

APPENDIX R

CORRESPONDENCE WITH MARBORG INDUSTRIES AND MUSTANG RENEWABLE POWER VENTURES (Vendor)



May 15, 2012

County of Santa Barbara
Public Works Department
Resource Recovery and Waste Management Division
Attention: Joddi Leipner
130 E. Victoria Street, Suite 100
Santa Barbara, CA 93101

Re: Resource Recovery Project at the Tajiguas Landfill

Ms. Leipner,

Please accept MarBorg Industries comments in response to the NOP that has been issued by your office to define the scope of environmental issues to be addressed in the Subsequent EIR for the proposed project. As the County is aware, an EIR must describe a range of reasonable alternatives to the propose project, or its location, that would feasibly attain most of the project's basic objectives, but avoid or substantially lessen the project's significant effects. (CEQA Guidelines, 15126.6(a).) Where an EIR defines the project and its objectives too narrowly with the result that there is an inadequate range of alternatives studied, the principles of CEQA may be violated.

With this in mind, MarBorg resubmits its letter of December 20, 2011 as a comment on the County's Notice of Preparation (NOP) regarding the Resource Recovery Project at the Tajiguas Landfill (Exhibit A). Attached hereto as Exhibit B is a description of the proposed alternative site for locating the Material Recover Facility (MRF) component of the Project which will process the municipal solid waste (MSW) and commingled source separated recyclables (CSSR) proximate to their source of origin/collection. Also attached hereto as Exhibit C is a site plan prepared by Zero Waste demonstrating how these components of the Project could be feasibly located on the proposed alternative site.

Location of the MRF component of the Project on the proposed alternative site would necessitate some relocation of MarBorg's existing operations at the site. For example, we would redirect self-haul customers to another site owned by MarBorg for processing. Such relocation would be subject to the approval of the City of Santa Barbara. With this relocation

P.O. Box 4127
136 N. Quarantina Street
Santa Barbara
California 93140
Phone 805-963-1852
Fax 805-962-0552



however, the MRF component could be accommodated at the proposed alternative site and these uses would be within the scope of MarBorg's permitted activities at this site.

Sincerely,



Derek Carlson
Business Manager
MarBorg Industries



EXHIBIT A

December 20, 2011

County of Santa Barbara
Scott McGolpin
Public Works Director
123 E. Anapamu St.
Santa Barbara, CA 93101

Dear Mr. McGolpin,

MarBorg would like to submit this letter of support for the County's Anaerobic Digestion/CT Facility Project and the upcoming vote to authorize the project EIR. We recognize that years of dedication and hard work by both the Board and the Resource Recovery Staff have brought us to this point. We feel this innovative project is necessary to ensure that all jurisdictions involved will continue to meet and exceed their ever increasing diversion mandates and goals.

As part of the EIR, an analysis of alternative sites for the project components will be performed. MarBorg would like to offer the alternative of locating the MRF and Dirty MRF portions of this project to our property in the industrial zone of the City of Santa Barbara. The feasibility of locating these components in the City of Santa Barbara was affirmed in the 2007 Feasibility Study of Regional MRF Alternatives, by CalRecovery, commissioned by the County of Santa Barbara.

We believe that locating this portion of the project more central to the waste generation on the South Coast will enhance the viability of this important project. We feel that evaluating this location in the EIR will clarify the environmental, community and economic benefits of this option, such as:

- Reduced transportation costs
- Reduced vehicle pollution
- Utilization of existing infrastructure
- Lower disposal fees

P.O. Box 4127
136 N. Quarantina Street
Santa Barbara
California 93140

Phone 805-963-1852

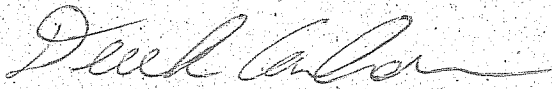
Fax 805-962-0552



MarBorg has a long history of developing and operating local diversion facilities. We believe that our proven track record and local experience will bring a level of comfort to the community in embracing this new project.

We look forward to working with the County to ensure this vital project is a success.

Sincerely,



Mario Borgatello
President
MarBorg Industries

cc: Joni Grey, Chair - Board of Supervisors
Doreen Far, Vice Chair - Board of Supervisors
Salud Carbajal, Board of Supervisors
Janet Wolf, Board of Supervisors
Steve Lavagnino, Board of Supervisors
Helene Schneider, Mayor - City of Santa Barbara
Bendy White, Council Member - City of Santa Barbara
Margaret Connell, Council Member - City of Goleta
Michael Bennett, Council Member - City of Goleta
Ed Andrisek, Mayor - City of Buellton
Mark Schleich, Deputy Director - Resource Recovery & Waste Management Div.
Leslie Wells, Program Leader - Resource Recovery & Waste Management Div.
Bob Samario, Finance Director - City of Santa Barbara
Steve Wagner, Community Services Director - City of Goleta
John Kunkel, City Manager - City of Buellton

EXHIBIT B

APN 17-030-06 & 07

That portion of Block 299, Yanonali Street, sixty (60.00) feet in width and Mason Street, sixty (60.00) feet in width in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

Beginning at a point in the southeasterly prolongation of the northeasterly line of the land described in deed to Southern Pacific Railway Company recorded in Book 11, Page 157 of Deeds, in the Office of the County Recorder of said County, said point being distant thereon South 48°33'23" East, 53.01 feet from the most easterly corner thereof; thence,

1st - Leaving said southeasterly prolongation South 05°17'37" East, a distance of 13.83 feet; thence,

2nd - South 49°00'01" East, a distance of 331.38 feet; thence,

3rd - South 37°21'09" East, a distance of 23.99 feet to a point in the northerly line of the land described in deed to the State of California recorded April 30, 1987 as Instrument No. 1987-031819 of Official Records, in the Office of the County Recorder of said County; thence,

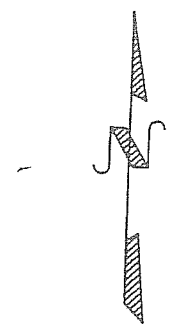
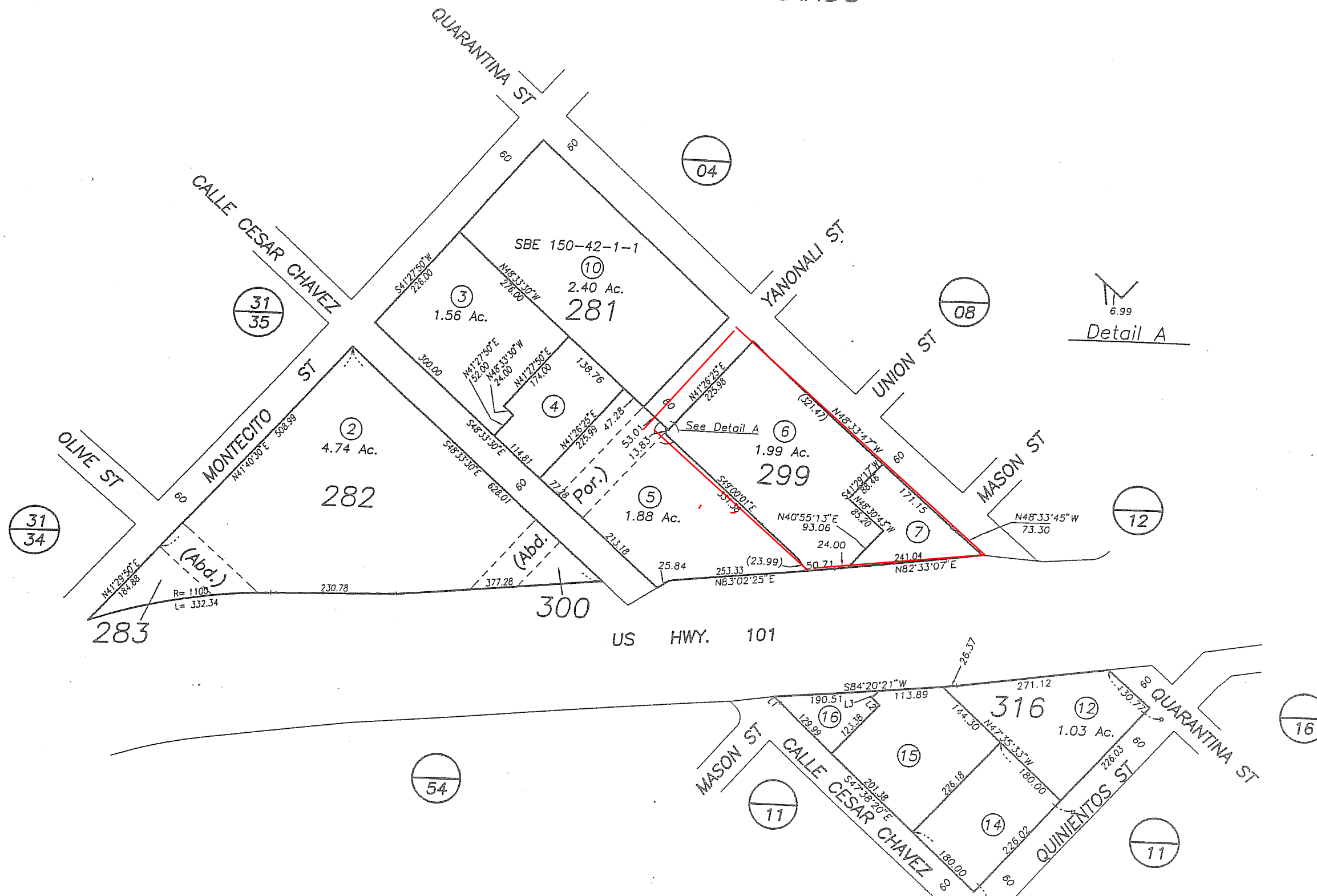
4th - Along said northerly line North 83°02'25" East, a distance of 50.70 feet to an angle point therein; thence,

5th - Continuing along said northerly line North 82°33'07" East, a distance of 265.04 feet to the intersection with the southwesterly line of Quarantina Street, sixty (60.00) feet in width, as shown on said Official Map; thence,

6th - North 48°33'47" West, leaving the northerly line of said State of California tract and along said southwesterly line of Quarantina Street 73.30 feet; thence,

7th - Continuing along said southwesterly line of Quarantina Street North 48°33'47" West 492.62 feet to the most northerly corner of said Block 299, said corner being the intersection of said southwesterly line with the southeasterly line of said Yanonali Street; thence,

- 8th - South $41^{\circ}26'25''$ West along said southeasterly line, a distance of 225.98 feet to a point in said southeasterly prolongation of the northeasterly line of the land described in deed to Southern Pacific Railway Company recorded in Book 11, Page 157 of Deeds; thence,
- 9th - Along said southeasterly prolongation North $48^{\circ}33'23''$ West, a distance of 6.99 feet to the point of beginning.



6.99
Detail A

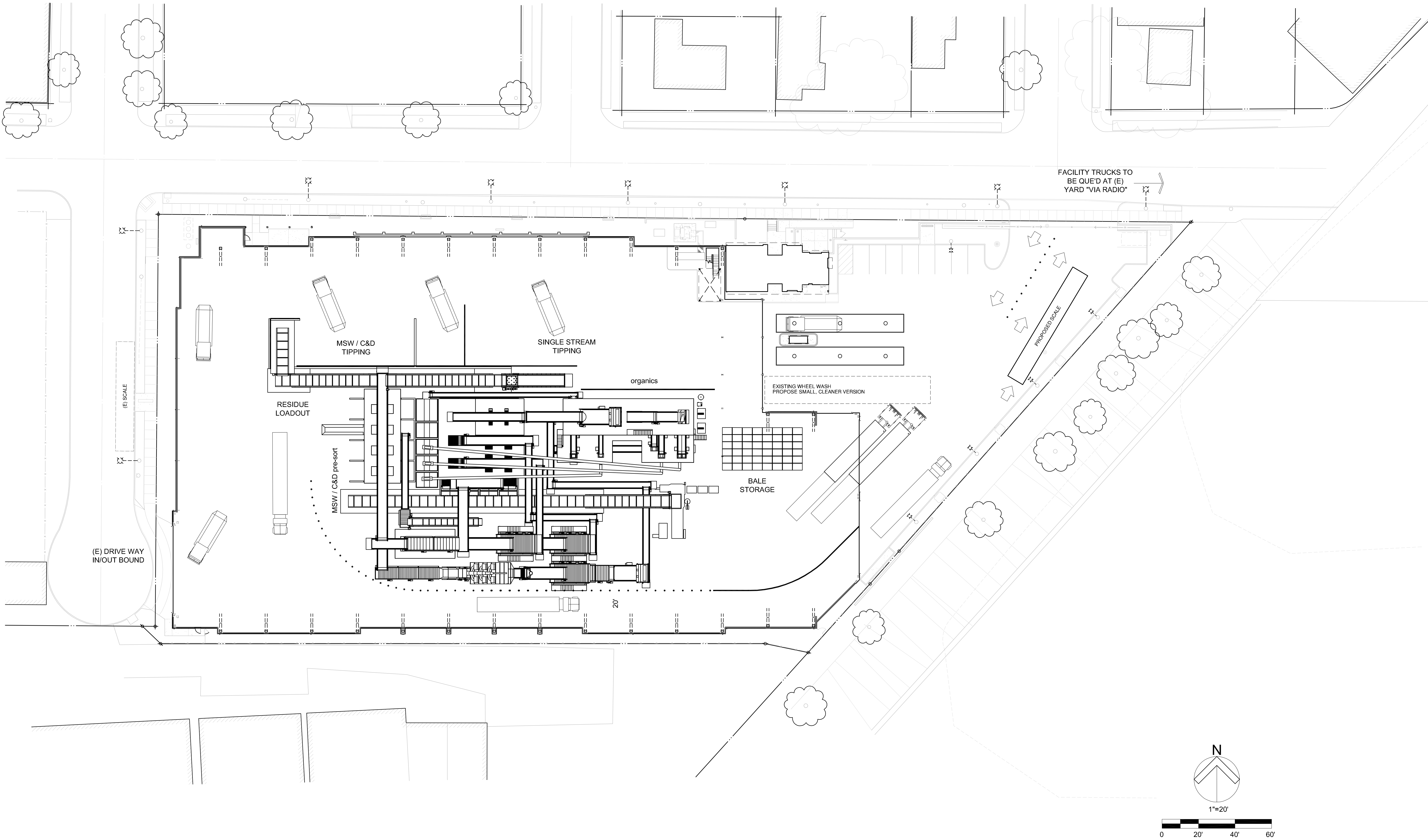
1" = 200'
scale

NOTICE
Assessor Parcels are for tax assessment purposes only and do not indicate either parcel legality or a valid building site.

LINE TABLE		
NO.	BEARING	DISTANCE
L 1	N47°37'49"W	16.34
L 2	S47°35'33"E	19.02
L 3	S42°24'27"W	18.23

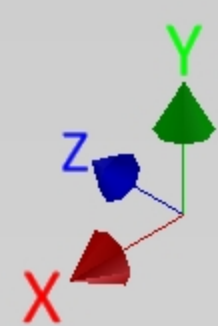
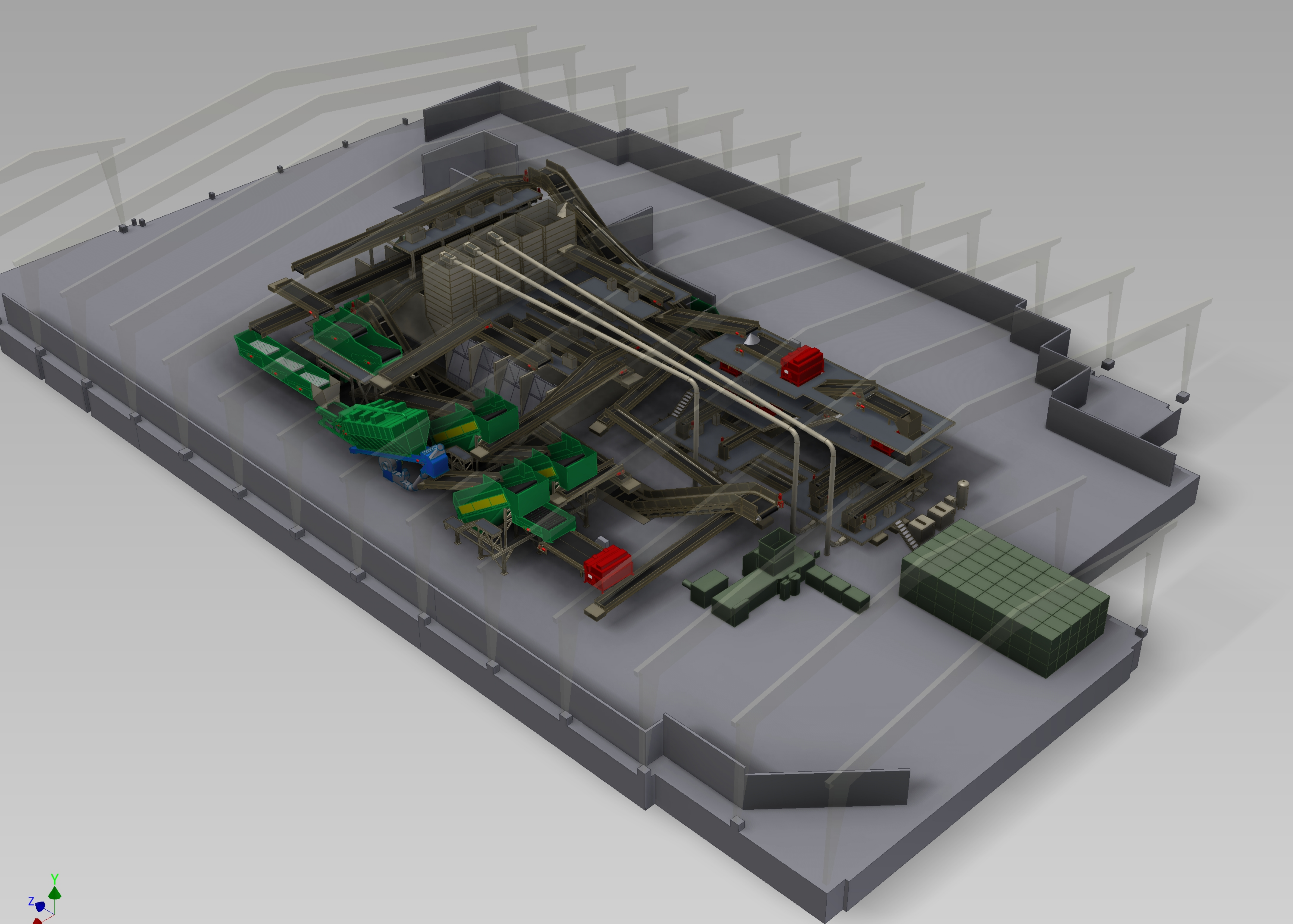
City of Santa Barbara
Assessor's Map Bk, 017 -Pg,03
County of Santa Barbara, Calif.

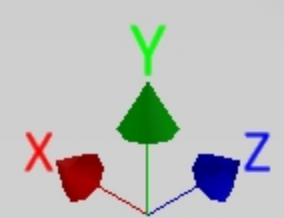
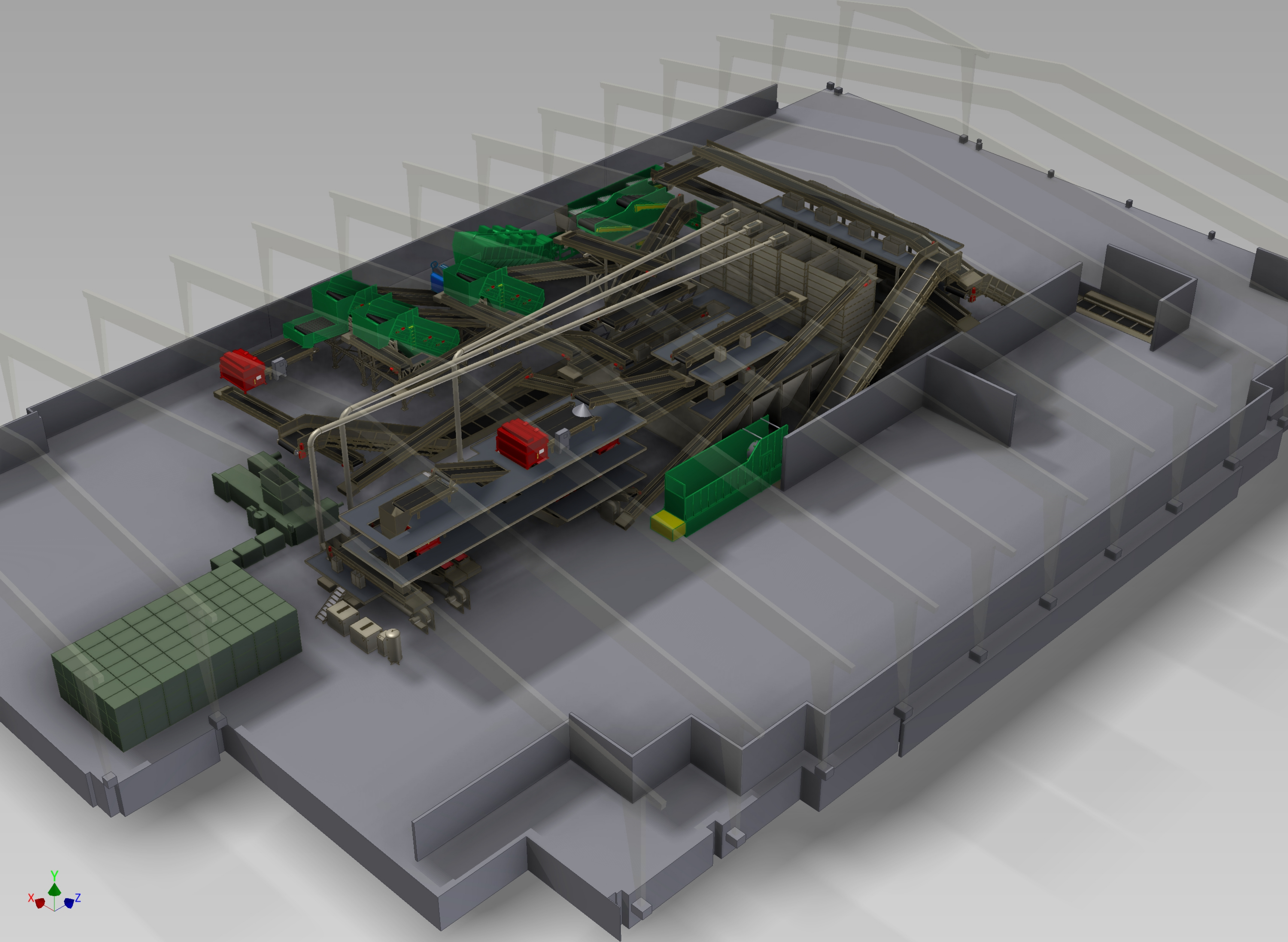
LD/02 Parcels 08, 09 & 11 into 14, 15 & 16



MarBorg INDUSTRIES ZWE Anaerobic Digestion Facility

119 N. QUARANTINA STREET
SANTA BARBARA, CALIFORNIA







John Dewey
Mustang Renewable Power Ventures
750 Pismo Street
San Luis Obispo, CA 93401

August 26th, 2013

Dear Mr. Dewey:

Thank you for your information on entering into negotiations with MarBorg as a possible operator of the Resource Recovery Project presented at our Conversion Technology Subgroup meetings held on July 25th and August 22nd, 2013.

During these meetings you had asked us to formally respond to whether staff considered MarBorg an "acceptable choice" for operator of the proposed facility. The Subgroup staff, and our project consultant ARI, unanimously agree that MarBorg is acceptable as a possible operator should they be added to your existing qualified project team of Van Dyk Recycling Solutions and Diani Construction.

We look forward to hearing more about this partnership as it develops in the future.

Sincerely,

A handwritten signature in blue ink that reads "Mark Schleich".

Mark Schleich, Deputy Director
Public Works Department
County of Santa Barbara

A handwritten signature in blue ink that reads "Robert Samario".

Robert Samario, Director
Finance Department
City of Santa Barbara

A handwritten signature in blue ink that reads "Steve Wagner".

Steve Wagner, Director
Community Services Department
City of Goleta

CC:
Derek Carlson, MarBorg Industries
Mario Borgatello, MarBorg Industries
Brian Borgatello, MarBorg Industries
David Borgatello, MarBorg Industries



December 9, 2013

Mr. Bob Samario, Finance Director
City of Santa Barbara
735 Anacapa Street
Santa Barbara, CA 93101

Mr. Mark Schleich, Deputy Director Public Works
County of Santa Barbara
130 E. Victoria Street, Suite 100
Santa Barbara, CA 93101

Mr. Steve Wagner, Director of Public Works
City of Goleta
130 Cremona
Goleta, CA 93117

Re: MarBorg Proposal

Gentlemen,

We would like to follow up on our meetings and discussions regarding the possibility of MarBorg withdrawing our competitive proposal to develop and own the MRF component of the Resource Recovery Project at a MarBorg owned site. We would like to officially withdraw our competitive proposal and instead place our full focus on a collaborative effort with Mustang Power Ventures, LLC and the participating jurisdictions. We believe that a collaborative approach where MarBorg is the operator of the project and Mustang is the developer and owner will allow both parties to play to their strengths.

Additionally, by entering into a collaborative process before the end of the year we can provide an opportunity for Mustang to obtain the most advantageous (i.e., lowest cost) financing structure for the proposed Resource Recovery Project including the potential use of a Renewable Energy Tax Credit. This could have a positive benefit for all parties involved, in the form of a reduced tip fee due to the lower cost of capital.

We remain comfortable having our site reviewed in the Environmental Impact Report as an alternative site for the MRF and we look forward to working with Mustang and the jurisdictions to complete the EIR, to complete the due diligence of the proposed project, and to support the waste management needs of all of the communities of the South Coast.

Sincerely,

A handwritten signature in cursive script that reads 'Derek Carlson'.

Derek Carlson
Business Manager
MarBorg Industries

P.O. Box 4127
136 N. Quarantina Street
Santa Barbara
California 93140

Phone 805-963-1852

Fax 805-962-0552



December 10, 2013

Mr. Bob Samario, Finance Director
City of Santa Barbara
735 Anacapa Street
Santa Barbara, CA 93101

Mr. Mark Schleich, Deputy Director
County of Santa Barbara
Public Works Department
Resource Recovery & Waste Management Division
130 E. Victoria Street, Suite 100
Santa Barbara, CA 93101

Mr. Steve Wagner, Director of Public Works
Environmental Services Coordinator
City of Goleta
130 Cremona
Goleta, CA 93117

Re: Resource Recovery Project

Gentlemen,

Thank you for your continuing support of our proposal to develop a Material Recovery Facility (MRF) and Anaerobic Digestion Facility (ADF) comprising the proposed Resource Recovery Project to serve the long term waste management needs of the South Coast.

We wanted to reconfirm our commitment to the successful development of the proposed Resource Recovery Project. As you know, we have developed a strong working relationship with MarBorg Industries and are excited to have them collaborate with Mustang as the Resource Recovery Project's MRF Operator. We are confident that MarBorg has the skills and experience to execute the MRF Operator role to best serve the interests of all of the communities served by Project.

As a follow-up to our recent discussions with you and MarBorg we wanted to confirm we are pursuing the purchase of the Combined Heat and Power engines prior to December 31, 2013 that will convert biomethane obtained from the ADF's organic waste processing into renewable power sold back to the SoCal Edison grid. The purchase of this equipment prior to year end (as required by the Internal Revenue Code Sections 45 & 48 and consistent with its Notices 2013-29 and 2013-60) is intended to qualify the ADF and potentially certain projects related to the MRF for a 30% Renewable Energy Tax Credit. The sale of this RETC, similar to a Low Income Housing Tax Credit or other forms of Investment Tax Credit (ITC) to a tax credit equity investor would contribute to the Resource Recovery Project achieving an advantageous (i.e., lowest cost) financing structure which could naturally have a positive benefit to the communities in the form of a reduced tip fee due to the lower cost of capital.

Mr. Bob Samario
Mr. Mark Schleich
Mr. Steve Wagner
December 10, 2013
Page 2 of 2

As we have discussed with you previously, although the biomethane from the ADF could be upgraded and converted to natural gas to be injected into the SoCal Gas pipeline grid and/or used as a source of renewable Compressed Natural Gas (rCNG) for transportation fuel, an attractive Feed in Tariff exists for the sale of the biomethane based electricity to SCE pursuant to a 20 year Power Purchase Agreement (PPA). Without having a captive fleet user(s) committed to purchasing all of the potential rCNG produced by the project for a 20 year term, or the ability to rely upon a fully developed CNG fuel demand from retail consumers, the 20 year electricity PPA provides a less risky, more easily financed revenue stream for the project. Additionally, the potential connection of the ADF's rCNG to the SoCal Gas pipeline could trigger a Coastal Development Permit review process that the project should avoid.

We acknowledge that we have not received any binding commitments from the participating jurisdictions related to the Resource Recovery Project and that the project remains subject to: 1) completion of the CEQA process and certification of the Final EIR by the County Board of Supervisors, 2) approval of the project by each of the participating jurisdictions' body of elected officials; and, 3) subject to negotiation and execution of a mutually acceptable 20 year Waste Services Agreement contemplated by the Request for Proposal issued by the jurisdictions in October 2009 and the Term Sheet that we executed with each of the jurisdictions in December 2012 and January 2013.

Mustang has undertaken the process of qualifying the prospective Resource Recovery Project for the RETC with this significant equipment purchase prior to year end as the potential significant benefits from a reduced tip fee would be in the best interest of the jurisdictions and all of the communities served by the project. Considering that the RETC's applicability to the project may not be renewed by Congress after January 1, 2014, this is a use-it-or-lose-it opportunity that is worth the risk to Mustang on behalf of the communities.

We look forward to working with MarBorg and the jurisdictions to complete their due diligence of the proposed project, to complete the CEQA process and EIR and to support the waste management needs of all of the South Coast communities.

Please let me know if you have any questions on the above.

Best Regards,

Mustang Renewable Power Ventures, LLC



John Dewey
CEO, Managing Member