Little Colorado River, AZ BDO Zone Rating: **'A'**

- ✓ **Rating Parameters:** 145,000 tons/year of woodland biomass and in-woods chips $40-$85/bdt delivered.
- ✓ **Rating Outlook:** Projected to increase available quantities with over-allocation of BLM and State Trust Lands.
- ✓ **Woodland Biomass –** Pinyon / Juniper is primary feedstock. Only minimally harvested. State urgency to reduce wildfire threat.
- ✓ **Attractive Infrastructure** – Low housing and living costs with good education system and community support.

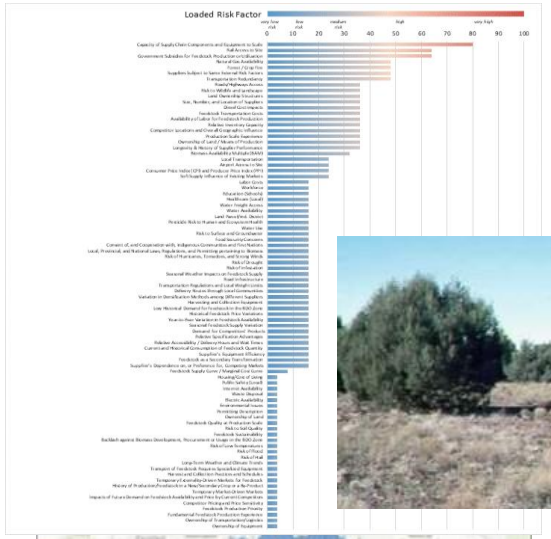
View and download the Little Colorado BDO Zone Rating here

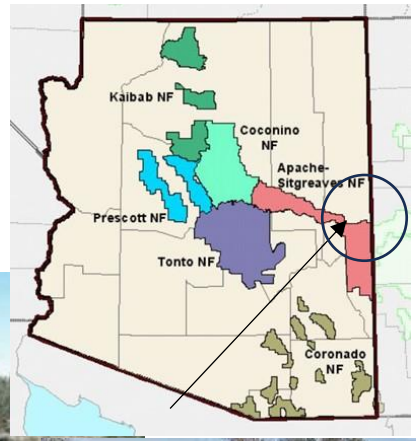
Bioeconomy Development Opportunity Zone Rating Little Colorado River, AZ
Date of Issue: April 2, 2024
Rating Grade: **'A'**

A High Quality

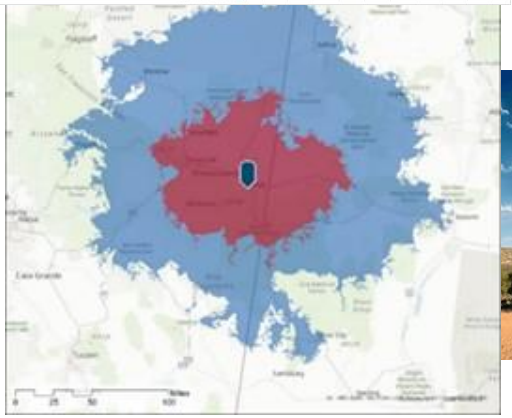
Rating Parameters:

Category	Rated Quantity	Delivered Price	BDO Zone Size
Woodland Biomass	95,800 bdt/yr	$44-$52 (bdt)	75-mi drive distance
In-Woods Chip	50,800 bdt/yr	$70-$85 (bdt)	from Springerville, AZ











BD OZ BIOECONOMY DEVELOPMENT OPPORTUNITY ZONE INITIATIVE

BD | BIOECONOMY DEVELOPMENT
OZ | OPPORTUNITY ZONE INITIATIVE

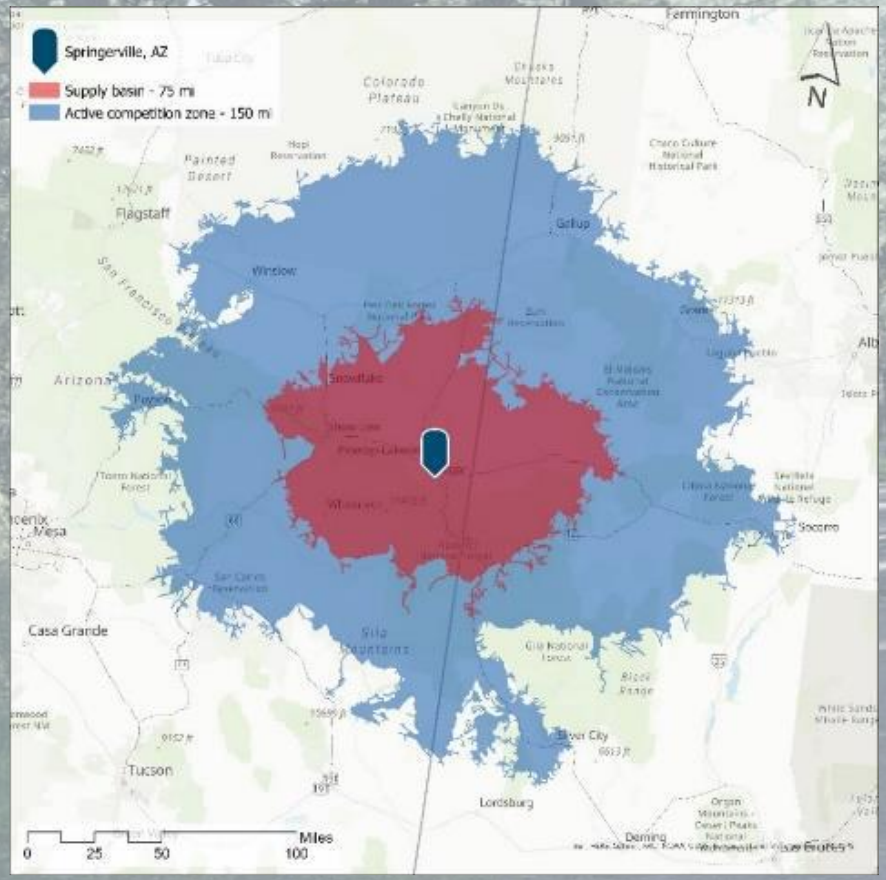
Little Colorado River BDO Zone

Apache County, AZ - Catron County, NM and Navajo County, AZ

Karalea Wiltbank
President
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Malena Hannah
Founder
MH Consulting and Project Management

FfLCR
Foundation for Little Colorado Revitalization



Foundation for Little Colorado Revitalization

The Foundation for Little Colorado Revitalization (FfLCR) is an all-volunteer, economic development non-profit (501 c3) serving the communities along the headwaters of the Little Colorado River in southern Apache County. Just as the water in the Little Colorado River is critical to the residents in our communities in providing a healthy, vibrant and beautiful place to live, the FfLCR wants the projects, services and resources it provides in our communities, to be life sustaining and life enriching to those who live in and visit our "neck of the woods." Our communities are situated in the most stunning mountains and forests in the southwest US. We're not a "hidden gem" or a "best kept secret." We are the heart and soul of Arizona. We're resilient, fun, practical and compassionate people. Our lives are focused on family, friends, faith and literally "livin' the dream!"

The FfLCR seeks to bring economic opportunity through the wise stewardship of our immense forest resources. Our "A" BDO Zone Rating is the defining document that establishes this resource as an avenue to healthier forests and economic resiliency.

Overview/background on the region

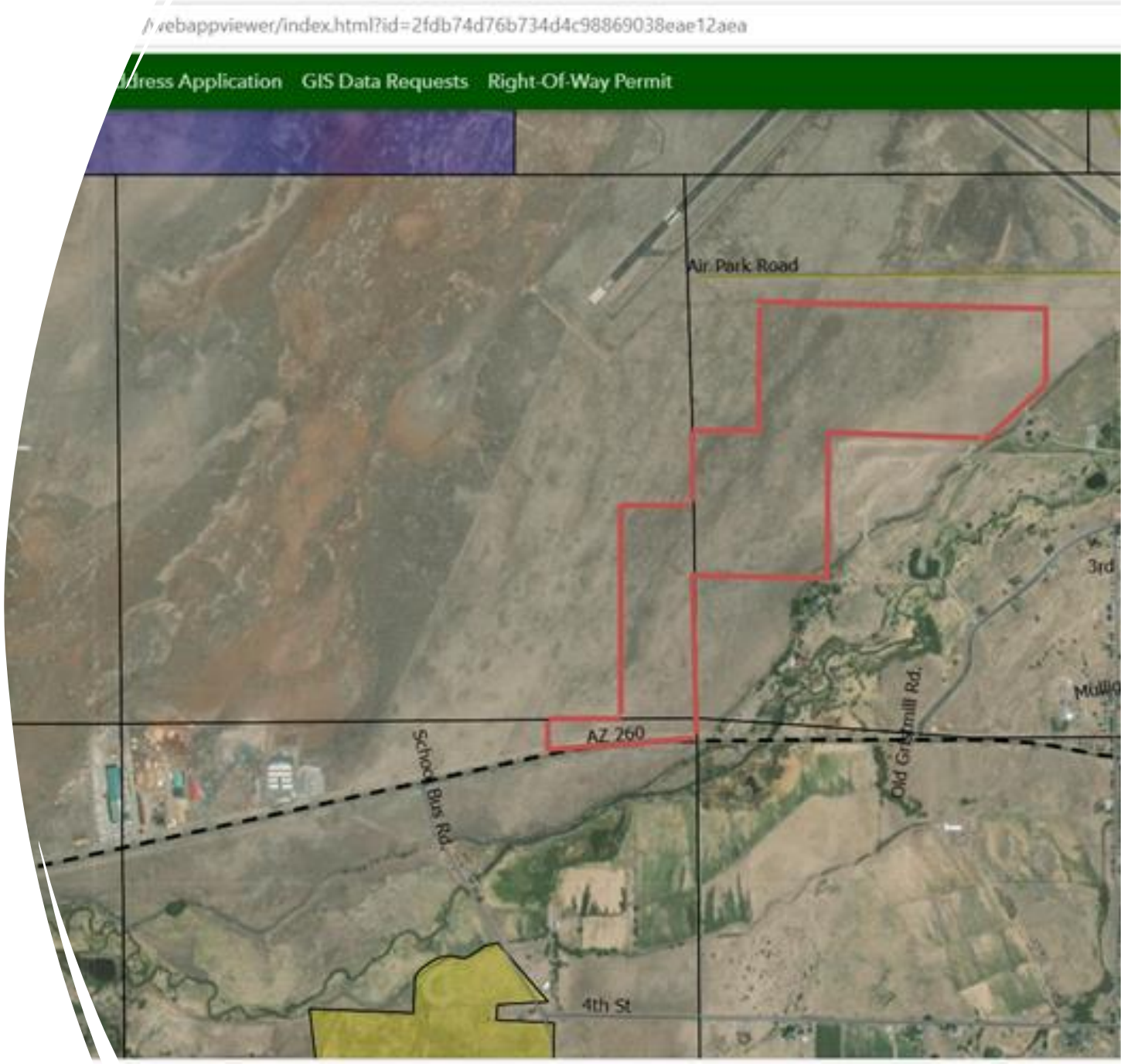
Forest health has been a priority in the area since the early 1900s when timber harvesting began commercially.

- In 2004, the first USFS awarded their stewardship contract known as the White Mountain Stewardship Contract, to this area of the Apache/Sitgreaves National Forest. As a result, there are several logging, masticating and trucking companies currently operating and ready for expansion.
- Our communities were devastated in 2011 by the largest wildfire in US history which has solidified the residents and businesses commitment to restoring forest health through harvesting and thinning.
- In the fall of 2023, the FfLCR engaged the services of Ecostrat Consulting to analyze and rate the availability of woody biomass and investment risk in and around the communities at the headwaters of the Little Colorado River (LCR-BDO Zone).
- The Little Colorado River BDO Zone encompasses 17,600 square miles on the eastern edge of Arizona. It is defined by a 75-mile drive distance from the center point of Springerville, AZ. Biomass feedstock for a new bioeconomy facility would consist of chipped ponderosa pine residues (in-woods chip) and woodland biomass (pinyon-juniper) sourced from this area. Additional sources of biomass within the 75-mile radius include tires, green waste, and animal offal.

Physical Infrastructure Assets

Eagar, AZ Private Parcel

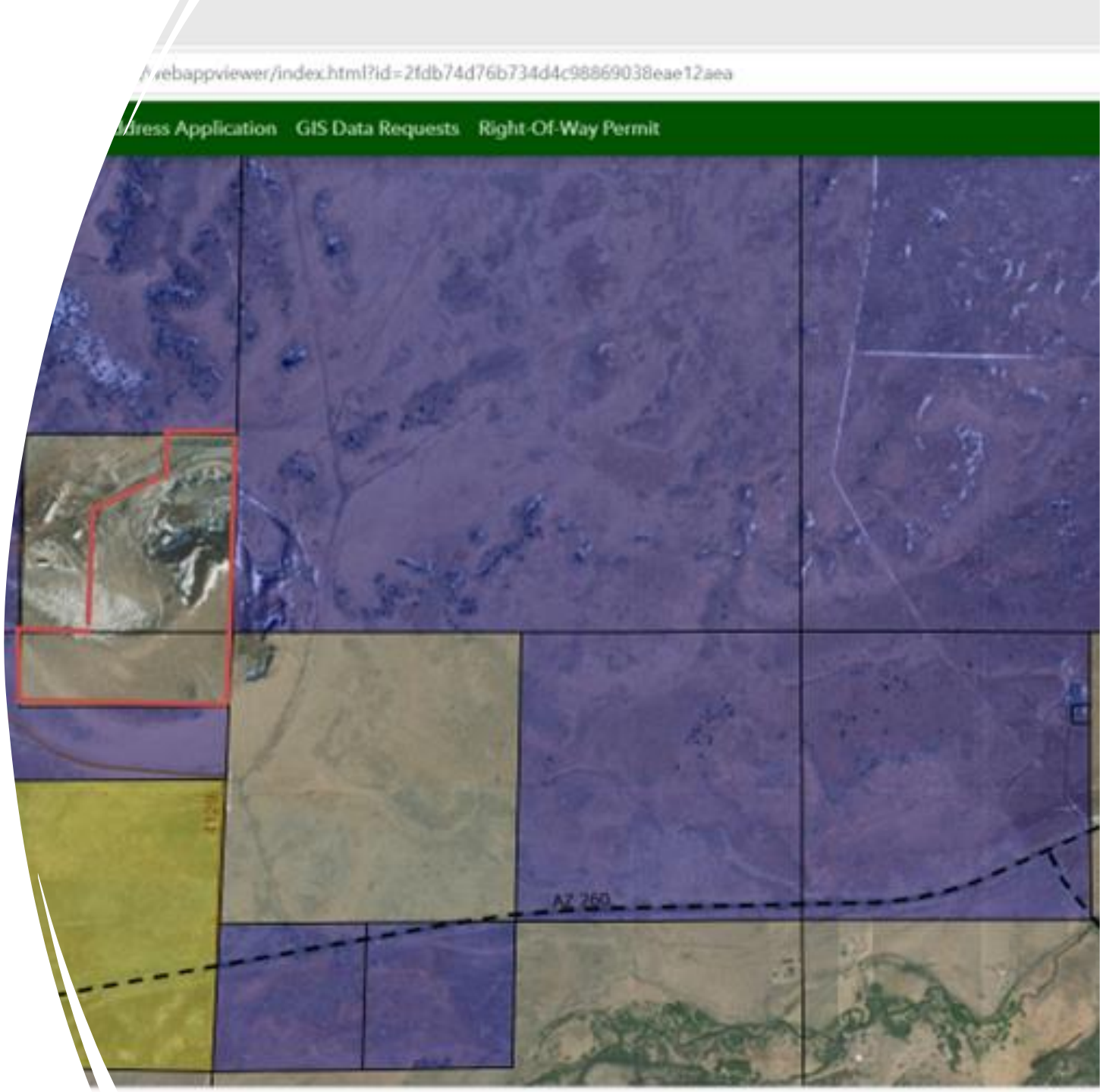
- Three contiguous Parcels 104-18-004D (30 acres), 104-17-003C (119 acres) and 10419-001J (7.22 acres on Hwy 260 frontage) in Eagar Zoned AG.
- Private party for sale. Direct access from Hwy 260.
- Wood product businesses in close proximity (.5 mile) Arizona Log and Timber Works and Arizona Structural Laminators.
- Property is located in qualifying 48C and Opportunity Zones.
- Turnkey ready for development.



Physical Infrastructure Assets

Eagar, AZ Municipal Industrial Park

- Contiguous parcels 103-10-013A (10,62 acres) and 103-10-012B (31.73 acres) in Eagar Zoned Hvy Ind.
- Access from Hwy 260 Eagar's Industrial Park – Neighboring businesses: Reidhead Bros Sawmill , Blue Hills Transfer Station and Green Waste burn pit.
- Ranchers Meats USDA Slaughter facility, TOE Shooting Range. Located in qualifying 48C and Opportunity Zones. Site preparation/leveling required.



Social infrastructure and workforce assets

- There are three incorporated communities within the BDO Zone: Eagar, St Johns and Springerville.
- Served by 2 Unified School Districts located in Eagar and in St Johns.
- One rural community hospital in Springerville.
- Northland Pioneer College provides job training and post-secondary education courses and degrees.
- Largest employers in the area are two coal-fired electrical generating stations. The SRP Coronado Generating Station is slated to close by 2032 and the Springerville Generating Station is slated for closure by 2035. These employees are well trained and highly skilled. Their skill sets will transfer easily into manufacturing and production. They will help provide a ready workforce for bioeconomy development.
- FfLCR has 10+ years in workforce and job training development in Apache county with Northland Pioneer College (NPC), SRP Coronado Generating Station and TEP Springerville Generating Station. FfLCR Board President, Karalea Wiltbank worked with all three entities to develop and implement on-site training for Maintenance & Operations, Welding, Heavy Equipment Operations and NCCER certification for students attending NPC.

Federal Investment Opportunities and Designations

The communities within the LCR-BDO Zone Rating are also within several federally designated areas that qualify for federal funding and incentives.

Bioeconomy Development Opportunity Zone The 75 mile radius centered around Springerville, AZ has been given an 'A' rating or 'low' risk rating for bio-related businesses by Ecostrat, a biomass supply chain company specializing in assessing biomass investment risk.

Assistance to Coal Communities (ACC) Economic Adjustment Assistance (EAA) Economic Development Administration - Implementation Grants to support the execution of activities identified in a CEDS, such as infrastructure improvements, including site acquisition, site preparation, construction, rehabilitation and equipping of facilities. Specific activities may be funded as separate investments or as multiple elements of a single investment. Coal Communities Commitment | U.S. Economic Development Administration (eda.gov) The FfLCR has a strong relationship with Jeff Hays, the EDA Representative for Arizona.

Federal Investment Opportunities and Designations

48C Designated Energy Community - *Quality Advanced Energy Project Credit* - The Inflation Reduction Act provided $10 billion in new funding under § 48C(e), with at least $4 billion reserved for projects in certain energy communities with closed coal mines or retired coal-fired power plants, to allocate credits to projects in three categories:

(1) Clean energy manufacturing and recycling,
(2) Greenhouse gas emission reduction,
(3) Critical materials refining, processing, and recycling.

The industrial park in Eagar along with the private parcel identified in the BDO Zone are located within a 48C designated Census Tract. Project investment in those areas qualify for the 48C.

Federal Investment Opportunities and Designations

Opportunity Zone Investment – The industrially zoned areas within the Little Colorado River BDO Zone are designated Opportunity Zones. Opportunity Zones offer investors three specific incentives for cashing out of these investments and putting their capital gains to work supporting the economic development of low-income communities. About OZs - Economic Innovation Group (eig.org)

1) The taxes due on any capital gains placed into an Opportunity Fund may be deferred until December 31, 2026.
2) Investors who keep their money in an Opportunity Fund for five years receive a 10 percent step- up in basis on that original investment and an additional 5 percent after seven years.
3) Investors who hold their investments in Opportunity Zones for at least 10 years face no capital gains taxes on the new investments when they sell them.

Local Incentives

Apache County Industrial Development Authority (IDA)– FfLCR Board member Steve Nicoll is also a Board member for the Apache County IDA. The opportunity to create alternate or additional capital through conduit bonding can produce significant saving over the life of the project. Tucson Elec Power (TEP) was the first corporation to take advantage of the Apache County IDA's bonding authority when they financed Units 1 & 2 of the Springerville Generating Station with bonds through the Apache County IDA.

Additional Feedstock Available

Tires – Blue Hills Environmental collects 392 tons per year of tires. This is in southern Apache County only. Tires would be available from the northern part of the county as well as Navajo County in Arizona and Catron County in New Mexico.

Urban and Community Green Waste – There are three community green waste pits in the immediate area generating 6,500 tons of material per year in the form weeds, grass clippings, tree trimmings and forest thinning/slash from private landowners.

Animal offal – The FfLCR's Little Colorado Meats generates 208 wet tons of animal offal per year.

Primary Challenges vs Primary Advantages

Proximity to Rail & Interstate

- The LCR-BDO Zone analysis covers in detail the risks to investment in biomass materials and value-added products in southern Apache county.
- Existing wood product businesses have successfully overcome those challenges. When raw product is needed it is railed into the BNSF port in El Paso, Tx and then trucked to Eagar. This shipping route has proven to be the most economical. I-40 is 85 miles north of Eagar/Springerville and I-10 is 208 miles south.

Proximity to Raw Material

- The majority of raw material is in the southern portion of the LCR-BDO Zone. Transportation of raw material to a facility in Eagar/Springerville would range from .5 miles to 40 miles in any direction.
- Existing thinning, masticating and trucking companies in place.
- Strong relationships with local, state and federal forest office/personnel and large private landowners.