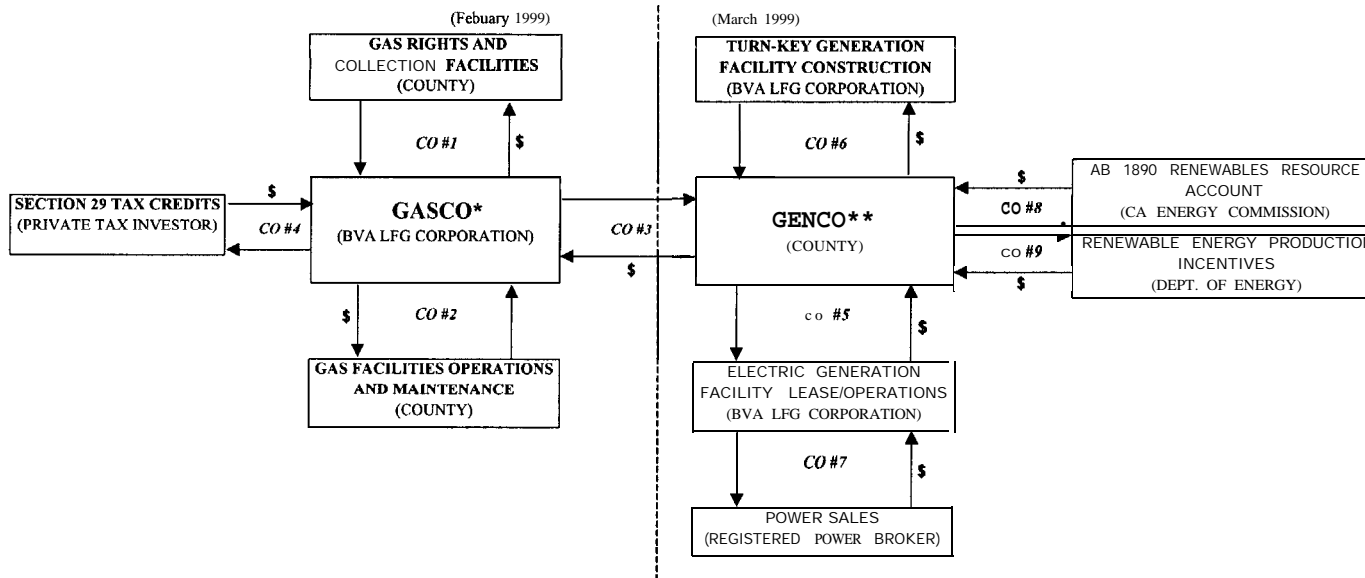


BUENA VISTA LANDFILL GAS POWER PROJECT

FLOW CHART



*GASCO: Landfill Gas Generation and Fuels Production Operations.

**GENCO: Electricity Production Operations.

\$: Cash Flow.

CO#: Contract number. See attached text for description of each contract.

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BUENA VISTA LANDFILL GAS POWER PROJECT FLOW CHART

(type of agreement in parenthesis)

GASCO AGREEMENTS

1. Landfill Gas Field Facilities Lease Agreement (Revenue) - This agreement conveys the rights for all landfill gas and the physical collection system to Brown, Vence and Associates (BVA) Lfg Corporation for the purpose of gas production to serve the landfill gas power project and any other beneficial use projects created during the term of the agreement that may subject to accrual of Section 29 tax credits. The revenue from this agreement is fixed at \$35,000 per year, but may increase if the value of the gas collection system increases due to development of other beneficial use projects during the term of the agreement.
2. Landfill Gas Field Facilities Operation and Maintenance Agreement (Revenue) - This agreement provides for the County's continued maintenance and operation of the landfill gas collection system including the duties, obligations and conditions for delivery of landfill gas to the power project. Under this agreement the County will maintain its regulatory compliance responsibilities regarding operation of the existing and expanded landfill gas collection system and its by-products, while also guarantying delivery of landfill gas to the leased power project in both defined volume and quality. The revenue from this agreement is fixed at \$30,000 per year, but may increase if the collection system is expanded for the purposes of other beneficial use projects.
3. Landfill Gas Purchase Agreement (Expense) - This agreement provides for the County purchase of all collected landfill gas from BVA Lfg Corporation for use in the County owned landfill gas power project and any other beneficial use projects created during the term of the agreement. The cost of this agreement to the County is fixed at \$60,000 per year, but may increase if other beneficial use projects for excess landfill gas are developed during the term of the agreement.
4. Section 29 Tax Credit Investment Agreement (Revenue/Expense Neutral to County) - This agreement will be between BVA Lfg Corporation and an outside tax investment firm specializing in monetization of Section 29 tax credits. Revenue derived from monetization of tax credits will be retained by the facilities operator, BVA Lfg Corporation as compensation for operations and maintenance expenses.

GENCO AGREEMENTS

5. Electric Generation Facilities Lease & Operations Agreement (Revenue)- This agreement covers the leasing and operational conditions for the County owned power generation facilities. The agreement will be with BVA's landfill gas operation group, BVA Lfg Corporation. Under this agreement BVA Lfg Corporation will provide guaranteed operation of the facility for an initial period of up to ten years. Conditions of operation include production of electricity at a guaranteed output, assumption of all operational and maintenance costs, liabilities and risks, guaranteed repayment of all County capital and development costs for the project, energy sales revenue sharing, and provision of a financial surety mechanism (ie. performance bond or letter of credit) in an amount and form acceptable to the County and adequate to cover the County's full investment in the facilities. The revenue from this agreement will be based upon final County reconciliation of the project's capital equity and debt at the time of project start-up, with repayment fully guaranteed by BVA Lfg Corporation.
6. Turn-Key Design and Construction Agreement (Expense)- This agreement provides for the lessee, BVA Lfg Corporation, to provide design and turn-key construction of the power production facilities. Under this agreement BVA Lfg Corporation will perform all required design engineering for the project, issue Request for Proposals and assist the County with selection of the power generator equipment vendor, bid and award contracts for construction of the facilities, perform construction management, and complete start-up operations, and assist with final Air District permitting. The cost for this agreement will be based upon final turn-key construction costs which will be fully reimbursed through guaranteed lease payments under contract #6 above.
7. Power Sales Agreement (Revenue/Expense Neutral to County) - This agreement will be between the power facilities operator, BVA Lfg Corporation, and a registered California power broker for sale of all electricity produced by the facility. The facility's operator will retain revenue from electricity sales as compensation for operations and maintenance expenses. However, the County will receive a share of energy sales revenues if the market rates go above an upper threshold.
8. California Energy Commission, Renewables Resource Account Agreement (Revenue) - This funding agreement will be between the County of Santa Cruz and the California Energy Commission. The County was successful in securing a bid award through the CEC's Renewables Resource Energy Account in the amount of \$767,000. The County will retain this revenue as an offset against equity and debt service expenses.
9. Renewable Energy Production Incentives (Revenue) - This agreement will be between the County and the Department of Energy, under their Renewable Energy Production Incentive Program (REPI). This revenue is considered supplemental to the overall project cash flow and continued annual funding is at the discretion of Congress. If funding is maintained by Congress (as it has been for the last 6 years), the REPI's will be available to this project for the first ten years of operation. However, success of this project is not contingent upon REPI revenue. For the duration of continued federal funding, the County and BVA Lfg Corporation will share this revenue in a proportion still under negotiation. BVA Lfg Corporation may also elect to distribute all or a portion of their REPI share to the County as an offset to their guaranteed lease payment under contract #5 above.