



March 9, 2020

Ironhouse Sanitary District
450 Walnut Meadows Drive
Oakley, CA 94561

Attn: Chad Davisson, General Manager
Tyson Zimmerman, Assistant General Manager

Dear Chad and Tyson,

We have continued to analyze potential business opportunities for Jersey Island, as further described.

The following areas were initially targeted for evaluation as potential economic uses on the Island:

- Wind and solar energy production
- Specialty agriculture
- Habitat mitigation
- Biosolids handling

We have made significant forward progress in looking at wind energy production and habitat mitigation, and those two areas are the main subjects of this report. We are in exploratory analyses on the other areas and will update those in a future status report.

Wind

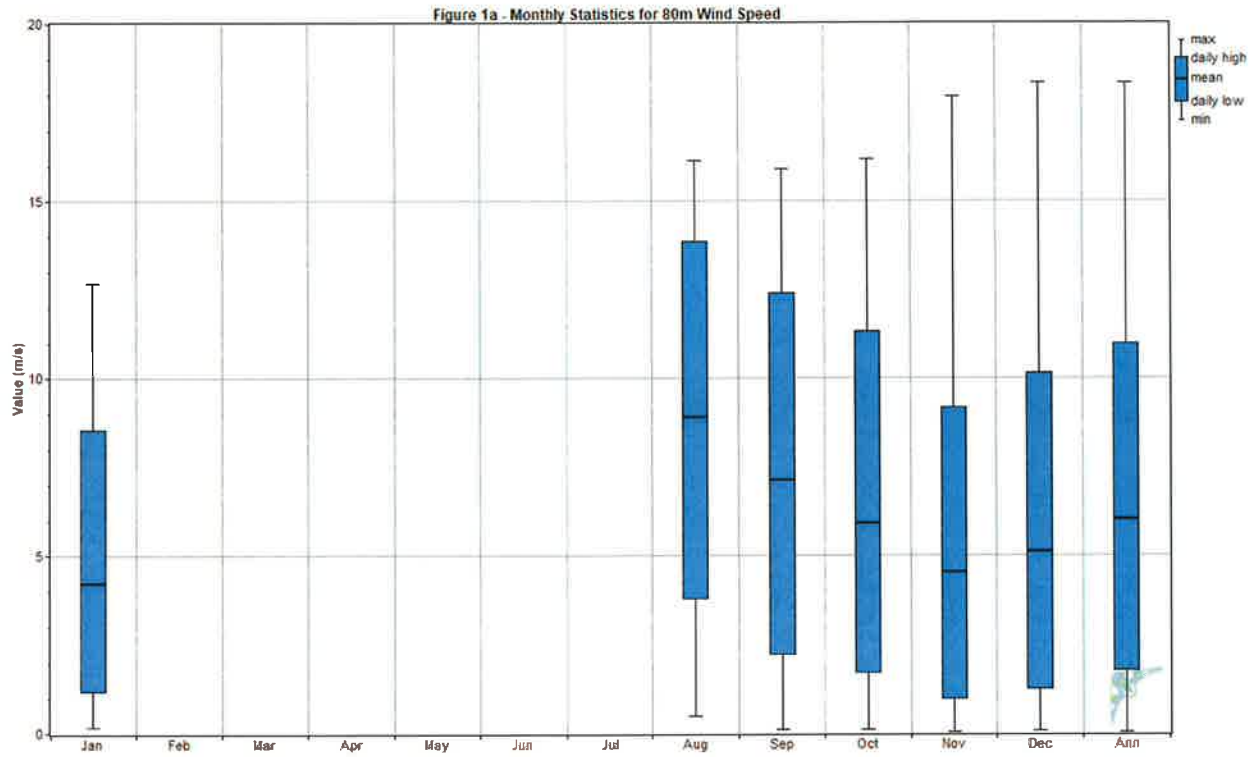
Conclusions from initial wind data analysis, August 2019 to January 2020

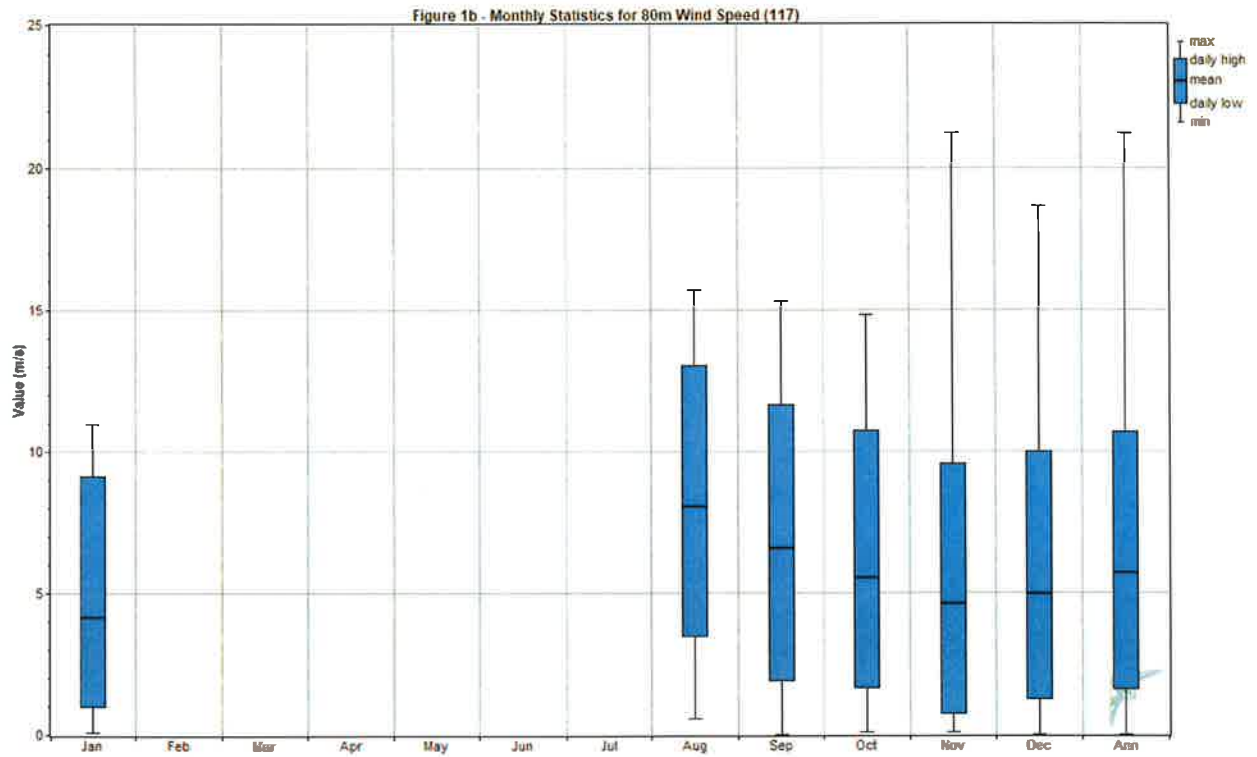
While Wind power analyses are typically done with at least a full year of on-site meteorological data, the first 5 months of data provide early indications that Jersey Island will be a good wind generation energy site. I am providing below some of the initial confidential wind data collected from the two Sodar units installed on Jersey Island in August 2019, below.

Wind power density is a single-value number used as a simple way to assess the quality of a wind resource. For the two SODAR units, the calculated wind power densities at 50m height above ground are 202 and 225 W/m² for the southerly (117) and northerly (118) SODAR units respectively. As part of a previous study, we collected SODAR data at several Montezuma locations approximately 9 miles to the northwest of Jersey Island. Wind power densities at these locations ranged from 204 – 267 W/m². The similarity of these values suggest the wind resource on Jersey Island is comparable to the areas to the northwest, which were previously determined to be economically viable.

Comparison of wind measurements at the two Jersey Island SODAR locations

Figures 1a and 1b show the average monthly wind speed for each of the SODAR locations. While the northerly (118) measurements are slightly higher, both units are reporting similar wind speeds. This suggests the wind resource is consistent across the site, and similar speeds would be found between the two devices, covering the possible locations of wind turbines. Figure 2 shows the SODAR locations.





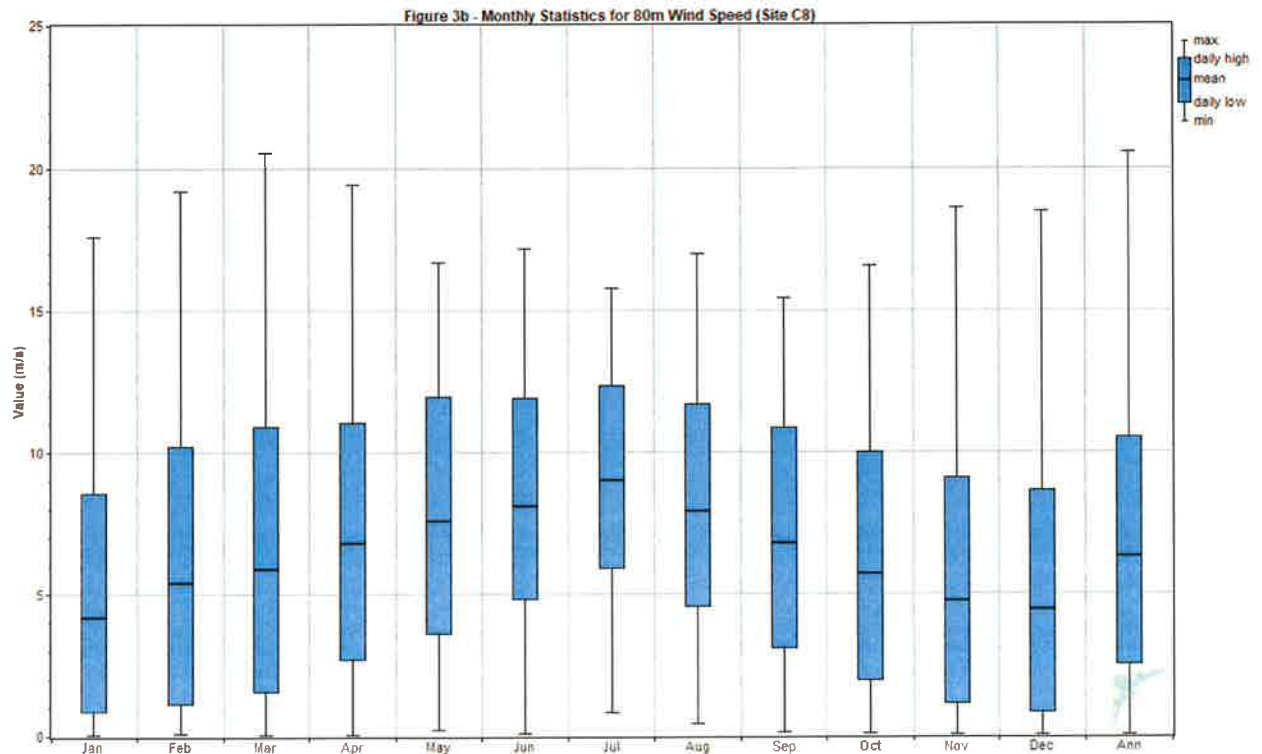
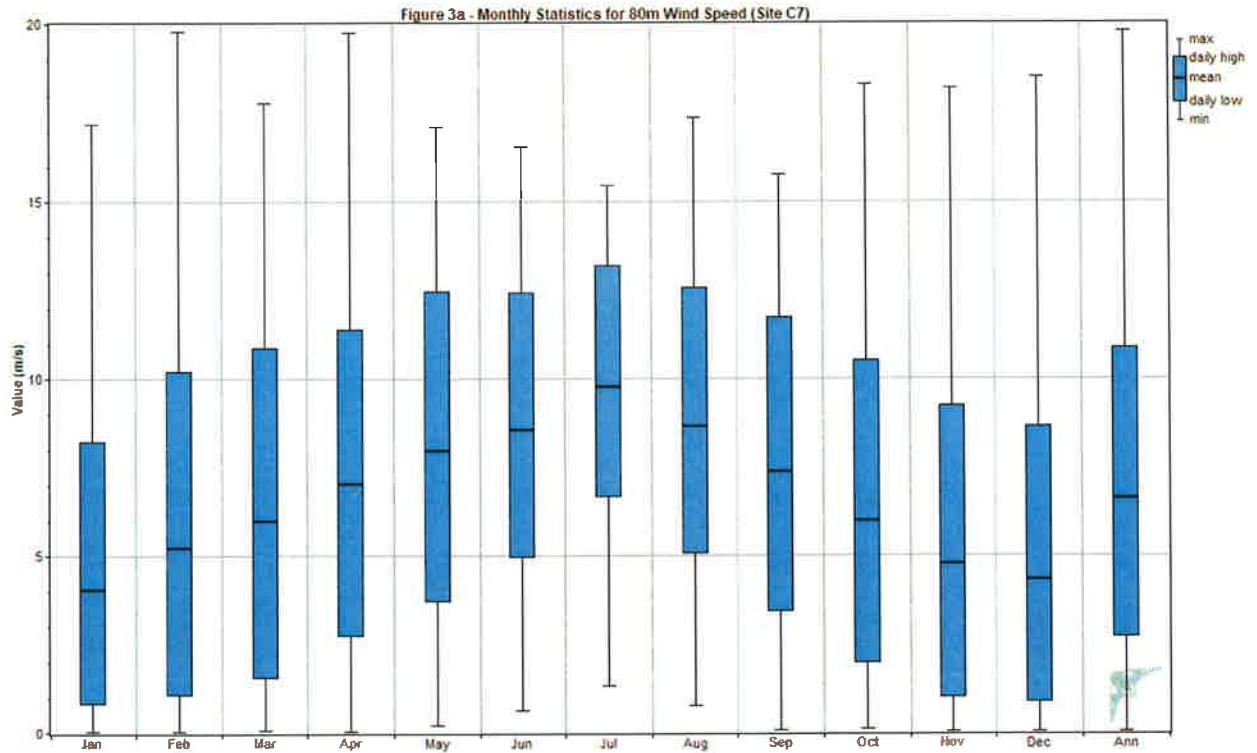
We will be updating this analysis again in July 2020,. These data now support an updated economic analysis of wind energy potential, and we will begin that process now with the idea to have enough information for a consolidated wind resource and economic analysis September 2020.

Figure 2 – SODAR locations



Comparison to previous SODAR data

Monthly statistics for two other SODAR locations to the northwest of Jersey Island are presented in Figures 3a and 3b. Comparing the monthly averages for this data, we see similar speeds for all four measurement locations. These data suggest a viable wind resource across much of Jersey Island, warranting continued measurements and the initiation of a business analysis on wind and other renewable production for portions of Jersey island.



Ongoing work

We will continue to gather and analyze data from the two measurement units, as well as other data in the area, and will update the wind technical analysis and business analysis that follows, by September/October 2020.

Internal Electricity Use and Demand

As we discussed, there may be feasible opportunities to provide renewable power directly to ISD's sewage treatment operations. We understand that you approximate a steady around-the-clock current demand of about 2 MW, with about half of that coming from your solar farm. It would be helpful to see copies of your electricity bills (usage) over the past year or two, and your rough estimate of how that demand might grow over the next 20 years.

Our goal is to put all of this into a draft business model that we will share with you, describing how generating renewable power through our partnership might work.

Giant Garter Snake (GGS) Mitigation Opportunities

Montezuma Water LLC contracted with Vollmar Land Management to further assess the opportunities to build and market GGS mitigation habitat. After some evaluation, a 180-acre area near the ferry dock on the northeast corner of the island was identified with good potential. We have continued the assessment process, with the most important missing data being how the fish and wildlife agencies would react to GGS mitigation on our site, and to what service region (Delta, further east and north?) could our mitigation be used. I have attached the map to give a quick look at where we are talking about on the Island.

We will be further evaluating this opportunity over the coming months.



Farming

Farming discussions are underway, and as we discussed, where it is feasible, we are leaning towards smaller specialty organic farming as opposed to the major corporate-style undertakings in the Central Valley with much larger land areas. We will update you as these discussions progress.

Use of a Small Portion of Jersey Island for Entertainment and Events

We are exploring several ideas and will come back to you before summer to further discuss those.

As always, please reach out with any questions or further thoughts.

Best regards,

[Handwritten signature]
 Jim Levine, Managing Partner
 Montezuma Water LLC