



bceusaone.com

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To: The City of Colusa City Council

RE: Hybrid Renewable Electric Energy Power Purchase Agreement (HREEPPA) and commitment by BC&E USA Colusa 1, LLC (BC&E) to transfer a 12.5% membership stake in BC&E to the City of Colusa.

BC&E has been negotiating with the City Manager, Jesse Cain, for more than a year to strategically partner to bring renewable electric energy to Colusa in sufficient quantity that allows for Colusa to become an independent Utility and provide for the electrical needs of the City of Colusa. BC&E has agreed to transfer an ownership stake to the City of Colusa as consideration for executing the HREEPPA as well as providing its biosolids for conversion to the BC&E facility as well as partner with BC&E to enhance the value of Carbon Credits via sequestration on a portion of the City of Colusa's property.

The City of Colusa has under consideration a proposal from BC&E to enter into a HREEPPA that has a number of considerable benefits to both the City of Colusa and to BC&E. In order to make this proposal both attractive and beneficial to the City of Colusa, the parties have negotiated a transfer of 12.5% ownership stake in BC&E (legally referred to under California Law as a "membership interest") after the HREEPPA been duly approved by the City Council of the City of Colusa and executed by both parties.

The undersigned, as general counsel of BCE LLC confirms that the Members and Managers of BC&E have the authority to transfer such 12.5% membership interest in BC&E and will deliver a duly authorized Resolution of the Members and Manager of BC&E authorizing such transfer, upon passage by the City Council of Colusa of the Resolution to authorize the City Manager to execute and sign the HREEPPA with BC&E as negotiated, and described above.

It is the understanding of the Managers of BC&E that the transfer of such 12.5% membership stake is a lawful undertaking, and that such transfer will facilitate the construction and operation of the HREE facility, which will provide the city additional electricity from a renewable resource, address the biosolids of the City of Colusa, and can be a feedstock source for the HREE and create value for land owned by the City as a Carbon Sequestration property and have ownership interest in a viable renewable energy LLC.

Thank you for your consideration of this matter, and please let BC&E know if you have further questions or would like additional assurances with regard to the HREEPPA or the construction and operation of the facility itself.

Brian Halloran,

General Counsel, BCE LLC

