



# City of Blue Lake

111 Greenwood Road-P.O. Box 458

Blue Lake, CA 95525

707-668-5655(P) 707-668-5916(F) [www.bluelake.ca.gov](http://www.bluelake.ca.gov)

## City Council Agenda

Tuesday, November 12, 2024 ~ 6:30 p.m. ~Special Council Meeting  
Skinner Store-111 Greenwood Road, Blue Lake California

*Unless Otherwise Noted, All Items on the Agenda are Subject to Action.*

Public Input can be given to the Council by emailing [cityclerk@bluelake.ca.gov](mailto:cityclerk@bluelake.ca.gov) until 4:30 p.m. on  
Tuesday November 12, 2024.

PLEASE NOTE that live meeting logistics will be prioritized. The quality of the Zoom teleconference meeting cannot be guaranteed. Technical challenges experienced by either the participant or the City will not interrupt or halt the progress of the meeting.

**Public input may be facilitated by Zoom at the following meeting link:**

<https://us02web.zoom.us/j/83348843105?pwd=ziSaZczj7inZGhKM5y1w1t4X696KJ.1>

Meeting ID: 833 4884 3105

Passcode: 568950

1. Call to Order
2. Pledge of Allegiance and Establish a Quorum of the Council-
3. Approval of Agenda
4. **Public Comment** – *The Public is invited to present petitions, make announcements, or provide other information to the City Council that is relevant to the scope of authority of the City of Blue Lake that is not on the Agenda. The Council may provide up to 15 minutes for this public input session. To assure that each individual presentation is heard, the Council may uniformly impose time limitations of 3 minutes to each individual presentation. The public will be given the opportunity to address items that are on the agenda at the time the Council takes up each specific agenda item.*
5. **Receive presentation from PowerTransitions regarding potential development of a portion of the former Blue Lake Power site for battery storage-Discussion**
6. **Consider approval of Exclusive Right to Negotiate Agreement with PowerTransitions Operations LLC-Discussion/Action**
7. Council Correspondence
8. Consent Agenda
9. Reports of Council and Staff
10. Future Agenda Items
11. Adjourn

**A request for disability-related modification or accommodation, including auxiliary aid or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting, by contacting City Clerk, Anali Gonzalez, at 707-668-5655, at least 24 hours prior to the commencement of the meeting.**

## EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT

This Exclusive Right to Negotiate Agreement (this “**Agreement**”), dated as of November [REDACTED], 2024, is entered into by and between THE CITY OF BLUE LAKE, a California municipal corporation (the “**City**”), and PT BLUE LAKE REDEVELOPMENT LLC, a limited liability company organized and existing under the laws of the State of Delaware (“**PowerTransitions**”). (The City and PowerTransitions are sometimes referred to individually as a “**Party**” and collectively as the “**Parties.**”)

### Recitals

A. The City owns approximately 25 acres of real property (the “**Blue Lake Site**”) on which a former 12.5 MW biomass facility (the “**Blue Lake Facility**”) was owned and operated by affiliates of LandGas Technology LLC, an Illinois limited liability company (“**LandGas**”);

B. LandGas and the City of Blue Lake are currently in a dispute regarding the Blue Lake Facility (the “**Blue Lake Facility Dispute**”);

C. PowerTransitions is engaged in the business of acquiring and/or partnering with owners and local communities throughout the United States to, decommission, demolish, and remediate retired industrial and power facilities/sites in the United States in order to develop renewable generation facilities and energy storage systems (collectively “**Renewable Assets**”) and/or energy intensive commercial real estate such as powered shells for hyperscale data centers on or adjacent to such Legacy Sites for, among other reasons, the benefit of the local communities, including creation of jobs and skills transfer trainings, new and continued property and sales tax generation, affordable and sustainable energy solutions, cleaner environments, improved property aesthetics, multi-use developments, educational programs, and corporate social responsibility initiatives (the “**Community Benefits**”);

D. The City desires to redevelop the Blue Lake Facility into a mixed-use commercial development, including, among other things, a battery energy storage system;

E. The City and PowerTransitions have been in discussions regarding (i) an option purchase or lease with respect to approximately 6 acres of real property at the Blue Lake Site as more specifically identified on the map on **Annex A-1** hereto (the “**Phase I Property**”), (ii) the management of demolition of the Blue Lake Facility and environmental liabilities associated with the Blue Lake Facility by PowerTransitions (the “**Blue Lake Facility Demolition & Remediation**”), and (iii) the development of a 12.5 MW battery energy storage system (BESS) (the “**Phase IA BESS Project**”) and 100 MW battery energy storage system (the “**Phase IB BESS Project**”), in connection with a potential resolution of the Blue Lake Facility Dispute between the City of Blue Lake and LandGas;

F. The City and PowerTransitions are also in discussions regarding (i) an additional subsequent option purchase or lease with respect to approximately 12 acres of real property at the Blue Lake Site as more specifically identified on the map on **Annex A-2** hereto (the “**Phase II Property**” and together with the Phase I Property, the “**Redevelopment Project Properties**”), and (ii) the potential development of an additional battery energy storage system of up to 200 MW (the “**Phase II BESS Project**” and together with the Phase IA BESS Project and the Phase IB BESS Project, the “**BESS Projects**”) (the BESS Projects, together with the Redevelopment Project Properties and the Blue Lake Facility Demolition & Remediation and any other potential power generation or storage project, the “**Redevelopment Project**”);

G. PowerTransitions is also in discussions with LandGas regarding an acquisition of the Blue Lake Facility assets, which are subject to the Blue Lake Facility Dispute;

H. PowerTransitions envisions that the Blue Lake Facility Demolition & Remediation, and the redevelopment, restoration and reuse of the Redevelopment Project Properties with the BESS Projects will provide the local community with the foregoing Community Benefits and represents the best and highest use of the Blue Lake Facility and the Redevelopment Project Properties;

I. In order to provide the Parties with the time and opportunity to negotiate the terms and conditions of the option to purchase or lease, the Parties now wish to enter into this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual covenants contained herein and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties hereby agree as follows:

**Agreement**

1. **Agreement to Negotiate Exclusively and in Good Faith.** The City agrees that, during the Negotiation Period (as defined in Section 2, below) and provided that PowerTransitions is not in default of its obligations under this Agreement, the City shall negotiate exclusively and in good faith with PowerTransitions (and its designated agents) in an effort to reach a definitive option to purchase or lease agreement (the “**Option Agreement**”), through which PowerTransitions would acquire the option (the “**Option**”) to lease or acquire the Redevelopment Project Properties from the City for the Redevelopment Project. During the Negotiation Period, the City shall not solicit or entertain offers or proposals from other parties concerning similar projects on the Blue Lake Site, including (without limitation) leases, purchases, joint ventures, or other arrangements where other parties would gain the right to construct and operate the Redevelopment Project. The Parties agree, in consideration of this Agreement, to negotiate in good faith with each other with respect to the potential Option Agreement. The Parties shall provide each other with any information regarding the Blue Lake Site that may be reasonably requested by the other Party that exists at the time of the request.

2. **Negotiating Period.** The negotiating period shall commence at Noon Pacific time on the Business Day following the date that this Agreement is signed by both Parties (the “**Effective Date**”), and terminate at 5:00 p.m. Pacific time on the ninetieth (90th) day after the Effective Date (the “**Negotiating Period**”); provided, that if day on which the Negotiating Period would terminate is not a Business Day, the Negotiating Period shall terminate at the specified time on the next Business Day following such day. PowerTransitions shall have the right, in its sole discretion, to extend the Negotiating Period for up to two (2) additional 30-day periods (each such right being a “**Monthly Extension**”). To exercise any Monthly Extension, PowerTransitions shall provide the City with written notice at least three (3) Business Days prior to the expiration of the then-current Negotiating Period, which notice shall be accompanied by payment of the Extension Fee described in Section 4 below. If PowerTransitions exercises any Monthly Extension, the phrase “Negotiating Period” will mean the Negotiating Period as so extended. If the Parties have not executed an Option Agreement by the end of the Negotiation Period (as the same may be extended as stated above, or as the Parties may mutually agree to extend this Agreement beyond its contemplated term), then this Agreement shall automatically terminate, except for those provisions that are expressly stated to survive the termination of this Agreement.

3. Agreement to Negotiate Option Agreement.

3.1 Negotiation of the Option Agreement. During the Negotiating Period, the Parties agree to work with one another to negotiate in good faith the Option Agreement, which Option Agreement shall be substantially on the terms set forth on **Annex C** hereto.

3.2 No Obligation. This Agreement shall not obligate either Party to enter into the Option Agreement or other definitive agreement with respect to the Blue Lake Site. The only obligation imposed by this Agreement is that, during the Negotiating Period, the Parties shall, in good faith, diligently negotiate the terms and conditions of the Option Agreement using all commercially reasonable efforts to attempt to reach agreement prior to the expiration of the Negotiating Period.

4. Consideration for Exclusive Right to Negotiate Fee. As consideration for the City to enter into this Agreement, PowerTransitions shall pay the City the sum of \$15,000.00 (the “**Initial ERN Fee**”) within three (3) Business Days after the date that this Agreement is signed by both Parties. If PowerTransitions exercises any Monthly Extension pursuant to Section 2 above, PowerTransitions shall pay to City an extension fee in the amount of \$2,500.00 per Monthly Extension (each, an “**Extension Fee**”, and collectively, the “**Extension Fees**”). (The Initial ERN Fee and the Extension Fees are referred to collectively as the “**ERN Payments**.”) ERN Payments shall be independent consideration for this Agreement and shall be non-refundable; provided, however, that if PowerTransitions and the City enter into the Option Agreement, then the ERN Payments shall be credited either (a) against any option payments under the Option Agreement or (b) if PowerTransitions exercises the Option or enters into a lease as contemplated by the Option Agreement (i) against the purchase price if PowerTransitions acquires the Phase I Property or (ii) in the event of a lease of the Phase II Property, in twelve (12) equal installments against rent due during the first twelve (12) months of the lease term.

5. Disclosure of Information.

5.1 By the City. The City will provide PowerTransitions with full and complete access to all material information and documentation pertinent to the Blue Lake Facility and the Blue Lake Site in order for PowerTransitions to fully evaluate the transactions contemplated by this Agreement and, if applicable, negotiate and consummate definitive documentation between the Parties with respect thereto. The City will assist PowerTransitions with respect to all communications with California ISO, the Redwood Coast Energy Authority, Pacific Gas & Electric, and any federal, state or local authorities regarding the transactions contemplated by this Agreement and the Community Benefits.

5.2 By PowerTransitions. PowerTransitions will provide City with full and complete access to all material information and documentation pertinent to the Blue Lake Facility Demolition & Remediation in order for City to fully evaluate the transactions contemplated by this Agreement and, if applicable, negotiate and consummate definitive documentation between the Parties with respect thereto.

5.3 Confidentiality. The Parties acknowledge that written Confidentiality Agreement dated August 28, 2024 (the “**NDA**”), and agree that the rights and obligations under the NDA shall continue in full force and effect and shall govern the disclosure and receipt of information under this Agreement.

6. Termination of Agreement. Concurrently with the exercise of the Option Agreement, this Agreement shall automatically terminate and be without any further force or effect except for obligations of either party that survives the termination of this Agreement as provided herein.

7. Limitation of Liability. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL THE AGGREGATE LIABILITY OF THE CITY (TOGETHER WITH ALL OF ITS AFFILIATES, OFFICIALS, EMPLOYEES, AND DIRECTORS) ARISING OUT OF OR RELATED TO THIS AGREEMENT EXCEED AN AMOUNT EQUAL TO THE ERN PAYMENTS PAID BY POWERTRANSITIONS TO THE CITY HEREUNDER DURING NEGOTIATING PERIOD. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER POWERTRANSITIONS NOR THE CITY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO DAMAGES FOR LOSS OF BUSINESS, LOSS OF DATA, LOSS OF PROFITS OR THE LIKE) ARISING UNDER THIS AGREEMENT, WHETHER BASED ON BREACH OF CONTRACT, BREACH OF WARRANTY, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND EVEN IF A REMEDY SET FORTH HEREIN IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE. THE LIMITATIONS OF DAMAGES SET FORTH ABOVE ARE FUNDAMENTAL ELEMENTS OF THE BASIS OF THE BARGAIN BETWEEN THE PARTIES.

8. Miscellaneous.

8.1 Incorporation of Exhibits. The exhibits attached hereto are incorporated herein by this reference.

8.2 Notices. All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon transmission when sent by email to the email address set forth below (provided, however, that notices given by email shall not be effective if the Party sending the email receives an automatic notice that the email was undeliverable); (c) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that the sender has in its possession the return receipt to prove actual delivery); or (d) one (1) Business Day after the notice has been deposited with an overnight courier service (such as Federal Express or UPS) to be delivered by overnight delivery (provided that the sending Party receives a confirmation of actual delivery from the courier).

**The City**

The City of Blue Lake  
111 Greenwood Ave  
Blue Lake, California 95525  
Attn: City Manager  
Email: [citymanager@bluelake.ca.gov](mailto:citymanager@bluelake.ca.gov)

with a copy (which shall not constitute notice) to:

The Mitchell Law Firm, LLP  
426 First Street  
Eureka, California 95501

Attn: Ryan T. Plotz, Partner  
Email: rplotz@mitchelllawfirm.com

**PowerTransitions:**

PT Blue Lake Redevelopment LLC  
5251 Westheimer Rd, Suite 330  
Houston, Texas 77056  
Attn: Justin Thekkekara, General Counsel  
Email: legal.notice@power-transitions.com

Each Party may change or supplement the addresses given above, or designate additional addressees, for purposes of this Section by delivering to the other Party written notice in the manner set forth above.

8.3 Disputes. If a dispute arises out of or relates to the interpretation of this Agreement, or the performance of this Agreement, or the breach hereof, the Parties shall endeavor to resolve such dispute through direct negotiation. Notwithstanding the above, any and all disputes or difference arising out of or in connection with this Agreement which are not resolved through direct negotiation within ten (10) days shall be referred to the Parties' senior management for resolution. If the senior management are not able to resolve such disputes within an additional five (5) days, then the matter may finally be settled under the rules of arbitration of the American Arbitration Association (the "AAA Rules"). In order to commence this process, either Party must upon written notice to the other Party require that any dispute or difference arising out of or in connection with the Agreement (including any non- contractual obligation arising out or in connection with it) be finally settled exclusively by arbitration under the AAA Rules. The arbitration shall be conducted in English, and the seat of the arbitration will be San Francisco, California. The number of arbitrators shall be three. Each Party shall select one arbitrator, and the two selected arbitrators will select the third arbitrator. The Parties shall ensure that any arbitrators appointed to act under this paragraph will agree to be bound to certain confidentiality obligations with respect to the terms of the Agreement and any information obtained during the course of the arbitration proceedings.

8.4 Brokers. PowerTransitions and City hereby agree that no real estate brokers have been utilized in connection with this transaction. If any claims for brokers' or finders' fees for the consummation of this Agreement arise, then PowerTransitions hereby agrees to indemnify, hold harmless and defend City from and against such claims if they shall be based upon any statement, representation or agreement by PowerTransitions, and City hereby agrees to indemnify, hold harmless and defend PowerTransitions if such claims shall be based upon any statement, representation or agreement made by City.

8.5 Waivers. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision of the Agreement. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation.

8.6 Time; Business Day. The word “**day**” shall mean and refer to a calendar day. A “**Business Day**” shall mean and refer to any day other than a Saturday, Sunday or days on which banks in Humboldt County, California are permitted to be closed for business. The time in which any act provided under this Agreement is to be done, shall be computed excluding the first day and including the last day. However, any deadline which would otherwise fall on a day which is not a Business Day shall be extended to 5:00 p.m. the next following Business Day.

8.7 Assignment. This Agreement shall be binding upon the parties and their respective heirs, successors, representatives or assigns. PowerTransitions shall not assign this Agreement without the City’s prior written consent, which may be withheld in the City’s sole and absolute discretion; provided, that PowerTransitions shall be permitted to assign this Agreement to any of its affiliates with prior written notice to the City. No assignment by PowerTransitions shall affect or impair PowerTransitions’s liability under this Agreement or under the Option Agreement. City may not sell the Land or assign this Agreement without the consent of PowerTransitions.

8.8 Entire Agreement. This Agreement (including all exhibits attached hereto) is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof and supersedes all prior understandings of the parties with respect thereto. This Agreement may not be modified, changed, supplemented, superseded, canceled or terminated, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. The parties do not intend to confer any benefit hereunder on any person, firm or corporation other than the parties hereto and lawful assignees.

8.9 Headings. The headings in this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions of this Agreement.

8.10 Severability. If any paragraph, section, sentence, clause, or phrase contained in this Agreement becomes or is held by any court of competent jurisdiction to be illegal, null, void or against public policy, the remaining paragraphs, sections, sentences, clauses, or phrases contained in this Agreement shall not be affected thereby.

8.11 Governing Law. This Agreement is executed in and shall be governed and construed by the laws of the State of California, without regard to the conflict of laws principles thereof. The exclusive venue for any claim by either Party to this Agreement shall be in the Superior Court of California, County of San Francisco.

8.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

8.13 Attorneys’ Fees. In the event either party to this Agreement shall employ legal counsel to protect its rights under this Agreement or to enforce any term or provision hereof (including a suit for specific performance) the prevailing party shall be entitled to its reasonable attorney’s fees (including any fees on appeal), costs and expenses incurred in connection with its claim.

8.14 CEQA Compliance. The actions contemplated by this Agreement have no potential effects on the environment. Each potential improvement, project and/or activity listed or contemplated in this Agreement has been or will be fully evaluated in compliance with the California Environmental Quality Act (“CEQA”) or National Environmental Policy Act (“NEPA”), as applicable, when sufficient physical details and other information regarding the site and proposed design and construction is available to permit meaningful environmental review. Under the contemplated Option

Agreement, PowerTransitions's exercise of the Option will expressly be conditioned upon compliance with CEQA and/or NEPA. This Agreement does not, and is not intended to, bind or commit the City, or any other public agency, to a definite course of action or limit in any manner the discretion of the City or any other public agency, as applicable, in connection with consideration of permits or entitlements for projects described or contemplated in this Agreement, including, without limitation, all required environmental review, all required public notice and proceedings, consideration of comments received, and City's or other public agencies' evaluation of mitigation measures and alternatives, including the "no project" alternative.

8.15 Construction. No provision of this Agreement shall be construed against any party by reason of authorship or otherwise.

**[SIGNATURES APPEAR ON THE FOLLOWING PAGE]**



IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written above.

THE CITY OF BLUE LAKE, a California municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Signature: \_\_\_\_\_

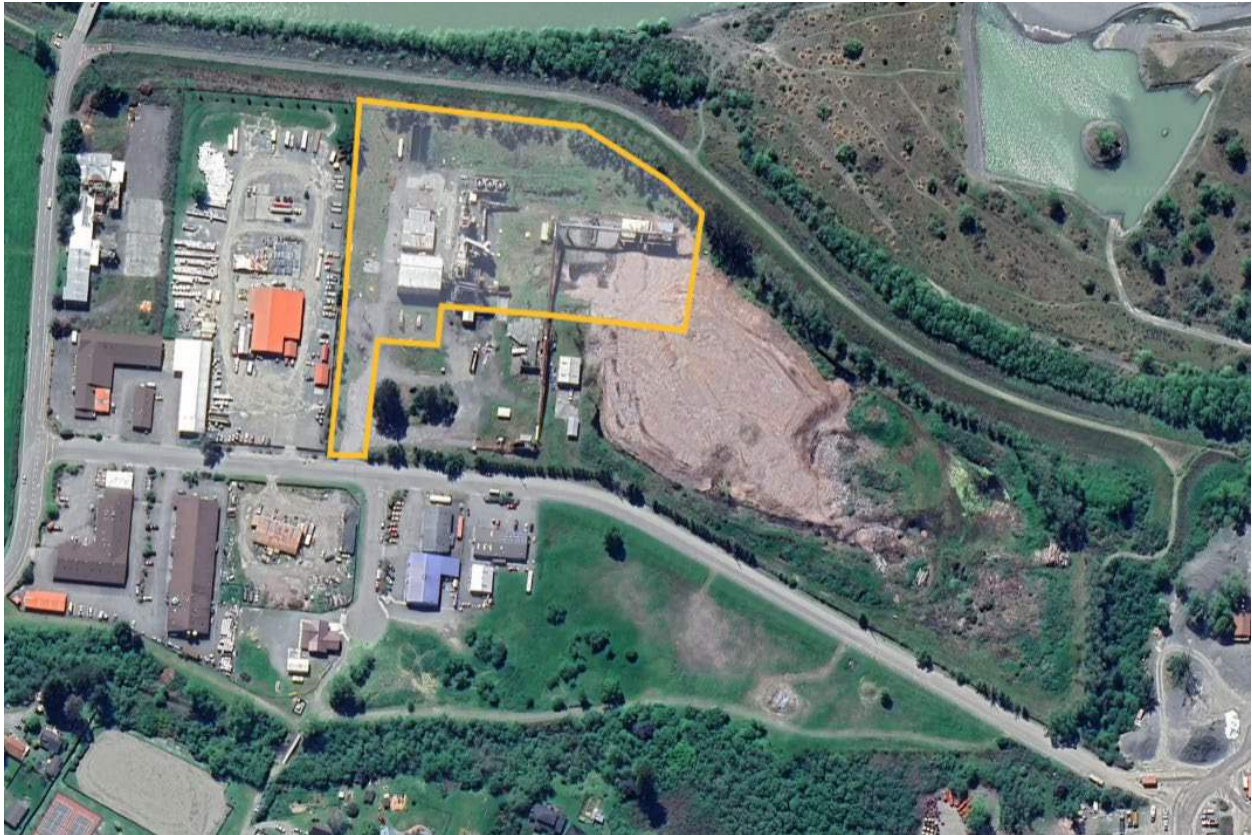
PT BLUE LAKE REDEVELOPMENT LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Signature: \_\_\_\_\_

Annex A-1

Map of Phase I Option Purchase Property

*Note: The proposed Phase I Property is included in **yellow** below. The map below is shown for illustrative purposes. The exact acreage to be under option purchase will be specified through the appropriate legal descriptions and/or survey in the Option Purchase Agreement.*



## Annex A-2

### Map of Phase II Option Purchase Property

*Note: The proposed Phase II Property is included in yellow below. The map below is shown for illustrative purposes. The exact acreage to be under option purchase will be agreed to by the Parties as set forth in the Option Purchase Agreement.*



## Annex B

### Initial Redevelopment Project Schedule

*This initial Redevelopment Project schedule is an estimate based on PowerTransitions's assessment of the Redevelopment Project as of the date of the Agreement. PowerTransitions will provide the City with updates to this schedule as it continues its assessment and evaluation of the Redevelopment Project.*

No.	Milestone	Responsible Party	Timing
1.	Execute Option Purchase Agreement	City of Blue Lake PowerTransitions	4Q2024
2.	Execute Asset Purchase Agreement & Assignment of Interconnection Agreement to PowerTransitions	LandGas PowerTransitions	4Q2024
3.	Confirm Expedited Interconnection Pathway With CAISO for Phase IA BESS Project	CAISO	4Q2024
4.	Completion of Diligence on Blue Lake Facility Demolition & Remediation	PowerTransitions	4Q2024
5.	Identification of necessary permits and approvals for Phase IA Demolition, the purchase option and the Energy Project (including CEQA, Federal Energy Regulatory Commission, fire safety, and other local, state and federal regulatory approvals)	PowerTransitions	4Q2024
6.	Engagement with Redwood Coast Energy Authority (RCEA) regarding offtake from Phase IA BESS Project	PowerTransitions RCEA	4Q2024
7.	Completion of RCEA Offtake Bidding Process	RCEA	1Q2025
8.	Preliminary Energy Project Feasibility Drawings and Preliminary Energy Project Layout Map for Phase IA BESS Project	PowerTransitions	1Q2025
9.	Execute Offtake Agreement	PowerTransitions RCEA	1Q2025
10.	Execute Demolition Agreement	City of Blue Lake PowerTransitions	1Q2025
11.	Exercise Purchase Option	City of Blue Lake PowerTransitions	2Q2025
12.	Obtain Phase IA Demolition Permits and Initiation of	PowerTransitions	2Q2025



No.	Milestone	Responsible Party	Timing
	the Phase IA Demolition <sup>1</sup>		
13.	Commence Long Lead Procurement for Phase IA BESS Project	PowerTransitions	3Q2025
14.	Completion of the Phase IA Demolition	PowerTransitions	3Q2025
15.	Final Energy Project Layout Map for Phase IA BESS Project	PowerTransitions	4Q2025
16.	Receipt of necessary permits and approvals for Phase IA BESS Project (including CEQA, Federal Energy Regulatory Commission, fire safety, and other local, state and federal regulatory approvals)	PowerTransitions, City of Blue Lake, Other Regulatory Entities	4Q2025
17.	Initiation of the CAISO Repower Process for Phase IA BESS Project	PowerTransitions	1Q2026
18.	Evaluation of Phase IB Project and Phase II BESS Project and Potential Land Expansion	PowerTransitions	1Q2026
19.	Completion of the CAISO Repower Process for Phase IA BESS Project	PowerTransitions	3Q 2026
20.	Financing of the Phase IA BESS Project	PowerTransitions	3Q2026
21.	Commencement of Construction of the Phase IA BESS Project	PowerTransitions	3Q2026
22.	Submittal of Phase IA BESS Project to CAISO for Deliverability	PowerTransitions	4Q2026
23.	Potential submittal of Phase IB Project and Phase II BESS Project to CAISO	PowerTransitions	4Q2026
24.	Substantial Completion of Construction of the Phase IA BESS Project	PowerTransitions	1Q2027
25.	Commencement of Commercial Operations of the Phase IA BESS Project	PowerTransitions	1Q2027
26.	Receipt of Phase IA BESS Project Deliverability	PowerTransitions	4Q2028

<sup>1</sup> “Phase IA Demolition” includes all structures and equipment other than concrete facilities and the woodchip fuel source piles.

No.	Milestone	Responsible Party	Timing
27.	Obtain Phase IB Demolition Permits and Initiation of the Phase IB Demolition <sup>2</sup>	PowerTransitions	TBD
28.	Completion of the Phase IB Demolition	PowerTransitions	TBD
29.	Phase IB BESS Project and Phase II BESS Project Construction Commences	PowerTransitions	TBD
30.	Substantial Completion of Construction of the Phase IB BESS Project and Phase II BESS Project	PowerTransitions	TBD
31.	Commencement of Commercial Operations of the Phase IB BESS Project and Phase II BESS Project	PowerTransitions	TBD

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<sup>2</sup> “Phase IB Demolition” includes the concrete facilities and the woodchip fuel source piles.

## Annex C

### Option Purchase Terms for Negotiation

#### OPTION PURCHASE AGREEMENT FOR RENEWABLE ENERGY FACILITY SUMMARY OF POTENTIAL TERMS

*This preliminary non-binding Summary of Potential Terms (this “Option Purchase Summary”) sets forth certain key terms of an Option Purchase Agreement for Renewable Energy Facility (the “Option Purchase Agreement”) between PT Blue Lake Redevelopment LLC (“PowerTransitions”), and the City of Blue Lake, California (the “City”). Each of PowerTransitions and the City, a “Party” and collectively, the “Parties”. Capitalized terms referenced but not defined in this Option Purchase Summary shall have the meanings assigned to them in the to be negotiated Option Purchase Agreement.*

Provision	Summary
<b>General</b>	
<b>The City (Grantor)</b>	City of Blue Lake, California, a California municipal corporation
<b>PowerTransitions (Grantee)</b>	PT Blue Lake Redevelopment LLC, a Delaware limited liability company
<b>Property</b>	6 acres on the Blue Lake Site (the “ <u>Phase I Property</u> ”), including any and all improvements and fixtures thereon, all appurtenant rights held by the City, including all surface rights and easements and appurtenances thereto  12 acres on the Blue Lake Site (the “ <u>Phase II Property</u> ” and together with the Phase I Property, the “ <u>Property</u> ”), including any and all improvements and fixtures thereon, all appurtenant rights held by the City, including all surface rights and easements and appurtenances thereto
<b>Energy Project</b>	<u>Phase IA:</u> A 12.5 MW battery energy storage system (BESS), to be developed on the Phase I Property (the “ <u>Phase IA BESS Project</u> ”)  <u>Phase IB:</u> A 100 MW BESS, to be developed on the Phase I Property (the “ <u>Phase IB BESS Project</u> ”)  <u>Phase II:</u> Up to an additional 200 MW BESS, to be developed on the Phase II Property (the “ <u>Phase II BESS Project</u> ”, and together with the Phase IA BESS Project and the Phase IB BESS Project, the “ <u>Redevelopment Project</u> ”)
<b>Option Purchase &amp; Right of First Negotiation</b>	
<b>Option Purchase (Phase I Property)</b>	The City grants PowerTransitions an exclusive and irrevocable option to purchase all or any portion of the Phase I Property (inclusive of any energy related infrastructure) and obtain certain related easements. The Option

Provision	Summary
	Purchase may be exercised at any time during the Option Period.
<b>Right of First Negotiation (Phase II Property)</b>	The City grants PowerTransitions a right of first negotiation with respect to any sale, transfer, divestiture, lease, sublease, hypothecation, option purchase, or similar transaction relating to the Phase II Property during the Option Period in the event City desire to dispose of the Phase II Property to any third-party for the development of renewable energy storage or generation.
<b>Consideration for Option Purchase &amp; Right of First Refusal</b>	Annual option payments to be negotiated. Consideration for any purchase of the Phase II Property to be agreed to by the Parties at the time of such purchase.
<b>Exclusivity</b>	During the Option Period, the City shall not, directly or indirectly, (i) explore any other potential reuse or redevelopment of the Phase I Property, (ii) explore any other potential reuse or redevelopment of the Phase II Property for any energy generation, transmission or storage system with any third party, and (iii) explore any sale, transfer, divestiture, lease, sublease, hypothecation, mortgage, option purchase, or similar transaction relating to the Phase I Property.  In the event PowerTransitions exercises its option to purchase the Phase I Property, (x) the right of first negotiation specified above and (y) the exclusivity specified in clause (ii) above with respect to the Phase II Property shall each extend for a period of seven (7) years from the date on which the purchase of the Phase I Property is consummated.
<b>Demolition of Blue Lake Facility</b>	
<b>Phase IA Demolition</b>	The Phase IA Demolition shall consist solely of the demolition of the non-concrete structures and equipment on the Blue Lake Site.  During the Option Period, PowerTransitions and the City will negotiate in good faith to enter into a definitive agreement with respect to the Phase IA Demolition (the “ <u>Phase IA Demolition Agreement</u> ”).  Upon completion of the Phase IA Demolition, PowerTransitions shall deliver to the City documentation showing the final costs of the Phase IA Demolition (the “ <u>Phase IA Demolition Costs</u> ”)
<b>Phase IB Demolition</b>	The Phase IB Demolition shall consist of the demolition of the concrete facilities and management and remediation of the woodchip fuel source piles.  The responsibility for costs and timing for the Phase IB Demolition shall be mutually agreed by the City and PowerTransitions following completion of PowerTransitions’ feasibility analyses for the Phase IB BESS Project and delivery of a notice to the City by PowerTransitions of its intent to proceed with the Phase IB BESS Project.
<b>Term; Option Exercise; Termination</b>	
<b>Option Exercise</b>	Subject to the Phase I Property first being subdivided into a separate legal parcel which complies with California’s subdivision map act (if it is not



Provision	Summary
	<p>currently a separate legal parcel) and entry into the Phase IA Demolition Agreement, PowerTransitions shall have the right to exercise the option to purchase the Phase I Property at any time during the Option Period by providing notice (a “<u>Notice of Exercise</u>”) to the City, along with a form of purchase agreement.</p>
<p><b>Purchase Price; True-Up Amount</b></p>	<p><u>Purchase Price</u></p> <p>The purchase price for the Phase I Property shall be the greater of (i) the Phase I Property Value <i>minus</i> the Phase IA Demolition Estimate and (ii) \$100 (the “<u>Purchase Price</u>”). The Purchase Price shall be paid on the date specified in the Notice of Exercise for the closing of the purchase, or such other later date as the parties may agree.</p> <p>In the event the Phase I Property Value is greater than the Phase IA Demolition Estimate, PowerTransitions shall pay to the City the amount of such excess (the “<u>Deferred Purchase Price</u>”) on the date that is fifteen (15) calendar days following PowerTransitions’ receipt of the interconnection agreement from CAISO for the Phase IA BESS Project.</p> <p>The Phase I Property Value shall be based upon an appraisal of the property or as otherwise agreed.</p> <p><u>True-Up Amount</u></p> <p>In the event the Phase IA Demolition Estimate is greater than the Phase IA Demolition Costs (the “<u>True-Up Amount</u>”), then, in addition to any Deferred Purchase Price that may also be due and payable, PowerTransitions shall, within fifteen (15) calendar days following receipt of the interconnection agreement from CAISO for the Phase IA BESS Project, pay to the City the True-Up Amount.</p>
<p><b>Option Exercise Closing</b></p>	<p>To occur on the date specified in PowerTransitions’ Notice of Exercise, or such other date as mutually agreed upon by the Parties.</p>
<p><b>Option Period</b></p>	<p>The Option Period shall be for two (2) years.</p> <p>PowerTransitions shall have the right to terminate the Option Agreement at any time, in which event the City shall retain all of the Option Consideration received prior to the date of termination.</p> <p>The Parties shall negotiate milestones that PowerTransitions shall meet during the Option Period to ensure PowerTransitions is proceeding with commercially reasonable diligence, along with reasonable termination rights.</p>
<p><b>PowerTransitions’ Rights during Option Period</b></p>	<p>The City grants PowerTransitions right of entry and a license to enter, access and use all or any portion of the Blue Lake Site, any facilities thereon, and the City’s personnel, to determine the feasibility of utilizing the Property for the Redevelopment Project, including (without limitation):</p> <ul style="list-style-type: none"> <li>• review of condition of title</li> <li>• review of leases and subleases affecting the Property</li> </ul>

Provision	Summary
	<ul style="list-style-type: none"> <li>• review of contracts or commitments affecting the Property</li> <li>• tax and appraisal matters</li> <li>• preliminary construction</li> <li>• energy, environmental, endangered/threatened species studies</li> <li>• land use, permitting and energy development regulatory matters</li> <li>• drilling, excavation and other geotechnical activities</li> <li>• assessment of other areas of the Blue Lake Site for potential reuse as electric vehicle charging stations</li> <li>• all other matters required to be completed by PowerTransitions prior to exercising the Option Purchase</li> </ul> <p>The City will give PowerTransitions copies of all documentation evidencing ownership of the Property, surveys, title reports, studies, surface reports, plats, maps, permits/approvals, drawings, specifications, notices, assessments, documents, encumbrances, leases, easements, rights of way, rights of access, licenses, and other agreements, contracts, information, and material pertaining to the Property or the proposed Redevelopment Project in the City’s possession (the “<u>Diligence Materials</u>”).</p>
<b>Additional Rights &amp; Obligations of the Parties</b>	<p>PowerTransitions must maintain insurance (\$2 million per occurrence, \$4 million in the aggregate, \$10 million excess) with a commercially reasonable deductible during the Option Period.</p> <p>The City must maintain commercial general liability and property insurance in commercially reasonable amounts during the Option Period.</p>
<b>Cooperation Covenants</b>	
<b>Review of the City’s Materials and Completion of Feasibility Studies</b>	<p>The City shall use best efforts to promptly cooperate with PowerTransitions in good faith in connection with PowerTransitions’ review of the Diligence Materials and completion of PowerTransitions’ feasibility studies, including by providing PowerTransitions with copies of the Diligence Materials as reasonably requested by PowerTransitions.</p>
<b>Title Matters</b>	<p>The City shall cooperate with PowerTransitions during the Option Period with any title related diligence for the Property, and shall cooperate with PowerTransitions for purposes of recording a Memorandum of Option Purchase following the Effective Date and any amendments thereto entered into during the Option Period.</p> <p>After the Effective Date, the City shall not create any additional exceptions to title to the Property.</p>
<b>Further Assurances</b>	<p>The Parties shall at all times execute any documents and do any further acts which may be necessary or desirable or reasonably requested by the other Party to carry out the purposes of the Option Purchase Agreement and to give full force and effect to each and all of the provisions thereof.</p>
<b>Miscellaneous</b>	

<b>Provision</b>	<b>Summary</b>
<b>Utilities</b>	PowerTransitions shall have right to connect its utilities and drainage Facilities to the City’s existing utilities and water and drainage facilities to the extent on real property outside of the Property; provided (i) any upgrades required for PowerTransitions to interconnect and use the City’s existing utilities infrastructure shall be completed at PowerTransitions’ sole expense, (ii) PowerTransitions will install separate meters if PowerTransitions connects to any of the City’s electric, water or gas utilities facilities, and (iii) PowerTransitions shall reimburse the City for the amount owed to any such utilities for any such utilities services used by PowerTransitions within thirty (30) days of an invoice from the City reasonably documenting the amount owed to the utilities for such services.
<b>Assignment</b>	PowerTransitions shall have the right to sell, assign, or transfer its interests in the Option Purchase Agreement to one or more persons upon notice to the City, in writing of any such assignment and the name and address of any Assignee.
<b>Confidentiality</b>	The Option Purchase Agreement will contain customary confidentiality provisions.
<b>Governing Law</b>	California
<b>Venue</b>	Superior Court of California, San Francisco, California