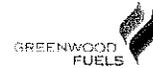




Memorandum

TO: Common Council
FROM: Mayor Merkes *DM*
SUBJECT: Greenwood Fuels
DATE: 28 April 2011

Greenwood Fuels has contacted the City of Menasha regarding the availability of the former steam utility facility. Greenwood has interest in determining if the facility has potential to use their fuel product to produce electricity. The attached LOI confirms their interest, and seeks to verify that the city has interest before they expend additional funds to study the viability of the project.



April 28, 2011

Mayor Don Merkes
City Hall
140 Main Street
Menasha, WI 54952
920-967-3600

Copy to:
Menasha Utilities
Attn: Melanie Krause, Co-General Manager – Business Operations
Attn: Dick Sturm, Co-General Manager – Engineering & Operations
321 Milwaukee Street
P.O. Box 340
Menasha, WI 54952-0340

Re: Proposed Purchase of Assets of Menasha Facility

Dear Mayor Merkes:

This letter of intent (“LOI”) sets forth the principal terms and conditions upon and subject to which GW Fuels, Inc., a wholly owned subsidiary of the Greenwood Fuels Group (“GW Fuels”), is willing to potentially acquire, own, and operate the coal-fired steam plant, currently owned by Menasha Utilities (“Menasha Utilities” and together with GW Fuels, the “Parties,” each a “Party”), that is located at 198 River Street in Menasha, WI (the “Menasha Facility”).

Subject to the negotiation and execution of a definitive purchase agreement (the “Purchase Agreement”) and any ancillary document, agreement or instrument required to be executed in connection with the Purchase Agreement and any other contractual arrangement contemplated in this LOI to which GW Fuels is a party (the “Definitive Documents”), GW Fuels proposes to acquire from Menasha Utilities (the “Proposal”) all of the assets associated with the operation of the Menasha Facility, including without limitation, the land and all improvements and structures thereon, all equipment, furniture and furnishings, fixtures, systems and controls, operating supplies and all other personalty, all governmental permits, licenses and approvals and any name, marks, trade name and/or trademarks and all other intellectual property associated with the Menasha Facility (the “Assets”). This LOI is not exhaustive and is not intended to be legally binding between GW Fuels and Menasha Utilities.

1. Investment in the Menasha Facility

Based on the information available to date, GW Fuels would consider an investment for the Assets. Any investment proceeds would be applied to fund, among other things, (i) initial

working capital necessary for full scale operations of the Menasha Facility, (ii) capital expenditures necessary to convert the plant to generate electricity through the use of fuel pellets (versus coal), which will be produced at the plant of GW Fuel's affiliate, Greenwood Fuels WI LLC, located in Green Bay, WI, and (iii) a payment to Menasha Utilities.

2. Basis of Proposal and Valuation Assumptions

This LOI is based upon GW Fuels' knowledge of the Menasha Facility, as well as GW Fuels' representatives' site visits at the Menasha Facility. Our valuation of the Menasha Facility is based on certain material assumptions which, if determined to be inaccurate, may impact our willingness to consummate the potential transaction relating to the Proposal (the "Potential Transaction") pursuant to the provisions outlined in this LOI.

3. Conditions to Proposal

As described above, the consummation of the Potential Transaction is conditioned to: (i) the full satisfaction of the results of our business, accounting, tax, technical, environmental, regulatory and legal due diligence review of the Menasha Facility and the Assets, (ii) the Parties' execution of the Purchase Agreement and other Definitive Documents prepared by GW Fuels, in each case containing representations, warranties, covenants and indemnifications as are customary in transactions of these types, (iii) there being no material adverse change in the business, operations, assets, position, profits or prospects of Menasha Facility or the Assets, (iv) no contract, license or financial agreement that affects the business of Menasha Facility or the Assets being terminated, or having its terms adversely changed, and (v) obtaining any other necessary consents from third parties and complying with all applicable regulatory requirements, (vi) the prior negotiation and execution of long-term off-take agreements for electricity and renewable energy credits contracts on terms and pricing satisfactory to GW Fuels; and (vii) the execution of mutually acceptable employment agreements with key management team members.

4. Counterparts; Governing Law; Termination

This LOI may be executed in two or more counterparts (any of which may be by facsimile or "pdf" signature). This LOI shall be governed by the laws of the State of Wisconsin, without regard to choice of law provisions. This LOI will automatically terminate and be of no further force and effect upon the execution of the Purchase Agreement.

5. Expenses and Fees

Each of Menasha Utilities and GW Fuels shall be responsible for paying its own transaction expenses including financial and legal advisors, whether or not it proceeds (including without limitation the preparation and negotiation of this LOI) and any Party may end negotiations in relation to the Proposal at any time, and for any reason without incurring any liability to the other Party.

6. Non-Binding Nature

The terms set forth in this LOI are offered in good faith and shall serve as the basis for any potential negotiation of the Purchase Agreement and other Definitive Documents.

Except for Section 4 (Governing Law) and Section 5 (Expenses and Fees), neither GW Fuels nor Menasha Utilities shall be legally bound by any other provisions of this LOI or to purchase or sell the Assets unless and until the Purchase Agreement and other Definitive Documents, in each case containing terms, conditions, and provisions satisfactory to both GW Fuels and Menasha Utilities, have been executed and delivered by both Parties and any other parties thereto. The terms of such fully-executed Purchase Agreement and other Definitive Documents shall fully supersede the terms of this LOI. Notwithstanding that either or both Parties may expend substantial efforts in anticipation of entering into the Purchase Agreement (including the efforts and sums in anticipation of entering into the Purchase Agreement), the Parties acknowledge that in no event will this LOI be construed as an enforceable contract to sell or purchase the Assets and that each Party accepts the risk that no such contract will be executed.

7. Expiration of Proposal

The Proposal described in this LOI will expire without any further action by GW Fuels at 5:00 p.m. EST on May 15, 2011, unless Menasha Utilities has acknowledged its acceptance of the terms and conditions hereof by executing a counterpart of this LOI and delivering such executed LOI to GW Fuels prior to such time.

We thank you for the opportunity to present our Proposal. If you have any questions or would like to meet to discuss our Proposal, please do not hesitate to contact Camilo Patrignani at (212) 947-4437 or Douglas Johnsen at (212) 265-0808.



Sincerely,

GW Fuels, Inc.

A handwritten signature in black ink, appearing to read 'C. Patrignani'.

BY: _____
Name: Camilo Patrignani
Title: President

Accepted and agreed as of May __ 2011

Menasha Utilities

Name:
Title:

**GREENWOOD
FUELS**



- Greenwood Fuels LLC (“Greenwood or the “Company”) is an innovative manufacturer of cost-effective renewable fuel solutions used by a range of industrial coal customers with little or no modification or upfront capital costs
- First facility: Green Bay, Wisconsin
 - In continuous operation since mid-2009
 - Capital project completed in December 2010 provides for up to 150,000 tons/year installed capacity
 - Strategy is to grow through development of additional facilities throughout US
- Greenwood produces a “green coal” product using truly sustainable materials
 - Raw material stream consists of traditionally non-recyclable paper, label and packaging waste, as well as paper mill sludge- **all destined for the landfill**
 - Providing an alternative use for these materials with no future economic value helps waste producers meet sustainability targets
 - Flexible manufacturing process allows Greenwood to consider a range of different materials
- Greenwood’ pellets closely replicate the energy, storage and handling characteristics of coal without the harmful emissions
 - Considered a 100% renewable fuel in both Wisconsin and Ohio
- Customers include utilities and those with “inside the fence” generation
 - Able to reduce their consumption of fossil fuels and meet increasingly stringent renewable standards
 - Do not serve residential customers- avoiding greater volatility in price and demand

Ownership & Historical Background

- Greenwood Fuels was founded in 2007 by Plainfield Asset Management (PFAM)
- Greenwood commenced commercial production and shipments in August 2009
- Libra Group acquired Greenwood Fuels in July 2010
 - Libra is a global family-owned conglomerate founded in 2003 to invest in shipping, aviation, real estate and renewable energy (www.libra.com)
- Libra views Greenwood Fuels as a platform for growth in the renewable energy sector in the US
 - Significant capital committed to build out the Green Bay plant and develop the Greenwood Fuels brand and platform
 - Greenwood will also expand from being a sustainable fuel producer to being a “clean” energy producer; there are several coal-fired power plant acquisitions under analysis at present in order to convert them completely to burn biomass or pellets



Raw materials are kept out of landfills

- If raw materials go to landfills, they produce methane as they decompose
- Methane is about 22x stronger as a greenhouse gas than carbon dioxide
- Scarce and valuable landfill space is saved

Opportunity for corporations to improve their environmental footprint

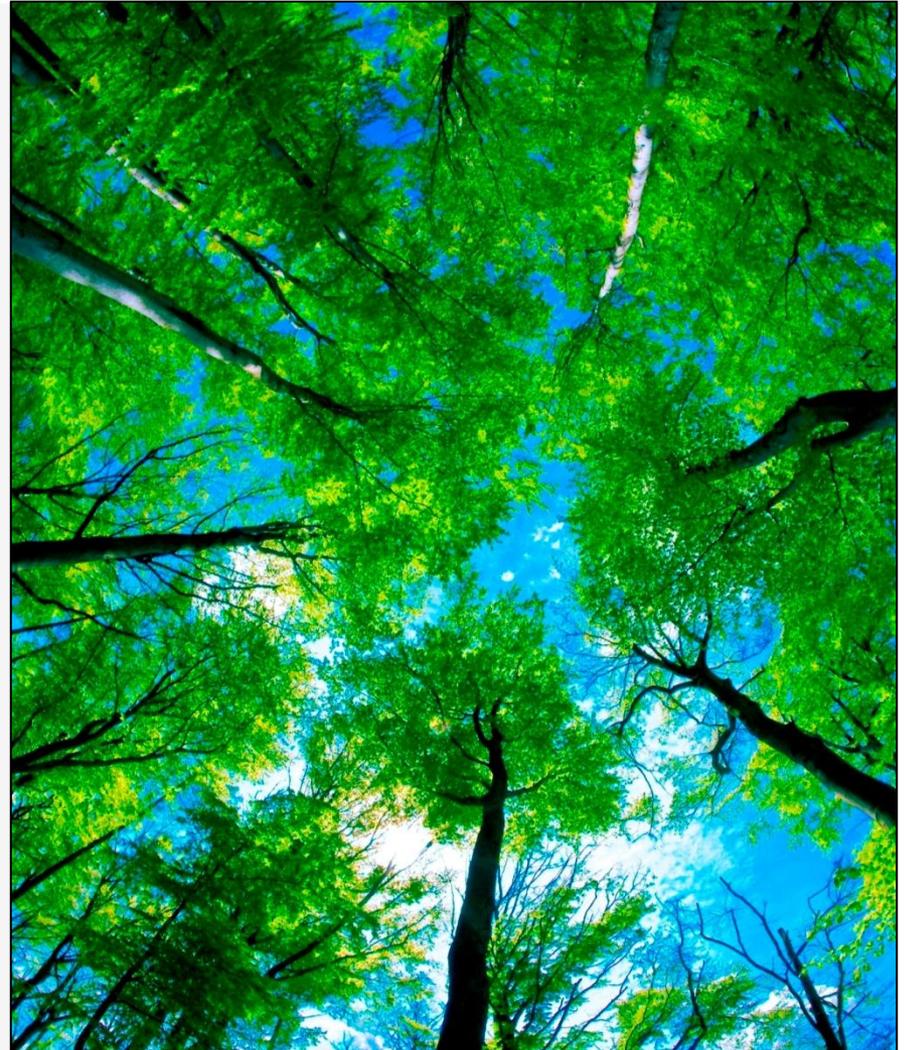
- Re-use waste materials instead of land-filling
- Burn pellets in lieu of coal or as a blend with coal.

All raw materials are tested as part of the raw material qualification process

- Metals, chlorine, sulphur, ash and BTU

Pellet raw materials do not compete with other uses

- Unlike woody biomass or corn for ethanol, materials have no competing economic use



Greenwood's Process



- Greenwood has established a long-term supply agreement to provide non-recyclable materials
- Proprietary processing capabilities produce consistent fuel products while minimizing waste and other by-products
- Materials are shredded and mixed in preparation for the pelletizing process

Pellets burn cleaner than coal

- Retain favorable emissions characteristics associated with traditional biomass fuels (such as wood pellets)
- Very low in sulphur, low mercury, low Chlorine and reduction in opacity
- Significant reduction in SO_x and, in most boilers, a reduction in NO_x emissions

Pellets can substitute for coal immediately without significant capital investment

- Greenwood's products are specifically designed for use with existing infrastructure, thereby eliminating the substantial upfront capital expense associated with other renewable technologies
- Depending on customer's existing air permit, they may or may not require a test burn exemption
- The DNR (or, local EPA) has approved all such applications it has received in a timely manner schedule

Pellets utilized and sold commercially to several customers

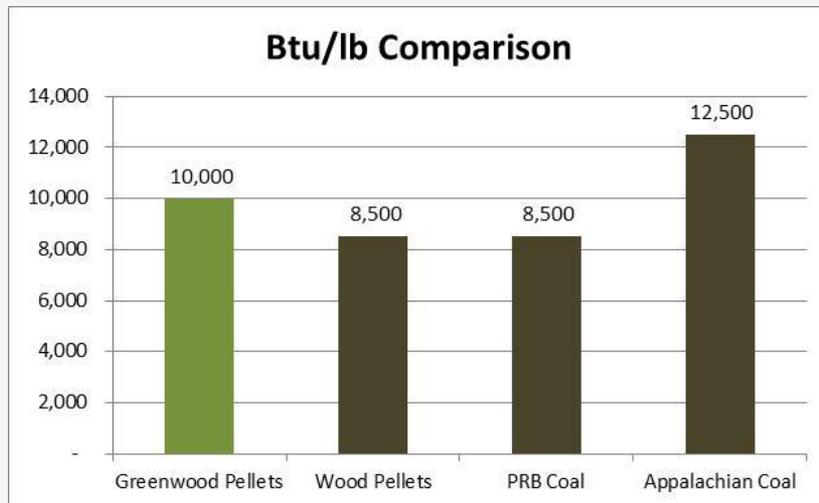
- Customers have successfully burned pellets thus far in stoker, cyclone and fluidized bed applications
- Most have made no changes to handling equipment and not required any capital spending on boiler applications

Pellet Reliability and Quality Control

Lab Testing

Pellets are tested in-house every hour as well as periodic third-party lab verification:

- Heating Value 10,000-12,000 Btu/lb target
- Sulfur%: 0.5% average
- Moisture: 5 to 10%
- Ash: 6 to 9%



Hi-density pellets have proven characteristics

- Hold shape well with weather and handle moisture favourably
- Work symbiotically in combination with other fuels such as coal and woody biomass



Sustainability Comparison of Fuels

Source	Economical (w/o Taxpayer Subsidies)	Socially Acceptable	Plentiful (Consistent Supply)
Coal	✓	✗	✓
Wind	✗	✓	✓
Solar	✗	✓	✓
Greenwood Fuels pellets	✓	✓	✓

Conclusions

- Greenwood has the experience and capabilities to make cost-effective renewable projects a reality and intend to replicate our proven success in Wisconsin elsewhere as we move toward an increasingly sustainable culture
- Our pellets are specifically designed for use with existing infrastructure, thereby eliminating the substantial upfront capital expense associated with other renewable technologies
- Pellets produced are “high-grade” (high Btu and low sulphur)
- Raw materials are plentiful and without Greenwood Fuels would end-up in landfills
- Pellets can be used to gain renewable energy credits (REC's)
- Companies performing co-fired stack tests have remained within permitted limits



**GREENWOOD
FUELS**



sales@greenwoodfuels.com
(920) 432-3200

**600 Liberty Street
Green Bay, WI 54304**