

TO: Attendees and Contacts

FROM: Jere Melo

SUBJECT: Meeting Summary, Potential Biomass Plant near Fort Bragg
October 3, 2008

DATE: October 10, 2008

The meeting was called to order at 9:35 AM, and it continued to about 12:15 PM with after action side chats to about 1:15 PM. Attending were: Geroge Reinhart (NHUDG), Bill Heil (Albion Resident), Harold Sipila (MCRPD), Craig Blencowe (MCRCD), Steve Dunnicliff (Mendo. County Economic Development), Jerry Garvey (Redwood Empire Sawmills), Mike Sweeney (MSWMA), Bill Carlson (Carlson Small Power), Kendall Smith (4th District Supervisor), Marie Jones and Jere Melo (City of Fort Bragg), and John McKinney and Greg Bohannon (Greenrock Capital).

Under agenda review, the report expected from Stephen Levesque related to wood supplies was deleted, as he was out of town. As it occurred, there was no update from MCRPD about their property information and no review of a draft outline for a public workshop, due to the length of time and interest in the report from Greenrock Capital.

Under correspondence, it was reported that the Section 45 Production Tax Credit had been extended by two years as a part of the \$700 billion economic bill adopted by the Congress and signed by the President. There was review of an e-mail from Tad Mason, TSS Consultants, that a stand-alone power plant is less feasible than one associated with a sawmill. Bill Carlson then reported that there are no new competitors; the power plant at Blue Lake is reported to be restarted, but not much activity; the pulp mill at Samoa has closed which places considerable fuel on the market; his feasibility analysis probably needs costs updated another \$2 million; power purchase rates are also up by 10% to 15%, credit is tough to get and the Siskiyou County Planning Commission had approved a biomass plant in Weed for Roseburg Forest Products, after a 6-hours public meeting that included folks dressed as trees (and other crazy costumes) that would have rivaled any public meeting in Mendocino County. Melo reported that the crazies were not from long-established Italian families in Siskiyou County.

John McKinney and Greg Bohannon of Greenrock Capital then led a long, lively discussion. Theirs is a small (4 persons) firm, established in 2005, with offices in San Francisco. They concentrate on development of clean, renewable energy, and they are associated with Morgan Stanley for financing. To date, they have brought on line or in construction about \$650 million in projects in all aspects of renewable energy. The firm organizes power projects from all aspects, including concept preparation, permitting, construction and operations. Financing may be arranged for construction, tax equity financing, commodities sales, investment banking assistance, and for carbon credits.

Specifically for Fort Bragg, they provided an outline based on a "fatal flaw" concept. The list of matters to be resolved included site control and strategy, feedstock control and

strategy, permitting strategy, transmission-interconnect strategy, technology to be applied initially and perhaps in the future, construction, operation and management-maintenance and definition of a project team. They discussed several of their projects from the \$650 million list. They emphasized that their method of approaching a project is to be very open with the local community, and they encouraged the group to press forward with the proposed public meeting. During the discussion, the matter of Public Utilities Commission approval was presented, and it the editor's note that the process could be speeded up if the plant is less than 60 megawatts. (In a subsequent e-mail to the editor, Mr. McKinney indicated that his firm would provide more information on the New Market Tax Credits and cellulosic biofuel process that may qualify for large federal grants.)

Steve Dunicliff provided an update on the New Markets Tax Credits but indicated that there was some difficulty in defining census tracts that would allow application to a specific project. Marie Jones and Bill Carlson indicated that they could assist.

Attendees were provided copies of the second draft outline for a public workshop. Melo requested comments at any time.

Specific Assignments:

1. Marie Jones and Bill Carlson will assist in better definition of census parcels for application of New Markets Tax Credits.
2. All attendees and participants are requested to review and comment on the draft outline for a public workshop and provide comments to Melo. If you need a copy of the second draft, call 964-0676; ask and you shall receive.
3. Bill Carlson and Craig Blencowe are to seek another presentation from a firm that might be interested in the project.
4. Melo will contact Stephen Levesque about better definition of a wood supply.
5. MCRPD will provide an update on their property and consider a process to inform their board during one or more of their meetings.

THE NEXT MEETING WILL BE ON FRIDAY, DECEMBER 5, 0930 TO ABOUT NOON OR AFTER, AT THE FORT BRAGG FIRE DEPARTMENT CONFERENCE ROOM, 141 NORTH MAIN STREET. Attendees are requested to park behind the fire station, leaving the parking spaces along the south side of the station open for fire fighter parking in the event of a fire call. Thank you!