

Desert Renewable Energy
 REAT Biological Resource Compensation/Mitigation Cost Estimate¹
 Breakdown
 for use with the REAT-NFWF Mitigation Account

July 23, 2010

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| | Task | Cost |
|-----|--|---|
| 1. | Land Acquisition | \$1000 per acre ² |
| 2. | Level 1 Environmental Site Assessment | \$3000 per parcel ³ |
| 3. | Appraisal | \$5000 per parcel |
| 4. | Initial site work - clean-up, enhancement , restoration | \$250 per acre ⁴ |
| 5. | Closing and Escrow Costs – 2 transactions at \$2500 each; landowner to 3 rd party and 3 rd party to agency ⁵ | \$5000 for 2 transactions |
| 6. | Biological survey for determining mitigation value of land (habitat based with species specific augmentation) | \$5000 per parcel |
| 7. | 3 rd party administrative costs - includes staff time to work with agencies and landowners; develop management plan; oversee land transaction; organizational reporting and due diligence; review of acquisition documents; assembling acres to acquire... | 10% of land acquisition cost (#1) |
| 8. | Agency costs to review and determine accepting land donation - includes 2 physical inspections; review and approval of the Level 1 ESA assessment; review of all title documents; drafting deed and deed restrictions; issue escrow instructions; mapping the parcels... | 15% of land acquisition costs (#1) × 1.17 (17% of the 15% for overhead) |
| | <i>SUBTOTAL - Acquisition & Initial Site Work</i> | \$ |
| 9. | Long-term Management and Maintenance (LTMM) - includes land management; enforcement and defense of easement or title [short and long term]; region-wide raven management; monitoring... | \$1450 per acre ⁶ |
| | NFWF Fees | |
| 10. | Establish the project specific sub-account ⁷ | \$12,000 |
| 11. | Pre-proposal Modified RFP or RFP processing ⁸ | \$30,000 |
| 12. | NFWF management fee for acquisition & initial site work | 3% of SUBTOTAL |
| 13. | NFWF management fee for LTMM | 1% of LTMM |
| | <i>TOTAL for deposit into the Project Specific Sub-Account</i> | \$ |

¹ All costs are best estimates as of summer 2010. Actual costs will be determined at the time of the transactions and may change the funding needed to implement the required mitigation obligation. Note: regardless of the estimates, the developer is responsible for providing adequate funding to implement the required mitigation (MOA V.I.).

² Generalized estimate taking into consideration a likely jump in land costs due to demand, and an 18-24 month window to acquire the land after agency decisions are made. If the agencies, developer, or 3rd party has better, credible information on land costs in the specific area where project-specific mitigation lands are likely to be purchased, that data overrides this general estimate. Note: regardless of the estimates, the developer is responsible for providing adequate funding to implement the required mitigation.

³ For the purposes of determining costs, a parcel is 40 acres (based on input from the BLM California Desert District).

⁴ Based on information from California Department of Fish and Game.

⁵ Two transactions at \$2500 each: landowner to 3rd party; 3rd party to agency. The transactions will likely be separated in time.

⁶ Estimate for purposes of calculating general costs. The actual long term management and maintenance costs will be determined using a Property Assessment Report (PAR) tailored to the specific acquisition.

⁷ Each renewable energy project will be a separate sub-account within the REAT-NFWF account, regardless of the number of required mitigation actions per project.

⁸ If determined necessary by the REAT agencies if multiple 3rd parties have expressed interest; for transparency and objective selection of 3rd party to carryout acquisition.