This Impact Report has been prepared by Strategic Development Solutions on behalf of Coastal Community Action Program, the sponsors of the Coastal Energy Project, and Enterprise Cascadia and Wells Fargo, both project investors. Wells Fargo was the financial sponsor for this report.

Disclaimer: Every reasonable effort has been made to ensure that the data contained in this report reflects the most accurate and complete information possible as of June 15, 2011. Many of the figures presented are based on estimates provided by the project sponsors and others were derived from these estimates by Strategic Development Solutions (SDS) using its financial modeling software RIMS and consultations with project representatives. In the case of projections, an effort has been made to provide the reader with a statement of assumptions that detail the sources of data and/or methods by which statistics were generated. No responsibility is assumed for inaccuracies in reporting by project representatives or any other data source used in preparing this report. No warranty or representation is made by SDS that any of the estimates contained in this report will be achieved.
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1.0 INTRODUCTION

1.1 IMPACT REPORT COMPONENTS AND PROCESS

This Project Impact Report seeks to delineate the comprehensive story behind Coastal Energy project located in Grayland, Washington. In doing so, the report provides a detailed project history and overview and describes real and projected quantitative and qualitative project benefits achieved across four core areas:

- Economic
- Fiscal
- Social and Community
- Environmental

The framework of this report is organized into three narrative sections beyond this Introduction (1.0):

2.0 EXECUTIVE SUMMARY
This section is a high-level overview of all impacts in the report.

3.0 PROJECT OVERVIEW
This section includes a summary of the project, the sponsor’s organizational history and overview, the site’s history, and the project’s financing sources.

4.0 PROJECT IMPACTS
This section details the project’s core economic, fiscal, social/community, and environmental impacts.

PROCESS
SDS’ general process involves direct communication with a variety of project sponsor staff, development team consultants, community stakeholders, and investor staff to elicit, through interviews and other data collection processes, relevant project data and projected impacts.

In addition, SDS conducts research to collect information on project area demographics, socio-economics, and other relevant information to more fully present the complete scope of the project and its qualitative impacts on the surrounding community.

MR+E works directly with SDS to assess the full scope of project characteristics and utilize fiscal policy and economic data to run relevant analyses, considering both construction and operational phases.
1.2 WHY AN IMPACT REPORT IS IMPORTANT

Many project sponsors, as well as project funders, seek a vehicle to effectively communicate the project’s economic, fiscal, social/community, and environmental impacts to multiple stakeholder groups. This report uses a combination of quantitative data and qualitative information to comprehensively capture, analyze, and communicate the full scope of a project’s benefits and impacts. Stakeholder groups that would benefit from reading a project’s impact report include:

INVESTORS/LENDERS
Investors and lenders, whether providing market-rate or below-market investments or loans, want to understand the impacts of the projects they fund. This is often particularly true of bank lenders seeking Community Reinvestment Act (CRA) credit for their investments in low-income communities.

DONORS
Donors, by their very nature, are involved because they want to see their donations make an impact. An Impact Report communicates the comprehensive impacts of their donation. Donors are increasingly seeking the type of transparency and accountability that an Impact Report achieves.

TAXPAYERS
Taxpayers provide the direct subsidies invested in a project via local, state, or federal government programs. Taxpayers do not have a direct vote on the specific project being funded. To ensure continued taxpayer support of such funding efforts and programs the, benefit to taxpayers — in terms of jobs and community impacts as well as the financial returns — need to be communicated.

GOVERNMENT
As stewards of the taxpayers’ dollars, the local, state or federal government agencies involved in funding the project can utilize the Impact Report to better understand and communicate the value and return on the taxpayers’ investment.

COMMUNITIES
The Impact Report helps inform the communities surrounding the project of the resulting jobs, revitalization, and other community benefits.

CDFI FUND
The Impact Report notifies the CDFI Fund of how the project has achieved the NMTC program investment criteria as well as fiscal and impact goals.
1.3 REPORT COLLABORATORS

Outlined below are descriptions of the firms that played an important role in creating this Impact Report (See Appendix A for further background information):

**Strategic Development Solutions (SDS)** is the lead organization in creating this Impact Report, in partnership with MR+E (below). SDS creates pre- and post-development impact reports tailored to the specific needs of individual clients and projects. SDS also develops innovative market-driven approaches to promote economic development. SDS has built and capitalized more than $2 billion of Double and Triple Bottom Line private-equity funds with its affiliated partner Economic Innovation International, Inc. Further, these two firms jointly manage the $167 million National New Markets Fund, LLC (NNMF). www.sdsgroup.com

**Metropolitan Research + Economics (MR+E)** partners with SDS and provides the fiscal and economic analysis presented in Section 3.0. MR+E is a consulting company operated by David Bergman, an economist nationally recognized for the field of developing econometric projections based on local, state, and federal fiscal and tax policy. www.mrpluse.com

**Coastal Community Action Program (CCAP)** is the project sponsor and was founded in 1967. CCAP is a nonprofit social support agency headquartered in Aberdeen, Washington and serves a rural two-county area of Grays Harbor and Pacific County along coastal Washington. The organization’s mission is to provide aid and assistance to low-income residents with focal program areas of: 1) housing, 2) health, 3) employment, 4) seniors, 5) nutrition, and 6) emergency services.

**Wells Fargo** was the tax credit investor in the $8.2 million New Markets Tax Credit transaction with Enterprise Cascadia. Wells Fargo was also responsible for sponsoring the completion of this report. Wells Fargo is active in the new Market Tax Credit investment arena as a lender, tax credit investor, and as a NMTC lender.

**Enterprise Cascadia** was responsible for making an $8.2 million NMTC investment in the Coastal Energy project. Enterprise Cascadia is a three-time NMTC Allocatee that manages $83 million in allocation. The company has a rural investment focus targeting the states of Washington and Oregon by making business investments in highly distressed communities.
2.0 EXECUTIVE SUMMARY

### TABLE 1: SUMMARY STATISTICS

<table>
<thead>
<tr>
<th>PROJECT BASICS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Grayland, Washington</td>
</tr>
<tr>
<td>Asset Type</td>
<td>Business Investment in Wind Farm Installation</td>
</tr>
<tr>
<td>Owner/Developer</td>
<td>Coastal Community Action Program</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>$15.3M</td>
</tr>
<tr>
<td>National Community Fund</td>
<td>$6.9M</td>
</tr>
<tr>
<td>Enterprise Cascadia</td>
<td>$8.2M</td>
</tr>
<tr>
<td>Construction Timeframe</td>
<td>Start: Feb 2010</td>
</tr>
<tr>
<td>Wind Farm Placed In Service</td>
<td>June 2010</td>
</tr>
<tr>
<td>Revenues Realized</td>
<td>Fall of 2011</td>
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</tbody>
</table>

<table>
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<tr>
<th>COMMUNITY NEED</th>
<th></th>
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<tbody>
<tr>
<td>Poverty Rate¹</td>
<td>15.7%</td>
</tr>
<tr>
<td>Unemployment Rate²</td>
<td>6.9%</td>
</tr>
<tr>
<td>Area Median Income³</td>
<td>73.6%</td>
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<tr>
<td>Economic Zones</td>
<td>FEMA Designated Area</td>
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</table>

<table>
<thead>
<tr>
<th>ECONOMIC, FISCAL, SOCIAL &amp; ENVIRONMENTAL IMPACTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Jobs</td>
<td>50</td>
</tr>
<tr>
<td>Permanent Jobs</td>
<td>6</td>
</tr>
<tr>
<td>U.S. Wind Turbine Jobs</td>
<td>23 (in year turbines were built)</td>
</tr>
<tr>
<td>Economic Impact</td>
<td>$20.6M</td>
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<tr>
<td>Taxpayer Return</td>
<td>$15.9M</td>
</tr>
<tr>
<td>Average Annual CCAP Program Revenues Generated</td>
<td>$450,000</td>
</tr>
<tr>
<td>Surrounding communities run on wind power</td>
<td></td>
</tr>
<tr>
<td>Cash flow to support critical community services</td>
<td></td>
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<tr>
<td>Strengthened nonprofit support provider</td>
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</tr>
<tr>
<td>Creation of clean energy from a truly renewable source</td>
<td></td>
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<tr>
<td>Partners with State to measure impacts on avian and bat populations from wind farms</td>
<td></td>
</tr>
<tr>
<td>Supports state of Washington in achieving high environmental standards</td>
<td></td>
</tr>
</tbody>
</table>

3.1 PROJECT OVERVIEW

Coastal Community Action Program (CCAP) is the project sponsor that provided the vision behind the unique Coastal Energy project. This is the only known project in the nation to have a traditional nonprofit social service agency develop a wind farm to generate funding to support its community programs and services benefiting low-income residents. The 4-turbine 6-Mega Watt wind farm is located on 29 acres in the small rural town of Grayland in coastal Washington. The total project cost of $15.3 million required securing mostly subsidized government financing to create a financial structure that would make this project feasible.

This project required a large amount of hard work, creativity and patience — in the end, it was 10 years from vision to project completion. It was a true public-private partnership which required the dedication and support of government, nonprofits, businesses and the community in order for the vision to be realized.

3.2 SPONSOR BACKGROUND

Founded in 1967, CCAP is one of 32 federally-sponsored Community Action Agencies nationwide. It is a nonprofit social support agency headquartered in Aberdeen, Washington and serves a rural two county area of Grays Harbor and Pacific County along coastal Washington. The organization’s mission is to provide aid and assis-
tance to low-income residents with focal program areas of: housing, health, employment, seniors, nutrition, and emergency services.

3.3 PROJECT IMPETUS
The vision for this project began in 2000 when CCAP leaders began to explore the idea of installing small wind turbines on individual houses to reduce the cost of electricity for low-income residents in their service region. The idea evolved from there to eventually encompass the installation of a small commercial wind farm that would direct energy sale revenues to CCAP’s programs and service to benefit its low-income constituents. CCAP undertook extensive site wind testing over three years to ensure the wind potential of the selected site was adequate to achieve baseline goals. The project overcame financial hurdles of ensuring that expeditious revenues would be realized and reinvested to benefit the community by seeking out subsidized financing sources from the state of Washington and the federal government in order to forgo traditional bank loans. Though more difficult than originally anticipated, due to the unique nature of this project, CCAP purchased American-made wind turbines from General Electric. And finally, the power purchase and interconnection agreements were secured, ensuring that all power generated over the estimated 20-year lifespan of the wind farm would be purchased at preferential rates and that CCAP’s transmission lines would directly connect with the existing regional power grid. With all pieces in place, the wind farm began construction in February of 2010, completed construction in April, underwent testing in May, and was placed in service in June of 2010.

3.4 PROJECT SITE BACKGROUND
The area surrounding and benefitting from the Coastal Energy project includes the two counties of Grays Harbor and Pacific County in Washington. The 29-acre site of the wind farm in Grayland, Washington was previously a third-generation clear cut land with minimal development or infrastructure on it. The site is situated approximately one mile from the coast and sits at the top of hills overlooking the regions cranberry farms that line the area coastline. The wind farm is situated approximately one mile from the coast and straddles both Grays Harbor and Pacific Counties, with two of the turbines located in each county.

3.5 PROJECT FINANCING
The financing for this $15.3 million project began with CCAP securing, with the help of Senator Jim Hargrove in 2007 and a $4.98 million grant from the state of Washington. Once this was secured, the other two major funding pieces were pursued. New Markets Tax Credits provided a net subsidy of $4.4 million in equity to the project and federal Investment Tax Credits (for alternative energy investments) worth $5.2 million in equity were secured. An owner equity investment of $280,000 and a commercial loan of $475,000 were also incorporated into the finance structure.

4.1 ECONOMIC IMPACTS
The CCAP Wind Farm project generated approximately 50 construction and 6 new and/or retained jobs to the local economy. Because the wind turbines were produced in the U.S. it is estimated that this project indirectly supported another 23 full-time equivalent positions nationally to produce the $9.1 million in turbine equipment. The economic output of the wind farm is approximately $6.5 million during the construction phase, as well as a generation of over $14.1 million in output during the 20-year operations of the wind farm. During the 18.3 years that the wind farm will be providing revenues to support CCAP programs and services, the wind farm will generate a total of approximately $11.4 million in revenues. In the process of undertaking this unique project, CCAP proved that small community wind projects can offer a viable model for New Markets Tax Credit investing, as well as nonprofits can undertake wind projects to produce revenues to fund their programs and services.

4.2 FISCAL IMPACTS
The taxpayer net subsidy to the Coastal Energy project includes $15.1 million in NMTC allocation, $5 million in grant funds from Washington State, and $5.2 million in Investment Tax Credits (for alternative energy projects). The net present value of this benefit totals $15.4 million. Tax revenues, permits, and fees generated during the construction phase are expected to total just over $1 million. Tax revenues from operations are expected to be $194,000 annually or just over $3.5 million over 20 years (net present value).
4.3 SOCIAL AND COMMUNITY IMPACTS

The impetus behind this project was to create a source of revenues that would provide a flexible and sustainable source of program funds to increase the overall stability and effectiveness of CCAP as an organization and community provider. The wind farm will produce approximately $11.4 million in program funds for CCAP over the 20-year life of the turbines. This revenue stream, will neither need to be applied for annually or have usage and reporting restrictions placed upon it like the government grants it is supplanting. The total annual funds anticipated to be generated will equate to approximately 6% of CCAP’s budget.

CCAP’s Board will be able to use these funds strategically as will benefit their service community and its organization. The unrestricted revenues resulting from the wind power will be used to increase its most high demand services, offset government spending cuts, leverage with other funds to keep programs running that otherwise would have to be cut, or build an operating reserve to tap for community disaster response. This funding source is critical to ensuring CCAP is positioned to better weather future financial ups and downs.

More importantly, this project has demonstrated that a social service organization leveraging a wind farm to produce funding for its programs and services is a viable model for other similar entities where there is adequate wind potential.

4.4 ENVIRONMENTAL IMPACTS

The energy produced by the 6 Mega Watt (MW) wind farm is estimated to produce energy to power 1000 homes in Grays Harbor and Pacific County region annually. Beyond ensuring this energy will come from clean sources that will not be detrimental to the surrounding community, the wind farm also assists the Grays Harbor Public Utility District to achieve its renewable energy portfolio benchmarks set for the State of Washington (currently at 15%). On a broader note, the Coastal Energy Project continues to position the State of Washington as one of the most environmentally friendly states in the US, as well as one of the largest producers of wind energy nationally.

In addition, the project has formed a unique partnership with the Washington State Department of Fish and Wildlife in order to determine the real impact of coastal wind farms on bat and avian species. Since the wind farm became operational in May of 2010, no bat or bird deaths have been recorded (as of May 2011).
3.0 COASTAL ENERGY PROJECT

3.1 PROJECT OVERVIEW

The sponsors of the Coastal Energy Project sought to create a unique and visionary project. They leveraged a traditional nonprofit social service agency and successfully achieved strong social impacts by harnessing the power of sustainable and green wind energy. The wind farm is located one mile from the ocean on a hill overlooking rural Grayland, Washington. The intent behind building a 6 Megawatt (MW) wind farm is to generate revenues from the sale of the power and then funnel these revenues to directly support many of the CCAP programs and services. The amount of power generated is enough to power an estimated 1000 houses for 1 year. The majority of CCAP’s services that will be funded are targeted to assist the low-income residents, seniors and persons with disabilities, or to address community emergency needs in both Grays Harbor and Pacific County.

We were looking for an opportunity to combine a local resource with something that benefits the community in a meaningful way. This project does both of those well.

- CRAIG DUBLANKO CCAP CEO

The Project consists of a 29-acre wind farm housing four 1.5MW General Electric wind turbines that, when fully operational, will generate average revenues of approximately $450,000 annually for CCAP. Importantly, these funds will offer CCAP a consistent, flexible, and diversified source of funding to better address the service needs of their local community. The estimated useful life of the wind farm equipment is approximately 20 years. A 20-year power purchase agreement with the region’s Public Utility Department (PUD) has been secured. A 25-year land lease has also been executed.

The vision for the wind farm project began in 2000 and evolved over time until the $15.3 million project closed its financing in December, 2009. The project costs covered the expense of the turbines and parts delivery, foundation work, turbine assembly and construction, interconnection with the regional grid, and all soft costs. Project financing consisted of a State of Washington grant, two New Markets Tax Credit Allocations, Investment Tax Credits for the wind power generation, and owner equity. This was the first project in the nation that combined the use of Investment Tax Credits and NMTCs on a wind project. Construction on the Project then started in February of 2010 and the wind farm was placed in service in June, 2010. CCAP anticipates revenue generation will be directed to its programs and services starting in the Fall of 2011.
3.2 SPONSOR BACKGROUND

ORGANIZATIONAL HISTORY

Coastal Community Action Program (CCAP) is a non-profit that was founded in 1967 as one of the thirty-two existing Community Action Agencies in Washington, which were conceived under the federal Economic Opportunity Act of 1964. CCAP operates primarily as the sponsoring agency of various federal, state, and locally-funded government programs aimed at providing various types of aid and assistance to underprivileged residents. CCAP serves the two county region of Grays Harbor (71,000 residents) and Pacific Counties (21,000 residents) and is headquartered in Aberdeen, Washington. The agency also has several other satellite locations from which it provides some of its services throughout the two county region. CCAP operates with an approximate annual budget of $8 million.

Mission: CCAP is dedicated to enhance the quality of life of individuals, families, the elderly, children and youth, and people with disabilities in Grays Harbor and Pacific Counties.

Structurally similar to other Community Action Agencies, CCAP is a locally-managed organization that is administered with the “maximum feasible participation” of the poor, an essential element that distinguishes it from other non-profit human service providers. As such, CCAP has a tripartite Board consisting of 1/3 of low-income residents/representatives, 1/3 local public officials, and 1/3 members from the private sector.

CCAP is also an important employer in the region and is listed as one of the top 15 employers in Grays Harbor County. It currently employs over 160 people, 120 in full-time positions.

FIGURE 2: CCAP SERVICE AREA

We have a lot of unmet needs and long waiting lists and this will generate some money to help meet some of those needs.
- DAN WOOD, CCAP BOARD CHAIR

CCAP is organized in order to centrally house and administer a wide array of government-funded social service and aid programs targeting poor, disabled, senior citizens, and/or other special-needs groups. Specifically CCAP focuses its services on the following core area:

• Housing
• Health
• Employment
• Seniors
• Nutrition
• Emergency Services
CORE PRODUCTS AND PROGRAMS

CCAP administers critical community programs in housing, nutrition, health, transportation, emergency aid, and employment services to Grays Harbor and Pacific County residents. CCAP provides basic needs and quality of life services and, as one of the largest and most active social service agencies in the region, it is positioned as the region’s “go to” nonprofit service agency. Below is a brief listing of the core programs CCAP administers. See Appendix D for the CCAP 2009 Annual Services Report, which details the services provided to the community for that year.

HOUSING PROGRAMS:

- Weatherization and Repairs:
  Program assists low-income people targeting seniors, the disabled, and families with heating system inspections and tune-ups; safety inspections of all gas, oil, and wood appliances; electrical, pest and plumbing inspections; insulation installation, air sealing, and related minor repairs as needed.

- Transitional Housing Operating Rent Program:
  Program is a self-sufficiency transitional housing program that assists homeless families with children (or a pregnant woman in her third trimester). Families work towards self-sufficiency goals and pay a percentage of the rent and CCAP pays the remaining rent and utilities.

- Low Income Home Energy Assistance:
  Program provides financial assistance to help income-eligible households make home heating more affordable, avoid shut-off of utility services during the winter, and maintain a warm and safe environment.

- Rental Assistance:
  Program provides one month of rental assistance to qualifying households with FEMA and ESAP (Emergency Shelter Assistance Program) funds.

- Emergency Temporary Shelter Assistance:
  Program provides state-issued temporary shelter vouchers for qualifying homeless families with children under 18.

NUTRITION:

- The Senior Nutrition:
  Program provides both congregate and home-delivered nutrition services to help ensure proper and adequate nutrition to promote independent and healthy living. Hot meals are served from five senior centers five days a week as well as through home delivery; respectively providing over 45,000 and 35,000 meals a year.

HEALTH PROGRAMS:

- In-Home Care:
  Program provides over 220 seniors and disabled persons with homecare that enables them to remain living at home for as long as possible. Over 100 caregivers are employed.

- In-Home Caregiver Training:
  Program provides training opportunities for both Basic Training and Continuing Education. CCAP is also the only state registered “Community Trainer” in this region.

- Medical Transportation:
  Transportation is provided to residents of both Grays Harbor County and Pacific County that are non-driving seniors, low-income, or disabled persons.

- HIV/AIDS Case Management:
  Program offers one-on-one case management to support access to HIV medical care, support groups, educational programs, medical transportation, advocacy, and events.

- Personal Hygiene:
  Program provides individuals and families with “hy-
3.0 COASTAL ENERGY

giene packs, which include a toothbrush, toothpaste, shampoo, soap, laundry soap and other items.

• Senior Peer Counseling:
  Program assists seniors through a natural life crisis (dealing with death, illness, moving, etc.). Counselors help clients find other support systems and hands-on assistance.

• Long-Term Care Ombudsman:
  Program recruits, trains, and retains volunteers to advocate for residents of long-term care facilities.

• Stay Active in Life:
  Program offers exercise classes at two sites to seniors and focuses on fall prevention.

EMPLOYMENT PROGRAMS:

• Supported Employment:
  Program provides opportunities for physically and/or developmentally disabled adults to work as productive members of the community.

• Community Jobs:
  Program is a WORKFIRST program that provides temporary community-based work in nonprofit or government jobs as a skill-building experience to individuals who receive TANF (Temporary Assistance to Needy Families).

• Job Access Reverse Commute (JARC):
  Program allows the development of a dial-a-ride system to move low-income TANF recipients or special needs to work-related sites by connecting the rider with available transit or by direct transport.

OTHER PROGRAMS:

• Social Security Representative Payment Program:
  Program serves over 200 individuals (child to senior) that receive Social Security and/or SSI payments and that cannot manage their finances.

• Retired Senior Volunteer Program:
  Program engages over 350 senior volunteers to stay active and volunteer in the community.

• Student Needs Assistance:
  Program provides school supplies to low-income children.

• Homeless Outreach:
  Project provides street outreach to homeless individuals to offer case management and referrals to other services to address necessary basic needs.
3.3 PROJECT IMPETUS

For many years, Craig Dublanko, former Chief Financial Officer and current CCAP CEO (since September 2010), explored the feasibility of using wind power in order to benefit and strengthen CCAP. The idea was first sparked at a 2000 Community Action Agency Director’s Meeting where a project was discussed that put 10KW wind turbines on HUD homes and had successfully achieved economic and social benefits. Seeing the double-bottom line value in achieving both impacts simultaneously, Mr. Dublanko pursued a similar idea for some time, even bringing his findings to the CCAP Board, but eventually put the idea to rest for the short-term due to challenges of finding a feasible financing structure. Several months later, the model evolved into the next iteration of the project: to create larger scale wind power generation with commercial wind turbines that would generate power to be sold — while directing the revenues to CCAP to specifically safeguard its programs and services offered to low-income residents in the service area. Since CCAP has historically been almost entirely dependent upon state and federal funding to provide their programs, the potential of having a consistent, diversified, environmentally sustainable, and flexible source of program revenue was extremely attractive, especially in the wake of ever-increasing federal and state social service budget cuts. This is essentially the project model that was realized when the Coastal Energy Project was completed on June 14, 2010.

CCAP is all about helping people. We see it as a social service project that just happens to use renewable energy.
- CRAIG DUBLANKO, CCAP CEO

Beyond developing the overall model, CCAP felt it was essential to test the basic tenets of that model, including the ability to produce and capture enough wind power to generate significant sales revenue, before moving forward with financing. In 2002 CCAP received its first Health and Human Services Reach Grant to study the wind on a coastal site by constructing a test tower and monitoring wind production levels. Given the results of this test, CCAP was a recipient of the Reach II Grant Program in 2005. They moved test sites to one with anticipated higher wind production on the coastal hill top of Grayland Washington. The results of this study proved that the selected site was large enough and could produce the wind generation necessary for the project to work. During the earlier stages of the project the goal was to pursue wind generation of 3-5MW. Over time new information was determined that made it feasible for the project to grow. This included an assessment of the final site for maximal turbine placement, the verification of power grid capacity to uptake increased power generation, and the evolution of financing opportunities. In the end, the project eventually grew to be a 6MW wind farm consisting of 4 wind turbines.

With production issues settled, financing was the next major hurdle to tackle. Mr. Dublanko lobbyed local politicians, community leaders, and prospective financing sources persistently. His efforts paid off in 2007 when Washington State Senator Jim Hargrove spearheaded legislation in the State Legislature that resulted in $4.98M in capital funding for the project. With positive wind-power generation results and seed capital in hand, over the next three years Mr. Dublanko was able to assemble a very complex financing structure for this $15.3M project, which was eventually closed in December of 2009.
During this process, CCAP also engaged with the local community to ensure there was a clear understanding of the wind farm project, as well as local support for its overarching goals. Very little resistance was encountered by local community members. In fact, area residents were very vocally supportive, especially given the fact that proceeds of the wind farm would directly benefit them through a trusted service provider. Had another entity been the sponsor of this project, the public support would have likely been much different; as is often the case with wind projects placed in close proximity and visible to area communities.

It was really good to see somebody like Craig thinking in those terms — ways that the government can do something that takes a little bit of the burden off the taxpayers.
- Ginger Gambin, Grayland Neighborhood Association

With all project hurdles addressed, the project began construction in February 2010, and was placed in service in June 2010.

LEVERAGING CRITICAL RELATIONSHIPS
Having a social service nonprofit engaging in wind power generation to generate revenues that can be used to strengthen their programs and services, is by its very nature unique, and thus potentially high risk. In order for CCAP to make its wind farm project vision come to fruition, it not only was a feat of hard work and determination but a testament to the strategic relationships and partnerships that CCAP built with critical stakeholders. Highlights of some of the more essential stakeholder relationships behind the project’s success include:

CCAP’s Board
Critical to taking this project from vision to completion was the progressive nature of the CCAP Board of Directors. Without their ability to see “outside the box” and to pursue a very non-traditional path to achieve financial sustainability, the project would have never succeeded.

Grays Harbor PUD
The Grays Harbor Public Utility District (PUD) staff members were critical in providing hands-on assistance and education throughout all stages of the project to ensure that CCAP understood this new and complex industry. This relationship also produced a Power Purchase Agreement and an Interconnection Agreement that were critical to the long-term viability of the project (see Section 3.5).

Enterprise Cascadia CDE Advisory Board
Craig Dublanko served as a charter member of the CDE Advisory Board of Enterprise Cascadia. This position afforded him the opportunity to learn about New Markets Tax Credits and specifically, their application to other NMTC investments undertaken by Enterprise with its multiple NMTC allocations. In this case, Enterprise Cascadia’s stated desire to have CDE Advisors source appropriate investment opportunities was instrumental to the project’s final financing.

Senator Jim Hargrove
The first and most critical piece of financing that was secured came through direct assistance and lobbying from Senator Jim Hargrove. Once this revenue source was in place, the other financing sources were secured using these government funds as leverage.

General Electric (turbine manufacturer)
One of the biggest challenges faced in this project came when CCAP could not find any domestic manufacturer of wind turbines willing to sell to them based on the nature of their organization and small size of the wind farm. GE was eventually the only company willing to embrace CCAP’s project vision and even continues to have a very
supportive ongoing relationship with CCAP to this day.

The revenue streams are going back into CCAP for their use to the public — I just think that is fantastic!
- DAVE JOHNSON, GE REPRESENTATIVE

NMTC AlLocatees
The final pieces of project subsidy needed to close the overall project financing came from these two New Markets Tax Credit CDEs.

Enterprise Cascadia
Enterprise Cascadia is located in Ilwaco, Washington and is a three-time NMTC Allo catee that manages $83 million in allocation. The company has a rural investment focus targeting the states of Washington and Oregon by making business investments in highly distressed communities.

“As stewards of taxpayer dollars, we choose this investment because it delivers two outcomes that really matter: first, it delivers clean energy; and second that clean energy finances expanded services to low income families in the same rural community.”
- JOHN BERDES, PRESIDENT OF ENTERPRISE CASCADIA

National Community Fund:
National Community Fund (NCF) is managed by United Fund Advisors out of Portland, Oregon and is a four-time NMTC Allo catee that manages $252 million in allocation. NCF has a national investment footprint. They provide senior and subordinate loans and equity investments in retail, industrial, community facility, commercial and mixed-use projects located exclusively in highly-distressed urban and rural communities throughout the country.

2006
Initial project vision conceived

2007
Sees critical $35M in State

2008
Permits received (CUP and environmental)

2008
Negotiations for PPA and Interconnection Agreement

2009
Contracts for GE Turbines

2009
Construction begins

2010
Construction complete

2010
Wind Farm placed in service

2011
CCAP anticipates realizing revenues to direct its programs
3.4 PROJECT SITE BACKGROUND

**TABLE 2: CORE PROJECT DETAILS**

<table>
<thead>
<tr>
<th>AREA PROFILE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Grayland, Washington</td>
</tr>
<tr>
<td>Area</td>
<td>29 acres in rural coastal hillside</td>
</tr>
<tr>
<td>Previous Site Use</td>
<td>3rd Generation Clear Cut Land</td>
</tr>
<tr>
<td>Unemployment Rate$^a$</td>
<td>6.9%</td>
</tr>
<tr>
<td>Area Median Income$^b$</td>
<td>73.6%</td>
</tr>
<tr>
<td>Poverty Rate$^c$</td>
<td>15.7%</td>
</tr>
<tr>
<td>Special Economic Zones</td>
<td>FEMA Disaster Area (2007)</td>
</tr>
<tr>
<td>Barriers to Development</td>
<td>Rural; Little or no infrastructure present on-site; First wind farm in coastal Washington area erected</td>
</tr>
</tbody>
</table>

**AREA HISTORY**

The area surrounding and benefitting from the Coastal Energy Project includes the two counties of Grays Harbor and Pacific County in Washington. Respectively, these counties have populations of approximately 71,000 and 21,000 persons. These communities have historically been timber and fishing communities, though in more recent years, environmental challenges and off-shore competition have severely impacted the viability of the region’s timber industry. This is clearly demonstrated in the closure of several area mills and other industry-related companies, which has also negatively impacted employment in the region. As these industries have declined and quality jobs have become more scarce, there has been an outmigration of young professionals after they have received their college educations. As such, this blue collar community has aged significantly and undergone a 30-year economic decline. This situation, along with the recent economic crises, has led to an increased reliance on the part of area residents on organizations such as CCAP that can provide critical basic needs services to low-income persons.
SITE HISTORY
The 29-acre site of the wind farm in Grayland, Washington was previously a third-generation clear cut land. The site had minimal development consisting of logging access roads. It is situated approximately one mile from the coast and sits at the top of hills overlooking the regions cranberry farms that line the area coastline. The wind farm itself straddles both Grays Harbor and Pacific Counties, with two of the turbines located in each county. The site is currently owned and leased to CCAP by two private landowners, Rust Holdings, Inc. and the Bascom Pacific, which have provided to CCAP long-term 25-year leases (with options to extend).
3.5 COASTAL ENERGY FINANCING

COASTAL ENERGY PROJECT COSTS AND FINANCING

Coastal Community Action Program (CCAP) is the project sponsor that developed the Coastal Energy Project. CCAP partnered with a variety of public and private entities to secure loans, governments grants, and various tax credits. Of note is that this project secured and closed its financing during the peak of the economic crisis in 2009, even while Wells Fargo, one of the tax credit investors was undergoing a merger. This speaks to the desire and hard work on the part of all parties to bring this project to fruition.

Through its financing partnerships, which were painstakingly developed over the course of several years, the Coastal Energy Project was able to secure the $15.3 million for the project. The following represents the project costs:

<table>
<thead>
<tr>
<th>TABLE 3: PROJECT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>TURBINES</td>
</tr>
<tr>
<td>CONSTRUCTION AND ERECTION WORK</td>
</tr>
<tr>
<td>ELECTRICAL INTERCONNECTION AND SHELTER</td>
</tr>
<tr>
<td>SOFT COSTS</td>
</tr>
<tr>
<td>TOTAL FINANCING</td>
</tr>
</tbody>
</table>

COMMERCIAL (MARKET-RATE LOAN):

Loan: Provided by Enterprise Cascadia, a CDFI and CDE

$0.48 M

TOTAL COMMERCIAL FUNDING: $0.48 M

GOVERNMENT (GRANTS/LOANS):

New Markets Tax Credits:

Two Community Development Entities (CDEs), National Community Fund and Enterprise Cascadia, provided $15.1 million in New Market Tax Credit allocation, of which the net equity is $4.4 million. The tax credit investors were US Bank and Wells Fargo, respectively.

$4.4 M (net equity)

State Line-Item Appropriation:

Passed by the Washington State legislature in 2007 to specifically fund the development of this wind farm.

$4.98 M

Investment Tax Credit (Alternative Energy)

Equal to 30% of the development cost, for this project credit in the amount of $5.2 million in equity was secured. US Bank served as tax credit investor.

$5.2 M

TOTAL GOVERNMENT FUNDING NET EQUITY: $14.6 M

OTHER:

Owner Equity Investment:

The project sponsor provided two equity investments: one for $69,300 at time of the transaction close and one for $210,700 when the wind farm was placed in service.

$0.3 M

TOTAL OTHER FUNDING: $0.3 M

TOTAL FUNDING: $15.3 M

TABLE 4: INVESTMENT OVERVIEW

<table>
<thead>
<tr>
<th>PROJECT DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Timeframe</td>
</tr>
<tr>
<td>Construction Timeframe</td>
</tr>
<tr>
<td>NMTC Investment Date</td>
</tr>
<tr>
<td>Asset Type</td>
</tr>
<tr>
<td>Investment Type</td>
</tr>
<tr>
<td>Area Developed</td>
</tr>
</tbody>
</table>

NMTC ALLOCATIONS

| National Community Fund | $6.9 M |
| Enterprise Cascadia | $8.2 M |

PROJECT FINANCING

| NMTCS (net subsidy) | $4.4 M |
| State of Washington Grant | $4.9 M |
| Investment Tax Credit Equity | $5.2 M |
| Commercial Loan | $0.5 M |
| Owner Equity | $0.3 M |
| Total Financing | $15.3 M |
“[We put together] an extremely complex finance package that ended up being the first of its kind — maybe it is as novel as the project itself…... — I think we did a great job from a finance side as well as from a project side.”
- Craig Dublanko, CCAP CEO

THE TIPPING POINT FOR PROJECT FEASIBILITY

For several years, the feasibility of undertaking a wind farm project of various configurations was explored, but determined not to work from a fiscal perspective. Under early project iterations, the project financing was to largely come from traditional bank loans. With this structure, CCAP’s financial projections showed that a wind farm would take about 12 years before significant net revenues would be realized. In this case, the upfront time and effort would not be worth it for a project with such a long time horizon for realizing revenues. It was not until two critical milestones were achieved that the project feasibility turned favorable: 1) the fiscal model changed to incorporate the $5 million State Appropriation and other below-market forms of financing, and 2) the project was able to secure very favorable terms for its Power Purchase and Interconnection Agreement with Grays Harbor PUD.

GOVERNMENT FUNDING AND SUBSIDIES

Over the 10-year evolution of the vision for this project, the funding structure changed dramatically. Originally, the project was conceived using mostly commercial bank loans. Under this framework the projected revenue generation was too slow to create the more immediate benefits the organization desired. To achieve CCAP’s goal the model needed to significantly reduce the debt load. This was first pursued by changing the financial structure to incorporate below-market sources, such as foundation grants and individual donations, in order to decrease the revenue generation timeframe; though the feasibility and buy-in from these two stakeholder groups proved very difficult to obtain. The final transition occurred when CCAP was able to successfully tap into various government grants and subsidies which reduced the project’s debt load, and allowed the project to realize revenues in less than two years after the wind farm was placed in service. The first and most critical funding source was the Washington State appropriation for $4.98 million. Later, CCAP secured two New Markets Tax Credit allocations providing a subsidy of $4.4 million, and an Investment Tax Credit for alternative energy projects of $5.2 million in equity. This project was the first in the country to combine NMTCs and ITCs for a wind farm project — demonstrating just how groundbreaking this financial structure was in the end.

“Wells Fargo was proud to be a partner in this important community project building rural resource economies in Washington State. The NMTC financing was beneficial to us as an investor from both a social and economic standpoint.”
— Lee Winslett, National Director, Wells Fargo’s New Markets Tax Credit

POWER PURCHASE AND INTERCONNECTION AGREEMENTS

Through the use of the four wind turbines on the facility site, total energy production was estimated to be 13 million Kilowatts annually. In order to produce revenues in an expe-
dient manner, it was critical that CCAP secure favorable power purchase rates that could be locked in for the estimated initial wind farm equipment lifespan (approximately 20 years). Since the State of Washington relies mostly on hydroelectric power generation to supply its residents, this created a favorable environment for CCAP to negotiate a strong power purchase agreement. Because the state of Washington sets relatively high thresholds on portfolio standards for renewable energy inclusion (but does not designate most hydroelectric power as a “renewable source”) Gray’s Harbor PUD, the Public Utility District that supplies power to the entire region, was in a situation where the Coastal Energy project’s electricity was highly desirable in order to meet state “renewable energy” portfolio standards. In addition, the Grays Harbor PUD staff had acted as trusted advisors to CCAP for several years during the evolution of this project and strong positive ties between the organizations had been forged. Also, the fact that CCAP, based on its existing low-income energy assistance program, would be providing energy purchase assistance to large numbers of Grays Harbor PUD’s consumers, provided an added incentive to have both entities work together to achieve favorable pricing for their mutual benefit and for the benefit of the community.

In mid to late 2009 the two entities negotiated purchase terms and eventually signed in November a 20-year Power Purchase Agreement. Grays Harbor PUD also owned the three-phase 12.5 kv power lines strategically located just 1/3 mile from the wind farm site. CCAP signed an Interconnection Agreement, which allowed CCAP to easily transmit the power generated from the wind farm directly into the existing regional power grid system without incurring significant costs or confronting other logistical barriers that would have ultimately made the project infeasible. Under this arrangement, the power generated at the wind farm is metered on-site before entering the power grid and is sold at predetermined rates starting at $75 per MW that include annual scheduled pricing increases.
This section of the report outlines Coastal Energy Project core economic, fiscal, social/community, and environmental impacts. Table 5 provides a brief summary of the core project impacts. Sections 4.1-4.4 will describe each in detail.

4.1 ECONOMIC IMPACTS
Describes how this development project produces positive economic indicators, such as job creation, increased wages, operational savings, area economic revitalization, etc.

4.2 FISCAL IMPACTS
Describes the taxpayer subsidies and how this development produces fiscal impacts, such as tax revenues generated, taxpayer breakeven timeframe, 20-year taxpayer return on investment, internal rate of return, etc.

4.3 SOCIAL AND COMMUNITY IMPACTS
Describes the impacts and benefits that the project creates as experienced by a variety of stakeholder groups: residents, community members, staff, clients, and general public. This includes the provision of important business and community support services, social equity features, community revitalization, etc.

4.4 ENVIRONMENTAL IMPACTS
Describes the positive environmental features and outcomes created through the facility design and construction, operational procedures, and client services.

<table>
<thead>
<tr>
<th>TABLE 5: PROJECT OUTCOMES OVERVIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECO/NOOMIC IMPACTS</strong></td>
</tr>
<tr>
<td>Construction Jobs</td>
</tr>
<tr>
<td>Permanent Jobs Created/Retained</td>
</tr>
<tr>
<td>Turbine Manufacture Jobs</td>
</tr>
<tr>
<td>Total Economic Output (20 Year)</td>
</tr>
<tr>
<td>20-Year Wind Farm Revenues to CCAP Programs</td>
</tr>
<tr>
<td><strong>FISCAL IMPACTS</strong></td>
</tr>
<tr>
<td>Total Government Subsidy (NPV)</td>
</tr>
<tr>
<td>Total Tax Generated (20-year)</td>
</tr>
<tr>
<td><strong>SOCIAL AND COMMUNITY IMPACTS</strong></td>
</tr>
<tr>
<td>Surrounding communities run on clean wind power</td>
</tr>
<tr>
<td>$450,000 in annual recurring and flexible-use cash flow to support critical community services</td>
</tr>
<tr>
<td>Strengthened nonprofit support provider</td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL IMPACTS</strong></td>
</tr>
<tr>
<td>Contributes to the measurement of avian and bat impact from coastal wind farms for the state of Washington</td>
</tr>
<tr>
<td>Creates new clean energy wind farm to generate 6MW of energy to local grid</td>
</tr>
<tr>
<td>Supports State’s efforts to achieve very high environmental standards</td>
</tr>
</tbody>
</table>
4.1 ECONOMIC IMPACTS

METHODOLOGY
In establishing the effectiveness of the public investment made in the Coastal Energy Project, SDS and MR+E applied quantitative economic analysis to the project data. MR+E, which specializes in quantitative analysis, is responsible for the economic model that determined the projections for this section. The economic impact analysis provides a forecast of the project’s employment and output effects on the economy of the twocounty region of Pacific Harbor and Grays Harbor County. Two time periods were considered: first, the construction period; and second, the annual recurring on-site operations of the Coastal Energy Project and resulting revenues to the CCAP organization.

<table>
<thead>
<tr>
<th>CONSTRUCTION</th>
<th>4 MONTH</th>
<th>20 YEAR TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Compensation</td>
<td>$2.2M</td>
<td>NA</td>
</tr>
<tr>
<td>Economic Output</td>
<td>$6.5M</td>
<td>NA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATIONS</th>
<th>ANNUAL</th>
<th>20 YEAR TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Compensation</td>
<td>$0.2M</td>
<td>$3.6M</td>
</tr>
<tr>
<td>Economic Output</td>
<td>$0.7M</td>
<td>$14.1M</td>
</tr>
<tr>
<td>Electricity Deliveries</td>
<td>$0.5M</td>
<td>$12.5M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTALS</th>
<th>20 YEAR TOTAL*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>$5.8M</td>
</tr>
<tr>
<td>Total Economic Output</td>
<td>$20.6M</td>
</tr>
</tbody>
</table>

AREA IMPACTS TOTAL

| Construction Jobs | 50 |
| Permanent Jobs (New and Retained) | 6 |
| Wind Turbine Manufacture Jobs | 23 |
| CCAP Revenue Impact | $11.43M in program funds generated in 20 years |

The impacts outlined in Table 6 are drawn from Regional Input-Output Modeling System (RIMS) II, an economic modeling program in wide use in both the public and private sectors to estimate the regional economic impacts of events and public investments. The program uses a national inputs and outputs table along with regional economic multipliers to estimate impacts. These measures estimate the changes in output, income, and employment associated with a project investment.

REGIONAL EMPLOYMENT AND INCOME
The Coastal Energy Project activity generated approximately 50 full-time equivalent jobs during the 4 month construction phase that generated a payroll total of $2.2 million. In addition, it is anticipated that six jobs will be retained and/or created during the ongoing operations period of the wind farm. The Coastal Energy Project construction and ongoing operating activity will contribute over $20.6 million of total economic output over 20 years.

Given the nature of the revenues that will be generated and then funneled to support CCAP programs and services, it is anticipated that over time the wind farm revenues will be responsible for saving existing jobs or supporting new positions to address increases in service demand. At the time of this report, it is not possible to give estimates on projected job retentions or new hires as the final decisions on how the projected revenues will be spent will be made in the 4th quarter of 2011. (See Section 4.3 of this report for examples of how funding could be leveraged.) What is known is that this is a funding source with the primary characteristic of being flexible and able to address CCAP arising needs. The wind farm proceeds are highly anticipated to replace state and federal budget funding that may be cut, which might force the reduction or closure of specific CCAP programs.

SUPPORT AMERICAN WIND TURBINE INDUSTRY
Based on the most recent economic census, the turbine manufacturing sector in the United States, which includes the production of wind turbines, was responsible for over $8.9 billion in total output in 2007. This industry faces intense foreign competition from manufacturers in India and China. From the inception of this project, CCAP’s goal was to purchase domestically-produced turbines. This goal continued to increased as the project
evolved to incorporate a high level of public subsidies. CCAP struggled to convince any US manufacturer to sell them turbines given the perceived risk of a project sponsored by a new developer and wind farm operator, as well as because of the limited size of the farm itself. Finally, after several unsuccessful attempts, CCAP was put into contact with Dave Johnson at General Electric who saw the social and community impacts this project would achieve for the CCAP service communities. He became a strong supporter within GE who was able to facilitate the sale of the four turbines needed for the wind farm. The total value for the turbines is estimated to have a value of $9.1 million. This expenditure can be anticipated to directly support 23 FTE positions in manufacturing the equipment that would be held by US workers in the year the wind turbines were produced.14

“We wanted to buy American. We had $5M in taxpayer money so we wanted to make sure we bought American and ultimately we were able to buy GE, which is an American turbine.”

- TROY COLLEY, FORMER CCAP EXECUTIVE DIRECTOR

WIND FARM REVENUES GENERATE CCAP PROGRAM FUNDS

CCAP’s revenue projections, based on the wind farm energy production and sales, anticipate conservative annual average revenues of $450,000 that would be directed to CCAP’s programs and service budget. These funds have a critical economic impact on the overall organization as this funding is anticipated to be stable and flexible income that will diversify CCAP’s overall funding pool and will allow CCAP to better address their community’s needs. Over the 20-year anticipated life span of the wind turbine equipment the annual average revenues will equate to about $11.4 million in program funds.15 Key to the success is that, these funds will not require large amounts of time, effort and red tape to secure, such as is necessary with pursuing foundation or government grants/program funds that CCAP has traditionally relied upon and that often have to be reapplied for on an annual basis.

CREATION OF NICHE MARKET WHERE TAX CREDITS CAN BE USED

Prior to this project finance closing, a wind farm project of this size had been looked at by most in the finance world as being too small to be able to efficiently leverage tax credit programs. Wind projects in the size range of 3-20MW production are considered a small “community wind” project versus a “commercial wind” project where tax incentives are regularly used as an important finance tool. What the CCAP 6MW Wind Farm project demonstrated was that NMTCs could be a viable financing source for this niche wind market. Therefore, it has opened the door for other small wind farms to pursue similar financing; as well it opens the door to New Markets Tax Credit Allocatees to pursue new investment strategies into small wind production projects.
## 4.2 Fiscal Impacts

### Methodology

A fiscal impact analysis was conducted to establish the payback period and value of the public investment in the Coastal Energy Project. The fiscal impact analysis examines the tax revenue implications of the project on relevant taxing authorities. Two time periods are considered: first, the construction period; second, the annual recurring on-site operations of the Coastal Energy Project.

Four levels of government were accounted for: federal, State of Washington, Counties of Pacific and Grays Harbor, and the City of Grayland. The value of anticipated revenues was then compared to the capitalized value of the total public support for the project. Further assumptions regarding methodology are in Appendix C.

### Taxpayer Return on Investment

Understanding how taxpayers receive a return for their investment on a fiscal level is an important project characteristic to understand. Taxpayers mainly recoup their initial subsidy provided to the project through taxes and fees paid during the construction period of a project and through operational revenues generated during the 20-year lifespan of the wind farm. In addition, this project is funneling the proceeds from the sale of power to fund CCAP’s programs that serve taxpayers in its two-county service area. This diverted income is also considered to provide a return to taxpayers since otherwise these programs would most likely be funded by other government sources using taxpayer dollars.

### Taxpayer Investment

Taxpayer Investment Subsidy is the net benefit from tax credit investments (NMTC and ITC) and the $5 million grant from the State of Washington. This is a cumulative of $15.1 million in NMTC allocation ($5.9 million of taxpayer subsidy) and $5.2 million of Investment Tax Credit equity for alternative energy development.

The net present value, based on when the subsidy actually flows to the project and discounted at 4% annually, totals $15.4 million. Table 7 shows the gross levels of funding relative to each investment source, the level of subsidy generated (in gross dollars) for the project, and the Net Present Value (NPV) of the subsidy amounts in 2010 dollars.

### Revenue to Taxpayers

#### Construction Revenues

The tax revenues and fees generated by the construction costs total $1.02 million in local, state, and federal revenues (Table 8).

<table>
<thead>
<tr>
<th>TAX LEVEL</th>
<th>ANNUAL OPERATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>$129,2K</td>
</tr>
<tr>
<td>State</td>
<td>$151,4K</td>
</tr>
<tr>
<td>Federal</td>
<td>$741,1K</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$1,02M</td>
</tr>
</tbody>
</table>

#### Operational Revenues

It is estimated that operations will cost $125,000 annually for the wind farm. Tax revenues related to the sale of the wind farm’s energy will begin to be generated in Year 8 of the project. Table 9 depicts the operational tax revenue generated in the subsequent 18.33 years of project operational activities. The local, state, and federal tax revenues generated from operations totals approximately $0.2 million net annually, or a net $3.5 million (net present value) over the 20-year span of the project.
TABLE 9: OPERATIONAL TAX REVENUE

<table>
<thead>
<tr>
<th>TAX LEVEL</th>
<th>ANNUAL OPERATIONS</th>
<th>20 YEAR TOTAL*</th>
<th>NET PRESENT VALUE (NPV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>$ 0.16M</td>
<td>$4.28M</td>
<td>$2.77M</td>
</tr>
<tr>
<td>State</td>
<td>$ 0.02M</td>
<td>$0.78M</td>
<td>$ 0.49M</td>
</tr>
<tr>
<td>Federal</td>
<td>$0.02M</td>
<td>$0.40M</td>
<td>$0.26M</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 0.20M</td>
<td>$5.46M</td>
<td>$3.52M</td>
</tr>
</tbody>
</table>

*18.33 years of Operations

WIND FARM REVENUES

CCAP’s operations have limited tax implications based on direct operations, partly owing to its nonprofit status. However, since the main value from a public perspective is the ability for CCAP to deliver on its public service mission to provide programs and services free to community members. It is presumed that the costs of doing so would have to be borne by the public sector absent CCAP or another public service organization in the community. The diversion value of 18.33 years of revenues generated for services was set at $450,000, with an inflation rate of 3.4%. The total dollar value of their services is $11.4 million.
4.3 SOCIAL AND COMMUNITY IMPACTS

**TABLE 10: SOCIAL IMPACTS**

<table>
<thead>
<tr>
<th>Impact</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues will increase CCAP’s overall organizational effectiveness and stability</td>
<td>Up to 20% of total organizational funding becomes recurring in nature</td>
</tr>
<tr>
<td>Diversifies CCAP’s funding sources</td>
<td>Diversifies CCAP’s funding sources</td>
</tr>
<tr>
<td>Allows CCAP to strategically respond better to market and governmental budget changes</td>
<td>Allows CCAP to strategically respond better to market and governmental budget changes</td>
</tr>
<tr>
<td>Provides CCAP a new source of $450,000 in flexible use program funds</td>
<td>Provides CCAP a new source of $450,000 in flexible use program funds</td>
</tr>
<tr>
<td>$1 of leveraged source of funding revenues can be worth up to $21 worth of services</td>
<td>$1 of leveraged source of funding revenues can be worth up to $21 worth of services</td>
</tr>
<tr>
<td>These funds could be used by CCAP to establish an operating reserve fund in the future</td>
<td>These funds could be used by CCAP to establish an operating reserve fund in the future</td>
</tr>
<tr>
<td>Provides a national model for how to combine the creation of environmental and social impacts</td>
<td>Provides a national model for how to combine the creation of environmental and social impacts</td>
</tr>
</tbody>
</table>

NEW REVENUE SOURCE TO INCREASE EFFECTIVENESS AND STABILITY

The rationale behind all the effort to develop a wind farm in Grayland, Washington was to ultimately generate energy revenues to support CCAP’s programs and services serving low-income and special needs residents. Since most of the funding for CCAP programs historically has derived directly from federal and state sources, CCAP’s service delivery is beholden to the government budgeting processes as well as to the many individual funding program regulations and allowable uses. In addition, sometimes the programs designed at the federal level are not well suited to the specific community needs as they exist in CCAP’s service region.

Given these circumstances, the unrestricted and continuous nature of the Coastal Energy Project revenues is its most important feature. Unlike its government sources, the wind revenues will provide a recurring source of funds that offer spending flexibility in what programs and specific expenses can be covered by CCAP. It also will be able to address emerging community needs, to either to fill gaps due to new government program bud-

get cuts, respond to service needs outside CCAP’s current programs, increase existing programs in high demand, or to respond to community emergency situations. An example of this is that rather than having to evict a family after 24 months of assistance, this source could be used to bridge the family for a few extra months as necessary for full stability to be achieved.

“Grants are here today and gone tomorrow and they change what they are focused on from time to time. We also have to turn people away every day - people we want to help but they don’t fall into the right category to match a grant or make money over the limit.”

- TROY COLLEY, FORMER CCAP CEO

With approximately $450,000 in additional annual funding to be leveraged strategically, CCAP will be able to run more effectively and efficiently, and they will not have to repeatedly reapply for this large source of funding as would be the case with a government grant or donation. The amount of anticipated revenues is equal to approximately 20% of CCAP’s annual budget. Ultimately, clients will be better served and may be empowered to achieve better outcomes. It will also diversify CCAP’s income portfolio and decrease its overall dependence on government sources, which is an extremely prudent step to take in these harsh economic times.

DIRECT INVESTMENT INTO CCAP PROGRAMS AND SERVICES

Spending decisions related to the annual wind farm revenues will be determined by the CCAP Board, with consultation of the CCAP staff and administrators who will inform them on existing program and community needs. Funding decisions for the first major installment of revenues anticipated in the fall of 2011 have not yet been made, though assessments of program needs and government funding cuts are currently being evaluated to be sure that funds are applied in the most strategic way possible. Because of this, we are currently unable to quantify specifically what the exact social impact will be over time.
The Table below assists in understanding how the estimated $450,000 of annual funding that will be provided by the wind farm will impact community residents in CCAP’s service area (based on existing costs for program deliverables). Most of these programs are currently in high demand given the current economic recession and some are facing potential budget cuts at the federal level. It is anticipated that the funds will not be used to fund a single program, but will be used to address different needs across several CCAP programs simultaneously.

Thanks to the wind farm in Grayland, CCAP knows that a little more of their future is now in their own hands.

FUTURE CCAP OPERATING RESERVE
Though CCAP is dedicated to applying 100% of revenues generated by the wind farm to cover only program and service expenses, it also understands the benefit of potentially leveraging a portion of future revenues, especially in years of higher-than-average revenue generation, to support the creation of an operating reserve. This reserve would be in place to address emergency situations facing CCAP as an organization (i.e. large facility capital needs, extensive program funding cuts, etc.) or emergencies in the community (i.e. area natural disaster). An operating reserve would be able to protect against large threats such as general fiscal crisis or community distress that would impact the financial viability of CCAP and/or its core programs as well as safeguard its ability to act immediately in times of community disaster. This opportunity will be explored in future years by the CCAP Board and administrators.

LEVERAGED FUNDS FOR ADDED COMMUNITY IMPACT
One of the particular ways that CCAP anticipates using its wind farm revenues is to apply it as leveraged funds to keep programs alive that are experiencing threshold budget cuts. Once the amount of federal funding to CCAP drops below a certain amount of funding, CCAP can no longer operate certain programs and the entire program is shut down, even though there may be partial funding available. In some situations in the past, CCAP has been able to leverage Community Service Block Grant (CSBG) funds in this manner to backfill these threshold government funding cuts. With the current fiscal crisis, CSBG funds are likely to be drastically reduced. The wind farm revenues will be able to serve this critical purpose in keeping these important programs operational.

The following is an example of the multiple benefits derived through using these funds as a leveraged source. The In-Home Care program provides seniors and/or disabled persons that would otherwise need to reside in expensive public or private institutions with care providers. If the CCAP program has a budget of $1 million, but the federal government cuts their funding to CCAP by $200,000, then this threshold level would be achieved and CCAP would need a leveraged source of funding or they would have to shut the program down entirely. By using the wind farm revenues to plug this funding gap, each dollar invested of revenues effectively saves an additional $4 worth of services that would have been cut. Based on CCAP’s historic use of CSBG funds, it is anticipated that $1 in leverage funds will be able to save up to $10 worth of federal program dollars and services.

COMMUNITY SAVINGS, BETTER OUTCOMES AND COST EFFECTIVENESS

Given the strategic way that CCAP will be able to leverage this new funding source, it is important to understand that this money is not only directly offsetting government money needed to fund its programs, but that many of these community programs inherently save tax-
payer dollars based on the proven program outcomes.

**THE CASE OF HOME HEALTHCARE**

In 2009, CCAP provided approximately 105,000 hours and 22,300 hours of home healthcare to seniors and persons with disabilities in Grays Harbor and Pacific Counties respectively. CCAP’s Home Healthcare program, like its national counterparts, has been shown to provide significant cost reductions relative to the alternative interventions of hospitalization or skilled nursing facility services. Cost analyses based on 2009 data show that while hospitalization cost $6,200 per day, nursing home care was $622 per day, and home health care was $135 per visit. In addition, for specific ailments, home-based rehabilitation shows drastic cost savings, such as in the case for ventilator dependent adults where the monthly cost for home care versus hospital care is about $7,000 versus $21,600 per month, respectively. This data reflects very significant cost savings, especially when one considers that low-income seniors healthcare costs are most often being paid by taxpayers through Medicaid or Medicare funding. Another study shows that post hospitalization, early home health care was associated with lower Medicare spending as well as fewer hospital readmissions for the three chronic conditions examined: diabetes, chronic obstructive pulmonary disease, and congestive heart failure (across all three levels of severity examined). The data from these two studies alone clearly documents how the provision of home healthcare services can create significant cost savings for taxpayers and overall better outcomes for patients.

**THE CASE OF RETIRED AND SENIOR VOLUNTEER PROGRAM**

Another example of CCAP’s cost-effective spending that ultimately saves taxpayer dollars can be seen through its Retired and Senior Volunteer Program (RSVP). This program facilitates approximately 400 volunteers to provide over 100,000 hours of community volunteer hours. By managing a program such as this, which effectively taps a free critical resource pool for a very limited cost instead of hiring full time staffing to provide such services directly, CCAP is able to achieve much greater outcomes with minimal impact to its finances. On the financial side, $1 in CCAP spending for this program has been shown to generate approximately $21 worth of service by volunteers in the community.

**NATIONAL WIND FARM MODEL**

The success of CCAP to bring this project to successful completion means that other similar organizations can replicate this same model to replicate under the right conditions. In fact, Mr. Dublanko has been contacted by several organizations from several states to understand the core components tied to the project’s successful execution. So it is possible that other service-based nonprofits located in or near high-wind areas may pursue a similar project model to achieve stronger financial sustainability. With an existing model in hand, replication could be achieved with significant reduction in the time and overall risk of the project.

“We will be the first in the nation to use the NMTC and the wind energy tax credit together. We will be the first in the nation to use the wind energy to fund low-income home energy and other programs. And we will be the first in western Washington to do wind power and to partner with State Fish and Wildlife in the way we are doing.”

- Dan Wood, CCAP Board Chair

### CCAP PROGRAM DELIVERABLES

<table>
<thead>
<tr>
<th>PROGRAM NAME</th>
<th>PROGRAM DELIVERABLE UNIT COST</th>
<th>IMPACT POTENTIAL OF $450,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Low-Income Home Energy Assistance Program</td>
<td>$425 average assistance per family annually</td>
<td>1,060 families for a year</td>
</tr>
<tr>
<td>2 Rental Assistance Program</td>
<td>$600 assistance per month per family</td>
<td>Provide 750 months of rental assistance</td>
</tr>
<tr>
<td>3 Senior Nutrition Program</td>
<td>$7 per meal</td>
<td>64,285 meals</td>
</tr>
<tr>
<td>4 Food Assistance</td>
<td>$1 per 1 pound of food</td>
<td>450,000 pounds of food</td>
</tr>
<tr>
<td>5 Home Healthcare (seniors or disabled persons)</td>
<td>$17.50 per hour of home care</td>
<td>25,714 hours of care provider services</td>
</tr>
<tr>
<td>6 Personal Hygiene</td>
<td>$5 per hygiene kit</td>
<td>90,000 hygiene kits</td>
</tr>
</tbody>
</table>
4.4 ENVIRONMENTAL IMPACTS

### TABLE 11: ENVIRONMENTAL IMPACTS

<table>
<thead>
<tr>
<th>Impact Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production of clean energy from renewable source; enough to power 1000 houses annually</td>
</tr>
<tr>
<td>Partnership with State to measure avian and bat impacts from wind farms</td>
</tr>
<tr>
<td>Furthers the State’s efforts to remain in the forefront of sustainability efforts nationally</td>
</tr>
</tbody>
</table>

**PRODUCTION OF CLEAN AND RENEWABLE ENERGY SOURCE**

Traditionally, the State of Washington has supplied its power generation needs mostly through hydroelectric power (64% in 2009) ranking it as the largest producer of hydroelectric power in the country. Washington is also a major producer of wind energy and in 2010 was ranked fifth in the U.S. in wind capacity. However, Washington energy regulation does not consider most hydroelectric power as coming from a “renewable” source, in contrast to wind power. Currently, the state of Washington has adopted energy portfolio standards that require a threshold of 15% to come from “renewable” sources by 2020. However, the local Public Utility Districts (PUD) have struggled to incorporate enough wind and other renewable energy to keep pace with these goals. As such, the Coastal Energy Project is not only important in that it creates a clean energy source for consumers, but that it also assists the PUD’s purchasing the power to achieve their portfolio standards. This success in turn will demonstrate that these benchmarks are achievable and will continue to encourage Washington and other environmentally conscious states to push the envelope on transitioning the energy industry to achieve ever cleaner and greener standards.

More broadly, the production of wind energy also supports and provides other avenues for Washington, which was awarded the title of the “Greenest State in the USA” by Greenopia in May 2010, to continue to expand their pursuit of ever greener communities.

**WASHINGTON STATE DEPARTMENT OF FISH AND WILDLIFE MEASUREMENT PROJECT**

CCAP is working in partnership with the State Department of Fish and Wildlife to help establish the first real impact study and standards for coastal wind farm impacts on avian and bat species. Injuries and deaths are usually anticipated to occur based on birds and bats flying into the turbine blades when turbines are operational. To date, the state government has no real data from which it generates the impact numbers that developers must use when proposing to undertake wind farm projects in coastal Washington. As such, this data is critical to better understanding the negative impacts that may be produced with respect to bats and birds.

“We would much rather know [the avian impacts] with 4 turbines than 40 or 50. We began to form this strategy of a pilot project so that we can not only help low-income families with this project but maybe we can help renewable energy development in the future in coastal Washington.”

- CRAIG DUBLANKO, CCAP CEO

To substantiate this partnership, CCAP monitors the site intensively on a monthly basis and even more frequently during migratory seasons, and records any bird and/or bat deaths evidenced. They then share this information with the State which then uses the data to establish its new impact standards. Of critical importance is that in the first 12 months of operation of the CCAP wind farm, no avian or bat deaths have been recorded.
5.0 APPENDICES

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APPENDIX B: CREDENTIALS OF REPORT COLLABORATORS

Strategic Development Solutions, LLC
Strategic Development Solutions (SDS) creates innovative business and investment strategies that foster economic opportunity in low-income communities and promote positive environmental impacts. SDS develops innovative market-driven approaches to promote economic development. SDS has built and capitalized more than $2 billion of Double and Triple Bottom Line private-equity funds with its affiliated partner Economic Innovation International, Inc. The three bottom lines of these funds are: (1) market rates of return, (2) positive community/social impacts, and (3) environmental sustainability. Further, the two firms jointly manage the $125 million National New Markets Fund, LLC, an allocation of federal tax credits for real estate projects in low-income communities.

MR+E
With over 20 years of experience, MR+E has participated in a broad range of economic development and planning projects. In particular, the firm has worked intensively on issues surrounding the formation of urban and regional development strategies and the role of infrastructure and public improvements in economic development. With a strong background in public policy analysis, the communication of economic development goals to community stakeholders, the work of the firm has focused on the following interrelated disciplines: general plan economics, economic and fiscal impact analysis, redevelopment and community facilities, culture/heritage/historic preservation.
APPENDIX C: REGIONAL INPUT-OUTPUT MODELING SYSTEM II

SDS and David Bergman undertook an Economic and Fiscal impact analysis based on the anticipated gross impacts of the project using RIMS II along with a fiscal analysis based on existing tax rates in Louisiana. Below is a list of terms used in this report.

METHODOLOGY
RIMS II is an inputs-outputs modeling system that is widely used by both the public and private sectors to estimate the regional economic impacts of events and public investments. Using data from national inputs and outputs table (I-O table) from the Bureau of Economic Analysis (BEA) as well as the BEA’s regional economic accounts (used to adjust the national table to better represent the region’s industrial structure and trading patterns), RIMS II is a cost effective way to generate regional multipliers used for impact analysis. Users of RIMS II must provide geographically and industrially detailed information on the initial changes in output, earnings, or employment that are associated with the project. The multipliers can then be used to estimate the total impact of the project on the regional output, earnings and employment.

ACCURACY
Multipliers generated by the RIMS II model are statistically similar to those generated by expensive surveys. A comparison of 224 industry-specific multipliers from survey-based tables for Texas, Washington, and West Virginia shows that RIMS II average multipliers overestimated the average multipliers from the survey-based tables by approximately 5 percent.*

ADVANTAGES
Data used to calculate RIMS II multipliers is readily accessible, which makes it possible to estimate economic impacts without performing expensive regional surveys. In addition, the data inputs have a high level of detail, making it possible to avoid aggregation errors that occur when industries are combined. Furthermore, the BEA data are updated to reflect the most recent local-area data.

ECONOMIC IMPACT PROJECTIONS:
Direct Economic Impact: Direct economic impact represents expenditures made by a project, including the wages and salaries of project employees. For each project in which NNMF invests, it calculates the direct impact of the project during construction and operations using RIMS II.

Note: Once we have the actual numbers from the project, we replace these estimates with real numbers.

Indirect Economic Impact: The injection of new money by a project results in a ripple effect, or multiplier, that creates income and jobs for individuals not directly associated with the project. Indirect impact represents a project’s impact on the region’s economy relative to how it impacts other businesses and industries. For example, a project may purchase supplies from several companies in the region. These businesses receive this income and spend it in the region which leads to income and expenditures by other businesses and individuals.

Induced Economic Impact: Induced economic impact is a ripple effect that is represented by changes in spending from households that may or may not be directly or indirectly associated with the project. For example if a project employee spends a part of her salary on an electronic purchase, which then leads to the electronic store employees to spend part of their salaries on clothing, and so on.
Secondary Impact: Secondary impact includes both indirect and induced effects. These result from circulation of the initial spending through the local economy and are captured by the multipliers.

Output: Represents total production or revenue. Direct, indirect and induced output projections can be made.

APPENDIX D: CCAP 2009 ANNUAL SERVICES REPORT

COASTAL COMMUNITY ACTION PROGRAM
2009 Annual Services Report

Housing Services
• Provided rental assistance to 234 households.
• Provided transitional housing assistance to 48 households.
• Provided temporary shelter to 26 households.
• Provided CCAP housing for 16 men and 18 women with mental health issues.
• Assisted 59 households with weatherization.

Emergency Services
• Provided energy assistance to 3,093 households.
• Provided emergency shelter from domestic violence to 59 individuals.
• There were 143,656 visits to food banks.
• 294 individuals were assisted through the United Way Emergency Fund.
• Personal packs were provided to 1,500 individuals.
• 173 individuals were supported by the Protective Payee program.
• 365 individuals were served at the annual homeless outreach Project Connect.
• Provided 71 new clients with intensive case management.

In-Home Services
• In Pacific County, in-home care services averaged 472 client hours per month from January to August. This number increased to 4,625 client hours per month after August.
• In Grays Harbor County, in-home care services averaged 8,732 hours per month.

Nutrition and Food Services
(Note – Pacific County senior nutrition was only operating for the last quarter of the year and primarily only in north county).
• Seniors were served 30,232 meals in Grays Harbor and 1,469 meals in Pacific County at senior centers.
• Meals were delivered through the Meals on Wheels program to 30,782 homes in Grays Harbor County and 1,108 homes in Pacific County.

Employment Services
• Provided 60 individuals with developmental disabilities with employment coaching, basic job skills, and job development.
• Assisted 120 individuals through the Community Jobs program gain basic employment skills, job coaching, and experience.

Transportation Services
• 2,279 client trips were made for medical transportation. 1,980 in Grays Harbor and 299 in Pacific County. A total of 202,629 miles were traveled accident free.
• The employment transportation program provided 6,211 rides with 2,161 being in Pacific County. Drivers and riders logged 170,670 miles.
Volunteer Services

- CCAP Retired Senior and Volunteer Program had 477 volunteers in 2009.
- The volunteers posted 124,619 hours throughout Grays Harbor and Pacific Counties.

Other

- Reception assisted 3,905 front desk referrals/information.
- The Long Term Care Ombudsman program provided 127 facility visits in Grays Harbor County and 180 facility visits in Pacific County. The volunteers for this program also consulted with residents and/or family members 351 times in Grays Harbor County and 426 times in Pacific County.
- 2,069 children were provided with school supplies.
- CCAP presented 50 trainings to 666 students. Trainings were primarily care provider oriented.
APPENDIX E: MARKETING DOCUMENTS

**NATIONAL COMMUNITY FUND I, LLC**

$252 million in NMTC allocation under management

NCF, a Community Development Entity formed by Portland Family of Funds Holdings, Inc., provides below-market, flexible financial products for projects and businesses located in highly-distressed communities throughout the nation. Advisory and investment services are provided by United Fund Advisors, LLC.

NCF seeks compelling projects that are anticipated to provide meaningful benefits to deeply underserved communities, which cannot be financed through traditional means. NCF and its project partners and investors value financial, social and environmental returns.

NCF provides flexible, low-cost loans and equity for projects sponsored and sourced by community development organizations. NCF has developed strategic alliances with a broad range of these groups whose missions are to revitalize communities and generate sustainable economic development. NCF invests in projects that meet the following criteria: First, the financing must be for a project with a significant financing gap that cannot be filled through conventional financing. Second, for each investment, (a) the project must be located in an area of higher economic distress, (b) the developer must deliver demonstrable community benefits consistent with Portland Family of Funds’ “Community Benefit Assessment & Reporting System,” (c) the investment must be approved by NCF’s Advisory Board, and (d) the developer must commit to specific community development goals by executing a Community Benefit Agreement.

<table>
<thead>
<tr>
<th>Community Development Entity</th>
<th>National Community Fund I, LLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 (Eighth Round) Allocation Amount</td>
<td>$77,000,000</td>
</tr>
<tr>
<td>2009 (Seventh Round) Allocation Amount</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>2008 (Sixth Round) Allocation Amount</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>2007 (Fifth Round) Allocation Amount</td>
<td>$65,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Area</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling Entity</td>
<td>Portland Family of Funds Holdings, Inc.</td>
</tr>
<tr>
<td>Advisor</td>
<td>United Fund Advisors, LLC</td>
</tr>
<tr>
<td>Targeted Projects</td>
<td>Real estate projects including retail, industrial, community facility, commercial and mixed-use projects located in highly-distressed communities.</td>
</tr>
</tbody>
</table>
| Financial Products | NCF offers low-interest, flexible, long-term capital to projects throughout the country. Financial products include:  
+ senior, subordinate and convertible loans at least 50% below market  
+ debt with maturities in excess of conventional financing  
+ patient equity capital more than 50% below market |

**CONTACT**

Chris Hasle, Principal | 503.546.2643 | chris@unitedfundadvisors.com
Colin Rowan, Principal | 503.546.2647 | colin@unitedfundadvisors.com
Cam Turner, Principal | 503.546.2639 | cam@unitedfundadvisors.com
24 NW First Avenue, Suite 470, Portland, Oregon, 97209
| 503.226.1370 | 503.796.5865
| www.unitedfundadvisors.com

FINANCIAL SOCIAL ENVIRONMENTAL

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New Natural Resources for Rural Economies

creating
Triple Bottom Line
Results

<table>
<thead>
<tr>
<th>Economy</th>
<th>Environment</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs Created and Retained</td>
<td>Riparian Zone (linear feet)</td>
<td>Minority/ Women Owners</td>
</tr>
<tr>
<td>30</td>
<td>Sustainable/ Certified Land</td>
<td>Low Income Families Assisted</td>
</tr>
<tr>
<td>Leveraged Investment</td>
<td>$7,000,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Secondary Value Added Business</td>
<td>Water Diverted from Warte Stream</td>
<td>Local Land Tenure</td>
</tr>
<tr>
<td>Yes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

COASTAL COMMUNITY ACTION PROGRAM
ABERDEEN, WASHINGTON

For many years, Craig Dublanko, Chief Financial Officer of the Coastal Community Action Program, studied the notion of operating a small wind farm on Washington’s blustery north coast and dedicating the net proceeds of sale of the power to low-income residents. In 2004 he began assessing wind velocity and power generation potential on a steep bluff overlooking the Pacific Ocean. He lobbied local politicians, community leaders and prospective financing sources persistently.

His efforts paid off in 2007 when the Washington State Legislature awarded $5 million to the project. With positive test results and seed capital in hand, Dublanko finalized this $16 MM project for a 6 megawatt (MW) wind power farm consisting of four 1.5MW turbines sited on a bluff approximately one mile from the Pacific Ocean.

Enterprise Cascadia financed $8 million of this project through a New Markets Tax Credit (NMTC) investment, made possible with capital provided by Wells Fargo Bank. To learn more, visit www.coastalcap.org and www.sbpac.com.

supporting
Ecological Resilience
reduces climate change by minimizing carbon emissions and increasing the supply of renewable energy
Community Lending and Investment

New Markets Tax Credit program

Through the New Markets Tax Credit (NMTC) program, Wells Fargo Community Lending and Investment provides debt for construction and/or substantial rehabilitation of commercial and community-oriented properties located in low-income communities across the country. We also provide investments in low-income communities through our own NMTC allocation or partnering with third party community development entities (CDEs).

Organizations we serve
Non-profit, for-profit, or public/government organizations

Loan size: Generally $7.5-$20+ million

Eligible projects
For projects that demonstrate measurable community impact, including job creation, neighborhood revitalization, or services targeted to low-income communities. Available for the construction or substantial rehabilitation of:
- High-impact real estate development: redevelopment projects, mixed-use and transit-oriented developments, neighborhood-serving retail
- Community facilities: charter schools, child care centers, healthcare clinics, cultural and performing arts centers

Eligible communities
Projects must be located in highly distressed, low-income community census tracts having at least one or more of the following characteristics:
- Poverty rate greater than 30%
- Unemployment rate at least 1.5 times the national average
- Median income less than 60% of area median income

Special focus is placed on projects in rural markets, redevelopment project areas, Enterprise/Empowerment/ SBA HUB Zones, Brownfields, and financings involving public/private partnerships.

Types of NMTC financing
We provide impact capital for qualified projects generally in two forms:
- A/B Gap loan: NMTC subsidy to qualified projects in the form of subordinated debt in addition to an underlying market-rate debt component
- Reduced Interest Rate loan: NMTC-enhanced, below-market-rate loans to projects in need of lower cost of capital

Wells Fargo acts as both a lender and tax credit investor either through our allocations or third-party CDEs.

About New Markets Tax Credits
This federal tax incentive program was authorized by Congress in 2000 to help spur the investment of capital in small businesses and commercial real estate located in communities of need. Each year the U.S. Treasury Department allocates a predetermined amount of NMTCs to a select number of organizations. Since the program’s inception, Wells Fargo has invested over $700 million in allocations and invested more than $1 billion in low-income communities across the country.

Complementary Wells Fargo products and services
NMTCs are part of our commitment to community development and providing capital to underserved communities, including:
- LIHTC construction, substantial rehabilitation, and permanent lending
- Direct and fund tax credit equity investments
- Equity Equivalent Investments
- Lending capital for Community Development Financial Institutions
- Other bank services

wellsfargo.com/nmtc

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APPENDIX F: REFERENCES AND ASSUMPTIONS

2.0 EXECUTIVE SUMMARY
1. The actual cash out value of the ITC was 4.7 million.

3.1 PROJECT OVERVIEW
2. Average house uses 12MW/year and Costal Energy Project is estimated to produce 13,000MW on average per year. This translates into energy to power of a slightly over 1,000 homes for a whole year (provided by Craig Dublanko/CCAP).
3. Annual revenues will fluctuate and are anticipated to increase over time based on: 1) pre-negotiated annual power sale price escalator; 2) operational efficiencies gained over time; 3) aspects related to transaction financial structure and increases in equity position. In the early years of the project, revenues below this threshold may be realized.

3.2 SPONSOR BACKGROUND
4. This is based upon the 2010 budget.

3.3 PROJECT IMPETUS
5. These funds were originally distributed from the federal government to A World Institute for a Sustainable Humanity (A W.I.S.H.). This entity then redistributed the funds to CCAP for their wind test project.

3.4 PROJECT AREA BACKGROUND
6. U.S. Census Bureau 2000
7. U.S. Census Bureau 2000
8. US Census Bureau 2000

4.1 ECONOMIC IMPACTS
9. The economic impact analysis seeks to identify the likely future effects on the regional economy, in terms of output, earnings and employment, which can be anticipated to occur as a result of the construction and operations of the project. Two time periods are considered: first; is a construction period which covers the development of the project from site acquisition to completion and second; which is a single stable operating year. The following assumptions were used in the preparation of these estimates:
   • Capital costs and operations data are based on the project information sheet provided by Coastal Community Action on 1/19/11
   • All figures are presented in 2010 constant dollars
   • All impacts are measured as gross impacts; no adjustments have been made for substitution and replacement of existing activities.
   • The target area for economic impacts includes both Gray’s Harbor and Pacific Counties, Washington.
10. Expenditures associated with annual operations of the turbines for items such as maintenance, security and inspections have been estimated at $125,000 per year (provided by CCAP).
11. Electricity is generated for sale during 19.66 years of the 20 year lifespan of the project. This calculation excludes the 4 month construction phase.
12. These jobs are FTE and exist only during the year that the equipment was created.
13. This calculation does not include any economic output related to the manufacture of the wind turbines as this activity is happening outside of the local region for which the economic outputs are being measured for.
14. Generated using the RIIMs modeling system.
15. Calculated by $450,000 annual revenues inflated at 3.4%

4.2 FISCAL IMPACTS
16. For NMTCs, the 39% project subsidy is deployed over 7 years (5% for 3 years; 6% for the remaining 4 years)
17. NPV is calculated over 20 years and discounted at 4%
18. These analyses included direct, indirect, and induced fiscal impacts. Prevailing rates for each jurisdiction have been researched to the extent possible. The analyses were built upon economic analysis provided by a third party. The prevailing expected inflation rate is 3.4%, and the discount rate used to calculate net present values is 4.0%

The wind farm project costs have been divided into two separate categories: hard costs and soft costs. Of hard costs, 64% is estimated to be labor costs and soft costs. Of hard costs, 60% of which is estimated to be taxable income.

Washington State does not levy personal or corporate income taxes. However, persons that engage in business in Washington are subject to business and occupation and/or public utility tax. These taxes are based on gross receipts of the business.

Public utility tax is levied on public service businesses, such as transportation, communications, and the supply of energy, natural gas, and water. The tax is in lieu of the business and occupation (B&O) tax. The prevailing tax rate for the generation and/or distribution of electrical power is 3.873%. Other services and activities in Grays Harbor County, WA are taxed at 1.8%.

The majority of the public utility taxes are distributed into the state general fund. A portion, however, provides financial assistance to local governments for maintenance of public works facilities.

The property tax in Grays Harbor County is $10.55/$1,000 of assessed value, or 1.055%.

The average effective federal tax rate of 18.5% is applied to estimate the federal income taxes on personal income generated as a result of the wind farm construction and operations activities — based on the Statistics of Income for the State of Washington.

The average corporate federal tax rate is assumed to be 34% of net income.

The sales/use tax rate in Grays Harbor County is 8.4%. The state earns 6.5% and city/county collects 1.9%. Here is the breakdown for the local share of sales taxes.

- Grays Harbor County 1.0%
- Public Transit 0.6%
- Criminal Justice 0.1%
- Emergency Communications 0.1%
- Mental Health 0.1%
- Total City/County Share 1.9%

In Grays Harbor County, WA, consumers, on average, spend 26% of their gross income on taxable goods and services (based on the Consumer Expenditure Survey for the Seattle region). We apply this ratio to the gross income of direct, indirect, and induced employees and multiplying the result by the effective sales tax rate to determine the sales/use taxes associated with the Coastal Energy Project.
19. Taxes will start in year 8 of the project due to the how the project financing transaction was structured.
20. This amount reflects the annual tax impact without the sale of the energy.
21. This amount reflects the tax revenues inclusive of the taxes associated with the sale of the energy that begins in Year 8 of the project.
22. Since the wind farm straddles both Grays Harbor and Pacific County both area tax rates were taken into consideration in this calculation.

4.3 SOCIAL AND COMMUNITY IMPACTS
23. Based on 2010 budget amount.
24. Based on CCAP historic assessment of leverage usage.
25. Reference to 2009 CCAP Annual Report (Appendix A). Calculations: Pacific County (4625 hours x 4 months; 472 hours x 8 months) and Grays Harbor (8,732 hours x 12 months)

4.4 ENVIRONMENTAL IMPACTS
FOR INFORMATION ON IMPACT REPORTING SERVICES:

(310) 914-5333
impact@SDSgroup.com
11150 W. Olympic Blvd., Suite 910, Los Angeles, CA 90064

www.sdsgroup.com