2014 Elected Alternate Vice President
Simon Salinas ............................ County of Monterey
The County of Monterey appointed Mr. Salinas as the County’s new representative and Mr. Calcagno will serve as the alternate representative.

Tonnage Reports on Landfilled Materials for Qtr Ended December 31, 2013
Authority Area waste landfilled decreased 5.4% over the same quarter last year. Diverted materials decreased 3.0% over the same quarter in 2012. South Valley Disposal (So. Santa Clara) delivered 33% of all landfilled tonnage, a 13.9% increase over the same quarter in 2012.

Final Results of Refunding Revenue Bonds, Series 2014
The final structure of the bond issue resulted in borrowing $6 million less than originally estimated and generating an additional savings of $2.7 million beyond the original estimates. Had the Authority been able to finance earlier when rates were at their lowest, the Authority could have saved an additional $2 million in present value savings. In the restructure, the Authority was able to reduce its outstanding debt by 11%.

<table>
<thead>
<tr>
<th>Authorized</th>
<th>Estimated</th>
<th>Actual</th>
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<tbody>
<tr>
<td>Amount of Issue</td>
<td>$38,000,000</td>
<td>$37,400,000</td>
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<tr>
<td>Cost of Issuance</td>
<td>$800,000</td>
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<tr>
<td>Debt Service Reserve</td>
<td>$3,200,000</td>
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<tr>
<td>Bond Insurance *</td>
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<tr>
<td>True Interest Cost</td>
<td>5.1%</td>
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<tr>
<td>Underwriter’s Discount</td>
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<td>1.6%</td>
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<tr>
<td>Present Value Savings</td>
<td>3.5%</td>
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<tr>
<td>Cash Flow Savings</td>
<td>$2,201,929</td>
<td>$4,991,172</td>
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*Upfront premium is calculated by multiplying the premium (0.38%) by total debt service on the 2014 bonds

FY 2014-15 Preliminary Budget
The Board supported the preliminary operating budget of $14.8 million, which represents a status-quo operation for the coming year. While the operations will remain the same, there are significant changes in the budget numbers such as elimination of revenue from imported waste, an estimated 3% decrease in waste tonnage, and a decrease in operating expenses. A $732,000 surplus is estimated and was recommended to be used for capital projects and to fund the Authority reserves. It also includes a $3 per ton increase in the Salinas Transportation Surcharge.

Johnson Canyon Landfill Operations – Private vs. Public
After receiving the bid comparison report, the Board directed staff to move forward with bringing the operations in-house. At the March meeting, staff will present to the Board a proposed implementation plan.

Auto clave Demonstration Project
After several years of research and study with a pilot unit at Crazy Horse Landfill, the Board approved moving forward with a full scale commercial demonstration unit at the Johnson Canyon Landfill.

Financial Report for Month Ended December 2013 (50% of the Fiscal Year)
Revenue collected  $ 9,139,040 (50.69% of Estimated Revenue of $18,029,847)
Expenditures for operations  $ 7,532,244 (46.37% of Operating Budget of $16,242,955)
Cash balance  $ 14,508,119
Expanded Outreach Efforts

Rose Gill
HR/Organizational Development Manager
Introduction

• Six Month Marketing Review
• Upcoming Marketing Events
• Overview of Community Forum Campaign
• Review of Board Approved Public Outreach Policy
• New Strategic Plan Objectives
Six-Month Marketing Review

- Featured “New Green” TV ads
- Tire Amnesty Campaign, radio and newspaper
- Community Forum Campaign
- Holiday Tree Recycling Campaign
- Vision Recycling, Green Waste Contamination Campaign
- Household Hazardous Waste Mobile Collection Events Campaign
Upcoming Marketing Events

• Household Hazardous Waste Facilities Campaign
• Field Promotion
• Tire Amnesty Campaign
• Spring Recycling Event
Community Forums

• Conducted three Community Forums
  – November 12, 2013
  – December 10, 2013
  – January 22, 2014
Community Forums Recommendations

• Webinars
• Record Presentations and post on website/Facebook
• Present to community groups/clubs
• Direct mailing to current email list
Public Outreach Policy Resolution

• Bilingual Outreach Measures (Spanish)
  – Translated Agendas
  – Interpreters at Board meetings (24-hour advance notice for Executive Committee/other Board special committees)
  – Summaries of Certain Environmental Review Documents
  – At least one scoping meeting with Spanish interpreter for projects requiring Environmental Review
  – 24 hour advance request for staff member fluent in Spanish to answer questions regarding proposed agenda items

• Formation of Citizens Advisory Group
# Translation Services

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<th>Total 2012 Meetings:</th>
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<td>Meetings When Services Used:</td>
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<td>Total Cost for Year 2012:</td>
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<table>
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<td>Meetings When Services Used:</td>
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<table>
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<td>Meetings When Services Used:</td>
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<td>Total Cost for Year 2014:</td>
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## Website Access by Public

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<th>English</th>
<th>Total</th>
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<tr>
<td>December</td>
<td>16</td>
<td>159</td>
<td>175</td>
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<tr>
<td><strong>Total for 2013</strong></td>
<td><strong>180</strong></td>
<td><strong>2,174</strong></td>
<td><strong>2,354</strong></td>
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7.65%  92.35%  100%
Citizen Advisory Group

• Selection Criteria approved August 2013
• Five members appointed in September and one in October 2013
• Have had four meetings
• Reviewing the potential sites for relocation of the Sun Street Transfer Station and Materials Recovery Facility
Strategic Plan Three-year Goal

• Increase Public Access, Involvement and Awareness of SVSWA Activities
  – New ideas to expand public and stakeholder information of Board diversion goals and activities
  – Enhanced Student Recycling Education Plan
  – Board/Management visible at community events
  – Messages/materials distributed to community
  – Two new radio and television ads targeting Hispanic community
Provide Staff Direction

Questions
Comments
Feedback
Direction
Global OrganicS Energy

19 February 2014

Sent By Email and Certified Mail

Board of Directors
Monterey Regional Waste Management District
14201 Del Monte Boulevard
Marina, California 93933

REFERENCE: MRWMD 21 February 2014 BOARD AGENDA ITEM #11

Dear Monterey Waste Management District Board of Directors,

This letter addresses your Board's Agenda Item # 11 for your meeting this Friday, 21 February 2014. Our company, Global OrganicS Energy // GOE, formally requests this letter be reviewed as part of your agenda discussion.

We have reviewed the associated letter written to William Merry, by Ron Barmore Managing Director of Cornerstone Resources LLC, dated 20 January 2014. We are responding to this letter because GOE was specifically mentioned. The letter contains gross misrepresentations of the GOE integrated system.

The GOE integrated system is ready for full-scale commercialization. The autoclave itself has now been developed at the pilot-scale for 12 years. The GOE integrated system is currently being commercialized well beyond just the autoclave itself.

Some of the misstatements in Mr. Barmore’s letter are as follows:

1. "The Burcell process does not require a boiler for steam production, an autoclave does" - True, the Burcell autoclave generates its own steam. Steam is not primarily required in the GOE integrated system. We also consider having an external source of steam can selectively augment the process by achieving a faster start and reducing cycle time.

2. "The Burcell process uses non-potable water to process the organics, the autoclave needs high quality boiler feed water and is a zero charge design" - I am pleased Mr. Barmore points out one of the most positive features of the GOE integrated system........the GOE system is a zero discharge system. Therefore, GOE needs very little water added during the running of the process. The system avoids discharges into waste water treatment facilities. What little additional water is required DOES NOT need to be potable as Mr. Barmore states.
"The Burcell process is less expensive to build (carbon steel vs. stainless), less expensive to operate (lower energy inputs) and has a shorter process cycle time". I am not sure how Mr. Barmore can make those representations since he has no first-hand knowledge for comparing the Burcell autoclave with the GOE integrated system. Nevertheless, I will address his misstatements. The GOE integrated system autoclave does not require stainless steel as stated. Next, the GOE integrated system is self-sufficient on energy so it requires no energy inputs. Finally, with the latest enhancements, our cycle times have been reduced and are lower than other alternatives.

Setting aside the above misstatements, comparing the Burcell autoclave to the GOE integrated system is like comparing apples and oranges. The GOE integrated system requires no linkages to other companies or processes. The GOE integrated system yields the highest-value outputs of any MSW process available (including composting, incineration, biofuels, energy generation and biochemicals).

The early version of the autoclave component, in the GOE integrated system, has been demonstrated hundreds of times and refined accordingly. As you know, we are preparing to build a full-scale, commercial autoclave unit based on our latest technology as final commercial demonstration. This autoclave unit is the first of four commercial units (at full scale) that will be part of the GOE integrated, operating system. All other unit operations of the GOE system have been demonstrated commercially around the world, over decades.

Mr. Barmore also asserts "the original autoclave technology was evaluated by the original developers of their autoclave process". For clarity, the original developer was Comprehensive Resources, Recovery, & Reuse (CR3). One of Mr. Barmore's current partners, Olaf Lee (and Olaf Lee's father) originally evaluated the CR3 autoclave technology and thought enough of the CR3 autoclave that they purchased a license from CR3. That license expired. At the point of licensing, CR3 had already spent 8 years developing the autoclave technology. GOE now owns exclusive rights to the CR3 autoclave process.

We would encourage the MRWMD Board, and your Staff, to familiarize yourselves with the GOE integrated system. GOE offers the opportunity for achieving the highest levels of environmental performance and financial return. The GOE system offers: the highest level of waste reuse; energy self-sufficiency; operating with non-potable water in a closed water loop; yielding no dirty, waste-water discharge; no fugitive emissions; and diverting 75% of MSW from landfilling. Further, we invite you to be part of GOE executing actual commercialization; with the next step being the construction of the full-scale (300 tons/yr capacity) commercial unit.
We also invite MRWMD Board and Staff to visit a demonstration of the GOE autoclave unit currently located at Crazy Horse Landfill in Salinas.

We would be pleased to meet with the MRWMD Board and Staff at your convenience. Please do not hesitate to call me if I may be of assistance.

Respectfully submitted,

Alexander "Duke" Bascom
Founder, Chairman & CO-CEO
Global OrganicS Energy // GOE

7400 Metro Boulevard, Suite 100
Edina, Minnesota 55439
952.926.6336  O
612.708.6848  C

Email - Becky Aguilar, Clerk of the MRWMD
baguilar@mrwmd.org

C.C. - Salinas Valley Solid Waste Authority Board of Directors
January 20, 2014

Mr. William M. Merry P.E., BCEE
General Manager,
Monterey Regional Waste Management District
14201 Del Monte Blvd.,
Marina, CA 93933-1670

Subject: Hosting a demonstration of the BurCell™ process in conjunction with the on-going operations of the ZWE SmartFerm system.

Dear Mr. Merry:

I want to thank you for taking the time for Jeff Bogg and me to meet with you and your senior leadership team on January 16th to discuss our proposed plan to demonstrate the BurCell™ Process. We are very excited about the opportunity to work with ZeroWaste Energy and demonstrate that our technology can extract organic and cellulosic matter from the municipal solid waste stream and deliver it to the SmartFerm technology in a usable form. After meeting you and seeing all that you do at MRWMD, I am convinced that there is no better place in the Country for us to demonstrate the capability of our technology’s ability to convert MSW into a feedstock that can be tested in a SmartFerm dry fermentation system.

We appreciate your level of interest and your willingness to present our request to your Board for its consideration. Our request to the Board is for MRWMD to host the demonstration project, providing us the location in a corner of your existing MRF tip floor along with periodic supplies of MRWMD sourced MSW and agricultural waste materials for testing. We are not asking for any form of funding support from MRWMD.

As discussed, ZWE and Cornerstone are developing a dirty MRF / AD project for Randy’s Environmental Services, a Delano, MN based company. Randy’s is a successful and innovative leader in the waste management industry serving the greater Twin Cities metropolitan market. The company has been in business since 1979, and has developed a reputation as an innovative service provider. This anaerobic digester project promises to be a commercially viable alternative to the landfilling of the non-recycled portion of the solid waste that it collects from its customers and will produce renewable CNG to fuel its truck fleet. A critical component of this project will be the first commercial application of the Cornerstone Resources BurCell™ process. Demonstrating our technology and its ability to interface with the SmartFerm technology is a critical step in the development process. We have applied for a matching funds grant from the Minnesota Department of Agriculture to support our efforts. The schedule for the demonstration project is as follows and we anticipate an award in the March/April timeframe.

Our demonstration campaigns will require about 75 tons of feedstock per campaign. We are currently planning of configuring the testing campaigns in this manner:
Highlights
Disruptive Technology. A breakthrough in the utilization of Municipal Solid Waste, Agricultural based waste material, and other organic material to provide cost effective feedstocks for a variety of energy conversion systems and emerging bioproducts technologies.

- Recovers and enhances the organic fraction of MSW at processing costs equivalent to landfill tip fees
- Produces a high quality Process Engineered Feedstock at < 50% of the cost of alternatives
- Modular and economical at small scale

Technology Validation. An earlier version of the technology has over 5 years of R&D and technology validation.

- 5 independent third party reviews and process due diligence studies,
- Over 4500 hours of successful operation of the system.
- First generation system successfully deployed at a leading edge waste to Biofuels Company.
- Extensive testing of the organics by The University of Minnesota's Department of Bioproducts and Biosystems Engineering.

Significant Market Potential. 1) The Waste Management Industry which still landfills the majority of the MSW that it collects. Of this amount over 50% is biogenic (organic); potentially a low cost feedstock for anaerobic digestion and the fast developing bioenergy and bioproducts industry; 2) The Agricultural Sector, where the pasteurization capabilities of the process will expand the use of a variety of residual materials in projects that use anaerobic digestion for renewable energy production and nutrient recovery; and 3) The Biofuels and Bioproducts Industry where the ability to enhance the benefits from additional lower cost feedstocks will significantly improve the economics for the client and allow for the more advantageous use of available non-food or feed materials.

Cornerstone Resources, LLC is an Atlanta, Georgia-based company that has the patented, demonstrated technology that provide a game changing shift in how Solid Waste, agricultural, and other waste materials are managed and utilized cost effective feedstocks to a variety of conversion systems and emerging biotechnologies. Cornerstone has improved on the technology and developed the BurCell™ process, a “patent pending”, second generation, technology. The new design enhances the process performance while significantly reducing both the capital and operating costs of the system. The BurCell™ process recovers and enhances a wide range of materials, such as the paper, fiber and organics that make up close to 50% of a typical MSW waste stream, corn stover, food waste organics, and numerous Ag-wastes and manure materials to produce a clean storable biologically stable feedstock with meaningfully increased yields when digested for gas production or converted for biochemical, ethanol, or other biofuel or bioproducts production.

The BurCell™ System, a vacuum aided thermal decomposition process, converts pre-sorted MSW and other feedstocks into a consistent, pasteurized and reasonably homogenous process engineered cellulosic product. It is uniquely differentiated from existing technologies competing to provide MSW recycling, landfill reduction and waste to energy organic feedstock solutions. Key features of this unique technology are:

- The process is modular and viable at small scale;
- Functions without a boiler using untreated waste water while maintaining the purity of the organics and not deforming the low density plastics;
- Maximizes the organics recovered from the waste material that it is processing and enhances the biogas production of those organic materials;
- Pasteurizes the material it processes, killing any pathogens which is critical in agricultural applications

✓ Compatible with a variety of conversion processes seeking low cost feedstock.

The Team
✓ Senior management experienced in Waste to Energy and Renewables
✓ Industry savvy investors
✓ The inventor who developed, built and operated the process
✓ A Fortune 500 manufacturing and development partner that aligns the company with a number of leaders in the waste management industry

Please Contact
Ron Barmore | ron@2pdey.com | 678-654-4740
Managing Director of the Cornerstone Resources, LLC
Board of Governors