December 17, 2021

Via E-mail (Katie.Carlson@umb.com)

UMB Bank, N.A., as Trustee
120 South 6th Street, Suite 1400
Minneapolis, Minnesota 55402
Attention: Corporate Trust

PureCycle: Ohio LLC
5950 Hazeltine National Drive, Suite 650
Orlando, Florida 32822
Attention: Michael Otworth

Subject: Southern Ohio Port Authority
Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A
Subordinate Exempt Facility Revenue Bonds (PureCycle Project),Tax-Exempt Series 2020B and Taxable Series 2020C
PureCycle Polypropylene Phase II Project
November 2021 Project Status Report

Ladies and Gentlemen:

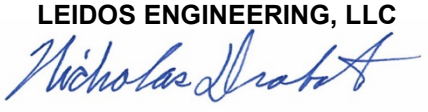
Attached is the Construction Monitor's Project Status Report (the "Report") for the PureCycle Polypropylene Phase II Project (the "Project") for the period ending November 30, 2021 (the "Relevant Period"), being delivered to you by Leidos Engineering, LLC ("Leidos"), as Construction Monitor ("CM").

Our review of the data made available to us by PureCycle Ohio LLC (the "Owner"), Denham-Blythe Company ("Denham-Blythe") and other equipment suppliers and contractors working on the Project for the Owner was performed within the scope and terms of a Professional Services Agreement ("PSA"), dated as of May 9, 2017, between Leidos and PureCycle Technologies, LLC. On October 1, 2020, UMB Bank, N.A. as trustee (the "Trustee") under the Indenture of Trust issued by the Southern Ohio Port Authority for Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A, Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020B and Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Taxable Series 2020C dated October 1, 2020 (the "Indenture") entered into a Consent and Agreement with Leidos outlining the terms and conditions of the Trustee's use of the reports, certificates and other work products issued by Leidos. This Report is solely for the information of and assistance to the Trustee in connection with its review of the Project and is not to be used, circulated, quoted or otherwise referred to for any other purpose. The Independent Engineer disclaims any obligation to update this Report. This Report is not intended to, and may not be construed to benefit any party other than the Trustee and the Bondholders (as defined in the Indenture).

To the extent that it has been practical to do so, we have verified the status of the work performed by the Owner, Denham-Blythe and the major equipment suppliers and nothing has come to our attention during the review and observation that should cause us to believe that the progress made through the Relevant Period was not materially commensurate with Project objectives.

The next monthly Project review meeting is scheduled for January 13, 2022 at the PureCycle office in Ironton, Ohio. If you have any questions regarding this Report, or other aspects of the Project, please contact me by phone at 508.935.1606 or via email at Nicholas.Drobot@leidos.com.

Sincerely,
LEIDOS ENGINEERING, LLC



Nicholas Drobot
Construction Manager

ND/KMN

Attachment

Ec: Karen Napoli, James (Jim) Newell – Leidos Engineering, LLC

Leidos Engineering, LLC ("Leidos" or "we"), in its capacity as the Construction Monitor ("CM") reviewed the progress of engineering, procurement and construction of the PureCycle Polypropylene Phase II Project (the "Project") including: monthly reports from the Denham-Blythe Company ("Denham-Blythe"), the engineering, procurement and construction ("EPC") contractor for the Outside Battery Limits ("OSBL"), including utilities and product storage under the Construction Contract dated October 7, 2020 (the "EPC Contract") and progress information from the Inside Battery Limits ("ISBL") and OSBL major equipment suppliers. Additionally, we held discussions with the Owner's management relative to the status of the Project to review the progress for the period ending November 30, 2021 (the "Relevant Period"). We visited the Project job site in Ironton, Ohio on December 9, 2021 and participated in a progress meeting held at the PureCycle office near the Project site in Ironton, Ohio. Terms used in this Project Status Report ("Report") without definition shall have the meaning ascribed thereto in the Credit Agreement or the EPC Contract.

Project Technical Description

The Project will be a waste polypropylene processing facility under development by the Owner and sponsored by PureCycle Technologies, LLC (the "Sponsor"). The Project will be located on 26 acres of land in Ironton, Lawrence County (the County"), Ohio (the "Facility Site"). The Facility Site is a former Dow Chemical Company ("Dow") plant site. The Facility Site land was previously donated by Dow to the Lawrence Economic Development Corporation ("LEDC") and includes three existing buildings (Building 504, Building 507, and Building 509) totaling 150,000 square feet that will be reused for raw material delivery, processing, and storage, and for utility equipment. An affiliate of the Owner purchased the land from the LEDC, and the affiliate sold the land to the Owner for use as the Facility Site.

Summary

During the progress meeting noted above, the Owner's construction manager and Denham-Blythe presented detailed updates highlighting the progress of EPC contractor activities under the Construction Contract. The Owner also reported on progress with regard to the ISBL equipment supply contract and the PureCycle-supplied OSBL equipment.

The Owner's construction manager reported that the overall progress is 51.8 percent complete as compared to a re-baselined plan of 55.1 percent complete. As previously reported, Denham-Blythe and the major equipment supplier's engineering effort commenced with the issuance of a Notice to Proceed ("NTP") to all parties in October 2020.

During the Relevant Period, the engineering group continued the development of the ISBL 3D model and integration of controls. The facilities siting study was completed as was the preliminary structural design of ISBL vent and relief pipe racks. Design of "E-house 3" continued as did design of the commons building and process building electrical loads. Coordination and confirmation with the Owner of back-up power loads for critical process control and safety systems continued. Procurement activities continued with the review of various proposals. Receipt of degassing and material handling equipment and components continued. The transformer and the second and third auxiliary boilers were delivered. Monitoring of delivery schedules for all major equipment continued. Construction activities by Denham-Blythe continued with the Building 504 equipment foundations and trenches having been completed and setting of pre-processing equipment having commenced. Setting of electrical gear in the Building 504 "E House" and installation of

lighting and electrical cable tray continued. Erection of the "south" dust collector at Building 504 was completed. The second and third auxiliary boilers in Building 509 were set. Installation of feedstock silos continued and installation of deep foundations (auger piling) and underground fire protection loop was essentially complete, and installation of the stormwater drainage system was nearing completion.

In summary, the Project appears to be materially on schedule, if lagging somewhat, and within budget. We note that the Owner is in schedule mitigation discussions with Denham-Blythe which include, but are not limited to, additional shifts, a six-day work week and certain field fabrication to expedite deliveries. We also note that, to date, the Owner has not accepted any changes regarding modifications to contractual schedule dates.

The Owner continued to report that the required activities to support the PureCycle-supplied OSBL equipment continued materially on schedule to ensure timely coordination with ISBL and OSBL design. Deliveries of equipment, including but not limited to pre-processing equipment, continued during the Relevant Period.

During the Relevant Period there were no Occupational Safety and Health Administration ("OSHA") recordable safety incidents reported. No reportable environmental incidents were reported at the Project Site during the Relevant Period.

Project Status

The Owner's construction manager reported the actual and planned schedule progress percentage complete for engineering, procurement and construction activities. We note that a new baseline schedule was established at the end of June 2021. The schedule progress is shown in Table 1.

Table 1
Completion Progress – PureCycle Polypropylene Phase II Project [1]

Project Phase	Cumulative Through November 2021 Planned % [2]	Cumulative Through November 2021 Actual %	Cumulative Through October 2021 Actual %
Engineering	86.9	96.9	87.8
Procurement	57,2	51.7	41.7
Construction	41.6	36.7	33.6
Start-Up	0.0	0.0	0.0
Weighted Total	55.1	51.8	44.6

1) All progress is shown in percent ("%") unless noted.
2) The "planned" percentage complete represents the re-baseline established in June 2021 maintaining the contractual dates.

We note that during a recent audit of the schedule, the Owner discovered that several large change orders ("COs") had not been loaded into the earned value reporting metrics, and adjustments were made to the earned value.

EPC Contract Activities

EPC Contract activities reported by the Owner, the Owner's construction manager, Denham-Blythe and major equipment suppliers included engineering, procurement and construction activities as described herein.

Engineering

Overall, the Owner's construction manager reported that 96.9 percent of the engineering and design effort was completed against a planned 86.9 percent of the new baseline plan. The Owner reported that detailed engineering coordination meetings are continuing, as required, with Denham-Blythe, the ISBL equipment supplier and the OSBL equipment supplier. Denham-Blythe, the major equipment suppliers and the Owner continued to coordinate information exchanges specific to material handling interfaces with the ISBL systems.

ISBL, OSBL and major equipment engineering activities through the Relevant Period include, but are not limited to, the following:

- Continued engineering of wastewater pre-treatment system ("WWPTS");
- Completed WWPTS preliminary drawings for pricing;
- Completed engineering for ISBL flare header and knockout drums;
- Completed detailed piping design for OSBL vent and relief headers;
- Continued ISBL module structural design;
- Continued development and updating of the ISBL 3D model;
- Completed facilities siting study;
- Completed preliminary structural design of ISBL vent and relief pipe racks structural steel;
- Continue design of "E-house 3";
- Continue design of commons building and process building electrical loads;
- Continued coordination and confirmation with Owner of back-up power loads for critical process control and safety systems;
- Continued design of ISBL foundations, containment, and drainage system;
- Continued design of site fiber network;
- Completed level of protection analysis ("LOPA") reviews;
- Continued controls integration;
- Completed coordination of vendor submittals to Ohio Environmental Protection Agency ("OEPA") required for the WWPTS permit; and
- Continued architectural design for the fire pump house.

Our review of engineering activities indicates progress materially in support of Project objectives.

Procurement

Overall, the Owner's construction manager reported that 51.7 percent of the procurement effort was completed against a planned 67.2 percent of the new baseline plan.

ISBL, OSBL and major equipment procurement activities through the Relevant Period include, but are not limited to, the following:

- Completed bid package review for ISBL foundation systems;
- Issued requests for proposals, received and evaluated bids and awarded the rail load out, process building and ISBL foundations;

- Issued requests for proposals for low-voltage and instrumentation packages;
- Issued requests for proposals for the WWPTS building;
- Issued requests for proposals for the thermal oxidizer and flare;
- Issued requests for proposals and received bids for the chemical feed supplies for the central utility plant water treatment system;
- Issued purchase order for knock-out pot, catch tank, major process vessels and butane storage tanks;
- Awarded the supply of the thermal oxidizer and flare;
- Continued receipt and offloading of preprocessing equipment;
- Continued monitoring of long lead substation equipment delivery schedule;
- Continued to monitor timing of vendor engineering submittals;
- Continued ISBL supplier and sub-vendor information exchange; and
- Continued to accept and offload deliveries of equipment, including, but not limited to, two auxiliary boilers, degassing equipment and material handling and dust collection equipment, ducting and piping.

We note that the delivery of long lead electrical equipment for the substation and interconnection is scheduled for December 2021. At the time of the visit, it was observed that the transformer was delivered and set on its foundation.

Procurement is tracking somewhat behind but is materially on schedule and the Owner reported that they and the EPC Contractor are closely monitoring market conditions and supply chain impacts from COVID-19 to track and minimize risk, if any, to the schedule. As an example, current market conditions are contributing to longer lead times for structural steel.

Construction

Overall, the Owner's construction manager reported that 36.7 percent of the construction effort was completed against a planned 41.6 percent of the new baseline plan. Denham-Blythe construction activities through the Relevant Period include, but are not limited to, the following:

- Completed placement of concrete for structural foundation for the main transformer;
- Completed fire water tank and equipment foundations;
- Completed Building 504 preprocessing equipment foundations and trench drains;
- Completed deep foundation (auger piling) for ISBL and material handling silos;
- Completed installation of the first phase of Building 504 pipe rack steel;
- Continued setting and installation of raw material handling equipment;
- Completed setting of transformers and motor control centers for Building 504 "E-house";
- Completed erection of south dust collector;
- Completed installation of the main trunk of north dust collection ductwork;
- Continued installation of underground electrical ductbanks;
- Completed installation of site fire water distribution system;
- Continued painting of drywall in administrative area of Building 504;

- Continued rough-in of mechanical and electrical in Building 504;
- Continued installation of lighting in Building 504;
- Continued installation of electrical cable tray in Building 504;
- Completed installation of power distribution panels in Building 504;
- Completed setting of second and third auxiliary boilers in Building 509;
- Completed installation of Building 509 "E-House" roof structural steel and roof; and
- Continued installation of feedstock silos.

Our review of the construction activities indicates progress materially in support of Project objectives, even if lagging somewhat. The Owner is currently working with Denham-Blythe to address potential impacts, if any, to the critical path or the completion date.

Owner Activities, Off-Site and Interconnection Projects

The Owner's construction manager and the Owner provided updates covering the Owner's responsibilities and offsite and interconnection project activities on the Project. As of the end of the Relevant Period, the Owner reported that all permits required for the current phase of construction are in place and that permitting activities for the upcoming phases of the Project were progressing materially as planned. Work is progressing on obtaining the remaining permits. As previously reported, a tracking procedure has been implemented and is being tracked for schedule compliance.

ISBL Equipment Supply

As previously reported, the procurement process has begun and several schedule critical supply and fabrication subcontracts were awarded, including but not limited to, high-pressure vessels and extruders. Review of ISBL equipment supplier's drawings continued. Required interface coordination continued for the extruder and material handling. The design of the flare, knock-out drum and vent relief was completed. Placement of purchase orders to sub-suppliers for material and equipment continued. Fabrication of module structural steel continued. The Owner reported that progress was materially on schedule, if lagging somewhat. The Owner also reported that to mitigate any potential delays in deliveries, options being explored include, but are not limited to, adding a second shift at the fabrication shop and executing certain installation activities and/or field fabrication in lieu of the activities being performed at the fabrication shop.

Pre-processing Equipment Supply

The pre-processing equipment supplier's engineering and design activities were nearing completion as was the development of the operations and maintenance ("O&M") manuals. Receipt of the pre-processing equipment and components continued during the Relevant Period. During the visit, it was observed that various preprocessing equipment was set and installation was in progress under the oversight of the supplier's representative.

Material Handling Equipment Supply

The material handling equipment supplier continued with the development of their portion of the rail load out system, the development of the finished material handling and the development of the ISBL waste streams and bi-product conveyance system. Coordination with extrusion equipment in Building 610 continued as did the fabrication of the raw material handling and storage systems. Delivery of feedstock silos and conveyance system components continued as did installation of silos and silo internals. Setting of raw material equipment commenced during the Relevant Period.

Degassing Equipment Supply

As previously reported, the degassing equipment supplier reported that engineering was complete as was fabrication. Delivery of degassing system components is also complete.

Interconnections

The Owner previously reported that the natural gas line to the Facility was installed. Installation of the metering related foundations was completed and the gas metering skid was set. Installation of "point-of-distribution" items was completed as was the commissioning of the gas line to the boundary line.

As previously reported, the kick-off meeting with AEP was held on January 12, 2021 and regular progress meetings continue. Ordering of long lead substation equipment was completed. Construction commenced in November 2021 and is scheduled to be completed in March 2022. The civil sitework was completed as was the installation of the transformer foundation. The transformer was delivered and, during the site visit, was observed to have been set on its foundation.

The wastewater tie-in to the County system effort continued during the Relevant Period with the coordination of OSBL site connections. Installation of the wastewater pipeline along County Road 1A was completed during the Relevant Period.

Start-Up, Commissioning and Operations

The Owner reported that activities in support of start-up and commissioning of the Project were not scheduled to commence. Nevertheless, commissioning planning with regular coordination meetings is scheduled to begin in the first quarter of 2022.

The plant manager continued planning for the hiring of plant personnel and has established the required level of personnel as well as their duties. The training program and manuals are in development and certain process training commenced.

As previously noted, a number of plant personnel positions were to be filled by specific current Owner personnel. The Owner reported that transfer of the specific Owner personnel and hiring commenced with a total of 12 operators having commenced work.

Review of O&M manuals submitted to date by sub-suppliers continued.

Safety/Environmental/Permits

Safety and Environmental

The following items were reported through the Relevant Period:

- During the Relevant Period, the Owner's construction manager and Denham-Blythe reported there were no OSHA recordable incidents and no lost time incidents. Since the commencement of work at the Project Site, there was one recordable incident and no lost time incidents.
- The Owner reported that there were 30,057 manhours worked during the Relevant Period and 128,251 cumulative manhours worked through the end of the Relevant Period.

The Owner reported that COVID-19 trends continued to be monitored and that policies have been modified to reflect current Centers for Disease Control and Prevention ("CDC") guidelines. To date, there has been one reported case of COVID-19 on the construction site and no reported cases during the Relevant Period.

Permitting

Denham-Blythe continued to work with the Owner to secure the appropriate permits, certificates, notifications and approvals necessary to support the then-current phases of construction at the Project Site. Denham-Blythe is providing support to ensure overall compliance with applicable laws, regulations, permits and approvals.

The Owner and EPC Contractor reported that the following permitting activities were completed or continued through the Relevant Period:

- Continued to implement and monitor the stormwater pollution prevention plan ("SWPPP") at the Facility Site;
- Completed vendor submittals to OEPA for the WWPTS permit-to-install;
- Submitted fire pumphouse and process building information to the Lawrence County building inspector for "shell" building permit approval;
- Received building permit for the fire pumphouse; and
- Continued working on the building permits and obtaining those permits required for the current phase of construction.As previously reported, Denham-Blythe finalized the SWPPP plan for construction. The SWPPP plan identified the Best Management Practices ("BMPs") that were to be installed prior to disturbing the Facility Site. These BMPs will be maintained until the SWPPP permit is closed.

The Owner reported that all necessary permits required for the current construction activities have been or are being secured. The Owner also reported that the required activities for the air permit modifications are nearing completion. The modifications are associated with material handling and purification.

Quality Assurance

As previously reported, Denham-Blythe, in cooperation with the Owner, developed a detailed quality surveillance plan for the Project which will be updated, as required, to address any additional quality surveillance required for the then-current phase of construction. As part of the execution of the Project, each supplier and contractor is required to submit a copy of their quality control plan to the Owner.

During the Relevant Period, the Owner reported no material quality assurance issues. Denham-Blythe reported that the required compaction testing of subgrade installation and backfilling continued as did the concrete sampling and gathering of test cylinders. Inspection of structural steel connection welding and torquing of bolts continued. As previously reported, a nonconformance report ("NCR") was issued related to a Building 507 sprinkler system design and installation item. The NCR was dispositioned, and is in the close-out process.

Schedule

Table 2 displays key Project milestone dates. No key Project milestone were scheduled or achieved during the Relevant Period.

Table 2
Key Project Milestone Dates (1)

Key Event	Planned Date (1)	Forecasted/ Actual Date (2) (3)
ISBL Equipment Supplier Delivery Schedule		
Stair and Pipe Rack Modules Arrive at Site	December 13, 2021	April 22. 2022
Non-Long Lead Vessel Modules Arrive at Site	May 12, 2022	April 22, 2022
Long Lead Vessel Modules Arrive at Site	June 1, 2022	June 21, 2022
Packaged and Ship Loose Equip. Arrive at Site	June 22, 2022	September 15, 2022 (4)
Construction Contract Schedule		
Issue OSBL Major Equip. Purchase Orders	October 7, 2020	October 7, 2020 (A)
OSBL Construction Start	November 30, 2020	November 30, 2020 (A)
Start Initial Earthwork (Mass Grading)	January 7, 2021	January 15, 2021 (A)
Start Site Utilities – Natural Gas, Water, Sewer	February 11, 2021	April 28, 2021 (A)
Start Degassing Equipment Installation	January 10, 2022	April 28, 2022
Start Raw Material Handling Equip. Installation	September 2, 2021	September 13, 2021(A)
Start Finished Material Handling Equip. Installation	October 20, 2021	December 8, 2021
OSBL Mechanical Completion – Phase A	January 10, 2022	April 18, 2022
OSBL Substantial Completion – Phase A	February 11, 2022	May 9, 2022
Start Packaged Equipment Module Setting	June 27, 2022	May 16, 2022
All Modules Set and Leveled	August 4, 2022	August 9, 2022
OSBL Mechanical Completion – Phase B	July 14, 2022	August 11, 2022
OSBL Substantial Completion – Phase B	July 21, 2022	August 11, 2022
All Modules Installed and Interconnected	August 31, 2022	August 24, 2022
Detail ISBL Integration with OSBL Complete	August 31, 2022	September 21, 2022 (4)
Start Hot Commissioning	September 11, 2022	September 7, 2022
OSBL Mechanical Completion – Phase C	September 11, 2022	September 30, 2022
OSBL Substantial Completion – Phase C	November 26, 2022	November 30, 2022
ISBL Mechanical Completion	October 17, 2022	October 19, 2022
Start Performance Testing	November 20, 2022	November 24, 2022
Commercial Plant Producing Final Product	December 1, 2022	December 1, 2022

1) Original baseline dates.
2) An (A) after a date indicates an actual date or completed activity.
3) From October 2021 Monthly Construction Schedule
4) Delay is driven by one heat exchanger (E-710). Other items are on schedule.

As mentioned above, a new baseline schedule was established at the end of June 2021 maintaining the contractual dates. The Owner and Denham-Blythe reported that the Project's summary critical path is

through ISBL design, procurement, delivery, installation, commissioning, and start-up. The installation of the process building itself has become near critical.

The Owner reported several items that have or are delaying the critical or near critical activities. These items include, but are not limited to, the project safety management effort requiring significantly more time than planned and supply chain issues causing the preprocessing equipment to be delivered late and significantly longer lead times for structural steel.

The Owner has developed contingency plans utilizing concurrent work on site and an additional shift at the module fabrication facility as well as executing certain installation activities and/or field fabrication in lieu of the activities being performed at the fabrication shop. Furthermore, the Owner is in schedule mitigation discussions with Denham-Blythe which include, but are not limited to, additional shifts, a six-day work week and, as mentioned above, certain field fabrication to expedite deliveries. We also note that, to date, the Owner has not accepted any changes regarding modifications to contractual schedule dates and that there has been no material variance to the critical path from the original contract schedule.

The above mentioned mitigation options, when agreed, will be incorporated into the schedule and a new baseline will be established. The "freezing" of the new baseline is scheduled, at this time, for January 1, 2022.

Change Orders

There were no COs approved or finalized by the Owner with Denham-Blythe or major equipment suppliers during the Relevant Period. Table 3 shows approved COs under the EPC Contract and major equipment supply contracts through the end of the Relevant Period. The total out-of-scope cost approved and/or pending under the EPC Contract and major equipment supply contracts as of the end of the Relevant Period was approximately $16,601,965 of which Contingency will fund $8,458,283, the Sponsor has funded $3,264,184 and $4,879,498 is being funded by Budgeted Allowances and realized savings.

As previously noted, PCT has identified additional COs which are supply chain related due to COVID-19 and a Project de-risking activity that allows PCT to process higher levels of solids and polyethylene in the feedstocks. These potential COs are in the range of $30,000,000 to $40,000,000 and will be paid for by PCT with existing funds and not by the Project.

Table 3
Construction Contract Approved and Pending Change Orders

Item No.	Contract/Area	Cost Impact	Schedule Impact	Status
1	Total ISBL Equipment Supply (1)	$ 4,145,708	None	Approved
2	Total EPC Contract (1)	11,552,614	None	Approved
3	Material Handling	754,286	None	Approved
4	Pre-processing Equipment (2)	155,880	None	Approved
5	Degassing Equipment Contract (1) (2)	(6,523)	None	Approved
	Total	$16,601,965		

1) Various COs.
2) Approximate conversion from Euros.

Summary of Cost and Contingency

Subsequent to the Relevant Period, the Borrower submitted the Borrower's Requisition for Payment Certificate dated December 17, 2021 (the "Construction Requisition") covering work completed during November 2021.

The budget and expenditures, as presented by the Owner are:

Table 4
Facility Budget and Expenditures through the Relevant Period (1)

Cost Category	Facility Budget (1)	Payments Made to Date	Pending (2)	Remaining Budget
Facility Costs (3)	$ 242,079,604	$ 114,926,523	$7,608,085	119,543,632
Financing Costs	99,809,918	33,242,448		66,567,470
Capitalized Interest Reserve (4)	55,723,700	11,948,446		43,775,254
Debt Service Reserve (5)	20,987,800			20,987,800
Letter of Credit (6)	1,830,000	1,830,000		0
Cost of Issuance (7)	21,268,418	19,464,002		1,804,416
Development Costs (8)	55,735,603	55,735,603		
Total	$397,625,125	$203,904,575	$7,608,085	$186,112,465

1) "Facility" refers to the production facility located in Ironton, Ohio and referred to by PCT as "Plant 1".
2) Current Requisition.
3) Facility Costs include: engineering, procurement of certain materials, construction costs, program management, inspections and testing and other various required elements for cost to complete the Facility.
4) Capitalized Interest Required Reserve represents future interest payments through December 1, 2023.
5) Debt Service Required Reserve represents a portion of debt service required to be in reserve.
6) Letter of Credit ("LOC") is related to an LOC for the Facility and is included in restricted cash on the PCT balance sheet. The current LOC is $2,110,000 with a currently estimated spending of $280,000 of full amount.
7) Cost of Issuance represents remaining reimbursable costs for engineering reviews, legal fees, etc.
8) Development Costs include: cost to construct the FEU, land purchases and other development related expenses.

We note that the total Facility budget includes $21,153,011 of construction contingency. Cumulative Project expenditures reported by the Borrower (including the Construction Requisition above) were $211,512.660. Through the Relevant Period, net allocation of contingency and allowances was reported to be $8,458,283. We note that although this amount was allocated, the funding of contingency remains at the required $21,153,011 level.

Miscellaneous

The Owner reported that COVID-19 trends continued to be monitored and that policies have been modified to reflect current CDC guidelines. To date, there has been one reported case of COVID-19 on the construction site.

Although procurement is tracking materially on schedule, the Owner reported that they and the EPC Contractor are closely monitoring market conditions and supply chain impacts from COVID-19 to track and minimize risk, if any, to the schedule. As an example, current market conditions are contributing to longer lead times for structural steel.

Areas of Concern

Procurement and construction are tracking somewhat behind but are materially on schedule and the Owner reported that they and the EPC Contractor are closely monitoring market conditions and supply chain impacts from COVID-19 to track and minimize risk, if any, to the schedule. As an example, current market conditions are contributing to longer lead times for structural steel.

The Owner has developed contingency plans utilizing concurrent work on site and an additional shift at the module fabrication facility as well as executing certain installation activities and/or field fabrication in lieu of the activities being performed at the fabrication shop. Furthermore, the Owner is in schedule mitigation discussions with Denham-Blythe which include, but are not limited to, additional shifts, a six-day work week and, as mentioned above, certain field fabrication to expedite deliveries. We also note that, to date, the Owner has not accepted any changes regarding modifications to contractual schedule dates and that there has been no material variance to the critical path from the original contract schedule.

Photographs

Photographs included in Attachment 1 were taken on December 9, 2021.

Attachment 1: Photographs

Figure 1: Installation of Preprocessing Equipment in Building 504

Figure 2: Installation of Dust Collector and Duct at Building 504

Figure 3:Transformer Set on Foundation

Figure 4: Installation of Building 504 "E-house" Electrical Switchgear

Figure 5: Dress-out of Building 509 "E-House"

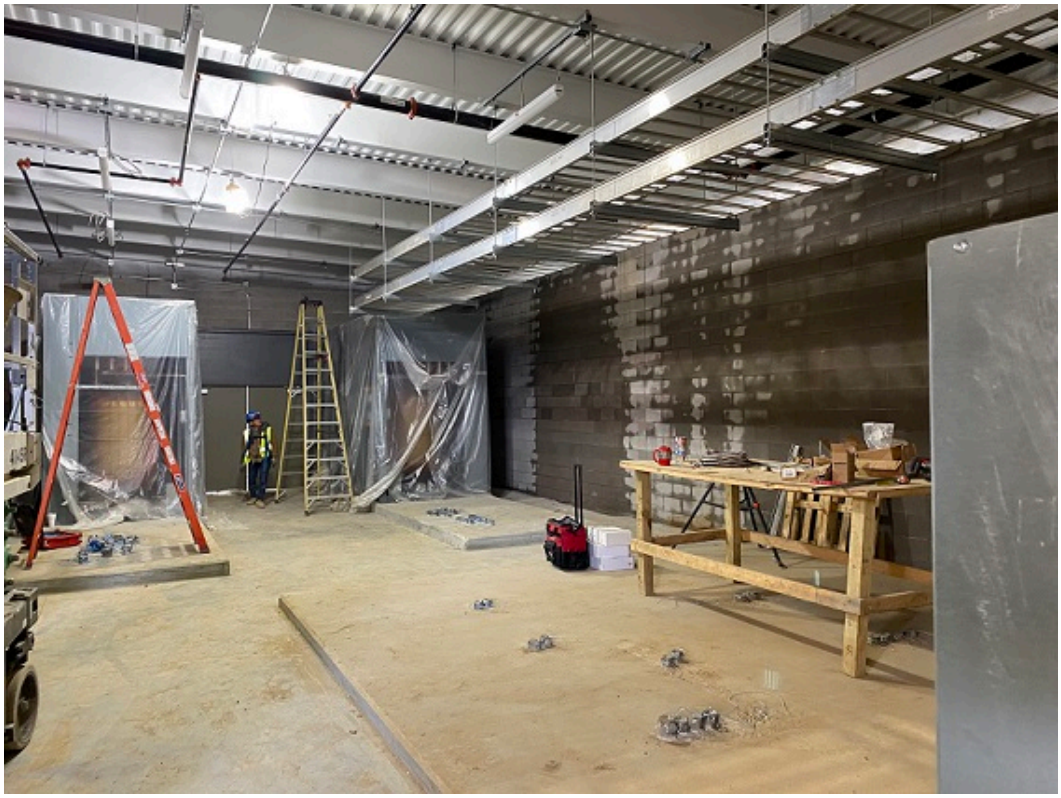


Figure 6: Installation of Auxiliary Boilers in Building 509