



GOLDEN STATE
NATURAL RESOURCES

**Golden State Natural Resources (GSR) Board of Directors
Golden State Finance Authority (GSFA) Board of Directors**

Joint Special Meeting

**Thursday
October 20, 2022
8:30 A.M.**

**Hilton Garden Inn – Fairfield
Larkspur & Prospect Room
2200 Gateway Court
Fairfield, CA 94533**

**Golden State Natural Resources (GSRN) Board of Directors
Golden State Finance Authority (GSFA) Board of Directors
Joint Special Meeting
October 20, 2022 – 8:30 a.m.
Hilton Garden Inn – Fairfield
Larkspur & Prospect Room
2200 Gateway Court
Fairfield, CA 94533**

AGENDA

1. Call to Order: Joint Meeting of the Golden State Natural Resources (GSRN) Board of Directors and the Golden State Finance Authority (GSFA) Board of Directors

*GSRN Chair, Supervisor Matt Kingsley, Inyo County
GSFA Chair, Supervisor Bob Williams, Tehama County*

2. Pledge of Allegiance

3. Public Comments

At this time any member of the public may address the Board. Comments are usually limited to no more than 3 minutes per speaker.

4. Joint Board Presentation and Discussion Regarding Golden State Natural Resources Project Status and Future Steps

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*Greg Norton, GSRN President & CEO
Patrick Blacklock, GSFA Executive Director*

5. Adjournment

Meeting facilities are accessible to persons with disabilities. By request, alternative agenda document formats are available to persons with disabilities. To arrange an alternative agenda document format or to arrange aid or services to modify or accommodate persons with a disability to participate in a public meeting, please call (916) 447-4806 at least 48 hours before the meeting.

Agenda items will be taken as close as possible to the schedule indicated. Any member of the general public may comment on agenda items during the public comment period. To facilitate public comment, please let staff know if you would like to speak on an agenda item. The agenda for this joint special meeting of the Board of Directors of the Golden State Natural Resources and the Golden State Finance Authority was duly posted at its offices, 1215 K Street, Suite 1650, Sacramento, California, at least 72 hours prior to the meeting.

Any written materials related to an open session item on this agenda that are submitted less than 24 hours prior to the meeting, and that are not exempt from disclosure under the Public Records Act, will promptly be made available for public inspection, and may be obtained by contacting mchui@rcrcnet.org.

Upcoming Meetings

November 16, 2022



To: GSFA and GSNR Board of Directors

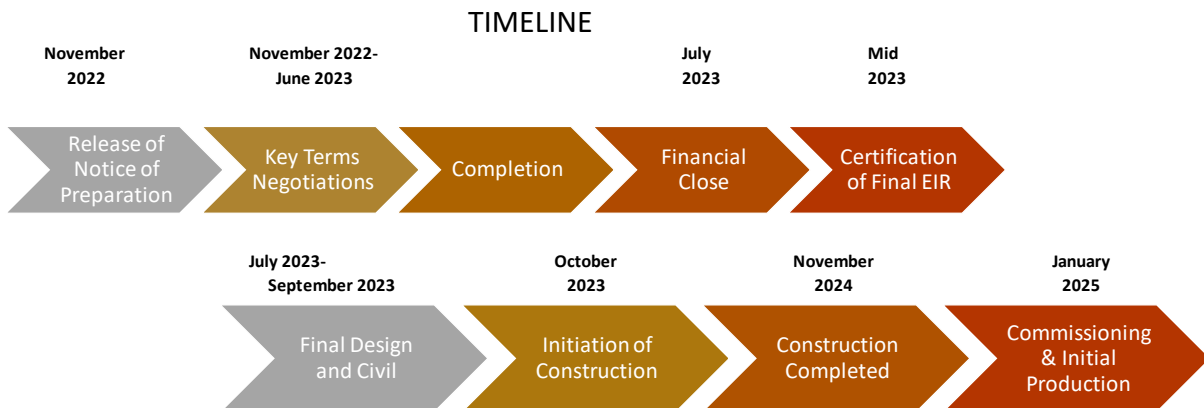
From: Greg Norton, GSNR President & CEO
Patrick Blacklock, GSFA Executive Director

Date: October 14, 2022

Re: Joint Board Presentation and Discussion Regarding Golden State Natural Resources Project Status and Future Steps

SUMMARY

The following overview is intended to provide a summary of the Golden State Natural Resources (GSNR) forest resiliency project and status of implementation efforts. Over the next ten to twelve months, the organization will reach critical juncture in several areas, including launching of a formal environmental review, determination and onboarding of equity partners, execution of off-take and transportation agreements and execution of feedstock contractor agreements. Staff is targeting July 2023 for “financial close,” or Financial Investment Decision (FID), when the major financing, off-take, and related agreements necessary to implement the project will be executed. Meeting this target will require substantial efforts by the GSNR Board and project team – and will be a key determinant for the project’s long-term viability and success.



Given the significance of the actions ahead, and the importance of the next several months to the future of this initiative, the GSNR Board is meeting jointly with the GSFA Board, on October 20th to discuss these comprehensive efforts in depth. It is anticipated that feedback and questions from the GSFA Board, as part of this workshop, will help inform the GSNR Board’s

decisions as they consider over the next twelve months, the substantive actions necessary to reach financial close.¹

PROJECT STATUS

At this time, GSNR is rapidly approaching the implementation stage of its initial proposed project, consisting of two pellet production facilities and related port infrastructure, by solidifying key components of feedstock supply, plant design, development and operations, port site development and operations, environmental and permitting, transportation, off-take, and financing and capital raise including project budget (pre-financial close), long-term financial modeling (post-financial close) and pellet production. An overview and status summary of each of these key efforts is as follows:

FEEDSTOCK SUPPLY

GSNR's project will source feedstock supply, or excess woody biomass and residuals, for the manufacturing of wood pellets from sustainable forest management projects, including treatments and thinning, on California's federal, state, and private timberlands, and may also utilize biomass from mill residuals and orchards.

The principal source of feedstock is anticipated to come from high hazard fuel reduction projects undertaken on United States Forest Service (USFS) lands. GSFA's 20-year Master Stewardship Agreement (MSA)² with USFS establishes an overall framework for developing and implementing such projects through individualized Supplemental Project Agreements (SPA). The first such SPA (providing for NEPA review for high hazard fuel reduction on approximately 40,000 acres on the Modoc National Forest) has been executed and work is expected to be completed by Fall 2023, while a second proposed SPA (providing for a long-term program of work in the Sierra National Forest) is presently under review by USFS. In addition to the MSA/SPA framework, GSNR has also applied for a Blanket Purchase Agreement (BPA) from USFS, Region 5, which would place GSNR on the bid list and allow GSNR to bid on and be directly awarded contracts for the removal of feedstock from forest lands throughout much of California. GSNR's objective is to maximize the number of USFS treatment/thinning projects that are ready for approval and execution immediately following completion of the GSNR project CEQA process and financial close as well as throughout project operations. GSNR will continue to strategically develop SPAs in coordination with the USFS throughout the life of the MSA.

GSNR also anticipates entering into initial three-year supply agreements with Licensed Timber Operators (LTOs or contractors) and other forest industry participants to procure feedstock from qualified sustainable forest management projects. Additionally, in the case of usable orchard, and forest biomass, waste, to divert this biomass from other forms of disposal (e.g., landfills or open burning). To date, GSNR has executed (nonbinding) letters of intent³ with seventeen

¹ Further background information regarding GSNR's purpose, benefits, and program development are provided in Attachment A.

² Master Stewardship Agreement between Golden State Finance Authority and the USDA Forest Service, Pacific Southwest Region, provided in Attachment D.

³ List of Letters of Intent received to date in Attachment E.

industry participants, representing nearly 500,000 bone dry tons of biomass feedstock, and anticipates having similar commitments or contracts with several additional industry participants by July 2023 and beyond.

The GSNR team is further working directly with subject-matter expert consultants to advance feedstock acquisition plans, including SPAs, to ensure adequate and consistent long-term feedstock for the Lassen and Tuolumne County sites. This process is ongoing, and includes additional formal outreach to contractors, suppliers, producers, landowners, non-governmental organizations, other MSA holders, forest management professionals, and others.

Plans call for biomass feedstock inventory developed in three overlapping stages: (1) on-paper inventory (LOIs, MOUs, etc.), (2) in-forest inventory (SPAs, bid awards, etc.), and (3) in-hand inventory (on site, storage yard, etc.). GSNR now has both a professional forester and a retired USFS Forest Supervisor advising on and leading biomass inventory development.

PLANT DESIGN, DEVELOPMENT, AND OPERATIONS

The proposed projects include the development of two wood pellet processing plant facilities, one in the foothills of the Central Sierra Nevada Mountain range, in Tuolumne County, and one in the Modoc Plateau of Northern California, in Lassen County. These initial sites were selected following a comprehensive process that screened numerous potential locations using a multi-factor screening tool that evaluated availability of feedstock, logistics (including access to rail), permitting and environmental constraints, property characteristics and cost, and surrounding community and workforce.

GSNR acquired the Tuolumne County site in November 2020 and the Lassen site in December 2021. Preconstruction engineering processes, including three levels of Front-End-Loading (FEL), have been completed through FEL-3 for the Lassen site and will be completed on the Tuolumne site by the end of 2022. This process provides the foundation for both operational planning and preparation of final construction plans. The RFP process and subsequent selection of an "engineering, procurement, and construction" (EPC) firm/contractor to develop final design and then build/construct the processing facilities is scheduled for completion early in the second quarter of 2023. For EPC work between selection and Final Investment Decision (FID), \$500,000 has been included in the 2023 project development budget. The EPC will develop final engineering and construction plans prior to FID, so that construction contracts may be awarded promptly after FID/financial close.

Following completion of construction, employee training, and test production runs the facilities will be commissioned for production. It is expected that the Tuolumne facility will take approximately one-year after commissioning to reach full production of 300,000 annual metric tonnes, with the larger Lassen site, 700,000 annual metric tonnes, requiring closer to two-years to reach full production.

As is common in large projects, the GSNR program's parameters and needs have been refined during the development process, and additional opportunities and constraints have been

identified. For example, at the Tuolumne site, staff is presently exploring approaches to reduce electricity costs and has retained consultants with experience in alternative electrical procurement to assist with this process.

More broadly, as part of this refinement, it has become apparent that optimal operation of the proposed project will require acquisition or lease of additional property (within the financially feasible working circle) of one or both initial facility locations. Ongoing review of the rapidly evolving pellet market and biomass feedstock availability indicates that the most efficient sizes for the two initial facilities are 300,000 annual metric tons in Tuolumne and 700,000 annual metric tons in Lassen (which has more available feedstock in the area). This will allow for the best entry into the market and economies of scale at these facilities. The production sites will operate year-round, including when in-forest biomass may not be easily accessible due to weather/winter months, during wildfires, or other prohibitive circumstances such as high fire danger. As such, based on input from industry experts, it appears that each location will require ready access to 90-days of accessible biomass feedstock. This will require expanding the feedstock storage area(s) beyond the space presently available onsite, particularly around the Lassen facility.⁴ Such additional storage area(s) could, potentially, be located either adjacent to the production site(s) or at one or more satellite yards. Use of satellite yards for this purpose would require at least one additional touch of feedstock, thus increasing operational costs. The additional cost of such locations and additional touch, if necessary, will be offset by the risk reduction associated with production disruption and not meeting off-take scheduled deliveries.

GSNR is currently exploring options for additional property acquisition or lease. Whether to include additional adjacent and satellite properties will need to be resolved in the near term so that these areas can be included in the upcoming environmental review. Staff will review and discuss this matter as part of the workshop.

Staff is also planning additional active engagement in community outreach in both Lassen and Tuolumne counties, in preparation for commencement of the formal CEQA process. (See the *ENVIRONMENTAL AND PERMITTING* section below for additional details on this process.)

PORT SITE DEVELOPMENT AND OPERATIONS

GSNR has evaluated two port facilities for the export of wood pellets generated by the project, one in the East Bay and one in Stockton. Both facilities are viable, however, a critical factor in this evaluation is the port's capacity to dock and load larger ships, which opens the opportunity to service both the Pacific Rim and European markets. As such, primary focus is on the East Bay terminal. Staff is in the initial stages of negotiating possible commercial terms with one of these ports and has authorized the initiation of preliminary engineering design FEL-2 stage at that location as part of this process.

⁴ Industry best practices advise maintaining a minimum 90 days' supply of feedstock on hand, to allow continuity of facility operations – and contracted pellet deliveries – year-round, including during periods when harvesting cannot occur due to inclement weather, etc.

The development of the required storage and handling facilities at the port will be financed by GSNR as part of the project development, in return for long-term commitments to service GSNR's ship loading. Onsite handling of materials and stevedoring would be undertaken by the port operator (or contracted stevedore). GSNR's off-take agreements will be free-on-board (FOB) at port, which means that GSNR's responsibility (and risk of transportation loss) will end once the stevedore loads the pellets onto the off-taker's ship.

Completion of the port negotiations and agreement is a critical component of FID/financial close. Completion of negotiations is targeted for first quarter 2023 for final agreement at FID in July 2023.

ENVIRONMENTAL AND PERMITTING

Initiation and completion of the environmental review process under the California Environmental Quality Act (CEQA), and issuance of the required permits for the facilities and the port, will be significant milestones for the GSNR project.

The GSNR project will be carried out through a cooperative partnership between GSNR and Golden State Finance Authority (GSFA). GSFA's extensive involvement in developing, financing, and supervising the project (e.g., through the MSA) make it the appropriate "lead agency" for purposes of CEQA review. As such, the CEQA documents must reflect GSFA's independent judgement, and will be relied upon by other permitting entities as "responsible agencies."

GSFA is scheduled to initiate the formal CEQA process for the proposed project with the release of the Notice of Preparation (NOP) in mid-November 2022. Many of the technical studies that will be incorporated into the Environmental Impact Report (EIR) for the project (e.g., hydrological and air quality analysis, traffic studies, etc.) are already well underway, which will shorten the time required for the formal CEQA process. Completion of the CEQA process and certification of the Final EIR is anticipated to occur in mid-2023.

In preparation for the formal CEQA process, GSNR is currently conducting statewide and local outreach in accordance with the GSNR Strategic Communications and Stakeholder Engagement Plan, which was previously presented to the GSNR Board in March 2022.⁵ That plan sets forth a detailed outline of specific contacts, public meetings and involved responsible officials to be engaged in the CEQA process. This anticipatory public outreach will facilitate informed public participation during the formal CEQA process. GSNR staff is currently scheduling environmental scoping meetings to comply with the CEQA process and address project-related questions. Dudek, GSNR's environmental consultant, will provide an update on the CEQA process as part of the workshop.

⁵ The GSNR Strategic Communications and Stakeholder Engagement Plan is attached as Attachment F.

TRANSPORTATION

Transportation of the feedstock from the forests to the Lassen and Tuolumne locations will require truck transport from the feedstock source to the facilities, and then rail transport of the pellets from the facilities to the port.

GSNR recognizes that the forest trucking infrastructure in the rural areas will need to grow significantly. To help develop the trucking workforce, GSNR is working directly with industry, advocacy groups, academia, and employment training entities to determine the best approach. The GSNR project team is also working to establish partnerships with several small to medium-sized log and chip truck contractors interested in expanding their operations in the regions of both production locations. GSNR is continuing to seek partners and potential funding and other resources that will directly benefit this effort.

With regard to rail transportation, the initial rail design for the Lassen site has been prepared by GSNR's engineering team and is going through the approval process with the mainline provider. Discussions have been held with the Tuolumne short line provider, clarifying rail layout needs for the site. The process of completing the rail design for this site is underway. Regarding the port, GSNR is in discussion with the port short-line provider. GSNR discussions with applicable rail providers/operators regarding terms are proceeding productively, targeted for term sheet completion in early 2023. Lastly, the GSNR team is identifying rail equipment providers (rail cars and engine) for sufficient rail car control/access and for moving rail cars on-site.

Rail transportation from the larger (Lassen) production site will be via unit train hauls (Up to 110 rail cars) while rail transport from the Tuolumne production site will be via manifest train hauls (15-25 rail cars at a time). At full production, total annual rail car use will be approximately 7,000 cars from the Lassen site and 3,000 cars from the Tuolumne site.

OFF-TAKE

GSNR has experienced a great deal of interest from potential off-takers in securing fuel sources from California, as there is high demand for west coast industrial wood pellets. Current market conditions include a multi-million metric tonne shortage of industrial wood pellets, with a further multi-million metric ton expected growth demand throughout the next decade.⁶

Off-take discussions are actively occurring with multiple potential buyers, including power producers, and trading houses. Specifically, GSNR has provided tours of its Lassen project site and adjacent forest lands to interested parties from both the United Kingdom (UK) and Japan and has hosted meetings in Sacramento with another European energy broker. GSNR leadership also

⁶ [The outlook for global wood pellet capacity and demand - Fastmarkets](#)
[2022 wood pellet markets outlook - Canadian Biomass Magazine](#)
[Wood Pellet Market Analysis, Share to \[2022-2030\] \(straitresearch.com\)](#)
[Global Wood Pellet Market - Forecasts from 2022 to 2027 \(researchandmarkets.com\)](#)
[Building Out Capacity | Biomassmagazine.com](#)

visited the UK in April 2022 and held direct meetings with the decision-makers for a handful of additional potential off-takers and trading houses. Some parties have expressed potential interest in both off-take agreements and project investment.

Last month, GSNR leadership attended face-to-face meetings in Japan with representatives from a major Japanese biomass power producing company, as well as additional Japanese entities with varying degrees of interest in the GSNR project. Strong interest in long term relationships with GSNR were expressed.

Follow up discussions, along with additional sharing of information, continue with the potential partners in both Europe and Japan. Early this month, GSNR leadership attended the US Industrial Pellet Association conference in Miami. Discussions were held with some of the same interested parties as well as other industry actors.

The next six plus months will see significant activity as GSNR prepares to secure not only off-take agreements, but also equity investors/partners.

FINANCING/CAPITAL RAISE

GSNR is presently in discussions with a major financial institution (financial firm) that has biomass industry finance experience. The financial firm is expected to provide services for both the proposed bond issuance and inclusion of equity investors. The financial firm will provide assistance with the development of the appropriate debt-to-equity mix, expected to be in the range of 75%/25%. Working with the financial firm and legal counsel, GSNR staff expects to refine the proposed organizational structure which will support partnership with equity investors. Specific negotiations with the interested investors will inform the final equity structure. Identification of the proposed organizational and equity structure, composition of equity investors, and development of tentative off-take agreements will be developed over the next six months and formalized at FID.

Project Budget (Pre-Financial Close)

Earlier this year, GSNR provided a Project Budget (Attachment B) representing a forecast from January 2022 through May 2023, GSNR's then targeted date of financial close. The financial close date has been revised to ideally occur in July 2023. The attached Revised Project Budget (Attachment C) provides an update and revised assessment of whether the GSFA \$10 million line of credit remains sufficient to cover expenses through July 2023. It incorporates actual expenditures incurred through August 2022 and revised budgeted activity through July 2023. (The remaining GSFA funds available for loan as of September 30, 2022, are \$3.5 million). The revised project budget indicates the existing GSFA loan provides sufficient resources for GSNR to reach FID/financial close.

Both the Revised Project Budget and the original Project Budget presented earlier this year are attached. Primary changes from the original project budget include:

- The goal date for achieving financial close has been extended from May 2023 to July 2023.
 - Administrative costs such as payroll, contract service fees, and interest expenses are higher. Payroll allocation has also been updated in conjunction with expected use of staff both at RCRC and GSNR to reflect increased staff time due to the high workload as GSNR approaches financial close.
 - Development expenditures increased by approximately \$562k. The increase in expenditures is directly related to anticipated final design work to be performed by the Engineering, Procurement, and Construction (EPC) contractor prior to financial close, along with accumulation of feedstock in advance of facility commissioning. While these expenditures are additive to this timeframe, they represent cash flow timing differences originally budgeted in the financial model. These expenditures will only be made if the equity and offtake agreements necessary to reach financial close are in place.
- Revenue, primarily from RCRC in-kind support, increased from \$2 million to \$2.38 million, and are a result of the contract service fee and staff costs described above.
- Interest expense charged by GSFA to GSNR will be repaid to GSFA following financial close and is shown as a reduction of accrued expenses at the bottom of the budget.
- The outstanding GSFA line of credit balance will be repaid following generation of revenues from project activity.

The following timeline demonstrates funds available throughout the life of the line of credit.

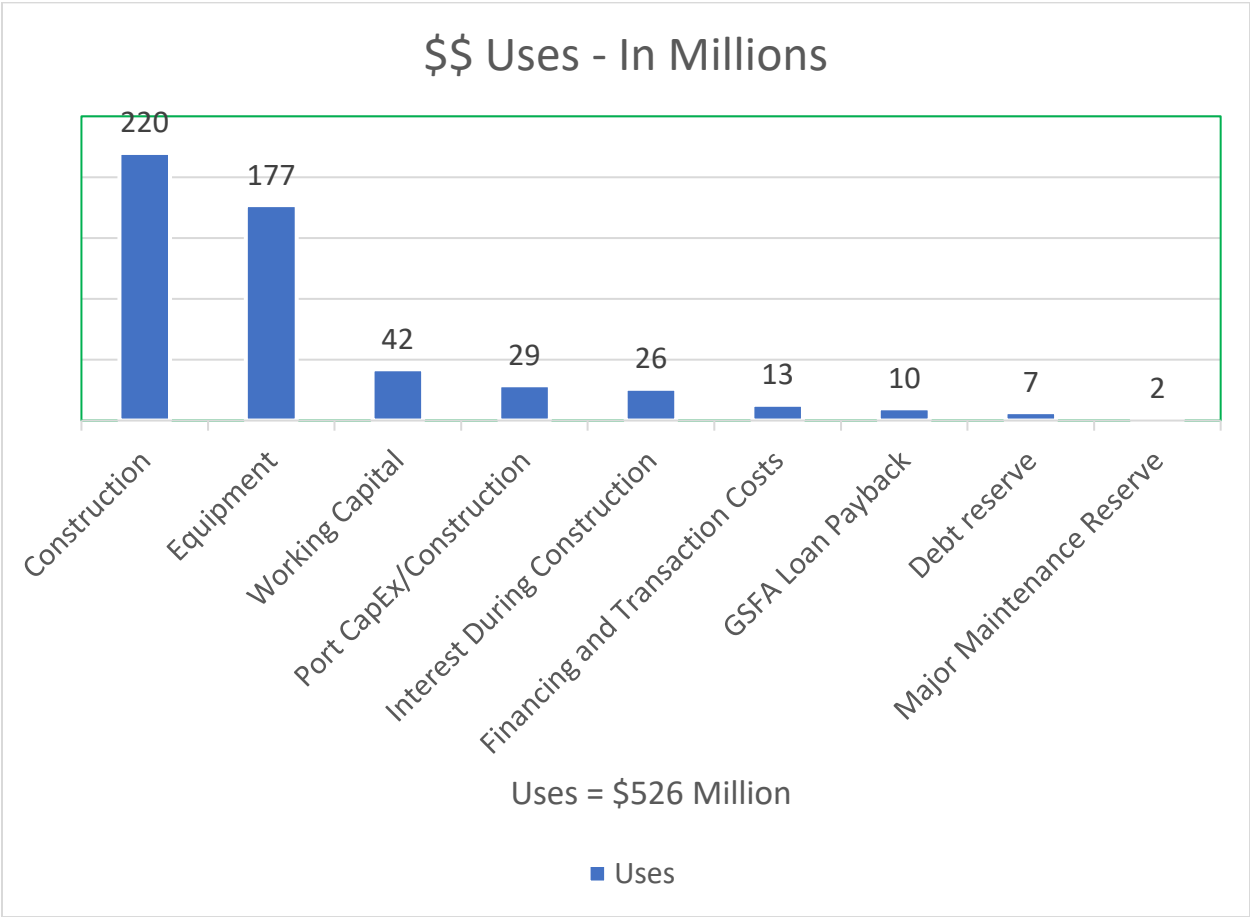
LOAN PROCEEDS AVAILABLE FOR USE (ESTIMATED & ROUNDED)				
ORIGINAL LINE OF CREDIT	BALANCE AVAILABLE	BALANCE AVAILABLE	PROJECTED BALANCE AVAILABLE	PROJECTED BALANCE AVAILABLE
September 2020	December 2020	December 2021	December 2022	July 2023
10 MILLION	\$8 MILLION	\$5.5 MILLION	\$2.23 MILLION	\$356 THOUSAND

GSNR was unsuccessful with grant applications submitted to CAL FIRE and USDA. Both exercises, as well as debriefs with CAL FIRE and GSNR’s federal lobbyist, proved informative for future efforts. Not only will GSNR apply again for CAL FIRE resources but intends to apply to the Federal Wood Innovation Grants Program and USDA Conservation Program, as well as other grant opportunities that arise. GSNR will continue to monitor prospects for additional grant support. It appears that grant award opportunities will improve once on the ground landscape treatments are underway.

Long-Term Financial Model (Post-Financial Close)

GSNR staff and Nexus continue to refine the detailed financial model. Consistent with the FEL 3 phase of the process, significant efforts are made to update project estimates for equipment,

construction, feedstock acquisition, plant operations & labor costs, port logistics, Selling, General, and Administrative (SG&A) expenses, and financing costs within +/- 10%. The most recent updates have included the impacts of rising inflationary costs including items such as increased fuel costs, construction cost impacts, supply chain impacts, and more. The following graph shows the typical costs included in the model:

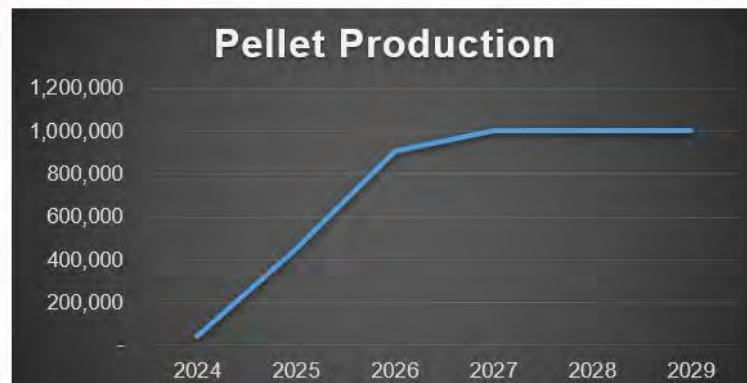


Pellet Production

The following represents the estimated pellet production derived from the current version of the financial model. The table reflects the previously noted one-year ramp up to full capacity for the Tuolumne site and two-year ramp up to full capacity for the Lassen site.

Pellet Production – MT

		2024	2025	2026	2027	2028	2029
<u>Pellet Production</u>							
Lassen Production	MT p.a.	29,215	286,491	605,629	700,836	702,943	700,836
Tuolumne Production	MT p.a.	13,087	166,582	300,945	300,945	301,844	300,945
Total Pellet Production	MT p.a.	42,303	453,073	906,574	1,001,781	1,004,787	1,001,781



Utilizing the above pellet production ramp-up, estimated revenue and expenses for 2024 through ramp-up and beyond have been developed in a detailed financial model. Financial model assumptions for revenues and operating expenses reflect outcomes in the mid to upper ranges of the industry regarding Earnings Before Income Taxes, Depreciation & Amortization (EBITDA), a common measure reflecting the project's gross revenue for comparison to industry levels. Financial model assumptions and outcomes will be reported upon at the meeting. Further discussion and information will be ongoing.

NEXT STEPS

Release of the GSNR project Notice of Preparation (NOP) report for the CEQA process is scheduled for mid-November 2022.

Financial close is targeted for July 2023. Following financial close and the completion of the CEQA process, GSNR is aiming to begin construction of the pellet processing facility sites in October 2023 and to begin operations, commissioning, in January 2025.

Additional information regarding current and next steps will be provided during the Board meeting presentation.

ATTACHMENTS

- Attachment A: GSNR's Purpose, Benefits, and Program Development
- Attachment B: Project Budget
- Attachment C: Revised Project Budget
- Attachment D: Master Stewardship Agreement between the Golden State Finance Authority and the U.S.D.A. Forest Service, Pacific Southwest Region
- Attachment E: GSNR Letters of Intent Log
- Attachment F: GSNR Strategic Communications and Stakeholder Engagement Plan

ATTACHMENT A

BACKGROUND

DEVELOPMENT

California's forests are experiencing longer fire seasons, drought, invasive species, tree mortality, climate change, and the consequences of a century of unnatural fire suppression. The result is overgrown and under-managed forests that have led to an excessive amount of fuel to burn when a fire ignites. This accumulated fire fuel presents a growing danger to life and property, and the state's natural resources¹.

To address this urgent issue, Golden State Natural Resources, Inc. (GSNR) was created by rural counties in 2019. GSNR is a California nonprofit public benefit corporation formed by the Golden State Finance Authority (GSFA) in coordination with its affiliate, Rural County Representatives of California (RCRC)) for the purpose of promoting public safety, forest resiliency, wildfire risk reduction, and related public purposes. While established by GSFA, GSNR is a separate public benefit corporation operating as a forest resiliency organization. GSNR has been recognized by the IRS as a tax-exempt 501(c)(3) organization.

ORGANIZATIONAL PURPOSE

GSNR's directive is to reduce excess biomass in California's forested lands, using best available science, as part of an overarching strategy to build wildfire and forest resilience in the state, promote public safety, and spur economic opportunities in rural communities. Many forest health projects are unable to succeed simply because there are limited outlets and uses for low-to no-value biomass resulting from these projects. GSNR seeks to directly address this critical need by creating a sustainable and economically viable use from the generated woody biomass.

PROGRAM

GSNR's proposed forest resiliency program will primarily source woody biomass from forest treatment and thinning projects, as well as orchards and sawmills, then transport the material by truck to facilities for processing into a pelletized fuel product. Specifically, this material would be received at two GSNR-owned wood pellet production facilities to be in the Northern California (Lassen County) and Central Sierra (Tuolumne County) regions. These two sites have been acquired by GSNR with development plans underway. The finished pellets will then be loaded onto rail cars for transport to a dedicated purpose-built terminal at the port of export. At the terminal, the pellets will be unloaded and stored in large domes, where they will be continuously monitored before being loaded into dedicated cargo ships for delivery to international energy markets, primarily as a replacement for current coal/fossil fuel consumption.

GSNR will supply this renewable energy resource to select foreign countries participating in the Paris Climate Accord, such as in Japan and Europe, where it could either co-fire or replace coal-fired power plants, helping advance climate change carbon reduction goals. The current and forecasted market

¹ Community Wildfire Prevention & Mitigation Report (in response to Executive Order N-05-019): 45-day plan (ca.gov)

for biomass pellets is at a shortfall, due primarily to volume from Russian and Ukrainian sources being removed from the supply chain. Additional future market growth is also anticipated.

GSNR's forest resiliency project is supported through the attached 20-year Master Stewardship Agreement signed with the U.S. Forest Service (USFS) for all eighteen national forests in Region 5 (covering much of California) to undertake forest management, restoration treatments, and fuel reduction activities.

California has among the highest resource concentration of unmarketable biomass and residuals in the Western United States, making the state uniquely positioned for such a program. Professional analysis reflects annual woody biomass ratios more than 4 times the amount required for the Lassen facility (700,000 annual metric tonnes production) and 3 times the amount required for the Tuolumne facility (300, 000 annual metric tonnes production). Additionally, California has a significant geographic advantage for overseas transport to the Pacific Rim since most U.S. wood pellet manufacturers are in the southeast portion of the country.

BENEFITS

The intended benefits of GSNR's forest resiliency program are that by removing excess forest biomass, wildfire risk and intensity will be decreased, thus reducing the greenhouse gas emissions and atmospheric carbon they produce. Additionally, by removing excess forest biomass, the potential for catastrophic wildfires will be reduced, helping to protect rural communities, property, critical infrastructure, and the natural habitats that surround them, as well as reducing smoke-related air quality issues² and enhancing watershed performance that impact California residents throughout the state. Further, the utilization of orchard wood and no-value forest biomass can help divert such biomass away from other forms of disposal such as landfills or open burn piles. These benefits will be measured and reported upon throughout the GSNR project.

Through this development of a greatly enhanced wood product industry sector in rural California, GSNR will also create living wage employment opportunities, aiding the economic growth and community development in rural communities. Each of GSNR's pellet processing facilities will support approximately 55 stable, skilled jobs in rural counties, and multiples of that number in supply chain jobs such as trucking and in-forest workers. GSNR intends to partner and contract with trade organizations and industry businesses to perform pre-planned, best practice forest treatments and to transport the woody biomass to the processing facility, providing for additional jobs and economic development. Additionally, GSNR plans to partner with community colleges to train or upskill local students to perform in forestry and transportation jobs and will help promote the expansion of broadband infrastructure and other public services and benefits to nearby rural communities.

² [Health and social impacts of California wildfires and the deficiencies in current recovery resources: An exploratory qualitative study of systems-level issues | PLOS ONE](#)

[What Is the Health Impact of Wildfire Smoke? | UC Davis Magazine](#)

GOLDEN STATE NATURAL RESOURCES
Project Budget to Financial Close
Period from January 1, 2022 to May 31, 2023

	2022 Projected Costs to Dec 2022	2023 Projected Costs to May 2023	Total Pre- Financial Close	Additional High End Range
GSFA Loan (Balance At 12/31/21)	\$ 4,599,303.00			
REVENUE				
Pellet Revenue	\$ -	\$ -	\$ -	
Lease Income	16,800	7,000	23,800	
OTHER - GRANTS				
In-kind contribution from RCRC	1,399,500	583,125	1,982,625	
TOTAL REVENUE	\$ 1,416,300	\$ 590,125	\$ 2,006,425	
EXPENDITURES				
DEVELOPMENT				
Pre-Development Owner's Engineer	\$ 1,275,000	\$ -	\$ 1,275,000	\$ -
Environmental, Procurement, Construction Engineers	-	200,000	200,000	300,000
Consultants (studies, impact, owners)	929,000	-	929,000	-
Environmental (CEQA/NEPA)	200,000	-	200,000	-
Feedstock - Additional Testing	-	25,000	25,000	-
Feedstock - Wood Pellet Plant Testing	-	-	-	50,000
Financing Costs -	-	100,000	100,000	-
Land - Option	-	-	-	20,000
Legal - Sites, contracts	100,000	-	100,000	-
Legal - Commercial Negotiations	-	100,000	100,000	150,000
Legal - Offtake Development	75,000	-	75,000	-
Travel - Consultants	15,000	-	15,000	-
Travel - Staff	-	50,000	50,000	-
Utility	-	50,000	50,000	200,000
SUBTOTAL DEVELOPMENT	2,594,000	525,000	3,119,000	720,000
GENERAL AND ADMINISTRATIVE				
Accounting & Auditing	7,300	3,060	10,360	
Advertising	15,000	6,250	21,250	
Board Compensation	-	-	-	
Contract Service Fee - RCRC	1,399,500	583,125	1,982,625	
Consultants	-	-	-	
IT Setup	12,000	5,000	17,000	
Insurance	1,600	685	2,285	
Interest Expense	172,500	71,875	244,375	
Human Resources	-	-	-	
Legal (Structure, Transactional)	75,000	12,500	87,500	
Miscellaneous	60,000	25,010	85,010	
Payroll/ PR tax / Benefits	325,000	135,435	460,435	
Rent	5,000	2,065	7,065	
Security Services	84,000	25,000	109,000	
Taxes - Property	24,996	10,435	35,431	
Title search/ R&D / Sites	-	-	-	
Travel - Staff	45,000	18,750	63,750	
Travel - Board	5,000	2,065	7,065	
Utilities	48,000	20,000	68,000	
SUBTOTAL G&A	2,279,896	921,255	3,201,151	-
INVESTOR OUTREACH AND FINANCING				
Consultants	210,000	87,500	297,500	
TOTAL EXPENDITURES	\$ 5,083,896	\$ 1,533,755	\$ 6,617,651	\$ 720,000
NET (EXPENDITURES) OVER REVENUE	\$ (3,667,596)	\$ (943,630)	\$ (4,611,226)	\$ (720,000)
ANALYSIS OF \$10 MILLION LOAN FROM GSFA				
Outstanding Loan Balance at 1/1/22 (from above):	\$ 4,599,303			
Timing Differences - December Expenses paid in January	\$ 125,000			
Project Budget to Financial Close - Additional Use of Loan Funds:				
Projected Net Use of GSFA Funds - 2022	\$ 3,667,596			
Projected Net Use of GSFA Funds - 2023		\$ 943,630		
Expected Outstanding Loan Balance at Financial Close (Q2 2023):			\$ 9,335,529	
GSFA Loan Remaining Available For Use / Contingency			\$ 664,471	
Possible further use of GSFA funds - high range flux to May 2023 subject to grant success or other funding				\$ 720,000
Possible savings of GSFA funds in the 2022 budget based on revised budgetd expenditures during 2022				\$ (144,000)
Possible GSNR savings (needs in excess) of Loan Availability of \$10,000,000				\$ 88,471

GOLDEN STATE NATURAL RESOURCES			
Revised Project Budget - Pre Financial Close			
Period from January 1, 2022 to July 31, 2023			
	Year Ended December 31, 2022 Actual to August 31, Budget September to December	Budget Seven Months January 1 - July 31, 2023	Total Pre- Financial Close
REVENUE			
REVENUE			
Lease Income	\$ 5,600	\$ 9,800	15,400
OTHER - GRANTS			
IN- KIND Contributions from Affiliate	1,594,253	789,833	2,384,086
TOTAL Revenue	\$ 1,599,853	\$ 799,633	\$ 2,399,486
EXPENDITURES			
DEVELOPMENT			
Pre-Development Owner's Engineer	\$ 1,250,000	\$ 90,000	\$ 1,340,000
Environmental, Procurement, Construction Engineers	-	500,000	500,000
Consultants (NEPA/CEQA, foresters, SPAs)	748,547	459,331	1,207,878
Feedstock - Wood Pellet Plant Testing	-	25,000	25,000
Financing Costs -	-	100,000	100,000
Land - Option	-	-	-
Legal - Sites, contracts	69,327	29,167	98,494
Legal - Commercial Negotiations	-	100,000	100,000
Legal - Offtake Development	45,000	30,000	75,000
Travel - Consultants	120,341	15,000	135,341
Travel - Staff	-	50,000	50,000
Utility	-	50,000	50,000
SUBTOTAL DEVELOPMENT	2,233,215	1,448,498	3,681,713
GENERAL AND ADMINISTRATIVE EXPENDITURES			
Accounting & Auditing	7,300	5,000	12,300
Advertising & Business Development	3,564	8,750	12,314
Contract Service Fee - RCRC	1,594,253	789,833	2,384,086
IT Setup	3,000	7,000	10,000
Insurance	2,449	959	3,408
Interest Expense	190,994	98,000	288,994
Legal (Structure, Transactional)	71,971	12,500	84,471
Miscellaneous	45,821	35,018	80,839
Payroll, Taxes, Benefits	322,810	178,381	501,191
Security Services	3,000	14,000	17,000
Taxes - Property	36,794	14,609	51,403
Title search/ R&D / Sites	-	-	-
Travel - Staff	92,019	26,250	118,269
Travel - Board	5,000	2,891	7,891
Utilities	10,961	10,500	21,461
SUBTOTAL G&A	2,389,936	1,203,691	3,593,627
FINANCING AND INVESTOR OUTREACH			
Consultants	210,000	122,500	332,500
TOTAL EXPENDITURES	\$ 4,833,151	\$ 2,774,689	\$ 7,607,840
NET (EXPENDITURES) / REVENUES	\$ (3,233,298)	\$ (1,975,056)	\$ (5,208,354)
ANALYSIS OF \$10 MILLION LOAN FROM GSFA			
Outstanding Loan Balance at 1/1/22 (from above):	\$ 4,599,303		
Timing Differences - December Expenses paid in January	\$ 125,000		
Project Budget to Financial Close - Additional Use of Loan Funds:			
Projected Net Use of GSFA Funds - 2022	\$ 3,233,298		
Projected Net Use of GSFA Funds - 2023		\$ 1,975,056	
Non-cash add back interest expense	\$ (190,994)	\$ (98,000)	
Expected Outstanding Loan Balance at Financial Close (Q2 2023):			\$ 9,643,663
GSFA Loan Remaining Available For Use / Contingency			\$ 356,337

FS Agreement No. 20-SA-11052000-002

Cooperator Agreement No. _____

**MASTER
STEWARDSHIP AGREEMENT
Between The
Golden State Finance Authority
And the
USDA FOREST SERVICE, Pacific Southwest Region**

This Master Stewardship Agreement is hereby made and entered into by and between Golden State Finance Authority, A California Joint Powers Authority and affiliate entity of the Rural County Representatives of California, hereinafter referred to as "GSFA," and the USDA Forest Service, Pacific Southwest Region, hereinafter referred to as the "Forest Service," under the authority and provisions of the Agricultural Act of 2014, Pub. L. 113-79, sec. 8205.

Background: In 2003 Congress authorized the Forest Service and the Bureau of Land Management to enter into stewardship contracts and agreements "to achieve land management goals for the national forests that meet local and rural community needs." The primary focus of this legislation is to achieve land management goals through stewardship projects awarded under contracts or agreements. Unique to the legislation is the ability to exchange goods for services that meet the land management objectives.

The area addressed in this Master Stewardship Agreement is known as the Pacific Southwest Region of the Forest Service covering the proclaimed administrative boundaries of the 18 National Forest and lies within the borders of the State of California. This area includes an un-estimated number of acres to be treated during the term of this Master Stewardship Agreement.

California's forests play a critical role in the health and resiliency of local communities and the environment. Forests provide headwaters and natural water storage capacity, clean air, wildlife habitat, recreation, wood products, and employment opportunities. Decades worth of forest health decline due to numerous factors such as fire suppression, urban/wildland development and encroachment, decline in strategic forest management activities due to various challenges, has put these benefits in jeopardy

I. PURPOSE:

The purpose of this Master Stewardship Agreement is to document the cooperative effort between the parties for landscape restoration activities within the Pacific Southwest Region in accordance with the following provisions and the hereby incorporated Template for Stewardship Supplemental Project Agreement (SPA), attached as Exhibit A.

II. STATEMENT OF MUTUAL BENEFIT AND INTERESTS:

The Forest Service is a land management agency dedicated to the wise use and management of National Forest System (NFS) lands, including the responsibility for maintaining and improving resource conditions.

Having participated in substantial program development and capital finance efforts over the past 25 years, GSFA is interested in entering into a largescale program to perform forest thinning treatment and opening of canopies, and to remove and utilize primarily low and no value woody biomass from forested lands throughout the state of California, thus reducing wildfire risk and contributing to the much needed forest restoration work across the state. (“Woody biomass” includes all vegetative materials grown in forest, woodland or rangeland environments that are the results of management, restoration or hazardous fuel reduction treatments; and woody biomass utilization is the harvest, sale, trade or use of biomass to produce a product or energy.)

GFSA has identified an opportunity to aid in the restoration of California’s forests that will contribute to achieving desired environmental, economic, and public safety outcomes such as watershed enhancement and forest resiliency, job creation, and investment into rural California while decreasing the impact of catastrophic wildland fire. GFSA proposes to remove woody biomass and process it into marketable products, including but not limited to biomass fuel pellets, at modernized processing facilities located in rural California. The products will then be sold to generate revenue to continue operation of the program. This innovative solution can achieve sizeable forest restoration work while realizing a vision of environmental and economic success for forests and rural communities.

GFSA will work with public and private partners and contractors to remove low and no value woody biomass such as brush, overgrowth, slash, and dying trees with little or no value as timber from California’s forests. It is not the focus of the proposed program to remove or utilize merchantable saw logs as timber, other than incidental volumnes associated with forest fuels treatment projects and restoration projects; provided that GSFA may be allowed to remove and utilize unmarketable sawlogs if so provided in an approved SPA. This project will contribute to the process of restoring California’s forests over time as public and private land managers continue to progressively manage the health of the state’s forests and wildlands through their limited available resources. In addition to forest restoration, this project would also begin to revitalize the wood products industry in California resulting in increased investments and employment in rural California and overall economic gain for the state and the Nation as biomass related-goods are exported.

The Parties recognize that, currently, the cost of biomass removal exceeds the market value, if any, for such material and that the mutual success of developing an economically viable market for such material will depend on a reliable long term supply, reliable markets, and financial feasibility for removing and utilizing the material. In building this market, the parties will use a fair and transparent process for assigning value to woody biomass material. To the extent permitted under applicable law, the parties agree to use a method for appraising the market value of woody biomass material that takes into account fluctuations in value over the 20-year term of

this agreement, and gives GSFA credit for any increase in value resulting from GSFA's efforts. If necessary, the Forest Service will seek approval to use such a valuation method from the Washington Office, Director of Forest Management in accordance with Section 62.3 of Forest Service Handbook 2409.19, chapter 60 ("Other appraisal methods for forest products may be allowed upon approval of the Washington Office, Director of Forest Management.")

The benefits derived from this project include the following:

- Increase the number of acres of forest land treated substantially over the next twenty years.
- Decrease forest fuel loadings, resulting in enhancing forest resiliency and reducing the risk of uncharacteristic catastrophic wildfires and improving air quality.
- Limit the other environmental harms caused by uncontrolled wildfire.
- Restore ecological/watershed functions through forest restoration activities resulting in improved watershed conditions resulting in cleaner and more plentiful water.
- Enhance wildlife habitat
- Reduce firefighting costs and enhance safety for firefighters.
- Revitalize the wood products industry and encourage innovation in rural California resulting in jobs, investment, and improved economies.
- Enhance public safety for residents, visitors, communities, and infrastructure.
- Preserve recreation and tourism areas.
- Provide an economical solution to the largescale removal of biomass from the state's forests.
- Accelerate excess biomass removal from our forests by mobilizing and deploying market-based solutions, therefore decreasing impacts on the Forest Service budget and staffing.
- Provide an innovative public-private partnership solution spearheaded by a government entity, GSFA, with a public purpose mandate.
- Promote international trade through increasing U.S. exports
- Enhance carbon sequestration.

This Master Stewardship Agreement will provide an opportunity for the parties to seek funding to expand partnership opportunities, and to garner new and additional support from partners, including but not limited to the timber industry, Federal and non-Federal entities, tribal entities, and GSFA's members and volunteers. Mission accomplishment for both parties will be furthered by the restoration of natural resources across the landscape.

All projects conceived under this Master Stewardship Agreement will undergo a collaborative process to determine specific habitat improvements. The collaborative process will ensure that the benefits of undertaking restoration activities are mutually beneficial to GSFA and the Forest Service as well as being beneficial to a wide diversity of interests involved in collaboration.

Both parties share an interest in improving the ecosystem condition and function of the landscape. A healthy landscape provides a variety of benefits beyond the needs of a single species, and therefore benefits both parties.

It is therefore mutually beneficial for the parties to work together to implement landscape

restoration and enhancement projects.

In consideration of the above premises, the parties agree as follows:

III. THE PARTNER SHALL:

- A. LEGAL AUTHORITY. GSFA shall have the legal authority to enter into this Master Stewardship Agreement, and the institutional, managerial, and financial capability to ensure proper planning, management, and completion of the project, which includes funds sufficient to pay the nonFederal share of project costs, when applicable.
- B. Coordinate with agencies, contractors, and organizations in the implementation of project work associated with this Master Stewardship Agreement.
- C. Coordinate with the Forest Service to develop Supplemental Project Agreements (SPAs) under this master agreement.
- D. Provide qualified personnel or contractors to implement tasks identified in SPAs under this Master Agreement including coordinating and completing and/or assisting with completing the planning, design, layout, preparation, and implementation that is agreeable by the Forest Service that is required for projects occurring on National Forestsystem lands.
- E. Provide a Project Liaison who can act as a representative and main contact for the Forest Service for project work conducted under this agreement. The Project Liaison should have the ability to direct contractors to ensure projects are completed to Forest Service specifications, that projects are being completed in a safe manner, and that quality and quantity of work are acceptable.
- F. Use its best efforts to present SPA proposals that will support mutual interest and benefits while minimizing expenditure of Forest Service funds.
- G. Perform its functions under this Agreement and any SPAs hereunder in a timely, efficient, and reasonable manner.
- H. Manage the program in a manner that furthers the public purposes set forth herein.

IV. THE U.S. FOREST SERVICE SHALL:

- A. Have the Regional Forester or authorized designee approve all stewardship project proposals.
- B. Complete all necessary National Environmental Policy Act (NEPA) requirements.
- C. Inform GSFA of any changes in stewardship policy, law and regulations.

- D. Recognize GSFA's contribution, in a manner acceptable to both parties, in news releases, interpretive signs, photographs, or other media as appropriate.
- E. Coordinate with GSFA to develop SPAs under this master agreement.
- F. Provide a Project Liaison who can act as the representative and main contact for the Forest Service for all project work conducted under this master agreement.
- G. Coordinate and complete the planning, design, layout, and preparation that is not conducted by GSFA that is required for projects occurring on National Forest system lands that have been agreed to by both parties for those SPAs under this master agreement.
- H. Use its best efforts to assist GSFA in identifying potential stewardship projects involving "shelf stock," including without limitation projects for which NEPA review has been completed, or which may be approved through a categorical exclusion, projects involving "plantation forests," and other projects which may be timely approved and implemented.
- I. Use its best efforts to ensure that SPAs under this agreement are developed; approved; and administered in a timely and efficient manner. The Forest Service acknowledges that time is of the essence for stewardship projects conducted by GSFA, and will use its best efforts to review and approve SPA proposals submitted by GSFA with all deliberate speed consistent with applicable legal requirements.
- J. Include any costs incurred by GSFA to develop draft NEPA documents and associated studies that are accepted by the Forest Service as service work credited to GSFA for purposes of valuing stewardship projects under this Agreement. In the event that documents or studies developed by GSFA cover stewardship projects conducted under multiple SPA's, the Forest Service will meet and confer with GSFA in good faith to develop a fair and reasonable methodology for allocating those costs among the affected SPAs.
- K. In the event that documents or studies developed or funded by GSFA are used in connection with the NEPA review of any stewardship project proposed by a third party, the Forest Service shall notify GSFA and provide GSFA an opportunity to submit a SPA proposal for that project. The best approach determination for such project shall give substantial weight to GSFA's prior preparation of environmental documentation for the project.
- L. Acknowledge some or all of the stewardship work performed hereunder may be managed by Golden State Natural Resources, Inc., a nonprofit public benefit corporation established and administered by GSFA and the Rural County Representatives of California, pursuant to agreements with GSFA. It is the intent of this Agreement that any contract requirements applicable to work under this Agreement shall be implemented in the subcontracts awarded by Golden State Natural Resources, Inc. for the performance of stewardship work to the same extent as if those subcontracts had been awarded by GSFA.
- M. Acknowledge GSFA's provision of long-term mutual benefits for the duration of this

Agreement depends upon GSFA's ability to generate net revenues from stewardship projects undertaken hereunder, through the sale of products derived from woody biomass and/or associated rights. In recognition of this project delivery model, the Forest Service will compute the cost of service work credited to GSFA for stewardship projects under this Agreement based upon the reasonable value of that work and established labor rates, rather than the net cost incurred by GSFA.

V. IT IS MUTUALLY AGREED AND UNDERSTOOD BY AND BETWEEN THE PARTIES THAT:

- A. PRINCIPAL CONTACTS. Individuals listed below are authorized to act in their respective areas for matters related to this Master Stewardship Agreement.

Principal U.S. Forest Service Contacts:

U.S. Forest Service Stewardship Coordinator	U.S. Forest Service Grants & Agreements Contact
Name: John Exline, Regional Director of Ecosystem Management Address: 1323 Club Drive City, State, Zip: Vallejo, CA 94590 Telephone: (707) 562.8689 Email: john.exline@usda.gov	Name: Constance Zipperer, Grants Management Specialist Address: 1323 Club Drive City, State, Zip: Vallejo, CA 94590 Telephone: (707) 562-9120 Email: constance.zipperer@usda.gov

Principal Partner Contacts:

Partner Stewardship Coordinator	Partner Administrative Contact
Name: Barbara Hayes, Chief Economic Development Officer Address: 1215 K St., Suite 1650 City, State, Zip: Sacramento, CA 95814 Telephone: (916) 447-4806 FAX: (916) 448-3154 Email: bhayes@rcrcnet.org	Name: Greg Norton, Executive Director Address: 1215 K St., Suite 1650 City, State, Zip: Sacramento, CA 95814 Telephone: (916) 447-4806 FAX: : (916) 448-3154 Email: gnorton@rcrcnet.org

- B. AVAILABILITY FOR CONSULTATION. Both parties will make themselves available at mutually agreeable times, for continuing consultation to discuss the conditions covered by this Master Stewardship Agreement and agree to actions essential to fulfill its purposes.
- C. ANNUAL MEETING. At a minimum, the parties will meet annually to discuss potential stewardship projects and jointly review the active stewardship project proposal list.

- D. SUPPLEMENTAL PROJECT AGREEMENTS. Nothing in this Master Stewardship Agreement obligates either party to offer or accept any project proposals under this Master Stewardship Agreement. Any projects added to this Master Stewardship Agreement must be by mutual consent of the parties through a specific SPA. At a minimum, an SPA must:
1. Include language stating that the SPA will be made a part of this Master Stewardship Agreement thereby subjecting it to the terms of this Master Stewardship Agreement.
 2. Include a map and description of the project area, treatment activities and corresponding treated acres, and other activities which may include other resource related projects.
 3. Specify a method of designating trees for removal.
 4. Describe the desired end result of the project(s).
 5. Specify the exchange of goods for services. The Forest Service may apply the value of timber or other forest products removed as an offset against the cost of services received by GSFA.
 6. Designate a Forest Service and GSFA official to monitor their respective responsibilities outlined in the SPA.
 7. Include a Financial Plan to identify each parties contributions for projects identified in the SPA.
 8. Identify appropriate bonding requirements.
 9. Include any necessary forest restrictions and closure dates to allow GSFA to implement and complete the project(s) within the specified timeframes.
 10. Provide necessary direction to GSFA to ensure compliance with appropriate laws and regulations to fulfill the terms of the SPA.
 11. Identify any reporting requirements.
 12. Be reviewed and approved by a delegated timber contracting officer when forest products will be disposed.
 13. Be reviewed and approved by a Forest Service Grants Management Specialist.
 14. Be mutually agreed to, in writing, by both parties and executed by the designated Forest Supervisor.
- E. PERFORMANCE. The parties will perform in accordance with the approved SPAs.
- F. EXCHANGE OF GOODS FOR SERVICES. SPA(s) may be completed where Forest Service goods are exchanged for GSFA's services; Forest Service funds are exchanged for GSFA's services; or a combination thereof.
- G. TECHNICAL AND COST EVALUATION. Best approach determination is the evaluation method used by the Forest Service to approve stewardship agreement technical proposals. Such consideration shall primarily consider criteria other than cost. These non-price criteria include, but are not limited to:
1. The extent of mutual interest and benefit.
 2. The advantages and effectiveness of mutual participation.
 3. Joint expertise.
 4. Past performance.

5. Technical approach
6. Factors relevant to cost such as volunteer participation, contribution from other parties, cost sharing, etc.
7. Ability to utilize, educate and/or train a local workforce.
8. Benefits to the local community
9. Ability to complete work in a timely manner.
10. Experience in performing similar work.
11. Ability to conduct work in an environmentally sound manner.

- H. METHODS OF APPRAISAL: The value of timber and other forest products shall be determined using Forest Service standard guidelines, methods and techniques.
- I. NOTICES. Any communications affecting the operations covered by this agreement given by the Forest Service or GSFA is sufficient only if in writing and delivered in person, mailed, or transmitted electronically by e-mail or fax, as follows:
- To the Forest Service Program Manager, at the address specified in this Master Stewardship Agreement.
- To GSFA, at GSFA's address shown in this Master Stewardship Agreement or such other address designated within this Master Stewardship Agreement.
- Notices will be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.
- J. PARTICIPATION IN SIMILAR ACTIVITIES. This Master Stewardship Agreement in no way restricts the Forest Service or GSFA from participating in similar activities with other public or private agencies, organizations, and individuals.
- K. ENDORSEMENT. Any of GSFA's contributions made under this Master Stewardship Agreement do not by direct reference or implication convey Forest Service endorsement of GSFA's products or activities.
- L. USE OF FOREST SERVICE INSIGNIA. In order for GSFA to use the Forest Service insignia on any published media, such as a Web page, printed publication, or audiovisual production, permission must be granted by the Forest Service's Office of Communications (Washington Office). A written request will be submitted by Forest Service Region/Station/Area to the Office of communication Assistant Director, Visual Information and Publishing Services prior to use of the insignia. The Forest Service Region/Station/Area will notify GSFA when permission is granted.
- M. NON-FEDERAL STATUS FOR PARTNER PARTICIPANT LIABILITY. GSFA agree(s) that any of GSFA's employees, volunteers, and program participants shall not be deemed to be Federal employees for any purposes including Chapter 171 of Title 28, United States Code (Federal Tort Claims Act) and Chapter 81 of Title 5, United States Code (OWCP), and GSFA hereby willingly agree(s) to assume these responsibilities.

Further, GSFA shall provide any necessary training to GSFA's employees, volunteers, and program participants to ensure that such personnel are capable of performing tasks to be completed. GSFA shall also supervise and direct the work of its employees, volunteers, and participants performing under this Master Stewardship Agreement.

N. MEMBERS OF U.S. CONGRESS. Pursuant to 41 U.S.C. 22, no member of, or delegate to, Congress shall be admitted to any share or part of this Master Stewardship Agreement, or benefits that may arise therefrom, either directly or indirectly.

O. DRUG-FREE WORKPLACE.

1. GSFA agree(s) that it will publish a drug-free workplace statement and provide a copy to each employee who will be engaged in the performance of any project/program that receives Federal funding. The statement must
 - a. Tell the employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in its workplace;
 - b. Specify the actions GSFA will take against employees for violating that prohibition; and
 - c. Let each employee know that, as a condition of employment under any award, the employee:
 - (1) Shall abide by the terms of the statement, and
 - (2) Shall notify you in writing if he or she is convicted for a violation of a criminal drug statute occurring in the workplace, and must do so no more than five calendar days after the conviction.
2. GSFA agree(s) that it will establish an ongoing drug-free awareness program to inform employees about
 - a. The dangers of drug abuse in the workplace;
 - b. The established policy of maintaining a drug-free workplace;
 - c. Any available drug counseling, rehabilitation and employee assistance programs; and
 - d. The penalties that you may impose upon them for drug abuse violations occurring in the workplace.
3. Without the Program Manager's expressed written approval, the policy statement and program must be in place as soon as possible, no later than the 30 days after the

effective date of this Master Stewardship, or the completion date of this Master Stewardship Agreement, whichever occurs first.

4. GSFA agree(s) to immediately notify the Program Manager if an employee is convicted of a drug violation in the workplace. The notification must be in writing, identify the employee's position title, the SPA number of each project which the employee worked. The notification must be sent to the Program Manager within ten calendar days after GSFA learn(s) of the conviction.
5. Within 30 calendar days of learning about an employee's conviction, GSFA shall either:
 - a. Take appropriate personnel action against the employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973 (29 USC 794), as amended, or
 - b. Require the employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for these purposes by a Federal, State or local health, law enforcement, or other appropriate agency.

P. NONDISCRIMINATION. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, and so forth.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

Q. ELIGIBLE WORKERS. GSFA shall ensure that all employees complete the I-9 form to certify that they are eligible for lawful employment under the Immigration and Nationality Act (8 USC 1324a). GSFA shall comply with regulations regarding certification and retention of the completed forms. These requirements also apply to any contract or supplemental agreement awarded under this Master Stewardship Agreement.

R. STANDARDS FOR FINANCIAL MANAGEMENT.

1. Financial Reporting

GSFA shall provide complete, accurate, and current financial disclosures of the project or program in accordance with any financial reporting requirements, as set forth in the

financial provisions.

2. Accounting Records

GSFA shall continuously maintain and update records identifying the source and use of funds. The records shall contain information pertaining to the agreement, authorizations, obligations, unobligated balances, assets, outlays, and income.

3. Internal Control

GSFA shall maintain effective control over and accountability for all Forest Service funds. GSFA shall keep effective internal controls to ensure that all United States Federal funds received are separately and properly allocated to the activities described in the agreement and used solely for authorized purposes.

4. Source Documentation

GSFA shall support all accounting records with source documentation. These documentations include, but are not limited to, cancelled checks, paid bills, payrolls, contract documents. These documents must be made available to the Forest Service upon request.

5. Advance Payments

When applicable, GSFA shall establish and maintain specific procedures to minimize the time elapsing between the advance of Federal funds and their subsequent disbursement.

- S. OVERPAYMENT. Any funds paid to GSFA in excess of the amount entitled under the terms and conditions of this agreement constitute a debt to the Federal Government. The following must also be considered as a debt or debts owed by the Cooperator to the Forest Service:
1. Any interest or other investment income earned on advances of agreement funds; or
 2. Any royalties or other special classes of program income which, under the provisions of the agreement are required to be returned.

If this debt is not paid according to the terms of the bill for collection issued for the overpayment, the Forest Service may reduce the debt by:

1. Making an administrative offset against other requests for reimbursement.
2. Withholding advance payments otherwise due to GSFA.
3. Taking other action permitted by statute (31 U.S.C. 3716 and 7 CFR, Part 3, Subpart B).

Except as otherwise provided by law, the Forest Service may charge interest on an overdue debt.

- T. AGREEMENT CLOSEOUT. Within 90 days after expiration or notice of termination the parties shall close out the award/agreement.

Any unobligated balance of cash advanced to the Recipient/Cooperator must be immediately refunded to the Forest Service, including any interest earned in accordance with 7CFR3016.21/2CFR 215.22.

Within a maximum of 90 days following the date of expiration or termination of this grant, all financial performance and related reports required by the terms of the agreement must be submitted to the Forest Service by the Recipient/Cooperator.

If this agreement is closed out without audit, the Forest Service reserves the right to disallow and recover an appropriate amount after fully considering any recommended disallowances resulting from an audit which may be conducted later.

- U. RETENTION AND ACCESS REQUIREMENTS FOR RECORDS. GSFA shall retain all records pertinent to this Master Stewardship Agreement for a period of no less than three years from the expiration or termination date. As used in this provision, records include books, documents, accounting procedures and practice, and other data, regardless of the type or format. GSFA shall provide access and the right to examine all records related to this Master Stewardship Agreement to the Forest Service Inspector General, or Comptroller General or their authorized representative. The rights of access in this section must not be limited to the required retention period but must last as long as records are kept.

If any litigation, claim, negotiation, audit, or other action involving the records has been started before the end of the 3-year period, the records must be kept until all issues are resolved, or until the end of the regular 3-year period, whichever is later.

Records for nonexpendable property acquired in whole or in part, with Federal funds shall be retained for 3 years after its final disposition.

- V. FREEDOM OF INFORMATION ACT (FOIA). Public access to Master Stewardship Agreement records must not be limited, except when such records must be kept confidential and would have been exempted from disclosure pursuant to "Freedom of Information" regulations (5 U.S.C. 552).

Public access to culturally sensitive data and information of Federally-recognized Tribes may also be explicitly limited by P.L. 110-234, Title VIII Subtitle B §8106 (2008 Farm Bill).

- W. TEXT MESSAGING WHILE DRIVING. In accordance with Executive Order (EO) 13513, "Federal Leadership on Reducing Text Messaging While Driving," any and all text messaging by Federal employees is banned: a) while driving a Government owned vehicle

(GOV) or driving a privately owned vehicle (POV) while on official Government business; or b) using any electronic equipment supplied by the Government when driving any vehicle at any time. All cooperators, their employees, volunteers, and contractors are encouraged to adopt and enforce policies that ban text messaging when driving company owned, leased or rented vehicles, POVs or GOVs when driving while on official Government business or when performing any work for or on behalf of the Government.

- X. PUBLIC NOTICES. It is Forest Service's policy to inform the public as fully as possible of its programs and activities. GSFA is/are encouraged to give public notice of the receipt of this award/Master Stewardship Agreement and, from time to time, to announce progress and accomplishments. Press releases or other public notices should include a statement substantially as follows:

"The Regional Office (Pacific Southwest Region) of the Forest Service, Department of Agriculture, proudly supports this agreement."

GSFA may call on Forest Service's Office of Communication for advice regarding public notices. GSFA is/are requested to provide copies of notices or announcements to the Forest Service Program Manager and to Forest Service's Office Communications as far in advance of release as possible.

- Y. FUNDING EQUIPMENT AND SUPPLIES. Federal funding under this Master Stewardship Agreement are not available for reimbursement of GSFA's purchase of equipment and supplies. Equipment is defined as having a fair market value of over \$5,000 per unit and a useful life of over one year.
- Z. PROPERTY IMPROVEMENTS. Improvements placed on National Forest System land at the direction or with approval of the Forest Service becomes property of the United States. These improvements are be subject to the same regulations and administration of the Forest Service as would other National Forest improvements of a similar nature. No part of this Master Stewardship Agreement entitles GSFA to any interest in the improvements, other than the right to use and enjoy them under applicable Forest Service regulations.
- AA. CONTRACT REQUIREMENTS. If GSFA awards contract under this agreement using Forest Service funding, that contract must be awarded following GSFA's established procedures, to ensure free and open competition, and avoid any conflict of interest (or appearance of a conflict), subject to Section IV.O. GSFA shall maintain cost and price analysis documentation for potential Forest Service review. GSFA is encouraged to utilize small businesses, minority-owned firms and women's business enterprises.
- BB. TRAINING, EVALUATION, AND CERTIFICATION OF SAWYERS.

Any of the cooperator's employees, and any participants and volunteers engaged on behalf of the cooperator and Forest Service, who will use chain saws or crosscut saws on National Forest System lands to conduct the program of work contained in this agreement must be trained, evaluated, and certified in accordance with Forest Service Manual 2358 and Forest

Service Handbook 6709.11, section 22.48b. The cooperator is responsible for providing this training, evaluation, and certification, unless the Forest Service and the cooperator determine it is not in the best interest of the partnership. In these circumstances, the Forest Service, upon request and based on availability of Agency funding and personnel, may assist with developing and conducting training, evaluation, and certification of the cooperator's employees, and any volunteers and participants engaged on behalf of the cooperator and the Forest Service, who will use chain saws or cross cut saws on National Forest System lands.

- CC. GOVERNMENT-FURNISHED PROPERTY. GSFA may only use Forest Service property furnished under this Master Stewardship Agreement for performing tasks assigned in this Master Stewardship Agreement. GSFA shall not modify, cannibalize, or make alterations to Forest Service property. A separate document, Form AD-107, must be completed to document the loan of Forest Service property. The Forest Service shall retain title to all Forest Service-furnished property. Title to Forest Service property must not be affected by its incorporation into or attachment to any property not owned by the Forest Service, nor must the property become a fixture or lose its identity as personal property by being attached to any real property.

Partner Liability for Government Property.

1. Unless otherwise provided for in the Master Stewardship Agreement, GSFA shall not be liable for loss, damage, destruction, or theft to the Government property furnished or acquired under this contract, except when any one of the following applies—
 - a. The risk is covered by insurance or GSFA is/are otherwise reimbursed (to the extent of such insurance or reimbursement).
 - b. The loss, damage, destruction, or theft is the result of willful misconduct or lack of good faith on the part of GSFA's managerial personnel. GSFA's managerial personnel, in this clause, means GSFA's directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of all or substantially all of GSFA's business; all or substantially all of GSFA's operation at any one plant or separate location; or a separate and complete major industrial operation.
2. GSFA shall take all reasonable actions necessary to protect the Government property from further loss, damage, destruction, or theft. GSFA shall separate the damaged and undamaged Government property, place all the affected Government property in the best possible order, and take such other action as the Property Administrator directs.
3. GSFA shall do nothing to prejudice the Government's rights to recover against third parties for any loss, damage, destruction, or theft of Government property.
4. Upon the request of the G&A Specialist, GSFA shall, at the Government's expense, furnish to the Government all reasonable assistance and cooperation, including the prosecution of suit and the execution of Master Stewardship Agreements of assignment in favor of the Government in obtaining recovery.

- DD. PURCHASE OF ASSETS. Any assets (such as equipment, property, or improvements)

purchased by the Forest Service with Cooperator contributions must become the property of the Forest Service.

EE. FOREST SERVICE ACKNOWLEDGED IN PUBLICATION AND AUDIOVISUALS.

GSFA shall acknowledge Forest Service support in any publications, audiovisuals, and electronic media developed as a result of this Master Stewardship Agreement.

FF. NONDISCRIMINATION STATEMENT – PRINTED, ELECTRONIC, OR AUDIOVISUAL MATERIAL.

GSFA shall include the following statement, in full, in any printed, audiovisual material, or electronic media for public distribution developed or printed with any Federal funding.

"In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. (Not all prohibited bases apply to all programs.)"

To file a complaint alleging discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington DC 20250-9410 or call toll free voice (866) 632-9992, TDD (800)877-8339, or voice relay (866) 377-8642. USDA is an equal opportunity provider and employer."

If the material is too small to permit the full statement to be included, the material shall, at minimum, include the following statement, in print size no smaller than the text:

"This institution is an equal opportunity provider."

GG. REMEDIES FOR COMPLIANCE RELATED ISSUES. If GSFA materially fail(s) to comply with any term of the Master Stewardship Agreement, whether stated in a Federal statute or regulation, an assurance, the Master Stewardship Agreement, the Forest Service may take one or more of the following actions:

1. Temporarily withhold cash payments pending correction of the deficiency by GSFA or more severe enforcement action by the Forest Service;
2. Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance;
3. Wholly or partly suspend or terminate the current Master Stewardship Agreement for GSFA's program;
4. Withhold further awards for the program, or
5. Take other remedies that may be legally available, including debarment procedures under 2 CFR part 417.

HH. TERMINATION BY MUTUAL AGREEMENT. This Master Stewardship Agreement may be terminated, in whole or part, as follows:

- When the Forest Service and GSFA agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.

- By 30 days written notification by GSFA to the Forest Service setting forth the reasons for termination, effective date, and in the case of partial termination, the portion to be terminated. If the Forest Service decides that the remaining portion of the Master Stewardship Agreement must not accomplish the purpose for which the Master Stewardship Agreement was made, the Forest Service may terminate the award upon 30 days written notice in its entirety.

Upon termination of an Master Stewardship Agreement, GSFA shall not incur any new obligations for the terminated portion of the Master Stewardship Agreement after the effective date, and shall cancel as many outstanding obligations as possible. The Forest Service shall allow full credit to GSFA for the Forest Service share of obligations that cannot be canceled and were properly incurred by GSFA up to the effective date of the termination. Excess funds shall be refunded within 60 days after the effective date of termination.

II. ALTERNATE DISPUTE RESOLUTION – PARTNERSHIP AGREEMENT. In the event of any issue of controversy under this Master Stewardship Agreement, the parties may pursue Alternate Dispute Resolution procedures to voluntarily resolve those issues. These procedures may include, but are not limited to conciliation, facilitation, mediation, and fact finding.

JJ. DEBARMENT AND SUSPENSION. GSFA shall immediately inform the Forest Service if they or any of their principals are presently excluded, debarred, or suspended from entering into covered transactions with the Federal government according to the terms of 2 CFR Part 180. Additionally, should GSFA or any of their principals receive a transmittal letter or other official Federal notice of debarment or suspension, then they shall notify the Forest Service without undue delay. This applies whether the exclusion, debarment, or suspension is voluntary or involuntary.

KK. COPYRIGHTING. GSFA is/are granted sole and exclusive right to copyright any publications developed as a result of this Master Stewardship Agreement. This includes the right to publish and vend throughout the world in any language and in all media and forms, in whole or in part, for the full term of copyright and all renewals thereof in accordance with this Master Stewardship Agreement.

No original text or graphics produced and submitted by the Forest Service must be copyrighted. The Forest Service reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for Federal government purposes. This right must be transferred to any subcontracts.

This provision includes:

1. The copyright in any work developed by GSFA under this Master Stewardship Agreement.
2. Any right of copyright to which GSFA purchase(s) ownership with any Federal contributions.

LL. PUBLICATION SALE. GSFA may sell any publication developed as a result of this Master Stewardship Agreement. The publication may be sold at fair market value, which is initially defined in this Master Stewardship Agreement to cover the costs of development, production, marketing, and distribution. After the costs of development and production have been recovered, fair market value is defined in this Master Stewardship Agreement to cover the costs of marketing, printing, and distribution only. Fair market value must exclude any in-kind or Federal government contributions from the total costs of the project.

MM. When GSFA is seeking bids for product removal and/or stewardship items, both parties agree that the product rates and stewardship item costs used at the approval of the SPA may be based upon tentative value and planned costs. Both parties agree to establish actual rates for both product and stewardship items, subject to Section III and IV, prior to commencement of operations. GSFA will notify the Forest Service in writing 30 days in advance to request appraisal prior to seeking formal bids. Both parties agree to modify the SPA with these actual values and costs, subject to Sections III and IV. Modified product values shall be greater than or equal to the reappraised rates and value.

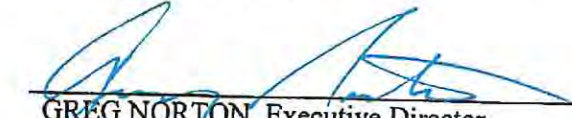
Post commencement of work, if there is a change from the established stewardship item rates, the SPA will be modified to increase or decrease the amount of services provided by GSFA, accordingly, subject to Sections III and IV. Post commencement of work product value rate redeterminations are subject to authorizing regulation.

NN. MODIFICATION. Modifications within the scope of this Master Stewardship Agreement must be made by mutual consent of the parties, by the issuance of a written modification signed and dated by all properly authorized, signatory officials, prior to any changes being performed. Requests for modification should be made in writing, at least 30 days prior to implementation of the requested change. The Forest Service is not obligated to fund any changes not properly approved in advance.


OO. COMMENCEMENT/EXPIRATION DATE. This Master Stewardship Agreement is executed as of the date of the last signature and is effective through **August 15, 2039** at which time it will expire. The expiration date is the final date for completion of all work activities under this agreement, unless a successor Master Stewardship Agreement is executed by the parties.

PP. AUTHORIZED REPRESENTATIVES. By signature below, each party certifies that the individuals listed in this document as representatives of the individual parties are authorized to act in their respective areas for matters related to this Master Stewardship Agreement. In

witness whereof, the parties have executed this Master Stewardship Agreement as of the last date written below.



GREG NORTON, Executive Director
Golden State Finance Authority
9/18/19
Date



RANDY MOORE Regional Forester
USDA Forest Service, Pacific Southwest Region
10/3/19
Date

The authority and format of this Master Stewardship Agreement have been reviewed and approved for signature.



CONSTANCE ZIPPERER
USDA Forest Service Grants Management Specialist
18 September 2019
Date

Burden Statement

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0596-0217. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call toll free (866) 632-9992 (voice). TDD users can contact USDA through local relay or the Federal relay at (800) 877-8339 (TDD) or (866) 377-8642 (relay voice). USDA is an equal opportunity provider and employer.

Attachment E

Organization	Historical Production (annually)	Projected Total Annual Production	Feedstock Anticipated for GSNR
Supplier 1	10,000 BDT	20,000 BDT	10,000 BDT
Supplier 2	60,000 BDT	100,000 BDT	40,000 BDT
Supplier 3	300,000 BDT	350,000 BDT	50,000 BDT
Supplier 4 (Trucking Firm)		N/A	N/A
Supplier 5	20,000 BDT	40,000 BDT	20,000 BDT
Supplier 6	60,000 BDT	120,000 BDT	60,000 BDT
Supplier 7	5,000 BDT	15,000 BDT	10,000 BDT
Supplier 8	TBD	TBD	TBD
Utility 1	6,000 BDT	15,000 BDT	9,000 BDT
Supplier 9	26,000 BDT	46,000 BDT	20,000 BDT ⁸
Supplier 10	380,000 BDT Logs & 30,000 BDT Biomass	480,000 BDT Logs & 50,000 BDT Biomass	100,000 BDT Logs & 20,000 BDT Biomass
Supplier 11	TBD	TBD	TBD
Supplier 12	55,000 to 75,000 BDT Biomass	65,000 to 95,000 BDT Biomass	10,000 to 20,000 BDT Biomass
Supplier 13	10,000 BDT	25,000 BDT	15,000 BDT
Supplier 14 (Modoc NF)		TBD	TBD
Supplier 15	TBD	TBD	100,000 Tons Annually
Supplier 16	7,500 BDT	13,000 BDT	5,500 BDT
Supplier 17 (Lassen NF)		TBD	TBD



GOLDEN STATE
NATURAL RESOURCES

Strategic Communications and Stakeholder Engagement Plan

FINAL

Submitted by Kearns & West

Primary Contact:
Lisa Marie Alley
lalley@kearnswest.com
Phone: (916) 596-2938

Revised:
February 2022

I. Project Background & Purpose

Project Background

The Golden State Finance Authority (GSFA) established Golden State Natural Resources (GSNR), a public benefit corporation and IRS Section 501(c)(3) nonprofit organization, as a forest resiliency and economic development program. GSNR's main directive is to reduce excess natural materials in California forested areas using science-based forest management techniques as part of an overarching strategy to build wildfire and forest resilience in the state and spur economic opportunities in rural communities. Forest materials will be sourced from forest thinning projects, orchards and sawmills and processed into a pelletized fuel product at revitalized facilities in rural California and exported to international markets. Overtime, GSNR intends to produce additional high-value products as markets and commercially deployable technologies mature.

California's forests are at a crossroad and swift and dynamic action is required. GSNR provides a unique opportunity to restore forest health, revitalize the wood products market, and reinvest in rural communities. GSNR will bring local economic and ecological benefits while also supporting broader state and global carbon emissions and climate resilience goals.

Purpose of the Strategic Communications and Stakeholder Engagement Plan

The purpose of this Strategic Communications and Stakeholder Engagement Plan is to create a road map for the GSNR team, board members, and partners to communicate consistently and effectively about the program and projects to key stakeholders. It provides key messaging to describe GSNR's benefits, makes recommendations about communications milestones and materials to support GSNR's short- and medium- term goals, and sets out an approach for continued communications with key stakeholders.

Process for developing the Strategic Communications and Stakeholder Engagement Plan

Kearns & West created this Strategic Communications and Stakeholder Engagement Plan based on a series of assessment interviews, communications best practices and previously developed communications materials such as the Guiding Principles, Fact Sheet(s), Initiative Description, brand guidelines document, draft website, and promotional video. See Appendix A for brand guidelines document.

II. Strategic Communications Goals

The goals and the objectives of the strategic communication and stakeholder engagement plan are to:

- Increase awareness of GSNR in California as a forest resiliency and rural economic development program.
- Connect the dots on how GSNR is leading the way within the wood products market and supporting California and the USFS in achieving its forest health, rural investment, and climate goals.
- Assist GSNR board members and staff, constituents, and partners to communicate effectively and consistently about GSNR's goals and benefits.
- Maintain and grow the support of interested stakeholders. Ensure stakeholders know what actions they can take to help GSNR achieve its goals.

- Educate the public about the benefits of forest resiliency projects (i.e., removing excess fuels is not harmful to the forest and in fact promotes forest health by reducing wildfire risk).
- Build local community knowledge and support around GSNR project locations.

III. Brand Identity & Key Messaging Points

Brand Tag Line

Restore. Revitalize. Reinvest.

GSNR is a forest resiliency program with a mission to enhance quality of life, public safety, economic development, and the environment in California — creating fire resilient landscapes and fire-adapted communities.

Brand Pillars

Forest Resiliency: GSNR brings together committed public and private entities with expertise and resources to support environmentally sustainable forest management to restore California’s forests to wildfire resilient landscapes that produce healthy trees, clean air and water, enhance wildlife habitat, and reduce carbon dioxide. It is time to restore our forests before it is too late.

Community Health and Safety: For GSNR, safety is paramount. GSNR is committed to keeping our communities healthy and safe from catastrophic wildfire. Reducing the potential for catastrophic wildfires in California protects rural communities, property, and the natural habitats that surround them, as well as smoke-related air quality issues that impact California residents throughout the state. Restoring forest management practices advances conservation priorities.

Quality of Life: Reducing forest fire fuels benefits all Californians by improving air quality, carbon reduction, watershed health, wildlife habitat, organic waste diversion, and more. GSNR seeks to protect and enhance the quality of life for all Californians. GSNR delivers local benefits with a global impact.

Economic Growth: The development of an innovative wood product industry sector in California will create employment opportunities for generations to come. GSNR is committed to enabling prosperity by growing the economy through job creation in California’s rural communities.

Innovative Solutions: GSNR transforms excess and unmarketable fire fuels into a wood product, providing one solution to a multi-pronged crisis in California. GSNR aims to reduce the potential for catastrophic wildfires while creating a marketable wood product and promoting research and development. GSNR offers what is known as a wood utilization strategy that addresses the global climate crisis.

California Forest Conditions

- California contains 33 million acres of forested land. One in four Californians lives in a forested area. Even Californians who do not live in or near a forested area are still affected by wildfires and wildfire smoke. In recent years, major wildfires have occurred year-round, causing devastation to humans, property, wildlife, and California’s natural resources.

- Wildfire is a natural part of California’s landscape and is a tool used since time immemorial by California indigenous tribes. California must use fire and other forest management techniques to improve forest health.
- Our forests are facing new and catastrophic threats, such as longer fire seasons, drought, invasive species, tree mortality, climate change, and the consequences of a century of unnatural fire suppression. Conditions are changing more rapidly than nature can self-correct.
- In this context, overgrown and under-managed forests are a growing danger to life and property, and our state’s natural resources.
- California’s natural resources are world-renowned. They must be stewarded, protected, and preserved.
- Healthy, well-managed forests can help safeguard water sources and air quality. They provide habitats for plants and animals and outdoor recreation opportunities for people.
- Many of California’s forests evolved to withstand frequent, low-intensity fires. Under the right conditions, fires support a healthy forest ecosystem.
- The problem is that overgrown and undermanaged forests have led to an excessive amount of fuel to burn when a fire ignites. That is why there is an effort to reduce what is known as accumulated fire fuels, which include vegetative materials found in forest, woodland, or rangeland environments.
- Removing excess fire fuels can help restore forest health and reduce the risk of catastrophic wildfire.

How GSNR Supports California’s Forest, Wildfire and Climate Goals

In August 2020, the United States Forest Service (USFS) and the State of California entered into a Shared Stewardship Agreement Memorandum of Understanding (MOU) to use science-based forest management methods to each treat 500,000 acres annually for a total of 1 million acres of restoration treatments. In January 2020, the Governor’s Wildfire and Forest Resilience Task Force released its action plan that outlines the State’s road map to increase the pace and scale of wildfire and forest resilience efforts by 2025 and beyond. The action plan is also the first five-year plan to meet the 1 million treated acres target, as required by the USFS and California MOU.

The action plan has four main goals:

1. Increase pace and scale of forest health projects;
2. Strengthen protections of communities;
3. Manage forests to achieve the State’s economic and environmental goals; and
4. Drive innovation and measure progress.

While GSNR was established prior to the signing of the MOU and release of the action plan, its primary objectives align with the State’s forest and wildfire resilience goals. GSNR and the action plan both focus on using leading science to guide decision making, increasing the number of acres treated across forested landscapes, expanding the wood products market in California, protecting people and places especially those most vulnerable to catastrophic wildfires, contributing to the State’s climate goals by reducing carbon emissions and increasing carbon storage, and investing in rural communities to spur economic opportunities.

The California Air Resources Board (CARB) is in the process of quantifying impacts for wildfire smoke often referred to as black emissions. The emissions, while still not fully understood, are the second-highest carbon emission source behind cars. And more specifically, forests and woodlands represent the largest contributors to annual wildfire CO₂ emissions as these landscapes exhibit higher fuel loads than lands dominated by shrubs or grasses. GSNR's business model focuses on how to reduce wildfire risk, which in turn will reduce wildfire emissions that put reaching California carbon emission goals at risk.

California's wildfire and forest challenges require an all-hands approach that is made clear within the State's action plan.

"Government agencies alone cannot hope to adequately reduce fire risk and preserve healthy and sustainable forest lands. State and federal policies must attract private sector investments into a vibrant wood products market that advances the state's sustainable forest management strategy. Facilitating expanded economic activity in this sector will increase the value of woody biomass and help meet our state's sustainable forest management goals." (California's Wildfire and Forest Resilience Action Plan: Recommendations of the Governor's Forest Management Task Force, 2021)

GSNR is proud to be a partner within the private sector by investing time, funding, expertise, and more to expand and build a thriving wood utilization sector. GSNR is a long-term scalable program that will provide local economic and ecological benefits that will have state and global impacts.

How Golden State Natural Resources Works

- California's forest health crisis requires an innovative and multi-pronged solution. GSNR offers a solution to help protect and enhance the quality of life in California's rural counties and beyond.
- GSNR's three program activities are:
 - **Utilize excess fire fuels:** GSNR will help make California forests safer and healthier by removing excess fire fuels from overgrown stands and providing an outlet for material removed by other forest management entities. In addition to strategically treating forestland, this program will utilize excess from orchards and sawmills, preventing it from going to waste or being burned. Employing this wood utilization strategy contributes to conservation efforts that provide California with clean air and water.
 - **Produce industrial wood pellets:** GSNR will create much-needed stable, skilled occupations in California rural communities in the supply chain and at rehabilitated facilities that will convert excess fire fuels into pellets to be used as an alternative energy source to coal.
 - **Market pellets:** GSNR will help stimulate California's rural economies and fund its own operation by selling industrial wood pellets to international markets for renewable energy generation in replacement of coal.
- Excess fire fuels will be obtained from two primary sources: unmarketable biomass and sawmill residuals, such as sawdust and shavings. Unmarketable biomass consists of logs that are not suitable for use as commercial lumber, due to their condition, size, or other economic factors.

Additional Benefits

- GSNR will increase the number of acres of California forestland treated for fire mitigation over the next two decades, which aligns with the state and USFS forest and wildfire resilience goals.

- By decreasing the amount of excess fire fuel in California forests, GSNR aims to reduce the frequency and severity of catastrophic wildfires in the state, thereby enhancing public safety and health for residents, visitors, first responders, and natural and manmade infrastructure.
- By reducing catastrophic wildfire risk, GSNR will help restore ecological and watershed functions resulting in cleaner and more plentiful water resources.
- GSNR aims to contribute to the revitalization of the wood products industry and promote innovation in rural California, resulting in jobs, investment, and improved economies.
- GSNR pellet processing facilities will promote the expansion of broadband infrastructure to nearby rural communities. Each pellet processing facility will support approximately 55 stable, skilled jobs in rural counties. GSNR intends to partner and contract with trade organizations and industry businesses to perform pre-planned, best practice forest treatments and to transport the woody biomass to the processing facility, providing for additional jobs and economic development.
- GSNR plans to partner with community colleges to train or upskill local students to perform in forestry and transportation jobs.

Frequently Asked Questions (FAQ)

This initial set of frequently asked questions was developed as a starting point and can be turned into a handout and material for the website. As the program evolves more items will be added and expanded.

How is this program being funded?

GSNR will primarily secure private investment for development. Investors will be paid with revenue produced from the sale of pellets internationally. These revenues will also fund future opportunities. Start-up funding came from GSFA, GSNR's affiliate organization, which is operated by the Rural County Representatives of California (RCRC). GSNR is committed to fulfilling its fiduciary commitments to its investors, rural communities, the general public, and program partners.

How will GSNR find customers to purchase the pellets?

GSNR is working with industry professionals with connections to international companies and is in direct communication with off-takers regarding the potential establishment of agreements for the shipment of pellets to international markets.

How will GSNR manage job training and staffing for these sites?

One of GSNR's guiding principles is to contribute to rural economies through job creation. GSNR is committed to hiring locally and collaborating with local community colleges on the job training. GSNR is also considering developing a wood innovation campus to make resources available to local businesses and entrepreneurs. GSNR will contract with regional contractors and intends to work with trade organizations to identify and train staff for the collection and transportation of feedstock. GSNR will pay living wage salaries that incentivize additional workforce and create community development opportunities in rural counties.

How will GSNR's biomass collection activities impact feedstock availability for other industry participants?

GSNR is committed to contributing to rural economies and working with industry representatives. GSNR is also committed to fulfilling its fiduciary duties to investors, rural communities, the general public, and program partners. GSNR will sell pellets at industry-standard prices to ensure that this new sector does not result in lower prices for other producers. Further,

GSNR will continue to look for ways to support and work with industry partners. GSNR will also continue to pursue additional revenue opportunities through the development of additional higher-value products as markets and commercially deployable technologies emerge.

Is it good for the environment to collect excess fire fuels and burn industrial wood pellets for energy?

In short, this program has both profound environmental benefits and potential environmental challenges requiring careful management. GSNR is committed to a long-term focus on benefits to rural communities, public safety, the forest, and the environment, including water and air quality impacts. GSNR is also committed to complying with all state and federal environmental protection laws in all its activities.

This question has two components: forest and ecosystem health, and emissions and climate change.

Forest and ecosystem health:

Removing excess fire fuels from the forest can help reduce risk of catastrophic fire and create the conditions that will result in a forest ecosystem more closely resembling the forests' natural status prior to climate change, disease, and unnatural fire suppression threw California's forests into crisis. GSNR is committed to forest resiliency that prioritizes natural biodiversity as part of forest treatment plans.

Emissions and climate change:

Like all industrial activities, the collection, processing, transportation, and combustion of tree biomass will produce emissions. However, biomass combustion is considered to be a carbon-neutral energy source within the Paris Climate Agreement. More details about the carbon and emissions accounting for this project, as well as other efforts GSNR will undertake to counteract these impacts, will be made available during the environmental review process for the project. Additionally, GSNR intends that the iterative process of removing dangerous fuels from the forest will help California's forests burn with less frequency and less intensity over the long term, which would be a major climate emissions win. Further, within specific site working circles, there is expected to be a reduction in the number of burn piles, further reducing harmful emissions.

How does GSNR's effort align with the State's and USFS wildfire and forest resilience goals?

California and the USFS are working to increase the pace and scale of its forest treatment efforts to 1 million acres. The State aims to reach this target through a set of goals outlined with the Governor's Wildfire and Forest Resilience Action Plan that was released in January 2020. The GSNR initiative was launched prior to the State's action plan and treated acres goal. It provides an innovative solution that aligns with the State's key actions by directly investing in rural communities, protecting public safety, creating recreational opportunities, improving wildlife habitat and watersheds, and increasing carbon sequestration.

IV. Strategic Communications Plan

This section outlines a proposed communications approach to support GSNR through the launching of a public-facing website, creation of creative materials, development of a quarterly newsletter, associated actions, and deliverables.

Website

Kearns & West (working with GSNR) has launched a website that describes the GSNR program, shows progress, and provides information about how to receive updates. The website will include information on how to attend GSNR board meetings and a link to sign up for initiative updates.

Tasks for website

- Review and update website content
- Create a press release announcing website launch
- Launch website publicly
- Ensure website updates and relevancy

Creative Materials

Kearns & West will utilize the brand platform and guidelines developed for GSNR to ensure a consistent look and feel across all public-facing creative materials created.

Programmatic Fact Sheet

Kearns & West has created a programmatic leave-behind fact sheet (1-page front and back) that contains a concise description of GSNR and its benefits for the state. It will also convey visual information about the program and contain information about where to find more information (website, newsletter, contact information). It will be used when meeting with elected officials and decision-makers, stakeholders, and key audiences.

Tasks for programmatic fact sheet

- Draft copy for the fact sheet for approval
- Design the document
- Post to website and share with stakeholders
- Ensure regular updates to avoid outdated information and data

Benefits Fact Sheet

Kearns & West will create a benefits leave-behind fact sheet (1-page front and back) that contains additional details about the many benefits for the state, and local communities while highlighting GSNR's global impact. It will also convey visual information about the program and contain information about where to look for more information (website, newsletter, contact information). It can be used when meeting with elected officials and decision-makers, stakeholders, and key audiences.

Tasks for benefits fact sheet

- Draft copy for the fact sheet for approval
- Design the document
- Post to website and share with stakeholders

FAQ Fact Sheet

Kearns & West will create a frequently asked questions fact sheet (1 page front and back) based on specific topics that need further explanation. As the program evolves more items will be added and expanded. It can be used when meeting with elected officials and decision makers, stakeholders, and key audiences.

Tasks for benefits fact sheet

- Draft copy for the fact sheet for approval
- Design the document
- Post to website and share with stakeholders

Site-specific Fact Sheet(s)

For each confirmed processing site that will undergo environmental review, Kearns & West will create a site-specific fact sheet specific to the location to support conversations with local elected officials, stakeholders and community members. These will contain an abbreviated programmatic description and will primarily focus on what is happening at the site in question.

Tasks for site-specific fact sheets(s)

- Draft copy for fact sheet for approval
- Design the document
- Post to website and share with stakeholders

Presentation PowerPoint/Slide Deck

Kearns & West will develop a short, 4-7 slide deck power point presentation to describe the GSNR program to be used when meeting with elected officials and decision-makers, stakeholders, and key audiences. Slides can be adapted based on the audience, the briefing objective, and status changes.

Tasks for slide deck

- Draft copy for approval
- Design the deck

Electronic Newsletter

Kearns & West recommends the creation of a regular electronic newsletter that provides GSNR a way to communicate progress and program updates to interested stakeholders throughout the several-year process. This newsletter will ensure that important stakeholders feel included and know what actions they can take to support GSNR. The website will include a sign-up feature. Kearns & West recommends using a platform like Constant Contact to manage the contacts and distribution of the newsletter.

GSNR staff have started sending a monthly update to GSRN Board of Directors starting on February 4 and plan to send out updates the first Friday of each month.

Tasks for quarterly newsletter

- Create email list + plan for growing it
- Create content plan and newsletter schedule

- Embed sign-up form in website and email signatures
- Determine software platform
- Launch an electronic newsletter

Program Milestone Timeline

Kearns & West will work with GSNR to develop a public-facing program milestone timeline to be utilized on the website and in public-facing materials. This also allows GSNR to have a single place to track and showcase activities as the program advances.

Earned, Paid and Social Media

At an appropriate time, GSNR can utilize earned, paid and social media to communicate with the public the progress and benefits of the program. At this time, Kearns & West does not recommend deploying those tools until more program milestones are achieved.

V. Stakeholder Engagement Plan

This section outlines a proposed stakeholder engagement plan for GSNR to identify key goals for engaging with elected officials and decision-makers, diverse stakeholders, priority communities, and interested groups in California and abroad. A proactive stakeholder engagement strategy is clear about “the ask” and drives stakeholders toward that action. Messaging throughout engagement will be reliable, consistent, and relevant to stakeholders.

Stakeholders Distribution List and Management

Kearns & West would work with GSNR to build out a key stakeholder list based on the key audience types listed below and set up a tracking system to track engagement and ensure consistency.

GSNR should ensure consistent engagement with the following key stakeholders:

- Elected Officials & Key Decision Makers
 - Federal and State Agencies
 - Local Elected Officials at Site Specific Locations
- Native American Tribal Governments Non-Governmental Organizations (NGOs), Community Benefit Organizations (CBOs) and Industry Groups
 - Examples: Labor Organizations, Logging Industry, Environmental Groups, etc.
- BIPOC and Priority Communities
- Residents and Landowners
- Private Industry and Supply Chain Participants
- Environmental Focused Organizations

Tasks for stakeholder distribution list

- Identify platform for stakeholder management and tracking
- Create stakeholder distribution list
- Develop Letter of Support from key stakeholders

Stakeholder Engagement Activities and Timeline

Kearns & West will work with GSNR to establish a list of proactive stakeholder touchpoints to support the advancement of the program. Activities will be based on specific asks by the program and or public-facing milestones.

Tasks for engagement activities

- Identification of project-specific milestones
- Defining “the ask”
- Establishing a calendar of touchpoints and activities

Project Specific Stakeholder Engagement Plans

In conjunction with the environmental review process, Kearns & West will develop project-specific stakeholder engagement plans that will include project-specific messaging, stakeholders and engagement activities.

Tasks for project-specific plans

- Identification of project-specific stakeholders
- Development of engagement plan and key messaging

VI. Training and Capacity-Building

Kearns & West will provide two training sessions for GSNR staff and board members on public speaking and external project communications. Presentation and break-out exercises will cover public speaking, answering challenging questions from the public, and communicating with different stakeholder audiences.

Tasks for training

- Identification of GSNR staff for training
- Development of agenda and training materials
- Schedule training workshop

VII. Timeline of Milestones and Deliverables

Date	Milestone	Communications Deliverables
February 2022	Approval of Strategic Communications and Stakeholder Engagement Plan	<ul style="list-style-type: none"> • Final Strategic Communications and Stakeholder Engagement Plan
March/April 2022	Stakeholder Distribution List and Management	<ul style="list-style-type: none"> • Stakeholder List
March/April 2022	Fact Sheet(s) Round 1	<ul style="list-style-type: none"> • Update Programmatic Fact Sheet

May 2022	NOP Scoping Meetings	<ul style="list-style-type: none"> • Develop Scoping Plan for three locations • Create Outreach Material • Draft Newsletter and Social Media Copy
Q2 2022	Electronic Newsletter	<ul style="list-style-type: none"> • Portal to Sign-Up • Platform to Track Stakeholders • Platform to Distribute Newsletter • Newsletter Design and Content
TBD 2022	Training Workshop #1	<ul style="list-style-type: none"> • Agenda & Materials • Workshop
TBD 2022	Stakeholder Engagement Activities	<ul style="list-style-type: none"> • Defining “the ask” • Calendar of engagement activities

Appendix A: Brand Guidelines

See attached Brand Guidelines