BAKER TILLY

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February 2, 2012

Mr. Kevin Cornelius
Oneida Seven Generations Corporation
dba Green Bay Renewable Energy, LLC
1229 Flightway Drive
De Pere, WI 54115

Dear Mr. Cornelius:

The Oneida Seven Generations Corporation ("OSGC"), doing business as Green Bay Energy, LLC ("GBRE") has engaged Baker Tilly Virchow Krause, LLP ("Baker Tilly") to assist with the assessment of eligible project costs as it pertains to applying for the ARRA Section 1603 Grant in Lieu of Investment Tax Credit for the creation of a new waste-to-energy facility (the "Project"). The facility will be located at 1230 Hurlbut Street in Green Bay, Wisconsin.

The Section 1603 Program Guidance, published by the U.S. Treasury in July 2009 and revised in March 2010 as well as April 2011, provides a listing of requirements for projects to be eligible for the entitlement grant. Listed below is a summary of the Section 1603 Grant guidance. This is not meant to be all-inclusive and therefore does not include all relevant requirements or stipulations.

- Investment Tax Credit ("ITC")
  - 30% of cost of eligible "specified energy property" once placed in service, therefore, not dependent upon the amount of energy produced.
    - Specified energy property must be "integral to the production of electricity"
  - For "Trash Facilities" as defined below, projects must be placed in service by 12/31/2013.

- Section 1603 Grant in lieu of ITC
  - Forgo the ITC in favor of receiving non-taxable direct cash payment from the Department of Treasury in an amount equal to the ITC.
  - This payment is available for projects that are either placed in service by 12/31/2011, or projects that "begin construction" prior to 12/31/2011.
  - Definition of "beginning of construction" can be met in <u>either of two ways</u>:
    - "Physical work of a significant nature" must be performed – can be on-site or off-site
    - 5% of eligible costs must be "paid or incurred" to meet "Safe Harbor"
      - "Paid" applies to cash basis tax payers
      - "Incurred" applies to accrual basis tax payers

The GBRE Project appears to qualify under the U.S. Treasury Section 1603 Program Guidance as noted below:

> "Trash Facilities: A trash facility is a facility, other than a landfill gas facility, that uses municipal solid waste to produce electricity..."
>
> "Municipal solid waste" is defined in IRC section 45[c][6]. By reference, this term is defined in section 2(27) of the Solid Waste Disposal Act (42 USC 6903) as it relates to "solid waste". This Act defines solid waste as "any garbage, refuse...and other discarded material, including solid, liquid, semisolid, or contained gaseous material resulting from industrial, commercial, mining, and agricultural operations..."

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Baker Tilly has completed an initial assessment of GBRE's planned facility as well as its efforts to start construction by 12/31/2011 by meeting the 5% safe harbor test. The final determination of eligible costs will be reviewed and approved by the U.S. Treasury after the project has been placed in service. Baker Tilly cannot guarantee GBRE's project will receive Section 1603 Grant amounts as a result of our joint efforts.

For the classification of a "trash facility" as described previously, the grant would be 30% of the eligible basis for electricity generating equipment and 10% for combined heat and power costs.

Based on costs provided by GBRE, the new facility will cost approximately $29.5M. GBRE is asserting approximately $27.4M will be deemed eligible basis for the grant. This initial management assertion is approximately 93% of estimated $29.5M project cost and appears consistent with other project experiences we have seen for trash facilities to date. The state of Wisconsin has granted the project a $2M reimbursable grant for the purchase of project equipment. As such, the 1603 Eligible basis has been reduced by $2M to approximately $25.4M.

Department of Treasury guidance states that buildings are not eligible as part of the project basis, but basis may include structural components of a building. The GBRE project cost breakdown incorporates eligible building costs based on a percentage of anticipated electrical production process square footage (89%) versus non-electrical process square footage (11%). Utilizing general industry standards of warehouse development costs for this type of building space of $60/square foot, if the Treasury were to decide the related 56,070 feet square processing area of the facility is not eligible, it could reduce the eligible basis by approximately $3,364,200.

Thus, in accordance with the accompanying cost breakdown spreadsheet, it appears that the grant could be approximately between $6.6M or $7.6M depending on the Treasury's acceptance of the eligible facility square footage.

Baker Tilly Virchow Krause, LLP is an international CPA and consulting firm founded in 1931. For more information on our firm, please visit www.bakertilly.com.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

Rick Frohmader

Richard Frohmader, Partner, CPA

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