

MEMO

Date: January 4, 2023

From: Brevard Energy, LLC

To: Brevard County

RE: Land Lease and Increased Beneficial Use at Brevard County Central Disposal Facility

I. Background

On November 13, 2007, Brevard County (Lessor) entered into a Lease of land with Brevard Energy, LLC (Lessee). This followed the Landfill Gas (LFG) Purchase Agreement entered into between Brevard County (County) and Brevard Energy, LLC (Developer) on December 19, 2006. Both agreements were structured for the beneficial use of landfill gas and the provision of economic benefits to the County. The agreements currently expire in April 2028. The Agreements allow for an extension of the term when the County adds additional LFG extraction wells in the landfill and the Developer agrees to expend additional capital funds to increase the capacity of its LFG utilization facility.

II. Proposed Land Lease and Market Value Assessment

Brevard Energy has proposed to amend and increase the size of the Lease by one acre to approximately 11 acres at the Brevard County Central Disposal Facility in Cocoa to increase the capacity of the existing LFG utilization facility. The County has already added additional LFG extraction wells and Brevard Energy has agreed to expend funds in support of future additional County LFG extraction wells.

Local real estate valuation and consulting firm, W.H. Benson & Company located in Melbourne, Florida, performed an independent assessment of the proposed leased area. W.H. Benson & Company primarily performs valuations in Brevard County and has also performed work on behalf of the County.

Market Value Assessment for the lease area: \$39,400 per year based on highest and best use of land

See Exhibit A for the W.H. Benson & Company land assessment and Exhibit B for a W.H. Benson & Company profile and references.

III. Above Market Land Lease

Brevard Energy has proposed to lease the property at a 50% premium over the market value assessment.

Proposed Lease Fee: \$59,100 per year, escalating at CPI

The Developer's proposed land lease payment will provide an additional \$1.9 million in value to the County over the term compared to the existing \$1 lease. The Developer is adding only one acre of additional leased land for this increased value to the County. This payment includes \$630,000 in additional value due to the 50% premium offered over the market value assessment.

IV. Additional Benefits

In addition to the increased land lease payment, the proposed project to convert the landfill gas to pipeline quality gas, a qualified beneficial use under the existing LFG Purchase Agreement, will provide the following benefits to the County:

Project Reliability	The LFG utilization facility will use modern, leading-edge technology that will increase the reliability and performance of the system already located at the landfill
Environmental	Site emissions will be reduced as additional focus is placed on landfill gas collection and the landfill gas is converted to renewable natural gas and placed into the utility gas pipeline
Increased Landfill Gas & Lease Payments	\$200,000 per year starting in 2023, increasing to an estimated \$1,000,000 per year in 2028 (depending on landfill gas flows and market prices)
Flare Operations & Maintenance Services Savings	\$50,000 per year estimated County savings with Brevard Energy taking over operations and maintenance of county flares
Gas Wellfield Support	Cooperation with increased wellfield attention - monitoring and potential automated wellfield control – to increase landfill gas extraction and reduce site emissions
Gas Wellfield Support Payments	\$5,000,000 over term compared to \$0 support payments currently

V. Summary of Benefits

In summary, benefits to the County from granting this land lease include

- **Overall increase in benefits to County estimated at \$29.2 million over term**
 - Total lease payments of \$1.9 million over term, inclusive of \$630,000 premium (50% land lease premium over market value assessment) for the addition of one acre of leased area
 - Double landfill gas and lease payments from \$100,000 to \$200,000 through 2028
 - Estimated \$50,000 per year in flare operations and maintenance savings
 - \$5 million in gas wellfield support payments to improve gas flows and decrease capital costs to the County
 - About ten times increase in total benefits by 2028 and thereafter
- **Numerous improvements in efficiency and sustainability of the landfill operations**
 - Improved wellfield construction and operations
 - Improved efficiency and reliability of landfill gas utilization equipment
 - Operations and maintenance of County flares now under Brevard Energy
 - Reduced landfill gas emissions
 - Leading edge renewable energy project with community and regional benefits