THE TO’HAJIILEE CHAPTER’S NEW SHÁÑDÍÍN SOLAR PROJECT

November 16, 2012

To’Hajiilee Economic Development Corporation, Inc. “TEDI”
Delores Apache, President
Doug MacCourt, Ater Wynne LLP – Project Attorney
In 2005 Chapter creates a development corporation – To’Hajiilee Economic Development Corp – “TEDI”

TEDI designed to separate politics from business.

In early 2008 our state’s largest utility sought to build solar farms around NM in order to meet state mandates for renewable energy & TEDI participated in program.

TEDI was approached by more than a dozen firms looking to put a solar farm on our trust lands.

The Chapter voted to allow TEDI to use trust lands in the eastern portion of the reservation for a site.

TEDI had continued to work with solar companies thru 2009.

In summer of 2009 TEDI was awarded a $250,000 DOE feasibility study grant.
Steps We Took to Start

- Put together our team:
  - Active Board of Directors for TEDI
  - Contract attorney – don’t have “in-house”
  - Financial Advisor – familiar with tribal deals
  - Project attorney – energy/tribal law expert
  - Grant writer – expert in writing federal grants

- We went to our community:
  - Several community meetings
  - Got vote of support for a site - 2008

- Went after DOE grant funds:
  - Grant writer prepared application
  - Financial Advisor lobbied for project
19 miles from the center of Abq.
It wasn’t because it was close to Albuquerque! Transmission Line goes through site.
First Steps With DOE Grant 1

- Seek Development/Industry Partner:
  - Determine transmission capacity – WAPA helped
  - Interviewed more than a dozen firms
  - Found ones who had money & desire

- Created Written Agreement:
  - Negotiated a 2 year agreement – just renewed!
  - Firm committed money & expertise to project
  - Community & TEDI pledged site & cooperation

- Start the Work:
  - What has to be done to get lease approved
  - What has to be done to get project financially viable
  - Who can we sell power to?
Entered into an agreement with solar panel provider of Richmond, California:

- Help us with funding for site development.
- Help us with financial modeling based on energy to be generated at site.
- Help us with Power Purchase Agreement discussions and negotiations.
- Help us with site development & construction management.
- Important in approval process with Chapter.
Lease Approval Needs:
- Environmental Assessment
- Archeological & Historical reports
- Hydrology study & Site survey
- Appraisal of site as is
- Finding Of No Significant Impact - FONSI
- Revenues: base income + profit sharing
- Lease between Chapter & TEDI
  - CHAPTER/TRIBAL APPROVAL: EARLY 2012
  - BIA APPROVAL: AUGUST 2, 2012

Site Design:
- Where to put panels to maximize production
- Where to put sub-station – critical
- Where to avoid construction – see lease items
Steps we have taken so far

Site survey

Hydrology Study
Archeological Approval

Steps we have taken so far
Key to BIA Approval: NEPA

DRAFT ENVIRONMENTAL ASSESSMENT FOR THE
TO'HAJIILEE SOLAR PROJECT

Prepared for:

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
NAVAJO REGION
P.O. Box 1060
Gallup, New Mexico 87305

On behalf of:

RURAL COMMUNITY INNOVATIONS
210 Circass Drive
Bozeman, Montana 59718

And

TO'HAJIILEE ECONOMIC DEVELOPMENT, INC.
P.O. Box 3168
To'Hajilee, New Mexico 87026

Prepared by:

SWCA ENVIRONMENTAL CONSULTANTS
5647 Jefferson St. NE
Albuquerque, New Mexico 87109
(505) 254-1115

SWCA Project No. 16715

March 2011

United States Department of the Interior
Navajo Region
P.O. Box 1060
Gallup, NM 87305

To:
Ms. Coleman Burnett,
Natural Resources Planner,
SWCA Environmental Consultants, Inc.,
5647 Jefferson Street, NE
Albuquerque, NM 87109

Subject: Final Environmental Assessment for the To’Hajilee Solar Project

The Environmental Assessment, EA-10-148, for the To’Hajilee Economic Development Incorporated (TED), proposed To’Hajilee Solar Project, located on Canejonito land within the To’Hajilee Chapter, Bernalillo County, New Mexico, has been reviewed in the Division of Environmental, Cultural and Safety Management, Navajo Regional Office. A Finding of No Significant Impact (FONSI) has been determined for the proposed action. It will not have a significant impact on the quality of the natural and human environment. An Environmental Impact Statement for the proposed project is not required.

Should you require additional information, you may contact Ms. Harline J. Yazzie, Navajo Regional NEPA Coordinator, at (505) 863-6287.

Sincerely,

[Signature]

Acting Regional Director, Navajo Region

FONSI
Chapter Resol. approving site for solar farm & Lease
Next Steps

- Where our $300,000 DOE Grant # 2 funds will go:
  - Complete business/contract negotiations

- Studies on Transmission line:
  - Capacity determined by Interconnect Study – done
  - Next study determines sub-station issues – 5 mo.
  - Last is the interconnection agreement – 2 mo.
  - Transmission capacity – 1 mo. or so.

- Sell Power:
  - Negotiating with buyers
  - Need to find better access to federal buyers!

- Finalize Financing – 2 years of work already done
Transition Definitive Interconnection
System Impact Study

Cluster 1
IA-PNM-2011-02 and IA-PNM-2011-04

May 2012

Prepared by:
Public Service Company of New Mexico
Finalize Ownership in Limited Liability Corporation:
- Legal counsel established Shandiin Solar LLC
- Further removes tribal politics from business
- TEDI sub-leases site to LLC
- Chartered in Delaware
- Allows for legal remedies suitable for investors and lenders.
- Allows for tribal and non-tribal ownership
- Allows tax payers to put money into project in exchange for tax benefits
- When tax benefits expire (5-7 years) they exit ownership
- Provides 50% equity – reduces price per kwh
- Tribe/tribal corporation then owns majority/exclusive shares of company
What Chapter Voted To Do With Rent Income

- Senior Affairs
- Veterans Affairs
- Education & Scholarship
- Community Health Needs
- Community Infrastructure Development
- Economic Development
- Housing Needs
- Emergency Fund
- Land Acquisition

- NO PER CAPITA PAYMENTS
We (our partners, team & TEDI) are very excited about To’Hajiilee’s new SHÁ́NDÍÍN Solar Project.

Please feel free to ask for our help!