



Th 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

August 27, 2020
Thursday, 3:30 p.m.

COVID-19 NOTICE

RCEA AND HUMBOLDT BAY MUNICIPAL WATER DISTRICT OFFICES WILL NOT BE OPEN TO THE PUBLIC FOR THIS MEETING

Pursuant to the Governor's Executive Order [N-29-20](#) of March 17, 2020, and the Humboldt County Health Officer's March 30, 2020, [Shelter-in-Place Order](#), the RCEA Board of Directors meeting will not be convened in a physical location. Board members will participate in the meeting via an online Zoom video conference.

Listen to the meeting on your phone by calling (669) 900-6833 or (253) 215-8782. Enter webinar ID: 819 7236 8051. **Or watch the meeting online** by clicking the following link: <https://us02web.zoom.us/j/81972368051>.

Submit written public comment before and during the meeting by emailing PublicComment@redwoodenergy.org. Please identify the agenda item number in the subject line. Comments received before the agenda item is heard will be read into the record for up to 3 minutes (approximately 500 words) per comment. Comments received after the agenda item is heard and before the meeting's end will be included in the meeting record but not read aloud during the meeting.

Or make a comment during the public comment periods by raising your hand in the online Zoom webinar, or by pressing press star (*) 9 on your phone to raise your hand. When it is your turn to speak, a staff member will unmute your phone or computer. You will have 3 minutes to speak.

In compliance with the Americans with Disabilities Act, any member of the public needing special accommodation to participate in this meeting should call (707) 269-1700 or email Ltaketa@redwoodenergy.org at least 3 business days before the meeting. Advance notice enables RCEA staff to make their best effort to reasonably accommodate access to this meeting while maintaining public safety.

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 at www.redwoodenergy.org.

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 July 23, 2020, Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

3.4 Approve Ten-Year Resource Adequacy Sales Contract for 0.6 MW of Capacity from the Sandrini Sol 1 Solar Project with the Regents of the University of California, and Authorize the Executive Director to Execute All Applicable Documents.

3.5 Approve a 20-year Power Purchase Agreement with the Marshall Ranch, LLC for the 430 kW Marshall Ranch Solar Array Project, and Authorize RCEA's Executive Director to Execute All Applicable Documents.

3.6 Approve Ground Lease Agreement with the County of Humboldt for an Area Located at the California Redwood Coast-Humboldt County Airport for the Airport Microgrid Project, Contingent on FAA Approval; Authorize the Executive Director and General Counsel to Approve Any FAA Recommendations that are Consistent with the MOU Entered into March 19, 2019, Between the County of Humboldt, Redwood Coast Energy Authority, and the Humboldt State University Sponsored Programs Foundation / Schatz Energy Research Center; and, Authorize the Executive Director to Execute All Applicable Documents.

3.7 Accept Quarterly Budget Report.

4. REMOVED FROM CONSENT CALENDAR ITEMS

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

COMMUNITY CHOICE ENERGY (CCE) BUSINESS (Confirm CCE Quorum)

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.

5. OLD CCE BUSINESS

5.1. 2020 Integrated Resource Plan Approval

Adopt Resolution No. 2020-5 Approving the 2020 Integrated Resource Plan Portfolios.

6. NEW CCE BUSINESS – None.

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

7. OLD BUSINESS

7.1 Long-Term Resource Adequacy Contracts with Ormat/Viridity Energy Solutions and Leapfrog Power

Approve Ten-Year Purchase Agreement for 5.5 MW of Resource Adequacy with Leapfrog Power, Inc., and Authorize the Executive Director to Execute All Applicable Documents.

Approve Ten-Year Purchase Agreement for 2.5 MW of Resource Adequacy with VESI 10 LLC, and Authorize the Executive Director to Execute All Applicable Documents.

8. NEW BUSINESS – None.

9. STAFF REPORTS

9.1. Staff Report by Executive Director Matthew Marshall on the heatwave, the challenge of meeting California's energy demands during heat events, and ways to conserve power.

10. FUTURE AGENDA ITEMS

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

11. ADJOURNMENT

NEXT REGULAR MEETING

Thursday, September 24, 2020, 3:30 p.m.

In accordance with Executive Order N-29-20
the RCEA Board of Directors meetings will be held virtually until further notice.



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DRAFT BOARD OF DIRECTORS MEETING MINUTES

July 23, 2020 -Thursday, 3:30 p.m.

Notice of this meeting was posted on July 17, 2020. Chair Austin Allison called a regular meeting of the Board of Directors of the Redwood Coast Energy Authority to order on the above date at 3:35 p.m., stating that the teleconference meeting was being conducted pursuant to Brown Act waivers included in Governor Newsom's COVID-19 State of Emergency Executive Order [N-29-20](#) of March 17, 2020, and the Humboldt County Health Officer's March 30, 2020, [Shelter-in-Place Order](#). Chair Allison stated that the posted agenda contained public teleconference meeting participation instructions.

PRESENT: Chair Austin Allison, Stephen Avis, Chris Curran, Vice Chair Estelle Fennell, David Grover, Michael Winkler, Sheri Woo. ABSENT: Dean Glaser, Frank Wilson. STAFF AND CONSULTANTS PRESENT: General Counsel Nancy Diamond, Power Resources Director Richard Engel, Power Resources Manager Jocelyn Gwynn, The Energy Authority Client Services Specialist Jaclyn Harr, Demand-Side Management Director Stephen Kullmann, Executive Director Matthew Marshall, Community Strategies Manager Nancy Stephenson, Board Clerk Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Grover reported that the City of Trinidad is working with RCEA to determine the viability of a local microgrid and that he is continuing Director Miller's work on this.

Director Winkler reported that the Eureka veterans and homeless housing zero net energy project that he worked on is now occupied. The City of Arcata Energy Committee is meeting again and its all-electric initiative subcommittee is moving forward.

ORAL COMMUNICATIONS

No member of the public offered any comments.

CONSENT CALENDAR

- 3.1 Approve Minutes of June 25, 2020, Board Meeting.
- 3.2 Approve Disbursements Report.
- 3.3 Accept Financial Reports.
- 3.4 Adopt Resolution 2020-4 Adopting an Amended Conflict of Interest Code and Authorize the Board Clerk to Submit the Amended Conflict of Interest Code to the Humboldt County Board of Supervisors as the Code Reviewing Body.
- 3.5 Approve Selection of M.J. Furniss & Associates to Provide Consulting Services to RCEA on Implementation of RePower Humboldt Strategic Plan Measures for an Amount Not to Exceed \$199,674, and Authorize the Executive Director to Prepare

and Execute a Professional Services Agreement with M.J. Furniss & Associates for these Services, and All Applicable Documents.

There was no public comment or director discussion of the consent calendar.

M/S: Fennell, Grover: Approve consent calendar items.

The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Fennell, Grover, Winkler, Woo. Noes: None. Absent: Glaser, Wilson.

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

Chair Allison confirmed that a CCE quorum was present.

OLD CCE BUSINESS

5.1 Energy Risk Management Quarterly Report

The Energy Authority Client Services Specialist Jaclyn Harr presented a quarterly report on factors affecting the CCE program.

The lowered weekday loads seen in March and April due to people not going to work have increased in the last three months. COVID's financial market disruptions to renewable power plant financing and impacts to supply chains are decreasing. Delayed business reopening may lead to continued lower wholesale power prices and lower RCEA loads in July.

RCEA's net revenue went up after biomass renewable energy certificates were sold in April. Customer non-payments are increasing due to COVID but are not as bad as anticipated. Non-payment will be tracked and reported to the Board in October. RCEA contracted with local economists to forecast local business sector COVID impacts.

Ms. Harr explained that every two years, load-serving entities are required by the CPUC to present integrated resource plans showing how they will meet their local load needs for the next ten years. The goals of this statewide exercise are to reduce emissions, maintain reliability and keep costs low. The ten-year planning horizon accommodates California's lengthy power plant design, permitting and construction process. Three contracts to meet plan requirements will be presented to the Board for approval in August, along with the next integrated resource plan. TEA has begun research for the 2022 integrated resource plan in preparation for meeting RCEA's internal goal of 100% renewable energy by 2025, and changes in how the CPUC will require resource adequacy (RA) to be procured. The CPUC's RA system was designed when just three investor-owned utilities did most of the procurement. The energy landscape has changed with the success of CCAs and direct access reopening. The CPUC will require that a central procurement entity procure local RA for all California load-serving entities, and the state has been divided into procurement areas based on transmission constraints. PG&E will procure RA for the northern California procurement area to which RCEA belongs. Ms. Harr described CCA concerns that their control over the cost of RA, and the incentive to build local resources, may be reduced. Executive Director Marshall explained that RCEA's incentive to build local resources will not be reduced due to the agency's energy development goals outlined in the RePower

Humboldt strategic plan. RCEA currently has excess resource adequacy, or available resources to turn on when needed, that can be used for local needs or sold to other entities. Future changes to the RA program are anticipated, and the directors requested a report on centralized procurement implementation, future changes and a suggested strategy for RCEA's portfolio resources.

It was explained that reliability should be considered in two ways: 1) statewide grid balancing, which mandated RA procurement; and 2) local reliability and resilience. The airport microgrid project provides both types of reliability because the project will operate on the utility side of the meter and also allow critical facilities to be islanded during an emergency. The behind-the-meter storage program that RCEA is developing is an innovative way to provide both grid-level reliability and local emergency response reliability.

The directors discussed flexible RA, or new resources that can go online quickly and shift the amount of power generated in response to California's daily solar power production fluctuation and evening peak demand periods. Currently natural gas power plants and storage facilities are the main source of flexible RA. As California continues to reduce emissions and retires natural gas plants, there will be an increased need for storage and battery flexible RA. TEA is tracking battery prices, which are still high, to see when battery flexible RA can be added to RCEA's portfolio as a primary RA strategy.

Chair Allison invited public comment. No one came forward to speak. Chair Allison closed the public comment period.

M/S: Winkler, Fennell: Accept Energy Risk Management quarterly report.

The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Fennell, Grover, Winkler. Noes: None. Absent: Glaser, Wilson. Non-voting: Woo.

NEW CCE BUSINESS

6.1 Resource Adequacy (RA) and Long-Duration Storage Solicitations (Information only)

Power Resources Manager Jocelyn Gwynn updated the directors on two current solicitations: a request for proposals (RFP) for incremental resource adequacy capacity and a request for information (RFI) for long-duration energy storage.

Manager Gwynn explained RCEA's CPUC requirement to procure a total of 10.7 MW of new-build energy capacity RA between 2021 and 2023, the challenges of building new power plants by the 2021 deadline, and how RCEA is currently in negotiation for RA from two developers in partnership with Valley Clean Energy to meet the deadlines. The first, most challenging deadline will be met through an unconventional purchase of demand response aggregation, or pooled customer energy use reduction in response to reaching a certain electricity price or a shortage of electricity to meet demand. Leapfrog's demand response product is sourced from customers scattered across California. Another similar RCEA program will allow RCEA access to local behind-the-meter customer battery energy and will contribute to Humboldt County's grid reliability. This local program was originally developed to meet the resource adequacy requirement and develop local energy resiliency, but it became evident that it will not be possible to install enough storage in time to meet the 2021

requirements. Local battery storage will provide RA for RCEA's usual procurement requirement in addition to helping meet the CPUC's incremental RA requirement. Manager Gwynn explained RCEA's participation in a 13 CCA effort to gather information on long-duration storage technology which can discharge electricity at full capacity for eight hours or more. Typical current technology involves pumped hydroelectric facilities that are difficult to deploy due to environmental permitting and location constraints. The CCAs will evaluate and discuss submitted technology and RCEA may join in a multi-CCA request for offers based on the RFI results, with the goal of reducing reliance on natural gas energy during peak evening hours. Long-duration storage will become more valuable as the state requires load-serving entities to demonstrate reliability without natural gas plants.

The directors requested that RCEA educate local developers to build local capacity for long-term energy storage as well as development of heat pump use.

Chair Allison invited public comment. No one came forward to speak. Chair Allison closed the public comment period.

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

OLD BUSINESS

7.1 CAPE/RePower Humboldt status update Q2 (Information only)

Executive Director Matthew Marshall presented a progress report on measures identified in the 2019 update of the RePower Humboldt strategic plan, an update which will take place twice each year to ensure active plan implementation.

Mr. Marshall reported on work on transportation goals, including upgrades to RCEA's network of electric vehicle charging stations, Board-approved funding increases for the popular e-bike program and the possibility of providing an incentive to customers who install EV chargers in exchange for helping to balance the grid.

Mr. Marshall described the current status of the agency's major power resources projects, the airport microgrid and offshore wind development. The agency has an opportunity to develop additional community-scale microgrids in Hoopa and Willow Creek to replace PG&E's temporary, diesel-fueled microgrids. Staff is assisting the Humboldt Fishermen's Marketing Association in applying for a small grant to fund mitigation program development in anticipation of the potential fishing industry impacts of offshore wind and other harbor development. The Board recently increased capacity of the feed-in tariff program which, at full capacity, will create enough electricity to satisfy a sizable portion of the county's demand. The Cove small-hydro project has begun delivering energy and the Sandrini Sol project is on schedule to begin construction. The CCE program has state-mandated long-term power-procurement contracts with both companies. A recently-approved behind-the-meter storage program will add roughly 850 local customer energy storage systems that will allow continued use of solar energy during emergencies. The Board also approved a contract with a consultant who, among other RePower Humboldt implementation tasks, will investigate the feasibility of local small-hydro projects, a strategic plan goal.

Demand-Side Management Director Stephen Kullmann described past, current and future department initiatives. The Public Agency Solar Program provides solar site assessments, assistance with energy efficiency projects and battery storage for public agencies. The program has been instrumental in getting solar systems installed in schools. Other partners include the City of Trinidad, Kneeland Fire District and the Wiyot Tribe. A CCE-funded residential services program provides over-the-phone energy consultation, energy efficiency kits and referral to income-based programs. The CCE-funded LED buy-down program reduced the cost of Energy Watch incentives, making energy upgrades free for some agencies. This program ended this year along with the PG&E Energy Watch program. In the last year alone, the long-running Energy Watch partnership made direct installation of energy efficiency improvements possible for 223 local customers and created an estimated annual customer savings of \$340,900. The Proposition 39 program is also nearing completion. Since its inception, the program paid out over \$5 million locally to 22 education districts, funded lighting, refrigeration, and solar for schools, and provided RCEA's technical assistance, project management and assistance with securing funding. The Prop 39 program created annual savings in Humboldt County of over 3 million kWh of electricity and almost 6,000 gallons of diesel fuel through fuel-switching. Staff is developing the Citizen Sourced CCE-funded mobile home solar program's turnkey, pre-engineered and permitted "Solar-on-a-Stick" program, which may be expanded to include storage. Other CCE-funded programs under development are: the space and hot water heat pump rebate, which may also provide resource adequacy; the grocery refrigerant leak reduction program; and the Green Your Grow program. The department is now a program administrator, directly administering CPUC funds for residential and non-residential direct install programs. The program will focus on hard-to-reach customers and offer a greater variety of energy-saving measures than did the Energy Watch program. The PG&E local government partnership also began on July 1 and will provide public project management, Energy Star certification, capacity building and benchmarking assistance for government agencies. In the future, Director Kullmann envisions working more closely with the power resources team on resource adequacy and microgrid projects, providing more direct services to customers, building a comprehensive customer database to provide information to determine services that would best serve RCEA customers, and the possible formation of a CPUC-funded, statewide Rural Regional Energy Network that could extend services beyond Humboldt County to more rural customers.

Director Woo thanked the directors and staff for doing work that the Board envisioned when launching the Community Choice Energy program. Executive Director Marshall stated that a survey of Sonoma Clean Power customers showed they were most concerned with programs and tangible CCE benefits, rather than low rates and a green power portfolio. In applying those findings locally, staff is focusing on customer programs, local resilience and community microgrids in order to satisfy RCEA customer demands.

Chair Allison invited public comment. No one came forward to speak. Chair Allison closed the public comment period.

NEW BUSINESS

8.1 Award Contract for CPUC Program Administrator (PA) Reporting Services

Director Kullmann reported on the qualifications of two respondents to the request for proposals to provide required reporting and budget filing assistance as the agency takes on

CPUC program administrator duties. Frontier Energy has experience performing similar duties for other CCEs and RENS. The other respondent, Aiqueous, has no direct CPUC PA reporting experience.

Chair Allison invited public comment. No one came forward to speak. Chair Allison closed the public comment period.

M/S: Grover, Fennell: Award professional services agreement for CPUC Program Administrator reporting and budget filing to Frontier Energy in an amount not to exceed \$60,000 for one year with two potential one-year extensions, and authorize the Executive Director to execute all applicable documents.

The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Fennell, Grover, Winkler, Woo. Noes: None. Absent: Glaser, Wilson.

8.2 RCEA Racial Justice Action Plan Creation

Executive Director Marshall reported that Director Woo requested formation of an ad hoc Board racial justice action plan subcommittee last month. The subcommittee would work with staff and engage with outside entities when creating an agency racial justice action plan. The subcommittee would sunset when the action plan is brought back to the Board for approval.

Chair Allison invited public comment. City of Arcata resident Oona Smith described a best practice she learned at a recent California Transportation Commission presentation. When creating a racial justice action plan, it is important to recruit assistance from members of communities for which the agency wishes to create outcomes. Chair Allison closed the public comment period.

M/S: Fennell, Avis: Create an ad hoc Board subcommittee to assist staff in creating a racial justice action plan and appoint Stephen Avis, Chris Curran, David Grover and Sheri Woo to serve on this advisory body.

The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Fennell, Grover, Winkler, Woo. Noes: None. Absent: Glaser, Wilson.

Chair Allison adjourned the meeting at 5:31 p.m.

Lori Taketa
Clerk of the Board

Redwood Coast Energy Authority
Disbursements Report
As of June 30, 2020

Type	Date	Num	Name	Memo	Amount
Liability Check	06/10/2020	E-pay	EDD	Taxes	-3,685.61
Liability Check	06/10/2020	E-pay	Internal Revenue Service	Taxes	-18,707.51
Liability Check	06/10/2020	E-pay	EDD	Taxes	-77.30
Check	06/10/2020	10829-933	NEM Customers	Account closouts and yearly payouts	-41,119.92
Liability Check	06/10/2020	10934	Umpqua Bank	Health Savings Account contributions	-426.36
Liability Check	06/10/2020	10935	Calvert	Deferred Comp	-1,893.22
Bill Pmt -Check	06/10/2020	10936	Best Cleaners	Coverall & linens laundering	-9.50
Bill Pmt -Check	06/10/2020	10937	Boutin Jones	Legal services: PG&E and Common Interest	-1,044.55
Bill Pmt -Check	06/10/2020	10938	Brant Electric	NCAQMD EV Station Repairs	-979.03
Bill Pmt -Check	06/10/2020	10939	City of Eureka-Water	Water service, 4/24-5/26/20	-81.76
Bill Pmt -Check	06/10/2020	10940	FedEx	Shipping	-183.21
Bill Pmt -Check	06/10/2020	10941	Lost Coast Communications	Radio advertising	-546.00
Bill Pmt -Check	06/10/2020	10942	Mission Uniform & Linen	May mat service, janitorial supplies	-7.57
Bill Pmt -Check	06/10/2020	10943	North Coast Journal	Print advertising	-548.00
Bill Pmt -Check	06/10/2020	10944	PG&E CCA	Aggregate Data Charge	-920.00
Bill Pmt -Check	06/10/2020	10945	PG&E Utility Account	4/23-5/21/20 utilities	-583.85
Bill Pmt -Check	06/10/2020	10946	Ray Morgan Company	Printer Charges: 5/6-6/5/20	-30.35
Bill Pmt -Check	06/10/2020	10947	SDRMA Medical	July 2020 Premium	-25,966.14
Bill Pmt -Check	06/10/2020	10948	South River Technologies	Titan License Bundle w/ 1 year support	-579.00
Bill Pmt -Check	06/10/2020	10949	Suddenlink Communications	Phone & Internet access - June	-1,093.21
Bill Pmt -Check	06/10/2020	10950	Verizon Wireless	May tablet/cell service	-1,499.12
Check	06/10/2020	10952-62	Customers	CCE E-Bike Program Rebates	-5,500.00
Bill Pmt -Check	06/10/2020	10963	Donald Dame	Professional Services - May 2020	-204.75
Bill Pmt -Check	06/10/2020	10964	Eureka Oxygen	Annual fire extinguisher service	-249.99
Liability Check	06/10/2020	ACH	Newport Group	Deferred Comp	-10,173.99
Paycheck	06/10/2020	ACH	Employees	Payroll 5/15-5/31/20	-47,552.76
Bill Pmt -Check	06/24/2020	ACH	CalPine Corporation	May 2020 invoice	-73,296.40
Bill Pmt -Check	06/25/2020	10965	Winzler, John	Office Lease - July	-5,582.00
Check	06/25/2020	10966-1046	NEM Customers	Yearly Payouts	-27,402.28
Liability Check	06/25/2020	11047	Calvert	Deferred Comp	-1,877.96
Bill Pmt -Check	06/25/2020	11048	Advanced Security	Cell radio switchover	-162.75
Bill Pmt -Check	06/25/2020	11049	BESC, Inc.	Layout drafting & engineering for Willow Creek site.	-800.00
Bill Pmt -Check	06/25/2020	11050	Boutin Jones	Legal services: PG&E and Common Interest	-2,821.89
Bill Pmt -Check	06/25/2020	11051	Brant Electric	Brant Electric self-install rebate/Audit 5996	-669.70
Bill Pmt -Check	06/25/2020	11052	Braun Blaising Smith Wynne	Legal Services - Regulatory - May	-12,239.95
Bill Pmt -Check	06/25/2020	11053	Century Commercial Service	Victoria Place self-install rebate/Audit 5589.	-5,629.96
Bill Pmt -Check	06/25/2020	11054	CoPower	July premium - vision	-365.00
Bill Pmt -Check	06/25/2020	11055	Developed Employment Services, LLC.	Facilities maintenance work	-52.57
Bill Pmt -Check	06/25/2020	11056	Diamond, Nancy	VOID: May Legal work	0.00
Bill Pmt -Check	06/25/2020	11057	Fortuna Fire District	Fortuna Fire District self-install rebate/Audit 6041.	-2,624.56
Bill Pmt -Check	06/25/2020	11058	Humboldt Lighting, LLC.	Self install rebates - Eureka Natural Foods	-4,576.26
Bill Pmt -Check	06/25/2020	11059	McKeever Energy & Electric, Inc.	McKeever, outside contractor rebate: audit #6061	-228.00
Bill Pmt -Check	06/25/2020	11060	NGI, Inc.	Outside contractor rebates	-7,678.39
Bill Pmt -Check	06/25/2020	11061	O&M Industries, Inc.	Cleaning and servicing of furnaces.	-160.00
Bill Pmt -Check	06/25/2020	11062	PG&E Engineering	EP 3561 Boeing Ave McKinleyville	-2,500.00
Bill Pmt -Check	06/25/2020	11063	Recology	May garbage service	-90.72
Bill Pmt -Check	06/25/2020	11064	SDRMA Dental	July Premium	-1,604.00
Bill Pmt -Check	06/25/2020	11065	Mission Uniform & Linen	Janitorial supplies	-15.14
Check	06/25/2020	11066-75	Customer	CCE E-Bike Program Rebate	-5,000.00
Bill Pmt -Check	06/25/2020	11076	Fieldbrook Elementary	Self install rebate	-117.95
Bill Pmt -Check	06/25/2020	11077	Diamond, Nancy	May legal counsel	-5,785.80
Bill Pmt -Check	06/25/2020	11078	Fortuna Fire District	Fortuna Fire District self-install rebate/Audit 6125.	-901.82
Liability Check	06/25/2020	62520	Newport Group	Deferred Comp	-11,395.27
Paycheck	06/25/2020	ACH	Employees	Payroll 6/1-6/15/20	-52,085.66

Redwood Coast Energy Authority
Disbursements Report
As of June 30, 2020

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	06/26/2020	ACH	Michael Furniss	Meeting facilitation for CAPE workshops	-19,500.00
Bill Pmt -Check	06/26/2020	ACH	DG Fairhaven Power, LLC	DG Fairhaven Resource Adequacy May 2020	-72,605.00
Bill Pmt -Check	06/26/2020	ACH	Humboldt Redwood Company	Humboldt Redwood Co. May 2020	-562,601.76
Bill Pmt -Check	06/26/2020	ACH	Snow Mountain Hydro, LLC	Cove plant hydro - MAY 2020	-80,930.72
Liability Check	06/29/2020	E-pay	EDD	Taxes	-4,292.45
Liability Check	06/29/2020	E-pay	Internal Revenue Service	Taxes	-21,401.79
Liability Check	06/29/2020	E-pay	EDD	Taxes	-269.72
Liability Check	06/29/2020	11079	Umpqua Bank	Health Savings Account contributions	-616.25
TOTAL					<u>-1,151,544.42</u>

Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
July 2019 through June 2020

	<u>Jul '19 - Jun 20</u>	<u>Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense			
Income			
Total 4 GRANTS AND DONATIONS	270.00		
5 REVENUE EARNED			
Total 5000 · Revenue - government agencies	140,169.98	125,000.00	112.14%
Total 5100 · Revenue - program related sales	26,652.39	16,000.00	166.58%
Total 5400 · Revenue-nongovernment agencies	1,092,741.45	2,576,300.00	42.42%
Total 5500 · Revenue - Electricity Sales	53,035,209.93	53,482,965.00	99.16%
Total 5 REVENUE EARNED	54,294,773.75	56,200,265.00	96.61%
49900 · Uncategorized Income	0.00	2,730,300.00	0.0%
Total Income	54,295,043.75	58,930,565.00	92.13%
Gross Profit	54,295,043.75	58,930,565.00	92.13%
Expense			
Total 6 WHOLESALE POWER SUPPLY	38,719,655.62	42,295,190.00	91.55%
Total 7 PERSONNEL EXPENSES	2,339,215.83	3,026,492.00	77.29%
Total 8.1 FACILITIES AND OPERATIONS	1,856,058.09	4,539,920.00	40.88%
Total 8.2 COMMUNICATIONS AND OUTREACH	104,158.88	115,000.00	90.57%
Total 8.3 TRAVEL AND MEETINGS	39,578.29	68,000.00	58.2%
8.4 PROFESSIONAL & PROGRAM SRVS			
8400 · Regulatory	215,702.06	184,000.00	117.23%
8410 · Contracts - Program Related Ser	99,794.66	435,000.00	22.94%
8420 · Accounting	17,546.34	68,950.00	25.45%
8430 · Legal	136,961.18	125,000.00	109.57%
8450 · Wholesale Services - TEA	602,401.24	602,401.00	100.0%
8460 · Procurement Credit - TEA	668,308.42	753,809.00	88.66%
8470 · Data Management - Calpine	879,682.51	882,348.00	99.7%
Total 8.4 PROFESSIONAL & PROGRAM SRVS	2,620,396.41	3,051,508.00	85.87%
Total 8.5 PROGRAM EXPENSES	637,576.59	555,786.00	114.72%
Total 8.6 INCENTIVES & REBATES	316,328.76	881,500.00	35.89%
Total 9 NON OPERATING COSTS	63,270.16	169,518.00	37.32%
Total Expense	46,696,238.63	54,702,914.00	85.36%
Net Ordinary Income	7,598,805.12	4,227,651.00	179.74%
Net Other Income	-28.04		
Net Income	7,598,777.08	4,227,651.00	179.74%

Redwood Coast Energy Authority
Balance Sheet
As of June 30, 2020

	<u>Jun 30, 20</u>
ASSETS	
Current Assets	
Checking/Savings	
1010 · Petty Cash	493.22
1050 · GRANTS & DONATIONS 3840	15,204.58
1060 · Umpqua Checking Acct 0560	39,541.62
1071 · Umpqua Deposit Cntrol Acct 8215	6,672,516.07
1075 · Umpqua Reserve Account 2300	2,000,000.00
8413 · COUNTY TREASURY 3839	5,065.52
Total Checking/Savings	8,732,821.01
Total Accounts Receivable	250,812.36
Other Current Assets	
1101 · Allowance for Doubtful Accounts	-456,569.54
1103 · Accounts Receivable-Other	5,276,413.48
1120 · Inventory Asset	21,715.00
1202 · Prepaid Expenses	-46,160.38
1210 · Retentions Receivable	1,001.00
1499 · Undeposited Funds	1,580.93
Total Other Current Assets	4,797,980.49
Total Current Assets	13,781,613.86
Total Fixed Assets	151,725.39
Other Assets	
1700 · Retained Deposits	2,138,880.00
Total Other Assets	2,138,880.00
TOTAL ASSETS	16,072,219.25
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Total Accounts Payable	2,072,981.43
Total Credit Cards	1,283.92
Total Other Current Liabilities	119,999.47
Total Current Liabilities	2,194,264.82
Long Term Liabilities	
2703 · TEA Phase I & II	22,650.31
Total Long Term Liabilities	22,650.31
Total Liabilities	2,216,915.13
Equity	
2320 · Investment in Capital Assets	151,725.38
3203 · LTD - TEA Phase I & II	-22,650.31
3900 · Fund Balance	6,127,451.97
Net Income	7,598,777.08
Total Equity	13,855,304.12
TOTAL LIABILITIES & EQUITY	16,072,219.25



REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 3.4

AGENDA DATE:	August 27, 2020
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources
SUBJECT:	Long-Term Resource Adequacy Sale to University of California

SUMMARY

As discussed previously with the Board, all California load-serving entities (LSEs) including RCEA have been directed by the California Public Utilities Commission (CPUC) to procure resource adequacy (RA) from sources deemed as “incremental” (those not included in a CPUC list of existing baseline resources). The LSEs are required to meet procurement milestones in mid-2021, mid-2022, and mid-2023. RCEA staff have negotiated contracts to meet our 2021 and 2022 requirements, which are being presented separately to the Board.

RCEA is fortunate in that our existing power purchase agreement (PPA) with EDPR for the Sandrini Sol 1 solar project, planned to come online in late 2022, will allow us to meet our 2023 incremental RA milestone with some capacity to spare. CPUC rules allow LSEs to resell surplus incremental RA to other LSEs, provided these resale agreements also meet the CPUC’s required terms such as incrementality and minimum contract term length.

RCEA’s portfolio manager The Energy Authority (TEA) brought to staff’s attention an opportunity to resell surplus RA associated with the Sandrini Sol 1 project to the University of California (UC), another TEA client, hence the agreement being presented to the Board. UC itself acts as an LSE in procuring energy for its campuses across the state. TEA and outside expert counsel at Braun, Blasing, Smith & Wynne have helped to craft the proposed agreement so as not to expose RCEA to liability with respect to UC, should the solar project fail to come online or should the RA capacity be less than that anticipated under RCEA’s PPA for the Sandrini project.

FINANCIAL IMPACTS

The proposed sale will allow RCEA to monetize part of its anticipated long position on CPUC-ordered incremental resource adequacy starting in 2023 after the Sandrini Sol 1 solar project under contract to RCEA comes online. TEA has proposed a unit price for the RA that is intended to be fair to both the seller and the buyer. This pricing has been agreed to with the mutual understanding among TEA, the seller, and the buyer that RA has historically not been transacted through long-term agreements such as those required under the CPUC’s incremental reliability procurement directive. Actual market value of the resource over the life of the agreement is thus not possible to ascertain. However, selling the RA at some price is financially preferable to retaining a resource not needed by RCEA for compliance purposes.

STAFF RECOMMENDATION

Approve Ten-Year Resource Adequacy Sales Contract for 0.6 MW of Capacity from the Sandrini Sol 1 solar project with The Regents of the University of California, and Authorize the Executive Director to Execute All Applicable Documents.

ATTACHMENT

Cover Sheet for Resource Adequacy Agreement between The Regents of the University of California and Redwood Coast Energy Authority (redacted).

RESOURCE ADEQUACY AGREEMENT
Between
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
and
REDWOOD COAST ENERGY AUTHORITY

PREAMBLE

This Resource Adequacy Agreement (“Agreement”) is entered into between **The Regents of the University of California** (“Buyer”) and **Redwood Coast Energy Authority**, a California joint powers authority (“Seller”), each individually a “Party” and together the “Parties,” dated as of **[date]** (the “Execution Date”) in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Article 3 of this Agreement.

COVER SHEET

A. Unit Information

Project Name:	EDPR CA Solar Park II LLC
Location:	Kern County, CA
CAISO Resource ID:	To be assigned by CAISO
Unit SCID:	To be assigned by CAISO
Unit NQC:	To be assigned by CAISO (27 MW August NQC under CY 2021 Solar ELCC Factors)
Unit EFC:	N/A
Resource Type:	Solar
Resource Category (1, 2, 3 or 4):	4
Flexible RAR Category (1, 2 or 3):	N/A
Path 26 (North or South):	North
Local Capacity Area (if any, as of Effective Date):	N/A
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment:	None
Run Hour Restrictions:	N/A

B. RA Product and Attributes

RAR and LAR Attributes

Seller shall provide Buyer with the Designated RA Capacity of RAR Attributes and, if applicable, LAR Attributes, from each Unit, as measured in MWs, in accordance with the terms and conditions of this Agreement.

☒ RA Attributes

☐ RA Attributes with Flexible RA Attributes

- ☐ LAR Attributes
- ☐ LAR Attributes with Flexible RA Attributes
- ☐ Flexible RA Attributes

☐ **Flexible RA Product**

Seller shall provide Buyer with Designated RA Capacity of FCR Attributes from the Units in the amount of the applicable Contract Quantity.

☐ **Firm RA Product**

Seller shall provide Buyer with Designated RA Capacity from the Units in the amount of the Contract Quantity. If the Units are not available to provide the full amount of the Contract Quantity for any reason other than Force Majeure, including, without limitation, any Outage or any adjustment of the RA Capacity of any Unit, pursuant to Section 3.5, then, Seller shall provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 3.6 hereof. If Seller fails to provide Buyer with replacement Designated RA Capacity from Replacement Units pursuant to Section 3.6, then Seller shall be liable for damages and/or be required to indemnify Buyer for CAISO costs, penalties or fines pursuant to the terms of Sections 3.8 and 3.9 hereof.

☒ **Contingent Firm RA Product**

Seller shall provide Buyer with Product from the Units in the amount of the applicable Contract Quantity; provided, however, that if the Units are not available to provide the full amount of the Contract Quantity on account of an Outage or Force Majeure, then Seller may provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 3.6 hereof. If Seller fails to provide Buyer with the Designated RA Capacity, then Seller shall be liable for damages and/or be required to indemnify Buyer for costs, penalties or fines pursuant to the terms of Sections 3.8 and 3.9 hereof; provided, however, that Seller shall not be liable for damages and/or required to indemnify Buyer for costs, penalties or fines pursuant to the terms of Sections 3.8 and 3.9 hereof in connection with a Planned Outage if, and only if, Seller has provided Buyer with timely notice pursuant to Section 3.5(a) of Seller's intent not to provide Alternate Capacity due to a Planned Outage in an amount equal to the portion of the Contract Quantity of that Showing Month that is unavailable due to such Planned Outage.

C. Delivery Term

The Delivery Term is set forth in Section 2.1(b).

D. Contract Quantities

The Contract Quantities for the entire Delivery Term shall be:

RA Attributes: 0.600 MW NQC

Local RA Attributes: N/A MW

Flexible RA Attributes: N/A MW EFC, Category N/A

E. Contract Price

The Contract Price for every Showing Month of the Delivery Term shall be \$ [REDACTED] per kW-month for each kW-Month that Product is available for RAR Showing.

F. Performance Security Amount

Performance Security shall not be required from either Party in connection with this Transaction.

G. Milestones

Milestone	Date for Completion
Commercial Operation Date	December 31, 2022

H. Initial Delivery Date

The Expected Initial Delivery Date shall be June 1, 2023.

The Initial Delivery Date Deadline shall be August 1, 2023.



REDWOOD COAST EnergyAuthority

STAFF REPORT Agenda Item # 3.5

AGENDA DATE:	August 27, 2020
TO:	Board of Directors
PREPARED BY:	Mahayla Slackerelli, Account Services Manager
SUBJECT:	Feed-in Tariff Contract Approval

SUMMARY

In March 2019, the Board directed staff to launch the feed-in tariff (FIT) program. This program offers above market pricing for renewable energy generation in Humboldt County less than one megawatt in capacity. It is open to all applicants who meet the criteria. The RCEA FIT includes a market adjusting pricing mechanism, such that when demand is high for this program the price on offer goes down and if there are few applicants the price rises to attract more interest. While the Board already approved the FIT program, including the 20-year power purchase agreement (PPA), the program guidelines give the Board final approval of contracts as well.

The FIT program received one completed project application for the Board to consider:

Marshall Ranch Solar Array – This project is located on Somerville Road in Briceland and will be 430 kilowatts of solar generation. The application has been proposed by the Marshall Ranch LLC. This project was submitted on July 10th, 2020 and secured a price of \$84/MWh. On July 28th, staff determined that the application packet was complete. The commercial operation date for this project is November 1, 2021, or within 18 months of signing the PPA, whichever comes sooner.

This FIT solar array is only one aspect of the larger Marshall Ranch Flow Enhancement Project. The project will capture and store winter runoff in a 15.5 million gallon off-channel pond and release the stored water into Redwood Creek during the dry season at a rate of approximately 50 gallons per minute for five months. This project seeks to improve habitat for coho salmon and steelhead in Redwood Creek, an important salmon bearing tributary to the South Fork Eel River, by addressing the limiting factor of low summer streamflows. The solar array component of the project will provide long-term revenue for the project to offset project operations, maintenance, and monitoring costs.

FINANCIAL IMPACTS

This program specifically aims to support local community-scale renewable energy projects by providing above-market pricing. The Marshall Ranch project, at \$84/MWh, is approximately 227% of average international utility-scale (typically multi-megawatt scale) solar cost of energy. However, this price is only 73% of average commercial-scale cost of energy, which is a better comparison for capacity size.

It is also important to note that this project would constitute a tiny portion of RCEA's energy portfolio; the Marshall Ranch Solar Array is forecasted to produce 722 MWh per year. RCEA's yearly load is 650,000 MWh and this project would provide about 0.1% of that load.

STAFF RECOMMENDATION

Approve a 20-year power purchase agreement with the Marshall Ranch, LLC for the 430 kW Marshall Ranch Solar Array project, and authorize RCEA's executive director to execute all applicable documents.

CITATIONS

Lazard, Levelized Cost of Energy Analysis – Version 13.0, (2019, November). Retrieved from <https://www.lazard.com/perspective/lcoe2019>

ATTACHMENTS

None.



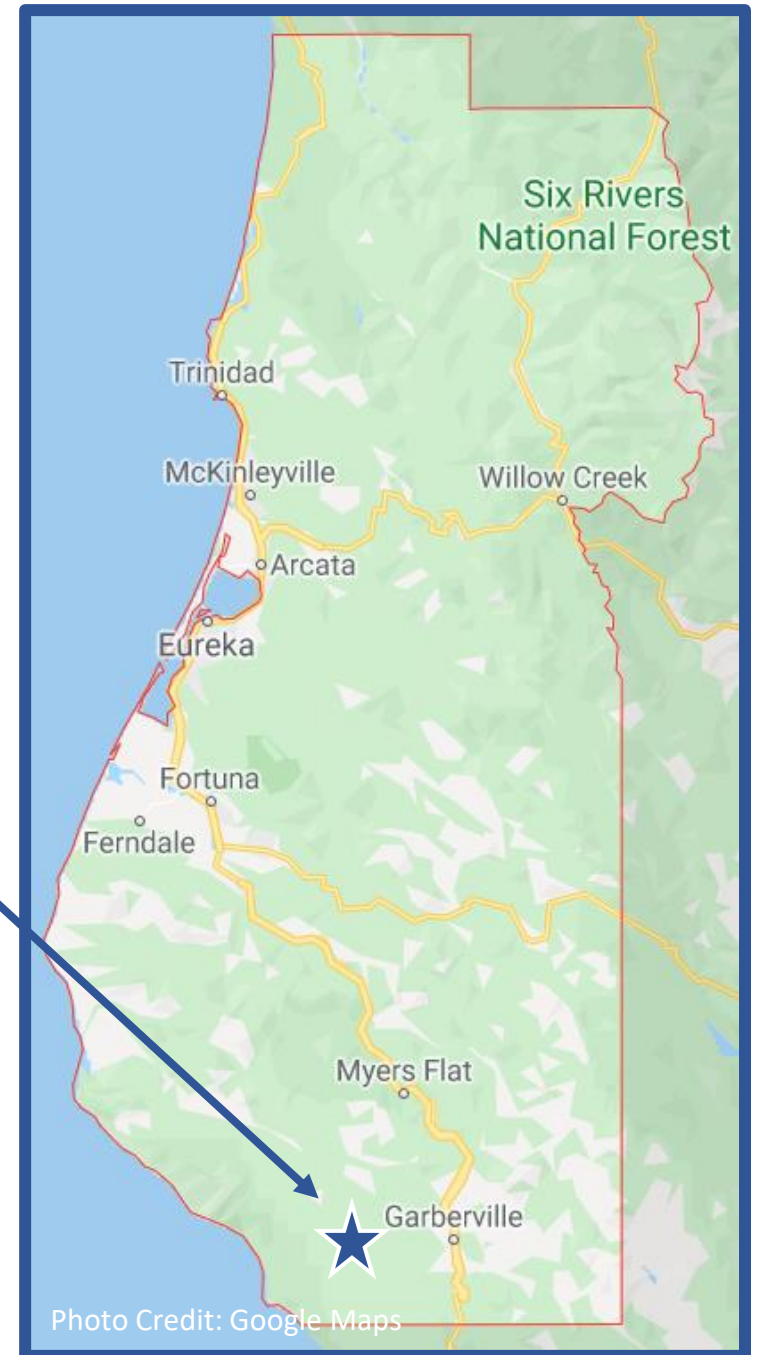
Feed-in Tariff Renewable Generation Program

- Approved by the Board March 2019
- Support local renewable energy generation with:
 - above market prices
 - standardized applications
 - 20-year contract
- Market adjusting pricing → different prices for projects
- Limited programmatic space

Feed-in Tariff Renewable Generation Project Contract: Completed Proposal

- Redwood Creek habitat restoration for Coho and Steelhead
- FIT contract will provide ongoing revenue to support long term project success

Marshall Ranch Solar Array: 430 kW solar project in Briceland. Expected operation date 11/1/21.





STAFF REPORT
Agenda Item # 3.6

AGENDA DATE:	August 27, 2020
TO:	Board of Directors
PREPARED BY:	Dana Boudreau, Director of Operations
SUBJECT:	ACV Microgrid lease agreement with County of Humboldt Aviation Division

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.

On March 19, 2019, a Memorandum of Understanding (MOU) was signed between the County of Humboldt, Redwood Coast Energy Authority, and the Humboldt State University Sponsored Programs Foundation / Schatz Energy Research Center. To proceed further, the Federal Aviation Administration requires a lease to be established for use of airport property, in this case for non-aeronautical purposes. This lease formalizes interagency obligations for the 25-year life of the project.

The lease area is 11.138 acres, located at the southwest corner of the airport (see attached Appraisal Report for lease area and description). The lease agreement is planned to be presented for approval by the County Board of Supervisors in September 2020.

Final FAA approval is still pending, and the lease is a key document for their final review and approval of the project. The current best estimate for final FAA approval is January 2021. The project construction schedule has been heavily impacted by unanticipated FAA approval delays. In order to best utilize construction time remaining after FAA approval of the lease and associated construction documents, we seek Board approval of the lease now that would be contingent on the FAA issuing final approval. Although we expect the FAA to approve the lease in its current form, if the FAA requests revisions, we request that the Board gives authorization to the Executive Director and General Counsel to make any revisions consistent with the previously Board-approved MOU.

FINANCIAL IMPACTS

Staff estimates that the minimum value of electricity delivered in any year by the microgrid is approximately 2% above the appraised rental value of the land. RCEA elected to assign a conservative estimate to provide the County with a high degree of certainty that the system will meet electrical targets. Although the estimated average production exceeds the minimum production target by about 18%, there are many variables such as solar levels and electricity prices that make it difficult to forecast a consistent average financial target. At this time staff recommends that RCEA consider additional electricity production beyond the minimum level to be a benefit to the County in consideration for hosting the project.

- SERC estimates that the expected average PV output is 428,000 kWh/year, with a value of \$54,500.
- The lease agreement specifies that RCEA shall deliver an initial Minimum Electricity Generation guarantee of 350,000kWh/year with an associated value of \$44,643.

- The County obtained an appraisal on July 21, 2020, which estimates a total annual rent value of \$43,663/year. See attachment “Appraisal Report, County of Humboldt, California Redwood Coast-Humboldt County Airport; On-Airport Non-Aeronautical Land (11.138 Acres).”

RECOMMENDED ACTIONS

Approve Ground Lease Agreement with the County of Humboldt for an Area Located at the California Redwood Coast-Humboldt County Airport for the Airport Microgrid Project, contingent on FAA approval; authorize the Executive Director and General Counsel to approve any FAA recommendations that are consistent with the MOU entered into March 19, 2019, between the County of Humboldt, Redwood Coast Energy Authority, and the Humboldt State University Sponsored Programs Foundation / Schatz Energy Research Center; and, Authorize the Executive Director to Execute All Applicable Documents.

ATTACHMENT

1. County of Humboldt Department of Aviation Agreement for Ground Lease, Redwood Coast Energy Authority; California Redwood Coast-Humboldt County Airport
2. Appraisal Report, County of Humboldt, California Redwood Coast-Humboldt County Airport; On-Airport Non-Aeronautical Land (11.138 Acres).



DEPARTMENT OF AVIATION

AGREEMENT FOR GROUND LEASE

**REDWOOD COAST ENERGY AUTHORITY
(RCEA)**

**CALIFORNIA REDWOOD COAST-HUMBOLDT COUNTY
AIRPORT (ACV)**

**AGREEMENT FOR GROUND LEASE
CALIFORNIA REDWOOD COAST-HUMBOLDT COUNTY AIRPORT**

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EXHIBIT F – FAA ASSURANCES

AGREEMENT FOR GROUND LEASE CALIFORNIA REDWOOD COAST HUMBOLDT COUNTY AIRPORT

PREAMBLE

THIS AGREEMENT FOR GROUND LEASE ("Agreement") is made and entered into this _____ day of _____, 2020, by and between the County of Humboldt, ("County") a political subdivision of the State of California and the Redwood Coast Energy Authority ("RCEA" and "Lessee"), a local government Joint Powers Authority, whose members include the County of Humboldt; the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad; and the Humboldt Bay Municipal Water District. County and Lessee are referred to herein each individually as a "Party" and collectively as the "Parties".

WHEREAS, RCEA acts as the default regional electricity generation service provider through a community choice aggregation ("CCA") program that currently serves over 60,000 customers in Humboldt County (approximately 93% of the eligible electric customers living in the unincorporated and incorporated parts of Humboldt County), and has as its core CCA program goal maximizing the use of local renewable energy resources while providing competitive rates to customers; and

WHEREAS, as a member of the RCEA, the County serves in a leadership capacity on the RCEA Board of Directors, and both its residents as well as the County are direct beneficiaries of the RCEA CCA program and other RCEA renewable energy programs; and

WHEREAS, County as owner thereof operates and maintains the California Redwood Coast-Humboldt County Airport, ("Airport") located in Humboldt County, California, and has the right to lease portions of such Airport, subject to the terms and conditions hereinafter set forth; and

WHEREAS, County desires to reduce its Airport operating costs, promote Airport operations reliability and resiliency, and support the use of local green energy resources, by entering into an agreement with RCEA to partner in the designing, constructing and operating of a solar-based system that will provide local, renewably generated electrical power for extended periods without the need for operation of the larger electrical grid and without the need for fuel deliveries ("Microgrid"), to be located on County property at the Airport and thus ensuring the Airport can operate during emergencies; and

WHEREAS, Humboldt State University Sponsored Programs Foundation/Schatz Energy Research Center (HSUSPF/SERC) is the prime recipient of a \$5 million grant from the California Energy Commission (CEC) to develop a renewable energy Microgrid at the Airport, and has demonstrated experience and expertise in developing other Microgrid projects; and

WHEREAS, RCEA is a sub-recipient to said CEC grant awarded to HSUSPF/SERC, and has incurred debt in the amount of \$6 million through a loan from the United States Department of

Agriculture's Rural Utilities Service to provide cost share toward the Microgrid project at the Airport; and

WHEREAS, the County, RCEA, and HSUSPF/SERC entered into a Memorandum of Understanding (MOU) on March 19, 2019 setting forth the terms and understanding between the Parties to design, construct and operate the Microgrid project, attached hereto as Exhibit E; and

WHEREAS, this Agreement is to specify the obligations of the County and RCEA as the County's tenant of the real property located at the Airport on which the Microgrid will be constructed consistent with to the intent of the MOU.

NOW, THEREFORE, in consideration of the promises, terms, conditions, and covenants set forth herein, County and RCEA hereby mutually agree as follows:

Article 1

Definitions

As used herein, the following words and phrases shall have the meanings set forth below:

1.01 Airport

"Airport" shall mean the California Redwood Coast-Humboldt County Airport (ACV) operated by the County as a public airport.

1.02 Aviation Director

"Aviation Director" shall mean the Director of Aviation of the Humboldt County Department of Aviation, or his/her designee.

1.03 Commercial Operation Date

"Commercial Operation Date" means the date when (i) a certificate of substantial completion (or equivalent certificate) issued by the contractor constructing the Facility has been accepted by Lessee, and (ii) delivery of commercial energy (as opposed to energy produced for Facility testing purposes) is delivered through the Facility's meter and to the Airport's electrical system.

1.04 Completion Date

"Completion Date" shall mean the date construction is complete as described in Section 2.03 J.

1.05 Construction Timeline

"Construction Timeline" means the timeline for completing the Project, attached hereto as Exhibit A.

1.06 County Airport System

"County Airport System" shall mean California Redwood Coast-Humboldt County Airport (ACV), Murray Field Airport (EKA), Rohnerville Airport (FOT), Garberville Airport (O16), Kneeland Airport (O19), Dinsmore Airport (D63) and any other aviation facility as may be from time to time owned or operated by County and designated by the County to be part of the Airport System.

1.07 DOT

"DOT" shall mean the United States Department of Transportation, and any federal agency succeeding to its jurisdiction.

1.08 FAA

"FAA" shall mean the Federal Aviation Administration of the United States government, and any federal agency succeeding to its jurisdiction.

1.09 Facility

"Facility" means the 2.5 megawatt Microgrid consisting of a photovoltaic (PV) power generation system (including solar panels, energy storage equipment, mounting substrates or supports, wiring and connections, power inverters, service equipment and associated structures including fencing necessary to secure Facility, metering equipment, service roads, utility interconnections and any and all related equipment), and constructed on the Leased Premises, as more particularly described in the Project Site Plan, attached hereto and incorporated herein as Exhibit B.

1.10 Force Majeure Event

"Force Majeure Event" means any act, event, cause or condition that is beyond the reasonable control of the Party hereto which is affected thereby, that is not caused by such Party's fault or negligence, and that by the exercise of reasonable diligence such Party is unable to overcome or prevent, including, but not limited to: acts of God, war, civil commotion, embargoes, strikes, labor dispute, boycott, epidemic, embargo, act of a public enemy, fires, cyclones, droughts or floods, earthquakes, tsunamis, emergencies (other than those caused by the negligence or willful misconduct of the Party claiming the Force Majeure Event). Common and ordinary weather events that limits the amount of sunlight available to the Microgrid such as cloudy and overcast skies are excluded from this definition.

1.11 Leased Premises

"Leased Premises" shall mean that certain portion of the Airport more particularly described in Section 2.02 and depicted in Exhibit C, attached hereto and incorporated by this reference.

1.12 Lease Year

"Lease Year" shall mean a period of twelve (12) consecutive months beginning on the first day of the month following the Commencement Date, as defined in Section 2.01 of this Agreement.

1.13 Leasehold Improvements

"Leasehold Improvements" shall include the Microgrid Facility and any modifications to, or additions on, the Leased Premises and all structures, fixtures and equipment affixed thereto in such a manner that they cannot be readily removed without damage to the remainder of the improvements and without substantially changing the character of the improvements.

1.14 Microgrid

"Microgrid" shall mean two co-located solar photovoltaic (PV) arrays totaling 2.5 MW, a lithium-ion battery energy storage system, and associated electrical conductors and equipment that supply the centralized power grid or operate autonomously in non-connected ("islanded") mode.

1.15 MOU

"MOU" means that Memorandum of Understanding entered into among the County of Humboldt, Redwood Coast Energy Authority and the Humboldt State University Sponsored Programs Foundation / Schatz Energy Research Center on March 19, 2019, setting forth the terms and understanding between the County, RCEA and HSUSP/SERC concerning the development, design, installation, operation and decommissioning of the Microgrid Facility at the Airport, and attached hereto as Exhibit E.

1.16 Project

"Project" means any improvements to the Leased Premises, including but not limited to the construction of the Leasehold Improvements as detailed herein.

1.17 RCEA Director

"RCEA Director" shall mean the Executive Director of the Redwood Coast Energy Authority.

1.18 Risk Manager

"Risk Manager" shall mean the Risk and Loss Control Division Manager of the County of Humboldt and authorized representatives.

1.19 Sign

"Sign" shall mean any advertising sign, billboard, identification sign or symbol, or other similar device, regardless of content.

1.20 State

"State" shall mean the State of California, U.S.A.

1.21 TSA

"TSA" shall mean the Transportation Security Administration, and any federal agency succeeding to its jurisdiction.

Article 2

Special Conditions

2.01 Term

A. Commencement Date

The Commencement Date shall mean the date this Agreement is fully executed as described in Section 3.57.

B. Duration of Term

The Term of this Agreement shall be twenty-five (25) years after the Commercial Operation Date, unless terminated earlier pursuant to this Agreement. Whenever the word "Term" is used hereafter in this Agreement it shall mean the Term as set forth in this Section.

2.02 Description of Leased Premises

The County hereby leases to Lessee the Leased Premises as depicted in Exhibit C. Lessee shall have exclusive ingress and egress rights, except as specifically set forth herein, as well as the right to connect to utilities necessary and reasonable to access or serve the Leased Premises using only the access routes depicted in Exhibit B, which access routes and interconnection pathways, for the avoidance of doubt, are included within the Leased Premises.

Upon completion of Lessee's Leasehold Improvements, an updated legal description of the Leased Premises will be developed by Lessee if necessary and attached to this Agreement.

2.03 Project

A. Description

The Project proposes to construct a 2.5 megawatt (MW) Microgrid Facility on the Leased Premises, to include photovoltaic (PV) solar arrays, a lithium-ion battery energy storage system, and associated controls and equipment. RCEA will purchase, install, own, and operate the Microgrid Facility. The total estimated cost of the installed hardware for the system is approximately \$9.2 million, with RCEA to fund approximately \$6 million of these costs, and the remainder funded by a grant from the California Energy Commission.

The system will provide approximately 1.8 MW of solar electricity for RCEA's wholesale market participation. Additionally, an approximately 320 kilowatt (kW) PV system will directly serve County electrical loads through aggregated net metered service. The loads to be served by the County's net metering system include the main Airport terminal and other select Airport electric accounts. The Microgrid Facility will be capable of powering the Airport, U.S. Coast Guard Sector Humboldt Bay Air Station, and other facilities during widespread, extended power outage in the region.

The solar arrays will be mounted on a racking system attached to steel piles driven into the ground. The ground beneath the solar array will remain permeable and covered with managed vegetation. Older Monterey pine and various species of trees along Airport Road will be removed. Construction activities include grading, pile-driving, shallow trenching, concrete pouring, and placement of one new utility pole. Ongoing maintenance activities include periodically washing the solar panels and managing vegetation within the Leased Premises.

As part of the estimated \$9.2 million total system cost, RCEA will install four electric vehicle (EV) charging stations in the short term parking lot near the Airport terminal. Said EV charging stations will be installed at a location not on the Leased Premises and are outside the scope of the Project controlled by this Lease. RCEA will purchase, install, own, and operate the EV charging stations pursuant to a separate memorandum of understanding to be entered into between the Parties.

B. County Collaboration

The County shall assign a Department of Aviation project manager to coordinate with Lessee on all aspects of the Project, including coordination of plan submittals to all County and other agencies necessary for Project approval. As used in this Section 2.03, the term "County" shall refer to such project manager.

As set out in the MOU, Exhibit E, County coordination shall include continuing to serve as primary point of contact for all communication with FAA to obtain project approval from the FAA, and to negotiate on behalf of Parties regarding FAA regulatory requirements, mandates, emergencies, and other matters that directly or indirectly impact the installation, operation, and maintenance of the Microgrid and other Leasehold Improvements.

In order to have power generated by the 320 kW PV Airport dedicated system credited directly to Airport electric accounts, the County shall enter into an Interconnection Agreement and a Special Facilities Agreement with Pacific Gas & Electric Company (PG&E) to interconnect the 320 kW PV Airport dedicated system into PG&E's distribution grid. Lessee shall assume all rights, responsibilities and obligations under said Interconnection and Special Facilities Agreements.

Lessee hereby warrants that County may use all plans and specifications submitted by Lessee or any other person, for purposes relevant to and consistent with this Agreement.

C. Final Plans

Final plans and specifications setting forth in all necessary detail the requirements for construction of the Project shall be submitted to County's Planning and Building Department for approval. Three (3) copies of said Final plans and specifications shall be submitted to the County of Humboldt-Department of Aviation at the time of their submittal to the Planning and Building Department.

D. Approval of Plans

Lessee has full responsibility for obtaining all required federal, State and local approvals and permits. The County of Humboldt-Department of Aviation shall be the sole point of contact with the Federal Aviation Administration (FAA) regarding this project. County will use best practices to cooperate fully and promptly with Lessee in such efforts.

E. Environmental Review and Approval

County as lead agency under the California Environmental Quality Act (Public Resources Code §§ 21000 – 211278 (CEQA)) adopted an Initial Study and Mitigated Negative Declaration for the Project on May 8, 2018. County shall, prior to the installation of the Project and as a condition of this Agreement, prepare an Environmental Assessment as required by the FAA for compliance with the National Environmental Policy Act),

F. Authorization to Proceed

The County hereby authorizes RCEA to proceed with the Project after all of the following requirements have been satisfied:

- (1) FAA's approval of those portions of the County's revised Airport Layout Plan that is relevant to the Project. RCEA shall have the right to terminate this Agreement if FAA has not approved the revised Airport Layout Plan relevant to the Project within nine (9) months of the County's submittal of said Airport Layout Plan; and
- (2) The County has filed a Notice of Proposed Construction or Alteration with the FAA as required by 14 Code of Federal Regulations, part 77 pursuant to 49 U.S.C., Section 44718; and
- (3) RCEA has delivered to the Aviation Director and Risk Manager for approval, and the Aviation Director and Risk Manager have approved, certificates of insurance and required endorsements for coverage evidencing RCEA's and RCEA's construction contractor's insurance coverage to be in compliance with the applicable insurance provisions detailed herein; and
- (4) RCEA shall submit to the Aviation Director a copy of the building permits issued to Lessee by the Humboldt County Building Inspection Division; and
- (5) RCEA shall notify the Aviation Director of Lessee's intention to commence construction of the Project at least forty-eight (48) hours before commencement of such work or delivery of any material to be used in such work at the Leased Premises; and
- (6) No less than fifteen (15) days prior to beginning construction on the Project, RCEA's construction contractor has duly executed a Payment Bond conforming to the requirements of Section 9554 of the California Civil Code, with a surety authorized to do so in the State of California, in an amount equal to Lessee's contract for construction of the Project. Lessee shall provide County with a true copy of such executed bond, upon request by the Aviation Director; and
- (7) No less than fifteen (15) days prior to beginning construction on the Project, RCEA's construction contractor has duly executed a performance bond, in a sum not less than one hundred percent (100%) of the final construction cost, to guarantee the faithful performance of all covenants and stipulations of the Agreement during the design and construction phases of the Agreement Lessee shall provide County with a true copy of such executed bond, upon request by the Aviation Director; and

G. Modification of Final Plans

RCEA shall notify the County of any modifications to the Project plans including environmental mitigation measures, modifications imposed by County of Humboldt Department of Planning and Building, or construction change orders prior to construction.

H. Project Construction

RCEA shall cause the Project to be constructed and installed in accordance with this Agreement and all applicable laws, regulations, and permit requirements, including those of the County. If any portion of the underlying required documentation for the Project is non-compliant in any way, RCEA, at its sole expense, shall modify the Project plans and specifications until compliance is achieved. County shall have the right to inspect the construction and installation of the Project for compliance with the approved Project plans and specifications and RCEA, at RCEA's sole expense, shall modify any construction or installation found by County not to be in accordance with the approved Project plans and specifications.

Any review or approval by the Aviation Director of RCEA's plans and specifications and construction schedule, or any inspection by County of the Project work or materials, shall not be deemed to constitute a waiver or release by County of any obligation or responsibility of RCEA under this Agreement, or assumption of any risk or liability by County with respect thereto, and RCEA shall make no claim against County on account of such review, approval, or inspection. County reviews, approvals and inspections shall not constitute assumption by County of any responsibility for the adequacy of the design or the construction. Such responsibility shall remain totally with RCEA and RCEA's architects, engineers and contractors.

RCEA shall cause the Project and any other repair, alteration or improvement authorized herein to be constructed only by a contractor licensed for such work by the State of California. Lessee shall be solely responsible for payment to such contractor for all elements of such construction.

If RCEA desires non-electric utility service connections at the Leased Premises, RCEA shall be responsible for providing any necessary materials to connect with such non-electric utilities at a location designated by County or at a location that will not interfere with other tenants of the Airport.

I. Damages Caused During Construction

In the event that RCEA caused an unplanned disruption with Airport operations during construction including but not limited to unreasonable extension or complete termination of electrical services, RCEA agrees to and shall pay liquidated damages in the amount of \$10,000 per day because the actual damages incurred by the County and the tenants of the Airport are difficult to determine.

J. Construction Timeline

The Completion Date of the Project shall occur on or before the date set forth in Exhibit A. The RCEA Director and/or HSUSPF/SERC may update the construction timeline and completion date as may be necessary.

K. Notice of Completion

Within ten (10) days of completion of Project construction, Lessee shall submit a Notice of Completion to County (Notice of Completion). Within ten (10) days of receipt of Notice of Completion, County may schedule an inspection of the Project and Leasehold Improvements to be accompanied by Lessee for purposes of confirming compliance with the final plans and any subsequent modifications to the final plans. Such inspection may be scheduled at the same time Lessee schedules a final inspection in accordance with any requirements imposed by the County of Humboldt Department of Planning and Building.

L. As-Constructed/Record Drawings

Within sixty (60) days after filing the Notice of Completion, Lessee shall furnish to County one set of original, reproducible record drawings showing the "as-constructed" improvements, and one set of first-generation plain bond photo copy. Record Drawings shall be dated and stamped by the engineer or architect of record. A complete set of electronic CAD drawings, reflecting the same information as the record drawings shall be delivered to County at the same time. Delivery of electronic CAD drawings shall be on compact disc (CD) along with necessary printing or plotting information to allow County to reproduce drawings as originally designed.

M. Removal of Unapproved Improvements; Permitted Alterations

Improvements made on the Leased Premises without the approval of final plans as outlined herein for said improvements are hereby determined to be unapproved improvements constructed or installed in violation of the conditions, restrictions and requirements of this Agreement. Unapproved improvements shall, at the option of the Aviation Director, be immediately removed at Lessee's

sole expense. Portions of improvements that are not constructed as indicated and specified on approved plans are also hereby determined to be unapproved improvements and shall be immediately removed or corrected at Lessee's sole expense.

Notwithstanding any contrary provision in this Section, however, Lessee may, without the necessity of obtaining the County's approval, but must still procure the necessary permits, make the following alterations and improvements to the Leased Premises: (i) alterations not visible from outside the Leased Premises that do not affect the structural integrity of the Facility; and (ii) repairs, maintenance, and replacements which, by the terms of Section 2.10, are required to be made by Lessee, or which are otherwise reasonably necessary to operate and/or maintain the Leased Premises in good condition and repair.

N. Decommission

- (1) County shall have no financial responsibility for the removal and/or modification of the Microgrid including above ground infrastructure and buried conduits and wires after the 25-year operating life has elapsed or upon earlier termination pursuant to Section 3.15, 3.16, or 3.17. The disturbed ground surface will be restored to match adjacent surfaces. A Final Decommissioning and Restoration Plan will be completed by Lessee and approved for permitting no later than one year prior to decommissioning.
- (2) Lessee shall be financially responsible for decommissioning the Microgrid Facility and restoration of the Leased Premises at the termination of this Agreement consistent with the Initial or Final Decommissioning and Restoration Plan. The obligations of Lessee under this Section shall survive the termination of this Agreement.
- (3) RCEA agrees that at the time of Commercial Operation it will reserve funds in a designated account in the amount of One Hundred Ninety-Six Thousand Dollars (\$196,000) and agrees to contribute 2.5 percent of the current reserve fund total per year for the duration of this Agreement for a total of Three Hundred Sixty-Three Thousand Three Hundred Seventy Three Dollars (\$363,373) at the end of this Agreement ("Reserve Account"). Said amount represents RCEA's best estimate made at the time of Project construction of the cost of decommissioning the Microgrid. The Reserve Account shall be dedicated to completing the Microgrid decommissioning.

It is the intent of this Section that the Reserve Account along with the salvage value of installed improvements will provide sufficient financial assurances for the County with respect to the decommissioning of the Microgrid and restoration of the Leased Premises. Lessee, its

successors or assigns shall properly decommission the Microgrid and restore the Leased Premises to the agreed restoration condition described in the Final Decommissioning and Restoration Plan within twelve (12) months following (1) the termination of this Agreement; (2) the termination or expiration of any permit; or (3) the abandonment of the Microgrid for whatever reason.

2.04 Use of the Leased Premises

A. Authorized Use(s)

Subject to the limitations set forth in Section 2.04 B, and elsewhere in this Agreement, Lessee may use the Leased Premises for any or all of the following purposes, but for no other purposes:

- (1) County authorizes Lessee to use the Leased Premises in support of Lessee's Project, including the development, construction, installation, operation, maintenance, repair, replacement, management, and/or removal of the Microgrid Facility, and any ancillary or incidental uses pursuant to this Agreement. Any expansion, improvements, or alterations shall be pursuant to Section 2.10.
- (2) Lessee, its employees, agents, sub-contractors, guests, invitees, trainees, suppliers of materials, furnishers of services and any authorized representatives shall have rights of ingress and egress with respect to the Leased Premises.
- (3) Lessee's use of the Leased Premises shall at all times be in accordance with and comply with all applicable federal, State, and local laws, regulations, and ordinances.

B. Limitations

Lessee shall use the Leased Premises in accordance with the following limitations and all other applicable terms, promises, conditions, and covenants contained herein. Lessee shall not:

- (1) In any way obstruct or interfere with the rights or injure, or annoy others at the Airport;
- (2) Use or allow the Airport to be used for any improper, or unlawful purpose;
- (3) Obstruct the sidewalks, roadways or passageways adjacent to the Leased Premises or elsewhere on the Airport unless approved in advance, in writing, by the Aviation Director;

- (4) Use retardants of any kind, other than fire retardants except commercially available retardants for weed control, at any time, for any reason, anywhere on the landscape or ground area;
- (5) Solicit or distribute materials on the Airport in any manner;
- (6) Store pallets on the loading docks or paved driveways unless approved in writing, in advance, by the Aviation Director;
- (7) Allow the paved driveways or ground area to be used for storing vehicles not associated with Lessee's authorized use.

2.05 Consideration

The Consideration for Lessee's use of the Leased Premises is the provision of solar electricity to the Airport main terminal and other select Airport electric accounts, the County's reduced operating costs associated with the County's consumption of electricity at Airport, and the installation and energizing of four electric vehicle charging stations near the Airport terminal. As additional Consideration, RCEA's use of the Leased Premises to install, own and operate the Microgrid Facility adds operational resiliency and reliability to the Airport, and demonstrates a commitment to sustainable development. The monetary value of electric energy to be provided to the County through electric energy cost savings realized by the Project as well as the additional benefits accruing to the County, is estimated and set forth in Exhibit D.

2.06 Airport Response Charges

RCEA shall pay to the County, within thirty (30) days of receipt of invoice, charges for services and/or response provided by Airport staff including Airport Maintenance and Airport Rescue and Fire Fighting (ARFF)/Airport Police to a fire, explosion, or other immediate catastrophe pertaining to the Microgrid Facility. RCEA will be charged for actual cost, material, equipment, contractor invoices plus 10% for Airport administration and overhead charges if Airport services or response is needed.

2.07 Liquidated Damages from Short Fall of Electric Power Delivery

As set forth in Exhibit D, if the PV array produces less than 350,000 kWh in any given year regardless of the cause except for a Force Majeure Event as stated in Section 3.20, RCEA will reimburse the County for the value of the lost energy and actual administrative costs. The parties acknowledge that additional clerical, accounting and other work will be performed which would not otherwise be needed absent the electric power shortfall. In addition, because the actual costs incurred by the County as a result of an electric power shortfall are difficult to identify, the parties hereby agree that said reimbursement for the value of lost energy shall be as and for liquidated damages.

2.08 Utilities

- A. RCEA at Lessee's sole cost and expense, shall bring to Leased Premises all utilities necessary for the operation of the Microgrid at the Airport. County shall collaborate with RCEA to establish a new water service in RCEA's name to provide water to the Leased Premises site for panel washing, site management, or similar Microgrid operation and maintenance activities, if HSUSPF/SERC determines that the project budget supports the estimated construction cost of a new water service.
- B. County shall provide necessary documents to authorize Lessee to submit the necessary interconnection applications to Pacific Gas & Electric (PG&E) for interconnecting the generation resources.
- C. County shall collaborate with RCEA and HSUSPF/SERC to set up the aggregated net energy metering account that will allow the County to benefit from the 320 kW solar array to be owned and operated by RCEA on the County's behalf.

2.09 Maintenance of the Leased Premises

Lessee shall, at its sole cost and expense, maintain the Leased Premises in accordance with all applicable laws and regulations, whether now or hereafter enacted, and the terms of this Agreement, including, but not limited to the following:

- A. The Leased Premises shall at all times be kept in a clean, safe, and orderly condition and appearance, including all fixtures, equipment and personal property of Lessee thereon;
- B. Lessee shall be solely responsible for provision of all landscaping, pest control, and janitorial and cleaning services at the Leased Premises;
- C. Lessee shall take good care of the Leased Premises and improvements constructed by Lessee thereon, including but not limited to, all commercially reasonable preventive maintenance and all repairs, replacements, rebuilding and painting necessary to keep such premises in the condition existing at the time of completion of construction of the Project, and shall keep any improvements, additions, and fixtures thereafter made or installed by Lessee during the Term hereof in the condition they were in when made or installed, excepting reasonable wear not adversely affecting the structural integrity, or the efficient and proper utilization, or appearance of such premises;
- D. Lessee is responsible for any costs associated with maintaining the Leased Premises in compliance with local, State, and federal laws, rules and regulations applicable to the current use of the Leased Premises at any given time during the term of this Agreement.

- E. In addition to County's right to enter pursuant to Sections 3.22 F and 3.46, Lessee acknowledges and accepts County's right and intent to conduct periodic, but not less frequently than annual, Maintenance Compliance Surveys (Surveys) on the Leased Premises. Surveys shall be scheduled at a mutually convenient time for County and Lessee, following written notice by County of its intent to conduct a Survey, provided, however that such Surveys shall not unreasonably interfere with the operation of Lessee's operation of the Leased Premises. Surveys will focus on, but not be limited to, the condition of all Leasehold Improvements for proper maintenance, building code compliance and compliance with laws. Lessee agrees to cooperate with County, or its authorized representative, during the Survey process and provide access to all areas of the Leased Premises, both interior and exterior. In the event County, or its authorized agent, is not able to access all areas of the Leased Premises during the time of the scheduled Survey, Lessee will reschedule a mutually convenient time for a follow up survey to allow access to areas inaccessible during the initial Survey appointment, and Lessee agrees to compensate County for the personnel cost of the follow up Survey for each hour of such follow up Survey. Refusal by Lessee to provide access to all areas of the Leased Premises upon reasonable notice by County shall be considered a material breach of this Agreement and grounds for termination.
- F. County shall not be required to notify Lessee to perform any of Lessee's maintenance responsibilities hereunder. However, if County gives such notice, and Lessee fails to commence and, thereafter, diligently prosecute completion of the maintenance which is called for by such notice within ten (10) days following receipt thereof, County may, at its option, itself perform, or cause to be performed, such work at Lessee's sole cost and expense. In such event, Lessee shall, upon demand, reimburse County for all costs and expense of any kind or character incurred by County in connection therewith. Such option shall be in addition to any exercise thereof and shall not be deemed to create or imply any obligation or duty whatsoever to County or to any other person.

2.10 Expansion, Improvements or Alterations

Except as provided in Section 2.03 of this Agreement, no expansion, improvements or alterations of any kind, shall be erected, placed, assembled, constructed, or permitted on the Leased Premises without a prior written submittal of the proposed project to the Aviation Director. Upon review of the proposal, the Aviation Director will provide Lessee a written response and direction for the proposed project. The Aviation Director will not unreasonably withhold delay or condition its approval to any improvements or alterations reasonably requested by Lessee.

Lessee shall pay for all contractor services and all materials for any approved alteration of, or improvement to, the Leased Premises, and shall permit no lien or claim to be filed or prosecuted against County on account of such labor and materials furnished.

2.11 Insurance

- A. The respective insurance requirements for Lessee and County are set forth below, and shall be maintained throughout the term of this Agreement. The liability of each Party under this Agreement to the other Party shall not be diminished by the insurance or self-insurance limitations set forth below. All insurance policies required by this Section may not be cancelled or terminated without thirty days prior written notice to the other Party. All property and casualty insurance procured in accordance with this Section shall contain waivers of subrogation in favor of the Parties hereto.
- B. Without limiting County's indemnification provided for herein, LESSEE shall and shall require any of its subcontractors to take out and maintain, throughout the period of this Lease and any extended term thereof, the following policies of insurance placed with insurers authorized to do business in California and with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of LESSEE, its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors.
- C. Lessee will maintain:
 - (1) Workers' Compensation Insurance, as required by the Labor Code of the State of California, with statutory limits, and Employers Liability Insurance with a limit of no less than One Million Dollars (\$1,000,000.00) per accident for bodily injury or disease. Said policy shall contain, or be endorsed to contain, a waiver of subrogation against County, its agents, officers, officials, employees and volunteers;
 - (2) Comprehensive or Commercial General Liability insurance against liability for injury to or death of any Person or damage to property in connection with the use, operation or condition of the Leased Premises of not less than two million dollars (\$2,000,000) combined single limit per occurrence and four million dollars (\$4,000,000) annual aggregate. County shall be named as an additional insured under this liability insurance and the policy.
 - (3) Property Insurance. LESSEE is responsible for providing "All-Risk" Property Insurance for the contents of the property at this location.

Lessee may satisfy the insurance requirements contained in this Agreement through any combination of primary and/or excess coverage.

D. County will maintain:

- (1) Workers' Compensation Insurance, as required by the Labor Code of the State of California, with statutory limits, and Employers Liability Insurance with a limit of no less than One Million Dollars (\$1,000,000.00) per accident for bodily injury or disease. Said policy shall contain, or be endorsed to contain, a waiver of subrogation against RCEA, its agents, officers, officials, employees and volunteers;
- (2) County agrees that it shall, during the full Term of this Agreement and at its own expense, keep its own property and any structural improvements on the Airport insured in sufficient amounts against loss or damage by fire and other casualty commonly covered by standard fire and all risk coverage insurance including flood coverage. Valuation shall be on a replacement cost basis.

- E. County and Lessee shall provide certificates of insurance and evidence of property insurance evidencing the coverages required herein. Such documents shall be provided upon execution of this Agreement and annually upon renewal of the required coverages thereafter. County and Lessee agree that the policies required shall not be non-renewed, cancelled or materially changed without thirty (30) days prior written notice to the other party.
- F. County and Lessee each hereby waive any claim against the other party for any loss covered by property insurance obtained by such party to the extent of proceeds recoverable thereunder. County and Lessee shall each obtain from its respective insurance company or companies consent to a waiver of right of recovery and a waiver of any right of subrogation that such company may have against County or Lessee, as applicable.
- G. Each Party hereto agrees that the insurance described above to be provided by the other Party may be provided by and through blanket coverages which may be provided in whole or in part through a policy or policies covering other liabilities and locations of the Party obligated to provide such insurance and its affiliates.
- H. Notification of Claim. If any claim for damages is filed with Lessee or if any lawsuit is instituted against Lessee, that arise out of or are in any way connected with Lessee's performance under this Agreement and that in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect the County, Lessee shall give prompt and timely notice thereof to County. Notice shall not be considered prompt and timely if not given within thirty (30) days following the date of receipt of a claim or ten (10) days following the date of service of process of a lawsuit.

2.12 Notices

- A. Notices required herein shall be in writing and served personally, sent by certified mail, return receipt requested, postage prepaid or overnight courier. Any notice

mailed pursuant to this Section shall be deemed received by the addressee five (5) business days after deposit of same in the mail. Either party shall have the right, by giving fifteen (15) days advance written notice to the other, to change the addressee or address at which its notices are to be received. Until any such change is made, notices shall be addressed and delivered as follows:

County:
Humboldt County
Department of Aviation
3561 Boeing Avenue
McKinleyville, CA 95519

Lessee:
Redwood Coast Energy Authority
Attn; Executive Director
366 3rd Street
Eureka, CA 95501

With a copy to:

Schatz Energy Research Center
1 Harpst Street
Arcata, CA 95521

- B. If notice is given in any other manner or at any other place, it will also be given at the place and in the manner specified in Section 2.12 A.
- C. All notices shall be effective upon receipt and shall be deemed received upon delivery, if personally delivered.

Article 3

General Conditions

3.01 Acceptance of Leased Premises

Lessee hereby accepts the Leased Premises in its "as-is" condition existing at the Commencement Date of the Term hereof. Taking possession of the Leased Premises by Lessee shall be conclusive evidence that the condition thereof is satisfactory to Lessee. County makes no representation or warranty that the Leased Premises are suitable for the uses to which Lessee shall be restricted pursuant to this Agreement.

3.02 Accord and Satisfaction

No payment by Lessee or receipt by County of a lesser amount than the rent, fees and/or charges due to be made by Lessee herein shall be deemed to be other than on account of the rent, fees and/or charges due, and no endorsement or statement on any check or in any letter accompanying any check or payment as rent, fees and/or charges shall be deemed an accord and satisfaction, and County may accept such check or payment without prejudice to County's right to recover the balance of such rent, fees and/or charges or to pursue any other remedy provided in this Agreement.

3.03 Airport Regulations

In the use of the Leased Premises, Lessee agrees to observe, obey and abide by all ordinances, Airport rules, and other local, State, and federal regulations applicable thereto. In addition to the foregoing, Lessee shall comply immediately with any and all directives issued by the Aviation Director.

3.04 Air Quality

Lessee recognizes that the County consistently encourages the County Airport System users to work with the County to improve air quality in the County of Humboldt region. Lessee agrees to exercise good faith and commercially reasonable efforts to minimize any negative impact on air quality resulting from Lessee's activities on the Leased Premises.

3.05 Amendment Required by FAA or TSA

This Agreement may be amended without further consideration for the purpose of satisfying TSA or FAA requirements or any federal agency succeeding to its respective jurisdictions.

3.06 Assignment and Subletting

Lessee shall have no right to assign, mortgage, pledge, or otherwise transfer this Agreement, either voluntarily or by operation of law.

3.07 Mortgages

Subject to the conditions set forth herein, Lessee may mortgage its leasehold interest created herein, solely for the purpose of obtaining financing for the construction of the Leasehold Improvements and/or operation of the Leased Premises.

As used herein, "mortgage" means any mortgage, deed of trust, security interest or other indenture consisting of a lien on Lessee's leasehold interest created herein, together with a promissory note or obligation which it secures.

Prior to entering into any such mortgage, Lessee shall submit a true and complete copy of the terms thereof, to the Aviation Director for review and approval, and shall promptly submit such supplemental information as may be requested by the Aviation Director within thirty (30) days following receipt of such data, the Aviation Director shall review the same and shall notify Lessee in writing of approval or rejection thereof, in whole or in part. In the event of such rejection, the parties shall negotiate in good faith to reach agreement respecting the terms of such mortgage; provided, however, Lessee warrants and covenants as to all mortgages, liens and Agreement-related encumbrances the following:

- A. Such mortgage shall in no way affect or diminish County's interest in the Leased Premises, or its rights under this Agreement, nor relieve Lessee of any of its obligations herein;
- B. Under no circumstances shall County's interest in the Leased Premises be subordinate to such mortgage, nor shall the term of such mortgage exceed the Term of this Agreement, as set forth in Section 2.01.
- C. The principal sum of the note or obligation which such mortgage secures shall not exceed the amount of Lessee's total cost for construction of the Leasehold Improvements and or operation of the Leased Premises.
- D. Such mortgage shall cover no interests in any real property other than Lessee's leasehold interest in the Leased Premises herein, and shall contain provisions permitting the disposition and application of insurance proceeds as provided herein; and
- E. The making of such a mortgage by Lessee shall not be deemed to constitute an assignment or transfer of this Agreement, nor shall any mortgagee, as such, be deemed an assignee or transferee of this Agreement. Lessee shall submit to the Aviation Director a fully executed, true and complete copy of any such mortgage, within forty-eight (48) hours following the execution thereof.

Breach of the aforementioned warranty and/or covenant by Lessee of this Section 3.07 shall constitute a material breach of this Agreement and the PPA by Lessee.

3.08 Assurances Required by FAA

Lessee will, at all times during this Agreement, comply with all applicable provisions of the FAA "Airport Sponsor Assurances" (Assurances) and any subsequent revisions, updates, or amendments thereto. The provisions of the Assurances may change during the term of this Agreement, and those changes will be incorporated into this Agreement without the necessity of a formal amendment. As the primary point of contact for RCEA to the FAA under this Agreement, the Aviation Director shall notify RCEA of any changes, updates or revisions to the Assurances.

3.09 Authority of Agreement

Each Party warrants and represents that it has the right, power, and legal capacity to enter into, and perform its obligations under this Agreement, and no approvals or consents of any persons are necessary in connection with it. The execution, delivery, and performance of this Agreement by the undersigned Party representatives have been duly authorized by all necessary corporate action of said Party, and this Agreement will constitute a legal, valid, and binding obligation of the Party, enforceable in accordance with its terms.

3.10 Administration of Agreement

The Aviation Director shall administer this Agreement on behalf of County. Unless otherwise provided herein or required by applicable law, the Aviation Director shall be vested with all rights, powers, and duties of County herein. With respect to matters herein subject to the approval, satisfaction, or discretion of County or the Aviation Director, the decision of the Aviation Director in such matters shall be final.

The Executive Director shall administer this Agreement on behalf of RCEA. Unless otherwise provided herein or required by applicable law, the Executive Director shall be vested with all rights, powers, and duties of RCEA herein. With respect to matters herein subject to the approval, satisfaction, or discretion of RCEA or the Executive Director, the decision of the Executive Director in such matters shall be final.

3.11 California Law

This Agreement shall be interpreted and enforced in accordance with the statutory and decisional law of the State of California. In the event of a dispute between the parties as to the language of this Agreement or the construction or meaning of any term hereof, this Agreement shall be deemed to have been drafted by the parties in equal parts so that no presumptions inferences concerning its terms or interpretation may be construed against any party to this Agreement. Any litigation filed by Lessee or County against the other regarding the terms of this Agreement, performance of a party's obligations under this Agreement, or any other reason related in any way to this Agreement, shall be filed in a federal or State court of competent jurisdiction located in Humboldt County, California.

3.12 Consent

Whenever the consent or approval of either party hereto is required or authorized hereunder, such consent or approval shall not be unreasonably withheld, unreasonably conditioned, or unreasonably delayed.

3.13 Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, by all of which, together, shall constitute one and the same instrument.

3.14 Cumulative Remedies

No remedy or election herein shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

3.15 Damage or Destruction of Leasehold Improvements

A. Lessee Repair and Restoration

If at any time during the Term, the Project or other Leasehold Improvements constructed by Lessee upon the Leased Premises, or any part thereof, shall be damaged or destroyed by fire or other occurrence, (including an occurrence for which insurance coverage was not obtained, or unobtainable), of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Lessee, at its sole cost and expense, and whether or not the insurance proceeds, if any, shall be sufficient for the purpose, may proceed with reasonable diligence (subject to a reasonable time allowance for the purpose of adjusting the insurance loss), to repair, alter, restore, replace or rebuild the same as nearly as possible to its value, condition and character immediately prior to such damage or destruction (including temporary repairs and work necessary to protect the Microgrid and Leasehold Improvements from further damage), subject to such changes or alterations as may be approved by County in conformity with the provisions of this Agreement (collectively referred to below as "the work").

Notwithstanding the above provisions of Section 3.15.A., if the cost of repairing, restoring, replacing, or rebuilding is not economically viable, as determined in RCEA's sole discretion, Lessee may terminate this Agreement by giving a termination notice to County within ninety (90) days after the occurrence of the damage or destruction. The Parties shall negotiate in good faith whether RCEA's decision not to repair, restore, replace or rebuild shall be accompanied by payment of liquidated damages as calculated in Exhibit D. If termination of the Agreement occurs on a date other than the first or last day of a Lease Year, consideration and fees for the partial Lease Year will be prorated.

B. Condition of Work

Except as otherwise provided in Section 3.15, the conditions under which any repair, restoration, replacement, or rebuild work is to be performed and the

method of proceeding with and performing the same shall be governed by the provisions of Section 2.03, as applicable.

C. Payment of Insurance Proceeds

All insurance money paid on account of such damage or destruction under the policies of insurance required by this Agreement, less the cost, if any, incurred in connection with the adjustment of the loss and the collection thereof (referred to below as the "insurance proceeds"), shall be applied to the payment of the cost of the work to the extent that the insurance proceeds shall be sufficient for the purpose, and shall be paid out to or for the account of Lessee from time to time as such work progresses.

D. Deficiency

If the insurance proceeds shall not be sufficient to pay the entire cost of the work and Lessee has determined to proceed with repair, restoration, replacement, or rebuild work, Lessee shall supply the amount of any such deficiency and shall apply the same to the payment of the cost of the work, unless the cause of the damage or destruction was caused by County, in which case County shall supply the amount of any such deficiency. Except as otherwise provided in this Agreement, County shall not be obligated to make any payment, reimbursement or contribution towards the cost of the work.

E. Failure to Commence Repairs

County may terminate this Agreement pursuant to Section 3.16 herein if the work shall not have been commenced within one hundred twenty (120) days after the damage or destruction has occurred or if the work, after commencement, shall not proceed expeditiously; provided, however that RCEA has provided notice of its intent to repair, restore, replace, or rebuild the Microgrid. Provided further, however, that any delay resulting from a Force Majeure Event shall extend the time for commencement or completion of the work. On such termination, the insurance proceeds received by or payable to Lessee shall first be paid to Lessee's mortgagee, if applicable, in connection with Leasehold Improvements on the Leased Premises, and then, any remaining proceeds shall be paid to Lessee, and County as their respective interests may appear.

F. Uninsurable Risk

In the event the cause of the damage or destruction is by a risk which is or was uninsurable, then Lessee shall have the same responsibility to provide the funds necessary to pay the cost of the work as set forth in this Section.

3.16 Early Termination by County

County may terminate this Agreement prior to expiration of the Term hereof upon the happening of one or more of the following events if Lessee:

- A. Fails to make any payment owed to County, as and when due herein, where such failure continues for a period of thirty (30) days following service of notice thereof upon Lessee by County;
- B. Fails to obtain or maintain any of the insurance coverage required by this Agreement and fails to cure within 10 days; in this case, the Aviation Director may immediately terminate the Agreement;
- C. Makes a general assignment for the benefit of its creditors;
- D. Files a voluntary petition, or becomes the subject of an involuntary petition, in any proceedings in Bankruptcy Court;
- E. Vacates or abandons the Leased Premises for a period of thirty (30) days or more;
- F. Breaches the covenants of Exhibit E "Airport Sponsor Assurances" and fails to cure such breach within thirty (30) days after receipt of written notice from County or other public agency;
- G. Fails to timely replace any material Leasehold Improvement which has been destroyed by fire, explosion or other catastrophe, within one hundred twenty (120) days from the date of such destruction subject to reasonable delay due to a Force Majeure Event if RCEA has provided notice of its intent to repair, restore, replace, or rebuild the Microgrid;
- H. Defaults in performance of any promise, term, condition, or covenant required of it herein (other than those expressly set forth in Subsections (a) through (h) above, wherein no further default notice is required), provided Lessee fails to cure such default within sixty (60) calendar days following receipt of written notice of such default from County. However, if the nature of such default is such that it cannot reasonably be cured within such period, Lessee shall be deemed to have cured such default if within such period Lessee commences performance thereof and thereafter diligently prosecutes the same to completion.

Early termination by County pursuant to this Section shall be upon not less than ninety (90) days, or longer as stipulated therein, advance written notice to Lessee, with the exception of 3.16 (B) and (E) herein above, which notice shall state the basis of such termination and the effective date thereof. Upon the effective date of such termination, County may take possession of the Leased Premises, without further notice or demand to Lessee.

Failure to serve notice of termination upon the happening of any of the events described in this Section shall not operate to bar or destroy County's right to thereafter declare such termination upon the subsequent happening of any such event.

3.17 Early Termination by RCEA

If RCEA is not in default of its payments or any other obligations under the Agreement to the County herein, Lessee may terminate this Agreement prior to expiration of the Term under the following terms and conditions:

- A. Permanent abandonment of Airport by County;
- B. Assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of Airport, or any substantial part thereof, in such manner as to substantially restrict Lessee in its operations herein for a period of ninety (90) consecutive calendar days;
- C. Issuance by a court of competent jurisdiction of a permanent injunction which in any way prevents or restrains Lessee's use of the Airport or the Leased Premises in a manner substantially restricting Lessee's operations at Airport herein;
- D. Default by County in the performance of any material promise, term, condition or covenant ("material default") required of it to be performed herein, provided County fails to cure such material default within sixty (60) calendar days following receipt of written notice of the material default from Lessee. However, if the nature of such material default is such that it cannot reasonably be cured within such period, County shall be deemed to have cured the material default if within such period County commences performance thereof and thereafter diligently prosecutes the same to completion.
- E. A determination by RCEA not to repair or rebuild the Microgrid Facility made pursuant to Section 3.15.A of the Agreement.

3.18 Entire Agreement

This Agreement, together with all exhibits attached hereto, constitutes the entire agreement between the parties hereto, and all other representations or statements heretofore made, verbal or written, are merged herein. This Agreement may be amended only by written instrument duly executed by the parties hereto, except as stipulated in Section 3.05 herein.

3.19 Environmental Requirements

A. Lessee's Compliance with Environmental Laws

Lessee shall at all times in all respects comply with all environmental laws, and any amendments thereto affecting Lessee's use of the Leased Premises, including, but not limited to, all federal, State and local laws, ordinances and regulations relating to Hazardous Material. The meaning of the term "Hazardous Material" includes, without limitation, any hazardous or toxic substance, material or waste, which is or becomes regulated by any local governmental authority, the State of California or the United States Government. Lessee is held to the highest level of legal knowledge concerning current and applicable environmental law.

B. Hazardous Material Storage Permit

Lessee shall be required to obtain all applicable Hazardous Material Storage permits from all appropriate government agencies if it, at any time, places or stores Hazardous Material, or any other regulated hazardous substances on the Airport.

C. Aviation Director's Consent Required

In addition to any permit requirement and except as provided otherwise in this Section, Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Airport by Lessee, its agents, employees, contractors or invitees without the prior written consent of the Aviation Director (which the Aviation Director shall not unreasonably withhold as long as Lessee demonstrates to the Aviation Director's reasonable satisfaction that such Hazardous Material is necessary or useful to Lessee's business and will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Material so brought upon, used or kept in or about the Airport). With respect to Hazardous Materials normally and routinely used in Lessee's operations, the Aviation Director's approval shall be a continuing approval subject to review on such periodic basis as the Aviation Director determines is appropriate.

D. Indemnification by Lessee for Hazardous Materials

Lessee shall indemnify, defend and hold County harmless from any claims, judgments, damages, penalties, fines, costs, liabilities or losses which arise during or after the Term of this Agreement as a result of its handling or transporting of Hazardous Materials or as a result of Lessee's use or storage of Hazardous Materials. This indemnification of County by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or

any clean up, remedial, removal or restoration work required by any federal, State or local governmental agency or political subdivision due to the presence or impact of Hazardous Material. Without limiting the foregoing, if the presence of any Hazardous Material on the Airport caused or permitted by Lessee results in any contamination of the Airport, Lessee shall promptly take all actions at its sole expense as are necessary to render the Leased Premises in compliance with all applicable environmental laws; provided that County's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Airport.

E. Notices

Each Party shall promptly notify the other Party, in writing, of: (1) any enforcement, clean up, removal or governmental or regulatory action instituted, completed or threatened pursuant to any environmental or Hazardous Materials laws; (2) any claim made by any person against such Party relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claiming to result from violation of any environmental law or use of any Hazardous Materials in its operations on or about the Airport; and (3) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Airport, including any complaints, notices, warnings or asserted violations in connection therewith (but excluding routine manifests, records or receipts that are submitted to environmental agencies for purposes of documenting waste disposal or product receipt activities). Each Party shall also supply to other Party as promptly as possible, and in any event within ten (10) business days after such Party first receives or sends the same, copies of all claims, reports, complaints, notices or warnings or asserted violations relating in any way to such Party's operations on or at Airport thereof.

F. Right of Entry

During the Term of this Agreement the Aviation Director, or those authorized by the Aviation Director, shall have the right of entry, with prior twenty-four (24) hour notice to Lessee, to test and determine the extent of any contamination of the Leased Premises provided that any such testing shall not unreasonably disrupt or interfere with Lessee's operations. The results of such tests (including any reports, documents or test results) shall be simultaneously provided to the Aviation Director and Lessee.

G. Environmental Audit

As part of the Final Decommissioning and Restoration Plan, County shall have the right to conduct an environmental audit upon expiration or earlier termination of this Agreement. Said audit shall be conducted at RCEA's expense in association with the decommissioning of the Microgrid Facility. If contamination is

found and such contamination was caused by Lessee, Lessee shall be required to perform corrective action to remove contamination caused by Lessee or its representatives during Lessee's Term, if and to the extent required by any environmental agency, as approved by the County. Lessee shall, in consultation with County, determine the schedule, technique, method, and design of the mitigation and/or remediation, subject to the then current environmental requirements as identified in this Section.

H. Hazardous Materials Spill Release Reporting and Cleanup Policies

At all times during the Term of the Agreement, Lessee shall comply with the County's policies for the reporting and cleanup of Hazardous Materials spills or releases.

3.20 Force Majeure Event

Neither County nor Lessee shall be deemed to be in breach of this Agreement if either is prevented from performing any of its obligations herein by a Force Majeure Event.

3.21 Headings

The headings of the Articles and Sections of this Agreement are inserted only as a matter of convenience and for reference, and do not define or limit the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

3.22 Holding Over

If Lessee remains in possession of the Leased Premises following the expiration or earlier termination of this Agreement, such holding over shall not be deemed to constitute an extension or renewal of this Agreement, but shall merely create a tenancy from month-to-month which either party hereto may terminate upon thirty (30) days advance written notice to the other. In the event of such holding over, Lessee shall perform all terms, promises, conditions and covenants required of it herein, but shall pay Consideration to County in such amount as in effect immediately prior to such expiration or earlier termination of this Agreement.

3.23 Indemnification

To the fullest extent permitted by law, each Party shall indemnify, defend, and hold harmless the other Party, its respective governing Board, officers, directors, officials, employees, and authorized volunteers and agents, (collectively "Indemnified Parties"), from and against any and all claims, demands, actions, losses, liabilities, damages, and all expenses and costs incidental thereto (collectively "Claims"), including cost of defense, settlement, arbitration, and reasonable attorneys' fees, resulting from injuries to

or death of persons, including but not limited to employees of either Party hereto, and damage to or destruction of property or loss of use thereof, including but not limited to the property of either Party hereto, arising out of, pertaining to, or resulting from the acts or omissions of the indemnifying Party, its respective officers, employees, or agents, or the acts or omissions of anyone else directly or indirectly acting on behalf of the indemnifying Party, or for which the indemnifying Party is legally liable under law excepting only such injury, death, or damage, to the extent it is caused by the negligence of an Indemnified Party. The indemnifying Party shall not be liable for any Claims arising from the sole negligence or willful misconduct of an Indemnified Party where such indemnification would be invalid under Section 2782 of the Civil Code. This indemnity shall not be limited by the types and amounts of insurance or self-insurance maintained by the either Party or by the Lessee's subcontractors. Notwithstanding anything to the contrary, in the event that both parties are held to be negligently or willfully responsible, each party will bear their proportionate share of liability as determined in any such proceeding. In such cases, each party will bear their own costs and attorney's fees. Nothing in this Indemnity shall be construed to create any duty to, any standard of care with reference to, or any liability or obligation, contractual or otherwise, to any third party. The provisions of this Indemnity shall survive the expiration or termination of the Agreement.

3.24 Independent Contractor

Lessee is not an employee or agent of County by reason of this Agreement, or otherwise. Lessee shall be solely responsible for its acts and omissions arising from or relating to its operations or activities at Airport, or lease of property herein.

3.25 Industrial Waste Disposal

All disposal of storm, sanitary sewage and industrial waste shall be in accordance with the Humboldt County Regional Sanitation District, the National Pollutant Discharge Elimination System (NPDES) and all Federal, State and Local laws. Lessee shall comply with all federal and State regulations governing the NPDES including all future amendments of said regulations, and procedures as may be adopted by Federal, State or Local agencies.

3.26 Interpretation of Agreement

Nothing herein contained shall be construed or interpreted, in any manner whatsoever, as limiting, relinquishing or waiving any of the rights of ownership enjoyed by County in and to the Airport, or in any manner waiving or limiting County's control over the operation and maintenance of the Airport or in derogation of such governmental rights as County possesses, except as is specifically provided for herein.

3.27 Invalid Provisions

In the event of any covenant, condition or provision of this Agreement or the application thereof to any person, entity, or circumstances, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Agreement, or the application thereof to any person, entity, or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated, provided that such invalidity, voiding or unenforceability of such covenant, condition or provision does not materially prejudice either party in its respective rights and obligations contained in the then remaining valid covenants, conditions or provisions of this Agreement.

3.28 Licenses and Permits

Lessee shall obtain, at its sole cost and expense, all necessary licenses and permits required for construction or installation of equipment on the Leased Premises, and any other licenses or permits necessary for the conduct of Lessee's operations at Airport. County will use best practices to cooperate fully and promptly with Lessee in such efforts.

3.29 Negation of Partnership

County acknowledges that it is a collaborating partner to ensure the successful outcome of the Project. However, nothing in this Agreement shall be construed to render County in any way or for any purpose, a legal partner, joint venture, or associate in any legal relationship with Lessee other than that of landlord and tenant, and any other documents necessary for the Project that are duly executed by the Parties, nor shall this Agreement be construed to authorize either County or Lessee to act as an agent for the other, except as set forth herein.

3.30 Noise Control

Lessee, for itself and each of its officers, representatives, agents, employees, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, or suppliers shall not conduct any operation or activity on the Leased Premises, or elsewhere at Airport, in which the sound emitting therefrom is of such volume, frequency or intensity at such time as to constitute a nuisance. The Aviation Director shall have the sole and exclusive authority to determine what constitutes a nuisance under the provisions of this Section except that operations and activities having noise levels not in violation of federal, State, or local governmental standards shall not be deemed a nuisance.

3.31 Nondiscrimination

Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that:

- A. No person on the grounds of race, color, creed, national origin, sex, age or handicap shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of Lessee's facilities pursuant to its operations hereunder;
- B. In the furnishing of services on the Airport, no person on the grounds of race, color, creed, national origin, sex, age or handicap shall be excluded from participation in, denied the benefit of, or otherwise be subjected to discrimination; and
- C. Lessee shall use the Airport in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as such Regulations may be amended.

3.32 Nonexclusive Rights

Nothing herein shall be construed to grant or authorize the granting of any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport. Provided, however, subject to the terms and provisions of this Agreement, Lessee shall have the right to exclusive possession of the Leased Premises described by Section 2.02.

3.33 Nonwaiver of Rights

No failure by County to insist upon the strict performance of any covenant, term or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rents or fees during the continuance of any such breach, shall constitute a waiver of any breach or of such covenant, term or condition.

No receipt of monies by County from Lessee after the termination of this Agreement, or after the giving of any notice of termination of this Agreement (unless such receipt cures the event of default which was the basis for the notice) shall reinstate, continue or extend the Term or effect any notice theretofore given to Lessee, or operate as a waiver of the right of County to enforce the payment of rents or fees payable by Lessee hereunder or thereafter falling due.

3.34 Notice of Claims and Suit

Lessee shall give the County prompt and timely written notice of any personal injury or other accident claims, and of any lawsuit coming to its knowledge when either such claim or lawsuit arises out of or is in any way connected with the operations of Lessee herein, or the construction or operation of Airport by County, which in any way, directly,

indirectly, contingently or otherwise, might reasonably affect the parties' relationship under this Agreement.

Such notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of such claim by an officer, agent, or employee of Lessee, and if given within ten (10) calendar days following the date of service of process upon Lessee with respect to any such lawsuit.

3.35 No Warranty

County does not warrant that Airport will continue to be used as an airport during the Term of this Agreement. In the event that such airport use is terminated, whether temporarily or permanently, Lessee shall neither claim, nor have entitlement to, any damages whatsoever from County under this Agreement. Notwithstanding the aforementioned, Lessee may be entitled to monetary or equitable relief

3.36 Nuisance and Waste

Lessee for itself and its officers, representatives, agents, employees, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, and suppliers shall not erect nor permit to be erected any nuisance on the Leased Premises, nor permit any waste thereon.

3.37 Peaceable Use and Enjoyment

Lessee shall, upon payment of the consideration as herein required, and subject to performance and compliance by Lessee of the covenants, conditions and permits on the part of Lessee to be performed and complied with herein, peaceably have and enjoy the rights, uses and privileges of the Airport, its appurtenances and facilities as granted hereby and by the airport rules and regulations.

3.38 Prohibition of Liens

Lessee shall pay promptly, as due, all persons supplying labor and materials for any alteration of, or improvement to, the Leased Premises, and shall permit no lien or claim to be filed or prosecuted against County on account of such labor and materials furnished.

3.39 Release of Liability

County shall not be liable for, and is hereby released from, all liability to Lessee, or to anyone else claiming under or through Lessee for any loss or damage whatsoever to the property or effects of Lessee resulting from the discharge of water or other substances from pipes, sprinklers, conduits, containers, appurtenances thereof or fixtures thereto or from any damage resulting from the discharge of or failure of electric current, regardless

of cause or origin, except to the extent caused by the negligence or willful misconduct of County, its employees or agents.

3.40 Reports

Lessee shall provide County with any reasonable statistical reports which the Aviation Director may from time to time request by written notice to Lessee.

3.41 Restrictions and Regulations

This Agreement, and the rights herein granted, shall be subject to any and all applicable local, federal, State, and County rules, regulations, orders and restrictions which are now in force or which may hereafter be adopted by any duly authorized governmental agency with respect to Lessee's operation at Airport.

3.42 Right of Entry

The Aviation Director shall have the right, throughout the Term of this Agreement, to enter the Leased Premises for any lawful purpose, including the purpose of determining whether Lessee is complying with its obligations herein. Lessee shall normally be given a seven (7) days notice prior to exercise of such right, except in the event entry is necessary for safety or environmental purposes. Such entry by County shall not be deemed to excuse Lessee's performance of any promise, term, condition, or covenant required of it by this Agreement, and shall not be deemed to constitute waiver thereof by County.

3.43 Risk Reduction

Lessee shall neither use nor permit the use of the Leased Premises in such a manner as to increase the County's exposure, which would affect the insurance premiums thereon in excess of that in existence at the commencement of the Term hereof, except to the extent needed to install, operate, and maintain a solar electric or photovoltaic (PV) power generation system.

3.44 Security

It is the responsibility of Lessee to maintain security of the entire Leased Premises, including the assigned vehicle parking area or other areas assigned to Lessee. Consistent with Airport Security, attached as Exhibit G, Lessee shall be responsible for the conduct and actions of Lessee's employees, volunteers, subtenants, contract employees or other personnel conducting business on the Airport.

3.45 Signs

Lessee shall not erect, maintain, or display any exterior Sign on the Leased Premises, other than signs required by law, or elsewhere at Airport, without the prior written consent of the Aviation Director. Lessee shall submit drawings, sketches, designs, and dimensions of such signs to the Aviation Director when requesting such approval. All such signs shall be consistent with County's general Sign policy for Airport.

3.46 Subordination

Lessee shall be prohibited from any act or omission that impairs or impedes the actions of the State and local environmental regulatory agencies in taking any action to remediate the Leased Premises by means of drilling monitoring wells, conducting soil borings, surveys or other methods of remediation. Lessee's right to occupancy and quiet enjoyment of the Leased Premises shall be subject to County's right to remediate, or authorize the remediation of, the Leased Premises as set forth above. Lessee shall further be prohibited from not exacerbating any remediation activity undertaken under FAA regulations. Any act or omission of the Lessee that hinders, in any material way, the remediation actions implemented under the FAA shall constitute a material breach of this Agreement.

3.47 Successors and Assigns

The provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, and personal representatives of the parties hereto.

3.48 Taxes

Lessee shall, at its sole cost and expense, pay any and all taxes for which it is responsible, or which may be assessed against it.

A. Possessory Interest and Property Taxation

Under this Agreement a possessory interest subject to property taxation may be created. Pursuant to California Revenue and Taxation Code Section 107.6 and Government Code Section 53340.1, notice is hereby given that such possessory interest may be subject to property taxation and special taxation pursuant to Chapter 25, Division 2 of the Government Code (Mello Roos Community Facilities Act of 1982), and that the party in whom the possessory interest is vested may be subject to the payment of property taxes and special taxes levied on such interest. Lessee shall pay any and all taxes, assessments, and other charges of whatsoever character that may be levied or charged upon Lessee's interest as herein may be created, improvements, operations, or right to use of the Leased Premises.

B. Right to Contest Taxes

Lessee shall have the right to contest in its own name, or, to the extent reasonably necessary, in County's name, in good faith and by all appropriate proceedings, the amount, applicability, or validity of any tax assessment pertaining to the surface of Airport property and Lessee's operations thereon.

In the event Lessee initiates such contest, County shall reasonably cooperate with Lessee, provided that such contest will not subject any part of the surface of Airport property to forfeiture or loss; and provided, further, that if Lessee contests any assessment made by the Assessor of County, such contest shall not be initiated in the name of County, and County shall not be obligated to cooperate therewith. If at any time payment of any tax or assessment becomes necessary to prevent any forfeiture or loss, Lessee shall timely pay such tax or assessment to prevent such forfeiture or loss.

3.49 Time is of the Essence

Time shall be of the essence in complying with the terms, conditions and provisions of this Agreement.

3.50 Title to the Leased Premises

Title to the Leased Premises is and shall remain vested in the County.

3.51 Title to Leasehold Improvements

Title to all Leasehold Improvements made by Lessee shall at all times during the Term remain in Lessee.

3.52 Trash and Garbage

Lessee, at its sole cost and expense, shall provide a complete and proper arrangement for the adequate sanitary handling and disposal away from the Airport of all other trash, garbage, and other refuse resulting from, or in any way associated with, Lessee's use of the Leased Premises.

3.53 Vehicular and Equipment Parking

Vehicular and equipment parking in areas other than the Leased Premises by Lessee, its officers, representatives, agents, employees, guests, patrons, volunteers, contractors, subcontractors, licensees, suppliers or other invitees shall be restricted to such areas at Airport as are designated by the Aviation Director.

Parking in areas other than on the Leased Premises shall be subject to the payment of such parking fees and charges, as well as any time limitation or other legal restriction, which may from time to time be in effect for such designated areas.

3.54 Nuclear Free Humboldt County Ordinance Compliance

Neither the Lessee, its Subcontractors or their suppliers are Nuclear Weapons Contractors, and are not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components, as defined by the Nuclear Free Humboldt County Ordinance. Lessee, its Subcontractors and/or their suppliers agree to notify County immediately if they become a nuclear weapons contractor as defined above. County may immediately terminate this Agreement if it determines that the foregoing certification is false or if Lessee, its Subcontractors or their suppliers subsequently becomes a Nuclear Weapons Contractor.

3.55 Execution of Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Agreement at the Airport to be duly executed as of the day and year fully executed by all parties.

REDWOOD COAST ENERGY AUTHORITY:

By: _____

Date: _____

Name: _____

Title: _____

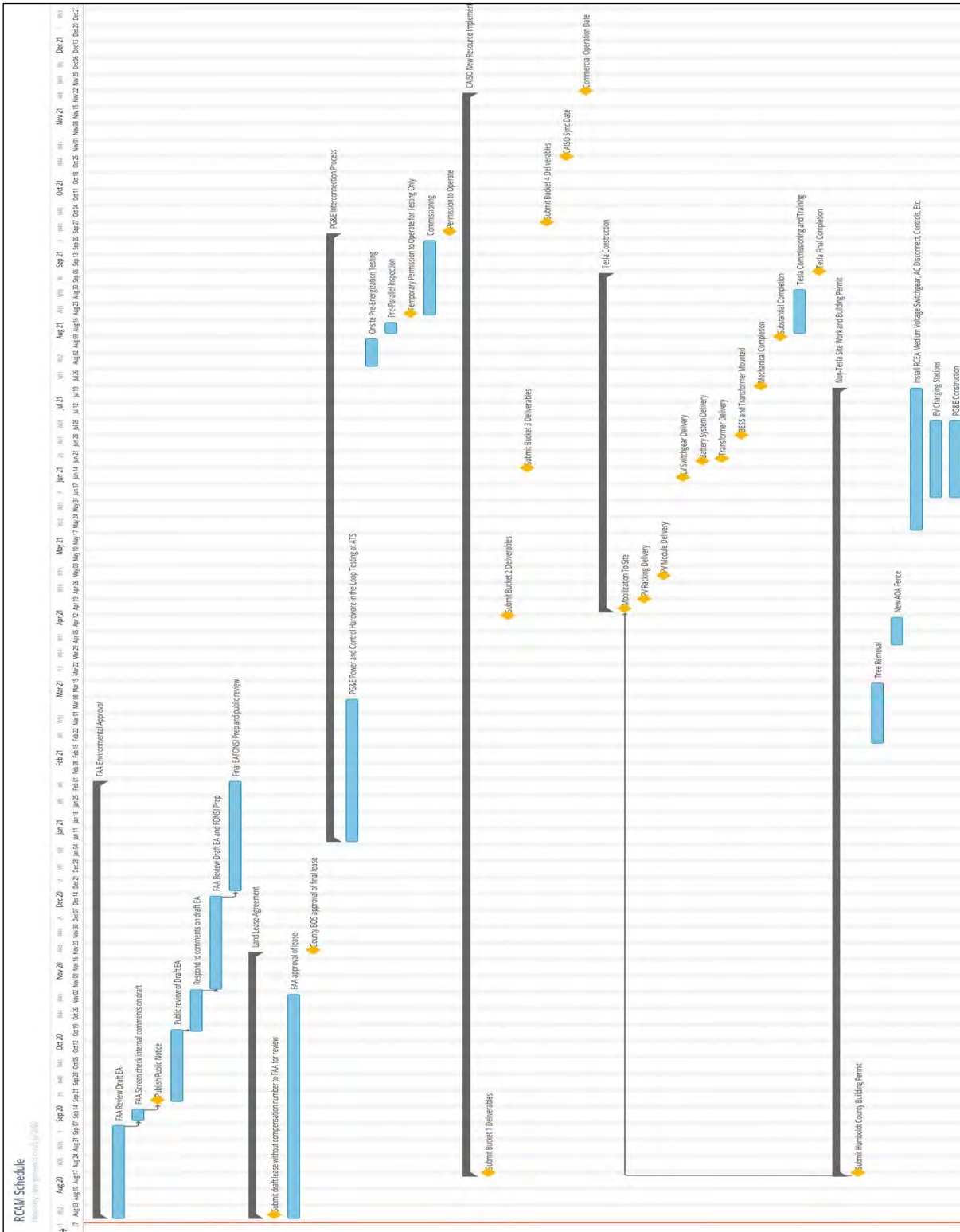
COUNTY OF HUMBOLDT:

By: _____

Date: _____

Cody Roggatz, Director of Aviation
Humboldt County-Department of Aviation

Exhibit A Construction Timeline



Agreement for Ground Lease
Redwood Coast Energy Authority
California Redwood Coast-Humboldt County Airport

Accepted for publication (AECT and 20)

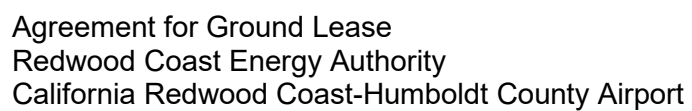


Exhibit C Leased Premises Legal Description



EXHIBIT C LEASE AREA

July 9, 2020

A portion of that parcel as described in the Grant Deed recorded under Document No. 1995-16576-3, along with a portion of Parcel 1, as described in the Grant Deed recorded under Volume 1661, Page 1341, along with a portion of Parcel 1, as described in the Quit Claim Deed recorded under Book 441, Page 467 of the Official Records of Humboldt County, State of California, lying within the NE1/4 of the NE1/4 of Section 30, Township 7 North, Range 1 East of the Humboldt Meridian, being more particularly described as follows:

BEGINNING at the most Southerly corner of Parcel 1, as described in said Grant Deed recorded under Document No. 1995-16576-3; thence along the Southwesterly line of said Parcel 1, N53°53'19"W (Bearings are based upon NAD83 – California State Plane - Zone 1, and are relative to the those shown upon the record of survey filed in Book 28 of Surveys, at Page 128 if rotated 01°22'54" counter-clockwise), a distance of 206.00, to the most Westerly corner of said Parcel 1; thence along the Southwesterly line of Parcel 1, as described is said Grant Deed recorded under Volume 1661, Page 1341, N53°53'19"W, a distance of 632.38 feet; thence continuing along said Southwesterly line, along the arc of a curve to the right, having a radius of 275.00 feet, a central angle of 03°54'16", a distance of 18.74 feet; thence leaving said Southwesterly line, along a compound curve to the right, whose center bears N41°22'15"E, having a radius of 262.89 feet, a central angle of 53°10'02", a distance of 243.95 feet; thence N01°38'08"E, a distance of 550.69 feet; thence N40°18'32"E, a distance of 19.43 feet; thence N44°38'02"W, a distance of 17.09 feet; thence N01°34'51"E, a distance of 231.16 feet; thence S89°57'31"E, a distance of 102.19 feet; thence S02°13'40"W, a distance of 100.75 feet; thence S45°00'02"E, a distance of 87.39 feet; thence S25°52'45"E, a distance of 1192.53 feet; thence S17°20'54"E, a distance of 263.50 feet; thence S01°49'41"W, a distance of 45.29 feet to the **POINT OF BEGINNING**.

Containing 485,156 Sq. Ft. or 11.138 acres, more or less.

Brian L. Sousa
California Professional Land Surveyor No. 7917
For and on behalf of Clark Land Surveying, Inc.



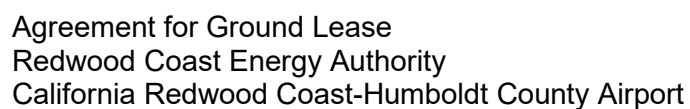
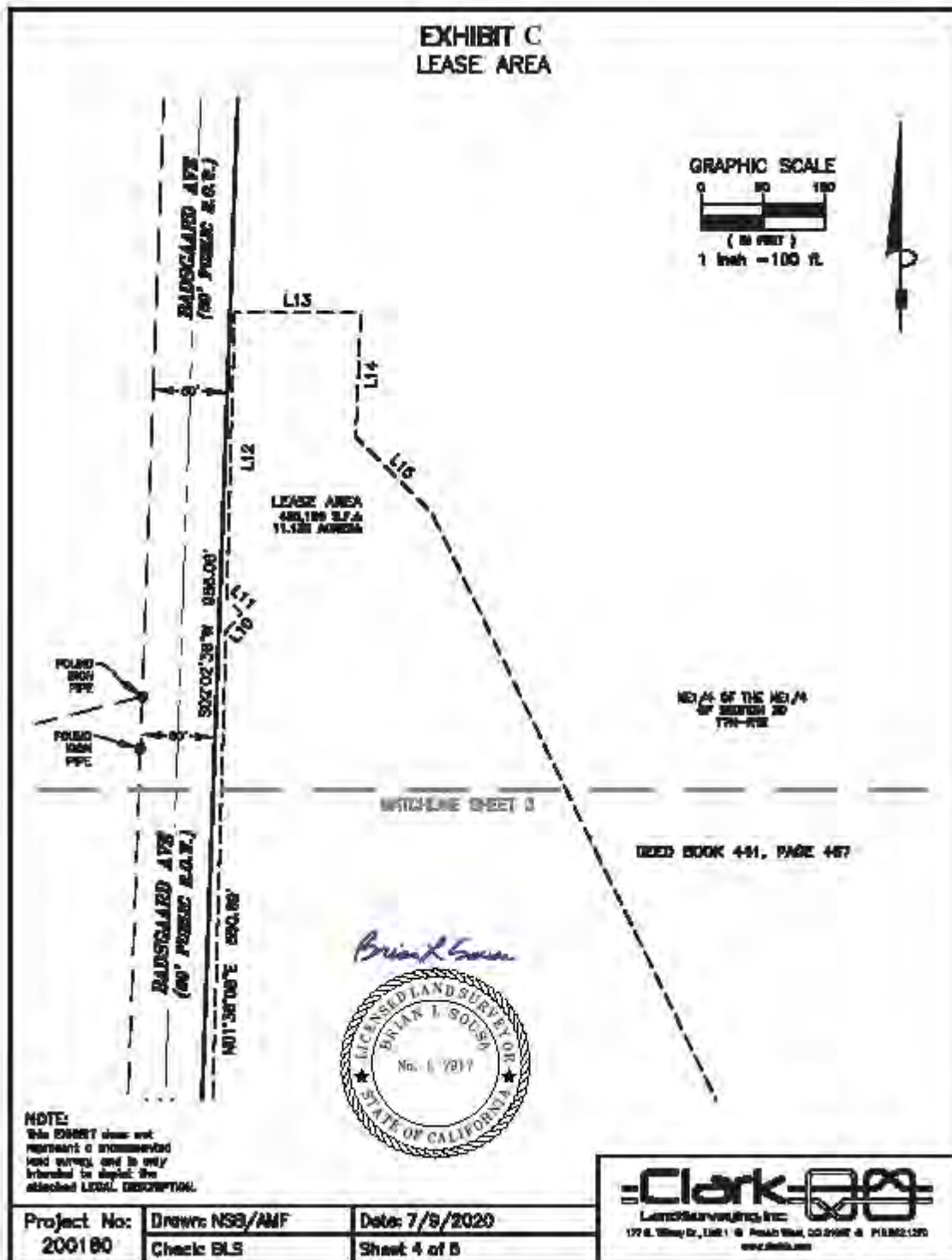


EXHIBIT C LEASE AREA



Agreement for Ground Lease
Redwood Coast Energy Authority
California Redwood Coast-Humboldt County Airport

EXHIBIT C LEASE AREA

LEGEND

POS POINT OF BEGINNING

LINE	BEARING	DISTANCE
L1	S07°48'41"W	175.00'
L2	N80°45'18"W	191.75'
L3	S37°35'18"E	208.00'
L4	N01°48'41"E	45.00'
L5	N80°45'18"W	80.00'
L6	N01°48'41"E	22.73'
L7	S90°45'18"E	80.00'
L8	N01°48'41"E	135.00'
L9	S07°48'41"W	108.18'
L10	N40°18'32"E	18.43'
L11	N44°38'02"W	17.09'
L12	N01°34'51"E	231.18'
L13	S89°57'31"E	102.19'
L14	S02°13'40"W	100.75'
L15	S40°00'02"E	87.58'
L16	S07°48'41"W	46.38'

CURVE	RADIUS	ARC LENGTH	DELTA ANGLE	RADIAL BEARING
C1	275.00'	18.74'	3°54'18"	N03°08'41"E
C2	262.89'	243.88'	63°10'12"	N47°22'18"E

NOTE:
This EXHIBIT does not
represent a recommended
road survey and is only
intended to depict the
attached LEGAL DESCRIPTION.



Project No: 200180	Drawn: NSB/AMF Check: BLS	Date: 7/9/2020 Sheet 5 of 5
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Clark
LAND SURVEYING, INC.
177 E. 10th St., Unit 100, Ukiah, CA 95568 • (707) 462-1270
www.clark-survey.com

Agreement for Ground Lease
Redwood Coast Energy Authority
California Redwood Coast-Humboldt County Airport

Exhibit D

Lease Compensation

The Microgrid Project will provide direct savings to the County through avoided electricity costs. In addition, ancillary benefits will result in further cost savings for the County. Avoided costs will serve as compensation for the leasing of the Leased Premises by the County to RCEA. This Exhibit explains how the electric cost savings are determined.

Overview

Power from the 320 kW PV solar array dedicated to the County accounts (“Dedicated Array”) will directly serve the Airport terminal and other select aggregated Airport electric accounts as specified in the County’s Net Energy Metering Agreement with PG&E, on file with the County. The Dedicated Array connects to the grid through its own electrical service and PG&E account, and the power it produces will be aggregated to serve the multiple electric accounts at the Airport (“aggregated net metering”).

Power from the Non-Dedicated portion of array will be reserved for RCEA wholesale CAISO market participation to serve the RCEA CCA customer load and Humboldt County community. This portion of the array will also provide backup power at times of grid power shutdown for the Airport, U.S. Coast Guard Air Station, and other electric accounts that are included on the Microgrid electric circuit.

Solar Electricity Production and Cost Savings Estimates

Cost savings estimates attributable to the Dedicated Array will be determined using standard, industry accepted software and methodologies. PV production estimates will be generated from the National Renewable Energy Laboratory’s System Advisor Model. This model incorporates equipment characteristics and estimated weather files for the Airport and produces hourly estimates of solar electricity generation. The value of electricity generation can then be determined based on the time varying cost of electricity, which is defined by the rate tariff for the facility (for example, the main Airport terminal is on PG&E’s E19S rate tariff). As described below, RCEA will provide a guarantee for “Minimum Electricity Generation.” The initial Minimum Electricity Generation is 350,000 kWh per year. Using the current cost of electricity as of May 1, 2020 as specified in the RCEA and PG&E E19S rate tariff, the calculated value of the initial Minimum Electricity Generation is \$44,643 per year.

Minimum Electricity Generation values for the Dedicated Array will be reevaluated every five (5) years to ensure that the lease compensation complies with FAA Assurances No. 24 as stated in Exhibit F in order to make the airport as self-sustaining as possible under the circumstances existing at the Airport. The costs of this appraisal shall be equally shared by the Parties. The appraiser selected by the Parties shall be experienced and qualified in providing airport property appraisals.

Performance Guarantee

RCEA agrees to provide an annual energy generation report and financially compensate the County for energy shortfalls. If the Dedicated Array produces less than Minimum Electricity Generation expected in any given year, RCEA will reimburse the County, within 60 calendar days of the end of the true-up period, an amount calculated as the average electrical price for

Agreement for Ground Lease
Redwood Coast Energy Authority
California Redwood Coast-Humboldt County Airport

the year in question times the generating shortfall below the Minimum Electricity Generation estimate. The true-up period will be a one-year period marking the anniversary of the system's interconnection. The average rate will be calculated by dividing all per-kWh electrical generation, transmission, and distribution charges for the aggregated benefitting accounts during the year in question by the total billed kWh consumption for these accounts.

Additional Benefits

In addition to direct energy cost savings from energy production, the following benefits will accrue to the County, some of which provide directly measurable economic return:

- Resiliency and reliability during outages caused by winter storms and planned grid shut downs by the utility due to extreme fire danger. Use of stored and solar microgrid power during shut off events can be monetized into direct cost avoidance.
- Added resilience for the Airport and U. S. Coast Guard Air Station during longer term disasters. These facilities will have a more secure supply of electrical power that does not rely on outside sources of energy or fuel. This is particularly important in times of a natural disaster when Humboldt County could be isolated for weeks from the outside world and the only method to get supplies in and out of the County would be via aircraft. In addition, aircraft will be critical to distributing supplies around the County and could result in saving lives. High costs of disaster response avoided by the Microgrid can be estimated using disaster preparedness models.
- Electric vehicle charging at the Airport will serve to attract customers, improve the service level that customers receive, and decrease the airport's environmental footprint. It will also accelerate and support a business case to electrify airport ground support equipment.
- Increased production of local renewable energy. The RCEA has established a Community Choice Energy ("CCE") program that provides the generation component of electricity service to 93% of eligible electricity customers in Humboldt County. As part of the CCE program, RCEA has goals to develop local renewable power resources and is required to meet requirements of the State of California's Renewable Portfolio Standard. This microgrid project will help RCEA meet its local renewable energy goals, improve regional energy security, create local jobs, keep energy dollars flowing in the local economy, and lessen the climate change impacts of our energy use.
- Greenhouse gas mitigation. The Microgrid will offset approximately 910 metric tons of CO₂ per year for the Humboldt County region.
- Improved marketing. The Microgrid project will support the County's marketing of the Airport as a "green" facility.
- Job creation. Conservative estimates of job creation benefits indicate that implementing the Microgrid project will result in an estimated 37 FTE during the construction phase with \$1.5M in earnings and \$3.4M in economic output. Approximately 0.2 FTE jobs per year will be supported during sustained operations with \$10,000 per year in earnings and \$14,600 per year in economic output.

Exhibit E
Memorandum of Understanding Among County of Humboldt,
Redwood Coast Energy Authority and the Humboldt State
University Sponsored Programs Foundation / Schatz Energy
Research Center

Redwood Coast Airport Renewable Energy Microgrid
Memorandum of Understanding
among
County of Humboldt,
Redwood Coast Energy Authority
and
the Humboldt State University Sponsored Programs Foundation /
Schatz Energy Research Center

This Memorandum of Understanding ("MOU") sets forth the terms and understanding between the County of Humboldt ("County"), the Redwood Coast Energy Authority ("RCEA"), and the Humboldt State University Sponsored Programs Foundation/Schatz Energy Research Center ("HSUSPF/SERC"), from here on referred to as the Parties to this MOU ("Parties"), concerning the Redwood Coast Airport Renewable Energy Microgrid ("Microgrid"). The Parties intend to develop, design, install and operate the Microgrid at the California Redwood Coast - Humboldt County Airport ("Airport").

1. Background

The following facts describe and form the rationale for the Microgrid project:

- The Airport and adjacent Coast Guard Sector Humboldt Bay Air Station provide critical disaster relief services to Humboldt County and surrounding region.
- Availability of electrical power for these facilities is critical to the provision of emergency services.
- The Microgrid is a solar-based system that will provide local, renewably generated electrical power for extended periods without the need for operation of the larger electrical grid and without the need for fuel deliveries, thus ensuring the Airport can operate during emergencies.
- The HSUSPF/SERC has received a \$5M grant from the California Energy Commission ("CEC") to design, install, operate, monitor and evaluate the performance of the Microgrid at the Airport.
- The Microgrid's primary electrical circuit will be owned by the Pacific Gas & Electric Company ("PG&E") and will be located at the end of their Janes Creek 1103 distribution circuit.
- The proposed Microgrid will include the installation of a ~2 MW solar electric array coupled with a ~2 MW/8 MWh battery storage system for wholesale market participation, a ~300 kW solar electric array for net metered service, and four electric vehicle charging stations.¹
- The County is seeking ways to generate additional revenue and/or reduce operating costs at the Airport; it is expected that the Microgrid will generate an average of approximately 430 MWh/yr, which will offset the Airport's energy usage.²

¹ Equipment capacities are approximate based on the preliminary system design and are subject to change.

² Approximate energy savings, greenhouse gas emission savings and project costs are stated throughout this MOU. These estimates are based on the stated approximate system capacities and other assumptions. Actual savings and costs may vary.

- Solar electric arrays are incorporated into the Airport Layout Plan which has received conditional approval from the Federal Aviation Administration ("FAA").
- The County is seeking ways to improve the marketing image of the Airport. The Microgrid project will serve this purpose by installing solar power to "green" the Airport and adding resiliency benefits by installing microgrid technology.
- The RCEA has established a Community Choice Energy ("CCE") program that provides the generation component of electricity service to 93% of eligible electricity customers in Humboldt County.
- RCEA, as part of the CCE program, has goals to develop local renewable power resources, is required to meet requirements of the State of California's Renewable Portfolio Standard, and is required to provide energy storage $\geq 1\%$ of the peak load for RCEA customers. RCEA aims to develop local renewable power sources as a way to improve regional energy security, create local jobs, keep energy dollars flowing in the local economy, and lessen the climate change impacts of our energy use.
- RCEA is procuring a \$6M loan from the United States Department of Agriculture's Rural Utilities Service to provide cost share to implement the project.
- By leading the Microgrid project, the HSUSPF/SERC furthers its mission to promote the use of clean and renewable energy and furthers its efforts to move Humboldt County toward a more energy secure future.
- The HSUSPF/SERC has demonstrated expertise and competence to carry out a project such as the Microgrid by recently completing the award-winning Blue Lake Rancheria Renewable Energy Microgrid Project.
- The HSUSPF/SERC has assembled an expert team to carry out the Microgrid project, including the substantial involvement of PG&E, the utility responsible for local electricity grid infrastructure.
- The RCEA is a local government Joint Powers Authority, comprised of the County of Humboldt; Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad; and the Humboldt Bay Municipal Water District. RCEA administers CCE program in Humboldt County for the benefit of its customers. Power from the 2 MW solar electric array and coupled battery storage system will be utilized to serve RCEA CCE customers. RCEA will sell dispatchable renewable electricity from the Microgrid on the wholesale power market and financial gain realized from this market participation will benefit all CCE customers, including the County of Humboldt.
- The estimated operating life of the Microgrid is 25 years; it is assumed that the salvage value will be sufficient to pay for decommissioning and removal.
- At the present time, there is no foreseeable aeronautical use planned for the land area proposed for the Microgrid project and the County considers the Microgrid project to be a vital non-aeronautical land use at the Airport.
- The Microgrid project will generate Renewable Energy Certificates (RECs) through registration in the Western Renewable Energy Generation Information System (WREGIS).
- The RECs generated by the 300 kW solar system will accrue to the County.
- The RECs generated by the 2 MW solar plus battery system will accrue to RCEA.

Because of these facts, the Parties agree to work collaboratively to complete the Microgrid project for their mutual benefit and for the benefit of the residents of Humboldt County.

Page 2

Final Airport Microgrid MOU
February 21, 2019

Agreement for Ground Lease
Redwood Coast Energy Authority
California Redwood Coast-Humboldt County Airport

2. Purpose

The purpose of this MOU is to describe how the roles and responsibilities are allocated and how the costs and benefits associated with the Microgrid project are shared among the Parties. The intention is to establish a clear framework for the Parties that leads to successful execution of the Microgrid project. This MOU embodies the understanding among the Parties for the project development period (as described in Section 7 below) and will be supplemented by subsequent agreement(s) such as, for example, a Lease and/or an Operational Agreement.

3. Division of Responsibilities

This section describes the Microgrid project responsibilities assigned to each of the Parties.

County of Humboldt Responsibilities:

- Prepare an Initial Study and subsequent Mitigated Negative Declaration for compliance with the California Environmental Quality Act³
- Work with HSUSPF/SERC to obtain project approval from the FAA
- Prepare an Environmental Assessment as required by the FAA for compliance with the National Environmental Policy Act
- Provide the land necessary for the RCEA owned solar electric and energy storage assets (County and RCEA will negotiate and enter into a Land Lease Agreement)
- Host the four electric vehicle charging stations in the short term parking lot at the airport (~~see preliminary EV Charging Site Plan, Attachment 2, and EV Charging Station MOU, Attachment 3~~)
- Review preliminary EV charging station site plan for compliance with ADA requirements for EV charging station installations
- With advance notice, allow access to the Microgrid project site to RCEA and HSUSPF/SERC personnel and subcontractors for project development purposes.
- Provide readily available data such as geotechnical reports, topographical survey data, electricity consumption data, as-built engineering plans for onsite electrical and water systems for Microgrid project development purposes
- Participate in construction sequencing, commissioning, and onsite test planning to ensure that airport security standards are maintained during construction and that planned power outages are scheduled for times when impacts can be minimized
- Serve as primary point of contact for all communication with FAA, and negotiate on behalf of Parties regarding FAA regulatory requirements, mandates, emergencies, and other matters that directly or indirectly impact the installation, operation, and maintenance of the Microgrid
- Obtain bids for removing designated trees that border the Microgrid project site along Airport Road

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³ This was required by the California Energy Commission before funding this project. This task was completed when the Notice of Determination was recorded May 8, 2018.

- Work with HSUSPF/SERC, RCEA, and PG&E to set up the aggregated net energy metering account that will allow the County to benefit from the 300 kW solar array that will be owned and operated by RCEA on the County's behalf
- Work with HSUSPF/SERC and RCEA to establish a new water service in RCEA's name to provide water to the Microgrid project site for panel washing, site management, or similar Microgrid operation and maintenance activities, if HSUSPF/SERC determines that the project budget supports the estimated construction cost of a new water service. If a new water service is not installed, RCEA will truck water in to the site as needed for maintenance activities.
- Agree to negotiate in good faith with RCEA to determine the fate of and financial impacts of decommissioning the Microgrid project before its 25-year operating life has elapsed, in the event that the County determines that the project site is needed for an aeronautical use. This will occur if decommissioning is required by the FAA and only as a last resort and after other options are explored.
- Shall have no financial responsibility for the removal and/or modification of the Microgrid after the 25-year operating life has elapsed.
- Provide necessary documents to authorize RCEA to submit the necessary interconnection applications Pacific Gas & Electric (PG&E) for interconnecting the generation resources. The applicant to PG&E will be RCEA and there will be no cost to the County

RCEA Responsibilities:

- Submit the necessary interconnection applications, Pacific Gas & Electric (PG&E) for interconnecting the generation resources. The applicant to PG&E will be RCEA and there will be no cost to the County.
- Purchase and install the solar electric systems, including a 2 MW PV array for wholesale market participation and a 300 kW PV array for net metered service¹
- Purchase and install a battery energy storage system (approximately 2 MW and 8 MWh)¹
- Purchase and install a microgrid protection and control system, most of which will be deeded to PG&E when the project becomes operational
- Purchase and install four electric vehicle charging stations in the short term parking lot at the airport ~~(see preliminary EV Charging Site Plan, Attachment 2), and EV Charging Station MOU, Attachment 3)~~ *to RCEA PL*
- Work with HSUSPF/SERC to establish a new water service to provide water to the Microgrid project site for panel washing and site management, or similar Microgrid operation and maintenance activities, if HSUSPF/SERC determines that the project budget supports the estimated construction cost of a new water service. If a new water service is not installed, RCEA will truck water in to the site as needed for maintenance activities.
- Own, operate, and maintain the above listed assets and maintain the grounds of the project site for 25 years
- Mitigate the effect of the photovoltaic array with the FAA, if glint or glare from the solar panels is later found to have an impact on the air traffic controllers/tower and/or air navigation.
- Decommission the above listed assets at the end of the 25-year project period

- Operate the 300 kW solar array when the PG&E grid is energized so that all electricity produced will be credited to County electrical accounts at the airport
- Provide assurance to the County that the PV NEM array will deliver no less than 350,000 kWh/yr in any year to the airport facility meter to be installed for the generating account as part of the planned aggregated NEM service. The projected average annual output from the PV NEM array is 428,000 kWh/yr, with year-to-year variations in output due to weather conditions and solar panel degradation.
- Provide an annual energy generation report and financially compensate the County for energy shortfalls below the minimum specified amount (350,000 kWh) within 60 calendar days of the end of the true-up period, calculated as the average electrical price of the rate for the year in question times the generating shortfall below 350,000 kWh. The true-up period will be a one-year period marking the anniversary of the system's interconnection. The average rate will be calculated by dividing all per-kWh electrical generation, transmission, and distribution charges for the aggregated benefitting accounts during the year in question by the total billed kWh consumption for these accounts. This assurance is subject to terms and conditions within the pending lease agreement between the County and RCEA, including force majeure and other factors that may affect total energy delivered.
- Operate the 2 MW solar array and the battery when the PG&E grid is energized so that the electricity produced is exported through trading in the California Independent System Operator ("CAISO") markets and to the benefit of local CCE customers *ca nrm PL*
- Operate the Microgrid in the event of a power outage on the PG&E distribution feeder serving the Airport to maintain backup power for the Airport and Coast Guard for as long as possible within acceptable operating specifications for all Microgrid equipment
- Reconnect the Microgrid to the main PG&E grid after the PG&E grid has been restored following a power outage affecting the microgrid
- Agree to negotiate in good faith with the County to determine the fate of and financial impacts of decommissioning the Microgrid project in the event that the County determines that the project site is needed for an aeronautical use before its 25-year operating life has elapsed

HSUSPF/SERC Responsibilities:

- Execute the prime contract (EPC-17-055) with the CEC, taking responsibility to facilitate delivery of the project as per the intent of the contract Scope of Work (See grant Scope of Work, Attachment 4)⁴
- Serve as owner's engineer for the RCEA to facilitate and manage system design, testing, construction, interconnection, documentation, and commissioning
- Serve as technology and system integrator including facilitating necessary approvals for interconnection to the PG&E distribution grid and participation in CAISO wholesale energy markets
- Manage the overall project, including the participation of all subcontractors and project partners
- Support the County in obtaining FAA approval to construct the Microgrid project

⁴ EPC-17-005 was fully executed on 8/8/2018.

- Coordinate the design and testing of the microgrid controls to meet PG&E requirements
- Design, bid, and oversee construction of the EV charging stations to be installed in the short-term parking lot at the airport
- Design, bid, and oversee construction of a new water service to serve the RCEA and provide water to the Microgrid project site for panel washing and site management, if HSUSPF/SERC determines that the project budget supports the estimated construction cost of a new water service. If a new water service is not installed, RCEA will truck water in to the site as needed for maintenance activities.
- Design, bid, and oversee construction of the balance of systems between the battery energy storage system and the microgrid circuit, including the physical infrastructure to support the microgrid controls

4. Distribution of Costs and Benefits

Table 1 outlines how the costs and benefits associated with the Microgrid project are distributed among the Parties. Table 2 outlines how the costs and energy benefits associated with the 300 kW PV array for net metered service are distributed among the Parties.

Table 1. Microgrid Project – Costs and Benefits for Total Project⁵

	Costs	Benefits
RCEA	<ul style="list-style-type: none"> • Proposal/pre-award phase <ul style="list-style-type: none"> ◦ Internal labor costs (\$20,000) ◦ Technical assistance contract with HSUSPF/ SERC (\$20,000) • Project labor costs (\$150,000) • RCEA share of battery storage system (\$1,371,358) • PV systems - 2.3 MW total (\$4,600,000) • Electric vehicle charging system (\$25,000) • EV charging operation and maintenance (\$5,700/yr) • PV O&M (\$47,000/yr) • Battery O&M (\$30,000) 	<ul style="list-style-type: none"> • In the proposal phase of the project it was estimated that the wholesale power system could generate about \$250,000/yr in revenue.
County	<ul style="list-style-type: none"> • CEQA Initial Study & Mitigated Negative Declaration (\$20,000) • Environmental Assessment for NEPA (\$60,000) • FAA approval process (\$15,000) 	<ul style="list-style-type: none"> • Estimated production of an average of 430 MWh/yr of electricity by the 300 kW PV array, with a minimum of ~360 MWh/yr and a maximum of ~470 MWh/yr.
HSUSPF/ SERC	<ul style="list-style-type: none"> • Proposal preparation (\$50,509) • Indirect project costs counted as match for CEC grant (\$326,370) 	
Costs covered by CA Energy Commission Grant	<ul style="list-style-type: none"> • Electricity distribution infrastructure (\$657,441) • CEC share of battery storage system (\$960,607) • Microgrid control system (\$596,805) • Coordinated electrical house (\$454,197) • Transformer (\$66,794) • Balance of system materials & services (\$250,175) • Electrical engineering services (\$99,592) • Prime contractor labor (\$1,222,682) • Additional subcontractors (\$219,749) • Travel, indirect, misc. (\$471,958) 	

⁵ The majority of stated costs and benefits are best estimates at the outset of the project; actual costs and benefits will vary. Costs specified to a high level of significant figures were specifically stated as such in the CEC contract, but are still subject to change.

Table 2. Microgrid Project – Costs and Benefits for 300 kW PV array

	Costs	Benefits
RCEA	<ul style="list-style-type: none"> • PV system– 300 kW NEM array (Approximately \$600,000) • PV O&M (\$6,640/yr for 25 years) 	<ul style="list-style-type: none"> • Land lease of 9 acres for the combined PV system (2.3 MW total), valued at about \$3,400/yr based on the Bureau of Land Management Instruction Memorandum No. 2017-096
County	<ul style="list-style-type: none"> • CEQA Initial Study & Mitigated Negative Declaration (\$20,000) • Environmental Assessment for NEPA (\$60,000) • FAA approval process (\$15,000) 	<ul style="list-style-type: none"> • Estimated production of an average of 430 MWh/yr of electricity by the 300 kW PV array, with a minimum of ~360 MWh/yr and a maximum of ~470 MWh/yr.

5. Additional Benefits

There are significant benefits to the County and the Airport that are difficult to quantify in simple direct monetary terms. These include the following:

- Added resilience for the Airport and Coast Guard Air Station. These facilities will have a more secure supply of electrical power that does not rely on outside sources of energy or fuel. This is particularly important in times of a natural disaster when Humboldt County could be isolated for weeks from the outside world and the only method to get supplies in and out of the County would be via aircraft. In addition, aircraft would be critical to distributing supplies around the County and could result in saving lives.
- Added resiliency and reliability in the electrical power will also buffer against short-term outages. It is not uncommon for power outages to occur during winter storms, and utilities may shut off parts of the grid due to extreme fire danger. The estimated value of these short-term resiliency benefits is \$52,000 per year. A task under the Microgrid project is to further refine this estimate and this data will be shared when the results are available.
- The Airport will offset approximately 130 metric tons of CO₂ per year as a result of the electricity provided by the 300 kW solar array, helping to achieve regional greenhouse gas reduction targets.
- Helping to mitigate climate change is an important benefit, especially in a coastal community that will be adversely affected by sea level rise.
- Adding electric vehicle charging at the airport will serve to attract customers, will improve the service level that customers receive, and will decrease the airport's environmental footprint. It may also accelerate and support a business case to electrify airport ground support equipment.
- Conservative estimates of job creation benefits indicate that implementing the Microgrid project will result in an estimated 37 FTE during the construction phase with \$1.5M in earnings and \$3.4M in economic output. Approximately 0.2 FTE jobs per year will be supported during sustained operations with \$10,000 per year in earnings and \$14,600 per year in economic output.

6. Funding

The responsibilities between the Parties for covering various costs associated with this project are articulated in Section 4. If significant additional and unforeseen costs arise (for example tree removal and accessibility improvements) during the term of this MOU, the Parties agree to negotiate in good faith to decide how the costs will be covered. Section 8 of this MOU will be used to modify the MOU in such cases.

7. Duration/Timeframe

This MOU represents the Parties' current understanding of their respective responsibilities in developing, operating and maintaining the Microgrid project and may be revised by mutual consent of authorized officials from the Parties, including through the adoption of implementing agreements between any of the Parties. This MOU shall become effective upon signature by authorized officials from all three the Parties and will remain in effect until modified or terminated by the Parties by mutual consent. In the absence of mutual agreement by the authorized officials from the Parties, this MOU shall terminate at the end of the CEC grant period on March 31, 2023. Following the end of the CEC grant period, additional agreements may continue to dictate roles and responsibilities associated with the Microgrid project (e.g., the land lease between the County and RCEA).

8. Amendments

This MOU may be amended by mutual agreement among the Parties to address circumstances that cause or may cause unforeseen impacts to any Party, or as otherwise deemed necessary by the Parties.

9. Notices

Any and all notices required to be given pursuant to the terms of this MOU shall be in writing and either served personally or sent by certified mail, return receipt requested, to the respective addresses set forth in Section 10. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

10. Signatories

County of Humboldt

Cody Roggatz

Director of Aviation

Address: 3561 Boeing Ave., McKinleyville, CA 95519

Telephone: (707) 839-5401

E-mail: croggatz@co.humboldt.ca.us

Date: 03.19.2019

Signature:



Redwood Coast Energy Authority

Matthew Marshall

Executive Director

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Exhibit F FAA Assurances



**FAA
Airports**

ASSURANCES

Airport Sponsors

A. General.

1. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.
2. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
3. Upon acceptance of this grant offer by the sponsor, these assurances are incorporated in and become part of this grant agreement.

B. Duration and Applicability.

1. Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.

The terms, conditions and assurances of this grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.

2. Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.

The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project

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shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

3. Airport Planning Undertaken by a Sponsor.

Unless otherwise specified in this grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 25, 30, 32, 33, and 34 in Section C apply to planning projects. The terms, conditions, and assurances of this grant agreement shall remain in full force and effect during the life of the project; there shall be no limit on the duration of the assurances regarding Airport Revenue so long as the airport is used as an airport.

C. Sponsor Certification.

The sponsor hereby assures and certifies, with respect to this grant that:

1. General Federal Requirements.

It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds for this project including but not limited to the following:

Federal Legislation

- a. Title 49, U.S.C., subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.1
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act-5 U.S.C. 1501, et seq.2
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.1 2
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).1
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.1
- h. Native Americans Grave Repatriation Act - 25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.1
- l. Title 49, U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- o. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).
- p. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- q. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- r. Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.1
- s. Power plant and Industrial Fuel Use Act of 1978 - Section 403- 2 U.S.C. 8373.1

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- t. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.1
- u. Copeland Anti-kickback Act - 18 U.S.C. 874.1
- v. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.1
- w. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- x. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.2
- y. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.
- z. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252).

Executive Orders

- a. Executive Order 11246 - Equal Employment Opportunity1
- b. Executive Order 11990 - Protection of Wetlands
- c. Executive Order 11998 - Flood Plain Management
- d. Executive Order 12372 - Intergovernmental Review of Federal Programs
- e. Executive Order 12699 - Seismic Safety of Federal and Federally Assisted New Building Construction 1
- f. Executive Order 12898 - Environmental Justice

Federal Regulations

- a. 2 CFR Part 180 - OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement).
- b. 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. [OMB Circular A-87 Cost Principles Applicable to Grants and Contracts with State and Local Governments, and OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations].4' s, 6
- c. 2 CFR Part 1200-Nonprocurement Suspension and Debarment
- d. 14 CFR Part 13 - Investigative and Enforcement Procedures14 CFR Part 16 - Rules of Practice for Federally Assisted Airport Enforcement Proceedings.
- e. 14 CFR Part 150 - Airport noise compatibility planning.
- f. 28 CFR Part 35- Discrimination on the Basis of Disability in State and Local Government Services.
- g. 28 CFR § 50.3 - U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964.
- h. 29 CFR Part 1 - Procedures for predetermination of wage rates.1
- i. 29 CFR Part 3 - Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.1

- j. 29 CFR Part 5 - Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).¹
- k. 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).¹
- l. 49 CFR Part 18 - Uniform administrative requirements for grants and cooperative agreements to state and local governments.³
- m. 49 CFR Part 20 - New restrictions on lobbying.
- n. 49 CFR Part 21 -Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- o. 49 CFR Part 23 - Participation by Disadvantage Business Enterprise in Airport Concessions.
- p. 49 CFR Part 24 - Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs.^{1 2}
- q. 49 CFR Part 26 - Participation by Disadvantaged Business Enterprises in Department of Transportation Programs.
- r. 49 CFR Part 27 - Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.¹
- s. 49 CFR Part 28 -Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities conducted by the Department of Transportation.
- t. 49 CFR Part 30 - Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
- u. 49 CFR Part 32-Governmentwide Requirements for Drug-Free Workplace (Financial Assistance)
- v. 49 CFR Part 37 -Transportation Services for Individuals with Disabilities (ADA).
- w. 49 CFR Part 41 - Seismic safety of Federal and federally assisted or regulated new building construction.

Specific Assurances

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in this grant agreement.

Footnotes to Assurance C.1.

- 1. These laws do not apply to airport planning sponsors.
- 2. These laws do not apply to private sponsors.
- 3. 49 CFR Part 18 and 2 CFR Part 200 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local

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Governments by this regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.

4. On December 26, 2013 at 78 FR 78590, the Office of Management and Budget (OMB) issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200. 2 CFR Part 200 replaces and combines the former Uniform Administrative Requirements for Grants (OMB Circular A-102 and Circular A-110 or 2 CFR Part 215 or Circular) as well as the Cost Principles (Circulars A-21 or 2 CFR part 220; Circular A-87 or 2 CFR part 225; and A-122, 2 CFR part 230). Additionally, it replaces Circular A-133 guidance on the Single Annual Audit. In accordance with 2 CFR section 200.110, the standards set forth in Part 200 which affect administration of Federal awards issued by Federal agencies become effective once implemented by Federal agencies or when any future amendment to this Part becomes final. Federal agencies, including the Department of Transportation, must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB.
5. Cost principles established in 2 CFR part 200 subpart E must be used as guidelines for determining the eligibility of specific types of expenses.
6. Audit requirements established in 2 CFR part 200 subpart F are the guidelines for audits.

2. Responsibility and Authority of the Sponsor.

a. Public Agency Sponsor:

It has legal authority to apply for this grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

b. Private Sponsor:

It has legal authority to apply for this grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

3. Sponsor Fund Availability.

It has sufficient funds available for that portion of the project costs which are not to be paid by the United States. It has sufficient funds available to assure operation and maintenance of items funded under this grant agreement which it will own or control.

4. Good Title.

- a. It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.
- b. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

5. Preserving Rights and Powers.

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
- b. It will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in this grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of this grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.
- c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.
- d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.
- e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.

- f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in this grant agreement and shall insure that such arrangement also requires compliance therewith.
- g. Sponsors of commercial service airports will not permit or enter into any arrangement that results in permission for the owner or tenant of a property used as a residence, or zoned for residential use, to taxi an aircraft between that property and any location on airport. Sponsors of general aviation airports entering into any arrangement that results in permission for the owner of residential real property adjacent to or near the airport must comply with the requirements of Sec. 136 of Public Law 112-95 and the sponsor assurances.

6. Consistency with Local Plans.

The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.

7. Consideration of Local Interest.

It has given fair consideration to the interest of communities in or near where the project may be located.

8. Consultation with Users.

In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.

9. Public Hearings.

In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.

10. Metropolitan Planning Organization.

In projects involving the location of an airport, an airport runway, or a major runway extension at a medium or large hub airport, the sponsor has made available to and has provided upon request to the metropolitan planning organization in the area in which the airport is located, if any, a copy of the proposed amendment to the airport layout plan to

depict the project and a copy of any airport master plan in which the project is described or depicted.

11. Pavement Preventive Maintenance.

With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.

12. Terminal Development Prerequisites.

For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.

13. Accounting System, Audit, and Record Keeping Requirements.

- a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this grant, the total cost of the project in connection with which this grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
- b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which this grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

14. Minimum Wage Rates.

It shall include, in all contracts in excess of \$2,000 for work on any projects funded under this grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

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15. Veteran's Preference.

It shall include in all contracts for work on any project funded under this grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Vietnam era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns owned and controlled by disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

16. Conformity to Plans and Specifications.

It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the Secretary, shall be incorporated into this grant agreement. Any modification to the approved plans, specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into this grant agreement.

17. Construction Inspection and Approval.

It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.

18. Planning Projects.

In carrying out planning projects:

- a. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.
- b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
- c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.
- d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
- e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.

- f. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.
- g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
- h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

19. Operation and Maintenance.

- a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-
 - i. Operating the airport's aeronautical facilities whenever required;
 - ii. Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
 - iii. Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

20. Hazard Removal and Mitigation.

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

21. Compatible Land Use.

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

22. Economic Nondiscrimination.

- a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-
 - i. furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
 - ii. charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
- d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.
- e. Each air carrier using such airport (whether as a tenant, non-tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
- f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its

own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.

- g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
- h. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.
- i. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.

23. Exclusive Rights.

It will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, the providing of the services at an airport by a single fixed-based operator shall not be construed as an exclusive right if both of the following apply:

- a. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and
- b. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport. It further agrees that it will not, either directly or indirectly, grant or permit any person, firm, or corporation, the exclusive right at the airport to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under Title 49, United States Code.

24. Fee and Rental Structure.

It will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection. No part of the Federal share of an airport development, airport planning or noise compatibility project for which a grant is made under Title 49, United States Code, the Airport and Airway Improvement Act of 1982, the Federal Airport Act or the Airport and Airway Development Act of 1970 shall be included in the rate basis in establishing fees, rates, and charges for users of that airport.

25. Airport Revenues.

- a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. The following exceptions apply to this paragraph:
 - i. If covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.
 - ii. If the Secretary approves the sale of a privately-owned airport to a public sponsor and provides funding for any portion of the public sponsor's acquisition of land, this limitation on the use of all revenues generated by the sale shall not apply to certain proceeds from the sale. This is conditioned on repayment to the Secretary by the private owner of an amount equal to the remaining unamortized portion (amortized over a 20-year period) of any airport improvement grant made to the private owner for any purpose other than land acquisition on or after October 1, 1996, plus an amount equal to the federal share of the current fair market value of any land acquired with an airport improvement grant made to that airport on or after October 1, 1996.
 - iii. Certain revenue derived from or generated by mineral extraction, production, lease, or other means at a general aviation airport (as defined at Section 47102 of title 49 United States Code), if the FAA determines the airport sponsor meets the requirements set forth in Sec. 813 of Public Law 112-95.
- b. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.
- c. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

26. Reports and Inspections.

It will:

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California Redwood Coast-Humboldt County Airport

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;
- b. for airport development projects, make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request;
- c. for noise compatibility program projects, make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of this grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request; and
- d. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 - i. all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 - ii. all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

27. Use by Government Aircraft.

It will make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used. Unless otherwise determined by the Secretary, or otherwise agreed to by the sponsor and the using agency, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the Secretary, would unduly interfere with use of the landing areas by other authorized aircraft, or during any calendar month that –

- a. Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto; or
- b. The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movement of Government aircraft multiplied by gross weights of such aircraft) is in excess of five million pounds.

28. Land for Federal Facilities.

It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the

sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

29. Airport Layout Plan.

- a. It will keep up to date at all times an airport layout plan of the airport showing
 - i. boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto;
 - ii. the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities;
 - iii. the location of all existing and proposed nonaviation areas and of all existing improvements thereon; and
 - iv. all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.
- b. If a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

30. Civil Rights.

It will promptly take any measures necessary to ensure that no person in the United States shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any activity conducted with, or benefiting from, funds received from this grant.

- a. Using the definitions of activity, facility and program as found and defined in §§ 21.23 (b) and 21.23 (e) of 49 CFR § 21, the sponsor will facilitate all programs, operate all

facilities, or conduct all programs in compliance with all non-discrimination requirements imposed by, or pursuant to these assurances.

b. Applicability

- i. Programs and Activities. If the sponsor has received a grant (or other federal assistance) for any of the sponsor's program or activities, these requirements extend to all of the sponsor's programs and activities.
- ii. Facilities. Where it receives a grant or other federal financial assistance to construct, expand, renovate, remodel, alter or acquire a facility, or part of a facility, the assurance extends to the entire facility and facilities operated in connection therewith.
- iii. Real Property. Where the sponsor receives a grant or other Federal financial assistance in the form of, or for the acquisition of real property or an interest in real property, the assurance will extend to rights to space on, over, or under such property.

c. Duration.

The sponsor agrees that it is obligated to this assurance for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the assurance obligates the sponsor, or any transferee for the longer of the following periods:

- i. So long as the airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or
- ii. So long as the sponsor retains ownership or possession of the property.

d. Required Solicitation Language. It will include the following notification in all solicitations for bids, Requests For Proposals for work, or material under this grant agreement and in all proposals for agreements, including airport concessions, regardless of funding source: "The (Name of Sponsor). in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award."

e. Required Contract Provisions.

- i. It will insert the non-discrimination contract clauses requiring compliance with the acts and regulations relative to non-discrimination in Federally- assisted programs of the DOT, and incorporating the acts and regulations into the contracts by reference in every contract or agreement subject to the non- discrimination in Federally-assisted programs of the DOT acts and regulations.
- ii. It will include a list of the pertinent non-discrimination authorities in every contract that is subject to the non-discrimination acts and regulations.
- iii. It will insert non-discrimination contract clauses as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real

property, structures, use, or improvements thereon or interest therein to a sponsor.

- iv. It will insert non-discrimination contract clauses prohibiting discrimination on the basis of race, color, national origin, creed, sex, age, or handicap as a covenant running with the land, in any future deeds, leases, license, permits, or similar instruments entered into by the sponsor with other parties:
 - a) For the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and
 - b) For the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.
- f. It will provide for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the acts, the regulations, and this assurance.
- g. It agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the acts, the regulations, and this assurance.

31. Disposal of Land.

- a. For land purchased under a grant for airport noise compatibility purposes, including land serving as a noise buffer, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will be, at the discretion of the Secretary, (1) reinvested in another project at the airport, or (2) transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order, (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund. If land acquired under a grant for noise compatibility purposes is leased at fair market value and consistent with noise buffering purposes, the lease will not be considered a disposal of the land. Revenues derived from such a lease may be used for an approved airport development project that would otherwise be eligible for grant funding or any permitted use of airport revenue.
- b. For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land. That portion

of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (1) upon application to the Secretary, be reinvested or transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order: (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund.

- c. Land shall be considered to be needed for airport purposes under this assurance if it may be needed for aeronautical purposes (including runway protection zones) or serve as noise buffer land, and (2) the revenue from interim uses of such land contributes to the financial self-sufficiency of the airport. Further, land purchased with a grant received by an airport operator or owner before December 31, 1987, will be considered to be needed for airport purposes if the Secretary or Federal agency making such grant before December 31, 1987, was notified by the operator or owner of the uses of such land, did not object to such use, and the land continues to be used for that purpose, such use having commenced no later than December 15, 1989.
- d. Disposition of such land under (a) (b) or (c) will be subject to the retention or reservation of any interest or right there in necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the airport.

32. Engineering and Design Services.

It will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services with respect to the project in the same manner as a contract for architectural and engineering services is negotiated under Title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.

33. Foreign Market Restrictions.

It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

34. Policies, Standards, and Specifications.

It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including but not limited to the advisory circulars listed in the Current FAA Advisory Circulars for AIP projects, dated (the latest approved version as of

this grant offer) and included in this grant, and in accordance with applicable state policies, standards, and specifications approved by the Secretary.

35. Relocation and Real Property Acquisition.

- a. It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B.
- b. It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24.
- c. It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.

36. Access by Intercity Buses.

The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport; however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.

37. Disadvantaged Business Enterprises.

The sponsor shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract covered by 49 CFR Part 26, or in the award and performance of any concession activity contract covered by 49 CFR Part 23. In addition, the sponsor shall not discriminate on the basis of race, color, national origin or sex in the administration of its DBE and ACDBE programs or the requirements of 49 CFR Parts 23 and 26. The sponsor shall take all necessary and reasonable steps under 49 CFR Parts 23 and 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts, and/or concession contracts. The sponsor's DBE and ACDBE programs, as required by 49 CFR Parts 26 and 23, and as approved by DOT, are incorporated by reference in this agreement. Implementation of these programs is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the sponsor of its failure to carry out its approved program, the Department may impose sanctions as provided for under Parts 26 and 23 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1936 (31 U.S.C. 3801).

38. Hangar Construction.

If the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner's expense, the airport owner or operator will grant to the aircraft owner for the hangar a long term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose.

39. Competitive Access.

- a. If the airport owner or operator of a medium or large hub airport (as defined in section 47102 of title 49, U.S.C.) has been unable to accommodate one or more requests by an air carrier for access to gates or other facilities at that airport in order to allow the air carrier to provide service to the airport or to expand service at the airport, the airport owner or operator shall transmit a report to the Secretary that-
 - i. Describes the requests;
 - ii. Provides an explanation as to why the requests could not be accommodated; and
 - iii. Provides a time frame within which, if any, the airport will be able to accommodate the requests.
- b. Such report shall be due on either February 1 or August 1 of each year if the airport has been unable to accommodate the request(s) in the six-month period prior to the applicable due date.

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Appraisal Report

County of Humboldt

*California Redwood Coast-Humboldt County
Airport*

ON-AIRPORT NON-AERONAUTICAL LAND (11.138 ACRES)

July 21, 2020

APPRAISAL REPORT

of:

On-Airport Non-Aeronautical Land (11.138 acres)

California Redwood Coast-Humboldt County Airport
McKinleyville, California 95519

Prepared For:
Mr. Cody Roggatz, C.M.
Director of Aviation
County of Humboldt
825 5th Street
Eureka, California 95501

Prepared By:
David C. Benner, C.M.
Managing Consultant
Aviation Management Consulting Group, Inc.
9085 East Mineral Circle, Suite 315
Centennial, Colorado 80112-3499

Robert D. Decker, MAI
Appraiser
Decker Associates, Inc.
1950 W. Littleton Boulevard, Suite 115
Littleton, Colorado 80120-2000

Date of Report:
July 21, 2020

Effective Date:
April 29, 2020

The logo for AMCG features the letters "AMCG" in a bold, blue, sans-serif font. A yellow swoosh underline starts under the "A", goes under the "M", and then curves upwards and to the right, ending with a small blue arrowhead pointing towards the top right.The logo for Decker Associates consists of a blue square icon on the left containing three white horizontal lines of increasing length, creating a stylized mountain or staircase effect. To the right of the icon, the words "DECKER" and "ASSOCIATES" are stacked vertically in a blue, sans-serif font.



July 21, 2020

Mr. Cody Roggatz
Director of Aviation
County of Humboldt
825 5th Street
Eureka, California 95501

RE: Appraisal – On-Airport Non-Aeronautical Land (11.138 acres)

Dear Mr. Roggatz:

In accordance with your request and authorization, this appraisal in summary format conveys Aviation Management Consulting Group, Inc.'s (AMCG's) and Decker Associates, Inc.'s (AMCG team) opinion of market value and market rent for certain non-aeronautical land located at the California Redwood Coast-Humboldt County Airport (Airport) in McKinleyville, California.

The purpose of this assignment was to determine the market value and market rent for the Subject Property which consists of 11.138 acres of on-Airport Non-Aeronautical Land which is owned by the County of Humboldt. The effective date for the appraisal is the date photographs were provided by the County (April 29, 2020). The value analyzed for the Subject Property consists of the "as is" market value of the **leased fee interest**.

This report was prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as set forth by the Appraisal Foundation and in accordance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. Additionally, this report was prepared in conformance with the Uniform Appraisal Standards for Federal Land Acquisitions while considering the unique (special purpose) nature of airport properties.

As a result of the analysis conducted and based on the AMCG team's experience in the field of real property valuation, an opinion of market value and market rent regarding the Subject Property, as of the date of valuation and contingent to the attached Limiting Conditions and Certifications, has been derived, as follows:

Value Conclusions (April 29, 2020)			
Subject Property	Fee Simple Value	Leased Fee Interest	
		Leased Fee "As Is" Value	Rent PSF (Annual)
Non-Aeronautical Land (11.138 acres)	\$605,000	\$435,000	\$0.090

The following appraisal report contains the descriptive data and analyses on which the opinions expressed were predicated.

Mr. Roggatz
July 21, 2020
Page 2

The AMCG team is pleased to have been called on to conduct this appraisal and provide an opinion of market value and market rent for the Subject Property. Please contact us if you have any questions pertaining to this report.

Helping your aviation management excellence,



David C. Benner, C.M.
Managing Consultant
Aviation Management Consulting Group, Inc.



Robert D. Decker, MAI
Appraiser
Decker Associates, Inc.
California Temp License No. 3003261-008

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I. CERTIFICATIONS

We certify that, to the best of our knowledge and belief...

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and represent our personal, impartial, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the Subject Property and no personal interest with respect to the parties involved with this assignment.
- We have no bias with respect to the Subject Property or to the parties involved with this assignment.
- This assignment was not contingent on developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent on the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- We have not inspected the Subject Property but have reviewed photographs and other information provided by the County.
- Matthew Fish has provided professional assistance to Robert D. Decker.
- As of the date of this report, I, Robert D. Decker, MAI, have completed the continuing education program of the Appraisal Institute.
- We have performed no services, as an appraiser or in any other capacity, regarding the Subject Property within the three-year period immediately preceding acceptance of this assignment.
- The following opinion of market value and market rent has been derived for the Subject Property as of April 29, 2020:

Value Conclusions (April 29, 2020)			
Subject Property	Fee Simple Value	Leased Fee Interest	
		Leased Fee "As Is" Value	Rent PSF (Annual)
Non-Aeronautical Land (11.138 acres)	\$605,000	\$435,000	\$0.090



David C. Benner, C.M.
Managing Consultant
Aviation Management Consulting Group, Inc.



Robert D. Decker, MAI
Appraiser
Decker Associates, Inc.
California Temp License No. 3003261-008

II. LIMITING AND CONTINGENT CONDITIONS

This report is subject to the following conditions and to other specific and limiting conditions as described by the AMCG team in this report.

1. We assume no responsibility for matters legal in nature affecting the Subject Property, nor do we render any opinion as to the title of the Subject Property, which is assumed to be good and marketable. All existing liens and encumbrances, if any, have been designated and the Subject Property have been analyzed as though free and clear and held under responsible ownership and competent management.
2. Information, estimates, and opinions furnished to the AMCG team and contained in this report were obtained from sources considered to be reliable and are believed to be true and correct. However, we assume no responsibility for their accuracy.
3. Although parcel dimensions were taken from a source considered to be reliable, this should not be construed as a land survey. The exact land size and legal description should be verified by a licensed engineer or land surveyor.
4. Sketches presented in the report may show approximate dimensions and are included to assist the reader in visualizing the Subject Property. We assume no responsibility for their accuracy and have not conducted a survey of the Subject Property.
5. Unless otherwise stated in the report, the opinion of value does not include the contributory value of any personal property, furniture, fixtures, equipment, or on-going business value.
6. It is assumed that the utilization of the land is within the boundaries or property lines of the Subject Property and that there is no encroachment or trespass unless noted in this report.
7. This report is prepared for the sole, exclusive use of the client. No third parties are authorized to rely on this report without the express written consent of the AMCG team.
8. It is assumed that all applicable zoning and use regulations have been complied with unless a non-conformity was stated, defined, and considered in this report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. Full compliance with all applicable federal, state, and local environmental regulations and laws is assumed unless noncompliance is stated, defined, and considered in this report.
11. The AMCG team does not have any knowledge of the existence of potentially hazardous material, gases, toxic waste, or mold on or in the Subject Property. To the best of the AMCG team's knowledge, the presence of potentially hazardous waste, materials, or gases has not been detected, or if they have been detected, it has been determined that the amount or level is considered to be safe according to standards established by the Environmental Protection Agency (EPA). However, the AMCG team is not qualified to detect such substances and does not make any guarantees or warranties that the Subject Property have been tested for the presence of potentially hazardous waste material or gases or, if tested, that the tests were conducted pursuant to EPA-approved procedures. The existence of any potentially hazardous material, gases, toxic waste, or mold may have an effect on the opinion of value. An expert in this field should be retained by the client if desired.



12. The AMCG team is not property or environmental inspectors. The AMCG team has provided an opinion of value. This report does not guarantee that the Subject Property are free of defects of environmental issues. The AMCG team has performed an inspection of the visible and accessible areas only. The AMCG team is not qualified to determine the existence of mold, the cause of mold, the type of mold, or whether, if any, mold exists, the mold might pose any risk to the Subject Property or its inhabitants. Mold may be present in areas of the Subject Property, including areas the AMCG team cannot see. A professional property inspector or environmental inspection is recommended.
13. It is assumed that the Subject Property will have an adequate supply of energy in the future.
14. The American with Disabilities Act (ADA) became effective January 26, 1992. The AMCG team has not made a specific compliance survey and analysis of the Subject Property to determine whether or not the Subject Property are in conformity with the various detailed analysis of the requirements of the ADA. It is possible that a compliance survey of the Subject Property together with a detailed analysis of the requirements of the ADA could reveal that the Subject Property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact on the opinion of value. Since the AMCG team has no direct evidence relating to this issue, possible noncompliance with the requirements of the ADA was not considered in providing an opinion of value.
15. We assume there are no hidden or unapparent conditions of the Subject Property, subsoil, or structures that would render the Subject Property more or less valuable. We assume no responsibility for such conditions or for engineering that might be required to discover such factors.
16. No requirements shall be made of the AMCG team to give testimony or appear in court by reason of this report of the Subject Property in question, unless arrangements have been made previously. If any courtroom or administrative testimony is required in connection with this report, an additional fee shall be charged for those services.
17. Possession of this report, or copy hereof, does not carry with it the right of publication nor may it be used for any purpose whatsoever by any entity but the client without the previous written consent of the AMCG team and the client.
18. Disclosure of the contents of this report is governed by the Bylaws of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any opinion of value, the identity of the AMCG team, or the firm with which they are connected, or any reference to any professional society or institute or any designation conferred upon the AMCG team) shall be disseminated to the public through advertising media or public means of communication without prior written consent and approval of the AMCG team.

**III. EXECUTIVE SUMMARY**

Airport: California Redwood Coast-Humboldt County Airport
3561 Boeing Avenue
McKinleyville, California 95519

Date of Report: July 21, 2020

Effective Date: April 29, 2020

Zoning: AV (Airport) and AP (Airport Safety Review)
Humboldt County

Subject Property: The Subject Property consists of 11.138 acres (485,156 square feet) of on-Airport Non-Aeronautical Land located in the southwest quadrant of the California Redwood Coast-Humboldt County Airport. The Subject Property is east of Baadsgaard Avenue and north of Airport Road in McKinleyville, California.

Present Use: Vacant

Highest and Best Use: As Vacant: Non-Aeronautical use
As Planned: Solar array installation

Market Value: A summary of values is provided in the following table.

Value Conclusions (April 29, 2020)			
Subject Property	Fee Simple Value	Leased Fee Interest	
		Leased Fee "As Is" Value	Rent PSF (Annual)
Non-Aeronautical Land (11.138 acres)	\$605,000	\$435,000	\$0.090

IV. INTRODUCTION

A. Intended Use and Intended User

The purpose of this summary appraisal report is to set forth the investigations and analyses leading to the opinion of value for the on-Airport Non-Aeronautical Land (Subject Property) located at California Redwood Coast-Humboldt County Airport (Airport) in McKinleyville, California.

The intended user of this report is the County of Humboldt (County) to support internal decision-making pertaining to the potential lease of the Subject Property for installation of a solar array.

B. Market Value Defined

Market value is defined as "the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of value, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property."¹

C. Market Rental Value Defined

Market rental value is defined as "the rental price in cash or its equivalent that the leasehold would have brought on the date of value on the open market, at or near the location of the property acquired, assuming reasonable time to find a tenant."²

D. Property Rights Appraised

The leased fee interest is being appraised for the Subject Property owned by the County.

Leased fee interest is defined as "the ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires."³

¹ Uniform Appraisal Standards for Federal Land Acquisitions, Section 1.2.4, Page 10.

² Uniform Appraisal Standards for Federal Land Acquisitions, Section 1.5.4.1, Page 35.

³ Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, 2015, Page 128.

E. Scope of Appraisal

The scope of this appraisal was to gather appropriate market data and utilize appropriate or applicable appraisal techniques to arrive at an opinion of market value and market rent for the Subject Property which consists of 11.138 acres of on-Airport Non-Aeronautical Land which is owned by the County. To complete this assignment, an investigation of highest and best use of the Subject Property (as though vacant and as improved) was completed and neighborhood trends were analyzed. Information regarding land sales in the McKinleyville area were gathered through survey efforts and an expansive review of public records.

Based on an analysis of the research findings, an opinion of market value was determined utilizing one approach to value (Sales Comparison Approach). This approach is considered a good indicator of value due to the on-Airport Non-Aeronautical use of the Subject Property and consistent with industry best practices. Utilizing a market support rate of return, a market rental rate was determined. A final market value estimate and market rent opinion was derived for the Subject Property and the results are conveyed in this summary appraisal report.

F. Date of Report and Value

This report is dated July 21, 2020 which generally corresponds to the completion date of the report. The effective date of value is April 29, 2020 which corresponds to the date photographs were provided by the County to the AMCG team.

It is important to note the AMCG team did not physically inspect the Subject Property due to impacts related to the COVID-19 virus. However, working in conjunction with the County, the AMCG team reviewed appropriate information and documentation to determine an opinion of market value and market rent of the Subject Property.

An extraordinary assumption has been made by the AMCG team that this information accurately reflects the Subject Property.

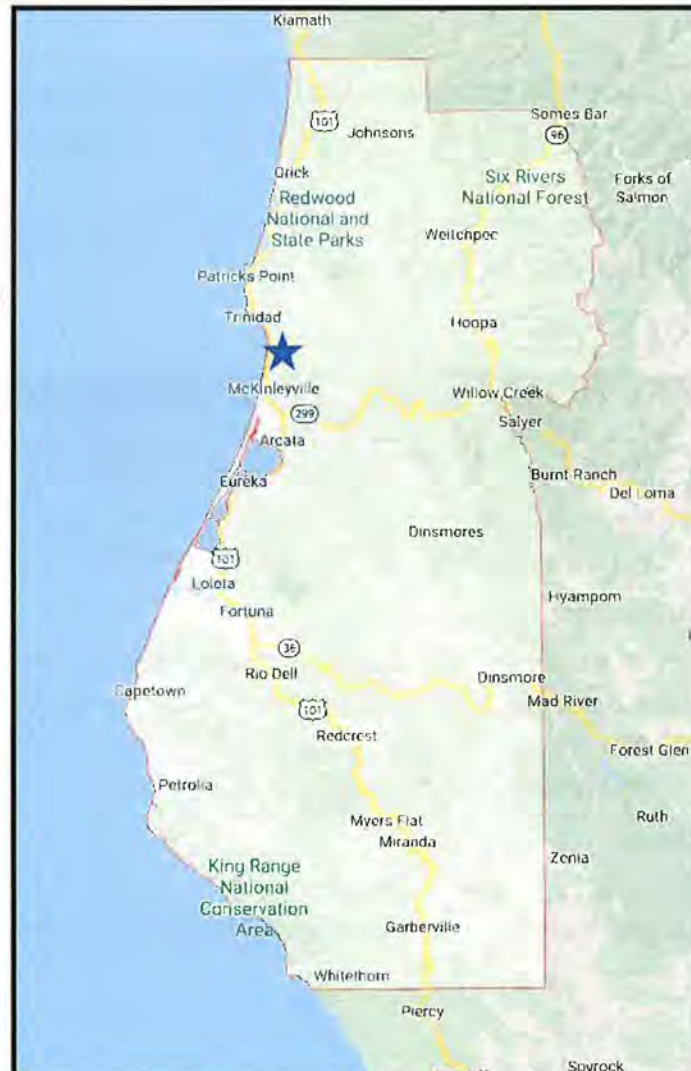
V. AREA OF INFLUENCE

A. Geographic Location

The County is located on California's northern Pacific Coast. The southern border of the County is 200 miles north of San Francisco, the closest major metropolitan city. The County encompasses 2.3 million acres, 80% of which is forestlands, protected redwoods, and recreational areas. The region is primarily mountainous except for an area of plains surrounding Humboldt Bay. The County seat is Eureka.

The City of McKinleyville (City) is in the northwestern portion of the County. The City is 215 miles northwest of Sacramento, 240 miles northwest of San Francisco, and approximately 70 miles south of the Oregon border. The Airport is located 7 miles north of the City's Central Business District as indicated in Figure 1.

Figure 1 – Geographic Location



B. History

The County was founded by gold seekers in the 1850's. The miners and early settlers conflicted with the native populations, resulting in massacre, the building of government forts, and resettlement. Timber soon proved to be as valuable as gold and the lumber camps in the area grew. The shipping industry followed to move the supply of local wood. The rich land and moderate climate also brought farmers to the area where sheep, dairy, and fruit industries flourished.

The City was established in the 1890's for gold miners and timber workers in the area. The City (formerly called Minorsville) was renamed to McKinleyville in honor of President William McKinley following his assassination in 1901.

C. Demographics

The population of the City has decreased a total of 1.7% which results in a compounded annual decrease of 0.2% from 16,896 in 2010 to 16,612 as of 2018 (U.S. Census Bureau estimate).

The population of the County has increased a total of 2.0% which results in a compounded annual increase of 0.3% from 133,058 in 2010 to 135,768 in 2018 (U.S. Census Bureau estimate).

As outlined in Table 1, the median age, median household income, and average household income of the County and City have increased.

Table 1 – County and City Demographics⁴

County and City Demographics								
	2000		2010		2019		2024 Projection	
	County	City	County	City	County	City	County	City
Median Age	36.5	35.5	37.2	36.6	38.2	37.9	39.0	39.0
Median Household Income	\$31,347	\$38,290	\$37,065	\$43,678	\$46,656	\$53,195	\$54,473	\$61,869
Average Household Income	\$41,744	\$46,030	\$54,305	\$59,801	\$66,081	\$74,153	\$75,817	\$84,720

D. Business and Industry

The largest employment sectors of the City and County are (1) educational services, health care, and social assistance, (2) retail trade, and (3) arts, entertainment, recreation, and accommodation and food services. These employment sectors account for approximately 52% of the employment in the City and County.

E. Economic Factors

The labor force of the City has decreased from 8,901 in 2010 to 7,900 in 2018 (U.S. Census Bureau). This represents a total decrease of 11.2% and a compounded annual decrease of 1.5%.

⁴ Gale Cengage, 2019.

The labor force of the County has decreased from 66,742 in 2010 to 66,356 in 2018 (U.S. Census Bureau). This represents a total decrease of 0.6% and a compounded annual decrease of 0.1%.

As identified by the U.S. Bureau of Labor Statistics, the unemployment rate was preliminarily estimated at 4.9% for the Eureka-Arcata-Fortuna Micropolitan area as well as the County (for March 2020) as compared with the U.S. national unemployment rate which was approximately 4.4%.

F. Housing

There are currently 70 homes listed for sale in the County. The median home value estimate for the County is \$308,900.⁵

Table 2 – County and City Housing Data⁶

County and City Housing Data								
	2000		2010		2019		2024 Projection	
	County	City	County	City	County	City	County	City
Total Housing Units	55,914	5,453	61,559	6,565	63,127	6,717	64,403	6,838
Median Home Value	\$128,356	\$130,282	\$293,729	\$279,586	\$344,331	\$326,293	\$389,729	\$367,658
Average Household Size	2.39	2.58	2.31	2.41	2.29	2.38	2.27	2.35
Average Length of Residence	N/A	N/A	12 years	11 years	14 years	13 years	17 years	16 years

G. Recreation and Entertainment

The County is home to Redwood National Park, King Range National Conservation Area, the Lost Coast Bureau of Land Management, Samoa Dunes Recreation Area, Humboldt Bay National Wildlife Refuge, as well as several national forests and state parks. Humboldt County contains 40% of all remaining old growth redwood forests, the majority of which are conserved within national, state, and local forests and parks.

The City offers beaches with trails, kayaking, fishing, and surfing. Hiking, camping, rafting, and horseback riding are available in the nearby State parks and forests. Several festivals are held throughout the year in the County including Pony Express Days.

H. Summary

The County entails a mostly rural environment away from the major California cities. The scenic location and natural resources make the County a popular tourist destination as well as agricultural provider for the state and region. The City also serves as the commercial air service hub for the County.

⁵ Zillow Real Estate, May 2020.

⁶ Gale Cengage, 2019.

VI. AIRPORT OVERVIEW

A. Airport Description

The Airport, which consists of approximately 745 acres of land, has two runways:

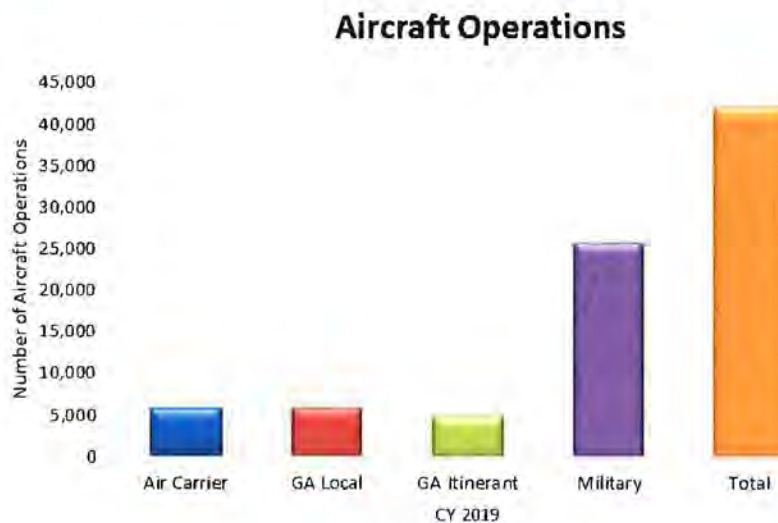
- Runway 01/19 – 4,501 feet long and 150 feet wide, grooved asphalt in good condition.
- Runway 14/32 – 6,046 feet long and 150 feet wide, grooved asphalt in good condition.

The Airport does not have an Air Traffic Control Tower and is served by one Instrument Landing Systems (ILS) – for Runway 32 and multiple non-precision approaches (LOC, RNAV – GPS, and VOR). The Airport is designated a Primary Commercial Service Nonhub airport in the *FAA National Plan of Integrated Airports System (NPIAS)*.

B. Aircraft Operations

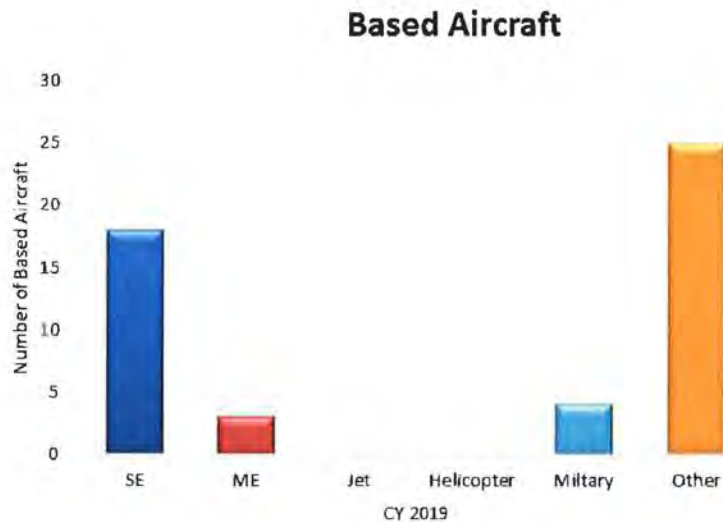
Figure 2 depicts total aircraft operations (air carrier, general aviation by category – local and itinerant, military, and total) at the Airport for 2019, as reported by FAA Master Record 5010.

Figure 2 – Aircraft Operations



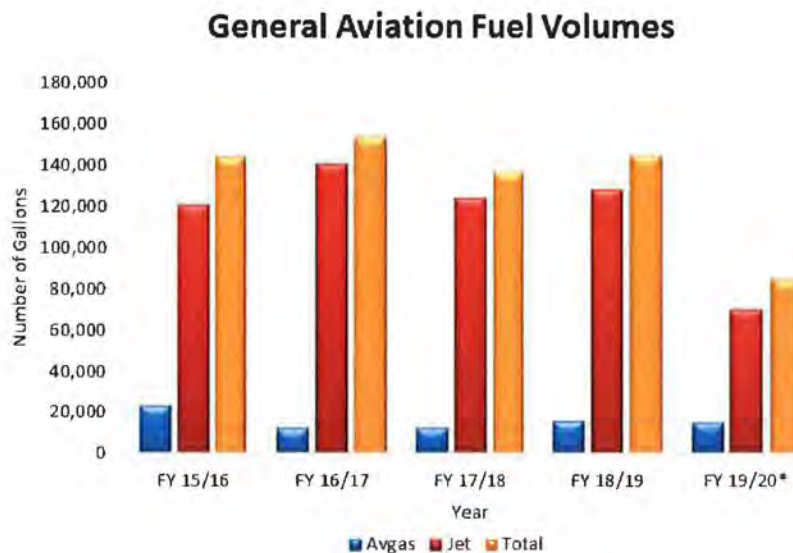
C. Based Aircraft

Figure 3 illustrates the number of based aircraft at the Airport for 2019, as reported by the FAA Master Record 5010.

Figure 3 – Based Aircraft


D. Fuel Volumes

Figure 4 depicts total fuel volumes (by type – jet and avgas) at the Airport from Fiscal Year (FY) 2015/2016 to FY 2019/2020 (year to date through March 2020), as reported by Airport management.

Figure 4 – General Aviation Fuel Volumes


E. Zoning

The Subject Property, as well as the entire Airport, is zoned AV (Airport) and AP (Airport Safety Review). As a result of being located within these zones, there are substantial limitations in permitted uses and required safety measures. The Airport zone includes four categories which are outlined below based on the *Humboldt County Code Title III Land Use and Development, Division 1 Planning, Chapter 4 – Regulations Outside the Coastal Zone*.⁷

AV (Airport Zone)

The permitted uses under the AV Zone are airports, heliports, and landing strips for aircraft, storage, service, fueling, freight and passenger service, lighting, radio and radar facilities, sales and rental of aircraft, and aviation supplies and equipment.

In addition to the permitted uses the following uses are permitted if accompanied with a Use Permit: any other residential, agricultural, recreational, commercial or industrial use, manufactured homes, and any use not specifically enumerated if similar to and compatible with the uses permitted in the AV Zone.

Under this zone, the maximum building height is bound by federal aviation height safety standards except for heights more than thirty feet (30') which may be permitted if accompanied with a Use Permit.

AP (Airport Safety Review)

Figure 5 specifies permitted land uses and the type of permit required when the AP Zone is combined with a principal zone district (in this case the Public Zone District, AV designation).

Figure 5 – Airport Safety Review Zoning Matrix

AIRPORT SAFETY REVIEW ZONE MATRIX				
Use	Clear Zone	Approach Zone	Transitional Zone	Beneath Flight Track
Residential Use Types having an average density of less than ten dwelling units per acre (10du/a)	SP	SP	A	A
Residential Use Types having an average density of ten or more dwelling units per acre (10+du/a)	NA	SP	SP	SP
High Occupancy Use Types whether permanent or temporary and whether in or out of a structure which result in assemblages of more than 25 persons per acre (excluding streets)	NA	SP	A	A
Structures	SP	A	A	A
<p>"NA" Developments of this type are not permitted uses in this zone.</p> <p>"SP" Special Permit required. Review for consistency with Airport/I and Use Safety Compatibility Criteria.</p> <p>"A" Use Permitted consistent with principal zone requirements.</p>				

⁷ Humboldt County Code (<https://humboldt.county.codes/Code/314>)

In addition to the development standards of the AV Zone, the following standards shall apply whenever the AP Zone is combined with the principal zone (in this case the Public Zone, AV designation):

- No structure, tree, or other object shall be permitted to exceed the height limits established in Section 331, of the Humboldt County Code.
- Buildings constructed over thirty-five feet (35') may be allowed if a Special Permit is obtained.
- Maximum Density in Approach Zones:
 - The maximum density in an approach zone is one unit per three acres. A minimum of one dwelling unit per lawfully created lot is permitted, even if this density is exceeded, but a Special Permit is required. The Special Permit process shall be used to retain, to the maximum extent feasible, the contiguous open space in the approach zone.
 - Exceptions to the maximum density of one unit per three acres within an approach zone may be permitted upon approval and accompanied with a Special Permit.

N (Noise Impact)

Prohibited development under the N Zone are within areas above the 60 dB Community Noise Equivalent Level – Day-Night Average Level (CNEL-Ldn level). The placement of manufactured homes is prohibited.

Building standards to reduce interior noise levels are required to limit noise levels to 45 dB CNEL-Ldn level in all habitable rooms. New construction of single family and multi-family structures and structures designed for transient habitation shall conform to the applicable requirements of the Humboldt County Building Code.

WR (Streamside Management Areas and Wetlands)

The WR Zone regulations apply to streamside management areas, wetlands, and other wet areas (i.e., natural ponds, springs, vernal pools, marshes, and wet meadows).

Under this zone, a permit is required for all development affecting wetlands or other wet areas.

F. 14 Code of Federal Regulations Part 77

Due to the relative proximity of the Airport and relationship to Runway 32, development must conform to 14 Code of Federal Regulations Part 77 *Safe, Efficient Use, and Preservation of the Navigable Airspace* (Part 77). Part 77 includes requirements for the primary surface, horizontal surface, approach surface, transitional surface, and conical surface based on the approach type for the specific runway.

As identified in the Airport Layout Plan (ALP), which is provided in the Appendix, there are no Part 77 impacts to the Subject Property. It is important to note the horizontal surface limits vertical development to 150 feet above airport elevation without FAA approval.

G. Advisory Circular 150/5300-13A Airport Design

Due to the relative proximity of the Subject Property on the Airport, development must conform to Advisory Circular 150/5300-13A Airport Design (AC 150/5300-13A). AC 150/5300-13A outlines the FAA standards and recommendations for the design of airports to maintain a safe environment. AC 150/5300-13A includes, but is not limited to, requirements for the Runway Safety Area (RSA), Runway Object Free Area (ROFA), and Runway Protection Zone (RPZ).

However, due to the location of the Subject Property in relation to Runway 32, the Airport design surfaces do not impact development of the Subject Property.

H. Assessor's Data

Table 3 identifies the County's Assessor records as it relates to the Subject Property. parcel numbers. The Subject Property is located on two different parcels and are assessed separately.

Table 3 – Subject Property Assessor Information

Subject Property Assessor Information		
Parcel	Assessor Parcel Number	Status
Land	511-071-005-000 (Portion)	Exempt
Land	511-082-009-000 (Portion)	Exempt

It is significant to note that land at the Airport is exempt from property taxes, therefore there are no assessments for either parcel.

VII. SUBJECT PROPERTIES OVERVIEW

A. History of Property/Owner of Record

The Airport is owned by the County and the Subject Property has been owned by the County since 1958. There has not been a change of ownership in the past three years.

B. Legal Description

The AMCG team was provided with a legal description consisting of the metes and bounds for the Subject Property. The most recent survey conducted is dated July 9, 2020 by Brian Sousa, California Land Surveyor Number 7917. The legal description has been provided in the Appendix.

C. Site Description

Location:	The Subject Property is located east of Baadsgaard Avenue and north of Airport Road just west of Runway 32.
Size:	11.138 acres (approximately 485,156 square feet)
Configuration:	Triangular configuration
Topography:	The site has a slight slope in a southeasterly direction.
Boundaries:	<p>The boundaries are detailed as follows:</p> <p>North: Airport</p> <p>South: Airport Road</p> <p>East: Airport</p> <p>West: Baadsgaard Avenue</p>
Soil Conditions:	The AMCG team was not provided with a soils report for review. It is assumed there are no soil conditions which would adversely impact the Subject Property.
Easements:	The AMCG team was not provided with a title report for review. It is assumed there are no easements or encumbrances which would adversely impact the Subject Property.
Utility Availability:	<p>The Subject Property is served by the following utility companies:</p> <p>Water: McKinleyville Community Services District</p> <p>Sewer: McKinleyville Community Services District</p> <p>Electricity: PG&E</p> <p>Gas: PG&E</p> <p>Telephone/ internet/cable: Multiple providers</p>



Access and Street Improvements:

The Subject Property is accessible from Central Avenue and Airport Road on the east side of the Airport. Central Avenue is Business 101 and connects with Redwood Highway (US 101) just north of the Airport.

On-Site Improvements:

The site is currently vacant and available for development. All utilities are available to the perimeter of the site. The site will provide vehicular access from Airport Road with a slight slope in a southerly direction. The trees bordering the southerly portion of the site will be the tenant's responsibility to remove. The site provides landside access but no airside access.

Environmental Hazards:

The AMCG team was not furnished with an environmental report for review. It is assumed there are no environmental hazards which would adversely impact the Subject Property.

Flood Hazard Zone:

The site is located in Zone X according to the Flood Map 06023C0680G, effective June 21, 2017.

Coastal Zone:

The site is not located in the California Coastal Zone.

Alquist Priolo Special Studies Zone:

The site is not located within this zone.

Wetlands:

No wetlands were observed from the AMCG team's review of the information provided.

Vegetation:

There are trees on the southern portion of the site that will be the tenant's responsibility to remove.

Functional Utility:

The site is large and triangular in shape. As a result of the size and shape of the site, a wide variety of uses could be accommodated.

A photographic survey and Property Identification Maps of the Subject Property are provided in the Appendix.

VIII. HIGHEST AND BEST USE

Highest and best use is defined as follows:

"The reasonable probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."⁸

The highest and best use of the land if vacant and available for use may be different from the highest and best use of the improved property. This will be true when the improvement is not an appropriate use and yet makes a contribution to total property value in excess of the value of the site.

In estimating highest and best use of the site as if vacant and improved, the uses are submitted to four different analyses. The analyses are:

- Physically Possible Uses – which uses are physically possible on the subject site
- Legally Permissible – which of the physically possible uses are legally permissible by current or probable zoning and deed restrictions on the subject site
- Financially Feasible – of the selected uses based upon the prior criteria, which uses will produce a net return to the owner of the site
- Most Profitable – which of the economically feasible uses provides the highest net return or the highest present worth

These tests are applied first to the subject site as if vacant and ready for development and then to the existing improved use.

A. Physically Possible Uses

The first constraint imposed on the highest and best use of the property is that dictated by the physical aspects of the site. In general, the larger the site, the greater the potential for achieving economies of scale and flexibility in development.

The Subject Property has an Airport Zone and Airport Safety Review designation which limits vertical development. Additionally, certain development types are excluded due to noise impacts. The location of the Subject Property within Airport property suggest aviation and aviation-related uses would be a reasonable use for the Subject Property. However, the significant grade difference between the aeronautical infrastructure (i.e., runways, taxiways, aprons, etc.) limit accessibility. As such, the principal of conformity suggests the most logical uses would be aeronautical-related and non-aeronautical uses that do not negatively impact the use of the Airport.

⁸ Appraisal Institute, *The Appraisal of Real Estate*, 12th ed. (Chicago, Illinois, 2001).

B. Legally Permissible Uses

Generally, there are two types of legal restrictions applicable to property: private restrictions (deed restriction easements) and public restrictions (primarily zoning). The AMCG team was not provided with a title report for review. Based on the AMCG teams' review of information provided, it does not appear any adverse easements or encroachments exist. For purposes of this analysis, it is assumed that there are no legal private deed restrictions that would impact the current or future development of the Subject Property given the exception that the Subject Property is zoned AV and AP as outlined in Section VI. Airport Overview, E. Zoning.

C. Financially Feasible and Most Profitable Uses

The AMCG team understands the Subject Property will continue to be utilized as part of the Airport. Although land values indicate a use other than an airport use could be supported as the highest and best use, for the purposes of this analysis, the AMCG team has analyzed the Subject Property as a part of the Airport without addressing the potential to redevelop the Subject Property for a use other than an aeronautical-related and low-impact non-aeronautical uses.

D. Highest and Best Use – As Vacant

Based on the preceding analysis, the highest and best use for the Subject Property, as vacant, would be for aeronautical-related on low-impact non-aeronautical uses. Allowed uses may be restricted under the legal constraints imposed through zoning and FAA restrictions. The AMCG team has not addressed the redevelopment of the land or uses other than aeronautical-related or low-impact non-aeronautical.

E. Highest and Best Use – As Improved

Given the size of the land parcel, 11.138 acres, the AMCG team anticipates the land would best be utilized for non-aeronautical uses since the parcel does not have airside access but benefits from landside access.

IX. VALUATION

A. Introduction

In theory, there are three approaches to value: Cost, Sales Comparison, and Income. Central to each approach is the principle of substitution, as an astute real estate investor will pay no more than the value of an equally desirable alternative property or investment.

The Cost Approach considers the current cost of replacing the building and improvements on a property, less depreciation, plus the market value of the land assumed vacant. Depreciation affecting the property can occur from three sources: physical deterioration, functional obsolescence, and economic obsolescence. This approach is most effective in valuing relatively new (or even proposed) developments or special purpose properties. As such, this approach was not considered appropriate or applicable to derive a value conclusion in this case.

The Sales Comparison Approach involves direct comparisons of similar properties which have sold in the same or similar markets. The data from comparable properties is analyzed and adjustments are made for significant differences. The adjusted sales are then weighted to provide an indication of value. This is the most direct method for valuing on-airport non-aeronautical uses and property located adjacent to an airport for potential acquisition. The Sales Comparison Approach is not a good indicator of value for properties being used for commercial purposes (i.e., FBOs and/or SASOs) as it is difficult to separate the value of the business enterprise from the value of the real estate. As such, the Sales Comparison Approach is considered appropriate and applicable to derive a value conclusion by using off-airport land sales with appropriate adjustments to address the restrictions of on-airport land.

The Income Approach is based on an estimate of the Subject Property's possible net income and measures the present worth of anticipated future benefits derived from property ownership. To derive the anticipated future benefits, the net income is capitalized to arrive at an indication of value from the standpoint of an investment. Using the capitalization process, the net income is converted to present value. Provision for the investor's recapture of invested capital, as well as return on capital, is built into this capitalization procedure. Typically, there are two methodologies for determining value by the Income Approach: Direct Capitalization and Discounted Cash Flow. The Direct Capitalization method is best suited for has been utilized for properties being used for commercial purposes. The Discounted Cash Flow method is best suited for larger, multi-tenant properties with divergent leases as the income streams being generated can vary significantly from year to year. As such, the Income Approach was not considered appropriate or applicable to derive a value conclusion in this case.

The quantity and quality of data available for examination under each approach and the inherent advantages and disadvantages of each approach is considered and weighed to derive a final estimate of value. The process of evaluating the conclusions derived utilizing the Sales Comparison approach is outlined in the Reconciliation and Final Market Value Estimate section.

B. Sales Comparison Approach

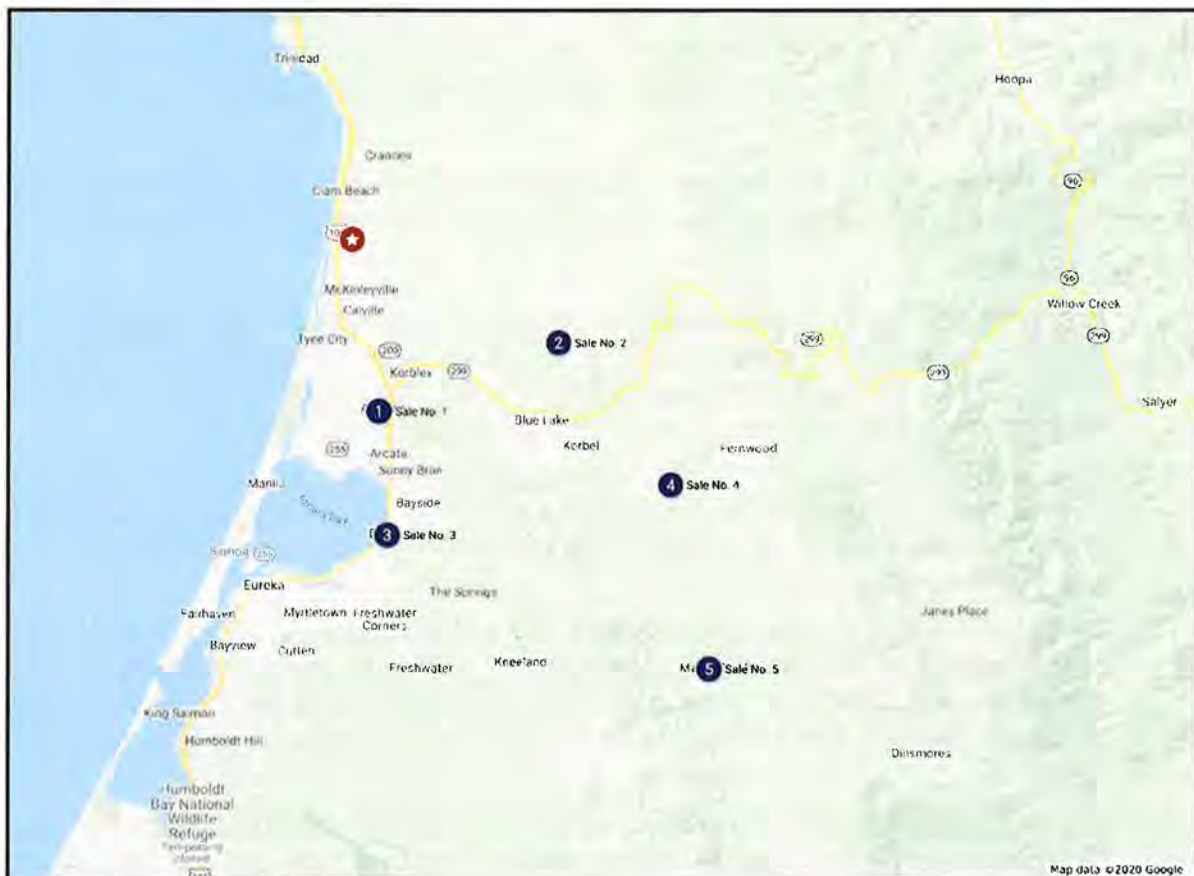
It is the AMCG team's opinion that the Sales Comparison Approach is appropriate and applicable as it pertains specifically to the on-Airport Non-Aeronautical use of the Subject Property.

To derive a conclusion for on-Airport Non-Aeronautical Land, a survey of off-Airport land sales in the McKinleyville area was conducted. Given the limited number of larger land sales (more than 2 acres) that have occurred in the relative recent past, the AMCG team has included five off-airport land sales with various zonings.

Table 4 – Land Sales Summary

Land Sales Summary								
Sale Number	Location and Assessor Parcel Number	Sale Date	Zone Use	Size		Price		
				SF	Acres	Total	PSF	Per Acre
Subject Property	SWC Central Ave. and Airport Rd. McKinleyville, CA 95519 511-071-005-000 (Portion) 511-082-009-000 (Portion)	N/A	AV - Aviation AP - Airport Safety Review	485,156	11.138	N/A	N/A	N/A
1	2705 Alliance Road Arcata, CA 95521 507-331-057-000	02/2018	RL Residential Low Density	104,544	2.400	\$290,000	\$2.77	\$120,833
2	Blue Lake, CA 312-021-028-000	06/2018	AE Agricultural Exclusive	1,742,400	40.000	\$880,000	\$0.51	\$22,000
3	4056 North 101 Highway Eureka, CA 95503 501-261-009-000	05/2019	CR Commercial Recreation	326,700	7.500	\$450,000	\$1.38	\$60,000
4	Korbel, CA 313-111-016-000	06/2019	AE Agricultural Exclusive	1,873,080	43.000	\$315,000	\$0.17	\$7,326
5	Blue Lake, CA 316-101-006-000	06/2019	TPZ Timber Production Zone	2,003,760	46.000	\$550,000	\$0.27	\$11,957

Figure 6 – Land Sales Location Map



The results of the study indicate land sales in the general area range from \$0.17 psf to \$2.77 psf. The land sales represent off-Airport land with various restrictions as compared to the Subject Property which is located on-Airport but does not have airside access.

a. Analysis

A “price per square foot” basis was used for this analysis which is the common unit of comparison utilized by buyers and sellers in the marketplace. Each of the land sales was compared to the Subject Property and adjusted for dissimilarities. The specific elements of comparison considered are property rights conveyed, financing, conditions of sale, market conditions, location, and physical characteristics (i.e., configuration, topography, size, zoning, and utilities).

After adjusting the off-Airport land sales for any dissimilarities (positively or negatively), a final value was determined by analyzing the land sales providing the best indication of value. Each off-Airport land sale required adjustment since no land sale was identical to the Subject Property. As such, the off-Airport land sales provide a range of value for the Subject Property.

The AMCG team utilized quantitative adjustments to each of the off-Airport land sales which are based on the AMCG team's experience determining market value for similar on-airport properties. The quantitative adjustment process provides a more reasonable range of values for comparison with the Subject Property as opposed to a precise quantification of adjustments.

The following provides an explanation of the comparison elements which were considered to determine the "as is" fee simple interest value of the Subject Property which are further outlined in Table 5.

- Property Rights Conveyed – reflect all the rights of ownership in real estate. All the Land Sales were purchased on a fee simple basis. The AMCG team analyzed the Subject Property on a fee simple basis before adjusting for off-Airport land sales. As such, no adjustments were required for property rights conveyed.
- Financing – indicates whether the seller received all cash, or the seller carried a note which would typically require a discount. All the Land Sales were purchased on an all-cash basis or on a cash to seller basis. As such, no adjustments were required for financing.
- Conditions of Sale – reflect those unique conditions surrounding the land sale that require an adjustment. All the land sales were purchased on an arm's length basis except for Land Sale #1 and Land Sale #3 which would require demolition of older buildings. As such, Land Sales with demolition requirements have been adjusted upwards.
- Market Conditions – represent those adjustments that are associated with the date of sale or unique circumstances surrounding the land sale. All the land sales occurred within the previous two years. In analyzing newer sales compared to older sales, no consistent pattern was determined considering the physical aspects of the land sales. As such, no adjustments were required for time of sale.
- Location – the Land Sales are all located within the County (except for Land Sale #4). Land Sale #1 and Land Sale #3 are in superior locations in Arcata and Eureka which have been adjusted downward. Land Sale #2, Land Sale #4, and Land Sale #5 are in more rural, inferior locations which have been adjusted upward.
- Physical Characteristics – indicate those aspects which require specific physical comparison and include configuration, topography, size, zoning, and utilities. Physical adjustments were made up or down for inferior or superior attributes. The Subject Property is generally triangular, has a slight slope, is 11.138 acres, is zoned AV and AP, and has available utilities. Some of the Land Sales have similar attributes which did not require adjustment. Land Sales with differing attributes have been adjusted as follows:

- Configuration – Land Sale #1, Land Sale #2, and Land Sale #4 are rectangular and considered superior. As such, these Land Sales were adjusted downward.
- Topography – Land Sale #1 was level and considered superior. As such, this Land Sale was adjusted downward. Land Sale #2, Land Sale #4, and Land Sale #5 had sloping terrain and considered inferior. As such, these Land Sales were adjusted upward.
- Size – As size increases, the unit rate (i.e., psf rate) typically decreases. Land Sales #1 (2.40 acres) was considerably smaller while Land Sale #2, Land Sale #4, and Land Sale #5 (ranging from 40.0 to 46.0 acres) were considerably larger than the Subject Property. As such, Land Sale #1 was adjusted downward while Land Sale #2, Land Sale #4, and Land Sale #5 were adjusted upward.
- Zoning – the Subject Property has an AV (Aviation) Zone and an AP (Airport Safety Review) Zone. Land Sale #1 and Land Sale #3 have superior zonings, RL (Residential Low Density) and CR (Commercial Recreation). Land Sale #2, Land Sale #4, and Land Sale #5 have inferior zonings – AE (Agriculture Exclusive) and TPZ (Timber Production Zone). As such, Land Sale #1 and Land Sale #3 were adjusted downward while Land Sale #2, Land Sale #4, and Land Sale #5 were adjusted upward.
- Utilities – Land Sale #2, Land Sale #4, and Land Sale #5 do not have utilities immediately available and, therefore, are clearly inferior from this aspect. As such, these Land Sales have been adjusted upward.

Before appropriate adjustments, land sales in the general area range from \$0.17 psf to \$2.77 psf. After appropriate adjustments, the land sales range from \$0.35 psf to \$1.69 psf. Land Sale #4 (\$0.35 psf) and Land Sale #5 (\$0.59 psf) proved to be outliers within the analysis. As such, less weight was given to these Land Sales. The remaining Land Sales range from \$1.03 psf to \$1.69 psf.

Table 5 – Land Sales Adjustment Grid

Land Sale Adjustment Grid						
Sale Number	Subject Property	Land Sale 1	Land Sale 2	Land Sale 3	Land Sale 4	Land Sale 5
Sale Price (per acre)	N/A	\$290,000	\$880,000	\$450,000	\$315,000	\$550,000
Size (acres)	11.138	2.40	40.00	7.50	43.00	46.00
Price (psf)		\$2.77	\$0.51	\$1.38	\$0.17	\$0.27
Property Rights Conveyed	Leased Fee	Fee Simple -0- \$2.77	Fee Simple -0- \$0.51	Fee Simple -0- \$1.38	Fee Simple -0- \$0.17	Fee Simple -0- \$0.27
Financing	Cash or Equivalent	Cash to Seller -0- \$2.77	Cash to Seller -0- \$0.51	Cash to Seller -0- \$1.38	Cash to Seller -0- \$0.17	Cash to Seller -0- \$0.27
Conditions of Sale	Arm's Length	Demolition 5% \$2.91	Arm's Length -0- \$0.51	Demolition 5% \$1.45	Arm's Length -0- \$0.17	Arm's Length -0- \$0.27
Market Conditions	June 2020	Feb 2018 -0- \$2.91	June 2018 -0- \$0.51	May 2019 -0- \$1.45	June 2019 -0- \$0.17	June 2019 -0- \$0.27
Location Adjustment						
Location	Good	Excellent -25% \$2.18	Average 25% \$0.63	Excellent -25% \$1.08	Average 25% \$0.21	Average 25% \$0.34
Physical Characteristics						
Configuration	Triangular	Rectangular -5% \$2.08	Rectangular -5% \$0.60	Triangular -0- \$1.08	Rectangular -5% \$0.20	Sl. Irregular -0- \$0.34
Topography	Slight Slope	Level -5% \$1.97	Slope 5% \$0.63	Slight Slope -0- \$1.08	Slope 5% \$0.21	Slope 5% \$0.36
Size (acres)	11.138	2.40 -5% \$1.87	40.00 25% \$0.79	7.50 -0- \$1.08	43.00 25% \$0.26	46.00 25% \$0.45
Zoning	AV and AP	RL -10% \$1.69	AE 10% \$0.87	CR-A -5% \$1.03	AE 10% \$0.29	TP2 10% \$0.50
Utilities	Existing	Existing -0- \$1.69	Required 20% \$1.04	Existing -0- \$1.03	Required 20% \$0.35	Required 20% \$0.59
Total Adjusted Price (psf)	N/A	\$1.69	\$1.04	\$1.03	\$0.35	\$0.59
Conclusion: \$1.25 psf						

Based on analyzing all available data, an "as is" fee simple value of \$1.25 psf was determined.

As outlined in Table 5, the concluded "as is" fee simple value was \$1.25 psf. However, airport land, utilized for aeronautical or non-aeronautical purposes, demonstrates only partial rights of ownership as the lessee does not have fee simple rights. The lessor has the right to receive income during a certain period but gives up the right of the use of the land during the time of the lease. On a fee simple basis (i.e., for off-airport land), all property rights are included with the land.

Airport land is also restricted to certain types of uses, by 14 CFR Part 77 requirements and subject to additional restrictions of the airport sponsor. Based on the AMCG team's experience analyzing non-aeronautical use of airport land, it is the AMCG team's opinion that a discount of 30% to 60% of fee simple value is appropriate when comparing off-airport land and on-airport land depending on the impacts of zoning, 14 CFR Part 77, and airport design to the Subject Property.

As such, a discount of 30% was applied to the fee simple value (\$1.25 psf) which results in a land value of \$0.90 psf (rounded).

To determine a rental rate from the concluded value, the AMCG team obtained and considered rates of return for airport-based properties from a cross section of airports. Airport sponsors indicated rate of return expectations range from 3.0% to 15.0%, with 10.0% identified as the most common. Further, rates of return are also influenced by the size and complexity of the airport. It is also important to note the rate of return expectations are based on a typical lease term of 20-30 years.

It is the AMCG team's opinion that a 10.0% rate of return is reasonable and appropriate for the Airport.

Predicated on the preceding criteria of the following conclusion was derived.

Table 6 – Non-Aeronautical Land Conclusions Summary

Non-Aeronautical Land Conclusions Summary						
Identification	Size (SF)	Off-Airport Fee Simple Value	On-Airport Adjustment	Rate of Return	Calculated Result	Market Rent Opinion
Subject Property (11.138 acres)	485,156	\$1.25	-30%	10%	\$0.088	\$0.090

Rental rate is "per square foot/year" (psf/yr)

C. Reconciliation and Final Market Value Estimate

The Sales Comparison Approach was utilized, and adjustments were made for property rights conveyed, financing, conditions of sale, market conditions, location, and physical characteristics (i.e., configuration, topography, size, zoning, and utilities).

This analysis has resulted in the following value conclusions as of April 29, 2020:

Table 7 – Value Conclusions

Value Conclusions (April 29, 2020)			
Subject Property	Fee Simple Value	Leased Fee Interest	
		Leased Fee "As Is" Value	Rent PSF (Annual)
Non-Aeronautical Land (11.138 acres)	\$605,000	\$435,000	\$0.090

D. Prospective Marketing and Exposure Time

Part of this appraisal assignment is to convey an estimate of a typical marketing period for the subject properties based on the market value conclusion. Generally, the marketing period is tied to the definition of Market Value which, in this case, states that *"A reasonable time is allowed for exposure in the open market."*

Therefore, the research must focus on what the market considers a reasonable time to be "in the market" for the Subject Property. The marketing time estimate is based on the length of the known and expected characteristics of the Subject Property, its environs, and the real estate market during that period to the point of a negotiated sales contract.

It is important to distinguish between exposure time and marketing period. As with many appraisal issues, support can be gleaned from market transactions. For example, comparable properties which are under contract on the effective date of value are not usually adjusted for time (date of sale); whereas, options that call for a future closing date are generally adjusted back to the date of appraisal. In other words, it is the "meeting of the minds" as to price and terms that influences the appraisal. Therefore, in this report, "reasonable exposure time" is viewed as an historical event ending on the valuation date. Conversely, the "marketing period" is the AMCG team's estimate of the length of time necessary to secure a binding sales contract on the property in the future (i.e., prospective marketing time).

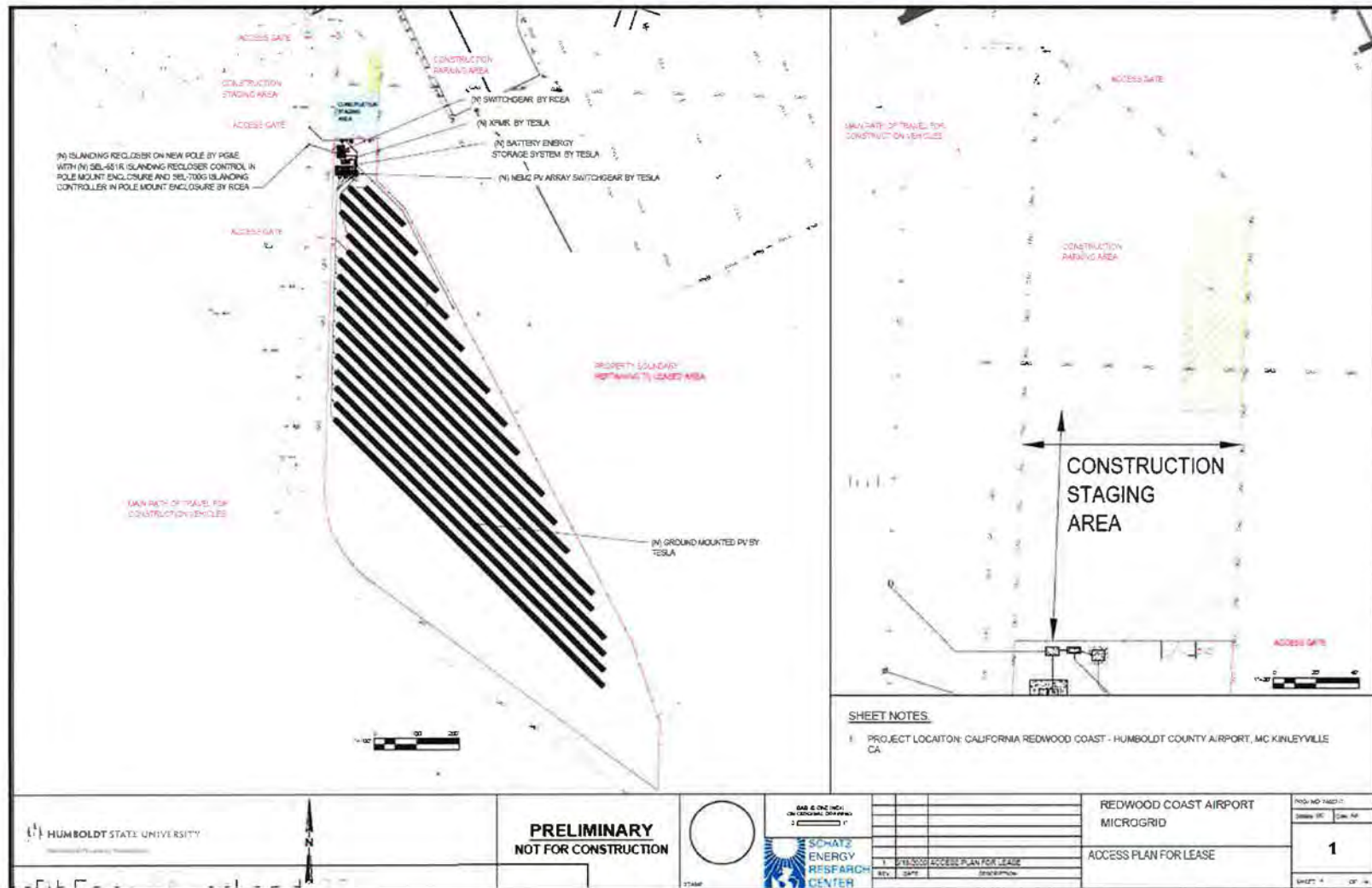
The responses to the 1st Quarter 2020 PWC Real Estate Investor Survey have also been reviewed. This survey is published quarterly and summarizes the responses of developers and investors. In the most recent survey, the average marketing time for industrial property nationally was 3-6 months and regionally was 2-8 months. Given the current market conditions of the local area and uniqueness of the Subject Property, it was determined that a reasonable marketing time for the Subject Property would be at least 6 months at the estimated market value assuming a compatible aviation use. Essential to this conclusion is the marketing of the property by competent professionals. Exposure period is also estimated at 6 months.

X. APPENDIX**A. Definitions and Acronyms**

- Itinerant – Aircraft operations terminated at an airport which (1) arrive from outside the airport area or (2) depart the airport and leave the airport area.
- Local – Aircraft operations which (1) remain in the local traffic pattern, (2) execute simulated instrument approaches or low passes at an airport, or (3) operate to or from an airport and a designated practice area within a 20-mile radius of the Air Traffic Control Tower.
- ILS – Instrument Landing System.
- LOC – Localizer.
- Non-Aeronautical Improved Land – Airport land having landside access and utilities to the property boundary, but no airside access.
- RNAV – GPS – Area navigation-global positioning system.

B. Subject Property Identification Maps

Figure 7 – Preliminary Site Plan



CHARACTERISTICS

Mead & Hunt

THE MEAD & HUNT GROUP
10000 N. 100th Ave., Suite 100
Portland, OR 97220
503.253.1100
www.mhgroup.com

PROJECT LOCATION
HUMBOLDT COUNTY AIRPORT
HUMBOLDT, CALIFORNIA

REVISIONS

NO.	DATE	DESCRIPTION	BY	CHKD
1	01/11/11	Initial Design	JLH	WJS
2	02/01/11	Revised Design	JLH	WJS
3	03/01/11	Revised Design	JLH	WJS
4	04/01/11	Revised Design	JLH	WJS
5	05/01/11	Revised Design	JLH	WJS
6	06/01/11	Revised Design	JLH	WJS
7	07/01/11	Revised Design	JLH	WJS
8	08/01/11	Revised Design	JLH	WJS
9	09/01/11	Revised Design	JLH	WJS
10	10/01/11	Revised Design	JLH	WJS
11	11/01/11	Revised Design	JLH	WJS
12	12/01/11	Revised Design	JLH	WJS
13	01/01/12	Revised Design	JLH	WJS
14	02/01/12	Revised Design	JLH	WJS
15	03/01/12	Revised Design	JLH	WJS
16	04/01/12	Revised Design	JLH	WJS
17	05/01/12	Revised Design	JLH	WJS
18	06/01/12	Revised Design	JLH	WJS
19	07/01/12	Revised Design	JLH	WJS
20	08/01/12	Revised Design	JLH	WJS
21	09/01/12	Revised Design	JLH	WJS
22	10/01/12	Revised Design	JLH	WJS
23	11/01/12	Revised Design	JLH	WJS
24	12/01/12	Revised Design	JLH	WJS
25	01/01/13	Revised Design	JLH	WJS
26	02/01/13	Revised Design	JLH	WJS
27	03/01/13	Revised Design	JLH	WJS
28	04/01/13	Revised Design	JLH	WJS
29	05/01/13	Revised Design	JLH	WJS
30	06/01/13	Revised Design	JLH	WJS
31	07/01/13	Revised Design	JLH	WJS
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33	09/01/13	Revised Design	JLH	WJS
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63	03/01/16	Revised Design	JLH	WJS
64	04/01/16	Revised Design	JLH	WJS
65	05/01/16	Revised Design	JLH	WJS
66	06/01/16	Revised Design	JLH	WJS
67	07/01/16	Revised Design	JLH	WJS
68	08/01/16	Revised Design	JLH	WJS
69	09/01/16	Revised Design	JLH	WJS
70	10/01/16	Revised Design	JLH	WJS
71	11/01/16	Revised Design	JLH	WJS
72				

C. Subject Property Photographic Survey



Looking North across the Subject Property from the Southwest corner



Looking South across the Subject Property from the Airport parking lot



Looking Northwest across the Subject Property from the Southeast corner



Looking Northwest along Airport Road from the Southeast corner



Looking Southeast at the trees along the Southerly boundary



Looking West across the Northerly boundary of the Subject Property




Looking Southwest across the Subject Property's Northerly boundary



Looking South across the Subject Property from the Northerly boundary

D. Legal Description of Subject Property




**EXHIBIT A
LEASE AREA**


July 9, 2020

A portion of that parcel as described in the Grant Deed recorded under Document No. 1995-16576-3, along with a portion of Parcel 1, as described in the Grant Deed recorded under Volume 1661, Page 1341, along with a portion of Parcel 1, as described in the Quit Claim Deed recorded under Book 441, Page 467 of the Official Records of Humboldt County, State of California, lying within the NE1/4 of the NE1/4 of Section 30, Township 7 North, Range 1 East of the Humboldt Meridian, being more particularly described as follows:

BEGINNING at the most Southerly corner of Parcel 1, as described in said Grant Deed recorded under Document No. 1995-16576-3; thence along the Southwesterly line of said Parcel 1, N53°53'19"W (Bearings are based upon NAD83 – California State Plane - Zone 1, and are relative to the those shown upon the record of survey filed in Book 28 of Surveys, at Page 128 if rotated 01°22'54" counter-clockwise), a distance of 206.00, to the most Westerly corner of said Parcel 1; thence along the Southwesterly line of Parcel 1, as described is said Grant Deed recorded under Volume 1661, Page 1341, N53°53'19"W, a distance of 632.38 feet; thence continuing along said Southwesterly line, along the arc of a curve to the right, having a radius of 275.00 feet, a central angle of 03°54'16", a distance of 18.74 feet; thence leaving said Southwesterly line, along a compound curve to the right, whose center bears N41°22'15"E, having a radius of 262.89 feet, a central angle of 53°10'02", a distance of 243.95 feet; thence N01°38'08"E, a distance of 550.69 feet; thence N40°18'32"E, a distance of 19.43 feet; thence N44°38'02"W, a distance of 17.09 feet; thence N01°34'51"E, a distance of 231.16 feet; thence S89°57'31"E, a distance of 102.19 feet; thence S02°13'40"W, a distance of 100.75 feet; thence S45°00'02"E, a distance of 87.39 feet; thence S25°52'45"E, a distance of 1192.53 feet; thence S17°20'54"E, a distance of 263.50 feet; thence S01°49'41"W, a distance of 45.29 feet to the **POINT OF BEGINNING**.

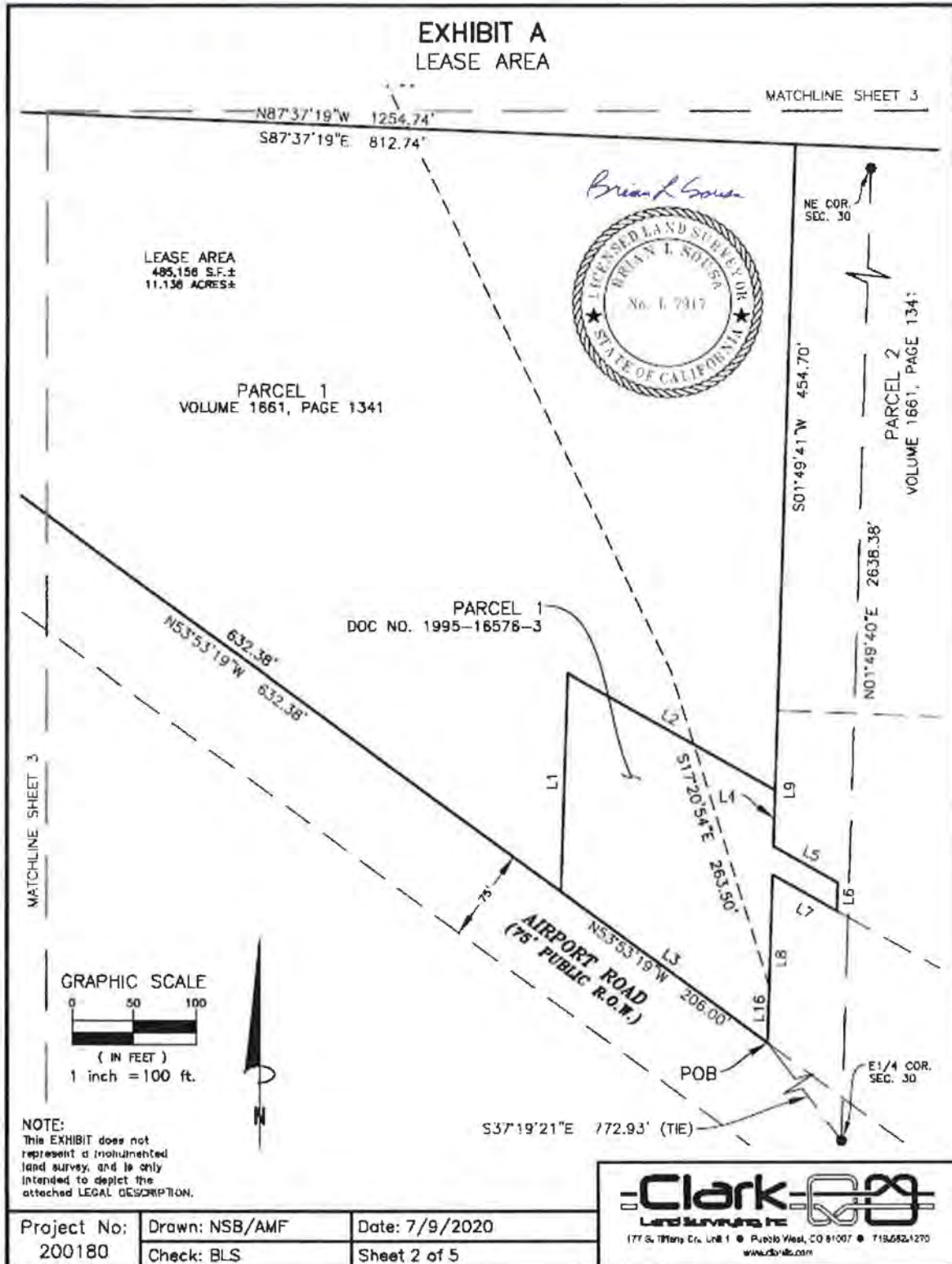
Containing 485,156 Sq. Ft. or 11.138 acres, more or less.

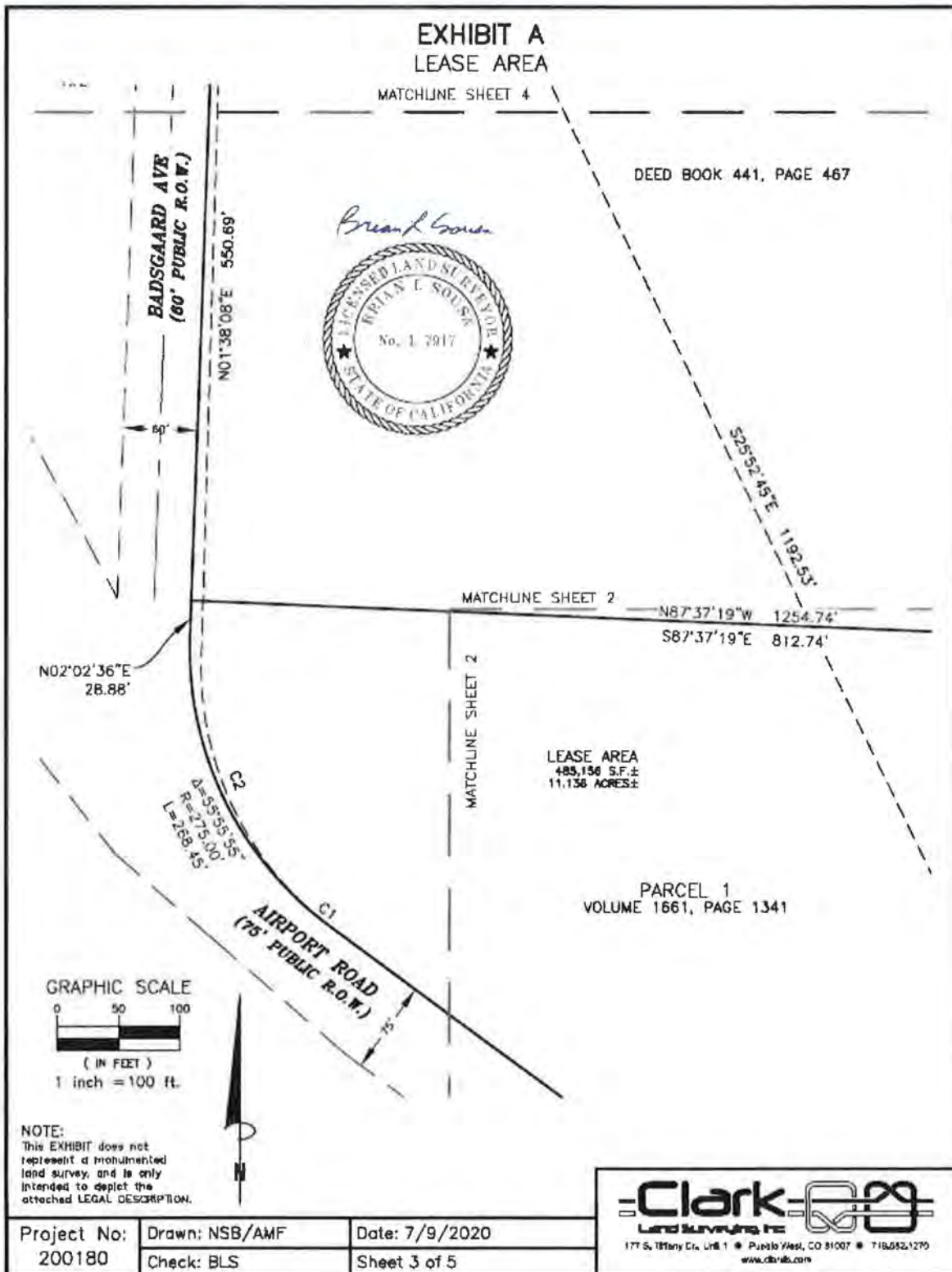

 Brian L. Sousa
 California Professional Land Surveyor No. 7917
 For and on behalf of Clark Land Surveying, Inc.



177 S. Tiffany Dr., Unit 1 ■ Pueblo West, CO 81007 ■ 719.582.1270

200130 Legal Description.docx www.clarkls.com Sheet 1 of 5





**EXHIBIT A
LEASE AREA**

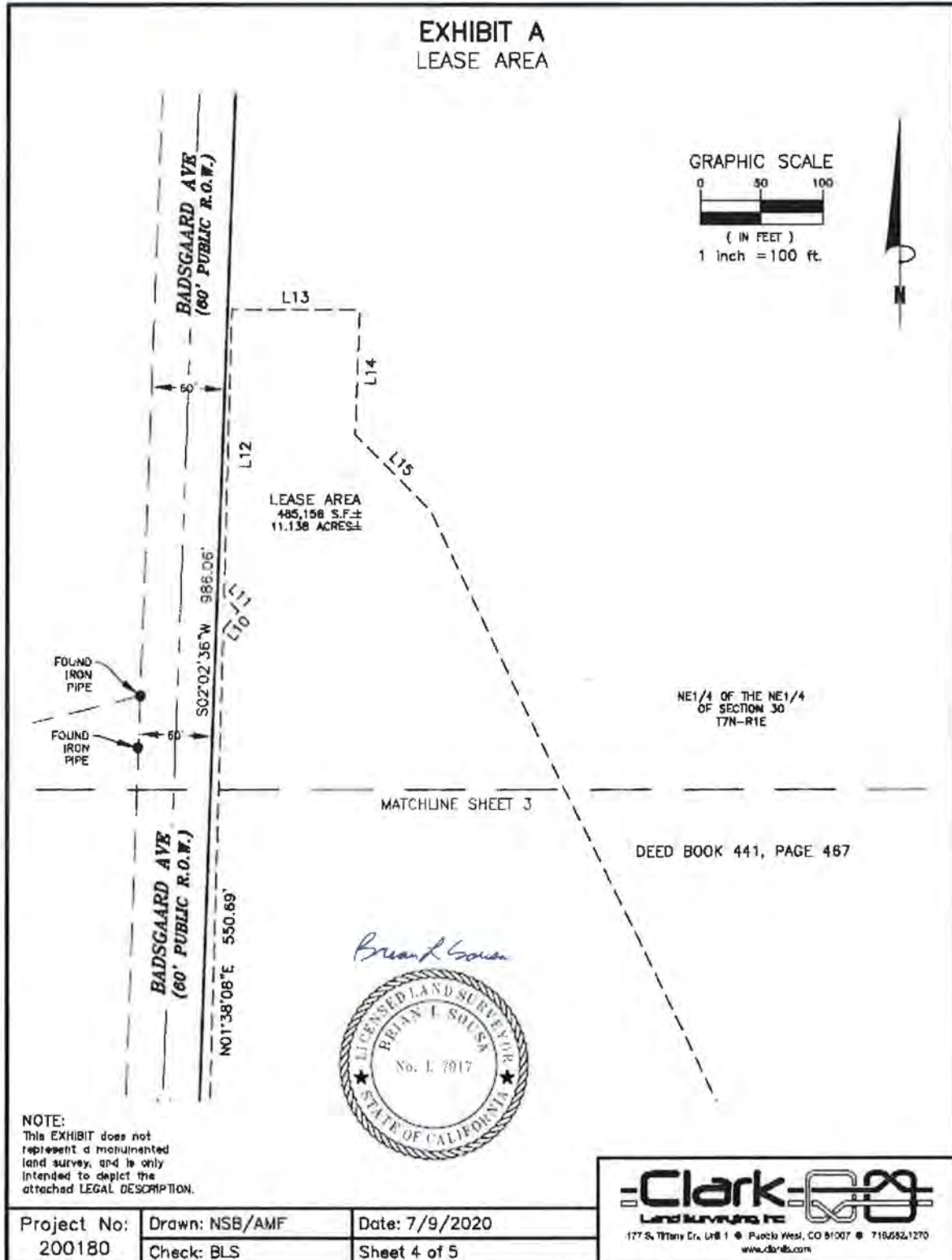


EXHIBIT A
LEASE AREA

LEGEND

POB POINT OF BEGINNING

LINE	BEARING	DISTANCE
L1	S01°49'41"W	175.00'
L2	N60°45'19"W	191.75'
L3	S53°53'19"E	206.00'
L4	N01°49'41"E	45.02'
L5	N60°45'19"W	60.00'
L6	N01°49'41"E	22.73'
L7	S60°45'19"E	60.00'
L8	N01°49'41"E	135.00'
L9	S01°49'41"W	109.15'
L10	N40°18'32"E	19.43'
L11	N44°38'02"W	17.09'
L12	N01°34'51"E	231.16'
L13	S89°57'31"E	102.19'
L14	S02°13'40"W	100.75'
L15	S45°00'02"E	87.39'
L16	S01°49'41"W	45.29'

CURVE	RADIUS	ARC LENGTH	DELTA ANGLE	RADIAL BEARING
C1	275.00'	18.74'	3°54'16"	N36°06'41"E
C2	262.89'	243.95'	53°10'02"	N41°22'15"E

NOTE:
This EXHIBIT does not
represent a professional
land survey, and is only
intended to depict the
attached LEGAL DESCRIPTION.



Project No: 200180	Drawn: NSB/AMF Check: BLS	Date: 7/9/2020 Sheet 5 of 5
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E. Consultant/Appraiser Qualifications**David C. Benner, C.M.
Managing Consultant****Experience**

David has over **15 years** of aviation planning, operations, management, and consulting experience.

For the last **10 years**, David has managed AMCG's proprietary aviation industry database that includes industry data, information, and documentation pertaining to airports and aviation businesses published by federal and state aviation agencies and collected through the research efforts of AMCG (including survey and project-related data collection). David has served as a key research team leader on 5 ACRP projects including ACRP Report 213 (Estimating Market Value and Establishing Market Rent at Small Airports).

Education and Certifications

- Bethel College: Bachelor of Science – Business Administration
- Embry-Riddle Aeronautical University (ERAU): Master of Business Administration degree in Aviation with a concentration in Airport Management
- Commercial pilot with instrument and multi-engine ratings
- Certified Flight Instructor (CFI)
- American Association of Airport Executives: Certified Member (C.M.)
- National Air Transportation Association Safety 1st Program: Certified Ground Auditor

Background

- ERAU graduate assistant: research projects included an Aviation Forecast Study for San Diego International Airport, a Security Study for San Francisco International Airport, and a Customer Satisfaction Survey for Daytona Beach International Airport
- ERAU Internship: Completed an airport operations internship at Daytona Beach International Airport

Airport Expertise

- Primary Management and Compliance Documents (*Rules and Regulations, Minimum Standards, Leasing/Rents and Fees Policy, Development Standards*)
- Grant Assurance Compliance
- Regulatory Compliance
- Airport Sponsor Assurance Compliance
- Strategic Business Planning/Plans
- Rent Studies
- Fee Analysis/Studies
- Appraisals (*Fee Simple, Leasehold Interest, Leased Fee*)
- Lease, Use, and Operating Agreements
- Market Assessments/Feasibility Studies
- Operational, Managerial, and Financial Assessments
- RFI/RFQ/RFP Development, Evaluation, Selection
- Valuation (*Business, Stock, Asset*)

Aviation Business Expertise

- Market Assessments/Feasibility Studies
- RFI/RFQ/RFP Response Development (Proposal)
- Valuation (*Business, Stock, Asset*)
- Appraisals (*Fee Simple, Leasehold Interest, Leased Fee*)
- Lease, Use, and Operating Agreements
- Operational, Managerial, and Financial Assessments
- Acquisition, Divestiture, and Due Diligence
- Strategic Business Planning/Plans

Robert D. Decker, MAI Appraiser



Experience

Robert has over **40 years** of commercial appraisal and consulting experience including variety of aviation assignments encompassing the valuation of airport land and building improvements (both leased fee estate and leasehold interest). Additionally, Robert has completed a number of rent studies involving airport (and aviation-related) properties. Robert has served as a key research team leader on ACRP Report 213 (Estimating Market Value and Establishing Market Rent at Small Airports).

Education and Certifications

- Colorado State University: Bachelor of Science degree in Business Administration
- Certified General Appraiser in the State of Colorado
- Appraisal Institute Courses:
 - Capitalization Theory and Techniques IA and IB
 - Case Studies in Real Estate Valuation II
 - Investment Analysis VI
 - Litigation Valuation
 - Standards of Professional Practice

Airport/FBO/General Aviation Expertise

- Appraisals
- Valuations
- Rent Studies

Non-Aviation (Commercial) Business Expertise

- Sale/Purchase
- Financing
- Estate Tax
- Strategic/Business Planning
- Condemnation
- Market Assessments
- Feasibility Study

F. Appraiser Temporary License





REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 3.7

AGENDA DATE:	August 27, 2020
TO:	Board of Directors
PREPARED BY:	Lori Biondini, Director of Business Planning & Finance
SUBJECT:	Fiscal Year 2019-2020 4 th Quarter Budget Summary

SUMMARY

This report is meant to provide a summary of actual revenue and expenses for the fourth quarter of the fiscal year as compared to RCEA's adopted 2019-2020 budget.

Below is a more detailed look into the line items:

REVENUES

- **Government Agencies and Program-related Sales:** revenue from government agencies included electric vehicle-related grant funding from the California Energy Commission (CEC) and was slightly higher than anticipated due to an accelerated schedule of applying for and receiving funding available to RCEA for upgrading electric vehicle charging infrastructure. Program-related sales, which includes revenues from the electric vehicle charging stations and co-pays from customer lighting upgrade projects was also a bit higher than anticipated.
- **Non-Government Agencies:** revenue for the Airport Microgrid project anticipated to come via pass-through funding from HSU Sponsored Programs Foundation was not realized during the 2019-20 fiscal year due to project delays but has been included in the current year's budget.
- **Electricity Sales:** RCEA's largest source of revenue was right on target. As reported these past few months, the global pandemic's impacts on energy usage are slowly presenting themselves, and therefore did not significantly affect the 2019-20 electricity sales revenue but are accounted for in the current year's budget.

EXPENSES

- **Wholesale Power Supply** - Supply from the DG Fairhaven plant has not been available the latter half of this fiscal year resulting in reduced local power expenses. The Energy Authority's forecasting on behalf of RCEA has been successful, resulting in a positive value for California Independent System Operator (CAISO) energy. Overall, the power supply costs are 92% of what was budgeted.
- **Personnel Expenses** - There were several long-standing vacancies that resulted in personnel expense totaling only 77% of the budget.
- **Facilities and Operations** - Construction costs for the Airport Microgrid were not expended during the 2019-20 fiscal year, so the associated budgeted revenue and expenses were moved to this year.
- **Communications and Outreach** - Expenses were a little under budget likely due to the discontinuation of in-person events and workshops mid-Spring.

- **Travel and Meetings** - Costs associated with travel to conferences, meetings, trainings, and even day-to-day mileage for implementing programs were much lower than the budgeted amount likely due to shelter-in-place ordinances this spring and summer.
- **Professional and Program Services** - Regulatory and legal costs were a little higher than anticipated. RCEA relies on professional services for a large portion of CCE operations and the associated budget may continue to grow as state policies remain dynamic and as we work towards meeting mandates related to being an electricity load-serving entity.
- **Program Expenses** - This line item includes CCA franchise fees, City of Arcata and Blue Lake excess energy use taxes, and State of California energy surcharge taxes which are hard to predict with accuracy. Expenses totaled 115% of the budget.
- **Incentives and Rebates** - There were several CCE-funded customer programs budget allocations that went unspent in fiscal year 2019-20. Getting these customer programs up-and-running was delayed due to staffing challenges, but the associated budgets have been rolled over to this year.
- **Non-Operating Costs, Including Debt Proceeds** - Staff anticipated having a Rural Utility Service (RUS) system loan in place from the USDA for RCEA's share of Airport Microgrid construction costs, which would have been recorded as debt proceeds, and for which interest would have been expensed as a non-operating cost. However, the USDA has had ongoing delays with the processing of RCEA's loan application and therefore no proceeds or interest were realized in fiscal year 2019-20.

RECOMMENDED ACTION

Accept quarterly budget report.



STAFF REPORT
Agenda Item # 5.1

AGENDA DATE:	August 27, 2020
TO:	Board of Directors
PREPARED BY:	Jocelyn Gwynn, Manager of Power Resources
SUBJECT:	Integrated Resource Plan Portfolio Approval

SUMMARY

As discussed with the Board in the July meeting, RCEA is required to submit an Integrated Resource Plan (IRP) to the California Public Utilities Commission (CPUC) by September 1 this year. Integrated resource planning is a standard tool used by utilities and other load serving entities (LSE) to do long-term planning that takes into account supply-side and demand-side resources needed to meet customer load at affordable rates. In California, IRPs also address non-energy requirements that the LSE must meet, such as system reliability, dependence on unspecified system power, renewable resource integration, greenhouse gas (GHG) emissions targets, and consideration of impacts that power portfolios may have on disadvantaged communities.

This year's IRP is to consist of two portfolios that conform to the CPUC's forecasted scenarios in which the CA electric sector produces 46 and 38 million metric tons (MMT) of GHG emissions in 2030. In consultation with The Energy Authority (TEA), staff have developed the portfolios presented herein and propose the 38 MMT portfolio, which achieves a GHG emissions target below RCEA's assigned benchmark under that scenario, as the Board-Approved Preferred Portfolio (BAPP). The IRP cycle is currently every two years and carries with it no binding procurement commitments, so RCEA will be able to update its plan again in 2022.

BACKGROUND

The IRP cycle is comprised of the following high-level steps:

1. CPUC staff conducts modelling of the electric system over the next ten years to determine system resource needs given the state's Renewable Portfolio Standard (RPS) and GHG reduction goals under Senate Bills 100 and 350, and its plans for power plant retirement.
2. From this, the CPUC adopts a Reference System Plan (RSP), which is a least-cost portfolio of candidate and existing resources over the next ten years that achieves a specific GHG planning target. This year the CPUC adopted two GHG targets at the request of stakeholders who were concerned that the 46 MMT scenario was not aggressive enough.
3. Individual LSEs develop their IRPs based on the RSP and their own resource commitments.
4. CPUC staff aggregates the individual LSE plans into a Preferred System Plan (PSP) using the same modelling procedure that is used to develop the RSP, and compares the two statewide plans.
5. The CPUC either adopts or rejects the PSP and conducts the two-year cycle again.

Required Filing Templates

Narrative Template: This document provides a written description of how the IRP was developed, including analysis methodology, results, and an action plan for implementing the preferred portfolio. RCEA's IRP narrative will be made available to the Board and public once the draft is completed.

Resource Data Template (RDT): This spreadsheet details executed and planned energy and capacity contracts from 2020-2030, and shows how those procurements address the load-serving entity's (LSE) forecasted Resource Adequacy (RA) requirements over the planning horizon. Two RDT spreadsheets, one each for the 46 and 38 MMT scenarios, will be submitted to the Commission under a confidentiality declaration.

Clean System Power (CSP) Calculator: This spreadsheet calculates GHG emissions and criteria air pollutants associated with the LSE's energy portfolio in the years 2020, 2022, 2026, and 2030. The tool compares forecasted hourly generation and load on an hourly basis and assigns emissions associated with the state's natural gas generation and unspecified electricity imports ("system power") based on how each LSE plans to rely on system power to meet its load on an hourly basis. Two CSP calculators, one each for the 46 and 38 MMT scenarios, will be submitted to the Commission under a confidentiality declaration.

Modelling Approach and Results

At the June Board meeting, RCEA staff presented approximate 2030 portfolios based on RCEA's pro rata share of the CPUC's Reference System Plans, while still accounting for goals established by the RePower Humboldt Comprehensive Action Plan for Energy and other long-term resource commitments. Since then, the portfolios have undergone additional refinement based on modelling conducted by TEA and additional guidance from CPUC staff.

RCEA staff provided TEA with five candidate portfolios across the IRP planning years of 2022, 2026, and 2030 for further analysis. In addition to existing long-term commitments for Cove Hydro, Sandrini Solar Park, the Redwood Coast Airport Microgrid, local Feed-In Tariff projects, and planned long-term Resource Adequacy procurements, the candidate portfolios included the following resources and procurement levels:

- A. Low offshore wind, new local small hydro, low existing biomass
- B. Low offshore wind, no new small hydro, high existing biomass
- C. High offshore wind, no new small hydro, no existing biomass
- D. High onshore wind, no new small hydro, no existing biomass
- E. Medium offshore wind, new local small hydro, low existing biomass

TEA conducted the modelling using a suite of tools to test and compare the financial and reliability performance of the above portfolios: Aurora, HedgeFox, and RCEA's financial model. First, the Aurora model was used to forecast energy market prices throughout the IRP study horizon. The model simulates resource dispatch which is used to create long-term price and capacity expansion forecasts. Second, TEA used the HedgeFox model to generate stochastic load and price scenarios based on the outputs of Aurora. This combined output of Aurora and HedgeFox was used to compare the relative costs of each portfolio scenario. After presenting these outputs to staff, candidate portfolio E was selected as the preferred portfolio for its overall financial and reliability performance, and its higher likelihood for implementation. Finally, TEA evaluated the forecasted net revenue impact of this preferred portfolio in RCEA's financial model, a comprehensive spreadsheet tool regularly used for risk management and procurement purposes. Figure 1 shows the relative financial performance of the various candidate portfolios on a net cost basis.

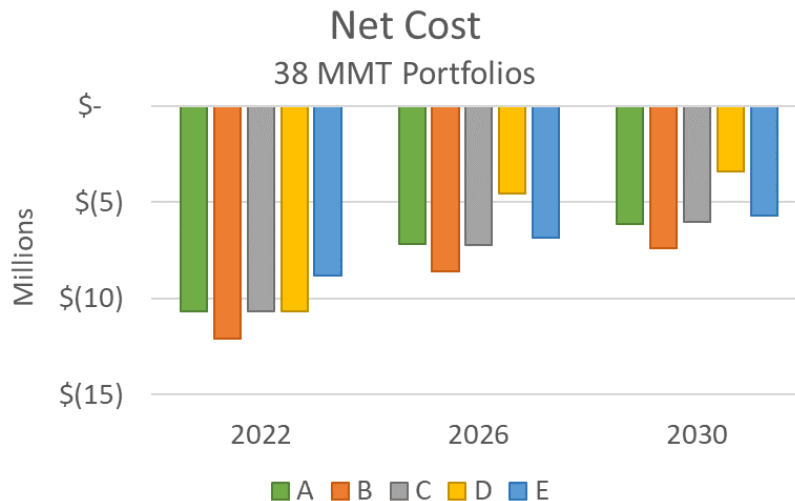


Figure 1: Relative net cost of candidate sub-38 MMT portfolios compared to the base case cost generated by Aurora, representing the environmental attribute premium of each portfolio. Although not the least cost, staff deemed portfolio E as having higher potential for implementation since it includes offshore wind instead of the onshore wind in the lowest-cost portfolio D.

Staff recommends the Board adopt portfolio E, summarized in figures 2-4 below, as RCEA's preferred portfolio for its overall financial and reliability performance, and its higher likelihood for implementation. The portfolio achieves a 2030 GHG emissions target of 68,000 MT, which is 23% less than RCEA's assigned GHG benchmark under the 38 MMT electric sector scenario. The emissions largely come from the portfolio's reliance on unspecified system power during hours when the portfolio's low- and zero-emission resources don't generate enough to meet RCEA's load.

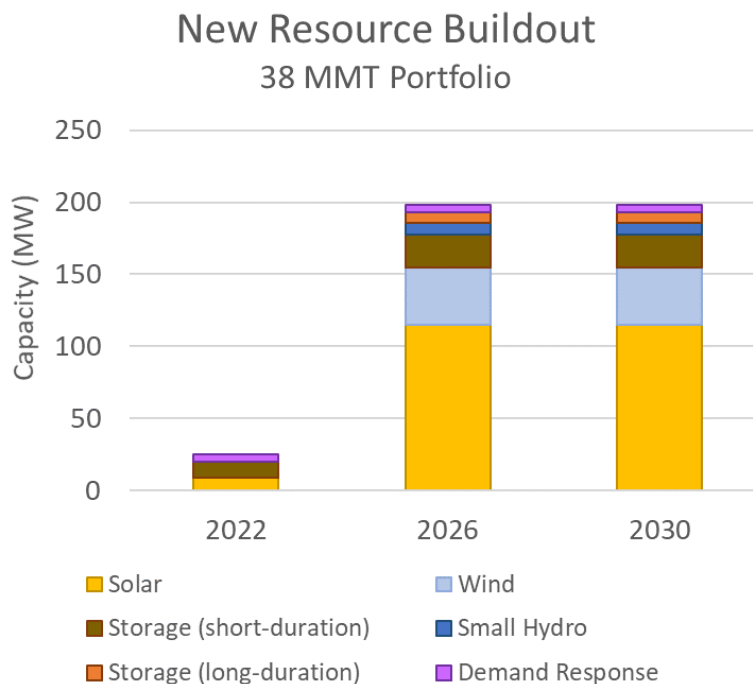


Figure 2: Capacity buildout of new resources modelled to achieve RCEA's sub-38 MMT preferred portfolio¹. New offshore wind, small hydro, and long-duration storage are assumed to be developed and online by 2026, resulting in identical 2026 and 2030 portfolios. Some or all of these resources may take longer to develop than currently estimated, but this aggressive timeline contributes toward RCEA's 2025 clean and renewable goal with as many local resources as possible.

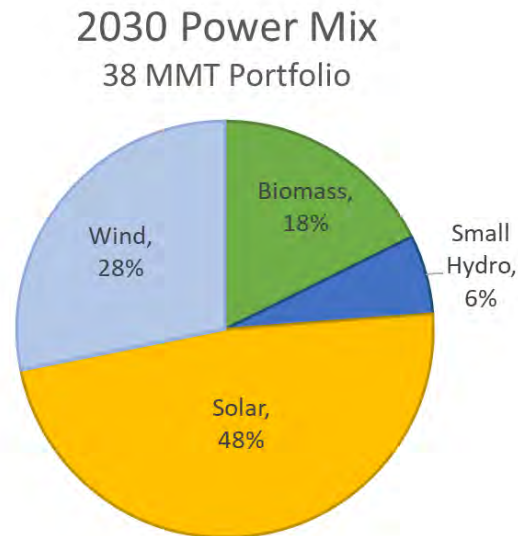


Figure 3: RCEA's anticipated 2030 power mix under the sub-38 MMT preferred portfolio, based on the amount of energy generated by each resource type. This does not include future energy storage procurement because that will presumably be co-located with and/or charging from one or more of these generating resources.

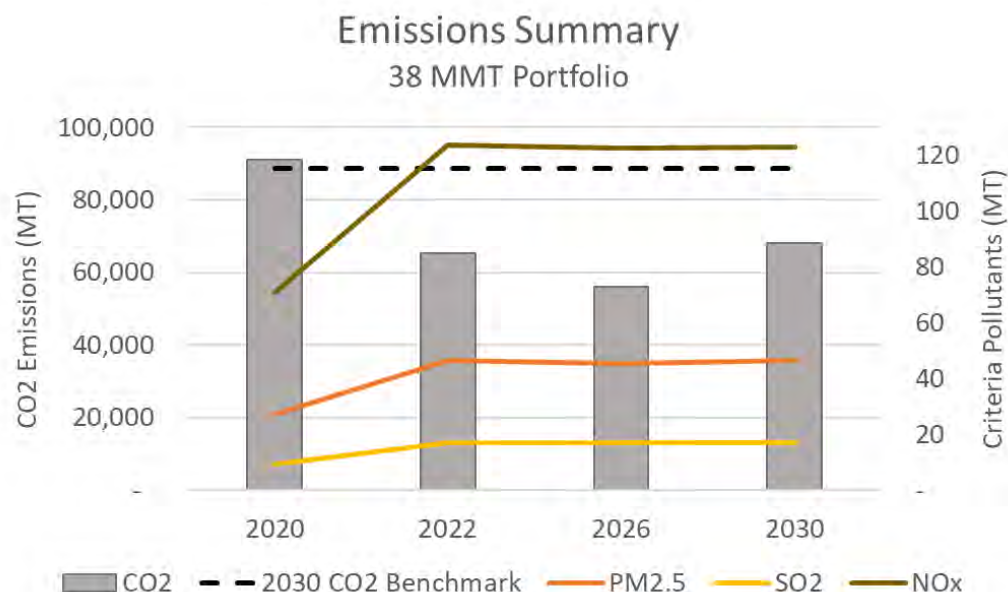


Figure 4: Emissions summary from the CPUC's Clean System Power Calculator showing GHG (CO2) emissions and criteria air pollutants (PM2.5, SO2, NOx) under RCEA's sub-38 MMT preferred portfolio. The GHG emissions increase from 2026-2030 is attributed to increased renewable energy curtailment embedded in the

¹ The relative capacities of these resource types are not indicative of how much energy they will contribute to RCEA's electric portfolio, as different generating technologies have different capacity factors.

CPUC's CSP tool. Increases in criteria pollutants are caused by the CSP's assumptions about statewide biomass emissions. Since RCEA's preferred portfolio contemplates steady biomass procurement from the same facility, it is unlikely that the resulting criteria pollutants would rise over time.

The portfolio that is to be submitted under the 46 MMT scenario is within 1% of RCEA's required GHG benchmark of 111,000 MT, which was achieved by removing specified resources from the 38 MMT portfolio and relying more on unspecified system power. Differences between the sub-38 MMT and 46 MMT portfolios are summarized in the following table.

	Sub-38 MMT	46 MMT
Offshore wind	40 MW	15 MW
New small hydro	8.2 MW	0 MW
Long-duration storage	7 MW	6 MW
Unspecified system power	Less reliance	More reliance
2030 GHG emissions (CO2)	0.068 MMT	0.112 MMT
Assigned GHG Benchmark	0.089 MMT	0.111 MMT

FINANCIAL IMPACTS

Apart from staff and consultant time required to prepare the IRP, there is no direct cost or other financial impact associated with the plan itself. The IRP currently has no binding commitments for procurement. However, development of the IRP is a risk management activity that mitigates financial risk exposure for RCEA through holistic, long-term planning of our community choice energy program's power portfolio, while ensuring conformance with regulatory mandates from the state.

RECOMMENDED ACTIONS

Adopt Resolution No. 2020-5 Approving the 2020 Integrated Resource Plan Portfolios.

ATTACHMENTS

Attachment A: Resolution No. 2020-5

[Click here to view preliminary draft narrative.](#)

RESOLUTION NO. 2020-5

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDWOOD COAST ENERGY AUTHORITY APPROVING THE 2020 INTEGRATED RESOURCE PLAN PORTFOLIOS

WHEREAS, on October 17, 2016, the Redwood Coast Energy Authority (RCEA) Board of Directors adopted Resolution 2016-2 approving RCEA's Community Choice Aggregation Implementation Plan and Statement of Intent which was subsequently certified by the California Public Utilities Commission (CPUC) on December 29, 2016; and

WHEREAS, Community Choice Aggregators (CCA) are defined as a Load-Serving Entity (LSE) per Public Utilities Code Section 380; and

WHEREAS, all LSEs in California are required to produce and submit to the CPUC an Integrated Resource Plan (IRP) by September 1, 2020; and

WHEREAS, the CPUC requires all LSEs to submit, as part of their individual IRPs, two portfolios that address their proportional share of both the 46 million metric ton (MMT) and 38 MMT greenhouse gas (GHG) emission target for the electric sector in 2030; and

WHEREAS, RCEA's IRP portfolios are consistent with the procurement timing, resource mix, and operational attributes of the CPUC's Reference System Plan, the state's proposed electric sector portfolio under each GHG scenario; and

WHEREAS, the analysis conducted for the sub-38 MMT portfolio indicates a path toward achievement of economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in Public Utilities Code Section 454; and

WHEREAS, the results of the IRP analysis for the sub-38 MMT portfolio indicate a path toward sufficient procurement of the resource adequacy requirements established pursuant to Public Utilities Code Section 380; and

WHEREAS, the required 46 MMT portfolio satisfies the CPUC requirements for compliance and use in their statewide planning and modelling effort, but does not reflect RCEA's procurement preferences, planned procurement, or intended GHG reduction performance; and,

WHEREAS, the sub-38 MMT portfolio does reflect RCEA's procurement preferences, planned procurement, and intended GHG reduction performance; and,

WHEREAS, the CPUC has directed CCAs to seek Board approval for the IRP with both portfolios prior to submission.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board:

1. Approves the sub-38 MMT portfolio as the preferred portfolio; and,
2. Approves the sub-38 MMT preferred portfolio as RCEA's current procurement plan, to be updated in the next IRP cycle; and
3. Authorizes procurement efforts based on this plan; and
4. Approves the IRP portfolios and submission of those portfolios for both scenarios as presented by staff or in a form substantially similar to that presented by staff to the CPUC for compliance; and,
5. Delegates authority to the Executive Director to approve the final IRP report on behalf of the Board for submittal to the CPUC by September 1, 2020.

Adopted this _____ day of _____, 2020

ATTEST:

Austin Allison, RCEA Board Chair

Lori Taketa, Clerk of the Board

Date: _____

Date: _____

CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution 2020-5 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the _____ day of _____, 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

Clerk of the Board, Redwood Coast Energy Authority



RCEA 2020 Integrated Resource Plan

Plan for meeting customer load over the next ten years with supply and demand side energy resources, within the State's planning process





CPUC's Two-Year IRP Cycle

- 1. Modelling conducted of the electric system over the next ten years.**
- 2. Reference System Plan and GHG benchmark adopted. This cycle has two 2030 GHG benchmarks at 46 MMT and 38 MMT.**
- 3. Individual IRPs developed by load-serving entities.**
- 4. Individual LSE IRPs aggregated into Preferred System Plan and compared to Reference System Plan.**
- 5. Preferred System Plan adopted or rejected by the CPUC and two-year cycle repeated.**



IRP Filing Requirements

Narrative Template: Written description of IRP analysis, results, and an action plan. RCEA's draft narrative was made available to the Board on 8/26 and a final version will be available on 9/1.

Resource Data Template: Spreadsheet of executed and planned energy and capacity contracts from 2020-2030. LSEs must submit two, one for each of the GHG emissions targets.

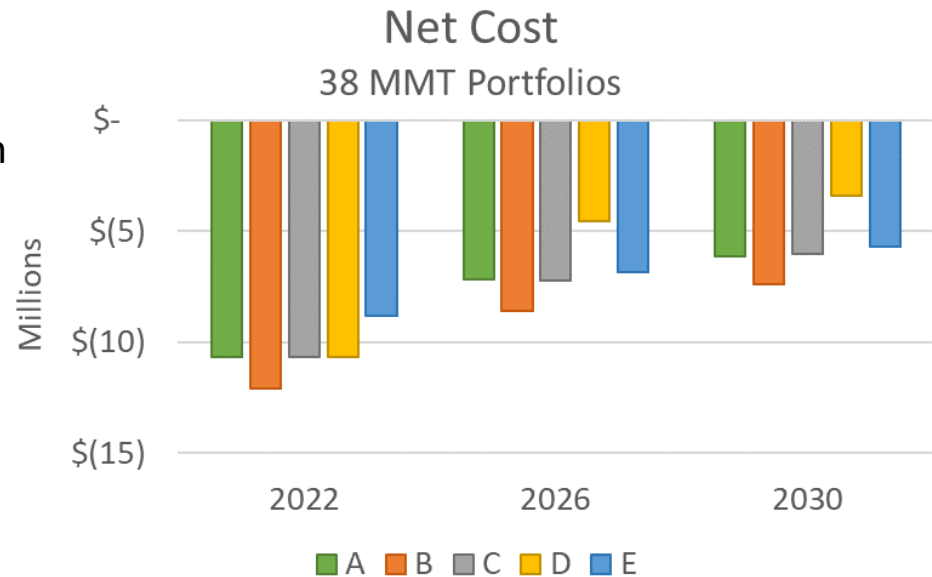
Clean System Power Calculator: Spreadsheet calculating GHG emissions and criteria air pollutants associated with the LSE's energy portfolio. LSEs must submit two, one for each of the GHG emissions targets.



Sub-38 MMT Candidate Portfolios

In addition to existing long-term commitments for solar, small hydro, and the airport microgrid, the following portfolios were analyzed:

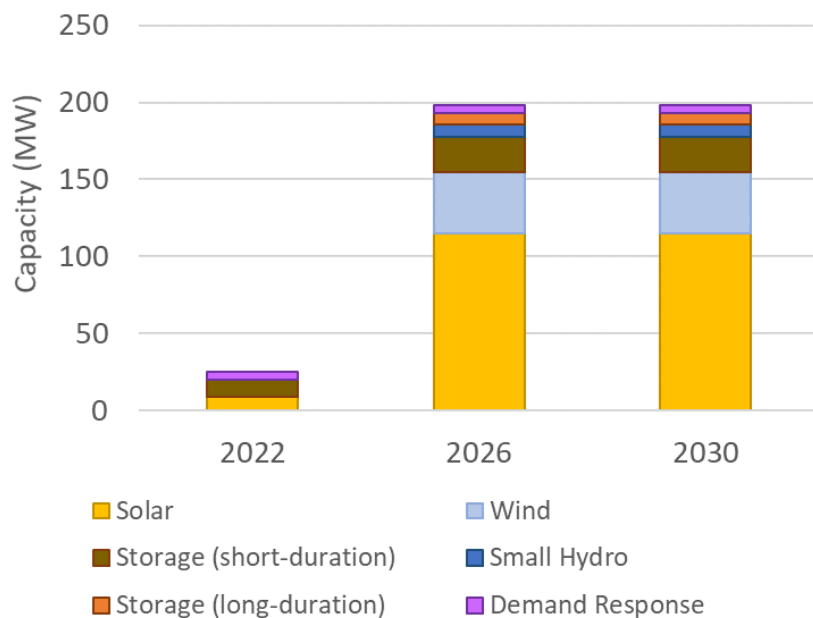
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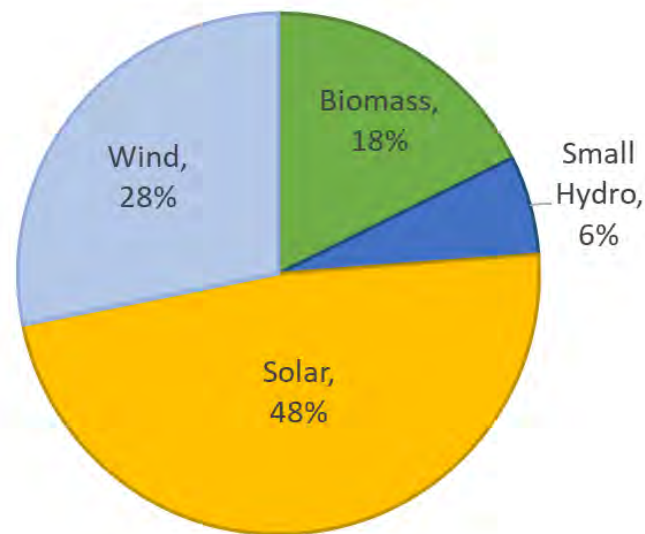


Proposed Board-Approved Preferred Portfolio

New Resource Buildout
38 MMT Portfolio



2030 Power Mix
38 MMT Portfolio





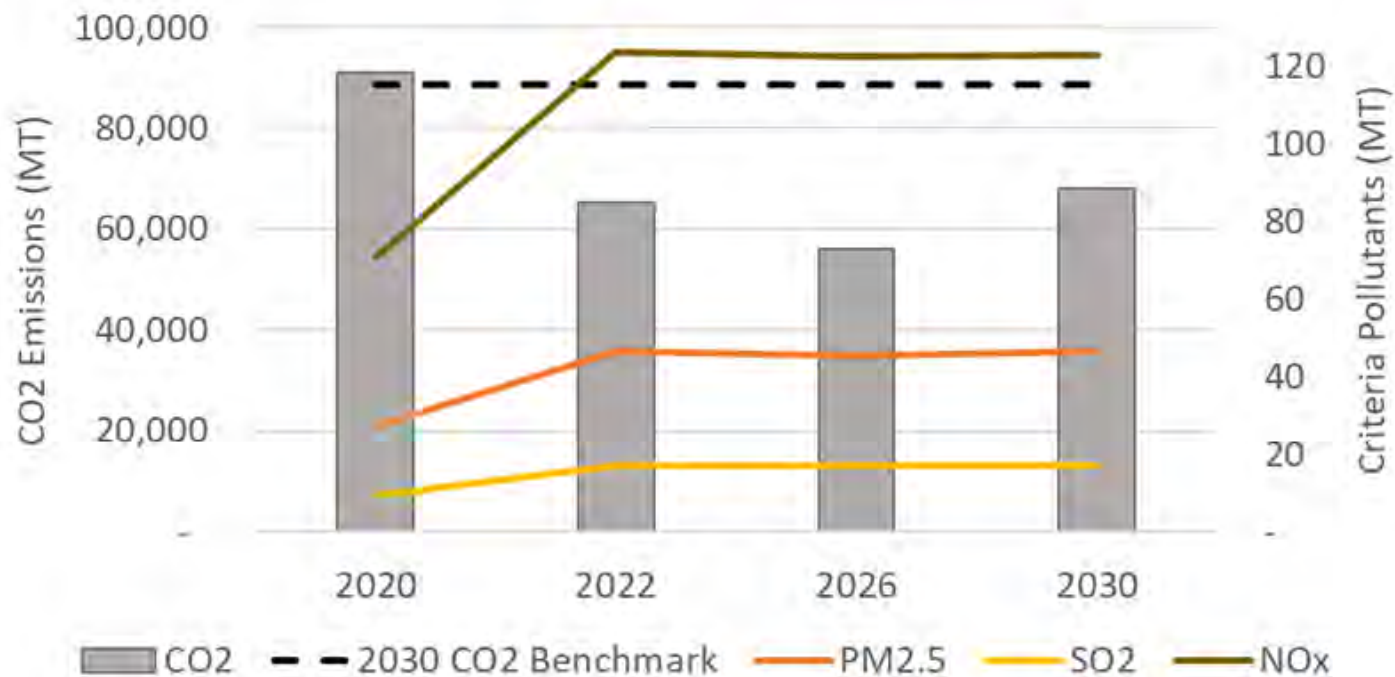
Proposed Board-Approved Preferred Portfolio

2030 Resource Summary

Type	Capacity (MW)	Resource(s)	New/existing
Solar	115	Sandrini Sol 1, Redwood Coast Airport Microgrid, FIT projects	New
Wind	40	Redwood Coast Offshore Wind	New
Biomass	13	Pacific Lumber Co.	Existing
Small Hydro	14	Cove Hydro, future local small hydro	Existing & new
Energy Storage (short-duration)	23	RCAM, Tierra Buena, FIT storage, distributed storage	New
Energy Storage (long-duration)	7	TBD	New



Emissions Summary: Sub-38 MMT Portfolio





STAFF REPORT
Agenda Item # 7.1

AGENDA DATE:	August 27, 2020
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources
SUBJECT:	Long-Term Resource Adequacy Contracts with Viridity Energy Solutions and Leapfrog Power

SUMMARY

As discussed previously with the Board, all California load-serving entities (LSEs) including RCEA have been directed by the California Public Utilities Commission (CPUC) to procure resource adequacy¹ (RA) from sources deemed as “incremental” (those not included in a CPUC list of existing baseline resources)². The LSEs are required to meet procurement milestones in mid-2021, mid-2022, and mid-2023. RCEA’s cumulative requirements for those milestones are 5.4 MW, 8.0 MW, and 10.7 MW respectively. RCEA staff have recently negotiated contracts to help meet our 2021 and 2022 requirements, which are being presented here to the Board.³

Staff issued a request for proposals for long-term incremental RA jointly with fellow community choice aggregator Valley Clean Energy (VCE) in April 2020. The CCAs received proposals for RA from energy storage projects or aggregated demand response portfolios from six companies. At the July meeting, the Board was provided with the shortlist of two proposals for which staff are now presenting RA contracts for approval.

Based on criteria including overall price and customer value; respondent experience, qualifications, and creditworthiness; environmental impact of proposed capacity resource; and location and community economic benefit of proposed capacity products, our joint RCEA-VCE review team selected two projects to provide RA to both CCAs. Each CCA intends to contract separately for portions of these resources scaled to our respective RA needs:

- Aggregated demand response from Leapfrog Power, Inc. Leapfrog’s demand response portfolio includes enrolled residential and commercial customers across California, with a portion of them within RCEA’s and VCE’s service areas. Customer loads Leapfrog can call upon for demand response control include residential smart thermostats, commercial HVAC, energy storage, EV charging, food processing and cold storage, agricultural

¹ Resource Adequacy (RA) is a state-mandated, load-serving entity obligation to procure sufficient electric generation capacity for maintaining grid reliability during periods of high demand.

² See [CPUC Decision 19-11-016](#).

³ Additional incremental RA for 2022 compliance is anticipated to come from the airport microgrid project currently under development, as well as from planned behind-the-meter energy storage. RCEA’s existing power purchase agreement with EDPR for the Sandrini Sol 1 solar project, planned to come online in late 2022, will allow us to meet our 2023 incremental RA milestone with some capacity to spare. Staff proposes to monetize some of the surplus incremental RA from the Sandrini contract through a sale being presented to the Board separately.

pumping, and municipal water pumping. RCEA's share of the portfolio's capacity, to be available prior to the 2021 compliance deadline, will be 5.5 MW.

- The Tierra Buena battery energy storage project from Viridity Energy Solutions, to be contracted with Viridity's project company VESI 10 LLC. The project is being built in Sutter County, CA with an expected online date a few months prior to the 2022 compliance deadline. Viridity is a subsidiary of Ormat, an energy project developer with over five decades of experience. RCEA's share of the project's capacity will be 2.5 MW.

FINANCIAL IMPACTS

Staff sought the best available pricing alongside other criteria in selecting projects to contract. However, historically RA has not been transacted through long-term agreements such as those required under the CPUC's incremental reliability procurement directive. In addition, RA pricing has recently been volatile and prone to wide seasonal fluctuations and geographic variability. Actual market value of the resources over the life of these agreements is thus not possible to ascertain. Modeling performed by TEA using best available financial projections has satisfied staff that these RA transactions can be taken on by RCEA without introducing major additional strain on net revenues.

STAFF RECOMMENDATION

Approve Ten-Year Purchase Agreement for 5.5 MW of Resource Adequacy with Leapfrog Power, Inc., and Authorize the Executive Director to Execute All Applicable Documents.

Approve Ten-Year Purchase Agreement for 2.5 MW of Resource Adequacy with VESI 10 LLC, and Authorize the Executive Director to Execute All Applicable Documents.

ATTACHMENTS

Cover sheet for Resource Adequacy Purchase Agreement with Leapfrog Power, Inc. (redacted)
Cover sheet for Resource Adequacy Purchase Agreement with VESI 10 LLC (redacted)

[Click here to view Leapfrog Power contract.](#)

[Click here to view VESI 10, Ormat/Viridity contract.](#)

RESOURCE ADEQUACY AGREEMENT
Between
LEAPFROG POWER, INC.
and
REDWOOD COAST ENERGY AUTHORITY

COVER SHEET

A. Portfolio Information

Seller shall provide Buyer with the Designated RA Capacity of RAR Attributes and, if applicable, LAR Attributes, from the Portfolio described on attached Exhibit D-1. The Portfolio shall consist of the Units and, potentially, Replacement Units as set forth from time to time on the Portfolio List attached as Exhibit D-2.

B. RA Product and Attributes

RAR and LAR Attributes

Seller shall provide Buyer with the Designated RA Capacity of RAR Attributes and, if applicable, LAR Attributes, from the Portfolio, as measured in MWs, in accordance with the terms and conditions of this Agreement.

- ☒ RA Attributes
- ☐ RA Attributes with Flexible RA Attributes
- ☐ LAR Attributes
- ☐ LAR Attributes with Flexible RA Attributes
- ☐ Flexible RA Attributes

☐ **Flexible RA Product**

Seller shall provide Buyer with Designated RA Capacity of FCR Attributes from the Portfolio in the amount of the applicable Contract Quantity.

☐ **Firm RA Product**

Seller shall provide Buyer with Designated RA Capacity from the Portfolio in the amount of the Contract Quantity. If the Units are not available to provide the full amount of the Contract Quantity for any reason other than Force Majeure, including, without limitation, any Outage or any adjustment of the RA Capacity of any Unit, pursuant to Section 3.5, then, Seller shall provide Buyer with Designated RA Capacity from Alternate Capacity pursuant to Section 3.6 hereof. If Seller fails to provide Buyer with Alternate Capacity pursuant to Section 3.6, then Seller shall be liable for damages and/or be required to indemnify Buyer for CAISO costs, penalties or fines pursuant to the terms of Sections 3.8 and 3.9 hereof.

☒ Contingent Firm RA Product

Seller shall provide Buyer with Product from the Portfolio in the amount of the applicable Contract Quantity; provided, however, that if the Units are not available to provide the full amount of the Contract Quantity on account of an Outage or Force Majeure, then Seller may provide Buyer with Designated RA Capacity from Alternate Capacity pursuant to Section 3.6 hereof. If Seller fails to provide Buyer with the Designated RA Capacity, then Seller shall be liable for damages and/or be required to indemnify Buyer for costs, penalties or fines pursuant to the terms of Sections 3.8 and 3.9 hereof; provided, however, that Seller shall not be liable for damages and/or required to indemnify Buyer for costs, penalties or fines pursuant to the terms of Sections 3.8 and 3.9 hereof in connection with a Planned Outage if, and only if, Seller has provided Buyer with timely notice pursuant to Section 3.5(a) of Seller's intent not to provide Alternate Capacity due to a Planned Outage in an amount equal to the portion of the Contract Quantity of that Showing Month that is unavailable due to such Planned Outage.

C. Delivery Term

The Delivery Term is ten years.

D. Contract Quantities and Payment Quantity

The Contract Quantities and Payment Quantity for the entire Delivery Term shall be:

RA Attributes: at least 5.5 MW NQC¹

Local RA Attributes: 0 MW

Flexible RA Attributes: 0 MW EFC, Category N/A

Payment Quantity: 5.5 MW

E. Contract Price

The Contract Price for every month of Contract Years 2021-2025 of the Delivery Term shall be \$ [REDACTED] per kw-month, and the Contract Price for every month of Contract Years 2026-2030 shall be \$ [REDACTED] per kw-month, subject to reduction for any Showing Month prior to the Expected Initial Delivery Date as specified in Section 3.10(b).

F. Performance Security Amount and Milestones

The Performance Security Amount shall be an amount equal to \$ [REDACTED]/kW of the Payment Quantity, which for this Agreement is equal to \$ [REDACTED], proportional amounts of which shall be returned to Seller following the completion of the milestones as specified under Section 16.1(a).

6. Initial Delivery Date

The Expected Initial Delivery Date shall be June 1, 2021.

The Initial Delivery Date Deadline shall be August 1, 2021.

¹ Aggregated Seller NQC for the Portfolio that makes up the Contract Quantity may exceed the Payment Quantity, but that shall not increase the Payment Quantity.

RESOURCE ADEQUACY AGREEMENT

Between

VESI 10 LLC

and

REDWOOD COAST ENERGY AUTHORITY

PREAMBLE

This Resource Adequacy Agreement (“Agreement”) is entered into between **VESI 10 LLC** (“Seller”) and **Redwood Coast Energy Authority**, a California joint powers authority (“Buyer”), each individually a “Party” and together the “Parties,” as of [date] (the “Execution Date”).

COVER SHEET

A. Unit Information

Project Name:	Tierra Buena Energy Storage
Location:	Sutter County, CA
CAISO Resource ID:	TBD
Unit SCID:	TBD
Unit NQC:	5.0 MW
Unit EFC:	5.0 MW
Resource Type:	Energy Storage
Resource Category (1, 2, 3 or 4):	4
FCR Category (1, 2 or 3):	3
Path 26 (North or South):	North
Local Capacity Area (if any, as of Effective Date):	Sierra
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment:	N/A

B. RA Product and Attributes

RAR and LAR Attributes

During the Delivery Term, Seller shall provide Buyer with the Designated RA Capacity of RAR Attributes and, if applicable, LAR Attributes, from each Unit, as measured in MWs, in accordance with the terms and conditions of this Agreement.

- ☐ RAR Attributes
- ☒ RAR Attributes with FCR Attributes
- ☒ LAR Attributes
- ☐ LAR Attributes with FCR Attributes
- ☐ FCR Attributes

☒ **Flexible RA Product**

During the Delivery Term, Seller shall provide Buyer with Designated RA Capacity of FCR Attributes from the Units, as measured in MWs, in accordance with the terms and conditions of this Agreement.

☒ **Contingent Firm RA Product**

Seller shall provide Buyer with Product from the Units in the amount of the applicable Contract Quantity; provided, however, that if the Units are not available to provide the full amount of the Contract Quantity on account of an Outage, a reduction in Unit NQC or Unit EFC, or Force Majeure, then Seller may reduce the Contract Quantity pursuant to Section 3.5 hereof or Seller may, but is not obligated to, provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 3.6 hereof. If Seller fails to provide Buyer with the Designated RA Capacity, then Seller shall be liable for damages or be required to indemnify Buyer for costs, penalties or fines pursuant to the terms of Sections 3.8 and 3.9 hereof.

C. Delivery Term

The Delivery Term is ten years.

D. Contract Quantities

Subject to reduction pursuant to Section 3.5, the Contract Quantities for the entire Delivery Term shall be:

RAR Attributes: 2.5 MW NQC

LAR Attributes: 2.5 MW, subject to revision pursuant to Section 3.1.

FCR Attributes: 2.5 MW EFC, Category 3

E. Contract Price

The Contract Price shall be (a) \$ per kw-month of Contract Quantity of RAR Attributes for every Showing Month of the Delivery Term prior to June 2022, if any, and (b) \$ per kw-month of Contract Quantity of RAR Attributes for the Showing Month of June 2022 and each Showing Month of the Delivery Term thereafter.

F. Performance Security Amount

The Performance Security Amount shall be \$ /kW of Contract Quantity of RAR Attributes.

G. Milestones

Milestone	Date for Completion
Evidence of Site control	Complete
Executed Interconnection Agreement	Complete
Resource Added to "Other" tab of NQC list	August 1, 2021

Milestone	Date for Completion
Expected Construction Start Date	October 1, 2021
Commercial Operation Date	April 1, 2022

H. Initial Delivery Date

The Expected Initial Delivery Date shall be June 1, 2022.

The Initial Delivery Date Deadline shall be August 1, 2022.



REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 9.1

AGENDA DATE:	August 27, 2020
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	Executive Director Staff Report

SUMMARY

Chair Austin Allison requested a report on the recent heatwave's effect on California's electricity grid and market.

At the Board meeting Executive Director Matthew Marshall will report on electricity grid conditions highlighted by the recent heatwave, the challenges of meeting California's energy demand during extreme weather events and ways to conserve power.

STAFF RECOMMENDATION

N/A – Information only.

ATTACHMENTS

None.