



Redwood Coast Energy Authority
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BOARD OF DIRECTORS MEETING AGENDA

Humboldt Bay Municipal Water District Office
828 7th Street, Eureka, CA 95501

September 26, 2019
Thursday, 3:30 p.m.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Clerk of the Board at the phone number, email or physical address listed above at least 72 hours in advance.

Pursuant to Government Code section 54957.5, all writings or documents relating to any item on this agenda which have been provided to a majority of the Board of Directors, including those received less than 72 hours prior to the RCEA Board meeting, will be made available to the public in the agenda binder located in the RCEA lobby during normal business hours, and at <https://redwoodenergy.org/about/board-of-directors/>.

PLEASE NOTE: Speakers wishing to distribute materials to the Board at the meeting are asked to provide 12 copies to the Clerk of the Board.

OPEN SESSION Call to Order

1. REPORTS FROM MEMBER ENTITIES

2. ORAL COMMUNICATIONS

This time is provided for people to address the Board or submit written communications on matters not on the agenda. At the conclusion of all oral communications, the Board may respond to statements. Any request that requires Board action will be set by the Board for a future agenda or referred to staff.

3. CONSENT CALENDAR

All matters on the Consent Calendar are considered to be routine by the Board and are enacted in one motion. There is no separate discussion of any of these items. If discussion is required, that item is removed from the Consent Calendar and considered separately. At the end of the reading of the Consent Calendar, Board members or members of the public can request that an item be removed for separate discussion.

3.1 Approve Minutes of August 22, 2019, Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

3.4 Authorize the Executive Director to Execute an Amendment to the Power Purchase Agreement with DG Fairhaven Power LLC Renewing the Agreement for a 10-month Period Beginning March 1, 2020, Along with Any Associated Documents.

4. REMOVED FROM CONSENT CALENDAR ITEMS

Items removed from the Consent Calendar will be heard under this section.

5. OLD BUSINESS

5.1 Comprehensive Action Plan for Energy Update (Information only)

5.2 Redwood Coast Airport Microgrid Project Site Fence Request for Proposals

Authorize staff to obtain site control from the County and issue a request for proposals for installation of a new fence at the California Redwood Coast - Humboldt County Airport.

Direct Executive Director to negotiate and execute a change order to remove fence installation and the associated costs from the contract with Tesla, and any associated documents.

5.3 Renewal of RCEA Office Lease, 633 3rd Street, Eureka

Authorize Executive Director and legal counsel to negotiate, finalize, and execute a building lease renewal for 633 3rd Street, Eureka, CA, and any associated documents.

6. NEW BUSINESS - None

COMMUNITY CHOICE ENERGY (CCE) BUSINESS – None.

Items under this section of the agenda relate to CCE-specific business matters that fall under RCEA's CCE voting provisions, with only CCE-participating jurisdictions voting on these matters with weighted voting as established in the RCEA joint powers agreement.

7. STAFF REPORTS – None.

8. FUTURE AGENDA ITEMS

Any request that requires Board action will be set by the Board for a future agenda or referred to staff.

9. CLOSED SESSION

- 9.1.** Closed Session to meet with legal counsel per Government Code Section 54956.9(d)(4), in re PG&E, Bankruptcy Court, 19-30088, Northern District of California.

10. RECONVENE TO OPEN SESSION

11. CLOSED SESSION REPORT

12. ADJOURNMENT

NEXT REGULAR MEETING

Thursday, October 24, 2019, 3:30 p.m.
Humboldt Bay Municipal Water District Office
828 7th Street, Eureka, CA 95501



DRAFT BOARD OF DIRECTORS MEETING MINUTES

**Humboldt Bay Municipal Water District Office
828 7th Street, Eureka, CA 95501**

**August 22, 2019
Thursday, 3:30 p.m.**

Chair Michael Winkler called a regular meeting of the Board of Directors of the Redwood Coast Energy Authority to order on the above date at 3:31 p.m. Notice of this meeting was posted on August 15, 2019. PRESENT: Vice Chair Austin Allison, Alternate Director Chris Curran, Estelle Fennell, Dean Glaser, Dwight Miller, Robin Smith, Frank Wilson, Chair Michael Winkler, Sheri Woo. ABSENT: None. STAFF PRESENT: Business Development and Planning Director Lori Biondini, General Counsel Nancy Diamond, Power Resources Director Richard Engel, Demand-Side Management Director Lou Jacobson, Executive Director Matthew Marshall, Human Resources and Workforce Development Manager Patrick Owen, Clerk of the Board Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Fennell stated she was glad the directors would hear a presentation on the Potter Valley Project at this meeting.

Director Miller reported the Trinidad City Council approved photovoltaic panel installation on the Trinidad Town Hall roof and thanked RCEA for helping the City transition to powering most of its facilities with solar electricity. He thanked Demand-Side Management Director Jacobson for his service and introduced new Trinidad Alternate RCEA Director David Grover.

ORAL COMMUNICATIONS

Chair Winkler invited public comment.

Executive Director Marshall presented a certificate of appreciation to outgoing staff Demand-Side Management Director Lou Jacobson for more than eleven years of service to RCEA. Director Miller joined other board directors in thanking Staff Director Jacobson.

Counsel Diamond stated there was nothing new to present in closed session regarding the PG&E bankruptcy proceedings.

Chair Winkler closed the oral communications period.

CONSENT CALENDAR

- 3.1** Approve Minutes of July 25, 2019, Board Meeting.
- 3.2** Approve Disbursements Report.
- 3.3** Accept Financial Reports.

- 3.4 Adopt Resolution No. 2019-2, A Resolution of the Board of Directors of the Redwood Coast Energy Authority Approving the Form of and Authorizing the Execution of a Memorandum of Understanding and Authorizing Participation in the Special District Risk Management Authority's Health Benefits Program.
- 3.5 Adopt Resolution No. 2019-3, A Resolution of the Board of Directors of the Redwood Coast Energy Authority Adopting a Policy Concerning Closed Sessions Pursuant to Government Code Section 54956.96.
- 3.6 Waive Conflict of Interest in the Law Offices of Nancy Diamond's Representation of RCEA and the City of Arcata on Matters Pertaining to Their Respective Interests in the Pending PG&E Bankruptcy Proceeding.

Director Woo requested that item 3.1 be removed from the consent calendar.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed public comment.

M/S: Allison, Miller: Approve consent calendar items 3.2, 3.3, 3.4, 3.5 and 3.6.

The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo.

REMOVED FROM CONSENT CALENDAR ITEMS

Director Woo requested the July 25, 2019 Board meeting minutes reflect that the Comprehensive Action Plan for Energy update, renewable energy power purchase agreement with Snow Mountain Hydro, LLC, and Special District Risk Management Authority Board election were non-Community Choice Energy Old Business items. Director Woo and Counsel Diamond requested that future CCE business votes reflect the Water District representative as non-voting rather than abstaining.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed public comment.

M/S: Allison, Miller: Approve consent calendar items 3.1.

The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo.

OLD BUSINESS - Comprehensive Action Plan for Energy Update (Information only)

Executive Director Marshall reported on the updated public workshop schedule to gather community input for the agency's strategic plan revision and described two additional workshops, one on forests and biomass and another on offshore wind. Public comment will be shared with the Community Advisory Committee and staff will incorporate the suggestions into a revised plan which the Board may vote on as early as November 21.

NEW BUSINESS

Presentation by Craig Tucker, Natural Resources Consultant for the County of Humboldt, on the Potter Valley Project (Information only)

Humboldt County's Natural Resources Consultant Craig Tucker reported how the Potter Valley Project makes the Eel River a major tributary to the Russian River, provides water for Mendocino and Sonoma County residents and agriculture, generates 9 MW of electricity, has a diminished reservoir storage capacity from sedimentation, and has negative Eel River fish passage impact with potentially significant remediation costs.

Mr. Tucker described the hydropower relicensing process, Congressman Huffman's development of a two-basin committee with coequal goals of improving fish passage on the Eel River and minimizing water flow impacts on the Russian and Eel Rivers, and fish passage study results recommending project removal to lessen invasive pikeminnow habitat and improve salmon passage. Mr. Tucker stated that he could report back to the directors before completion of the Federal Energy Regulatory Commission license application draft when action might be considered by the RCEA Board.

The directors discussed the unlikelihood of competition from a for-profit entity, the more balanced representation of northern county interests thanks to Congressman Huffman's initiatives, possible dam removal funding sources, mercury contamination concerns, RCEA's role regarding energy issues and future support for creation of a project management entity.

Chair Winkler invited public comment.

To staff inquiries, Mr. Tucker replied that the Wiyot and Round Valley Tribes are participating in discussions, that the Bear Valley also expressed interest in participating, and that an economic analysis is needed to determine whether reconstruction of the project's early 20th century infrastructure would provide the best return of investment.

Chair Winkler closed the oral communications period.

Presentation by Naveed Paydar, Local Government Liaison to the California Public Utilities Commission (Information only)

Mr. Paydar stated the need for greater communication between local government agencies and the CPUC and described the Commission's creation in the California Constitution, current privately-owned utility regulatory responsibilities and energy efficiency achievements through ratepayer funded programs. He described the CPUC's limited jurisdiction over Community Choice Aggregators and the current administrative law judge proceeding revising the fee calculation equation creating indifference between bundled investor-owned utility (IOU) customers and CCA customers, or the Power Charge Indifference Adjustment (PCIA).

The directors inquired about the CPUC's role in developing distributed energy resources and promoting decarbonization and reach codes requiring all-electric new construction. Mr. Paydar explained how, through state legislation and utility regulation, the CPUC can influence electric vehicle rates and authorize IOUs to use ratepayer funds for public and multi-family building infrastructure projects, fuel substitution and undergrounding. The directors discussed

how the CPUC authorized PG&E to shut off electricity as a last resort when PG&E determines fire threat levels warrant, Southern and Eastern Humboldt County wildfire vulnerability and upcoming CPUC Northern California hearings on wildfire mitigation. RCEA's application to administer ratepayer funds for local energy efficiency projects and building decarbonization's promise for future CCA and IOU collaboration were also discussed.

Chair Winkler invited public comment.

Upon inquiry by staff about regulating rebuilding in fire-prone areas, Mr. Paydar described the CPUC's inability to regulate private property use, and PG&E's use of shareholder funds to underground electric lines in Paradise, CA.

Chair Winkler closed the oral communications period.

Fiscal Year 2018-2019 4th Quarter Budget Summary (Information only)

Director of Business Planning and Finance Biondini described factors affecting net revenue and wholesale power costs, including the hedging strategy which sets power purchase quantities and times, fluctuations in power costs and in PG&E's winter and summer rates, which in turn affect RCEA's fixed discount rates. The power cost and rate fluctuations make winter revenues lower and summer revenues higher.

The directors discussed: lump sum costs; benefits of conservatively adding to reserves during profitable times; possibly lowering the PG&E rate discount to build reserves; and how reserve accumulation targets are being met.

Chair Winkler invited public comment.

To member of the public Ellen Golla's inquiry, staff reported that the power price of RCEA's Humboldt Sawmill Company contract was lowered in February.

Chair Winkler closed the oral communications period.

Regulatory and Legislative Policy Manager Position Creation

Manager of Human Resources and Workforce Development Owen reported on a requested staff position to track energy regulatory proceedings and legislation, the dynamic energy regulatory environment, number of dedicated regulatory staff at other CCE agencies and the need for diligent CPUC decision tracking as the agency pursues energy efficiency Program Administrator status. Position funding is included in the current fiscal year's budget.

The directors discussed the position's multi-department support role, emphasis on written CPUC filings over travel to Sacramento or San Francisco; CalCCA's advocacy role; the priority of proceeding orientation; and the need to select a highly qualified candidate. Staff confirmed that no other new staff positions were funded in the current year's budget.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed the oral communications period.

M/S: Allison, Fennell: Approve creation of a Regulatory and Legislative Policy Manager position.

The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo.

Chair Winkler confirmed that a quorum was present to conduct CCE business.

OLD CCE BUSINESS - Adjustment to D.G. Fairhaven Contract Renewal Schedule to Secure State-Required Resource Adequacy Values for RCEA

Director Woo recused herself and left the dais at 5:34 p.m. because of a conflict of interest arising from her employment at SHN Engineers and Geologists, which performs work for DG Fairhaven. Chair Woo is also an SHN shareholder. Director Woo does not supervise any employees working with DG Fairhaven and her interest in the contract is remote.

Power Resources Director Engel presented a report on changing the current DG Fairhaven power purchase agreement length and renewal date to either allow the plant's resource adequacy compliance value to be counted towards RCEA's 2020 requirement or to allow staff enough time to purchase replacement resource adequacy should the directors discontinue the contract.

The directors discussed the power plant's performance history and the California Independent System Operator's need for a higher data communication standard. Director Glaser requested postponing Board action to allow for communication issue resolution.

DG Fairhaven General Manager Bob Marino described the plant's current operations, start-up challenges, contract extension support, desire for a multi-year contract, and upgrades made to satisfy of The Energy Authority's increased communications request.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed the oral communications period.

M/S: Fennell, Wilson: Direct staff to negotiate a contract amendment with DG Fairhaven extending the power purchase agreement ten months and adding provisions to require improved remote data communications needed for effective scheduling of DG Fairhaven's generating resource into the California Independent System Operator.

The motion passed on the following vote. Ayes: Allison, Curran, Fennell, Miller, Smith, Wilson, Winkler. Noes: Glaser. Non-voting: Woo.

NEW CCE BUSINESS - Carbon-Free Power Procurement Alternatives

Power Resources Director Engle reported that due to increased competition for carbon-free Pacific Northwest hydropower, RCEA would potentially be unable to meet the CCE Program's launch-period guidelines requiring maintaining a power portfolio with 5% lower carbon emissions than PG&E's portfolio for the remainder of 2019.

The directors discussed short term carbon-free procurement options, challenges to maintaining a 5% lower carbon emissions margin, PG&E's use of nuclear energy in its carbon-free power mix, the goal of spurring new renewable energy project construction by purchasing power from them, and how longer-term power procurement contracts will lessen RCEA's need for short-term carbon free power.

The directors further discussed: urgent need for lower emissions; high probability of procuring the same electricity volume at a savings from what is known as an asset controlling supplier (ACS); how ACS power imported from the Pacific Northwest includes some nuclear power which is allowed as a short-term exception in the CCE Program's procurement guidelines; how Humboldt County's ban on doing business with companies manufacturing and transporting nuclear weapons would not be violated; preference for wind and solar energy; nuclear power's consistent electrical output; the need to meet RCEA's reserve goals; how power is physically consumed where it is produced, not where it is purchased; and the absence of nuclear power plants in Humboldt County.

Chair Winkler stated his opposition to procuring ACS power because the CCE Program's broader goal is to avoid nuclear energy.

Chair Winkler invited public comment.

Member of the public Ellen Golla recounted attending high school near the Diablo Canyon nuclear power plant. A PG&E representative told her class utility bills would be lower and there was no danger since radioactive material melts into the ground, at which point Ms. Golla's science teacher actually screamed.

Chair Winkler closed the oral communications period.

M/S: Miller, Wilson: Direct staff to purchase the same volume of electricity that would have come from hydroelectricity from an asset controlling supplier portfolio (option 3) through the end of 2019.

The motion passed with the following vote. Ayes: Allison, Curran, Fennell, Miller, Smith, Wilson. Noes: Winkler, Glaser. Non-voting and absent: Woo.

FUTURE AGENDA ITEMS

Director Miller requested a presentation on fuel switching. Upon inquiry by Director Wilson about the Terra Gen power purchase agreement, staff responded that negotiations were under way and the contract may be discussed at the September or October Board meeting. Staff confirmed that RCEA's approval of a purchase contract does not affect the County's authority to approve the construction of the project.

Chair Winkler adjourned the meeting at 6:30 p.m.

Respectfully submitted,

Lori Taketa, Clerk of the Board

Redwood Coast Energy Authority

Disbursements Report

As of July 31, 2019

Type	Date	Num	Name	Memo	Amount
Check	07/01/2019	9724	CoPower	Premium	-353.20
Paycheck	07/10/2019	9746	Paycheck	6/15-6/30/19 Payroll	-2,479.38
Bill Pmt -Check	07/10/2019	9747	ABC Office Equipment	June print/copying services	-218.82
Bill Pmt -Check	07/10/2019	9748	Avcollie, M.	June mileage reimbursement	-143.26
Bill Pmt -Check	07/10/2019	9749	Bishop, M.	Mileage reimbursement	-137.11
Bill Pmt -Check	07/10/2019	9750	Brennan, K.	June mileage reimbursement - EW	-56.72
Bill Pmt -Check	07/10/2019	9751	CA Dept. of Tax & Fee Administration	Electrical Energy Surcharge Return 31-0003366	-47,580.80
Bill Pmt -Check	07/10/2019	9752	City of Arcata	June Utility User Tax	-8,713.09
Bill Pmt -Check	07/10/2019	9753	City of Blue Lake	June Utility User Tax	-717.82
Bill Pmt -Check	07/10/2019	9754	City of Eureka-Water	Water service, 5/24/19-6/25/19	-179.93
Bill Pmt -Check	07/10/2019	9755	Developed Employment Services, LLC.	Facility maintenance	-77.03
Bill Pmt -Check	07/10/2019	9757	FedEx	Control Module shipping	-16.70
Bill Pmt -Check	07/10/2019	9758	Fetters, Jake	June mileage reimbursement	-146.36
Bill Pmt -Check	07/10/2019	9759	Gwynn, J.	J. Gwynn travel: CalCCA Billing Meeting 04/21-04/22	-81.51
Bill Pmt -Check	07/10/2019	9760	Hilfiker Pipe Company, Inc.	Hilfiker Pipe Co. self-install rebate / Audit 5751.	-1,134.78
Bill Pmt -Check	07/10/2019	9761	Hilson, D.	June mileage reimbursement	-106.49
Bill Pmt -Check	07/10/2019	9762	Humboldt Bay Aquatic Center - University	Venue rental - NEM workshop 06/26/19	-272.50
Bill Pmt -Check	07/10/2019	9763	Humboldt Lock & Safe	Duplicate keys	-6.51
Bill Pmt -Check	07/10/2019	9764	HWMA	CFL & flourescent disposal	-72.00
Bill Pmt -Check	07/10/2019	9765	Jacobson, L.	Travel reimbursements	-1,262.72
Bill Pmt -Check	07/10/2019	9766	Liebert Cassidy Whitmore	ERC Membership	-2,122.50
Bill Pmt -Check	07/10/2019	9767	Local Government Commission	CivicSpark fellowship	-4,636.36
Bill Pmt -Check	07/10/2019	9768	Local Worm Guy	Weekly compost pickup	-30.00
Bill Pmt -Check	07/10/2019	9769	Lost Coast Communications	Radio & digital advertising	-800.00
Bill Pmt -Check	07/10/2019	9770	McMahon, J.	Travel reimbursements	-38.74
Bill Pmt -Check	07/10/2019	9771	Means, M.	June mileage	-63.57
Bill Pmt -Check	07/10/2019	9772	Mission Uniform & Linen	Janitorial services.	-177.24
Bill Pmt -Check	07/10/2019	9773	North Coast Cleaning	June 2019 Cleaning Service	-438.00
Bill Pmt -Check	07/10/2019	9774	North Country Fair	Booth fee, North Country Fair	-180.00
Bill Pmt -Check	07/10/2019	9775	NYLEX.net, Inc.	Onsite network support services - July	-3,200.00
Bill Pmt -Check	07/10/2019	9776	PG&E EV Account	EV stations May	-420.64
Bill Pmt -Check	07/10/2019	9777	PG&E Utility Account	May utilities/lighting upgrade financing	-866.64
Bill Pmt -Check	07/10/2019	9778	SDRMA Dental	July Premium	-1,143.51
Bill Pmt -Check	07/10/2019	9779	SDRMA P&L	2019-20 P&L Premium	-49,617.92
Bill Pmt -Check	07/10/2019	9780	Shred Aware	Shredding services	-65.00
Bill Pmt -Check	07/10/2019	9781	City of Arcata	June High Energy Use Tax	-3,281.94
Bill Pmt -Check	07/10/2019	9782	Biondini, L.	Purchase reimbursement: Travel	-961.44
Bill Pmt -Check	07/10/2019	9783	Verizon Wireless	June tablet/cell service for field staff/mobile broadband	-228.86
Bill Pmt -Check	07/10/2019	9896	Eureka City Schools	Winship Campus self-install rebate / Audit 4154.	-7,762.00
Paycheck	07/10/2019	7101901	Direct Deposit	9/15-9/30/19 Payroll	-45,317.77
Liability Check	07/11/2019	E-pay	EDD	499-0864-3 QB Tracking # 540884930	-3,450.74
Liability Check	07/11/2019	E-pay	Internal Revenue Service	74-3104616 QB Tracking # 541007930	-18,005.62
Liability Check	07/11/2019	E-pay	EDD	499-0864-3 QB Tracking # 541067930	-119.97
Paycheck	07/12/2019	9785	Paycheck	Payroll Adjustment	-763.25
Bill Pmt -Check	07/18/2019	ACH	VISA	May Statement 05/22-06/20/19	-3,386.77
Bill Pmt -Check	07/19/2019	ACH	Staples Charge Account	June Statement	-133.39
Check	07/22/2019		Umpqua Bank	Service Charges	-163.75
Bill Pmt -Check	07/25/2019	ACH	DG Fairhaven	DG Fairhaven June 2019	-226,844.30
Bill Pmt -Check	07/25/2019	ACH	Humboldt Redwood Company	Humboldt Redwood CO. June 2019	-681,227.94
Bill Pmt -Check	07/25/2019	ACH	CalPine Corporation	Calpine June 2019 Costs	-73,660.95
Paycheck	07/25/2019	9788	Paycheck	Final Paycheck	-1,636.04
Paycheck	07/25/2019	9789	Paycheck	7/1-7/15/19 Payroll	-2,655.37
Bill Pmt -Check	07/25/2019	9790	NGI, Inc.	Old Town Auto Service self-install rebate/Audit 5688	-2,109.96
Liability Check	07/25/2019	9791	Calvert	74-3104616	-12,394.08
Liability Check	07/25/2019	9792	Umpqua Bank	74-3104616	-698.72

Redwood Coast Energy Authority
Disbursements Report
As of July 31, 2019

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	07/25/2019	9795	Bithell, M.	Mileage reimbursement	-20.88
Bill Pmt -Check	07/25/2019	9796	Boutin Jones	VOID:	0.00
Bill Pmt -Check	07/25/2019	9797	David L. Moonie & Co., LLP	Annual accounting records close, auditing.	-1,464.00
Bill Pmt -Check	07/25/2019	9798	Diamond, Nancy	legal services	-11,146.80
Bill Pmt -Check	07/25/2019	9799	FedEx	Residential efficiency kits shipping	-49.41
Bill Pmt -Check	07/25/2019	9800	Ferndale USD	Self-install rebate	-3,889.15
Bill Pmt -Check	07/25/2019	9801	Fischer, A.	L. Fischer: CivicSpark travel July 17-21/19.	-155.91
Bill Pmt -Check	07/25/2019	9802	HCOE	Business card printing services	-171.80
Bill Pmt -Check	07/25/2019	9803	Humboldt Bay Coffee Co.	Office coffee	-60.55
Bill Pmt -Check	07/25/2019	9804	Humboldt Lighting, LLC.	Lighting stock	-22,688.87
Bill Pmt -Check	07/25/2019	9805	Marshall, M.	Purchase reimbursement: 2019 Economic Prosperit	-20.00
Bill Pmt -Check	07/25/2019	9806	McMahon, J.	June mileage reimbursement	-80.79
Bill Pmt -Check	07/25/2019	9807	Mission Uniform & Linen	Office supplies	-74.32
Bill Pmt -Check	07/25/2019	9808	North Coast Cleaning	Carpet Cleaning	-1,155.00
Bill Pmt -Check	07/25/2019	9809	NYLEX.net, Inc.	Onsite network support services - August	-3,200.00
Bill Pmt -Check	07/25/2019	9810	Owen, P.	Craigslist listings reimbursement	-60.00
Bill Pmt -Check	07/25/2019	9811	PG&E CCA	June CCE Charges	-22,144.29
Bill Pmt -Check	07/25/2019	9812	Platt/Rexel	Lighting stock	-15,107.54
Bill Pmt -Check	07/25/2019	9813	Scraper's Edge	Printing	-56.66
Bill Pmt -Check	07/25/2019	9814	SDRMA Dental	August Premium	-1,246.73
Bill Pmt -Check	07/25/2019	9815	Stephenson, Nancy	Purchase reimbursement	-100.07
Bill Pmt -Check	07/25/2019	9816	Stitch Witch	Merchandise Order - caps	-373.60
Bill Pmt -Check	07/25/2019	9817	Times Printing Company	Printing and mailings	-1,998.09
Bill Pmt -Check	07/25/2019	9818	TRC	Heat pump analysis: Prop 39	-5,560.00
Bill Pmt -Check	07/25/2019	9819	Winzler, John	Office Lease - August	-4,698.00
Paycheck	07/25/2019	7251901	Direct Deposit	7/1-7/15/19 Payroll	-47,768.73
Liability Check	07/26/2019	E-pay	EDD	499-0864-3 QB Tracking # 336748030	-20.89
Liability Check	07/26/2019	E-pay	Internal Revenue Service	74-3104616 QB Tracking # 336763030	-178.76
Liability Check	07/26/2019	E-pay	EDD	499-0864-3 QB Tracking # 336776030	-4,073.97
Liability Check	07/26/2019	E-pay	Internal Revenue Service	74-3104616 QB Tracking # 336786030	-20,244.14
Liability Check	07/26/2019	E-pay	EDD	499-0864-3 QB Tracking # 336794030	-118.45
Bill Pmt -Check	07/31/2019	9820	Arcata Technology Center	Site Host Reimbursement 4/1-6/30/19	-667.07
Bill Pmt -Check	07/31/2019	9821	Blue Lake Rancheria	Site Host Reimbursement 4/1-6/30/19	-130.71
Bill Pmt -Check	07/31/2019	9822	City of Arcata	Site Host Reimbursement 4/1-6/30/19	-576.70
Bill Pmt -Check	07/31/2019	9823	City of Blue Lake	Site Host Reimbursement 4/1-6/30/19	-54.29
Bill Pmt -Check	07/31/2019	9824	City of Eureka - REVNet	Site Host Reimbursement 4/1-6/30/19	-674.50
Bill Pmt -Check	07/31/2019	9825	City of Trinidad	Site Host Reimbursement 4/1-6/30/19	-99.38
Bill Pmt -Check	07/31/2019	9826	GHD	Site Host Reimbursement 4/1-6/30/19	-358.86
Bill Pmt -Check	07/31/2019	9827	North Coast Unified Air Quality	Site Host Reimbursement 4/1-6/30/19	-316.48
Bill Pmt -Check	07/31/2019	9828	St. Joseph Hospital	Site Host Reimbursement 4/1-6/30/19	-519.77
Check	07/31/2019	9829-9846	NEM Customers	NEM close-outs	-855.51
Bill Pmt -Check	07/31/2019	9847	EDD	Fees	-2,831.59
Bill Pmt -Check	07/31/2019	9848	Boutin Jones	legal services	-677.11
TOTAL					<u>-1,388,049.08</u>

Redwood Coast Energy Authority
Balance Sheet
As of July 31, 2019

	<u>Jul 31, 19</u>
ASSETS	
Current Assets	
Checking/Savings	
1010 · Petty Cash	414.35
1050 · GRANTS & DONATIONS 3840	15,204.58
1060 · Umpqua Checking Acct 0560	-9,026.12
1070 · OLD Umpqua Dep Cntrl Acct 1687	952,032.98
1071 · Umpqua Deposit Cntrl Acct 8215	3,434,613.65
1075 · Umpqua Reserve Account 2300	1,930,942.03
8413 · COUNTY TREASURY 3839	5,065.52
Total Checking/Savings	6,329,246.99
Total Accounts Receivable	259,987.91
Other Current Assets	
1101 · Allowance for Doubtful Accounts	-311,524.54
1103 · Accounts Receivable-Other	4,905,547.64
1120 · Inventory Asset	21,715.00
1202 · Prepaid Expenses	-31,612.64
Total 1210 · Retentions Receivable	36,500.57
1499 · Undeposited Funds	1,077.08
Total Other Current Assets	4,621,703.11
Total Current Assets	11,210,938.01
Total Fixed Assets	151,725.39
Total Other Assets	-145,900.00
TOTAL ASSETS	<u><u>11,216,763.40</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Total Accounts Payable	1,249,361.60
Total Credit Cards	-9,661.45
Total Other Current Liabilities	1,947,462.04
Total Current Liabilities	3,187,162.19
Long Term Liabilities	
2700 · Long-Term Debt	
2701 · Lighting Upgrade	1,113.35
Total 2700 · Long-Term Debt	1,113.35
2703 · TEA Phase I & II	72,928.56
Total Long Term Liabilities	74,041.91
Total Liabilities	3,261,204.10
Equity	
2320 · Investment in Capital Assets	150,612.03
3203 · LTD - TEA Phase I & II	-72,928.56
3900 · Fund Balance	6,578,928.56
Net Income	1,298,947.27
Total Equity	7,955,559.30
TOTAL LIABILITIES & EQUITY	<u><u>11,216,763.40</u></u>

Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
July 2019

	Jul 19	Budget	% of Budget
Ordinary Income/Expense			
Income			
5 REVENUE EARNED			
Total 5000 • Revenue - government agencies	3,848.57	125,000.00	3.08%
Total 5100 • Revenue - program related sales	4,390.96	16,000.00	27.44%
Total 5400 • Revenue-nongovernment agencies	95,349.53	2,576,300.00	3.7%
Total 5500 • Revenue - Electricity Sales	4,939,744.01	53,482,965.00	9.24%
Total 5 REVENUE EARNED	5,043,333.07	56,200,265.00	8.97%
9500 • Debt Proceeds	0.00	2,730,300.00	0.0%
Total Income	5,043,333.07	58,930,565.00	8.56%
Gross Profit	5,043,333.07	58,930,565.00	8.56%
Expense			
Total 6 WHOLESALE POWER SUPPLY	3,223,946.96	42,295,190.00	7.62%
Total 7 PERSONNEL EXPENSES	186,496.77	3,026,492.00	6.16%
Total 8.1 FACILITIES AND OPERATIONS	26,831.11	4,539,920.00	0.59%
Total 8.2 COMMUNICATIONS AND OUTREACH	3,532.61	115,000.00	3.07%
Total 8.3 TRAVEL AND MEETINGS	6,064.32	68,000.00	8.92%
8.4 PROFESSIONAL & PROGRAM SRVS			
8400 • Regulatory	30,422.81	184,000.00	16.53%
Total 8410 • Contracts - Program Related Ser	8,096.95	435,000.00	1.86%
8420 • Accounting	0.00	68,950.00	0.0%
8430 • Legal	10,329.26	125,000.00	8.26%
8450 • Wholesale Services - TEA	49,950.35	602,401.00	8.29%
8460 • Procurement Credit - TEA	55,935.67	753,809.00	7.42%
8470 • Data Management - Calpine	73,400.26	882,348.00	8.32%
Total 8.4 PROFESSIONAL & PROGRAM SRVS	228,135.30	3,051,508.00	7.48%
Total 8.5 PROGRAM EXPENSES	35,593.51	555,786.00	6.4%
Total 8.6 INCENTIVES & REBATES	28,724.29	881,500.00	3.26%
Total 9 NON OPERATING COSTS	5,060.93	169,518.00	2.99%
Total Expense	3,744,385.80	54,702,914.00	6.85%
Net Ordinary Income	1,298,947.27	4,227,651.00	30.73%
Net Income	1,298,947.27	4,227,651.00	30.73%



STAFF REPORT
Agenda Item # 3.4

AGENDA DATE:	September 26, 2019
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources Jocelyn Gwynn, Power Resources Manager
SUBJECT:	DG Fairhaven Contract Renewal

SUMMARY

RCEA's current 12-month power purchase agreement (PPA) with DG Fairhaven for biomass power is set to expire February 29, 2020. The PPA provides for renewal in 12-month increments. At its August meeting the RCEA Board of Directors approved moving forward with a contract amendment for an early, partial extension to the PPA for an additional 10 months, to synchronize the agreement with RCEA's annual (calendar year) power procurement schedule for 2020 and any future renewals.

Another change proposed in the attached amendment is addition of language requiring DG Fairhaven to provide real-time data communications that meet The Energy Authority's (TEA's) needs as the facility's scheduling coordinator. TEA has confirmed that the data communications provisions outlined in the amendment have already been implemented by DG Fairhaven and are currently meeting their needs. However, they recommend inclusion of this contract language to ensure communication standards are maintained over the life of the PPA.

The third and final change proposed in the amendment is to separate the resource adequacy (RA) capacity product from the energy and green attribute (the added value of this as a renewable resource) products. RCEA and all other load serving entities have annual RA procurement requirements that must be met each fall for the coming year. DG Fairhaven's 2019 contract was renewed after the compliance deadline for 2019 RA had passed, so RCEA had to procure RA from other sources and DG Fairhaven had to sell their RA to a different buyer. Due to the year-to-year nature of the contract, DG Fairhaven has requested to unbundle the RA component for 2020 and negotiate the RA price separately. This reflects the fact that the RA market has become tighter and the compliance requirements have changed, increasing the value of the RA.

FINANCIAL IMPACTS

Under the proposed amendment, prices for energy and green attributes would remain the same as they are currently, which is the PPA price less the 2019 implicit RA price. The unbundled RA price would be updated to a higher value than the 2019 implicit price. However, not buying DG Fairhaven's RA would likely result in paying a higher price to secure RA elsewhere and it would come from a non-local resource. Relative to TEA's forecasted market prices and the prices that RCEA has already paid for 2020 RA, this contract amendment will likely result in around \$40,000 in cost savings to RCEA. By approving this amendment now, the Board will allow RCEA to secure pricing and count the RA procured from DG Fairhaven in its year-ahead 2020 RA reporting to the CPUC in October.

RECOMMENDED ACTION:

Authorize the Executive Director to execute an amendment to the power purchase agreement with DG Fairhaven Power LLC renewing the agreement for a 10-month period beginning March 1, 2020 along with any associated documents.

ATTACHMENT

Proposed DG Fairhaven contract amendment

**AMENDMENT No. 3 TO
POWER PURCHASE AGREEMENT
(DG Fairhaven LLC)**

This is a third amendment (“Amendment”) to that certain Power Purchase Agreement (“PPA”) made by and between the Redwood Coast Energy Authority (“Buyer”) and DG Fairhaven, LLC (“Seller”) on February 12, 2018, amended effective March 1, 2019 (“First Amendment”), and further amended effective April 1, 2019 (“Second Amendment”). The PPA, First Amendment, and Second Amendment are collectively referred to herein as the “PPA”. This Amendment No. 3 is effective at 12:00 a.m. on September 27, 2019.

RECITALS

WHEREAS, the PPA Delivery Term is 12 months subject to optional renewal for additional 12-month terms upon the mutual agreement of Buyer and Seller, and is currently set to expire on February 29, 2020;

WHEREAS, the parties desire to extend the PPA Delivery Term for 10 months to re-adjust the 12- month Delivery Term expiration date to December 31;

WHEREAS, under the PPA, Buyer purchases all of Seller’s Capacity Attributes during specified time periods to meet its Resource Adequacy obligations at a bundled per Mwh Contract Price, which the parties desire to unbundle; and

WHEREAS, the parties additionally desire to amend the PPA to provide that data communications occur in real time on five-minute intervals in order to facilitate the effectiveness of the Third-Party Scheduling Coordinator;

NOW THEREFORE, in consideration of the mutual covenants, conditions and terms recited herein and made a material part hereof, the parties agree as follows:

1. **Delivery Term.** The PPA Delivery Term is hereby amended to expire at 11:59 p.m. on December 31, 2020. The total quantity of Delivered Energy to be supplied during the 10 month period from 12:00 a.m. March 1, 2020 until 11:59 p.m. December 31, 2020 shall be 73,000 MWh.
2. **Contract Price, Resource Adequacy Price.** Section C, Cover Sheet-Amended March 1, 2019, Contract Price, further amended by the Second Amendment, is hereby replaced by the following:

“C. Contract Price

The Contract Price for each MWh of Product as measured by Delivered Energy shall be as shown:

Time Period	Contract Price
April 1, 2019 – December 31, 2019	\$59.00
January 1, 2020 – February 29, 2020	\$65.00
March 1, 2020 – December 31, 2020	\$59.00

The Contract Price for each MWh of Product as measured by Surplus Delivered Energy shall be Energy Price plus Green Attribute Price. Beginning March 1, 2020, the Contract Price shall additionally include a Monthly Resource Adequacy Payment.

“Energy Price” means the weighted average CAISO price associated with Surplus Delivered Energy for each Delivery Month.

“Green Attribute Price” means the \$17.00 per MWh payment for Green Attributes associated with Surplus Delivered Energy conveyed to Buyer in accordance with the terms of this Agreement.

“Monthly Resource Adequacy Payment” means the payment of the flat price of \$ [REDACTED] per kW-month to Seller, in arrears after the applicable Delivery Month.”

3. **Resource Adequacy.** Section 3.3, Resource Adequacy, subsection (a), is hereby replaced in its entirety with the following (the remaining subsections of Section 3.3 are unchanged):

“(a) During the periods of the Delivery Term specified below (“RA Delivery Periods”), Seller grants, pledges, assigns and otherwise commits to Buyer all of the Capacity Attributes from the Project, to enable Buyer to meet its Resource Adequacy or successor program requirements, as the CPUC, CAISO and/or other regional entity may prescribe, including submission of a Supply Plan or Resource Adequacy Plan (“Resource Adequacy Requirements”):

- January 1, 2020 through February 29, 2020, and
- March 1, 2020 through December 31, 2020

During the RA Delivery Periods, Seller shall take all commercially reasonable actions, including complying with all applicable registration and reporting requirements, and execute any and all documents or instruments necessary to enable Buyer to use all of the capacity of the Project, including Capacity Attributes, to be committed by Seller to Buyer pursuant to this Agreement to meet Buyer’s Resource Adequacy Requirements during the Delivery Term.

Buyer will not purchase Capacity Attributes from Seller during the period April 1, 2019 through December 31, 2019.”

4. **Data Communications.** Section 3.1, Seller’s and Buyer’s Obligations, sub-section (l), ‘Access to Data,’ is hereby amended by the addition of new subdivision (vi), ‘Method of Transmission’ as follows:

“3.1(l)(vi) Method of Data Transmission to SC.

Seller will provide five-minute interval plant output information to the Third-Party SC. File Transfer Protocol (FTP) will be used to transfer data files. If encrypted, files will be encrypted using Pretty Good Privacy (PGP) prior to transmitting the data.”

5. **Ratification of Agreement.** The terms and conditions of the PPA, including all exhibits and attachments, are ratified in their entirety except to the extent inconsistent with the terms and provisions of this Amendment. In the event of such inconsistency, this Amendment shall control.

IN WITNESS WHEREOF, the parties have executed this Amendment No.3 effective as of the date written above.

(signatures follow on next page)

D.G. FAIRHAVEN, LLC:

By: _____
Name:
Title:

Date: _____

REDWOOD COAST ENERGY AUTHORITY:

By: _____
Name:
Title:

Date: _____

Approved as to form:

Nancy Diamond, General Counsel

Date: _____



STAFF REPORT
Agenda Item # 5.1

AGENDA DATE:	September 26, 2019
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	Comprehensive Action Plan for Energy Update

SUMMARY

The process of updating RCEA's Comprehensive Action Plan for Energy is continuing. With the completion of the first round of workshops and the initial comment period closing on September 20, staff is incorporating input received into an updated second draft that will be available for review and further comment in October.

The updated schedule of completed and upcoming workshops and opportunities for public participation is below. At the Board meeting staff will provide additional updates and details on input received through September 20.

Draft development and comment period schedule	Public workshops and other opportunities for public comment	
Preliminary draft #1 published and available for review and comment June 27 - September 20	August 22, 3:30 p.m.	RCEA Board of Directors Meeting
	August 29, 5:30 p.m.	Draft 1 Workshop Humboldt Bay Aquatic Center, Eureka
	September 3, 5:30 p.m.	Draft 1 Workshop Panamnik Building, Orleans
	September 5, 5:30 p.m.	Draft 1 Workshop Redway Elementary School
Complete draft #2 published and available for review and comment October 3 - October 22	September 25, 5:30-7 p.m.	Offshore Wind Project Workshop The Wharfinger Building, Eureka
	September 26, 3:30 p.m.	RCEA Board of Directors Meeting
	October 17, 5:30 – 7:30 p.m.	Draft 2 Workshop Humboldt Bay Aquatic Center, Eureka
	October 18, 1 - 4 p.m.	Forests, Energy, and the Environment Workshop Humboldt Bay Aquatic Center, Eureka
	October 24, 3:30 p.m.	RCEA Board of Directors Meeting
	October 29, 6:00 p.m.	RCEA Community Advisory Committee meeting
Final Draft published and available for review November 7 – November 21	November 21, 3:30 p.m.	RCEA Board of Directors Meeting, review and approval of final draft

RECOMMENDED ACTION:
N/A – information only.

Materials Submitted

After Agenda

Publication

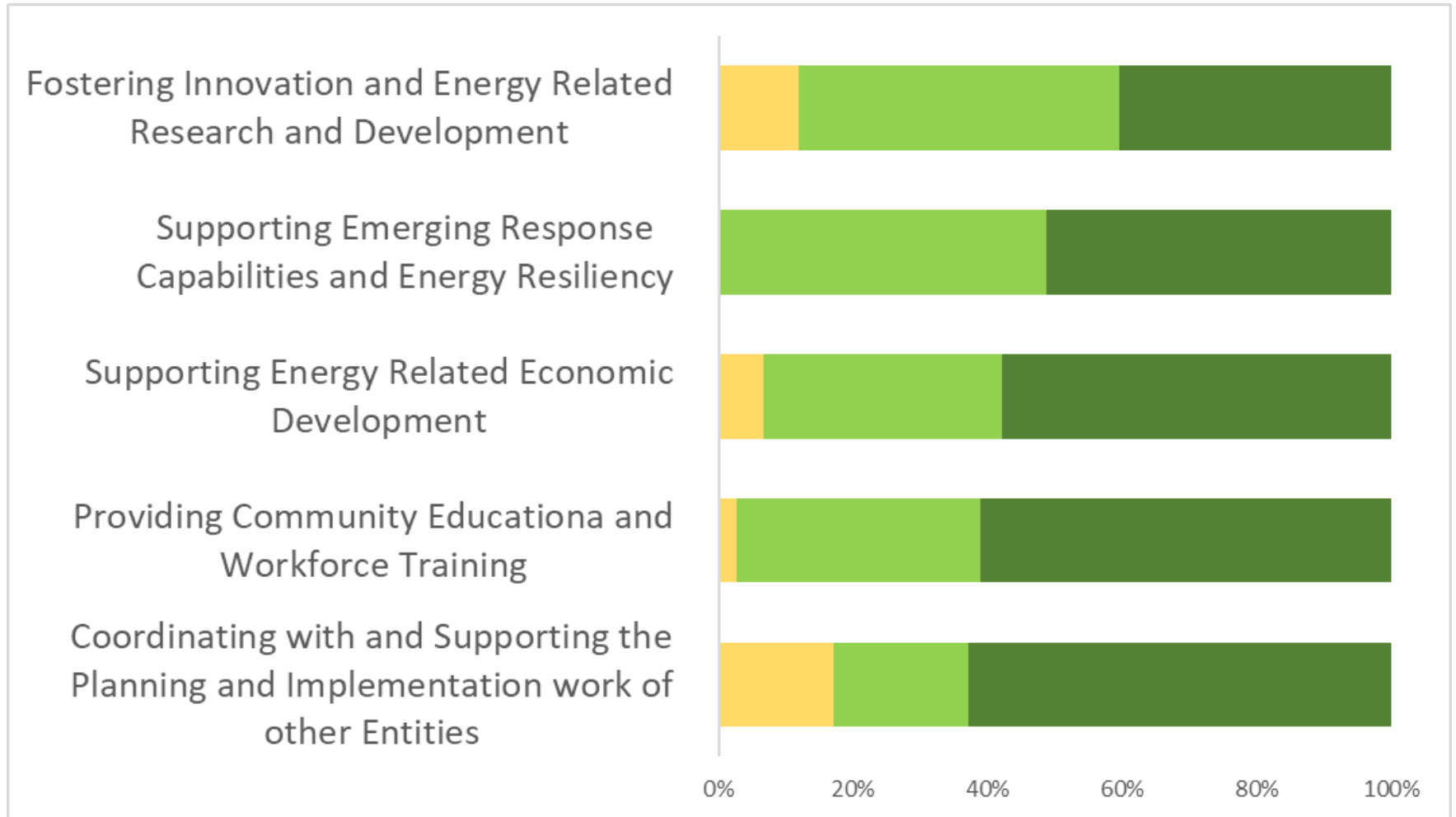
Aug-Sep 2019
RCEA Public Meeting Voting

Eureka, Orleans, and Redway

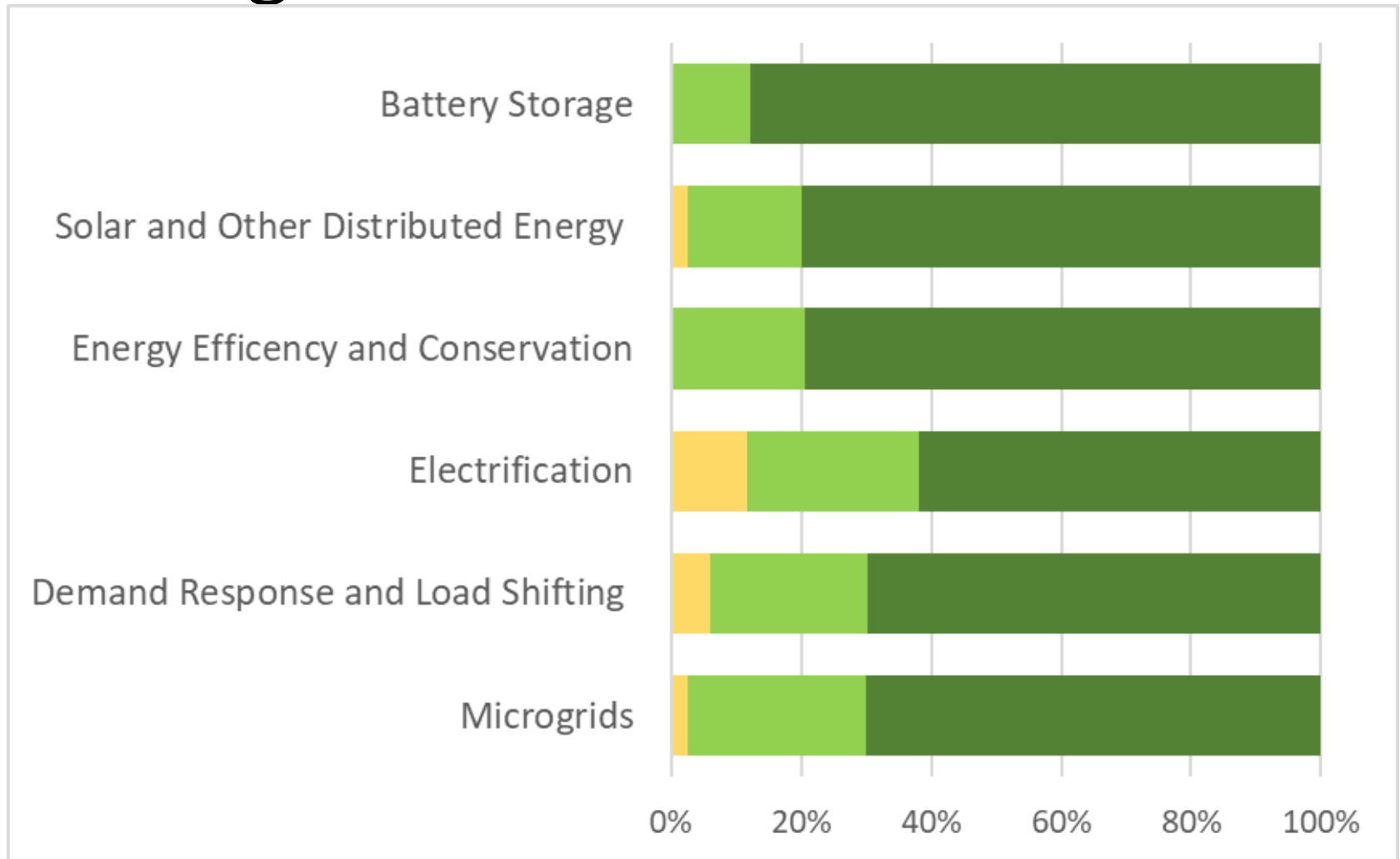
56 total attendees

- Do not include
- Minimize and only include as needed to support other goals
- Include as a key element of a balance mix
- Maximize to the greatest extent possible

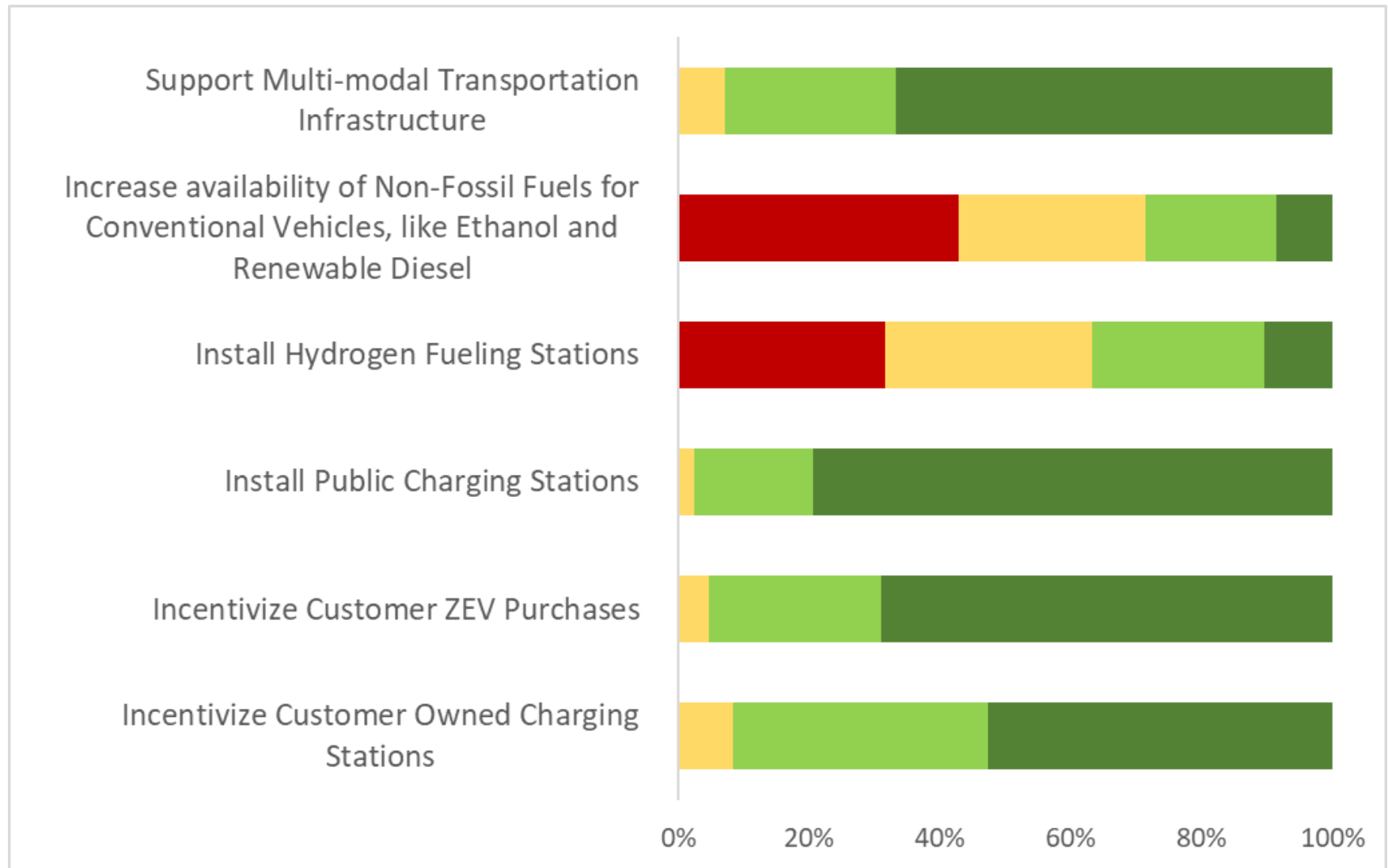
Planning & Regional Coordination



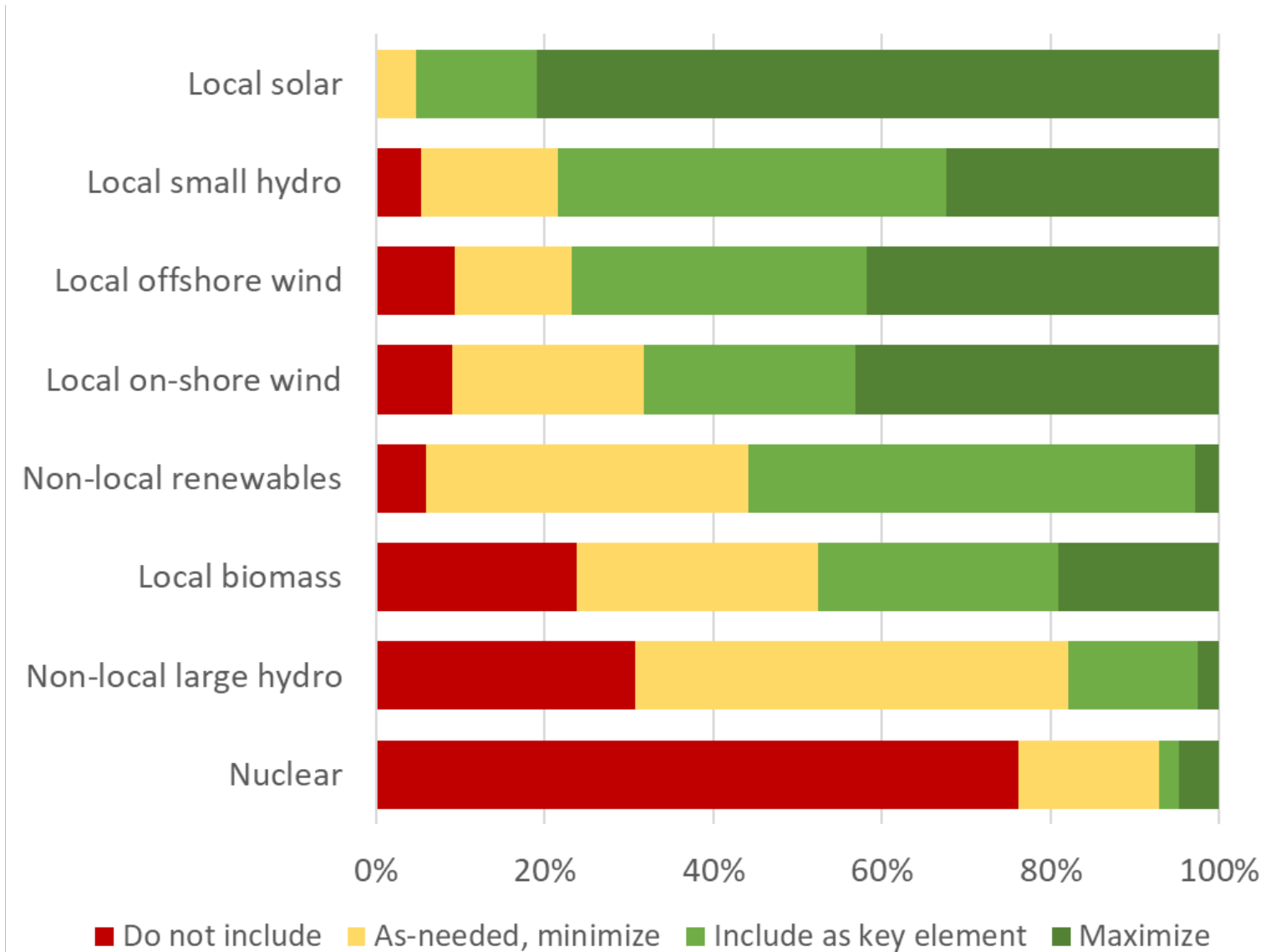
Integrated Demand-side Management



Transportation



CCA Power Mix





**STAFF REPORT
Agenda Item # 5.2**

AGENDA DATE:	September 26, 2019
TO:	Board of Directors
PREPARED BY:	Dana Boudreau, Director of Operations
SUBJECT:	Redwood Coast Airport Microgrid project site fence RFP

SUMMARY

Redwood Coast Energy Authority is partnering with Humboldt State University's Schatz Energy Research Center (SERC), PG&E, and the County of Humboldt to build a 7-acre, 2.5 MW solar array and battery energy storage system at the California Redwood Coast – Humboldt County Airport. The site requires a new fence to secure the project site from the Air Operations Area (AOA) at the start of construction efforts and through the life of the project. Before the fence is complete, an approved and badged escort is required for every five unbadged personnel within the AOA. The Federal Aviation Administration (FAA) monitors site activities, and for each infraction may issue separate fines of \$13,333 against the agency, badged escorts, and contractors. Once the fence is complete, AOA escorts are no longer required within the fenced project site. To meet FAA security requirements at minimum cost and to keep the project on schedule, RCEA staff recommends that we install the new AOA fence as soon as possible:

- 1) Ongoing site analysis concludes that brush, stumps, and trees must be cleared at the southern portion of the project site to prepare for PV (photovoltaic solar array) ground mounts, and to avoid solar shading and potential damage from the aging row of trees along the south border. Brush and tree removal need to be completed this fall before raptor nesting season (March 15 – August 15) and before winter rains to stay on schedule.
- 2) RCEA and SERC conclude that installing the fence before all other construction activity will minimize most or all AOA escort requirements and any associated costs.
- 3) The fencing work is currently included in Tesla contract as part of the solar array installation task. If fence installation is separated from the larger PV array installation, staff concludes that RCEA can complete the task faster and at lower cost than Tesla.

Two SERC and three RCEA staff are currently approved by the County and available as AOA site escorts to support fence construction activities.

FINANCIAL IMPACTS

Financial impacts include:

- 1) Escort fees: Installing the fence this fall will reduce or eliminate County and/or RCEA escort staffing costs during subsequent site preparation and construction work.
- 2) Fence construction: The fence construction cost is expected to be equal to or lower than originally contracted.
 - By using inhouse project managers and local contractors, RCEA and SERC can likely execute this portion of the project at an equal or lower cost compared to having Tesla mobilize its bay-area based project management team this fall just to contract for and manage the fence installation.
 - Tesla supports the approach of executing a change order to remove the fence work from their scope of work along with the associated cost from the contract budget.

RECOMMENDED ACTIONS

1. Authorize staff to obtain site control from the County and issue an RFP for installation of a new fence at the California Redwood Coast - Humboldt County Airport.
2. Direct Executive Director to negotiate and execute a change order to remove fence installation and the associated costs from the contract with Tesla, and any associated documents.

ATTACHMENTS

Redwood Coast Airport Microgrid Project site fence project:

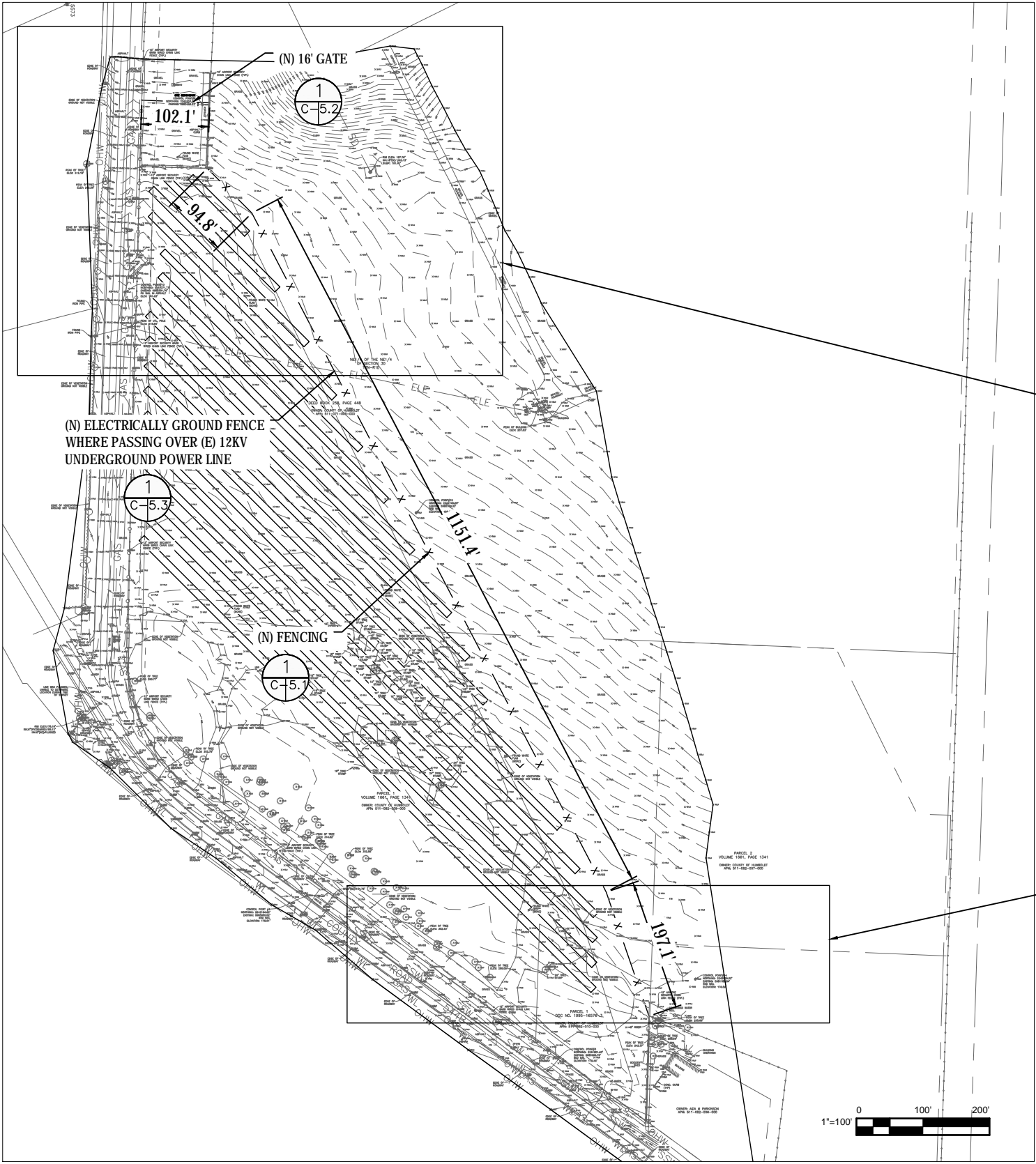
1. Project Summary
2. Project Plans
3. Project Specifications

Redwood Coast Airport Microgrid Site Preparation: Air Operations Area Fence Improvements

Project Summary

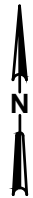
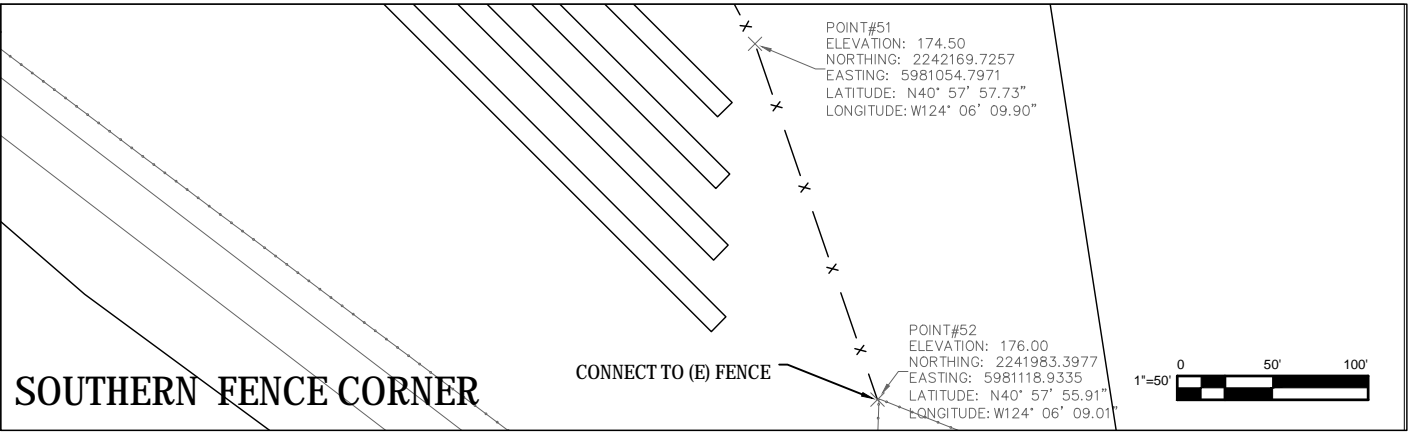
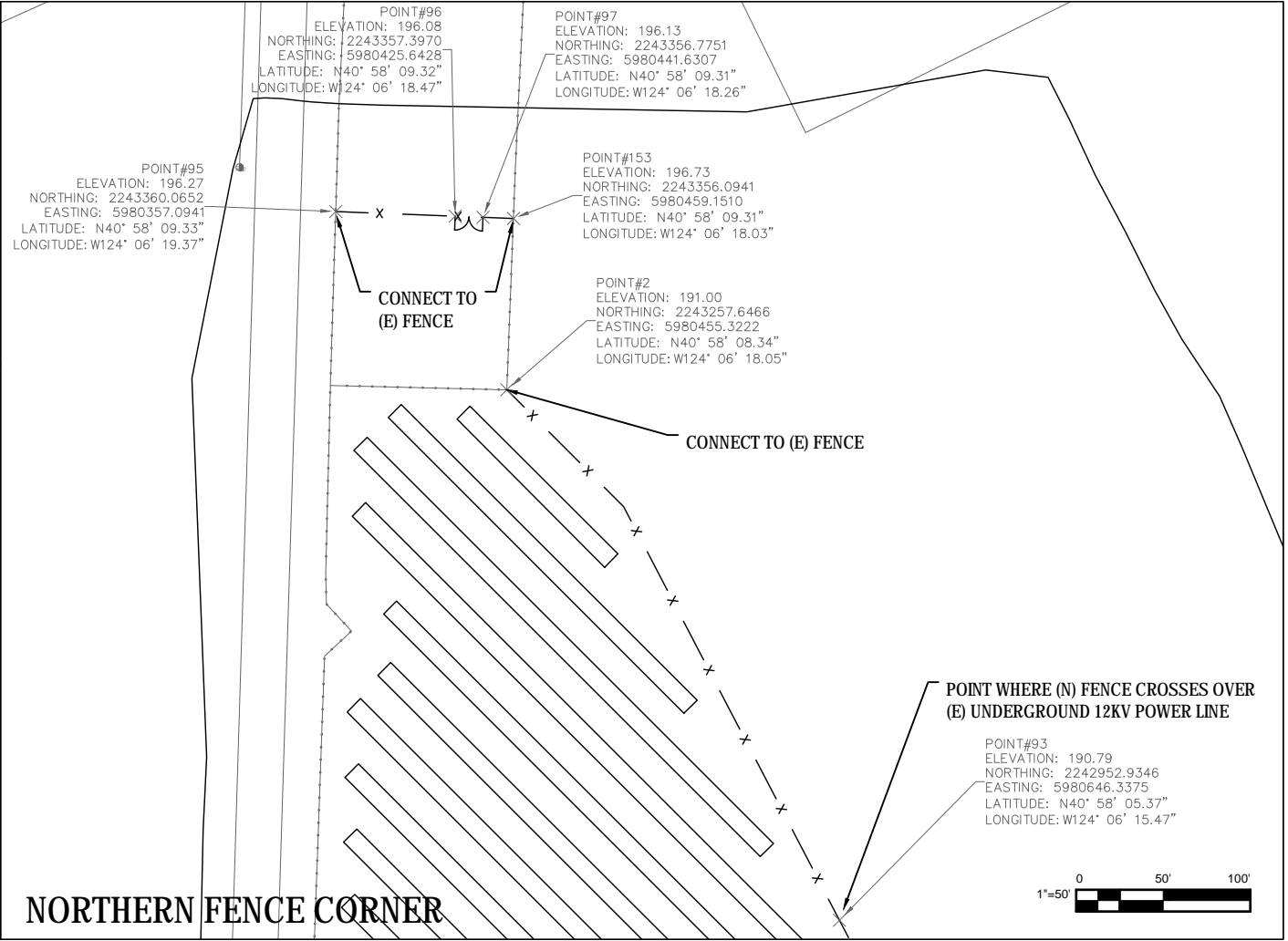
RCEA is soliciting bids from interested contractors to implement construction of a fence along the project line as part of Phase 1, Site Preparation, for the upcoming ACV Microgrid project. The goal of the project is to complete an FAA-approved fence to contain the project and secure the runway area of the airport. The bidding process will secure a licensed C-13 contractor that is registered with the DIR. The price shall be full compensation for furnishing all materials, and for all preparation, erection, and installation of these materials, and for all labor equipment, tools, and incidentals necessary to complete the project. Contractor will provide and install approximately 1,545.5 feet of fencing meeting FAA standards with vinyl-coated ASTM steel posts set in 3.25 foot deep concrete per plans and specifications using new materials. Estimated project value is \$97,000.00.

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SHEET NOTES:

1. ELEVATION OF POINTS REPRESENT GROUND SURFACE ELEVATION. TO CALCULATE HEIGHT OF FENCE ABOVE GROUND SURFACE USE DETAIL 1 ON SHEET C-5.1
2. ALL COORDINATES ARE A RESULT OF TOPOGRAPHIC SURVEY DATED 5/20/2019 BY BRAIN L. SAUZA PLS NO. 7917
3. ONE 16' GATE IN CONTRACT



STAMP

BAR IS ONE INCH
ON ORIGINAL DRAWING
0 1"



REV	DATE	DESCRIPTION
2	9/9/2019	ADD GATED FENCE SECTION
1	8/22/2019	FOR AIRPORT REVIEW

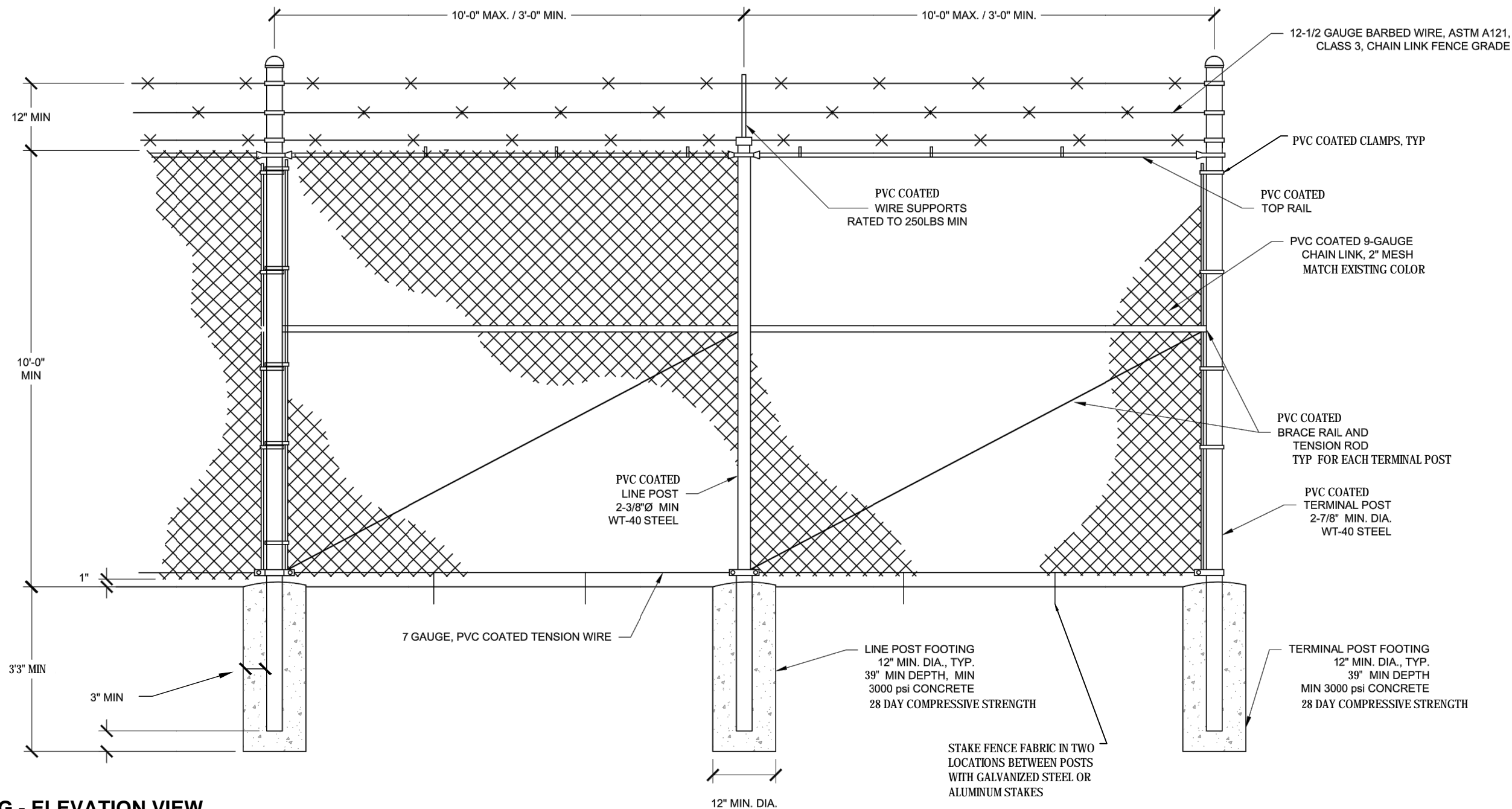
**REDWOOD COAST AIRPORT
MICROGRID**

AOA FENCING PLAN

PROJ NO: 74837-7
DRWN: KR CHK: DC

C-5.0

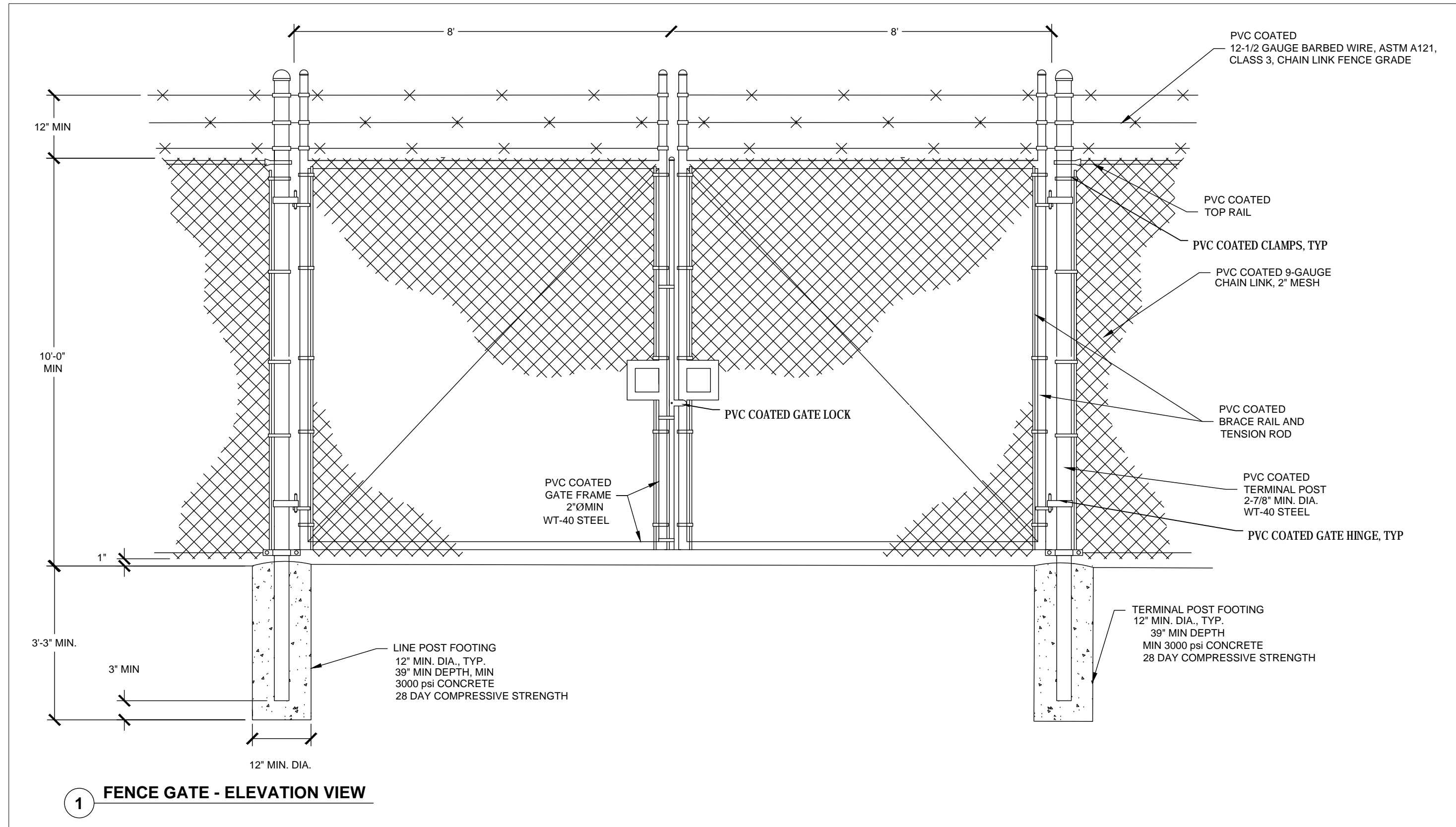
SHEET 23 OF 4



1 FENCING - ELEVATION VIEW

FENCING DETAIL COURTESY OF TESLA

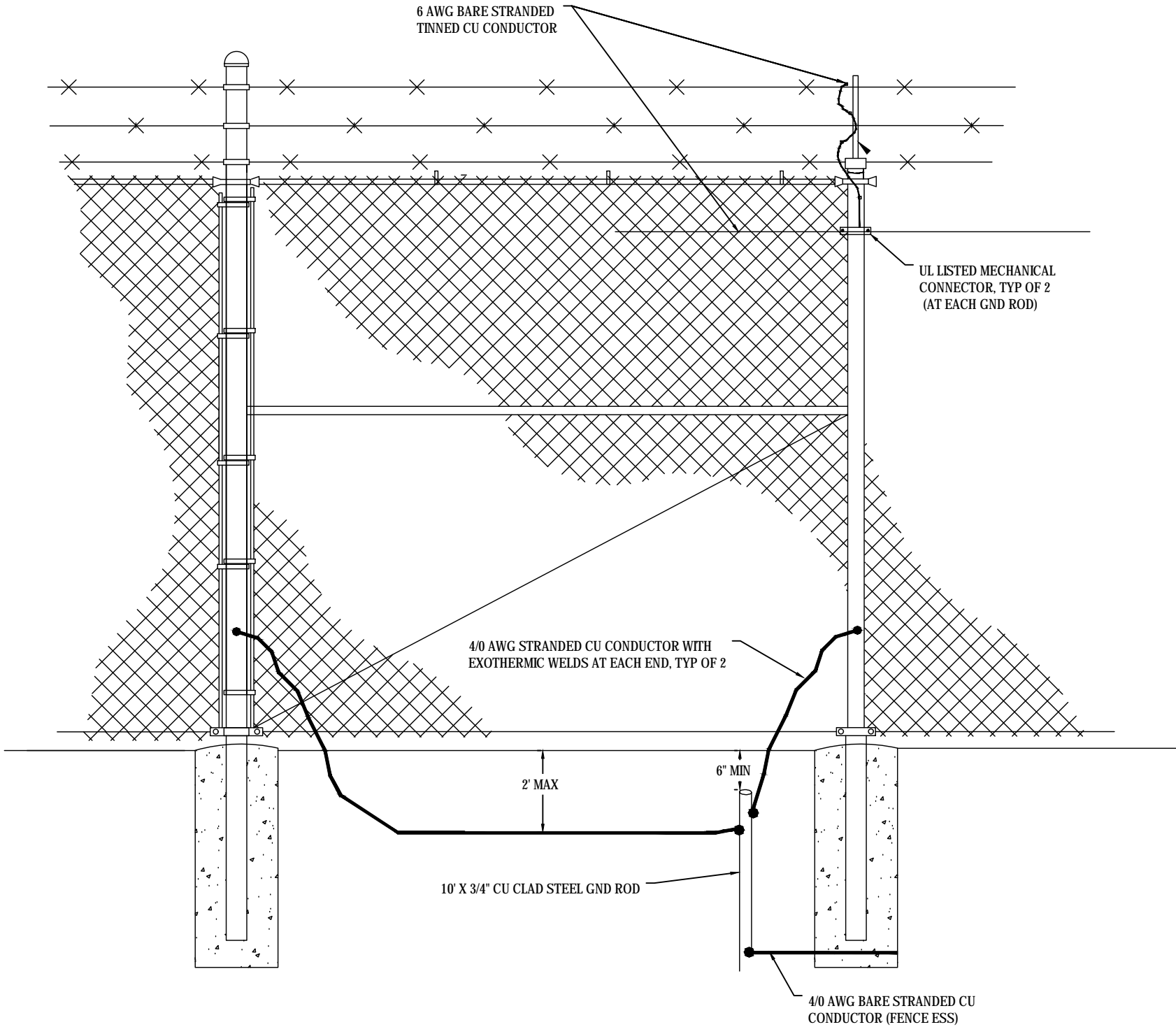
REV	DATE	DESCRIPTION
2	9/9/2019	UPDATE SHEET NUMBERS
1	8/22/2019	FOR AIRPORT REVIEW



1	9/9/2019	FOR AIRPORT REVIEW	
REV	DATE	DESCRIPTION	

SHEET NOTES:

- 1. FENCE POSTS ADJACENT TO THE (E) UG 12KV POWER LINE SHALL BE GROUNDED.
- 2. GROUND ROD SHALL BE NEARER TO THE ADJACENT FENCE POST FURTHER FROM THE (E) UG 12KV POWER LINE.
- 3. A 4/0 AWG BARE STRANDED CU CONDUCTOR SHALL BE CONNECTED BETWEEN THE GROUND ROD AND THE ADJACENT FENCE POST CLOSER TO THE (E) UG 12KV POWER LINE. TAKE CARE TO AVOID INTERACTING WITH THE (E) UG 12KV POWER LINE; KEEP THE 4/0 AWG CONDUCTOR ABOVE 2' BELOW GRADE.
- 4. EACH ELEMENT OF THE FENCE SHALL BE GROUNDED: POST, FENCE FABRIC, AND BARBED WIRE. WHERE CROSSBARS OR STRANDED WIRE IS USED, EACH HORIZONTAL STRAND OR CROSS BAR SHALL BE BONDED TO GROUND.
- 5. GROUND RODS SHALL BE DRIVEN VERTICALLY UNTIL THE TOP IS 6" BELOW THE GROUND SURFACE.
- 6. CALL USA PRIOR TO DIGGING NEAR UG POWER LINE.



1 FENCE ELECTRICAL GROUNDING - ELEVATION VIEW

REV	DATE	DESCRIPTION
1	9/9/2019	FOR AIRPORT REVIEW

Item F-162 Chain-Link Fence

DESCRIPTION

162-1.1 This item shall consist of furnishing and erecting a chain-link fence in accordance with these specifications, the details shown on the plans, and in conformity with the lines and grades shown on the plans or established by the RPR.

MATERIALS

162-2.1 Fabric. The fabric shall be woven with a 9-gauge polyvinyl chloride (PVC)-coated steel wire in a 2-inch (50 mm) mesh and shall meet the requirements of **ASTM F668, Class 2b**.

162-2.2 Barbed wire. Barbed wire shall be 2-strand 12-1/2 gauge zinc-coated wire with 4-point barbs and shall conform to the requirements of **ASTM A121, Class 3 Chain Link Fence Grade**.

162-2.3 Posts, rails, and braces. Line posts, rails, and braces shall conform to the requirements of **ASTM F1043 or ASTM F1083** as follows:

- Vinyl or polyester coated steel shall conform to the requirements of **ASTM F1043, Paragraph 7.3, Optional Supplemental Color Coating**.

Posts, rails, and braces, with the exception of galvanized steel conforming to **ASTM F1043 or ASTM F1083, Group 1A, Type A**, or aluminum alloy, shall demonstrate the ability to withstand testing in salt spray in accordance with **ASTM B117** as follows:

- External: 1,000 hours with a maximum of 5% red rust.
- Internal: 650 hours with a maximum of 5% red rust.

The dimensions of the posts, rails, and braces shall be in accordance with Tables I through VI of Federal Specification RR-F-191/3.

162-2.4 Gates. Gate frames shall consist of polymer-coated steel pipe and shall conform to the specifications for the same material under paragraph 162-2.3. The fabric shall be of the same type material as used in the fence.

162-2.5 Wire ties and tension wires. Wire ties for use in conjunction with a given type of fabric shall be of the same material and coating weight identified with the fabric type. Tension wire shall be 7-gauge marcelled steel wire with the same coating as the fabric type and shall conform to **ASTM A824**.

All material shall conform to Federal Specification RR-F-191/4.

162-2.6 Miscellaneous fittings and hardware. Miscellaneous steel fittings and hardware for use with PVC coated steel fabric shall be of commercial grade steel or better quality, wrought or cast as appropriate to the article, and sufficient in strength to provide a balanced design when used in conjunction with fabric posts, and wires of the quality specified herein. Barbed wire support arms shall withstand a load of 250 pounds (113 kg) applied vertically to the outermost end of the arm.

162-2.7 Concrete. Concrete shall have a minimum 28-day compressive strength of 3000 psi (2670 kPa).

162-2.8 Marking. Each roll of fabric shall carry a tag showing the kind of base metal (steel, aluminum, or aluminum alloy number), kind of coating, the gauge of the wire, the length of fencing in the roll, and the name of the manufacturer. Posts, wire, and other fittings shall be identified as to manufacturer, kind of base metal (steel, aluminum, or aluminum alloy number), and kind of coating.

CONSTRUCTION METHODS

162-3.1 General. The fence shall be constructed in accordance with the details on the plans and as specified here using new materials. All work shall be performed in a workmanlike manner satisfactory to the RPR. The Contractor shall layout the fence line precisely using survey grade instrumentation based on the northings and eastings shown on the plans.

The Contractor shall span the opening below the fence with barbed wire at all locations where it is not practical to conform the fence to the general contour of the ground surface because of natural or manmade features such as drainage ditches. The new fence shall be permanently tied to the terminals of existing fences as shown on the plans. The Contractor shall stake down the woven wire fence at several points between posts as shown on the plans.

162-3.2 Clearing fence line. Clearing shall consist of the removal of all stumps, brush, rocks, trees, or other obstructions that will interfere with proper construction of the fence. Stumps within the cleared area of the fence shall be grubbed or excavated. The bottom of the fence shall be placed a uniform distance above ground, as specified in the plans. When shown on the plans or as directed by the RPR, the existing fences which interfere with the new fence location shall be removed by the Contractor as a part of the construction work unless such removal is listed as a separate item in the bid schedule. All holes remaining after post and stump removal shall be refilled with suitable soil, gravel, or other suitable material and compacted with tampers.

The cost of removing and disposing of the material shall not constitute a pay item and shall be considered incidental to fence construction.

162-3.3 Installing posts. All posts shall be set in concrete at the required dimension and depth and at the spacing shown on the plans.

The concrete shall be thoroughly compacted around the posts by tamping or vibrating and shall have a smooth finish slightly higher than the ground and sloped to drain away from the posts. All posts shall be set plumb and to the required grade and alignment. No materials shall be installed on the posts, nor shall the posts be disturbed in any manner within seven (7) days after the individual post footing is completed.

Should rock be encountered at a depth less than the planned footing depth, a hole 2 inches (50 mm) larger than the greatest dimension of the posts shall be drilled to a depth of 12 inches (300 mm). After the posts are set, the remainder of the drilled hole shall be filled with grout, composed of one-part Portland cement and two parts mortar sand. Any remaining space above the rock shall be filled with concrete in the manner described above.

In lieu of drilling, the rock may be excavated to the required footing depth. No extra compensation shall be made for rock excavation.

162-3.4 Installing top rails. The top rail shall be continuous and shall pass through the post tops. The coupling used to join the top rail lengths shall allow for expansion.

162-3.5 Installing braces. Horizontal brace rails, with diagonal truss rods and turnbuckles, shall be installed at all terminal posts.

162-3.6 Installing fabric. The wire fabric shall be firmly attached to the posts and braced as shown on the plans. All wire shall be stretched taut and shall be installed to the required elevations. The fence shall generally follow the contour of the ground, with the bottom of the fence fabric no less than one inch (25 mm) or more than 4 inches (100 mm) from the ground surface. Grading shall be performed where necessary to provide a neat appearance.

At locations of small natural swales or drainage ditches and where it is not practical to have the fence conform to the general contour of the ground surface, longer posts may be used, and multiple strands of barbed wire stretched to span the opening below the fence. The vertical clearance between strands of barbed wire shall be 6 inches (150 mm) or less.

162-3.7 Electrical grounds. An electrical ground shall be constructed where a power line passes under the fence as shown on plans. The ground shall be accomplished with a copper clad rod 8 feet (2.4 m) long and a minimum of 5/8 inches (16 mm) in diameter driven vertically until the top is 6 inches (150 mm) below the ground surface. A No. 6 solid copper conductor shall be clamped to the rod and to a fence post on each side of the crossing, the fence fabric between those posts, and the stranded barbed wire at the top of the fence. Installation of ground rod shall not constitute a pay item and shall be considered incidental to fence construction. The Contractor shall comply with FAA-STD-019, Lightning and Surge Protection, Grounding, Bonding and Shielding Requirements for Facilities and Electronic Equipment, paragraph 4.2.3.8, Lightning Protection for Fences and Gates, when fencing is adjacent to FAA facilities.

162-3.8 Cleaning up. The Contractor shall remove from the vicinity of the completed work all tools, buildings, equipment, etc., used during construction. All disturbed areas shall be seeded per T-901.

METHOD OF MEASUREMENT

162-4.1 Chain-link fence will be measured for payment by the linear foot (meter). Measurement will be along the top of the fence from center to center of end posts, excluding the length occupied by gate openings.

162-4.2 Gates will be measured as complete units.

BASIS OF PAYMENT

162-5.1 Payment for chain-link fence will be made at the contract unit price per linear foot.

162-5.2 Payment for vehicle gate will be made at the contract unit price for each gate.

The price shall be full compensation for furnishing all materials, and for all preparation, erection, and installation of these materials, and for all labor equipment, tools, and incidentals necessary to complete the item.

REFERENCES

The publications listed below form a part of this specification to the extent referenced. The publications are referred to within the text by the basic designation only.

ASTM International (ASTM)

ASTM A121	Standard Specification for Metallic-Coated Carbon Steel Barbed Wire
ASTM A153	Standard Specification for Zinc Coating (Hot-Dip) on Iron and Steel Hardware
ASTM A392	Standard Specification for Zinc-Coated Steel Chain-Link Fence Fabric
ASTM A491	Standard Specification for Aluminum-Coated Steel Chain-Link Fence Fabric
ASTM A824	Standard Specification for Metallic-Coated Steel Marcellled Tension Wire for Use with Chain Link Fence
ASTM B117	Standard Practice for Operating Salt Spray (Fog) Apparatus
ASTM F668	Standard Specification for Polyvinyl Chloride (PVC), Polyolefin and other Organic Polymer Coated Steel Chain-Link Fence Fabric
ASTM F1043	Standard Specification for Strength and Protective Coatings on Steel Industrial Fence Framework
ASTM F1083	Standard Specification for Pipe, Steel, Hot-Dipped Zinc-Coated (Galvanized) Welded, for Fence Structures
ASTM F1183	Standard Specification for Aluminum Alloy Chain Link Fence Fabric

ASTM F1345	Standard Specification for Zinc 5% Aluminum-Mischmetal Alloy Coated Steel Chain-Link Fence Fabric
ASTM G152	Standard Practice for Operating Open Flame Carbon Arc Light Apparatus for Exposure of Nonmetallic Materials
ASTM G153	Standard Practice for Operating Enclosed Carbon Arc Light Apparatus for Exposure of Nonmetallic Materials
ASTM G154	Standard Practice for Operating Fluorescent Ultraviolet (UV) Lamp Apparatus for Exposure of Nonmetallic Materials
ASTM G155	Standard Practice for Operating Xenon Arc Light Apparatus for Exposure of Nonmetallic Materials
Federal Specifications (FED SPEC)	
FED SPEC RR-F-191/3 Fencing, Wire and Post, Metal (Chain-Link Fence Posts, Top Rails and Braces)	
FED SPEC RR-F-191/4 Fencing, Wire and Post, Metal (Chain-Link Fence Accessories)	
FAA Standard	
FAA-STD-019	Lightning and Surge Protection, Grounding, Bonding and Shielding Requirements for Facilities and Electronic Equipment
FAA Orders	
5300.38	AIP Handbook

END OF ITEM F-162



STAFF REPORT
Agenda Item # 5.3

AGENDA DATE:	September 26, 2019
TO:	Board of Directors
PREPARED BY:	Dana Boudreau, Director of Operations
SUBJECT:	Renewal of RCEA Office Lease at 633 3 rd Street, Eureka CA

SUMMARY

Redwood Coast Energy Authority operates out of a single facility at 633 3rd Street in Eureka. Staff additions due to the launch of the CCA program have caused RCEA to exceed the capacity of the current office space (for example: the maximum allowable occupancy of our largest meeting room is not sufficient to allow for a full-staff meeting with all employees in attendance).

Due to this situation, staff has begun to explore other options for office space, but should RCEA decided to move to another site the decision-making and relocation process will take many months. RCEA has been under a month-to-month term since March 2019 when our previous lease term expired. RCEA general counsel is reviewing a draft one-year lease renewal for our current site (attached). Staff believes that a one-year lease is a reasonable amount of time to review alternatives and select a new space; at the end of the lease term we can elect to revert to a month-to-month lease, or extend the lease depending on need.

During the coming 12 months staff will evaluate and report back to the Board on potential rental and purchase options in the Eureka area that could meet RCEA's needs; options include potential modernization to our existing office and the adjacent/attached building.

FINANCIAL IMPACTS

RCEA currently pays \$4,524/month. Effective October 1, 2019, the monthly rent will increase to \$5,582.00, or a 19% increase. The new rate is equivalent to \$0.90/ft².

An optional 3-year extension is subject to a CPI adjustment of no less than 2.5% and no greater than 4% per year. Staff will seek to negotiate a shorter extension since three years is unlikely to fit our timeline.

RECOMMENDED ACTIONS

1. Authorize Executive Director and legal counsel to negotiate, finalize, and execute a building lease renewal for 633 3rd Street, Eureka CA, and any associated documents.

ATTACHMENTS

1. Draft one-year building lease renewal.

COMMERCIAL OFFICE LEASE

THIS LEASE ("Lease") is entered into as of September 1, 2019 (the "Effective Date"), between JOHN R. WINZLER REVOCABLE TRUST, FLORA N. WINZLER MARITAL TRUST and REED A. KELLY (collectively "Landlord") and REDWOOD COAST ENERGY AUTHORITY, a local government Joint Powers Agency ("Tenant").

Recitals

A. Landlord is the owner of certain land, and improvements consisting of an approximately 6,200 square foot building located at 633 3rd Street, Eureka, California (the "Real Property").

B. Landlord desires to lease to Tenant and Tenant desires to lease from Landlord a portion of the Real Property consisting of approximately 6,202 square feet of office space (the "Premises") on the terms and conditions in this Lease.

C. Tenant has occupied the Premises continually since April, 2013, pursuant to a prior written lease with Landlord.

Agreement

NOW THEREFORE, for good and valuable consideration, the parties agree as follows:

Section 1. Definitions

As used in this Lease the following terms shall have the following definitions:

"Commencement Date" is defined in Section 3 hereof.

"Event of Default" is defined in Section 20 hereof.

"Landlord" is defined in the preamble of this Lease.

"Lease" is defined in the preamble of this Lease.

"Premises" is defined in Recital B hereof.

"Real Property" is defined in Recital A hereof.

"Rent" is defined in Section 2 hereof.

"Tenant" is defined in the preamble of this Lease.

"Term" is defined in Section 3 hereof.

"Termination Date" is defined in Section 3 hereof.

“Trade Fixtures” is defined in Section 15(a) hereof.

Section 2. Lease and Rent

(a) Landlord leases to Tenant and Tenant leases from Landlord the Premises on the terms and conditions in this Lease. Tenant shall pay rent in the amount of Five Thousand Five Hundred Eight Two Dollars (\$5,582.00) per month (“Rent”), each and every month during the Initial Term (as defined in Section 3 of this Lease, below) of the Lease. Rent shall be due and payable on the first (1st) day of each month, and shall be deemed late if not tendered to Landlord prior to the fifth (5th) day of each month.

(b) Commencing on September 1, 2020, the Rent set forth in Section 2(a), above shall increase annually during the Option Term if exercised, by using the Consumer Price Index for All Urban Consumers for San Francisco-Oakland-San Jose, California published by the United States Bureau of Labor Statistics (CPI-U) in effect at the commencement of each year.

No adjustment shall be less than two and one-half percent (2.5%) per year or greater than four percent (4%) per year.

(c) The Security Deposit previously pledged by Tenant in the sum of Four Thousand One Hundred Dollars (\$4,100.00) will remain on deposit during the term of this Lease.

Section 3. Term and Option Term

(a) Term. The term of this Lease is for one (1) year (“Term”), commencing on September 1, 2019 (“Commencement Date”), and ending on August 31, 2020 (“Termination Date”).

(b) Option to Renew. Provided Tenant is not in material default under the Lease, Tenant shall have the option to extend the Term of this Lease for one additional three (3) year period (“Option Term”). In the event Tenant desires to exercise the Option Term, Tenant shall provide Landlord with written notice of its intent to exercise the Option at least six (6) months before the expiration of the Term.

Section 4. Use

(a) Tenant will occupy and use the Premises for a business office including energy information for the public and all other operations incident to the conduct of the business, and Tenant agrees not to use the Premises for any immoral or unlawful purpose.

(b) Tenant shall not commit any acts on the Premises, nor use the Premises in any manner that will increase the existing rates for or cause the cancellation of any fire, liability, or other insurance policy insuring the Premises or the improvements on the Premises.

(c) Tenant shall not commit any waste or any public or private nuisance upon the Premises.

(d) Tenant shall comply with all laws, rules, and orders of all federal, state, and municipal governments or agencies that may be applicable to use of the Premises.

Section 5. Utilities

During the Term, Tenant shall pay, before delinquency, all charges or assessments for telephone, water, sewer, gas, heat, electricity, garbage disposal, trash disposal, and all other utilities and services of any kind that may be used on the Premises.

Section 6. Taxes

(a) Landlord shall pay all real property taxes. Tenant shall independently pay, and hold Landlord and the Premises harmless from, any and all personal property taxes attributable to Tenant's use of and operations at the Premises.

(b) If Tenant has not paid any tax, assessment, or public charge required by this Lease to be paid by Tenant before its delinquency, then Landlord may, but shall not be required to, pay and discharge the tax, assessment, or public charge. If a tax, assessment, or public charge, including penalties and interest, are paid by Landlord, the amount of that payment shall be due and payable to Landlord by Tenant with the next succeeding rental installment, and shall bear interest at the rate of ten percent (10%) per annum from the date of the payment by Landlord until repayment by Tenant.

Section 7. Condition of Premises

Tenant acknowledges that as of the date of this Lease, Tenant has occupied and inspected the Premises and all improvements on the Premises and that the Premises and improvements are in good order, repair, and condition.

Section 8. Accessibility Inspection Disclosure

The Premises has not been inspected by a Certified Access Specialist ("CASp"), based on Lessor's current information and belief. A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

Section 9. Repairs and Maintenance; Janitorial

(a) Tenant agrees, at Tenant's own expense, to keep the Premises in good condition and repair, and to deliver to Landlord physical possession of the Premises at the end of the Term in good condition and repair, reasonable wear and tear and use and loss by fire or other casualty or by earthquake or other act of God excepted.

(b) Landlord shall be responsible for any necessary repairs to the HVAC units, building roof, and exterior walls. Tenant shall be responsible for keeping and maintaining a HVAC maintenance contract for the inspection, replacement of the filters (with a minimum Merv 12 rating), making minor repairs and adjusting the HVAC units on an annual basis as well as prior to vacating the Premises. Tenant shall professionally maintain the Premises including electrical, plumbing and water systems and keep glass, windows and doors in operable and safe condition.

(c) If at any time during the Term, Tenant fails to maintain the Premises or make any repairs or replacements as required by Section 9(a), Landlord may, but shall not be required to, enter the Premises and perform the maintenance or make the repairs or replacements for the account of Tenant; any sums expended by Landlord in so doing, together with interest at ten percent (10%) per annum, shall be deemed additional rent and shall be immediately due from Tenant on demand of Landlord.

(d) Tenant waives the provisions of Civil Code §§1941 and 1942 and any other law that would require Landlord to maintain the Premises in a tenantable condition or would provide Tenant with the right to make repairs and deduct the cost of those repairs from the rent.

(e) Tenant shall be solely responsible for all costs and expenses related to janitorial and landscaping services at the Premises during the Term (and any extended term) of the Lease.

Section 10. Alterations

Tenant shall not make any alterations to either the interior or exterior of the Premises without Landlord's written consent. Any alterations made with Landlord's consent shall remain on and be surrendered with the Premises on expiration or termination of the term, except that Landlord can elect within sixty (60) days before expiration of the term, or within ten (10) days after termination of the term, to require Tenant to remove any alterations that Tenant has made to the Premises, at Tenant's cost.

Section 11. Entry and Inspection

Tenant shall permit Landlord or Landlord's agents, representatives, or employees to enter the Premises at all reasonable times and upon reasonable notice to inspect the Premises to determine whether Tenant is complying with the terms of this Lease and to do other lawful acts that may be necessary to protect Landlord's interest in the Premises under this Lease or to perform Landlord's duties under this Lease. Landlord shall have the right to inspect and show the Premises to prospective tenants upon forty-eight (48) hours advance notice.

Section 12. Surrender of Premises; Holding Over

(a) On the first day following expiration of the Term (or Option Term if exercised) or earlier termination of this Lease, Tenant shall promptly surrender and deliver the Premises to Landlord in as good condition as they were at the inception of the initial lease in April, 2013, reasonable wear and tear excepted.

(b) At the end of the Term (or Option Term if exercised), should Tenant hold over for any reason, it is agreed that in the absence of a written agreement to the contrary, that tenancy shall be from month-to-month only and not a renewal of this Lease. Tenant shall pay Rent in an

amount equal to one hundred and fifty percent (150%) of the Rent payable prior to the end of the Term (or Option Term if exercised). The month-to-month tenancy shall be subject to every other term, covenant, and condition in this Lease that is consistent with and not contrary to a month-to-month tenancy.

Section 13. Indemnity

Tenant agrees to indemnify and defend Landlord from any claims, demands, and causes of action of any nature and any expense incident to the defense, for injury to or death of persons or loss of or damage to property occurring on or about the Premises that grow out of or are connected with Tenant's use and occupation of the Premises or the condition of the Premises (unless the condition is one for which Landlord has expressly assumed the responsibility for remedying and the condition is not caused by Tenant), during the Term.

Section 14. Insurance

(a) Landlord shall maintain fire and extended coverage insurance on the Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures and inventory, located in the Premises.

(b) Tenant shall, at Tenant's own cost and expense, secure and maintain during the entire term of this Lease and any extended Term of this Lease, a policy or policies of comprehensive general liability insurance with the premiums thereon fully paid on or before due date, issued by and binding upon an insurance company approved by Landlord, with policy limits of no less than \$1,000,000 per incident, \$2,000,000 per occurrence, combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph.

Section 15. Trade Fixtures

(a) Tenant shall have the right, at any time and from time to time during the Term, at Tenant's sole cost and expense, to install and affix on the Premises items for use in Tenant's trade or business, which Tenant, in Tenant's sole discretion, deems advisable (collectively "Trade Fixtures"). Trade Fixtures installed in the Premises by Tenant shall always remain the property of Tenant and may be removed at the expiration of the Term, provided that any damage to the Premises caused by the removal of the Trade Fixtures shall be repaired by Tenant, and further provided that Landlord shall have the right to keep any Trade Fixtures or to require Tenant to remove any Trade Fixtures that Tenant might otherwise elect to abandon.

(b) As security for Tenant's performance of obligations under this Lease, Tenant grants to Landlord a security interest in all Trade Fixtures owned by Tenant and now or later placed on the Premises by Tenant. Any right to remove the Trade Fixtures given Tenant by the provisions of Section 15(a) shall be exercisable only if, at the time of the removal, Tenant is not in default in performance of this Lease. Tenant may, however, at any time Tenant is not in default in performance of this Lease, trade in or replace any Trade Fixture, free of the security interest created by this section. This security interest will then attach to the item that replaced the

previous Trade Fixture. Upon default under this Lease, Landlord shall immediately have as to the Trade Fixtures the remedies provided to a secured party under relevant sections of the California Uniform Commercial Code.

(c) Any Trade Fixtures that are not removed from the Premises by Tenant prior to expiration of the Term shall be deemed abandoned by Tenant and shall automatically become the property of Landlord as owner of the real property to which they are affixed and not due to the lien provided to Landlord in Section 15(b).

Section 16. Signs

Tenant shall not place, maintain, nor permit on any exterior door, wall, or window of the Premises any sign, awning, canopy, marquee, or other advertising without the express written consent of Landlord. Furthermore, Tenant shall not place any decoration, lettering, or advertising matter on the glass of any exterior show window of the Premises without the written approval of Landlord. If Landlord consents to any sign, awning, canopy, marquee, decoration, or advertising matter, Tenant shall maintain it in good appearance and repair at all times during this Lease. At the Termination Date, Tenant shall be obligated to remove signage and repaint the building as necessary to restore the interior or exterior condition of the building to the pre-lease condition. If any of the items mentioned in this section that are not removed from the Premises by Tenant may, without damage or liability, be destroyed by Landlord.

Section 17. Damage and Destruction

(a) If the building or other improvements constructed on the Premises are damaged or destroyed, whether partially or entirely, by any cause, Tenant, at Tenant's own cost and expense, but utilizing the proceeds of insurance, if any, including any insurance carried by Landlord to the extent available, shall repair, restore, or reconstruct the damaged or destroyed building and other improvements so that the condition and quality of the new building and other improvements shall be as near as reasonably possible to the condition and quality immediately prior to the damage or destruction. Damage to or destruction of any portion of the building, fixtures, or other improvements on the Premises by fire, the elements, or any other cause shall not terminate this Lease or entitle Tenant to surrender the Premises or otherwise affect the respective obligations of the parties, any present or future law to the contrary notwithstanding. However, if the building, fixtures, or other improvements on the Premises are totally destroyed or damaged to the extent that the Premises is wholly unsuitable or inadequate for the purposes for which Tenant was using the Premises prior to the destruction or damage, all Rent, together with other costs payable by Tenant, shall abate effective the date of the destruction or damage. Further, if the building constructed on the Premises is damaged to the extent that the Premises is partially unsuitable or inadequate for the purposes for which Tenant was using the Premises prior to the damage, the Rent otherwise payable by Tenant shall be reduced effective the date of the damage so that the new Rent payable shall be an amount equivalent to the proportion of the Rent otherwise payable as the total floor area of the building still reasonably suitable for Tenant's use under this Lease bears to the total floor area of the building prior to the damage. Upon the completion by Tenant of a new building and other improvements after completion of their repair, restoration, or reconstruction, all partial or total abatement of rental shall cease and the full rental provided for in this Lease shall again be payable.

(b) If the Premises are damaged or destroyed in whole or in part, Tenant shall proceed with due diligence to have plans and specifications prepared and obtain approval by Landlord, which approval shall not be unreasonably withheld, to commence rebuilding, reconstruction, or restoration as promptly as possible after the occurrence of the event causing the damage or destruction, and thereafter to diligently complete the work. If Tenant does not proceed with due diligence and does not diligently finish the work, Landlord or any beneficiary under any deed of trust covering the Premises, if permitted by the deed of trust, may, but shall not be obligated to, enter the Premises and do whatever may be necessary for the rebuilding, recordation, repair, or restoration of any building or improvements damaged or destroyed.

(c) Before any contract or subcontract is let or other agreement executed for the performance of any service, or the furnishing of any materials, and before any work of any kind or nature is commenced upon the rebuilding, reconstruction, repair, or restoration, Tenant will procure and deliver to Landlord a completion bond or agreement in form satisfactory to Landlord issued by a reputable surety corporation or bonding corporation qualified to do business in California, guaranteeing or otherwise assuring Landlord that the reconstruction and repair of the building and improvements will proceed to completion with due diligence, that the reconstruction and repair, when completed, will be fully paid for, and that the Premises will remain free of all mechanics', laborers' or materialmen's liens or claimed liens on account of any services or materials furnished or labor or work performed in connection with the performance of the reconstruction and repair.

(d) Regardless of any contrary provisions in this Lease, if the building or other improvements to be constructed on the Premises or any substitute are damaged or destroyed by any cause to the extent of more than twenty-five percent (25%) of its insurable value during Term, Tenant may, at Tenant's sole option, terminate this Lease within ninety (90) days of the damage or destruction by giving written notice to Landlord. In the event of termination, Tenant shall pay to Landlord all insurance proceeds, if any, received by Tenant as a result of the damage or destruction to the extent allocable to the building or other improvements owned by Landlord.

Section 18. Condemnation

(a) If, during the Term, the whole of the Premises shall be taken pursuant to any condemnation proceeding, this Lease shall terminate as of 12:01 a.m. of the date that actual physical possession of the Premises is taken, and after that, both Landlord and Tenant shall be released from all obligations under this Lease.

(b) If, during the Term, only a part of the Premises is taken pursuant to any condemnation proceeding and the remaining portion is not suitable or adequate for the purposes for which Tenant was using the Premises prior to the taking, or if the Premises should become unsuitable or inadequate for those purposes by reason of the taking of any other property adjacent to or over the Premises pursuant to any condemnation proceeding, or if by reason of any law or ordinance the use of the Premises for the purposes specified in this Lease shall become unlawful, then and after the taking or after the occurrence of other described events, Tenant shall have the option to terminate, and the option can be exercised only after the taking or after the occurrence of other described events by Tenant giving ten (10) days' written notice to Landlord, and rent shall be paid only to the time when Tenant surrenders possession of the Premises. Without limiting the generality of the previous provision, it is agreed that in the event of a partial taking of the Premises pursuant to any condemnation proceeding, if the number of square feet of floor area in

the portion remaining after the taking is less than eighty percent (80%) of the number of square feet of floor area at the commencement of the Term, Tenant shall, after the taking, have the option to terminate this Lease on ten (10) days' written notice to Landlord, and rent shall be paid only to the time when Tenant surrenders possession of the Premises.

(c) If only a part of the Premises is taken pursuant to any condemnation proceeding under circumstances that Tenant does not have the option to terminate this Lease as provided in this Section, or having the option to terminate, Tenant elects not to terminate, then Landlord shall at Landlord's expense promptly proceed to restore the remainder of the Premises to a self-contained architectural unit, and the Rent payable shall be reduced effective the date of the taking to an amount that shall be in the same proportion to Rent payable prior to the taking, as the number of square feet of floor area remaining after the taking bears to the number of square feet of floor area immediately prior to the taking.

(d) If the whole or any part of the Premises are taken pursuant to any condemnation proceeding, then Landlord shall be entitled to the entirety of any condemnation award except that portion allocable to Tenant's unsalvageable Trade Fixtures.

Section 19. Assignment and Subletting

(a) Except as provided in Section 19(b), Tenant shall not assign this Lease without the prior written consent of Landlord, which shall not be unreasonably withheld, provided that subsequent to any assignment Tenant shall remain primarily liable for the rental to be paid under this Lease and the performance of all terms and conditions of this Lease.

(b) However, Tenant may assign this Lease without Landlord's written consent if the assignment is made:

(i) to a successor corporation into which or with which Tenant is merged or consolidated in accordance with applicable statutory provisions for the merger or consolidation of corporations,

(ii) to a wholly-owned subsidiary of Tenant, or

(iii) to a corporation to which Tenant shall sell all or substantially all of Tenant's assets; and the liabilities of the corporations participating in the merger or consolidation or of the transferor corporation must be assumed by the corporation surviving the merger or created by the consolidation or by the transferee corporation, in the event of a transfer to a wholly-owned subsidiary or a sale of all or substantially all assets, and that corporation (except in the case of a wholly-owned subsidiary) must have a net worth at least equal to the net worth of Tenant at the time of execution of this Lease. Upon delivery to Landlord, by a successor corporation to which this Lease is assigned or transferred, of the agreement of the corporation to be bound by the terms, covenants, and conditions of this Lease to be performed by Tenant after the date of the assignment or transfer, Tenant shall be released and discharged from all obligations later arising under this Lease, except where the transfer is to a wholly-owned subsidiary of Tenant.

Section 20. Default

Any of the following events or occurrences shall constitute a material breach of this Lease by Tenant and, after the expiration of any applicable grace period, shall constitute an event of default (each an “Event of Default”):

- (a) The failure by Tenant to pay any amount in full when it is due under the Lease;
- (b) The failure by Tenant to perform any obligation under this Lease, which by its nature Tenant has no capacity to cure;
- (c) The failure by Tenant to perform any other obligation under this Lease, if the failure has continued for a period of ten (10) days after Landlord demands in writing that Tenant cure the failure. If, however, by its nature the failure cannot be cured within ten (10) days, Tenant may have a longer period as is necessary to cure the failure, but this is conditioned upon Tenant's promptly commencing to cure within the ten (10) day period and thereafter diligently completing the cure. Tenant shall indemnify and defend Landlord against any liability, claim, damage, loss, or penalty that may be threatened or may in fact arise from that failure during the period the failure is uncured;
- (d) Any of the following: A general assignment by Tenant for the benefit of Tenant's creditors; any voluntary filing, petition, or application by Tenant under any law relating to insolvency or bankruptcy, whether for a declaration of bankruptcy, a reorganization, an arrangement, or otherwise; the abandonment, vacation, or surrender of the Premises by Tenant without Landlord's prior written consent; or the dispossession of Tenant from the Premises (other than by Landlord) by process of law or otherwise;
- (e) The appointment of a trustee or receiver to take possession of all or substantially all of Tenant's assets; or the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, unless the appointment or attachment, execution, or seizure is discharged within thirty (30) days; or the involuntary filing against Tenant, or any general partner of Tenant if Tenant is a partnership, of
 - (i) a petition to have Tenant, or any partner of Tenant if Tenant is a partnership, declared bankrupt, or
 - (ii) a petition for reorganization or arrangement of Tenant under any law relating to insolvency or bankruptcy, unless, in the case of any involuntary filing, it is dismissed within sixty (60) days;
- (f) The abandonment of the Premises by Tenant.

Section 21. Remedies

Upon the occurrence of an Event of Default under this Lease by Tenant, Landlord is entitled at Landlord's option to the following:

- (a) to reenter and take exclusive possession of the Premises;
- (b) to collect immediately the present value of the unpaid rent reserved for the entire

term, or to collect each installment of rent as it becomes due;

(c) to continue this Lease in force or to terminate it at any time;

(d) to relet the Premises for any period on Tenant's account and at Tenant's expense, including real estate commissions actually paid, and to apply the proceeds received during the balance of Term to Tenant's continuing obligations under this Lease;

(e) to take custody of all personal property on the Premises and to dispose of the personal property and to apply the proceeds from any sale of that property to Tenant's obligations under this Lease;

(f) to recover from Tenant the damages described in [Civil Code §§ 1951.2\(a\)\(1\), 1951.2\(a\)\(2\), 1951.2\(a\)\(3\), and 1951.2\(a\)\(4\)](#), the provisions of which are expressly made a part of this Lease;

(g) to restore the Premises to the same condition as received by Tenant, or to alter the Premises to make them suitable for reletting, all at Tenant's expense; and

(h) to enforce by suit or otherwise all obligations of Tenant under this Lease and to recover from Tenant all remedies now or later allowed by law.

Any act that Landlord is entitled to do in exercise of Landlord's rights upon an Event of Default may be done at a time and in a manner deemed reasonable by Landlord in Landlord's sole discretion, and Tenant irrevocably authorizes Landlord to act in all things done on Tenant's account.

Section 22. Late Charge

Tenant acknowledges that Tenant's failure to pay any installment of the Rent or any other amounts due under this Lease as and when due may cause Landlord to incur costs not contemplated by Landlord when entering into this Lease, the exact nature and amount of which would be extremely difficult and impracticable to ascertain. Accordingly, if any installment of the Rent or any other amount due under the Lease is not received by Landlord as and when due, then, without any notice to Tenant, Tenant shall pay to Landlord an amount equal to five percent (5%) of the past due amount, which the parties agree represents a fair and reasonable estimate of the costs incurred by Landlord as a result of the late payment by Tenant.

Section 23. Default Interest

If Tenant fails to pay any amount due under this Lease as and when due, that amount shall bear interest at the rate of ten percent (10%) from the due date until paid.

Section 24. Waiver of Breach

Any express or implied waiver of a breach of any term of this Lease shall not constitute a waiver of any further breach of the same or other term of this Lease; and the acceptance of rent shall not constitute a waiver of any breach of any term of this Lease, except as to the payment of rent accepted.

Section 25. Estoppel Certificates

At any time, with at least fifteen (15) days' prior notice by Landlord, Tenant shall execute, acknowledge, and deliver to Landlord a certificate certifying:

- (a) the Commencement Date and the Term;
- (b) the amount of the Rent;
- (c) the dates to which rent and other charges have been paid;
- (d) that this Lease is unmodified and in full force or, if there have been modifications, that this Lease is in full force, as modified, and stating the date and nature of each modification;
- (e) that no notice has been received by Tenant of any default by Tenant that has not been cured except, if any exist, those defaults must be specified in the certificate, and Tenant must certify that no event has occurred that, but for the expiration of the applicable time period or the giving of notice or both, would constitute an Event of Default under this Lease;
- (f) that no default of Landlord is claimed by Tenant, except, if any, those defaults must be specified in the certificate; and
- (g) other matters as may be reasonably requested by Landlord.

Any certificate may be relied on by prospective purchasers, mortgagees, or beneficiaries under any deed of trust on the Premises or any part of it.

Section 26. Attorney Fees

If any action at law or in equity is brought to recover any rent or other sums under this Lease, or for or on account of any breach of or to enforce or interpret any of the covenants, terms, or conditions of this Lease, or for the recovery of the possession of the Premises, the prevailing party shall be entitled to recover from the other party as part of prevailing party's costs reasonable attorney fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

Section 27. Potential Lease of Additional Space; Agreement Not to List Real Property

Landlord is aware that Tenant is in need of a larger space totaling approximately 10,000 square feet in order to expand its operations. The Landlord and Tenant mutual desire to explore the feasibility of Tenant leasing additional portions of the Real Property and/or an adjacent building owned by Landlord. Both parties agree to be responsive, provide information in a timely fashion and work in good faith in order to evaluate the Real Property and adjacent property for its suitability for use by Tenant. In consideration for the Tenant entering into this Lease and agreeing to pay Rent in the amounts listed in Section 2(a), above, Landlord agrees not to list the Real Property for sale or rent for a period of six (6) months from the Effective Date so that the parties may determine if the space can accommodate the proposed expanded operations of Tenant.

Section 28. Authority

If Tenant is a corporation, trust, or general or limited partnership, all individuals executing this Lease on behalf of that entity represent that they are authorized to execute and deliver this Lease on behalf of that entity. If Tenant is a corporation, trust, or partnership, Tenant shall, prior to the execution of this Lease, deliver to Landlord evidence of that authority and evidence of due formation, all satisfactory to Landlord. If Tenant is a partnership, Tenant shall furnish Landlord with a copy of Tenant's partnership agreement and with a certificate from Tenant's attorney, stating that the partnership agreement constitutes a correct copy of the existing partnership agreement of Tenant.

Section 29. Notices

Except as otherwise expressly provided by law, all notices or other communications required or permitted by this Lease or by law to be served on or given to either party to this Lease by the other party shall be in writing and shall be deemed served when personally delivered to the party to whom they are directed, or in lieu of the personal service, upon deposit in the United States Mail, certified or registered mail, return receipt requested, postage prepaid, addressed to Tenant at:

Redwood Coast Energy Authority
633 3rd Street
Eureka, CA 95501

or to Landlord at:

John Winzler
[REDACTED]
[REDACTED]

Either party, Tenant or Landlord, may change the address for the purpose of this Section by giving written notice of the change to the other party in the manner provided in this Section.

Section 30. Heirs and Successors

This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of Landlord and Tenant.

Section 31. Partial Invalidity

Should any provision of this Lease be held by a court of competent jurisdiction to be either invalid or unenforceable, the remaining provisions of this Lease shall remain in effect, unimpaired by the holding.

Section 32. Entire Agreement

This instrument constitutes the sole agreement between Landlord and Tenant respecting the Premises, the leasing of the Premises to Tenant, and the specified lease term, and correctly sets forth the obligations of Landlord and Tenant. This Lease supersedes and all previous

leases and agreements (both written and oral) between the Landlord and Tenant. Any agreement or representations respecting the Premises or their leasing by Landlord to Tenant not expressly set forth in this instrument are void.

Section 33. Time of Essence

Time is of the essence in this Lease.

Section 34. Rent

All monetary obligations of Tenant to Landlord under the Lease, including but not limited to the Rent shall be deemed rent.

Section 35. Amendments

This Lease may be modified only in writing and only if signed by the parties at the time of the modification.

Section 36. Subordination

(a) This Lease shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for security now or later placed upon the Premises and to any advances made on the security of it or Landlord's interest in it, and to all renewals, modifications, consolidations, replacements, and extensions of it. However, if any mortgagee, trustee, or ground landlord elects to have this Lease prior to the lien of its mortgage or deed of trust or prior to its ground lease, and gives notice of that to Tenant, this Lease shall be deemed prior to the mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of the mortgage, deed of trust, or ground lease, or the date of recording of it. If any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, Tenant shall attorn to the purchaser at the foreclosure sale or to the grantee under the deed in lieu of foreclosure. If any ground lease to which this Lease is subordinate is terminated, Tenant shall attorn to the ground landlord. Tenant agrees to execute any documents, in form and substance reasonably acceptable to Tenant, required to for the subordination, to make this Lease prior to the lien of any mortgage or deed of trust or ground lease, or to evidence the attornment.

(b) If any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, or if any ground lease to which this Lease is subordinate is terminated, this Lease shall not be barred, terminated, cut off, or foreclosed. Neither shall the rights and possession of Tenant under this Lease be disturbed, if Tenant is not then in default in the payment of rental and other sums due under this Lease or otherwise in default under the terms of this Lease, and if Tenant attorns to the purchaser, grantee, or ground landlord as provided in Section 36(a) or, if requested, enters into a new lease for the balance of the term of this Lease on the same terms and provisions in this Lease. Tenant's covenant under Section 36(a) to subordinate this Lease to any ground lease, mortgage, deed of trust, or other hypothecation later executed is conditioned on each senior instrument containing the commitments specified in this subsection.

Section 37. Merger

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation of the Lease, or a termination by Landlord, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to a Landlord of any of the subtenancies.

Section 38. Governing Law

This Lease shall be governed by and construed in accordance with California law.

Section 39. Counterparts

This Lease may be executed in separate counterparts, the executed parts of which shall be deemed to constitute one whole. Facsimile and electronically scanned or copied signatures shall be deemed to constitute an original signature.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

“LANDLORD”:

John R. Winzler, Trustee of the John R. Winzler Revocable Trust

John R. Winzler, Trustee of the Flora N. Winzler Marital Trust

Reed A. Kelly

“TENANT”:

REDWOOD COAST ENERGY AUTHORITY, a local government Joint Powers Agency

By: _____

Name: _____

Its: _____

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