubbed out at existing Main Service Panel waiting for the scheduled shutdown and Bus Tap from the utility. |
| <u>Final Completion</u> | Shutdown and Line-side tap completed if necessary, Project Card Sign off by the government authority having jurisdiction over the Project; As-builts submitted to Customer, DAS up and running, final punch list testing (including string and megger) complete and results delivered to customer. All AHJ labeling complete. All monitoring components installed. All punch list/QAQC items complete. Site demobilized and cleaned up, system production data verified. Project Closeout |
| <u>PTO Closeout</u> | Utility Issues Permission to Operate/Turn on, at which point Solar Optimum energizes the PV System, as well as approval from the Third Mutual Board of the Notice of Completion plus 60 days. |

Definition of Commissioning Work. At time of Permission To Operate (PTO) from the utility, Solar Optimum will commission the Project by performing Solar Optimum's standard interconnection and inspection procedures, start up, operation, commissioning, System Acceptance Testing, including verification of design system kW output and a physical kWh output performance test.

At time of PTO (or at time of testing of the system as allowed by utility) Solar Optimum will provide on-site initial start-up and commissioning to verify proper operation and performance. This will be achieved by taking measurements from the output meter and monitoring equipment. Solar Optimum will use calibrated field test instruments to define the exact level of system performance and output under the actual field conditions with specific measurements of the solar radiation on the array and compare this to the monitoring equipment. A commissioning report shall be prepared by Solar Optimum and will serve as a "performance baseline" for the Project.

System Acceptance Testing. As part of Final Completion, Solar Optimum shall perform, or cause to be performed, all tests, approvals and inspections of the Work required by any governmental authority and as otherwise reasonably necessary, appropriate or customary to assure the proper operation of the Project in accordance with the solar industry best practices and Good Utility Practices ("**System Acceptance Testing**").

**ATTACHMENT 3
Payment Schedule**

1. Application for Payment/Draw Schedule. The Contract Price as described by the Payment Schedule below will be paid as per the following payment/draw milestone schedule:

Total Contract Price: \$2,312,750.00*

Draw 1: Signing of contract – 10% \$231,275.00 (less \$40,000 already paid) = **\$191,275.00**

Draw 2: Mobilization – 35%=**\$809,462.50**

Draw 3: 1st 4 buildings substantial completion – 15% =**\$346,912.50**

Draw 4: 2nd 4 buildings substantial completion – 15%=**\$346,912.50**

Draw 5: 3rd 4 buildings substantial completion – 15%=**\$346,912.50**

Draw 6: Final Completion AHJ signoff =**\$221,275.00**

Draw 7: PTO from utility, verification complete =**\$10,000.00**

2. Retainage. No individual invoice retainage will be held.

3. Contract Price. The Contract Price is determined pursuant to the Schedule of Values as set forth above

4. Milestone Payments. No partial payment releases will be considered for any milestone draw request; all work contemplated on the draw request must be deemed complete.

5. Payment Terms customer will have five (5) calendar days from the receipt of any change order invoice from Solar Optimum to review and either challenge or approve such invoice.

6. Final Completion Draw. Payment for the Final Completion draw will be due after Third Mutual Board approves the Notice of Completion plus 60 days.

ATTACHMENT 4
Estimated Project Schedule

| Project | System Size | Order of Installation | Est. Start | Est. Finish | Inspection | Days |
|--------------------------|-------------|-----------------------|------------|-------------|------------|------|
| 2393 Via Mariposa West | 78.48 kWDC | 1 | 10/3/2016 | 10/8/2016 | 10/10/2016 | 6 |
| 2394 Via Mariposa West | 86.32 kWDC | 2 | 10/3/2016 | 10/8/2016 | 10/10/2016 | 6 |
| 2397 Via Mariposa West | 75.86 kWDC | 3 | 10/10/2016 | 10/15/2016 | 10/17/2016 | 6 |
| 2399 Via Mariposa West | 66.70 kWDC | 4 | 10/10/2016 | 10/15/2016 | 10/17/2016 | 6 |
| 3242 San Amadeo | 69.32 kWDC | 5 | 10/17/2016 | 10/22/2016 | 10/24/2016 | 6 |
| 3243 San Amadeo | 53.95 kWDC | 6 | 10/17/2016 | 10/22/2016 | 10/24/2016 | 6 |
| 3420 Calle Azul | 48.39 kWDC | 7 | 10/24/2016 | 10/29/2016 | 10/31/2016 | 6 |
| 5372 Punta Alta | 69.32 kWDC | 8 | 10/24/2016 | 10/29/2016 | 10/31/2016 | 6 |
| 5510 Paseo Del Lago West | 52.32 kWDC | 9 | 10/31/2016 | 11/5/2016 | 11/7/2016 | 6 |
| 2353 Via Puerta | 78.48 kWDC | 10 | 10/31/2016 | 11/5/2016 | 11/7/2016 | 6 |
| 2381 Via Mariposa | 82.40 kWDC | 11 | 11/7/2016 | 11/12/2016 | 11/14/2016 | 6 |
| 2400 Via Mariposa West | 79.78 kWDC | 12 | 11/7/2016 | 11/12/2016 | 11/14/2016 | 6 |

ATTACHMENT 5

Job Assumptions, Disclaimers & Notes- Proposal Caveats:

Incentives, Rebates, & Grants are projected and subject to application and approval by authority or utility providing those incentives, rebates, & grants.

SOLAR OPTIMUM does not provide tax expertise. Consult your Tax Professional for any tax implications.

Panel Upgrades and Bus Taps: Should the need arise to upgrade to a larger electrical panel or if there is a required bus tap to support a solar system there may be additional unknown costs related to utility feasibility study and or need for new feeder wire from the pole to the facility or underground. These unknown costs are not included and are an addition to our proposal.

Roof Walk Pads are not included in this proposal; this should be provided by roofer.

The utilities may or may not allow you to sell the excess power back to the utility.

SOLAR OPTIMUM has no way of knowing if the utility will decide to request a Utility Side upgrade on their transformers or conduit/conductors coming into the building; as such should the utility require any upgrades those upgrades are not part of this proposal and it is our expectation that if the added result of solar on a customer's facility requires any utility side upgrade that the customer will have to pay for those future potential upgrades. Once Solar Optimum has submitted the NEM interconnection filing we can then begin the process to determine if the utility will require any such upgrades, the process can take up to a year. This will require engineering, SLD and Site plan for the NEM Filing, and Land site assessments for any NEMA filing.

Customers must make sure to maintain their solar systems array(s) to be kept clean from soiling so that the solar system provides the optimal output and reduction of higher time of use kilowatt hour rates. Failure to maintain clean solar arrays can lead to higher utility bills since the system will not generate the energy as it was originally and optimally designed. SOLAR OPTIMUM can provide cleaning and maintenance services to ensure proper energy output should the customer not want to handle any cleaning and maintenance. This Maintenance contract this would be a separate agreement not inclusive in the current proposal.

ATTACHMENT 6
Special Provisions; Miscellaneous Attachments

Third Laguna Hills Mutual Construction Conditions & General Terms of Contract:

JobDescription: **PV SOLAR ELECTRIC SYSTEM**

TotalContract Amount: **\$2,312,750.00**

ContractNo: **PR0019722**Contractnumbermustappearonallinvoices.

Completion Date: **On or before December 31, 2016***

***If Contract Signed by 9/20/2016**

The oversight of the project process will be facilitated by Customer's Agent, Village Management Services, Inc. (VMSI). The Representative for the Agent in this matter is Mark Stal. Any questions regarding this project should be directed to **Mark Stal** at **mark.stal@vmsinc.org** or 949-268-2037.

Invoicing and Payments

Invoices shall be paid upon receipt of an accurate invoice and upon completion of the work as specified above. Solar Optimum shall set forth on each invoice the following: (a) the Contract number; (b) Solar Optimum's Invoice number; and (c) the details of the work performed.

Invoices shall be accompanied by conditional lien release waivers.

Project-Specific Conditions by Customer

DESCRIPTION OF WORK

1.1 Solar Optimum to provide all labor, materials equipment, supervision and transportation necessary to provide the services outlined in this contract. All services to be scheduled as detailed in this contract with Customer's representative.

1.2 Solar Optimum will carry out all services at various locations within Laguna Woods Village, Laguna Woods, Ca. 92637

PROJECT GENERAL CONDITIONS

1.3 All services, designs, specifications, and materials shall comply with the most recent applicable editions of the California Building Code, California Electrical code, California Plumbing and Mechanical Codes, California Green Code, California Fire Codes, OSHA

and/or CAL-OSHA, EPA Lead Paint Rules, and all local, state, and federal codes or ordinances as adopted by the city of Laguna Woods and/or authorities having jurisdiction.

- 1.4 Use no more than 3 parking spaces to store and place equipment, tools and materials. Field crews are required to park their vehicles along the street.
- 1.5 Solar Optimum must legally remove and dispose of waste from the community and must satisfy all City of Laguna Woods dumping requirements including deposits.
- 1.6 Solar Optimum's personnel and subcontractors shall refrain at all times from using profanity, abusive or loud language and must wear Solar Optimum branded clothing. Radios, and/or cassette players are not permitted on job site. Personnel will, at all times, extend and exhibit a courteous demeanor to residents.
- 1.7 Solar Optimum hereby warrants and guarantees to Customer to the extent as stated in Section 9 of the Agreement (above).
- 1.8 Solar Optimum shall, at Solar Optimum's sole expense, repair or replace damage to any improvements and/or property that occurs during Solar Optimum's Services. Solar Optimum will confirm any prior damage to Customer prior to commencing Services.
- 1.9 Solar Optimum's hours of Services within Laguna Woods Village are 7:00 a.m. to 5:00 p.m. weekdays Monday through Friday and quiet work from 7:00a.m. to 8:00a.m.. Work is allowed on Saturdays between 9:00a.m. and 3:00 p.m., unless approved by Customer representative. Solar Optimum is responsible to clean up materials, equipment, debris and rubbish each night. When possible, Solar Optimum will keep areas that residents have access to, clear and accessible and use Customer approved barricades and delineators when necessary.
- 1.10. Any changes to the schedule must be pre-approved by the Customer representative.
- 1.11. Solar Optimum shall provide monthly reports if the Contract exceeds 30 days to the Agent's representative.
- 1.12. Solar Optimum is responsible for all deposits or others costs that are required for the Solar Optimum to conduct business as required by the City of Laguna Woods and other authorities having jurisdiction. None of these costs will be reimbursed by the Customer.
- 1.13. Solar Optimum shall be responsible at all times for the safety of the site. Solar Optimum shall keep areas to which residents have access, clear and accessible. Solar Optimum will make reasonable efforts to protect driveways, lawns, shrubs, and vegetation and all other Customer property from damage during the project.
- 1.14. Solar Optimum is aware of Asbestos Disclosure (attached). All materials in flat roofs do not contain asbestos. There is potential asbestos in walls which do not require testing as long as a Certified Asbestos installer performs the cuts.

Standard Terms and Conditions by Golden Rain Foundation of Laguna Woods, Inc. as acting Trustee of the Golden Rain Foundation Trust, established March 2, 1964, as amended Third Mutual of Laguna Hills, United Mutual of Laguna Woods.

- **INDEPENDENT CONTRACTOR.** SOLAR OPTIMUM is an Independent Contractor and shall have the responsibility for and control over the details and means for performing the Services and shall be subject to the direction of the CUSTOMER and Agent, but only with respect to the scope, community scheduling rules and general results required. CUSTOMER will not withhold from the sums paid to SOLAR OPTIMUM under the Contract any sums for federal and state income taxes or make employee payroll deductions under the Federal Insurance Contribution Act, the California State Unemployment Insurance Code, or other similar taxes. SOLAR OPTIMUM shall be solely responsible for payment of all taxes, including but not limited to federal and state income taxes, unemployment and disability insurance taxes, Social Security taxes, and for maintaining its own workers' compensation insurance, as well as all City of Laguna Woods taxes, license fees, union dues, union fees and assessments.
- **IMMIGRATION REFORM AND CONTROL ACT.** SOLAR OPTIMUM must remain in full compliance with the Immigration Reform and Control Act of 1986 and subsequent amendments, as legislated, for the duration of this Contract. SOLAR OPTIMUM has verified employment eligibility of all SOLAR OPTIMUM's employees and guarantees that all of SOLAR OPTIMUM's employees have a legal right to work in the United States.
- **ACTS AND OMISSIONS.** SOLAR OPTIMUM is completely responsible for all acts and omissions of SOLAR OPTIMUM's employees, subcontractors and suppliers on the Contract, and of any other persons or entities acting on behalf of SOLAR OPTIMUM. This includes damage by delay (so long as it is attributed to Solar Optimum), property damage, building damage. Nothing in the Contract shall create any contractual relationship between any of SOLAR OPTIMUM's employees, subcontractors and suppliers and CUSTOMER or Agent or any obligation on the part of CUSTOMER or Agent to pay or to see to the payment of any monies due any of them, except as may otherwise be required by law. SOLAR OPTIMUM agrees to bind specifically SOLAR OPTIMUM's employees, subcontractors and suppliers, to the extent of the Services to be performed by them, to the applicable terms and conditions of the Contract for the benefit of CUSTOMER.
- **CONFIDENTIALITY.** SOLAR OPTIMUM and SOLAR OPTIMUM'S employees, agents, or representatives will not at any time or in any manner, either directly or indirectly, use for the personal benefit of SOLAR OPTIMUM or divulge, disclose, or communicate in any manner, any information that is proprietary to CUSTOMER. SOLAR OPTIMUM and its employees, agents, and representatives will protect such information and treat it as strictly confidential. This provision will continue to be effective after the termination of this Contract.
- **RETURN OF DOCUMENTS.** Upon termination of this Contract, SOLAR OPTIMUM will return to CUSTOMER copies of records, notes, documentation and other items that were used, created, or controlled by SOLAR OPTIMUM during the term of this Contract.
- **NO CONFLICT OF INTEREST.** SOLAR OPTIMUM shall disclose to CUSTOMER any previous or current employment by SOLAR OPTIMUM with CUSTOMER or with Village Management Services Inc. by SOLAR OPTIMUM or any family member of SOLAR OPTIMUM whether as a direct employee or as an independent contractor or subcontractor.
- **CHANGE ORDER.** CUSTOMER, Agent's Representative or any public body or inspector may make changes to the scope of the work from time to time during the term of this Contract. However, any such change or modification shall only be made in a written "Change Order" which is signed and dated by the parties to this contract. Such Change Orders shall become part of this Contract. Change orders must be documented in writing to the Agent's representative no later than two (2)

days after discovery. CUSTOMER agrees to pay any increase or decrease in the cost as a result of any written, dated and signed Change Order. In the event the cost of a Change Order is not known at the time a Change Order is executed, SOLAR OPTIMUM shall estimate the cost thereof and CUSTOMER shall pay the actual cost so long as the actual cost does not exceed 10% of the estimated cost. Unless the parties agree to a written extension of time for performance, the completion date under this Contract shall remain the same.

- **NOTICE OF COMPLETION.** Upon completion of the project, CUSTOMER agrees to sign a Notice of PTO Closeout within ten (10) days after the completion of the contract.
- **WORK SITE.** Customer warrants that it is authorized to enter into this contract. Prior to the start of construction, Customer shall provide an easily accessible building site, which meets all zoning requirements for the structure.
- **APPLICABLE LAW.** SOLAR OPTIMUM will comply with all applicable laws, ordinances, rules, regulations and orders of any public body having jurisdiction for persons or property and for protecting property from SOLAR OPTIMUM's operations. SOLAR OPTIMUM shall also comply with all provisions of SOLAR OPTIMUM's and Agent's Injury & Illness Prevention Program
- **FORCE MAJEURE.** If performance of this Contract or any obligation under this Contract is prevented, restricted, or interfered with by causes beyond either party's reasonable control ("Force Majeure"), and if the party unable to carry out its obligations gives the other party prompt written notice of such event, then the obligations of the party invoking this provision shall be suspended to the extent necessary by such event. The term Force Majeure shall include, but not be limited to, acts of God, fire, explosion, vandalism, storm, casualty, illness, injury, general unavailability of materials or other similar occurrence, orders or acts of military or civil authority, or by national emergencies, insurrections, riots, or wars, or strikes, lock-outs, work stoppages, or supplier failures. The excused party shall use reasonable efforts under the circumstances to avoid or remove such causes of non-performance and shall proceed to perform with reasonable dispatch whenever such causes are removed or ceased. An act or omission shall be deemed within the reasonable control of a party if committed, omitted, or caused by such party, or its employees, officers, agents, or affiliates.
- **SEVERABILITY.** If any provision of this Contract will be held to be invalid or unenforceable for any reason, the remaining provisions will continue to be valid and enforceable. If a court finds that any provision of this Contract is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision will be deemed to be written, construed, and enforced as so limited.
- **GOVERNING LAW.** This Contract shall be construed in accordance with, and governed by the laws of the State of California, without regard to any choice of law provisions of California or any other jurisdiction. This entire paragraph shall be binding upon the arbitrator.
- **NOTICE.** Any notice or communication required or permitted under this Contract shall be sufficiently given if delivered in person or by first class mail, return receipt requested, to the address set forth in the opening paragraph or to such other address as one party may have furnished to the other in writing.
- **WAIVER OF CONTRACTUAL RIGHT.** The failure of either party to enforce any provision of this Contract shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Contract.
- **AMENDMENT.** This Contract may be modified or amended in writing, if the writing is signed by each party.
- **ASSIGNMENT.** Neither party to this Contract shall assign, seller transfer any portion or part of this Contract, nor any of the rights and privileges granted, without prior written approval of the other party.

- **ENTIRE CONTRACT.** This Contract contains the entire Contract of the parties, and there are no other promises or conditions in any other contract whether oral or written concerning the subject matter of this Contract. Any amendments must be in writing and signed by each party. This Contract supersedes any prior written or oral agreements between the parties.

ATTACHMENT 7

DISCLOSURE NOTICE

LAGUNA WOODS VILLAGE BUILDINGS CONSTRUCTED WITH ASBESTOS-CONTAINING CONSTRUCTION MATERIALS

Health & Safety Codes 25915.2 and 25915.5 require the CORPORATION or Agent which manages a building or part of a building constructed before 1979 within a common interest development, such as Laguna Woods Village, who knows that the building contains asbestos-containing construction materials, to provide annual notice about the existence of said asbestos-containing materials (ACM) to all employees and contractors who perform work within said buildings. These codes apply solely to "public" buildings (common area facilities). Residential dwellings are excluded.

CORPORATION hereby notifies Contractor that some buildings within Laguna Woods Village have been surveyed and found to contain asbestos. The analytical method used to determine asbestos content was polarized light microscopy/dispersion staining. Since the community has an active asbestos operations and maintenance program, testing is ongoing. Because of the high cost to conduct a complete asbestos survey and analysis of all buildings, surveys are conducted only upon repair, remodel, addition to or removal of a building or part of a building suspected to contain asbestos materials, as required by labor codes. The certificates of analysis for any testing received to date are available to Contractor for review and photocopying from Agent representative.

The manors and facilities buildings in Laguna Woods Village were constructed prior to 1979 and thus may contain asbestos in one or more construction materials: All community facilities buildings (with the exception of Clubhouse Seven, the Mini-Gym at Clubhouse One, the Broadband Services Bldg., the Laguna Woods Village Community Center Bldg., the Vehicle Maintenance Bldg., and a portion of the Warehouse -- all constructed after 1979), including Clubhouses and outbuildings, Library, Maintenance Warehouse Bldg., Stables, Gatehouses, Garden Center buildings, all detached laundry buildings, and residential buildings Nos. 1 through 5543 inclusive.

At the time most of the buildings in Laguna Woods Village were constructed, asbestos-containing materials met local codes as well as state and federal regulations and were extensively used in many building products including but not limited to: ceiling tile, floor tile/linoleum and mastic, textured wall surfaces, sprayed acoustical ceilings, fire doors, structural fireproofing, pipe/boiler insulation, attic insulation, heating duct material/insulation.

As best we can determine from the studies available, asbestos as used in these materials does not present a threat to your health so long as the asbestos is not disturbed and does not become airborne.

However, because breathing asbestos has been known in some instances to cause cancer and other forms of lung disease, sanding, scraping, drilling, sawing, crushing, tearing/breaking up, or otherwise disturbing asbestos-containing materials presents a potential health risk. Therefore, you are directed not to perform such tasks in areas with ACM present or suspected unless the area/materials have been tested and found not to contain asbestos or if specifically assigned or contracted to do such work and it is in accordance with all federal, state, and local laws as well as internal guidelines called for in the asbestos operations and maintenance plan and other company safety and environmental policies and procedures.

Contractors whose Services requires them to construct, repair, maintain or otherwise disturb construction materials that may contain asbestos are hereby directed to follow the current regulations and policies noted above and to wear the required protective equipment, prior to performing such Services. Questions concerning instructions and equipment should be directed to the Agent representative.

It is illegal to place asbestos materials or debris in trash dumpsters. Such materials must be disposed of separately in accordance with State and County regulations to avoid fines. If you become aware of any asbestos-containing material becoming damaged or otherwise disturbed, please contact Agent representative.

Attachment 8

INSURANCE

At CONTRACTOR's sole cost and expense, and for the full term of this Contract and providing coverage until Claims are fully and finally barred by all applicable statutes of limitations, CONTRACTOR shall purchase and maintain, the insurance coverage specified for all operations performed by or on behalf of CONTRACTOR. Any deductibles, retentions and exclusions in coverage in the required insurance policies are assumed by, for the account of, and at the sole risk of CONTRACTOR.

Certificates of insurance acceptable to the CUSTOMER shall be filed with CUSTOMER prior to commencement of the Services and shall provide that the CUSTOMER and Agent shall be given written notice not less than thirty (30) days prior to any cancellation or material change in the policies.

The coverage required may be satisfied by any combination of primary and excess liability policies.

A. Commercial General Liability insurance on an occurrence basis with a combined single limit of not less than \$1,000,000 each occurrence and \$2,000,000 general aggregate per project. Coverage must include premises and operations, products and completed operations, independent CUSTOMERs, personal and advertising injury, contractual liability, broad form property damage, and explosion, collapse, and underground hazards. The policy shall name CUSTOMER, Agent, their officers, directors, agents, employees and members as additional insureds for all operations performed by or on behalf of CONTRACTOR, and shall contain a provision that CONTRACTOR's insurance is primary, and that the coverage of any insurance of CUSTOMER or Agent is excess and non-contributing. CONTRACTOR's insurance shall also contain a waiver of subrogation in favor of CUSTOMER and Agent.

B. Commercial Automobile Liability insurance with coverage for any auto or all owned, non- owned and hired vehicles with a combined single limit for bodily injury and property damage of not less than \$1,000,000 per accident.

C. Workers' Compensation and Employer's Liability insurance with limits of not less than \$1,000,000 for each accident, as well as per employee and in the aggregate for each disease. CONTRACTOR's insurance shall contain a waiver of subrogation in favor of CUSTOMER and Agent. CONTRACTOR shall be solely liable for all injuries to its employees and employees of any persons or entities, or other persons hired by or otherwise in the direct or indirect control of CONTRACTOR. Nothing contained herein shall be deemed to create any employer-employee relationship between CUSTOMER's directors or Agent's employees, owners, partners, CONTRACTORs, suppliers, agents and CONTRACTOR's employees, Subcontractors and suppliers.

CONTRACTOR shall cause each of CONTRACTOR's Subcontractors and suppliers or that is otherwise under CONTRACTOR's direct or indirect control to procure insurance as specified and name CUSTOMER and Agent as additional insureds for all operations under their respective Commercial General Liability insurance policy.