

Antelope Valley Air Quality Management District

2551 W Avenue H
Lancaster, CA 93536
www.avaqmd.ca.gov

Governing Board Regular Meeting

Agenda

MEETING LOCATION

42210 6th Street West
Lancaster, CA 93534
661.723.8070

**TUESDAY, JANUARY 16, 2024
10:00 A.M.**

BOARD MEMBERS

Marvin Crist, Chair, City of Lancaster
Austin Bishop, Vice Chair, City of Palmdale
Ron Hawkins, Los Angeles County
Howard Harris, Los Angeles County
Ken Mann, City of Lancaster
Richard Loa, City of Palmdale
Newton Chelette, Public Member

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE LISTED PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE GOVERNING BOARD AT, OR PRIOR TO, THE PUBLIC HEARING.

DUE TO TIME CONSTRAINTS AND THE NUMBER OF PERSONS WISHING TO GIVE ORAL TESTIMONY, PUBLIC COMMENTS ARE LIMITED TO FIVE MINUTES PER SPEAKER. YOU MAY WISH TO MAKE YOUR COMMENTS IN WRITING TO ASSURE THAT YOU ARE ABLE TO EXPRESS YOURSELF ADEQUATELY.

EXCEPT WHERE NOTED, ALL SCHEDULED ITEMS WILL BE HEARD IN THE DISTRICT OFFICE OF THE GOVERNING BOARD, 43301 DIVISION STREET, SUITE 206, LANCASTER, CA 93535 AND THE TELECONFERENCE LOCATION(S), IF APPLICABLE. PLEASE NOTE THAT THE BOARD MAY ADDRESS ITEMS IN THE AGENDA IN A DIFFERENT ORDER THAN THE ORDER IN WHICH THE ITEM HAS BEEN POSTED.

PUBLIC COMMENTS ON ANY AGENDA ITEM WILL BE HEARD AT THE TIME OF DISCUSSION OF THE AGENDA ITEM. PUBLIC COMMENTS NOT PERTAINING TO AGENDA ITEMS WILL BE HEARD DURING THE PUBLIC COMMENT PERIOD BELOW.

CALL TO ORDER 10:00 A.M.

Pledge of Allegiance.

Roll Call

Swear in New Board Member.

Election of Chair and Vice Chair for 2024.

Items with potential Conflict of Interests — If you believe you have a conflict of interest, please recuse yourself at the appropriate time. If you have a question regarding a potential conflict of interest, please contact District Counsel.

PUBLIC COMMENT

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION
Antelope Valley Air Quality Management District v. United States Environmental Protection Agency, et al. 9th Cir. Case No. 23-1614.

CONSENT CALENDAR

The following consent items are expected to be routine and non-controversial and will be acted upon by the Board at one time without discussion unless a Board Member requests an item be held for discussion under DEFERRED ITEMS.

2. [Approve Minutes from Regular Governing Board Meeting of December 19, 2023. Find that the California Environmental Quality Act does not apply to this item.](#)
3. [Monthly Grant Funding Summary. Receive and file. Find that the California Environmental Quality Act does not apply to this item.](#)
4. [Monthly Activity Report. Receive and file. Find that the California Environmental Quality Act does not apply to this item.](#)
5. [This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at November 30, 2023.](#)

ITEMS FOR DISCUSSION

DEFERRED ITEMS

NEW BUSINESS

6. [Adopt a Resolution approving inter-district and inter-basin transfer of offsets pursuant to Health & Safety Code \(H&S Code\) §40709.6 for applicant Northrop Grumman Corp. and certifying the Notice of Exemption. Find that the California Environmental Quality Act \(CEQA\) does not apply to this item.](#)
7. Reports: Governing Board Counsel, Executive Director/APCO, Staff.
8. Board Member Reports and Suggestions for Future Agenda Items.
9. Adjourn to Regular Governing Board Meeting of Tuesday, February 20, 2024.

In compliance with the Americans with Disabilities Act, if special assistance is needed to participate in the Board Meeting, please contact the Executive Director during regular business hours at 661.723.8070 x23. Notification received 48 hours prior to the meeting will enable the District to make reasonable accommodations. All accommodation requests will be processed swiftly and resolving any doubt in favor of accessibility.

I hereby certify, under penalty of perjury, that this agenda has been posted 72 hours prior to the stated meeting in a place accessible to the public. Copies of this agenda and any or all additional materials relating thereto are available at www.avaqmd.ca.gov or by contacting Adrianna Castaneda at 661.723.8070 ext. 21 or by email at acastaneda@avaqmd.ca.gov.

Mailed & Posted on: Thursday, January 11, 2024

[Adrianna Castañeda](#)

Adrianna Castaneda

The following page(s) contain the backup material for Agenda Item: [Approve Minutes from Regular Governing Board Meeting of December 19, 2023. Find that the California Environmental Quality Act does not apply to this item.](#)

Please scroll down to view the backup material.

**ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD MEETING
TUESDAY, DECEMBER 19, 2023
ANTELOPE VALLEY TRANSIT AUTHORITY DISTRICT OFFICE
LANCASTER, CA**

Draft Minutes

Board Members Present:

Marvin Crist, *Chair*, City of Lancaster
Austin Bishop, *Vice Chair*, City of Palmdale
Andrea Alarcón, City of Palmdale
Ken Mann, City of Lancaster
Howard Harris, Los Angeles County
Ron Hawkins, Los Angeles County
Newton Chelette, Public Member

Board Members Absent:

CALL TO ORDER

Chair **CRIST** called the meeting to order at 9:59 a.m. Chair **CRIST** asked Board Member **MANN** to lead the Pledge of Allegiance. Chair **CRIST** called for roll call, roll call was taken.

PUBLIC COMMENT

❖ Chair **CRIST** called for **PUBLIC COMMENT**. At this time, no public comment was made in person, or electronically, moved onto **CONSENT CALENDAR**.

CLOSED SESSION

Agenda Item #1- CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION Antelope Valley Air Quality Management District v. United States Environmental Protection Agency, et al. 9th Cir. Case No. 23-1614.

Agenda Item #2 - Public Employee Performance Evaluation - Pursuant to Government Code Sections 54954.5(e) and 54957(b) Title: Executive Director/APCO

The Governing board entered the Closed session at 10:16 am and concluded at 10:59 am with no report.

CONSENT CALENDAR – The following consent items were acted upon by the Board at one time without discussion. Upon motion by Board Member **ALARCÓN**, seconded by Board Member **BISHOP**, and carried by the following roll call vote, with seven **AYES** votes by Board Members, **MARVIN CRIST, AUSTIN BISHOP, ANDREA ALARCON, NEWTON CHELETTE, HOWARD HARRIS, RON HAWKINS, and KEN MANN**, on the Consent Calendar, as follows:

Agenda Item #3 – Approve Minutes from Regular Governing Board Meeting of November 21, 2023. Find that the California Environmental Quality Act does not apply to this item.

Approved Minutes from Regular Governing Board Meeting November 21, 2023.

Agenda Item #4 – Monthly Grant Funding Summary. Receive and file.

Presenter: Barbara Lods, Executive Director/APCO.

Received and Filed Monthly Grant Funding Summary.

Agenda Item #6– Receive and file the Financial Report. This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at October 31, 2023.

Presenter: Barbara Lods, Executive Director/APCO.

Received and filed the Financial Report. This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at October 31, 2023.

CONSENT CALENDAR – Due to Board Member questions, a separate vote was conducted for Agenda Item #5 and Agenda Item #7. The following consent items were acted upon by the Board at one time without discussion. Upon motion by Board Member **BISHOP**, seconded by Board Member **ALARCÓN**, and carried by the following roll call vote, with seven **AYES** votes by Board Members, **MARVIN CRIST, AUSTIN BISHOP, ANDREA ALARCON, NEWTON CHELETTE, HOWARD HARRIS, RON HAWKINS, and KEN MANN**, on the Consent Calendar, as follows:

Agenda Item #5 – Monthly Activity Report. Receive and file.

Presenter: Barbara Lods, Executive Director/APCO.

Received and Filed Monthly Activity Report.

Agenda Item #7 - 1) Authorize the acceptance of Community Air Protection (CAP) Funds; 2) Accept the terms and conditions for the funds; 3) Authorize the Executive Director/APCO and staff to execute the agreement, approved as to legal form, and to negotiate and execute agreements for eligible projects; and 4) Find that the California Environmental Quality Act (CEQA) does not apply to this item.

Presenter: Julie McKeehan, Grants Analyst.

1) **Authorized** the acceptance of Community Air Protection (CAP) Funds; 2) **Accepted** the terms and conditions for the funds; 3) **Authorized** the Executive Director/APCO and staff to execute the agreement, approved as to legal form, and to negotiate and execute agreements for eligible projects; and 4) Find that the California Environmental Quality Act (CEQA) does not apply to this item.

ITEMS FOR DISCUSSION

DEFERRED ITEMS

None.

NEW BUSINESS

Agenda Item #8– 1) Award as amount not to exceed \$19,000 in Mobile Source Emission Reductions Program (AB 923) funds to EV Charging Solutions, Inc. toward an existing Electric Vehicle Charging Station; 2) Authorize the Executive Director/APCO the option to change the funding source if warranted or if other applicable sources become available; 3) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel; and 4) Find that the California Environmental Quality Act (CEQA) does not apply to this item.

Presenter: Julie McKeehan, Grants Analyst.

Chair **CRIST** opened the public hearing. Julie McKeehan, Grants Analyst, presented background information and answered questions from the Board. Chair **CRIST** called for public comment, no public comment was

made in person, or electronically, being none, Chair **CRIST** closed the public hearing. Upon motion by Board Member **ALARCÓN**, seconded by Board Member **BISHOP**, and carried by the following roll call vote, with seven **AYES** votes by Board Members, **MARVIN CRIST, AUSTIN BISHOP, ANDREA ALARCON, NEWTON CHELETTE, HOWARD HARRIS, RON HAWKINS, and KEN MANN**, the Board, 1) **Awarded** as amount not to exceed \$19,000 in Mobile Source Emission Reductions Program (AB 923) funds to EV Charging Solutions, Inc. toward an existing Electric Vehicle Charging Station; 2) **Authorized** the Executive Director/APCO the option to change the funding source if warranted or if other applicable sources become available; 3) **Authorized** the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel; and 4) Find that the California Environmental Quality Act (CEQA) does not apply to this item.

Agenda Item #9– 1) Award an amount not to exceed \$48,000 in Carl Moyer Program funds to Peter Tejada for the replacement of an older diesel tractor with new, cleaner technology; 2) Authorize the Executive Director/APCO the option to change the funding source if warranted or if other applicable funding sources become available; 3) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel; and 4) Find that this item is not a project pursuant to the California Environmental Quality Act.

Presenter: Julie McKeehan, Grants Analyst.

Chair **CRIST** opened the public hearing. Julie McKeehan, presented background information and answered questions from the Board. Chair **CRIST** called for public comment, no public comment was made in person, or electronically, being none, Chair **CRIST** closed the public hearing. Upon motion by Board Member **HARRIS**, seconded by Board Member **BISHOP**, and carried by the following roll call vote, with seven **AYES** votes by Board Members, **MARVIN CRIST, AUSTIN BISHOP, ANDREA ALARCON, NEWTON CHELETTE, HOWARD HARRIS, RON HAWKINS, and KEN MANN**, the Board, 1) **Awarded** an amount not to exceed \$48,000 in Carl Moyer Program funds to Peter Tejada for the replacement of an older diesel tractor with new, cleaner technology; 2) **Authorized** the Executive Director/APCO the option to change the funding source if warranted or if other applicable funding sources become available; 3) **Authorized** the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel; and 4) Find that this item is not a project pursuant to the California Environmental Quality Act.

Agenda Item #10– 1) Award an amount not to exceed \$36,842 in Carl Moyer Program funds to Delores Yarnall for the replacement of an older diesel tractor with new, cleaner technology; 2) Authorize the Executive Director/APCO the option to change the funding source if warranted or if other applicable funding sources become available; 3) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel; and 4) Find that this item is not a project pursuant to the California Environmental Quality Act.

Presenter: Julie McKeehan, Grants Analyst.

Chair **CRIST** opened the public hearing. Julie McKeehan, Grants Analyst, presented background information and answered questions from the Board. Chair **CRIST** called for public comment, no public comment was made in person, or electronically, being none, Chair **CRIST** closed the public hearing. Upon motion by Board Member **ALARCON** seconded by Board Member **BISHOP**, and carried by the following roll call vote, with seven **AYES** votes by Board Members, **MARVIN CRIST, AUSTIN BISHOP, ANDREA ALARCON, NEWTON CHELETTE, RON HAWKINS, HOWARD HARRIS, and KEN MANN**, the Board, 1) **Awarded** an amount not to exceed \$36,842 in Carl Moyer Program funds to Delores Yarnall for the

replacement of an older diesel tractor with new, cleaner technology; 2) **Authorized** the Executive Director/APCO the option to change the funding source if warranted or if other applicable funding sources become available; 3) **Authorized** the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel; and 4) Find that this item is not a project pursuant to the California Environmental Quality Act.

Agenda Item #11– 1) Award an amount not to exceed \$70,584 of Mobile Source Emission Reductions Program (AB 2766) funds to Antelope Valley Fair Association (AV Fair) to retire older in-use conventional fuel equipment with clean, zero emission technologies; 2) Authorize the Executive Director/APCO the option to change the funding source if warranted or if other applicable funding sources become available; 3) Authorize the Executive Director and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel; and 4) Find that the California Environmental Quality Act (CEQA) does not apply to this item.

Presenter: Julie McKeehan, Grants Analyst.

Chair **CRIST** opened the public hearing. Julie McKeehan, Grants Analyst, presented background information and answered questions from the Board. Chair **CRIST** called for public comment, no public comment was made in person, or electronically, being none, Chair **CRIST** closed the public hearing. Board Member **AUSTIN BISHOP** recused himself from this item due to conflicts of interest and left the room prior to the vote. Upon motion by Board Member **MANN**, seconded by Board Member **HAWKINS**, and carried by the following roll call vote, with six **AYES** votes by Board Members, **MARVIN CRIST, ANDREA ALARCON, NEWTON CHELETTE, HOWARD HARRIS, RON HAWKINS, and KEN MANN**, with Board Member **AUSTIN BISHOP** recused, the Board, 1) **Awarded** an amount not to exceed \$70,584 of Mobile Source Emission Reductions Program (AB 2766) funds to Antelope Valley Fair Association (AV Fair) to retire older in-use conventional fuel equipment with clean, zero emission technologies; 2) **Authorized** the Executive Director/APCO the option to change the funding source if warranted or if other applicable funding sources become available; 3) **Authorized** the Executive Director and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel; and 4) Find that the California Environmental Quality Act (CEQA) does not apply to this item.

Agenda Item #12– Reports.

Governing Board Counsel –

- Wished the Board and Staff a Merry Christmas and a Happy New Year.

Executive Director/APCO –

- Wished The Board and Staff a Merry Christmas and a Happy New Year.
- Updated the Board on the CAPS separation, hoping to be separated by January.
- Finance Audit has been moved to the week of January 8th

Staff –

- No report.

Agenda Item #13– Board Member Reports and Suggestions for Future Agenda Items.

- The Board wished everyone a Merry Christmas and a Happy New Year.

Agenda Item #14– Adjourn to Regular Governing Board Meeting of Tuesday, January 16, 2024.

Being no further business, the meeting adjourned at 11:01 a.m. to the next regularly scheduled Governing Board Meeting of Tuesday, January 16, 2024.

The following page(s) contain the backup material for Agenda Item: [Monthly Grant Funding Summary. Receive and file. Find that the California Environmental Quality Act does not apply to this item.](#)

Please scroll down to view the backup material.

Item #3 – Grant Funds Project Summary

December 2023

AB 2766 (\$4 DMV Fee)

\$655,000 Annually by Monthly Distribution

These fees fund the District’s Mobile Source Emission Reductions (MSER) Grant Program. The funds must be used “to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act of 1988”.

Funding Limits: No surplus emission reductions or cost-effectiveness limit requirements.

Current Balance: \$362,649.00

AB 923 (\$2 DMV Fee)

\$614,000 Annually by Monthly Distribution

These fees fund the District’s Mobile Source Emission Reductions (MSER) Grant Program. The funds must be used to remediate air pollution harms created by motor vehicles.

Funding Limits: Carl Moyer eligible projects; unregulated agriculture vehicles and equipment; school bus projects; light-duty vehicle retirement program; and alternative fuel and electric infrastructure projects.

Surplus emission reductions required. Subject to cost-effectiveness limit.

Current Balance: \$692,739.00

Carl Moyer Program

\$1,169,166.00 FY 23/24 Allocation

Carl Moyer Program (CMP) funds provide incentives to gain early or extra emission reductions by retrofitting, repowering, or replacing older more polluting engines with newer, cleaner engines including zero and near zero emission technologies. CMP funding categories include on-road heavy-duty vehicles, off-road equipment, locomotives, marine vessels, light-duty passenger vehicles, lawn mower replacement and alternative fuel infrastructure projects. Surplus emission reductions required. Subject to cost-effectiveness limit.

Current Balance: \$1,876,586.00

AB 134 Community Air Protection (CAP) Projects

\$967,560 FY 23/24

The purpose of AB 134 funds is to implement projects under the Carl Moyer Program specifically for projects that meet the goals of AB 617. These funds are focused on replacing older polluting engines operating in disadvantaged and low-income communities with newer, cleaner engines prioritizing zero-emission projects. CMP funding categories include on-road heavy-duty vehicles, off-road equipment, locomotives, marine vessels, light-duty passenger vehicles, lawn mower replacement and alternative fuel infrastructure projects. Surplus emission reductions required. Subject to cost-effectiveness limit.

Current Balance: \$3,024,244

The following page(s) contain the backup material for Agenda Item: [Monthly Activity Report. Receive and file. Find that the California Environmental Quality Act does not apply to this item.](#)

Please scroll down to view the backup material.



Agenda Item #4

Date: January 16, 2024

Subject: December Operations Activity Report

Permit Inspections - 70

Notices of Violation (NOV) Issued – 0

Vapor Recovery Tests Witnessed – 3

Complaints - 3

Complaint Investigations – 3

Asbestos Notifications – 3

Asbestos Project Inspections - 0

Active Companies - 288

Active Facilities - 549

Active Permits - 1133

Certificate of Occupancy/Building Permit Reviews - 3

CEQA Project Comment Letters - 5

State or Local Air Monitoring Stations (SLAMS) Network Air Monitoring Site:

Lancaster Site (full meteorology, CO, NO_x, O₃, PM₁₀, PM_{2.5})

Full meteorology (exterior temperature, wind speed, wind direction, exterior pressure and relative humidity)

Community Sensors:

13 **PurpleAir** particulate sensors (Del Sur School, Leona Valley Elementary, Anaverde Hills, Esperanza Elementary School, Joe Walker Middle School, Desert Willow Middle School, Amargosa Creek, Eastside High School, Littlerock High School, Knight High School, Westside School District Offices, (2) Wilsona School District.

AVAQMD CEQA PROJECTS						
BOARD MEETING						
1/16/2024						
Date Rec'd	Location	Project Name	Description	Comment	Date Due	Date Sent
12/4/2023	Palmdale	Emergency Housing Project	Minor Site Plan Review 23-0004 requesting to develop a 20-unit temporary emergency housing project on less than 1 acre of land. This project site is located at 38626 9th Street East, Palmdale, CA 93550 (APN: 3008-039-004).	Dust Control Signage & Project Signage Information Form Rule 219-Permitting CARB Equipment EV Charging Grant	12/20/2023	12/15/2023
12/4/2023	Palmdale	Existing Building Expansion	Minor Site Plan Review 23-0006 proposing to expand an existing 3,900-square-foot building with an additional 1,115 square feet. This project site is located on a 1.07-acre parcel at 540 W Rancho Vista Blvd, Palmdale, CA 93551 (APN: 3006-026-025).	Rule 1403-Asbestos Rule 219-Permitting CARB Equipment EV Charging Grant	12/20/2023	12/18/2023
12/4/2023	Palmdale	2,791 square foot Restaurant	Pre-Application 23-0027 for the request to develop one 2,791-square-foot building on a 1.13-acre parcel for a proposed restaurant use. This project site is located on the north side of Palmdale Boulevard, east of 30th Street East in the City of Palmdale, CA (APN: 3021-029-054).	Dust Control Signage & Project Signage Information Form Rule 219-Permitting CARB Equipment EV Charging Grant	12/20/2023	12/18/2023
12/4/2023	Palmdale	1,000,000 square foot Industrial Building	Pre-Application 23-0029 requesting to develop a new industrial building totaling 1,000,000 square feet on 67.1 acres. This project site is located on the northwest corner of Rancho Vista Blvd and Sierra Highway in the City of Palmdale, CA (APNs: 3006-027-001, -002, -003, -004, and -005).	Rule 302-Construction Excavation DCP Rule 219-Permitting CARB Equipment EV Charging Grant	12/20/2023	12/18/2023
12/7/2023	Lancaster	Mini-Storage & RV Storage Facilities	Notice of Availability/Notice of Intent to Adopt a Mitigated Negative Declaration for Site Plan Review No. 22-15 requesting to construct and operate an RV and mini-storage facility in the Light Industrial (LI) zone. The facility would consist of two buildings totaling 90,563 square feet which would provide 67 indoor RV storage units and 246 mini-storage units. This project site is located on approximately 10 acres on the north side of Avenue H at 18th Street West in the City of Lancaster, CA (APN: 3118-006-024).	Rule 302-Construction Excavation DCP Rule 219-Permitting CARB Equipment EV Charging Grant	1/3/2024	12/18/2023

The following page(s) contain the backup material for Agenda Item: [This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at November 30, 2023.](#)

Please scroll down to view the backup material.

**MINUTES OF THE GOVERNING BOARD
OF THE ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
LANCASTER, CALIFORNIA**

AGENDA ITEM # 5

DATE: January 16, 2024.

RECOMMENDATION: Receive and file.

SUMMARY: This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at November 30, 2023.

BACKGROUND: The Financial Reports for November provide financial and budgetary performance information for the District for the period referenced.

BALANCE SHEET. The balance sheet summarizes the District's financial position on November 30, 2023.

STATEMENT OF REVENUES & EXPENDITURES. A summary of all District revenue and related expenditures incurred in the day to day administration of District Operations.

STATEMENT OF ACTIVITY. The target variance for November is 42%.

The *District Wide* report details revenue and expenses for the District's operating account and grant funds. *Contracted Services* reports the expenses made by the MDAQMD and COL passed through to the District including salaries. *Report Recap* consolidates both reports.

BANK REGISTERS. This report details the Districts bank activity.

REASON FOR RECOMMENDATION: Receive and file.

REVIEW BY OTHERS: This item was reviewed by Allison Burns, Special Counsel as to legal form and by Barbara Lods, Executive Director/APCO on or about January 5, 2024.

PRESENTER: Barbara Lods, Executive Director/APCO.

Antelope Valley AQMD
Balance Sheet - Governmental Funds
As of November 30, 2023

Financial Report

	<u>General Fund</u>	<u>AB2766 Mobile Emissions</u>	<u>AB923 Mobile Emissions</u>	<u>Carl Moyer</u>	<u>Total</u>
Assets					
Current Assets					
Cash	4,905,728.83	1,109,012.08	2,072,399.51	3,168,163.46	11,255,303.88
Cash Held For Other Fund	(256,723.58)	150,099.15	106,624.43	0.00	0.00
Receivables	166,476.08	0.00	0.00	0.00	166,476.08
Pre-Paids	21,262.72	0.00	0.00	0.00	21,262.72
Total Current Assets	4,836,744.05	1,259,111.23	2,179,023.94	3,168,163.46	11,443,042.68
Total Assets	4,836,744.05	1,259,111.23	2,179,023.94	3,168,163.46	11,443,042.68
Liabilities and Net Position					
Current Liabilities					
Payables	(2,632.27)	0.00	1,275.00	0.00	(1,357.27)
Due to Others	(956.00)	0.00	0.00	0.00	(956.00)
Unearned Revenue	1,120,200.84	0.00	0.00	3,158,805.13	4,279,005.97
Total Current Liabilities	1,116,612.57	0.00	1,275.00	3,158,805.13	4,276,692.70
Restricted Fund Balance	0.00	1,207,392.88	2,134,903.41	21,958.33	3,364,254.62
Cash Reserves	1,000,000.00	0.00	0.00	0.00	1,000,000.00
Unassigned Fund Balance	2,431,019.24	0.00	0.00	0.00	2,431,019.24
Pre-Paid	1,378.50	0.00	0.00	0.00	1,378.50
Change in Net Position	298,120.27	51,718.35	42,845.53	(12,600.00)	380,084.15
Total Liabilities & Net Position	4,847,130.58	1,259,111.23	2,179,023.94	3,168,163.46	11,453,429.21

Antelope Valley AQMD
Statement of Revenues & Expenditures
For the Period Ending November 30, 2023

Financial Report

	<u>General Fund</u>	<u>AB2766 Mobile Emissions Program</u>	<u>AB923 Mobile Emissions Program</u>	<u>Carl Moyer Program</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Application and Permit Fees	93,517.54	0.00	0.00	0.00	93,517.54
AB 2766 and Other Program Revenues	53,519.91	50,263.10	47,126.37	432,100.00	583,009.38
Fines	15,148.30	0.00	0.00	0.00	15,148.30
Investment Earnings	8,733.20	0.00	0.00	0.00	8,733.20
Federal and State	25,000.00	0.00	0.00	0.00	25,000.00
Miscellaneous Income	0.00	0.00	0.00	0.00	0.00
Total Revenues	195,918.95	50,263.10	47,126.37	432,100.00	725,408.42
<u>Expenditures</u>					
Program Staff	5,855.00	0.00	0.00	0.00	5,855.00
Services and Supplies	32,509.68	5,000.00	2,475.00	432,100.00	472,084.68
Contributions to Other Participants	0.00	0.00	0.00	0.00	0.00
Capital Outlay Improvements and Equipment	0.00	0.00	0.00	0.00	0.00
Total Expenditures	38,364.68	5,000.00	2,475.00	432,100.00	477,939.68
Excess Revenue Over (Under) Expenditures	157,554.27	45,263.10	44,651.37	0.00	247,468.74

Antelope Valley AQMD

Statement of Activity - MTD, MTM and YTD

For 11/30/2023

00 District Wide

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
Revenues				
Permitting	106,141.84	575,042.41	1,353,600.00	(0.42)
Programs	583,009.38	957,563.08	3,418,217.00	(0.28)
Application Fees	2,524.00	26,823.00	32,325.00	(0.83)
State Revenue	0.00	39,506.77	1,604,523.00	(0.02)
Federal Revenue	25,000.00	41,850.00	63,982.00	(0.65)
Fines & Penalties	0.00	17,093.29	10,000.00	(1.71)
Interest Earned	8,733.20	34,581.48	10,000.00	(3.46)
Adjustments to Revenue	0.00	(5,197.18)	0.00	0.00
Total Revenues	725,408.42	1,687,262.85	6,492,647.00	(0.26)
Expenses				
Office Expenses	13,040.07	22,014.64	109,800.00	0.20
Communications	(705.17)	7,552.34	22,000.00	0.34
Vehicles	4,470.88	7,449.36	21,000.00	0.35
Program Costs	439,575.00	1,119,797.90	3,948,962.00	0.28
Travel	19.96	39.34	12,000.00	0.00
Professional Services				
Financial Audit & Actuarial Svcs	0.00	4,234.00	0.00	0.00
Consulting Fees	0.00	0.00	25,000.00	0.00
Stipends	400.00	2,700.00	8,400.00	0.32
Maintenance & Repairs	20.93	20.93	2,000.00	0.01
Non-Depreciable Inventory	40.01	240.10	18,500.00	0.01
Dues & Subscriptions	0.00	5,645.15	36,100.00	0.16
Legal	15,220.00	60,977.48	53,000.00	1.15
Miscellaneous Expense	3.00	(235.62)	1,000.00	(0.24)
Suspense	0.00	42.26	0.00	0.00
Capital Expenditures	0.00	22,083.98	105,000.00	0.21
Total Expenses	472,084.68	1,252,561.86	4,362,762.00	0.29
Program Staff				
Excess Revenue Over (Under) Expenditures	253,323.74	434,700.99	2,129,885.00	(0.20)

Antelope Valley AQMD

Statement of Activity - MTD, MTM and YTD

For 11/30/2023

10 Contracted Services

M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
-----------------	-----------------	-----------------	-----------------------

Revenues**Expenses**

Professional Services

Financial Audit & Actuarial Svcs

Total Expenses

0.00	2,363.99	220,000.00	0.01
0.00	2,363.99	220,000.00	0.01

Program Staff

Program Staff

Total Program Staff

5,855.00	52,252.85	1,828,647.00	0.03
5,855.00	52,252.85	1,828,647.00	0.03

Excess Revenue Over (Under) Expenditures

(5,855.00)	(54,616.84)	(2,048,647.00)	(0.03)
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Antelope Valley AQMD

Statement of Activity - MTD, MTM and YTD

For 11/30/2023

Report Recap

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
Revenues				
Permitting	106,141.84	575,042.41	1,353,600.00	(0.42)
Programs	583,009.38	957,563.08	3,418,217.00	(0.28)
Application Fees	2,524.00	26,823.00	32,325.00	(0.83)
State Revenue	0.00	39,506.77	1,604,523.00	(0.02)
Federal Revenue	25,000.00	41,850.00	63,982.00	(0.65)
Fines & Penalties	0.00	17,093.29	10,000.00	(1.71)
Interest Earned	8,733.20	34,581.48	10,000.00	(3.46)
Adjustments to Revenue	0.00	(5,197.18)	0.00	0.00
Total Revenues	725,408.42	1,687,262.85	6,492,647.00	(0.26)
Expenses				
Office Expenses	13,040.07	22,014.64	109,800.00	0.20
Communications	(705.17)	7,552.34	22,000.00	0.34
Vehicles	4,470.88	7,449.36	21,000.00	0.35
Program Costs	439,575.00	1,119,797.90	3,948,962.00	0.28
Travel	19.96	39.34	12,000.00	0.00
Professional Services				
Financial Audit & Actuarial Svcs	0.00	6,597.99	220,000.00	0.03
Consulting Fees	0.00	0.00	25,000.00	0.00
Stipends	400.00	2,700.00	8,400.00	0.32
Maintenance & Repairs	20.93	20.93	2,000.00	0.01
Non-Depreciable Inventory	40.01	240.10	18,500.00	0.01
Dues & Subscriptions	0.00	5,645.15	36,100.00	0.16
Legal	15,220.00	60,977.48	53,000.00	1.15
Miscellaneous Expense	3.00	(235.62)	1,000.00	(0.24)
Suspense	0.00	42.26	0.00	0.00
Capital Expenditures	0.00	22,083.98	105,000.00	0.21
Total Expenses	472,084.68	1,254,925.85	4,582,762.00	0.27
Program Staff				
Program Staff	5,855.00	52,252.85	1,828,647.00	0.03
Total Program Staff	5,855.00	52,252.85	1,828,647.00	0.03
Excess Revenue Over (Under) Expenditures	247,468.74	380,084.15	81,238.00	(4.68)

Antelope Valley AQMD
Bank Register from 11/01/2023 to 11/30/2023
General Fund P6A LA County

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	11/01/2023	Interest Earned	0.00	8,733.20	2,208,021.97
0000501	11/02/2023	DAILY DEPOSIT	0.00	183,039.98	2,391,061.95
R24-11	11/13/2023	OPERATING FUND REPLENISHMENT #2	432,114.88	0.00	1,958,947.07
0000502	11/17/2023	DAILY DEPOSIT	0.00	168,757.34	2,127,704.41
0000001	11/30/2023	DAILY DEPOSIT	0.00	46,063.99	2,173,768.40
	11/30/2023	Service Charge	3.00	0.00	2,173,765.40
Total for Report:			432,117.88	406,594.51	

Antelope Valley AQMD

Run: 1/10/2024 at 3:48 PM

Bank Register from 11/01/2023 to 11/30/2023

Page: 1

Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0005412	11/02/2023	[10518] AUSTIN BISHOP-Attendance Governing Board meeting 10/17/2023	100.00	0.00	1,613,741.85
0005413	11/02/2023	[11646] BMO BANK N.A. - PAYMENT-CREDIT CARD 1481	193.97	0.00	1,613,547.88
0005414	11/02/2023	[11646] BMO BANK N.A. - PAYMENT-CREDIT CARD 1465	3,161.19	0.00	1,610,386.69
0005415	11/02/2023	[11520] BRET S. BANKS-CONSULTING SERVICES NOVEMBER 2023	2,500.00	0.00	1,607,886.69
0005416	11/02/2023	[10011] CALIFORNIA SPECIAL DISTRICTS ASSOCIATION-2024 MEMBERSHIP RENEWAL	1,715.00	0.00	1,606,171.69
0005417	11/02/2023	[10405] CANON FINANCIAL SERVICES-COPIER LEASE 10/01/2023- 10/31/2023	308.67	0.00	1,605,863.02
0005418	11/02/2023	[10055] NEWTON CHELETTE-Attendance Governing Board meeting 10/17/2023	100.00	0.00	1,605,763.02
0005419	11/02/2023	[10014] CITY OF LANCASTER-FY23 QUARTER 4	287,374.21	0.00	1,318,388.81
0005420	11/02/2023	[10057] MARVIN CRIST-Attendance Governing Board meeting 10/17/2023	100.00	0.00	1,318,288.81
0005421	11/02/2023	[10599] HOWARD HARRIS-Attendance Governing Board meeting 10/17/2023	100.00	0.00	1,318,188.81
0005422	11/02/2023	[10058] RONALD HAWKINS-Attendance Governing Board meeting 10/17/2023	100.00	0.00	1,318,088.81
0005423	11/02/2023	[11405] IT SOLUTIONS INTEGRATED-MONTHLY IT SERVICES OCTOBER 2023	1,095.00	0.00	1,316,993.81
0005424	11/02/2023	[10054] KENNETH MANN-Attendance Governing Board meeting 10/17/2023	100.00	0.00	1,316,893.81
0005425	11/02/2023	[10026] MOJAVE DESERT AQMD-FY24 - SEPTEMBER 2023	2,679.45	0.00	1,314,214.36
0005426	11/02/2023	[10483] STREAMLINE-WEB HOSTING 06/01/2023 - 07/01/2023	200.00	0.00	1,314,014.36
0005427	11/02/2023	[10046] VERIZON CALIFORNIA - NJ-Invoices ,	69.73	0.00	1,313,944.63
0005428	11/02/2023	[01107] VERIZON WIRELESS-AIR MONITORING SIM CARD 09/18/2023 - 10/ 17/2023	40.05	0.00	1,313,904.58
0005429	11/02/2023	[11259] WEX BANK-FUEL PURCHASES-OCTOBER 2023	602.11	0.00	1,313,302.47
0000504	11/02/2023	CREDIT CARD TRANSACTION MAISON'S HEIGHTS	0.00	4,042.00	1,317,344.47
0000502	11/06/2023	CREDIT CARD TRANSACTION CORE ENVIRONMENTAL SAM'S WEST	0.00	2,753.04	1,320,097.51
0000502	11/06/2023	CREDIT CARD TRANSACTION LOCKHEED	0.00	1,512.47	1,321,609.98
0000503	11/07/2023	CREDIT CARD TRANSACTION LA TINT AVENESER AUTO BODY	0.00	1,168.66	1,322,778.64
0000502	11/08/2023	CREDIT CARD TRANSACTION RAMIREZ DEMOLITION	0.00	1,242.00	1,324,020.64
0000502	11/08/2023	CREDIT CARD TRANSACTION PILOT TRAVEL CENTER	0.00	606.00	1,324,626.64
0000502	11/13/2023	CREDIT CARD TRANSACTION BURNS ENVIRONMENTAL	0.00	660.00	1,325,286.64
R24-11	11/13/2023	OPERATING FUND REPLENISHMENT #2	0.00	432,114.88	1,757,401.52
0005430	11/16/2023	[10001] AGILIARE LLC-AirVision Hosting November 2023 - November 2024	10,973.00	0.00	1,746,428.52

Antelope Valley AQMD

Run: 1/10/2024 at 3:48 PM

Page: 2

Bank Register from 11/01/2023 to 11/30/2023

Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0005431	11/16/2023	[10405] CANON FINANCIAL SERVICES-CA 2023 PROPERTY TAX	44.40	0.00	1,746,384.12
0005432	11/16/2023	[11511] JOEL S CRAIG-AIR MONITORING SERVICES OCTOBER 2023	1,350.00	0.00	1,745,034.12
0005433	11/16/2023	[11540] LINDE GAS & EQUIPMENT INC.-CYLINDER RENTAL 09/20/2023 - 10/20/2023	24.24	0.00	1,745,009.88
0005434	11/16/2023	[10070] BARBARA LODS-Invoices 1980, 1981	6,786.26	0.00	1,738,223.62
0005435	11/16/2023	[10031] NOVACOAST INC-CONTINUED DEVELOPER SUPPORT FOR CAPS	145.00	0.00	1,738,078.62
0005436	11/16/2023	[10071] QUADIENT LEASING-POSTAGE METER LEASE 11/02/2023 - 12/01/2023	77.96	0.00	1,738,000.66
0005437	11/16/2023	[11512] SAMUEL OKTAY-ENGINEERING SERVICES OCTOBER 2023	2,005.00	0.00	1,735,995.66
0005438	11/16/2023	[10483] STREAMLINE-WEB HOSTING 11/01/2023 - 12/01/2023	249.00	0.00	1,735,746.66
0005439	11/16/2023	[11402] TIME WARNER CABLE-SPECTRUM BUSINESS INTERNET 11/01/2023 - 11/30/2023	214.98	0.00	1,735,531.68
0000001	11/16/2023	CREDIT CARD TRANSACTION KPRS CONSTRUCTION	0.00	11,299.00	1,746,830.68
0000001	11/20/2023	CREDIT CARD TRANSACTION SIFI NETWORKS	0.00	553.99	1,747,384.67
0000001	11/20/2023	CREDIT CARD TRANSACTION GUY F ATKINSON	0.00	606.00	1,747,990.67
0000001	11/24/2023	CREDIT CARD TRANSACTION CALIBER/CARSTAR WESTSIDE COLLISION	0.00	706.00	1,748,696.67
0000505	11/29/2023	CREDIT CARD TRANSACTIN AHMED UKANI	0.00	1,587.28	1,750,283.95
0005440	11/30/2023	[11646] BMO BANK N.A. - PAYMENT-CREDIT CARD 8190	90.25	0.00	1,750,193.70
0005441	11/30/2023	[11646] BMO BANK N.A. - PAYMENT-CREDIT CARD 1481	1,787.06	0.00	1,748,406.64
0005442	11/30/2023	[11520] BRET S. BANKS-CONSULTING SERVICES DECEMBER 2023	2,500.00	0.00	1,745,906.64
0005443	11/30/2023	[10405] CANON FINANCIAL SERVICES-COPIER LEASE 11/01/2023-11/30/2023	313.44	0.00	1,745,593.20
0005444	11/30/2023	[10012] CAPCOA-2023 FALL MEMBERSHIP CONFERENCE REGISTRATION - B LODS	125.00	0.00	1,745,468.20
0005445	11/30/2023	[11665] DANIEL CARDENAS-AVAQMD STAFF SHIRTS	140.00	0.00	1,745,328.20
0005446	11/30/2023	[10023] LOS ANGELES COUNTY CLERK-Notice of Exemption Rule 315	75.00	0.00	1,745,253.20
0005447	11/30/2023	[10026] MOJAVE DESERT AQMD-FY 24 - OCTOBER 2023	5,666.04	0.00	1,739,587.16
0005448	11/30/2023	[10045] VERIZON BUSINESS-VOIP 11/01/2023-11/30/2023	360.81	0.00	1,739,226.35
0005449	11/30/2023	[10046] VERIZON CALIFORNIA - NJ-LONG DISTANCE 11/28/2023-12/27/2023	35.41	0.00	1,739,190.94
0005450	11/30/2023	[01107] VERIZON WIRELESS-AIR MONITORING SIM CARD 10/18/2023-11/17/2023	40.01	0.00	1,739,150.93
Total for Report:			333,542.24	458,851.32	

Antelope Valley AQMD
Bank Register from 11/01/2023 to 11/30/2023
WF AB923

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0001088	11/16/2023	[10884] COAST AUTO SALVAGE-AB 923 GRANT ANNUAL LAWN MOWER EXCHANGE PROGRAM 2023	2,475.00	0.00	2,072,399.51
Total for Report:			2,475.00	0.00	

Antelope Valley AQMD

Run: 1/10/2024 at 3:48 PM

Bank Register from 11/01/2023 to 11/30/2023

Page: 1

WF AB2766

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0022743	11/16/2023	[11658] RICHARD A ANDREWS-AB 2766 GRANT	500.00	0.00	1,113,512.08
0022744	11/16/2023	[11656] ASTRID ITZEP-LOPEZ-AB 2766 GRANT	500.00	0.00	1,113,012.08
0022745	11/16/2023	[11659] JAIME MELENDEZ-AB 2766 GRANT	500.00	0.00	1,112,512.08
0022746	11/16/2023	[11662] SHEILA MORALES-AB 2766 GRANT	500.00	0.00	1,112,012.08
0022747	11/16/2023	[11655] JOHN CHRISTOPHER MURPHY-AB 2766 GRANT	500.00	0.00	1,111,512.08
0022748	11/16/2023	[11661] MARTIN RUIZ JR-AB 2766 GRANT	500.00	0.00	1,111,012.08
0022749	11/16/2023	[11654] SHEILA SHELTON-AB 2766 GRANT	500.00	0.00	1,110,512.08
0022750	11/16/2023	[11663] COBY J SILL-AB 2766 GRANT	500.00	0.00	1,110,012.08
0022751	11/16/2023	[11660] CAMERON A STELLY-AB 2766 GRANT	500.00	0.00	1,109,512.08
0022752	11/30/2023	[11657] WILLIAM G MARTINEZ BONILLA-AB 2766 GRANT	500.00	0.00	1,109,012.08
Total for Report:			5,000.00	0.00	

Antelope Valley AQMD
Bank Register from 11/01/2023 to 11/30/2023
WF Carl Moyer

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0011042	11/16/2023	[11653] ALLIED POTATO, INC-Invoices ,	255,172.00	0.00	3,346,077.85
0011042	11/28/2023	[11653] ALLIED POTATO, INC-Invoices ,	0.00	255,172.00	3,601,249.85
0011043	11/28/2023	[11653] ALLIED POTATO, INC-Invoices ,	255,172.00	0.00	3,346,077.85
0011044	11/30/2023	[11602] THOMAS M BOOKMAN-CARL MOYER GRANT - TRACTOR REPLACEMENT PROJECT	78,255.00	0.00	3,267,822.85
0011045	11/30/2023	[10230] HIGH DESERT DAIRY-CARL MOYER GRANT - AG EQUIPMENT REPLACEMENT	98,673.00	0.00	3,169,149.85
Total for Report:			687,272.00	255,172.00	

Check/Ref

Date

Name/Description

Check Amount

Deposit Amount

Account
Balance

Total for Report:

0.00

0.00

The following page(s) contain the backup material for Agenda Item: [Adopt a Resolution approving inter-district and inter-basin transfer of offsets pursuant to Health & Safety Code \(H&S Code\) §40709.6 for applicant Northrop Grumman Corp. and certifying the Notice of Exemption. Find that the California Environmental Quality Act \(CEQA\) does not apply to this item.](#)

Please scroll down to view the backup material.

**MINUTES OF THE GOVERNING BOARD
OF THE ANTELOPE VALLEY AIR QUALITY MANAGEMENT
DISTRICT LANCASTER, CALIFORNIA**

AGENDA ITEM # 6

DATE: January 16, 2024

RECOMMENDATION: Adopt a Resolution approving inter-district and inter-basin transfer of offsets pursuant to Health & Safety Code (H&S Code) §40709.6 for applicant Northrop Grumman Corp. and certifying the Notice of Exemption. Find that the California Environmental Quality Act (CEQA) does not apply to this item.

SUMMARY: Adopt resolution to approve the transfer of certain offsets credited and registered within the Mojave Desert Air Quality Management District (MDAQMD) for potential use within the Antelope Valley Air Quality Management District (AVAQMD) by applicant Northrop Grumman Corporation.

BACKGROUND: H&S Code §40709.6 allows increases in air pollutants at a stationary source located within one district to be offset by emission reductions credited to a stationary source located in another district, if both stationary sources are located in the same air basin. MDAQMD and AVAQMD are both located within the Mojave Desert Air Basin (MDAB).

Applicant Northrop Grumman Corp. is the owner/operator of a facility within the jurisdiction of the AVAQMD. Applicant Northrop Grumman Corporation wishes to install a paint spray hangar, eight (8) boilers, three (3) emergency generators and a Concentrator/RTO scrubber system. The permitting of this equipment by the AVAQMD will require offsets under AVAQMD Regulation XIII. There are currently insufficient offsets available within the AVAQMD to meet the Regulation XIII requirements. In addition, there are few, if any facilities with the potential to provide sufficient offsets for such a project within the AVAQMD

MINUTES OF THE GOVERNING BOARD
OF THE ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
LANCASTER, CALIFORNIA

AGENDA ITEM # 6

PAGE 2

Northrop Grumman Corp. has purchased emissions reductions credits (ERCs) from the MDAQMD and has requested to transfer these credits for use as offsets within the AVAQMD. The ERCs were issued pursuant to MDAQMD Regulation XIV and are represented by a validly issued MDAQMD ERC Certificate. Such ERCs are therefore real, permanent, surplus, quantifiable and enforceable. Northrop Grumman Corp is requesting the adoption of a resolution approving the transfer of these offsets to satisfy the requirements of Regulation XIII. Once transferred, the ERCs will be consumed as offsets and any excess ERCs will not be available for transfer outside the AVAQMD.

A Notice of Exemption, Statutory Exemption pursuant to Public Resources Code §201080(b)(6) and 14 CCR §15271, has been prepared for the adoption of the Resolution approving inter- district and inter-basin transfer of offsets pursuant to Health & Safety Code (H&S Code) §40709.6 for applicant Northrop Grumman pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: H&S Code §40709.6 requires a resolution to effectuate the inter-district and inter-basin transfer of these offsets.

REVIEW BY OTHERS: This item was reviewed by Allison Burns, District Counsel and Barbara Lods, Executive Director/APCO on or before January 4, 2024.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Barbara Lods, Executive Director/APCO

RESOLUTION 24-01

1 A RESOLUTION OF THE GOVERNING BOARD OF THE ANTELOPE VALLEY AIR QUALITY
2 MANAGEMENT DISTRICT APPROVING INTERDISTRICT AND INTERBASIN TRANSFER OF
3 OFFSETS PURSUANT TO HEALTH & SAFETY CODE §40709.6 FOR APPLICANT NORTHROP
4 GRUMMAN CORPORATION
5

6 On January 16, 2024, on motion by Member _____ seconded by Member _____, and carried, the
7 following resolution is adopted:

8 **WHEREAS**, applicant Northrop Grumman Corporation (Northrop Grumman) wishes to install a
9 paint spray hangar, eight (8) boilers, three (3) emergency generators and a Concentrator/RTO scrubber
10 system at its facility located within the jurisdiction of the Antelope Valley Air Quality Management
11 District (AVAQMD); and

12 **WHEREAS**, pursuant to AVAQMD Regulation XIII such a project will require offsetting
13 emissions reductions; and

14 **WHEREAS**, there are insufficient emission reductions available within the AVAQMD emissions
15 bank to fund such offsetting reductions; and

16 **WHEREAS**, Northrop Grumman has purchased Emission Reduction Credits (ERCs) from the
17 Mojave Desert Air Quality Management District (MDAQMD), located within the Mojave Desert Air Basin;
18 and

19 **WHEREAS**, Northrop Grumman wishes to transfer the purchased ERCs from the MDAQMD to
20 the AVAQMD for use as offsets for its proposed paint spray hangar, eight (8) boilers, three (3)
21 emergency generators and a Concentrator/RTO scrubber system; and

22 **WHEREAS**, California Health & Safety Code ("H&S Code") §40709.6(a) allows increases in
23 emissions of air pollutants at a stationary source located in another district under certain circumstances; and

24 **WHEREAS**, H&S Code §40709.6 allows increases in air pollutants at a stationary source located
25 within one district to be offset by emission reductions credited to a stationary source located in another
26 district, if both stationary sources are located in the same air basin. MDAQMD and AVAQMD are
27 both located within the Mojave Desert Air Basin (MDAB); and

28 **WHEREAS**, H&S Code §40709.6(d) requires any offset credited pursuant to §40709.6(a) to be
29 approved by a resolution adopted by the governing boards of both Districts located within the same air

RESOLUTION 24-01

1 basin after taking into consideration the impact of the offset on air quality, public health and the regional
2 economy; and

3 **WHEREAS**, MDAQMD Governing Board granted authority to the APCO to approve inter-district
4 and inter-basin transfers of ERCs pursuant to Health & Safety Code 40709.6.; and

5 **WHEREAS**, the AVAQMD, which is located within the Mojave Desert Air Basin ("MDAB"), has
6 been designated nonattainment for ozone and its precursors and is classified Severe-17 pursuant to the
7 Federal Clean Air Act; and

8 and

9 **WHEREAS**, the APCO of MDAQMD has approved the transfer of 15 tons of VOC
10 ERCs, after taking into consideration the impact of the proposed offset on air quality, public health and the
11 regional economy; and

12 **WHEREAS**, the AVAQMD Governing Board has determined that the transfer of such ERCs will not
13 cause an undue impact on the attainment or maintenance of the ambient air quality standards, public health or
14 the regional economy; and

15 **WHEREAS**, the AVAQMD Governing Board has determined that the use of such ERCs within its
16 jurisdiction will be subject to all the applicable provisions of AVAQMD Regulation XIII – New Source
17 Review; and

18 **WHEREAS**, the approval of the transfer of ERCs from MDAQMD to AVAQMD for their use by
19 applicant Northrop Grumman meets the requirements of a Categorical Exemption (Class 8; 14 Cal. Code
20 Reg. §15308); and

21 **WHEREAS**, a Notice of Exemption, a Categorical Exemption (Class 8, 14 CCR §15308) for the
22 transfer of ERCs from MDAQMD to AVAQMD for their use by applicant Northrop Grumman, completed in
23 compliance with the California Environmental Quality Act (CEQA), has been presented to the AVAQMD
24 Board; each member having reviewed, considered and approved the information contained therein prior to
25 acting on the proposed transfer of ERCs from MDAQMD to AVAQMD, and the AVAQMD Board having
26 determined that the proposed amendment will not have any potential for resulting in any adverse impact
27 upon the environment; and

28 **NOW, THEREFORE, BE IT RESOLVED**, that the Governing Board of the AVAQMD, after

RESOLUTION 24-01

1 consideration of the economic, public health and air quality impacts of the proposed transfer, hereby
2 approves the proposed transfer of 15 tons of VOC Emission Reduction Credits from the
3 MDAQMD to the AVAQMD for Northrop Grumman

4 **PASSED, APPROVED AND ADOPTED** by the Governing Board of the Antelope Valley Air
5 Quality Management District by the following vote:

6 AYES: MEMBER:

7 NOES: MEMBER:

8 ABSENT: MEMBER

9 ABSTAIN: MEMBER

10

11 STATE OF CALIFORNIA

12 COUNTY OF LOS ANGELES

13

14

15 I, Adrianna Castaneda, Administrative Assistant of the Governing Board of the Antelope Valley Air Quality
16 Management District, hereby certify the foregoing to be a full, true and correct copy of the record of the action as
17 the same appears in the Official Minutes of said Governing Board at its meeting of January 16, 2024.

18

19

20

21 _____
22 Administrative Secretary,
23 Antelope Valley Air Quality Management District.

23

December 15, 2023

Barbara Lods
Air Pollution Control Officer
Antelope Valley Air Quality Management District
2551 West Avenue H, Suite 102
Lancaster, CA 93536



RE: Transfer of Mojave Desert Air Quality Management District Emission Reduction Credits to Northrop Grumman

Dear Ms. Lods,

The Mojave Desert Air Quality Management District (MDAQMD) has received notification of sale and a request to transfer the following Emission Reduction Credits from the MDAQMD registry to Northrop Grumman in the Antelope Valley Air Quality Management District:

- MDAQMD Certificate MD0049: 2,500 lb/year VOC
- MDAQMD Certificate MD0102: 10,374 lb/year VOC
- MDAQMD Certificate MD0131: 17,126 lb/year VOC

MDAQMD staff will deduct the ERCs from the MDAQMD ERC registry and I approve the transfer of the specified ERCs for use in the AVAQMD.

Sincerely,

Brad Poiriez
Executive Director

BP/rnb

Cc: Moog Ferlita, AQC Environmental Brokerage Services, Inc.
George Jung, Northrop Grumman Corporation
Emmett Walsh, Anew Environmental, LLC
Ed Trenn, Molded Fiber Glass Companies
Jon Boyer, Middle River Power

AVAQMD
DEC 18 2023
RECEIVED

MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT

BRAD POIRIEZ, EXECUTIVE DIRECTOR

14306 Park Avenue, Victorville, CA 92392-2310 • 760.245.1661 • Fax 760.245.2022 • www.MDAQMD.ca.gov • @MDAQMD

Northrop Grumman Corporation
3520 East Ave M
Mail Stop 4F
Environmental Safety and Health
Palmdale, CA 93550

Barbara Lods
Air Pollution Control Officer
Antelope Valley Air Quality Management District
2551 West Avenue H
Lancaster, CA 93536

December 12, 2023

Re: Transfer of ERCs from Mojave Desert Air Quality Management District to Antelope Valley Air Quality Management District

Dear Mrs. Lods:

Northrop Grumman Corporation (“NGC”) requests the approval of an inter-air basin transfer of Emission Reduction Credits (“ERCs”) to Antelope Valley Air Quality Management District (“AVAQMD”) from Mojave Desert Air Quality Management District (“MDAQMD”) pursuant to California Health and Safety Code Section 40709.6. Section 40709.6 requires an inter-district transfer to be approved by the Air Pollution Control Officer or a resolution adopted by the Governing Board in each District.

NGC, Middle River Power (“MRP”), and Molded Fiber Glass Companies (“MFG”), and Anew Environmental, LLC (“Anew”) on behalf of NRG - California South, LP (“NRG”) are requesting the transfer of title to certain ERCs, which are defined in and governed by MDAQMD, to Northrop Grumman Corporation to be used in the AVAQMD.

NGC kindly requests that MDAQMD approve the transfer of Emission Reduction Credits. Subsequently, NGC is requesting that the AVAQMD approve the transfer of Emission Reduction Credits at their December 19th Board Meeting.

Background - Northrop Grumman Corporation

Northrop Grumman Corporation operates the Northrop Grumman Aeronautics System Corporation in Palmdale, California. The site is uniquely suited for the development, prototyping, production, and testing of military aircraft systems, both manned and unmanned. The highly specialized manufacturing and engineering facility is located on the Government owned/Contractor operated (GOCO) U.S. Air Force Plant 42. Northrop Grumman occupies about 66% of Plant 42’s various sites with operations at sites 3, 4, 7,

and 8 on Air Force Plant 42. The majority of the aircraft built in Palmdale are classified and restricted.

Societal Impacts and Benefits

The Palmdale site has a diverse and inclusive workforce. We believe that fostering diverse and inclusive environments support innovation and helps to drive a best workplace culture in support of our mission.

Founded by Jack Northrop himself, Northrop Grumman Recreation Clubs help employees achieve work-life balance by bringing together employees with similar interests outside of work. Palmdale has many recreation clubs that range from sports and fitness activities to technology and the arts. Our employees are not only part of history, they're making history.

Currently, we have approximately 8,000 employees in Palmdale. It is estimated that there will be approximately 10,000 employees at our Palmdale facility soon. Several of our new Department of Defense (DoD) programs require new infrastructure to be built. Some of the infrastructure requires written Authorities to Construct from the Antelope Valley Air Quality Management District (AVAQMD).

Public Health

The use of MDAQMD ERCs for the project is expected to have a net benefit to air quality, and public health. The quantity of ERCs that will be utilized for future permitting will exceed the project's maximum potential emissions, the ERC transfer may result in a future public health benefit due to the 1.3 to 1 offset ratio in AVAQMD for all VOC increases.

Regional Economy

These ERCs would allow continued operation of a successful business entity in the Antelope Valley and an employer of many residents of this region. The sustained jobs, capital investment, and ongoing operations associated with the project will have a positive impact on the regional economy while fully complying with very stringent air quality regulatory requirements.

ERCs Requested for Transfer

Recognizing the requirement for emission offsets for future permitting efforts, NGC has responded by seeking out ERCs from external sources, given that AVAQMD currently lacks available Volatile Organic Compounds ("VOC") in their ERC bank.

In their pursuit of ERCs, NGC has identified multiple willing sellers whose ERCs originate from MDAQMD. MDAQMD ERC holders have expressed their interest and willingness to collaborate across districts and have engaged in agreements for the sale of MDAQMD ERCs. By sourcing ERCs from MDAQMD, Northrop not only fulfills their offset requirements but also contributes to emission reduction efforts.

Transfer #1

Northrop Grumman Corporation has contracted for the purchase of 10,374 pounds (5.187 tons) of reasonably available control technology (“RACT”) Adjusted VOC ERCs derived from NRG’s MDAQMD ERC Certificate No. 0102. Northrop is requesting MDAQMD approve the export and AVAQMD approve the import of the aforementioned quantities from the ERC certificate detailed below:

MDAQMD Certificate No. 0102

Product	Total Pounds	Total Tons
VOC	10,374	5.187

NGC has an agreement to purchase the ERCs needed for the project from Anew. Therefore, NGC is requesting the approval of an inter-district transfer of ERCs from MDAQMD to AVAQMD, pursuant to California Health and Safety Code, Section 40709.6.

Transfer #2

Northrop Grumman Corporation has contracted for the purchase of 2,500 pounds (1.25 tons) of RACT Adjusted VOC ERCs derived from HDPT c/o Tenaska, Inc.’s MDAQMD ERC Certificate No. 0049. NGC is requesting MDAQMD approve the export and AVAQMD approve the import of the aforementioned quantities from the ERC certificate detailed below:

MDAQMD Certificate No. 0049

Product	Total Pounds	Total Tons
VOC	2,500	1.25

NGC has an agreement to purchase the ERCs needed for the project from Middle River Power. Therefore, Northrop is requesting the approval of an inter-district transfer of ERCs from MDAQMD to AVAQMD, pursuant to California Health and Safety Code, Section 40709.6.

Transfer #3

Northrop Grumman Corporation has contracted for the purchase of 17,126 pounds (8.563 tons) of RACT Adjusted VOC ERCs derived from MFG’s MDAQMD ERC Certificate No. 0131. NGC is requesting MDAQMD approve the export and AVAQMD approve the import of the aforementioned quantities from the ERC certificate detailed below:

MDAQMD Certificate No. 0131

Product	Total Pounds	Total Tons
VOC	17,126	8.563

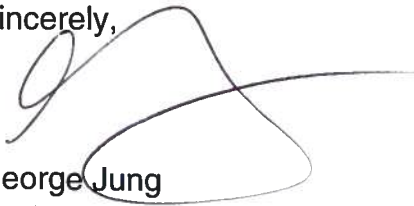
NGC has an agreement to purchase the ERCs needed for the project from MFG. Therefore, NGC is requesting the approval of an inter-district transfer of ERCs from MDAQMD to AVAQMD, pursuant to California Health and Safety Code, Section 40709.6.

Based on the foregoing reasons, we request that AVAQMD and MDAQMD's Air Pollution Control Officers evaluate and approve the transfer of the ERCs between AVAQMD and MDAQMD.

Please note that AQC Environmental Brokerage Services, Inc. is hereby authorized to act on behalf of Northrop Grumman Corporation in processing this ERC transfer. Please provide AQC Environmental Brokerage Services, Inc with a receipt acknowledging your acceptance of this transfer package.

Thank you for your time and consideration with this matter. Please contact me at 661-266-5394 if you have any questions or need additional information.

Sincerely,



George Jung
Environmental safety and Health
george.jung@ngc.com
661 266-5394

**Purchase and Sale of Mojave Desert Air Quality Management District (MDAQMD)
Emission Reduction Credits (ERCs)**

Buyer:	Northrop Grumman Corporation	Address: 3520 East Ave. "M" Palmdale, CA 93550
Buyer Contact:	George Jung	Contact Telephone Number: 661-266-5394
Seller:	Molded Fiber Glass Companies	Address: 2925 MFG Place, P.O. Box 675 Ashtabula, OH 44005-0675
Seller Contact:	Jeff Coxon	Contact Telephone Number: 440-994-5284
Escrow Agent:	AQC Environmental Brokerage Services, Inc.	Address: 5881 Engineer Dr. Huntington Beach, CA 92649
Escrow Agent Contact:	Jaclyn Ferlita	Contact Telephone Number: 714-397-5508
Transaction Date:	December 6, 2023	
Product & Quantity:	17,126 pounds (8.563 tons) of MDAQMD reasonably available control technology (RACT) Adjusted Volatile Organic Compound (VOC) ERCs derived from MDAQMD ERC Certificate No. 0131	
Purchase & Sale:	Seller shall sell to Buyer, and Buyer shall purchase from Seller 8.563 tons of MDAQMD RACT VOC ERCs at \$35,000.00 per ton, totaling \$299,705.00	
Term:	If Contingencies of Approval are not satisfied by March 30, 2024, then the terms of the Agreement will be terminated, and Buyer and Seller will have no further obligation under this Agreement.	
Contingencies of Approval:	<p>Upon the following Contingencies of Approval being satisfied, Buyer will purchase the Product and Quantity of ERCs:</p> <ul style="list-style-type: none"> • Approval of ERC exit by the Mojave Desert Air Pollution Control Officer • Approval of ERC entrance by the Antelope Valley Air Pollution Control Officer 	
Transfer and Payment Terms:	<p>Upon Contingencies of Approval being satisfied, Buyer Agrees to buy, and Seller agrees to sell the Product and Quantity of ERCs.</p> <p>Broker will work with Buyer and Seller to submit all necessary transaction paperwork to complete the ERC transfer.</p> <p>Buyer agrees to pay MDAQMD and Antelope Valley Air Quality Management District (AVAQMD) ERC transfer fees, and any additional transfer fees that may be incurred.</p> <p>Within five (5) business days of the Transaction Date of this Agreement Buyer will submit Purchase Price, MDAQMD ERC transfer fee, AVAQMD ERC transfer fee, and Buyer's Brokerage Fee to Broker. Broker, acting as Escrow Agent, will hold Total Purchase Price in a dedicated escrow account and will remit Total Purchase Price less Seller's Brokerage Fee to Seller within two (2) business days of written confirmation from the MDAQMD and AVAQMD that the ERCs have been transferred from Seller to Buyer.</p> <p>Payment to Broker shall be made by wire transfer, or in such other form as reasonably requested, to</p>	

the following account:

Chase

Wire Routing: 021000021

ACH Routing: 322271627

Account#: 209723029

For the Account of: AQC Environmental Brokerage Services, Inc.

Tax ID#: 81-2975387

All funds paid shall be rendered in the form of immediately available United States dollars. Payment shall be made by wire transfer or in such other form as agreed to by the parties.

Buyer and Seller shall cooperate fully to obtain any and all required approvals and/or documents which may be required to retire ERCs in Buyer's name.

**Additional
Terms and
Conditions:**

Representations and Warranties of Seller. As of the date upon which the ERCs are transferred to Buyer, Seller represents and warrants to Buyer that (i) it has good and marketable title to and is the sole owner of record of the ERCs; (ii) the ERCs are not subject to specific restrictions of their sale or transfer; and (iii) such ERCs are and will be transferred to Buyer free and clear of all encumbrances and other defects of title arising prior to delivery. Seller has the power and authority to enter into and perform under this Agreement and, other than the approval of the MDAQMD and AVAQMD, Seller has all necessary approvals to sell and transfer the ERCs to Buyer. SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE.

Change of Law. Immediately upon Buyer's receipt of documentation evidencing that the ERCs have been transferred to Buyer, the ERCs shall become the sole property and entitlement of Buyer. Should any change in law governing the ERCs occur prior to Buyer's receipt of documentation evidencing that the ERCs have been transferred to Buyer, and such change of law restricts or limits the nature, use, quality, duration or transferability of the ERCs (i.e. not simply a clarification or modification of existing law which has little or no effect on the ability of the parties hereto to effectuate this sale transaction or upon the nature and quality of the ERCs) (a "Change of Law"), then Buyer's sole recourse and remedy shall be to terminate this Agreement upon written notice to Seller, and upon Buyer's exercise of said termination, Seller shall return any amounts received from Buyer, and thereafter no party shall have any further liability or obligation to any other party hereto. If a Change of Law occurs after Buyer's receipt of documentation evidencing that the ERCs have been transferred to Buyer, then Buyer shall have no recourse or remedy against Seller.

Limitations of Liability. THE PARTIED CONFIRM AND AGREE THAT UNDER THIS AGREEMENT, NO PARTY IS REQUIRED TO PAY OR WILL BE LIABLE FOR SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFIT OR BUSINESS INTERRUPTUON DAMAGES, BY STATUTE, IN TORT, CONTRACT OR OTHERWISE (EXCEPT TO THE EXTENT THAT ANY DIRECT DAMAGES INCLUDE AN ELEMENT OF PROFIT).

Indemnification. Each party agrees to indemnify, defend, and hold harmless the other party, and any of said other party's affiliates, directors, officers, employees, agents and permitted assigns, from and against all claims, losses, incidents, liabilities, damages, judgments, awards, fines, penalties, costs, and expenses (including reasonable attorneys' fees and disbursements) directly incurred in connection with or directly arising out of: (i) any breach of representation or warranty or failure to perform any covenant or agreement in this Agreement; or (ii) any violation of applicable law, regulation or order by said party and (iii) and any adverse liens, claims or encumbrances on the ERCs.

Assignment. The parties may not assign their rights, duties and obligations pursuant to this Agreement, except as provided herein, without the prior written approval of the non-assigning party, which shall not be unreasonably withheld or delayed. Any assignment without the written approval of

the non-assigning party is voidable by the non-assigning party.

Notices. All notices and other communications in connection with this Agreement shall be sent via overnight courier or facsimile to the addresses and contacts above.

Dispute Resolution. Any dispute or claim between the parties arising from this Agreement not resolved by negotiation in good faith within thirty (30) days will be settled by arbitration pursuant to the then applicable Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be located in San Francisco, California. Either Party may initiate such arbitration upon seven (7) days advance written notice to the other Party. The Parties shall divide equally the costs of the arbitrator and arbitration hearing, and each Party shall be responsible for its own expenses and those of its legal counsel or other representatives. The Parties agree that any determination of the arbitrator shall be final and binding and that judgment on the award in arbitration may be entered in any court of competent jurisdiction.

No Rights of Third Parties. This Agreement inures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

Amendment. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by both of the parties to this Agreement or their successors in interest.

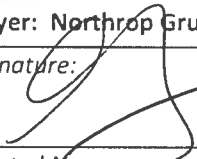
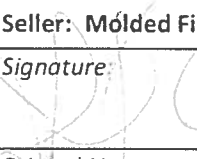
No Waiver. No waiver by either Party of any one or more defaults by the other Party in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults whether of a like kind or different nature. Any delay, short of the maximum statutory period of limitations, in asserting or enforcing any right under this Agreement shall not be deemed a waiver of such right.

Complete Agreement. This Agreement sets forth the entire agreement of the parties' with respect to the matters contained herein, and all other prior and contemporaneous oral or written understandings, negotiations and agreements with respect to same are merged herein.

Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts entered into and entirely to be performed therein without regard to conflict of law provisions.

Severability. If any article, phrase, provision or portion of this Agreement is, for any reason, held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such article, phrase, provision, or portion so adjudged will be deemed separate, distinct and independent, and the remainder of this Agreement will be and remain in full force and effect and will not be invalidated or rendered illegal or unenforceable or otherwise affected by such adjudication, provided the basic purposes of this Agreement and the benefits to the parties are not substantially impaired.

IN WITNESS WHEREOF, the Buyer and Seller hereto made and executed this Agreement for the Purchase and Sale of ERCs, signed by their duly authorized officers or individuals, as of the day and year first above written.

Buyer: Northrop Grumman Corporation		Seller: Molded Fiber Glass Companies	
<i>Signature:</i> 	<i>Title:</i> Northrop Grumman ESH	<i>Signature:</i> 	<i>Title:</i> Corporate Secretary & General Counsel
<i>Printed Name:</i> George Jung	<i>Date:</i> December 12, 2023	<i>Printed Name:</i> Jeffrey L. Coxon	<i>Date:</i> 12/08/2023

**Purchase and Sale of Mojave Desert Air Quality Management District (MDAQMD)
Emission Reduction Credits (ERCs)**

Buyer:	Northrop Grumman Corporation	Address: 3520 East Ave. "M" Palmdale, CA 93550
Buyer Contact:	George Jung	Contact Telephone Number: 661-266-5394
Seller:	Anew Environmental, LLC on behalf of NRG - California South, LP	Address: 3200 SW Fwy, Suite 1310 Houston, TX 77027
Seller Contact:	Contract Administrator	Contact Telephone Number: (281) 207-7200 Contact E-mail: contractadmin@anewclimate.com
Escrow Agent:	AQC Environmental Brokerage Services, Inc.	Address: 5881 Engineer Dr. Huntington Beach, CA 92649
Escrow Agent Contact:	Jaclyn Ferlita	Contact Telephone Number: 714-397-5508
Transaction Date:	December 7, 2023	
Product & Quantity:	10,374 pounds (5.187 tons) of MDAQMD Reasonably Available Control Technology (RACT) Adjusted Volatile Organic Compound (VOC) ERCs derived from NRG - California South, LP's MDAQMD ERC Certificate No. 0102	
Purchase & Sale:	Seller shall sell to Buyer, and Buyer shall purchase from Seller 5.187 tons of MDAQMD RACT VOC ERCs at \$35,000.00 per ton, totaling \$181,545.00.	
Term:	If Contingencies of Approval are not satisfied by March 30, 2024, then the terms of the Agreement will be terminated, and Buyer and Seller will have no further obligation under this Agreement.	
Contingencies of Approval:	<p>Upon the following Contingencies of Approval being satisfied, Buyer will purchase the Product and Quantity of ERCs:</p> <ul style="list-style-type: none"> • Approval of ERC exit by the MDAQMD Air Pollution Control Officer • Approval of ERC entrance by the Antelope Valley Air Quality Management District ("AVAQMD") Air Pollution Control Officer or Board 	
Transfer and Payment Terms:	<p>Upon Contingencies of Approval being satisfied, Buyer agrees to buy, and Seller agrees to sell the Product and Quantity of ERCs.</p> <p>Escrow Agent ("Broker") will work with Buyer and Seller to submit all necessary transaction paperwork to complete the ERC transfer.</p> <p>Buyer agrees to pay MDAQMD and Antelope Valley Air Quality Management District (AVAQMD) ERC transfer fees, and any additional transfer fees that may be incurred.</p> <p>Within five (5) business days of the Transaction Date of this Agreement Buyer will submit Purchase Price, MDAQMD ERC transfer fee, AVAQMD ERC transfer fee, and Buyer's Brokerage Fee to Broker. Broker, acting as Escrow Agent, will hold Total Purchase Price in a dedicated escrow account and will remit Total Purchase Price to Seller within five (5) business days of written confirmation from the MDAQMD and AVAQMD that the ERCs have been transferred from Seller to Buyer.</p> <p>Payment to Broker shall be made by wire transfer, or in such other form as reasonably requested, to</p>	

the following account:

Chase

Wire Routing: 021000021

ACH Routing: 322271627

Account#: 209723029

For the Account of: AQC Environmental Brokerage Services, Inc.

Tax ID#: 81-2975387

All funds paid shall be rendered in the form of immediately available United States dollars. Payment shall be made by wire transfer or in such other form as agreed to by the parties.

Buyer and Seller shall cooperate fully to obtain any and all required approvals and/or documents which may be required to retire ERCs in Buyer's name.

**Additional
Terms and
Conditions:**

Representations and Warranties of Seller. As of the date upon which the ERCs are transferred to Buyer, Seller represents and warrants to Buyer that (i) it has good and marketable title to and is the sole owner of record of the ERCs; (ii) the ERCs are not subject to specific restrictions of their sale or transfer; and (iii) such ERCs are and will be transferred to Buyer free and clear of all encumbrances and other defects of title arising prior to delivery. Seller has the power and authority to enter into and perform under this Agreement and, other than the approval of the MDAQMD and AVAQMD, Seller has all necessary approvals to sell and transfer the ERCs to Buyer. SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE.

Change of Law. Immediately upon Buyer's receipt of documentation evidencing that the ERCs have been transferred to Buyer, the ERCs shall become the sole property and entitlement of Buyer. Should any change in law governing the ERCs occur prior to Buyer's receipt of documentation evidencing that the ERCs have been transferred to Buyer, and such change of law restricts or limits the nature, use, quality, duration or transferability of the ERCs (i.e. not simply a clarification or modification of existing law which has little or no effect on the ability of the parties hereto to effectuate this sale transaction or upon the nature and quality of the ERCs) (a "Change of Law"), then Buyer's sole recourse and remedy shall be to terminate this Agreement upon written notice to Seller, and upon Buyer's exercise of said termination, Seller shall return any amounts received from Buyer, and thereafter no party shall have any further liability or obligation to any other party hereto. If a Change of Law occurs after Buyer's receipt of documentation evidencing that the ERCs have been transferred to Buyer, then Buyer shall have no recourse or remedy against Seller.

Limitations of Liability. THE PARTIES CONFIRM AND AGREE THAT UNDER THIS AGREEMENT, NO PARTY IS REQUIRED TO PAY OR WILL BE LIABLE FOR SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFIT OR BUSINESS INTERRUPTUON DAMAGES, BY STATUTE, IN TORT, CONTRACT OR OTHERWISE (EXCEPT TO THE EXTENT THAT ANY DIRECT DAMAGES INCLUDE AN ELEMENT OF PROFIT).

Indemnification. Each party agrees to indemnify, defend, and hold harmless the other party, and any of said other party's affiliates, directors, officers, employees, agents and permitted assigns, from and against all claims, losses, incidents, liabilities, damages, judgments, awards, fines, penalties, costs, and expenses (including reasonable attorneys' fees and disbursements) directly incurred in connection with or directly arising out of: (i) any breach of representation or warranty or failure to perform any covenant or agreement in this Agreement; or (ii) any violation of applicable law, regulation or order by said party and (iii) and any adverse liens, claims or encumbrances on the ERCs.

Assignment. The parties may not assign their rights, duties and obligations pursuant to this Agreement, except as provided herein, without the prior written approval of the non-assigning party, which shall not be unreasonably withheld or delayed. Any assignment without the written approval of

the non-assigning party is voidable by the non-assigning party.

Notices. All notices and other communications in connection with this Agreement shall be sent via overnight courier or facsimile to the addresses and contacts above.

Dispute Resolution. Any dispute or claim between the parties arising from this Agreement not resolved by negotiation in good faith within thirty (30) days will be settled by arbitration pursuant to the then applicable Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be located in Los Angeles, California. Either Party may initiate such arbitration upon seven (7) days advance written notice to the other Party. The Parties shall divide equally the costs of the arbitrator and arbitration hearing, and each Party shall be responsible for its own expenses and those of its legal counsel or other representatives. The Parties agree that any determination of the arbitrator shall be final and binding and that judgment on the award in arbitration may be entered in any court of competent jurisdiction.

No Rights of Third Parties. This Agreement inures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

Amendment. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by both of the parties to this Agreement or their successors in interest.

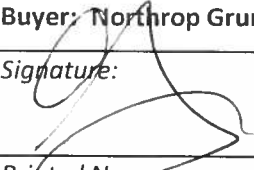
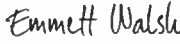
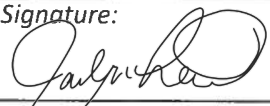
No Waiver. No waiver by either Party of any one or more defaults by the other Party in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults whether of a like kind or different nature. Any delay, short of the maximum statutory period of limitations, in asserting or enforcing any right under this Agreement shall not be deemed a waiver of such right.

Complete Agreement. This Agreement sets forth the entire agreement of the parties' with respect to the matters contained herein, and all other prior and contemporaneous oral or written understandings, negotiations and agreements with respect to same are merged herein.

Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts entered into and entirely to be performed therein without regard to conflict of law provisions.

Severability. If any article, phrase, provision or portion of this Agreement is, for any reason, held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such article, phrase, provision, or portion so adjudged will be deemed separate, distinct and independent, and the remainder of this Agreement will be and remain in full force and effect and will not be invalidated or rendered illegal or unenforceable or otherwise affected by such adjudication, provided the basic purposes of this Agreement and the benefits to the parties are not substantially impaired.

IN WITNESS WHEREOF, the Buyer and Seller hereto made and executed this Agreement for the Purchase and Sale of ERCs, signed by their duly authorized officers or individuals, as of the day and year first above written.

Buyer: Northrop Grumman Corporation	Seller: Anew Environmental, LLC on behalf of NRG - California South, LP
<i>Signature:</i>  <i>Title:</i> NGC ESH	<i>Signature:</i>  <i>Title:</i> Director
<i>Printed Name:</i> G. JUNG <i>Date:</i> 12/12/23	<i>Printed Name:</i> Emmett walsh <i>Date:</i> December 11, 2023
Escrow Agent: AQC Environmental Brokerage Services, Inc.	
<i>Signature:</i>  <i>Title:</i> President	SM
<i>Printed Name:</i> Jaclyn Ferlita <i>Date:</i> 12/12/2023	

**Purchase and Sale of Mojave Desert Air Quality Management District (MDAQMD)
Emission Reduction Credits (ERCs)**

Buyer:	Northrop Grumman Corporation	Address: 3520 East Ave. "M" Palmdale, CA 93550
Buyer Contact:	George Jung	Contact Telephone Number: 661-266-5394
Seller:	Middle River Power	Address: 4530 Executive Drive, Suite 320 San Diego, CA 92121
Seller Contact:	Jon Boyer	Contact Telephone Number: 760-912-3007
Escrow Agent:	AQC Environmental Brokerage Services, Inc.	Address: 5881 Engineer Dr. Huntington Beach, CA 92649
Escrow Agent Contact:	Jaclyn Ferlita	Contact Telephone Number: 714-397-5508
Transaction Date:	December 6, 2023	
Product & Quantity:	2,500 pounds (1.25 tons) of MDAQMD reasonably available control technology (RACT) Adjusted Volatile Organic Compound (VOC) ERCs derived from HDPT c/o Tenaska, Inc.'s MDAQMD ERC Certificate No. 0049	
Purchase & Sale:	Seller shall sell to Buyer, and Buyer shall purchase from Seller 1.25 tons of MDAQMD RACT VOC ERCs at \$35,000.00 per ton, totaling \$43,750.00	
Term:	If Contingencies of Approval are not satisfied by March 30, 2024, then the terms of the Agreement will be terminated, and Buyer and Seller will have no further obligation under this Agreement.	
Contingencies of Approval:	<p>Upon the following Contingencies of Approval being satisfied, Buyer will purchase the Product and Quantity of ERCs:</p> <ul style="list-style-type: none"> • Approval of ERC exit by the Mojave Desert Air Pollution Control Officer • Approval of ERC entrance by the Antelope Valley Air Pollution Control Officer 	
Transfer and Payment Terms:	<p>Upon Contingencies of Approval being satisfied, Buyer Agrees to buy, and Seller agrees to sell the Product and Quantity of ERCs.</p> <p>Broker will work with Buyer and Seller to submit all necessary transaction paperwork to complete the ERC transfer.</p> <p>Buyer agrees to pay MDAQMD and Antelope Valley Air Quality Management District (AVAQMD) ERC transfer fees, and any additional transfer fees that may be incurred.</p> <p>Within five (5) business days of the Transaction Date of this Agreement Buyer will submit Purchase Price, MDAQMD ERC transfer fee, AVAQMD ERC transfer fee, and Buyer's Brokerage Fee to Broker. Broker, acting as Escrow Agent, will hold Total Purchase Price in a dedicated escrow account and will remit Total Purchase Price less Seller's Brokerage Fee to Seller within five (5) business days of written confirmation from the MDAQMD and AVAQMD that the ERCs have been transferred from Seller to Buyer.</p>	

Payment to Broker shall be made by wire transfer, or in such other form as reasonably requested, to the following account:

Chase

Wire Routing: 021000021

ACH Routing: 322271627

Account#: 209723029

For the Account of: AQC Environmental Brokerage Services, Inc.

Tax ID#: 81-2975387

All funds paid shall be rendered in the form of immediately available United States dollars. Payment shall be made by wire transfer or in such other form as agreed to by the parties.

Buyer and Seller shall cooperate fully to obtain any and all required approvals and/or documents which may be required to retire ERCs in Buyer's name.

**Additional
Terms and
Conditions:**

Representations and Warranties of Seller. As of the date upon which the ERCs are transferred to Buyer, Seller represents and warrants to Buyer that (i) it has good and marketable title to and is the sole owner of record of the ERCs; (ii) the ERCs are not subject to specific restrictions of their sale or transfer; and (iii) such ERCs are and will be transferred to Buyer free and clear of all encumbrances and other defects of title arising prior to delivery. Seller has the power and authority to enter into and perform under this Agreement and, other than the approval of the MDAQMD and AVAQMD, Seller has all necessary approvals to sell and transfer the ERCs to Buyer. SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE.

Change of Law. Immediately upon Buyer's receipt of documentation evidencing that the ERCs have been transferred to Buyer, the ERCs shall become the sole property and entitlement of Buyer. Should any change in law governing the ERCs occur prior to Buyer's receipt of documentation evidencing that the ERCs have been transferred to Buyer, and such change of law restricts or limits the nature, use, quality, duration or transferability of the ERCs (i.e. not simply a clarification or modification of existing law which has little or no effect on the ability of the parties hereto to effectuate this sale transaction or upon the nature and quality of the ERCs) (a "Change of Law"), then Buyer's sole recourse and remedy shall be to terminate this Agreement upon written notice to Seller, and upon Buyer's exercise of said termination, Seller shall return any amounts received from Buyer, and thereafter no party shall have any further liability or obligation to any other party hereto. If a Change of Law occurs after Buyer's receipt of documentation evidencing that the ERCs have been transferred to Buyer, then Buyer shall have no recourse or remedy against Seller.

Limitations of Liability. THE PARTIED CONFIRM AND AGREE THAT UNDER THIS AGREEMENT, NO PARTY IS REQUIRED TO PAY OR WILL BE LIABLE FOR SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFIT OR BUSINESS INTERRUPTUON DAMAGES, BY STATUTE, IN TORT, CONTRACT OR OTHERWISE (EXCEPT TO THE EXTENT THAT ANY DIRECT DAMAGES INCLUDE AN ELEMENT OF PROFIT).

Indemnification. Each party agrees to indemnify, defend, and hold harmless the other party, and any of said other party's affiliates, directors, officers, employees, agents and permitted assigns, from and against all claims, losses, incidents, liabilities, damages, judgments, awards, fines, penalties, costs, and expenses (including reasonable attorneys' fees and disbursements) directly incurred in connection with or directly arising out of: (i) any breach of representation or warranty or failure to perform any covenant or agreement in this Agreement; or (ii) any violation of applicable law, regulation or order by said party and (iii) and any adverse liens, claims or encumbrances on the ERCs.

Assignment. The parties may not assign their rights, duties and obligations pursuant to this Agreement, except as provided herein, without the prior written approval of the non-assigning party, which shall not be unreasonably withheld or delayed. Any assignment without the written approval of

the non-assigning party is voidable by the non-assigning party.

Notices. All notices and other communications in connection with this Agreement shall be sent via overnight courier or facsimile to the addresses and contacts above.

Dispute Resolution. Any dispute or claim between the parties arising from this Agreement not resolved by negotiation in good faith within thirty (30) days will be settled by arbitration pursuant to the then applicable Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be located in San Francisco, California. Either Party may initiate such arbitration upon seven (7) days advance written notice to the other Party. The Parties shall divide equally the costs of the arbitrator and arbitration hearing, and each Party shall be responsible for its own expenses and those of its legal counsel or other representatives. The Parties agree that any determination of the arbitrator shall be final and binding and that judgment on the award in arbitration may be entered in any court of competent jurisdiction.

No Rights of Third Parties. This Agreement inures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

Amendment. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by both of the parties to this Agreement or their successors in interest.

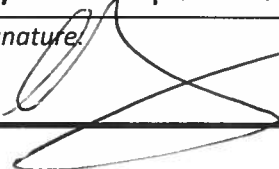

No Waiver. No waiver by either Party of any one or more defaults by the other Party in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults whether of a like kind or different nature. Any delay, short of the maximum statutory period of limitations, in asserting or enforcing any right under this Agreement shall not be deemed a waiver of such right.

Complete Agreement. This Agreement sets forth the entire agreement of the parties' with respect to the matters contained herein, and all other prior and contemporaneous oral or written understandings, negotiations and agreements with respect to same are merged herein.

Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts entered into and entirely to be performed therein without regard to conflict of law provisions.

Severability. If any article, phrase, provision or portion of this Agreement is, for any reason, held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such article, phrase, provision, or portion so adjudged will be deemed separate, distinct and independent, and the remainder of this Agreement will be and remain in full force and effect and will not be invalidated or rendered illegal or unenforceable or otherwise affected by such adjudication, provided the basic purposes of this Agreement and the benefits to the parties are not substantially impaired.

IN WITNESS WHEREOF, the Buyer and Seller hereto made and executed this Agreement for the Purchase and Sale of ERCs, signed by their duty authorized officers or individuals, as of the day and year first above written.

Buyer: Northrop Grumman Corporation	Seller: Middle River Power
<i>Signature:</i>  <i>Title:</i> Northrop Grumman ESH	<i>Signature:</i>  <i>Title:</i> 12/8/2023

<i>Printed Name:</i> George Jung	<i>Date:</i> December 12, 2023	<i>Printed Name:</i> Jon Boyer	<i>Date:</i> 12.8.2023
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