

EXHIBIT B

RENEWABLE ENERGY PROGRAM GUIDELINES ENVIRONMENTAL COMPLIANCE AND EQUITY FUND

Introduction

The Renewable Energy Grant and Loan Program supports projects that fund replacement of gas/diesel powered generators used for cultivation with renewable energy systems consistent with the 2023 state transition requirements. Projects will be funded through the recently approved “Environmental Compliance and Equity Fund” with up to \$3,100,000. The Program will prioritize awards of loans and grants to cannabis cultivators based upon the effectiveness to transition from provisional to annual licenses and expected environmental benefits that would result from the renewable energy projects.

Eligibility Requirements

Applications proposing projects replacing gas/diesel powered generators used for cultivation with renewable energy systems consistent with the 2023 state transition requirements that meet all the criteria and requirements described in these Guidelines are eligible for this funding. The loan side of the program offers 3% simple interest loans, fully deferred for 10 years. All loans will be secured with a deed of trust on real property. There is proposed to be no cap to the amount that can be loaned to individual licensees. The grant side of the program has a 1:1 cost share, with the licensees providing the matching funds. A grant of up to \$20,000 per license is available.

Application Submittal

To apply for funding, an applicant must submit a complete proposal as described below. Applicants are strongly encouraged to discuss their proposals with the Planning Department staff listed below prior to submitting their proposals. The initial consultation is designed to inform an applicant of the applicable Program requirements, applicable Humboldt County regulations, and for the applicant to inform the County of the applicant’s intentions, and to provide an opportunity to identify the issues associated with a proposed application before the applicant commits resources.

This consultation should occur well in advance of the proposal deadline so that Planning staff have time to consult with the California Department of Fish and Wildlife (CDFW) and other relevant agencies to ensure the proposal addresses the priorities of the program. The Humboldt County Board of Supervisors ultimately determines whether proposals meet program preferences, so applicants who discuss their proposals with Planning staff in advance of their submittal generally have a higher chance of being selected for funding. Applicants are also encouraged to begin developing their proposals well in advance of the submittal deadline as failure to submit a complete proposal by the deadline will result in disqualification.

Planning Department Staff Contact Information: Michael Richardson is the primary contact for this program. His email is mrichardson@co.humboldt.ca.us and his phone number is (707) 268-3723. If other staff is designated as the primary contact, these Guidelines will be updated with that information.

Complete applications shall include all the following items

- Signed Application Form (application form provided by the County)
- Project Description
- Plot Plan
- Plot Plan Checklist
- Elevations
- Scope of Work
- Schedule for Completion
- Budget
- Project Maps and Figures
- Letters of Support (optional)

Application Review

Applications for loans and grants are due to the Planning Department by May 31 of each year.

Major milestones in the review process involve the following steps:

1) Application Check. Applications will be evaluated for completeness using a checklist. Within five (5) working days of accepting an application, the Planning Division shall review the proposed application for conformance with the application submittal requirements. The application shall be deemed complete and accepted unless the Department finds that the application is not complete and sends the applicant notification of such finding by email within ten (10) working days after receipt of the application. If the application is determined to be incomplete, the Department shall specify those parts of the application which are incomplete and shall indicate what is required for them to be considered complete.

2) Application Referral. The Planning and Building Department shall refer copies of complete applications to CDFW and other relevant agencies for comment. Along with the referral, the Department shall include notification that, if the Department does not receive a response within ten (10) working days, the Department will assume that no recommendations or comments are forthcoming. It should be noted that, even if responses are not received within the requested time limit, these agencies may still want to provide comments on applications.

3) Application Review. Upon acceptance of an application as complete, the assigned planner shall complete an environmental review of the project, as required by the California Environmental Quality Act (CEQA), and shall study the project for conformance with all applicable Program requirements.

4) Project Ranking. By July 31 of each year, the assigned planner shall prepare a written report evaluating and ranking the complete applications with findings and evidence in support thereof. The written report prepared by the Director, or designee, shall be mailed or delivered to the Hearing Officer and the applicant

Project ranking will prioritize awards of grant money to cannabis cultivators holding provisional licenses based upon the effectiveness in transitioning to annual licenses and the environmental benefits that would result from replacing gas/diesel powered generators used for cultivation with

renewable energy systems consistent with the 2023 state transition requirements projects given the following criteria:

- a) All state license applications are active and in good standing,
- b) Registration with the Water Resources Control Board is current,
- c) Necessary applications with the California Department of Fish and Wildlife are current,

The County will review and evaluate all complete applications for responsiveness to the above criteria. In evaluating the Proposals, the County shall employ a one hundred (100) point competitive evaluation system with consideration given to each of the following categories:

- Project Design and Expected Outcomes – 80 Points: The project’s alignment with the Program requirements and criteria set forth in these Guidelines.
- Project Budget – 10 Points: The applicant’s ability to perform the work necessary to implement the project in a cost-efficient manner.
- Experience and Capacity – 10 Points: The applicant’s experience and capacity to perform the work necessary to implement the project.

5) Public Hearing. The Board of Supervisors will hold one or more public hearing(s) by the end of September of each year of the Program to decide which, if any, applications are approved for funding, the funding amount, and the conditions applied to each project to ensure consistency with all Program requirements. At the public hearing, the Board of Supervisors shall receive pertinent evidence concerning the complete applications, particularly evidence about the consistency of the applications with Program requirements. The applicant shall have the burden of establishing consistency of the application with Program requirements. Notice of the Board’s decision shall be provided within five (5) working days of the Hearing Officer’s action.

The Hearing may be continued from time to time but shall be concluded within a reasonable period of time.

Project Implementation

Upon execution of the loan/grant agreement between the County and the project applicant, implementation of projects approved for funding may begin according to the project schedule approved by the Board of Supervisors. Only work performed according to the terms and scope of work of the grant agreement will be eligible for reimbursement.

Monitoring implementation and completion of the projects will be performed by County staff knowledgeable in renewable energy systems or by a licensed civil engineer contracted by the County. Release of the final twenty percent of the grant funds for each project will be withheld pending verification of the completion of the project to the satisfaction of the Planning Director in consultation with the reviewing agencies based on reports from County staff and other factual evidence.

Availability of Unencumbered Funds From Previous Years

Unencumbered funds from previous years shall be used to fund eligible projects approved by the Board of Supervisors in subsequent years.

Loan Rates and Terms

- A. Property owners are eligible for Deferred Payment Renewable Energy Loans (DPREL), at three percent (3%) interest, evidenced by a Promissory Note and secured by a Deed of Trust, with no payback required for 10 years unless the borrower sells or transfers title or discontinues the commercial cannabis cultivation license subject to the loan servicing policies and procedures in Appendix 1. Payments may be made voluntarily on a DPREL. If it is determined by the County that repayment of a Renewable Energy Program loan at the maturity date causes a hardship to the homeowner, the County may opt the following:
 - 1. Amend the note and deed of trust to defer repayment of the amount due at maturity, that is balance of the original principal plus the accrued interest, for up to an additional 10 years (at 0% additional interest). This may be offered one time;
 - 2. Convert the debt at loan maturity; that is the balance of the original principal plus any accrued interest, to an amortized loan, repayable in 15 years at 0% additional interest.
- B. If the property owners dies, and if the heir(s) to the property continues the commercial cannabis cultivation license on the subject property, the heir(s) may be permitted, upon approval of the County, to assume the loan at the rate and terms the heir(s) qualifies for under current participation guidelines.
- C. If the property owners dies and the heir(s) discontinues the commercial cannabis cultivation license on the subject property, the loan becomes all due and payable.
- D. As specified in the Loan Servicing Procedures in Appendix 1, all applicants who participate in the Program must maintain the property at post-project conditions for the term of the loan. Should the property not be maintained accordingly, the loan shall be considered in default and becomes all due and payable, and if necessary, foreclosure proceedings will be initiated. A method of inspection will be established by the County.
- E. Loan security will be secured by the real property and improvements, and will also include a Deed of Trust, Promissory Note and Loan Agreement in favor of the County.

Appendices

Appendix 1: Renewable Energy Program Loan Servicing Policies and Procedures