1. RED LIGHT CAMERA UPDATE  
PRESENTER: Paul Wingard, Transportation  
          Harry Campbell, Transportation  
TIME REQUIRED: 15 Minutes

2. NORTH SPREADER ECOSYSTEM MANAGEMENT AGREEMENT (NSEMA)  
PRESENTER: Roland Ottolini, Natural Resources  
TIME REQUIRED: 30 Minutes

3. OVERVIEW OF ALGENOL BIOFUELS, INC. PROPOSED NEW FACILITY IN LEE COUNTY FOR A FULLY INTEGRATED RESEARCH AND ENGINEERING FACILITY FOR ALGAE PRODUCING ETHANOL AND GREEN CHEMICALS FROM CARBON DIOXIDE  
PRESENTER: Jim Moore, Economic Development  
          Paul Woods, CEO, Algenol Biofuels, Inc.  
TIME REQUESTED: 10 Minutes

BOARD COMMENTS/DISCUSSION

ADJOURN
MANAGEMENT & PLANNING COMMITTEE
AGENDA REQUEST FORM
COMMISSION DISTRICT - ALL

PRESENTED BY: Paul Wingard and Harry Campbell / Department of Transportation
REQUESTED BY: DOT

TITLE OF ITEM FOR THE AGENDA: Red Light Camera Update

1. DESCRIPTION AND OBJECTIVE OF THE ISSUE:
To provide that Board with an update on the test of red light running cameras DOT performed at the intersection of Summerlin and Colonial in 2009 and the current status of the equipment. Also to look at the statistics collected at the intersection and compare them to other intersections and accident frequencies.

2. PROPOSED POLICY, PROCEDURE OR PLAN OF ACTION:
Continue to monitor activities in other municipalities around the State of Florida as far as the ability to institute and enforce red light running programs and also to monitor the effectiveness of such programs.

3. OPTIONS (List advantages/Disadvantages of Each Option Listed):
a) Take no further action.
b) Direct staff to derive a formal policy and implementation plan for the installation of red light cameras around the County.

4. FINANCIAL IMPACTS/FUNDING SOURCE:
None

5. STAFF RECOMMENDATIONS, AND JUSTIFICATION FOR RECOMMENDATIONS:
Recommended action is to continue to monitor programs across the state for evidence of safety benefits and keep the Board advised of any changes in the laws.

6. Mandated: Y N X
BY WHAT AUTHORITY?

DEPARTMENT DIRECTOR SIGNATURE

COUNTY MANAGER SIGNATURE

MEETING DATE
February 1, 2010

TIME REQUIRED
15 minutes
At the February Management and Planning, DOT will provide a brief informational presentation on the Proof of Concept Test at Colonial & Summerlin and then briefly discuss the use of Cameras or Video for enforcing red light running and issuing citations. Attached is a condensed summary of DOT-Traffic’s research on Red Light Camera (RLC) Systems along with a discussion of some key issues.

Paul Wingard will first present a summary of the results of the testing that was performed at the Colonial and Summerlin intersection by VESystems and then I will present a brief summary of County statistics.

County Staff will be in attendance at M&P to help answer any legal, technical or operational questions. A representative of the Sheriff’s Office is expected to be present.

HC/

Attachment: Discussion Paper

C: Karen Hawes, County Manager  
   Jed Schneck, Assistant County Attorney  
   Jim Lavender, Public Works Director  
   Scott Gilbertson, Director, DOT  
   Lt. James Dryzmala, LCSO
Discussion of Red Light Camera Programs and Issues

There are a variety of studies on record regarding the effectiveness of Cameras placed at intersections to photograph the license plate of vehicles which are detected running a red traffic signal. A report prepared by the Federal Highway Administration in 2005 concluded that Red Light Camera (RLC) programs resulted in slight decreases in right-angle collisions and slight increases in rear-end collisions. From the results, one might conclude that RLC Systems may not a small or perhaps a more noticeable overall positive safety benefit depending upon the proportion of personal injury to property damage only crashes that occurred. The greatest safety improvements were noted at locations where there were the largest ratios of right-angle to rear-end collisions. A study was presented in 2007 by the “Florida Public Health Review” in opposition to RLC Systems. A review of the RLC studies conducted by the Florida Public Health Review claimed that RLC programs may increase the number of crashes at intersections and implies vendors are pushing these programs for the primary purpose of making money and not for safety. The Public Health Review’s claims as well as other anti-RLC reports present a hodgepodge of flawed statistical analyses that lack proper peer review.

The following table from the FHWA study summarizes the crash statistics for intersections with RLC Systems:

<table>
<thead>
<tr>
<th></th>
<th>Right-Angle Crashes</th>
<th>Rear End Crashes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Crashes</td>
<td>Injury Crashes</td>
</tr>
<tr>
<td>Estimate of crashes expected in the After-period without RLC</td>
<td>1,542</td>
<td>351</td>
</tr>
<tr>
<td>Count of crashes observed in the After-period</td>
<td>1,163</td>
<td>295</td>
</tr>
<tr>
<td>Estimate of percentage change and (standard error)</td>
<td>-24.6 (2.9)</td>
<td>-16.7 (5.9)</td>
</tr>
<tr>
<td>Estimate of the change in crash frequency</td>
<td>-379</td>
<td>-55</td>
</tr>
</tbody>
</table>

The FHWA study also looked at spillover effect, that is, crashes at intersections without RLC Systems. Those findings are summarized in the next table.

<table>
<thead>
<tr>
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<th>Right-Angle Crashes</th>
<th>Rear End Crashes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Crashes</td>
<td>Injury Crashes</td>
</tr>
<tr>
<td>Estimate of crashes expected in the After-period without RLC</td>
<td>3,430</td>
<td>3,802</td>
</tr>
<tr>
<td>Count of crashes observed in the After-period</td>
<td>3,140</td>
<td>3,873</td>
</tr>
<tr>
<td>Estimate of percentage change and (Standard Error)</td>
<td>-8.5 (2.2)</td>
<td>1.8 (2.3)</td>
</tr>
</tbody>
</table>

For the locations studied, an average right-angle injury crash resulted in a total economic cost of $64,500 while the average rear-end injury crash resulted in a cost of $53,600. The cost of non-injury crashes was not included since those data were not considered reliable as, including Florida, many States do not require reports be filed for minor crashes with no injuries. One might conclude that installing RLC Systems can result in an economic benefit of about $50,000 per year per site if the property damage only (PDO) crashes are discounted. Since most rear-end crashes are PDO, the increase seen in those crashes may or may not offset the improvement in right-angle crashes. So the greatest benefit may be realized at locations where rear-end crashes are lower in comparison to right-angle crashes. As a practical matter, due to the high cost of typical RLC Systems, Cameras should only be installed at locations with a very high incidence of red light running and after a full study of the intersection timing and its design.

Peer reviewed studies conducted in over a dozen U.S. cities and several foreign countries indicate that RLC programs are effective in reducing the number of red-light-running violations. The most effective programs have been based upon placing cameras only at locations with a documented Red Light Running problem and accompanied with a significant and continuous public information effort. Nearly 80% of red light running occurs in the first second after the light changes (Office of the Majority Leader [OML], 2001). Although there are no

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statistics on the number of red light violations at traffic signals, a casual observer can see that some intersections have chronic problems with drivers not slowing down when the light turns yellow and are not stopping when the light turns red, especially during peak traffic hours. The majority of the red light running safety issues can be resolved through engineering remedies that address infractions in the first second after the light changes. (Federal Highway Administration and National Highway Traffic Safety Administration [FHWA/NHTSA], 2003).\(^4\) The question to be answered is whether these violations in the first second result in a safety problem. To date, LCDOT research indicates that there is no knowledge on such a relationship\(^5\).

In Lee County, of all the 39,409 reported crashes over 3 years on County, City and State roads, crashes attributed to red light running at traffic signals were about 4.4 % of all crashes and 5.2 % of all fatalities (12 out of 230) for the past three years (July 2006 thru June 2009). In Lee County, every traffic signal yellow and all red clearance interval is timed in accordance with the guidelines published by the Institute of Transportation Engineers (ITE). In some cases the all red interval has been increased to add an extra margin of safety due to red light running crash problems. Yellow clearance intervals are rarely longer than the ITE guideline as too long a yellow clearance can promote red light running by aggressive drivers. Additionally, the sight distance and placement of traffic signal indications is optimum at most intersections in Lee County. When intersection crash statistics show an abnormal frequency of any type of crash, then staff review the crash statistics, evaluate the causes, and review conditions at the intersection. Red light running crashes may result in one or more counter measures being implemented to reduce the incidences of right-angle crashes.

### Closing Discussion

Whether to develop a Red Light Enforcement Ordinance authorizing to cite vehicle owners for red light running as a "code violation" using photographic images as evidence is one purpose of the Management and Planning Item. At present, Florida's Uniform Traffic Control Law requires that the enforcement officer observe or have personal knowledge of the red light violation. Despite Florida's Uniform Traffic Control Law, some local governments in Florida have passed a local ordinance granting them the authority to issue citations for red light running to the vehicle owner similar to the way they issue citations for code violations. As this citation would not be a moving violation, no points could be assessed. The County Attorney's Office has advised that these types of citations, based upon local ordinances, are likely to be struck down in court as they do not comply with the Uniform Traffic Control Law. The Florida Department of Transportation (FDOT) has taken the legal position that since there is no enabling Uniform Traffic Control Law for such cameras, then the RLC Systems may not be placed within State Rights of Way or connected to FDOT jurisdiction signal equipment. Since the majority of the higher frequencies of red light running crashes are at FDOT jurisdiction intersections, some of the potential safety benefits of a RLC program might not be realized unless the Cameras and sensors can be placed within an easement. Until such time as enabling State legislation may be enacted, an RLC program for Lee County might only be used to assist law enforcement officers at County jurisdiction intersections. It has been suggested that RLC photos could not be the sole basis for issuing the citation. As mentioned above, independent observation or personal knowledge must accompany the photographic evidence. Capital and construction costs of typical camera systems range from about $500K to $840K per intersection. As a practical matter when adding in the costs of operations, administration and maintenance, the total costs limit these Systems to intersections experiencing high violation frequencies. Because of the County's existing VESystems Toll Violation System and an RLC System now being developed by VESystems which might utilize the County's existing computer hardware, implementation could be at a lower capital cost.

Currently, intersections are reviewed by LCDOT annually and if determined to have a high incidence of red light running crashes, counter measures are first evaluated (including a clearance interval timing review) and the appropriate measures implemented. Should the counter measures be found to not adequately reduce the incidences of red light violations, then RLC Systems could be beneficial to improving safety as an augmentation to regular traffic enforcement. If the ongoing legal challenge to RLC Systems that is currently underway in Florida is resolved, then RLC Systems may be a viable augmentation to traffic enforcement efforts at those intersections with a documented red lighting running crash problem. However, because currently only 4.4 % of reported crashes in Lee County can be attributed to red light running at traffic signals and by comparison 14 % of crashes are rear-end crashes at traffic signals, then it is difficult to advocate the same compelling safety case as other communities have presented.

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\(^4\) ibid \(^5\) Safety Evaluation of Red-Light Cameras
Red Light Enforcement Camera Systems
Management & Planning
February 1, 2010

Lee County Department of Transportation
Proof of Concept Demonstration Colonial and Summerlin

- Why VESystems?
- Purpose and Benefits
- Testing Process and Refinement
RLC Systems Transaction Data
Four Weeks: 8/8/09 – 9/4/09
Colonial and Summerlin
Pursuable Violations

• Westbound Colonial = 489
• Eastbound Colonial = 1,128
• Violations Total = 1,617

» Average = 57.75 per day
Lee County DOT Current Efforts

- Monitor Crash Frequencies & Rates
- Implement Counter-Measures & Develop Improvement Projects
- Monitor and Evaluate the Results of Red Light Camera Programs
Crash Frequency

- July 1, 2006 thru June 30, 2009 (3 Years)
  - Total – All Crashes; 39,409
  - Total – All Fatalities; 230

- 1,733 Crashes Reported at 395 Signalized Intersections (4.4% of All Crashes)

- 12 Fatalities and 643 Injury Crashes Attributed to Red Light Running over 3 years

- 5,703 Rear-End Crashes at 395 Signalized Intersections
QUESTIONS?

- VESystems Testing at Colonial & Summerlin
- Traffic Engineering
- Law Enforcement
- Legal
**MANAGEMENT & PLANNING COMMITTEE**
**AGENDA REQUEST FORM**
**COMMISSION DISTRICT #**

**PRESENTED BY:** Roland Ottolini  
Natural Resources

**REQUESTED BY:** Roland Ottolini  
Natural Resources

**TITLE OF ITEM FOR THE AGENDA:** North Spreader Ecosystem Management Agreement (NSEMA)

1. **DESCRIPTION AND OBJECTIVE OF THE ISSUE**
Provide summary of the Net Environmental Benefits proposed under the North Spreader Ecosystem Management Agreement. This is the work product of the Stakeholder Group as directed by the Amended Consent Order between DEP, City of Cape Coral and Lee County involving the removal of the boatlift and barrier at the North Spreader Waterway in NW Cape Coral.

2. **PROPOSE POLICY, PROCEDURE OR PLAN OF ACTION**
Support consensus developed by Stakeholder Group that establishes a Net Ecosystem Benefit (NEB) through the implementation of an agreed upon set of projects and programs for water quality and quantity in lieu of rebuilding the former boat lift and barrier.

Request for formal approval will be brought back to the BoCC at a regularly scheduled meeting.

3. **OPTIONS (List Advantages/Disadvantages of Each Option Listed)**
do not support consensus- City of Cape Coral pursues replacement of boat lift and barrier, no mandate or requirement to complete NEB projects and programs, success of maintaining hydraulic barrier is questionable

support consensus – offsetting projects and programs provide net water quality enhancements, hydrologic restoration to historic flow patterns, takes advantage of tidal flushing and natural assimilation of pollutant loading, lose potential water quality benefits provided by boat lift and barrier

4. **FINANCIAL IMPACTS/FUNDING SOURCE**
Lee County provided $1.5m (currently held in escrow) towards the NSEMA. The Lee County projects identified in the report are funded under the Division of Natural Resources CIP – Matlacha Pass Hydrologic Restoration, Yellow Fever Creek Interconnect and Gator Slough/Powell Creek

5. **STAFF RECOMMENDATIONS, AND JUSTIFICATION FOR RECOMMENDATIONS**
support consensus established by the stakeholders and implement and assist accordingly

6. **Mandated:** Y N  
**BY WHAT AUTHORITY?**

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<th>MEETING DATE</th>
<th>TIME REQUIRED</th>
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<td>2/1/10</td>
<td>30 minutes</td>
</tr>
</tbody>
</table>

C:\Documents and Settings\VERVAE\Local Settings\Temporary Internet Files\OLK15\M P Agenda Yellow Sheet NSEMAFeb2010.doc
North Spreader Ecosystem Management Agreement
Net Ecosystem Benefit Projects

(IMG July 2007 Photo)
Ceitus Boat Lift
The Problem
Hydrodynamics of the North Spreader Canal System

- The NSC is a tidal estuarine system.

- Replacing the south barrier would alter the hydrodynamics of the system, but will not change the tidal nature of the system to freshwater.

- Even if the breaches in the west bank were repaired, the west bank, as originally designed would still be overtopped during some high tides.

- Tidal action is the major driving force of water circulation in the NSC, except during periods of high runoff from the watershed.

- Stakeholder Group members agreed that it would not be possible to change the tidal nature of the system short of prohibitively costly measures that may further damage other aspects of the surrounding natural systems. This conclusion is central to the Stakeholder Group’s decision to pursue a package of projects to provide NEBs rather than replacement of the weir.
Net Ecosystem Benefit (NEB)

• Net Ecosystem Benefit (NEB) – The EMA process allows a state agency and a regulated party to convene the full range of stakeholders affected by a potential enforcement issue, and to jointly develop a package of measures or projects that collectively provide a net ecosystem benefit (NEB) – an outcome better for the environment – when compared with the results of the conventional enforcement action.
Desired Ecosystem Benefits

• A closer approximation of historical volumes, timing, and distribution of freshwater inflows to the NSC that maintain salinities in Matlacha Pass, coastal mangroves, and the canal within acceptable ranges by reducing freshwater flows in the wet season and maintaining minimum flows in the dry season as feasible given public water needs.

• Reductions in concentrations of total nitrogen, total phosphorous, dissolved oxygen, fecal coliform and metals in Matlacha Pass, coastal mangroves, and the NSC so as to meet state standards and designated uses.

• Restoring the surface hydrology of the watershed as feasible, through rehydration of wetlands and restoration of stream flows.

• Reducing exotic nuisance vegetation through hydrological restoration.

• Creation and enhancement of fish and wildlife habitat.
EMA Recommended Projects – 2 Categories

• City Projects that will be specified in the EMA Stakeholders Group Report and enforceable by the amended DEP Consent Order.

• Projects to be implemented by Cape Coral, and Lee and Charlotte Counties, SFWMD, SWFWMD, and others that will be included in the “SG Findings & Conclusions” but not the “SG Report” (not enforced by the CO).
City of Cape Coral Required Projects

• Adopt a Cape Coral Fertilizer Ordinance
• Implement Condition-Based Timing for Development of Public Sewer System
• Provide Storm Water Treatment Improvements
• Amend the Cape Coral Seawall Engineering Design Standard to Provide Structure Which is Beneficial to Marine Habitat
• Maintain the Cape Coral Canal Dredging Profile
• Implement Boating Related Enhancements
• Coordinate to Improve Flows, Timing, and Distribution of Water to the State Park and Aquatic Preserve
• Designate a Point of Contact for the City of Cape Coral
• Use of NSEMA Escrow Account Funding for Projects to be Implemented by Cape Coral and Others
## City of Cape Coral Cost Estimate

<table>
<thead>
<tr>
<th>NSEMA</th>
<th>Estimate</th>
<th>quantity</th>
<th>units</th>
<th>unit cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fertilizer ordinance</td>
<td>$5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storm water treatment improvement, Sections west of Burnt Store Rd, south of Kismet</td>
<td>$3,684,784</td>
<td>1,520</td>
<td>catch basin</td>
<td>$2,424</td>
</tr>
<tr>
<td>Amend seawall design standard to provide options; Demonstration project</td>
<td>$25,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condition based timing for public sewers</td>
<td>$480,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-jurisdictional Coordination</td>
<td>$12,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boating related enhancements</td>
<td>$118,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$483,844,784</strong></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

- Assessments / Capital Reservation Fees: $480,000,000
- ANTICIPATED NSEMA ESCROW FUNDS: $3,100,000

**Balance - Estimated City Funding**: $744,784
Projects to be implemented by Lee and Charlotte Counties, Cape Coral, SFWMD, SWFWMD, FDEP and Others

- Septic Tank Maintenance Program
- Gator Slough Channel Improvement
- Yellow Fever Creek/Gator Slough Storm Water Transfer Facility
- Yucca Pens Hydrologic Restoration Plan
- Yucca Pens Preserve Ditch Plugging and ATV Trail Restoration
- Charlotte Harbor Flatwoods Hydrologic Restoration
- Matlacha Pass Hydrologic Restoration
- Multi-jurisdictional Coordination to Improve Watershed Flows, Timing, and Distribution of Water to the State Park and Aquatic Preserves
- CHNEP Committees as Forums for Discussion and Monitoring
Other Potential NEB Projects that do not have Sponsors

- Study of Ecosystem Enhancement Opportunities West of the NSC
- Habitat Enhancement Pilots on the West Side of the NSC
- Storm Water Treatment Areas
# MANAGEMENT & PLANNING COMMITTEE
## AGENDA REQUEST FORM
### COMMISSION DISTRICT #

**PRESENTED BY:**
Jim Moore, Director, Economic Development  
Paul Woods, CEO, Algenol Biofuels, Inc.

**REQUESTED BY:**

**TITLE OF ITEM FOR THE AGENDA:**
Overview of Algenol Biofuels, Inc. proposed new facility in Lee County for a fully integrated research and engineering facility for algae producing ethanol and green chemicals from carbon dioxide.

1. **DESCRIPTION AND OBJECTIVE OF THE ISSUE**
   
   20 Minute PowerPoint Presentation/Q & A

2. **PROPOSE POLICY, PROCEDURE OR PLAN OF ACTION**
   
   N/A

3. **OPTIONS (List advantages/Disadvantages of Each Option Listed)**
   
   N/A

4. **FINANCIAL IMPACTS/FUNDING SOURCE**
   
   N/A

5. **STAFF RECOMMENDATIONS, AND JUSTIFICATION FOR RECOMMENDATIONS**
   
   N/A

6. Mandated: **Y  N**

**BY WHAT AUTHORITY?**

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<td>[Signature]</td>
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<td>02/01/2010</td>
<td>10 minutes</td>
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</table>
Algenol Biofuels

Fully Integrated Research and Engineering Facility for Algae Producing Ethanol and Green Chemicals from Carbon Dioxide
Algae-Based Biofuels

Algenol Biofuels Proposed New Facility in Lee County

Paul Woods, Chief Executive Officer

Lee County Management and Planning Workshop
February 1, 2010
Algenol’s Direct to Ethanol® Process is Revolutionary:

ALGENOL’s goal is to make $1.00/gallon ethanol by combining:

- Specialized hybrid algae
- Sunlight
- CO₂ from industrial sources
- Saltwater
- Marginal or desert land

Algenol does NOT require:

- Food feedstocks
- Fresh water
- Farmland
- Fossil fuel fertilizers

6000 gal/acre yr vs. corn 400
5-to-1 energy balance vs. petroleum
70-80% reduced CO₂ footprint
we provide fresh water gal. for gal.

Algae chosen by Exxon, Dow Chemical, Linde and other majors after very long due diligence efforts
CO₂ into SUGARS into ETHANOL

Algenol links photosynthesis with the natural enzymes that convert sugars directly into ethanol.

These processes occur continuously and simultaneously.

The ethanol diffuses out of the cell and into the culture fluid.
Schematic diagram of DIRECT TO ETHANOL® process
Algae is grown and our products are collected inside the closed and sealed photobioreactors.
ALGENOL – PREPARING for COMMERCIAL SCALE PARTNERSHIPS

Develop and optimize process for ALGENOL partner commercial facilities in Florida, Texas, Mexico, and Australia

EPICENTER OF DEVELOPMENT - LEE COUNTY
Consolidation and Expansion

ADVANCED ENGINEERING AND FACILITY DESIGN - with Georgia Tech, MTR, NREL, Jacobs

ALGENOL IS FINANCIALLY SOUND
Founded with $70 million
$25 million grant from DOE
License Fees
Joint Ventures with Partners
Develop and optimize process for ALGENOL partner commercial facilities in Florida, Texas, Mexico, and Australia

EPICENTER OF DEVELOPMENT - LEE COUNTY
Consolidation and Expansion

• ETHANOL - FUEL REPLACEMENT
• BUTANOL - FUEL REPLACEMENT

• ETHYLENE - GREEN CHEMISTRY
• PROPYLENE - GREEN CHEMISTRY
PLASTIC MONOMER
CHEMICAL BASE

• CO2 TAILORED CAPTURE, DELIVERY TO ALGAE
LINDE, DOW

• ADVANCED SEPARATIONS
GEORGIA TECH, LINDE, DOW
Algenol Proposed New Facility
43,000 sq. feet of labs
40 acres of algae

Advanced Biology with Algae

Green Chemicals

CO₂ capture and Delivery

Climate Change Mitigation

Advanced Engineering

Lee Road  Alico Rd  I-75
Algenol’s Direct to Ethanol® Process is disruptive:

ALGENOL is the WORLD Leader in Advanced Algae Biofuels and Green Chemicals
Algenol’s Direct to Ethanol® Process is disruptive:
Domestic energy • money stays in America • renewable • could reverse global warming & climate change

WSJ: One technology that could change everything
Algenol’s Direct to Ethanol® Process is disruptive:
Domestic energy • money stays in America • renewable • could reverse global warming & climate change

WSJ: The system would serve two purposes; curb global-warming emissions and producing cleaner raw materials.
Popular Science: What you get is an ethanol-producing cycle of sustainability
Discover: Pond scum is one of the hottest trends in green technology

Toronto Star quotes DOW CEO “a ground-breaking alternative energy project”
Algenol’s Direct to Ethanol® Process is disruptive:
Domestic energy · money stays in America · renewable · could reverse global warming & climate change

WSJ: But the most promising next-generation biofuel comes from algae

Frost & Sullivan - Product Differentiation Excellence Award 2009
Harnessing the Sun to Fuel the World™

Algenol’s Direct to Ethanol® Process is disruptive:
Domestic energy • money stays in America • renewable • could reverse global warming & climate change

ALGENOL has the WORLD’s Leading Partners
No other biofuel or green chemistry company can compare

Dow Chemical • World’s largest Chemical Company • 61,000 employees
Linde Group AG • World’s largest gases and Engineering company • 52,000 employees
BioFields • Owned by a Member of the Corona Beer Company • Grupo Gondi
ALGENOL has the WORLD’s Leading Partners
No other biofuel or green chemistry company can compare

ALGENOL hopes to shortly announce additional partnerships with:

- The largest American Oil Refining Company
- The company with the world’s largest oil reserves
- Fed. Government announced $25 million DOE grant
ALGENOL’S VISION for LEE COUNTY PARTNERSHIP

Advanced Programs can be located in LEE COUNTY

- Planting a seed for a NEW Green Tech and 3rd GENERATION BIOFUELS
- Algenol hopes to be a biotech catalyst for Lee county
- High Paying High Quality jobs
- Most advanced program in the world

Algenol Advanced Center was planned for Houston

- Lee County approached Algenol
- It was proposed we build it here in Lee County
- We have requested $10 million, $6M in year one, $4M in year two
- Algenol to match that with > $50 million capital and operating (5 years)
- We will consolidate all existing US operations, and Spanish facilities here
- All EXPANSION of programs to be centered in Lee County
ALGENOL’S VISION for LEE COUNTY PARTNERSHIP

Economic Impact in Region
- Fishkind and Associates ($365M direct, $815M direct & indirect)
- FGCU Economic Benefits ($123M over 5 years - not incl. commercial facility)

Develop programs with universities
- FGCU
- University of Florida, etc.
- Collaborate and training for young people

Huge opportunity for Lee County to diversify job base
- Burgeoning new industry
- Advanced Biofuels, and Advanced Green Chemistry
1. Production of domestic, renewable and sustainable ethanol and butanol to reduce dependence on foreign petroleum
2. Disruptive, superior breakthrough technology with very high yields compared to first-generation biofuels
3. Much lower cost to produce fuels vs. conventional biofuels, our target is $1
4. Low Carbon Footprint Process - an 80% reduction from gasoline
5. Green Chemistry production of ethylene, propylene, and other important chemicals
6. Accelerated time to market 1-2 years vs. 5-6 years for our competitors
7. Exceptional group of partners from industry and academia, some are announced publicly, some surprises are in store…
8. Very valuable for Algenol to have Lee County as a partner
9. IMMENSE OPPORTUNITY FOR LEE COUNTY to have ALGENOL here
Benefits to Lee County

Significant investment in Lee County
- Algenol will invest five times what we are asking Lee County to invest
- Long term capital investment and economic impact in Lee County and the region

Catalyst that will attract like industries and further economic growth

National and International Media Coverage of operation and R&D Development
- Promotes Lee County as a world class business location

Increased intellectual capital in the market and opportunities for further collaboration

Direct and In-direct high-wage, high-skill job creation in Lee County

National/International visitors/partners

Enhanced local higher education programs
- Assist with developing engineering and bio-tech curriculum at colleges and university
- Opportunity for student internships
LEE COUNTY FIRST
INCENTIVE AWARD AGREEMENT

THIS INCENTIVE AWARD AGREEMENT is made and entered into this _____ day of __________, 20__, by and between Lee County, a political subdivision of the State of Florida, by and through its Board of County Commissioners ("County") and Algenol Biofuels, Inc. ("Company") pursuant to Sections 125.045 and 288.1088, Florida Statutes.

WHEREAS, the Florida Legislature has enacted Section 125.045, Florida Statutes, which confers economic development powers to counties and authorizes the expenditure of public funds for economic development activities as a valid public purpose; and

WHEREAS, Section 125.045(3), Florida Statutes, specifically authorizes a county to make incentive payments in the form of grants to private enterprise for expanding existing businesses located within the county, or to attract new businesses to the county; and

WHEREAS, the Board of County Commissioners set aside $25 Million of budget reserves for economic development projects in Lee County, and this set aside has been used to fund the Lee County FIRST program; and

WHEREAS, Company seeks to expand and consolidate its existing operations in Lee County, Florida; and

WHEREAS, Company has applied to County to participate in the Lee County FIRST Program which will utilize those reserved funds; and

WHEREAS, the County has established terms and conditions herein whereby Company by complying with these terms and conditions, can receive the benefits outlined in this Agreement; and

WHEREAS, the Board of County Commissioners finds and declares that this Agreement serves a public purpose which includes promotion of economic development, job growth, and the future expansion of the County’s tax base.

In consideration for the mutual promises and agreements contained herein, and other valuable and good consideration, County and Company agree as follows:

1. RECITALS

The above recitals are true and correct and are hereby incorporated and made part of this Agreement.

2. DEFINITIONS

2.1 “Job” shall mean permanent, full-time equivalent employment. Each person or combination of persons who work at least thirty-five (35) hours a week at the Project site in a benefit enhanced non-temporary capacity, under the control and supervision of Company, shall be counted as one full-time equivalent Job.

2.2 “Average Project Wage” shall mean the annualized average of all wages and salaries paid to employees who hold Jobs at the Project. Such payments include wages, salaries, commissions, bonuses, drawing accounts, vacation and sick pay, but exclude employee benefit packages.

2.3 “Qualified Capital Investment” shall mean investments made by or on behalf of Company for purchasing manufacturing and research and development equipment for Project facility, constructing improvements to real property as would be included in the basis of such property for federal tax purposes, and acquiring or leasing furniture, fixtures and equipment. For purposes of this Agreement, employee relocation costs will also be considered Qualified Capital Investment.

2.4 “Effective Date” is March 1, 2010. The Agreement shall not be effective against any Party until said date.

2.5 “Base Jobs” is twelve (12) Jobs for purposes of this Agreement.
2.6 “New Jobs” is total jobs in Lee County less Base Jobs.

2.7 “Project Site(s)” is 28100 Bonita Grande Dr., Bonita Springs, FL 34135 and an additional site(s) to be determined in Lee County, FL.

3. COMPANY OBLIGATIONS

3.1 Company commits to undertake the following Project, which is more particularly described in "Exhibit A", attached and incorporated herein by reference.

3.2 Company represents and warrants that on February 1, 2010, Company has a total of 12 Jobs located or based at the Project site(s). Company commits to maintaining one-hundred percent (100%) of these jobs within Lee County, Florida until this Agreement is terminated. A complete list of employee positions certified by Company is available for review by a County representative at Company’s offices and any information derived from any such review shall be confidential and shall not be released by County or its representative to any third Party.

3.3 Company shall have one-hundred-twenty (120) total Jobs by March 1, 2015, as part of Project that pay an Average Project Wage of at least $85,000 per year pursuant to the schedule set forth in “Exhibit B,” attached and incorporated herein by reference. Company commits to maintain these new Jobs at the Average Project Wage until this Agreement is terminated.

3.4 Company shall make or cause to be made a Qualified Capital Investment in the Project of at least $18,483,545 by March 1, 2015, pursuant to the schedule set forth in “Exhibit C,” attached and incorporated herein by reference.

3.5 In addition to any documentation required by Section 4, Company shall submit in sufficient and reasonable detail an annual written progress report verifying the number of workers employed by Company as part of Project, the average wage of said employees, and the status of the committed Qualified Capital Investment. This annual report shall include supporting documentation, be certified by the Chief Financial Officer of Company, and be received by the County no later than August 15th of each year.

4. COUNTY OBLIGATIONS

4.1 County has budgeted and agrees to appropriate and hold in a restricted reserve account in the general fund of the County the sum of $10,000,000.00 for Company (the "Incentive Award"). During the term of the County’s payment obligations, as described below in Section 4.4, this restricted reserve account shall only be available to Company and shall not be available to County or any other party for any other purpose. The Incentive Award shall be released to Company as specified below.

4.2 Payments shall be made quarterly in the form of reimbursement and not exceed $6,000,000 by February 28, 2011, for expenditures described in Exhibit C, provided Company has met its performance milestones, pursuant to the schedule set forth in Exhibit B.

4.2.1 Supporting documentation, including copies of invoices and proof of payment, shall be submitted to County for verification of the aforementioned conditions. Verification must be complete to County's satisfaction prior to the disbursement of the payment.

4.2.2 To receive payment under this Subsection these conditions must be satisfied no later than February 28, 2011.

4.3 Payments shall be made quarterly in the form of reimbursement and not exceed $4,000,000, plus remaining unfunded balance from 4.2 by February 28, 2012, for expenditures described in Exhibit C, provided Company has met its performance milestones, pursuant to the schedule set forth in Exhibit B.

4.3.1 Supporting documentation, including copies of invoices and proof of payment, shall be submitted to County for verification of the aforementioned conditions. Verification must be complete to County's satisfaction prior to the disbursement of the payment.
4.3.2 To receive payment under this Subsection these conditions must be satisfied no later than February 28, 2012.

4.4 Funding obligations of the County shall end February 28, 2012.

5. INCENTIVE AWARD REPAYMENT REQUIREMENTS

5.1 In the event Company fails to create and retain the total number of Jobs specified in Sections 3.2 through 3.3 at the wages specified in Section 3.3, and comply with Qualified Capital Investment in the Project set forth in Section 3.4, Company shall repay all or a portion of the Incentive Award (“Repayment Amount”). The Repayment Amount shall be determined as follows:

5.1.1 Should Company’s total Jobs be less than one-hundred-eight (108) as of February 28, 2014. Company is in default of this Agreement which will result in the loss of eligibility for receipt of Incentive Award payments previously authorized under this Agreement. If any Incentive Award payments have been made, Company will be required to repay the Incentive Award amounts to County within forty-five (45) days of demand. Any amounts due to County shall bear interest at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate from the date of termination until paid.

5.1.2 Should Company’s total Jobs be less than one-hundred-eight (108) as of February 28, 2016. Company is in default of this Agreement which will result in the loss of eligibility for receipt of Incentive Award payments previously authorized under this Agreement. If any Incentive Award payments have been made, Company will be required to repay the Incentive Award amounts to County within forty-five (45) days of demand. Any amounts due to County shall bear interest at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate from the date of termination until paid.

5.1.3 Should Company’s total Jobs be equal to or greater than one-hundred-eight (108) but less than one-hundred-twenty (120) as of February 28, 2014, Company shall repay a portion of the sum total of any Incentive Award payments previously made by County to Company. Company shall repay County $200,000 for each committed Job (new Jobs + Base Jobs) it fails to create or maintain. Any Repayment Amount calculated hereunder shall be paid to County within forty-five (45) days of demand. Any amounts due to County shall bear interest at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate from the date of termination until paid.

5.1.4 Should Company’s total Jobs be equal to or greater than one-hundred-eight (108) but less than one-hundred-twenty (120) as of February 28, 2016, Company shall repay a portion of the sum total of any Incentive Award payments $200,000 for each committed Job (new Jobs + Base Jobs) it fails to create or maintain. Any Repayment Amount calculated hereunder shall be paid to County within forty-five (45) days of demand. Any amounts due to County shall bear interest at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate from the date of termination until paid.

5.1.5 Should the Average Project Wage of all Jobs in existence as of February 28, 2014 be less than $76,500 (90% of commitment), Company is in default of this Agreement which will result in the loss of eligibility for receipt of Incentive Award payments previously authorized under this Agreement. If any Incentive Award payments have been made, Company will be required to repay the Incentive Award amounts to County within forty-five (45) days of demand. Any amounts due to County shall bear interest at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate from the date of termination until paid.
5.1.6 Should the Average Project Wage of all Jobs in existence as of February 28, 2016 be less than $76,500 (90% of commitment), Company is in default of this Agreement which will result in the loss of eligibility for receipt of Incentive Award payments previously authorized under this Agreement. If any Incentive Award payments have been made, Company will be required to repay the Incentive Award amounts to County within forty-five (45) days of demand. Any amounts due to County shall bear interest at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate from the date of termination until paid.

5.1.7 In the event company fails to make or cause to be made a Qualified Capital Investment in the Project of at least $16,635,190 (90% of commitment) by February 28, 2014, Company shall repay fifty percent (50%) of the sum total of any Incentive Award payments previously made by County to Company. Any Repayment Amount calculated hereunder shall be paid to County within forty-five (45) days of demand for same. Any amounts due to County shall bear interest at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate from the date of termination until paid.

6. DEFAULT

6.1 Either Party is in default if it materially breaches any covenant contained in this Agreement and such breach has not been corrected or cured within thirty (30) days after written notice thereof.

6.2 Company is in default if any representation or warranty made by Company herein or in any report, statement, invoice, certificate or other documentation furnished to the County in connection with the performance of the Agreement proves to be untrue in a material respect as of the date of issuance or making thereof and has not been corrected or brought into compliance within thirty (30) days after written notice thereof to Company by the County.

6.3 Company is in default if it fails to provide to the County the written verification, satisfactory to the County, of its performance of obligations herein.

7. REMEDIES

7.1 Company’s remedy for default by County shall be a claim for the sums to which County has become obligated hereby. Such claims shall not include consequential or special damages, and shall not exceed the total Incentive Award amount specified in Section 4.1.

7.2 County’s remedies for default by Company may include, but shall not be limited to, a claim or suit upon this Agreement, or both.

8. TERM AND TERMINATION

8.1 Unless terminated earlier in accordance with its terms, this Agreement shall terminate on the earlier of:

8.1.1 Two (2) years from March 1, 2014;

8.1.2 The execution by all Parties of a written agreement terminating this Agreement;

8.1.3 At the option of a Party in the event the other Party is in default; or

8.1.4 At the option of County if Company suffers an event of bankruptcy or insolvency.

8.2 Section 3.5 and Section 5 shall expressly survive termination or expiration of this Agreement to the extent necessary to fully comply with the terms of Section 5.

8.3 Termination or expiration of this Agreement shall not affect any other rights of either Party which may have accrued up to the date of such termination or expiration.
9. ATTORNEY FEES AND EXPENSES

Should County prosecute any action in connection with this Agreement for collection of payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of Company herein contained, County shall be entitled to the award of its court costs and reasonable attorney’s fees.

10. NOTICES AND ADMINISTRATORS

10.1 All notices required or permitted under this Agreement and any written consents or approvals required hereunder shall be in writing and are in effect upon receipt by County and shall be transmitted either by personal hand delivery; United States Post Office, return receipt requested; or, overnight express mail delivery. E-mail and facsimile transmission may be used if the notice is also transmitted by one of the preceding forms of delivery. The addresses set forth below for the respective Parties shall be the places where notices shall be sent, unless prior written notice of change of address is given.

10.2 The Parties’ designated representatives and their respective addresses for purposes of this Agreement are as follows:

James W. Moore  
Executive Director  
Lee County Economic Development  
12800 University Drive, Suite 300  
Fort Myers, Florida 33907  
Telephone number: (239) 338-3161  
Fax number: (239) 338-3227

Paul Woods  
Chief Executive Officer  
Algenol Biofuels, Inc.  
28100 Bonita Grande Dr., Suite 200  
Bonita Springs, FL 34135  
Telephone number: (239) 498-2000  
Fax number: (239) 948-4996

11. BINDING EFFECTS AND ASSIGNMENT

11.1 This Agreement shall be binding upon the successors and permitted assigns of the Parties hereto.

11.2 Company may not assign this Agreement without the prior written consent of the County, which shall not be unreasonably withheld.

12. GOVERNING LAW

12.1 This Agreement shall be governed by, interpreted and construed in accordance with the laws of the State of Florida. Venue shall be in Lee County, Florida. Company hereby consents and waives any objection or defenses to jurisdiction within Florida, and further consents that process shall be served to its Florida agent.

12.2 Company agrees that any public expenditure found to be unlawful by a court of competent jurisdiction shall be reimbursed to County.

13. MODIFICATION

This Agreement may not be changed or modified except by written instrument signed by all of the Parties hereto.

14. SURVIVAL

All covenants, agreements, representations, warranties and endowments made herein shall survive the termination of this Agreement until any claim or claims made under this Agreement by either Party have been resolved.

15. FURTHER ASSURANCES

Each Party, without further consideration, shall take such action, execute and deliver such documents as the other may reasonably request to effectuate the purpose of this Agreement.
16. RELATIONSHIP OF THE PARTIES

Nothing in this Agreement, nor any act of the Parties, shall be deemed or construed by the Parties hereto or by any third party to create a relationship of principal and agent, partnership, joint venture or of any association whatsoever between Company and County.

17. PROMOTION OF ECONOMIC INCENTIVES

Either Party may issue news releases, public announcements, advertisements, or other forms of publicity concerning its efforts in connection with this Agreement. However, unless otherwise agreed, the Party publicizing its efforts shall provide a courtesy copy of any written material to the other Party for review and comment prior to publication.

18. COMPANY’S WARRANTIES/REPRESENTATIONS AND INDEMNIFICATION

18.1 Company represents that it is possessed with all requisite lawful authority to enter into this Agreement, and the individual executing this Agreement is possessed with the authority to so sign and bind Company.

18.2 Company further warrants that it has not entered into any agreement nor has any obligations which would prohibit Company from locating its facility in Lee County, Florida.

18.3 OTHER THAN COMPANY’S CLAIMS FOR DEFAULT BY COUNTY, COMPANY SHALL INDEMNIFY AND HOLD COUNTY HARMLESS FOR ANY CLAIMS OR ACTIONS OF ANY NATURE RESULTING FROM OR ARISING OUT OF THIS AGREEMENT, INCLUDING THE CONSTRUCTION AND OPERATION OF ITS FACILITIES.

19. SEVERABILITY

If any provision of this Agreement shall be held to be invalid, illegal or unenforceable by a court or other tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The Parties shall use their best efforts to replace the respective provision or provisions of this Agreement with legal terms and conditions approximating the original intent of the Parties.

20. ENTIRE AGREEMENT

This Agreement contains the entire understanding of the Parties and supersedes all prior agreements and negotiations respecting such matter.
DUPLICATE ORIGINALS: This Agreement is executed in duplicate originals.

In Witness whereof, County and the Grantee have caused this agreement to be executed and delivered by their duly authorized representatives.

<table>
<thead>
<tr>
<th>Signed, Sealed and Delivered in the presence of:</th>
<th>ALGENOL BIOFUELS, INC.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BY:</td>
</tr>
<tr>
<td></td>
<td>__________________________</td>
</tr>
<tr>
<td></td>
<td>Authorized Signature</td>
</tr>
<tr>
<td></td>
<td>__________________________</td>
</tr>
<tr>
<td></td>
<td>Title</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ATTEST: CHARLIE GREEN CLERK OF COURTS</th>
<th>BOARD OF COUNTY COMMISSIONERS OF LEE COUNTY, FLORIDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>BY:</td>
<td>BY:</td>
</tr>
<tr>
<td></td>
<td>__________________________</td>
</tr>
<tr>
<td>Deputy Clerk</td>
<td>Chairman</td>
</tr>
</tbody>
</table>

APPROVED AS TO FORM:

<table>
<thead>
<tr>
<th>BY:</th>
</tr>
</thead>
<tbody>
<tr>
<td>__________________________</td>
</tr>
</tbody>
</table>

Office of the County Attorney
EXHIBIT A

Project Description

Algenol Biofuels Inc. intends to become a fully integrated biofuels company producing ethanol in bio-refineries using DIRECT TO ETHANOL™ technology for the global transportation fuel and plastics markets.

Algenol Biofuels plans to bring a world-class integrated biofuel research and engineering facility to Lee County. In addition to biofuels research, the facility will be the core research and development facility for all industrial and air carbon dioxide capture and utilization work, as well as green-chemical research. Algenol has identified two existing buildings totaling 40,000 sq. ft., west of Interstate 75 near Alico Road that is suitable for the first phase of laboratory construction, with an adjacent 40 acres of land suitable for building the pilot-scale production labs.

The project will employ at least 120 professional staff with an average wage in excess of $85,000.

<table>
<thead>
<tr>
<th>Business Unit Activities</th>
<th>SIC or NAICS Code</th>
<th>Annualized Wage ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biotechnology Research &amp; Development</td>
<td>541710</td>
<td>$85,000</td>
</tr>
<tr>
<td>Organic Chemical Manufacturing</td>
<td>325199</td>
<td>$85,000</td>
</tr>
<tr>
<td>Corporate Headquarters</td>
<td>551114</td>
<td>$85,000</td>
</tr>
</tbody>
</table>
EXHIBIT B

Job Creation and Wage Schedule

<table>
<thead>
<tr>
<th>Phase</th>
<th>Cumulative number of New Jobs created in Lee County, FL</th>
<th>Date by which jobs will be created</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>30</td>
<td>2/28/2011</td>
</tr>
<tr>
<td>II</td>
<td>60</td>
<td>2/28/2012</td>
</tr>
<tr>
<td>III</td>
<td>108</td>
<td>2/28/2014</td>
</tr>
</tbody>
</table>
EXHIBIT C

Qualified Capital Investment Schedule

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013-2014</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Construction /</td>
<td>$4,374,680</td>
<td>$4,346,500</td>
<td>$0</td>
<td>$0</td>
<td>$8,721,180</td>
</tr>
<tr>
<td>Renovations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing Equipment</td>
<td>$0</td>
<td>$4,078,000</td>
<td>$600,000</td>
<td>$600,000</td>
<td>$5,278,000</td>
</tr>
<tr>
<td>R&amp;D Equipment</td>
<td>$1,281,000</td>
<td>$500,000</td>
<td>$426,759</td>
<td>$700,000</td>
<td>$2,907,759</td>
</tr>
<tr>
<td>Other Equipment (computer equipment, office furniture, etc.)</td>
<td>$144,750</td>
<td>$98,430</td>
<td>$40,530</td>
<td>$28,950</td>
<td>$312,660</td>
</tr>
<tr>
<td>Employee Relocation</td>
<td>$978,446</td>
<td>$195,500</td>
<td>$52,500</td>
<td>$37,500</td>
<td>$1,263,946</td>
</tr>
<tr>
<td><strong>Total Capital Investment</strong></td>
<td><strong>$6,778,876</strong></td>
<td><strong>$9,218,430</strong></td>
<td><strong>$1,119,789</strong></td>
<td><strong>$1,366,450</strong></td>
<td><strong>$18,483,545</strong></td>
</tr>
</tbody>
</table>

Note: The company’s commitment to fund and be refunded by Lee County is predicated on the aggregate spending of the column totals, not individual categories.