



December 14, 2020

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
October through November 2020 Project Status Report**

Dear 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, 2020 (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"), ISBL equipment supplier, Denham-Blythe Company (the "Denham-Blythe") and other 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 an 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, ISBL equipment supplier and Denham-Blythe 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 commensurate with Project objectives.

The next monthly Project review meeting is scheduled for January 14, 2021 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

A handwritten signature in blue ink, appearing to read "Nicholas Drobot", is written over the company name.

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 (the “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 two month period ending November 30, 2020 (the “Relevant Period”). We visited the Project job site in Ironton, Ohio on December 10, 2020 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, on behalf of Denham-Blythe, presented detailed updates highlighting the progress of EPC activities under the Construction Contract. The Owner also reported on progress with regard to the ISPL equipment supply contract and the PureCycle supplied OSBL equipment.

The Project was reported to be materially on schedule. The ISBL equipment supplier, Denham-Blythe, material handling equipment supplier, pre-processing equipment supplier, and degassing equipment supplier engineering effort commenced with the issuance of a Notice to Proceed (“NTP”) to all parties. The ISBL equipment supplier was reported to have commenced procurement and awarded several schedule, critical supply and fabrication subcontracts. Denham-Blythe executed a demolition subcontract and construction is reported ahead of schedule. An earthwork bid package is currently in progress to support the start of mass grading before the end of the year. Construction commenced with Denham-Blythe’s mobilization on the site, including demolition and sitework has also begun a pre-qualification process for major 2021 work packages including process piping, mechanical, and electrical scopes of work. In summary, the Project is on schedule and within budget.

During the Relevant Period progress continued with the following efforts: primary contractor agreements executed, NTP issued, mobilization, planning and finalizing of plant safety studies in progress; permit activities continued and engineering kickoff meetings were conducted with the major contractors.

The Owner reported that the required activities to support the PureCycle Supplied OSBL Equipment continued materially on schedule to ensure timely coordination with ISBL and OSBL design.

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

Project Status

The Owner and Denham-Blythe have not yet reported the actual, target and guaranteed schedule progress percentage complete for engineering, procurement and construction activities. The schedule progress is shown in Table 1. Information in Table 1 has not yet been reported to Leidos. We will provide this information in a future Report when it is made available.

Table 1
Completion Progress – PureCycle Polypropylene Phase II Project ⁽¹⁾

Project Phase	November 2020 Target % ⁽²⁾	November 2020 Actual %	November 2020 Guaranteed % ⁽³⁾	October 2020 Actual %
Engineering	NR ⁽⁴⁾	NR	NR	NR
Procurement	NR	NR	NR	NR
Construction	NR	NR	NR	NR
Start-Up	NR	NR	NR	NR
Weighted Total	NR	NR	NR	NR

1) All progress is shown in percent ("%") unless noted.

2) The "target" percentage complete represents the early plan, which assumes that: all activities are started and completed as early as possible; there are no delivery delays; and no unforeseen challenges to the Project.

3) The "guaranteed" percentage complete represents the late plan, which is based on late start and late finish dates, and represents the minimum progress needed to maintain the schedule and achieve the Guaranteed Substantial Completion Dates.

4) Not reported ("NR").

EPC Contract Activities

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

Engineering

The Owner reported that detailed engineering coordination meetings are taking place on a weekly basis for the ISBL equipment supplier and Denham-Blythe, and a bi-weekly basis for the degassing equipment supplier, pre-processing equipment supplier, and the material handling equipment supplier. The ISBL equipment supplier, Denham-Blythe, the material handling equipment supplier, and the Owner participated in three 90-minute coordination meetings specific to material handling interfaces with the ISBL systems.

ISBL equipment supplier's engineering activities through the Relevant Period include, but are not limited to, the following:

- ISBL equipment supplier initial engineering kickoff meeting was held on October 16, 2020;
- Started to develop project flow diagrams ("PFDs"), process and instrumentation diagrams ("PIDs") and equipment specifications; and
- Developing the general arrangement drawings for its scope.

Denham-Blythe's engineering activities through the Relevant Period include, but are not limited to, the following:

- Denham-Blythe's initial engineering kickoff meeting was held on October 22, 2020;
- Completed demolition plans;
- Started to develop PFDs, PIDs and equipment specifications; and
- Developing the general arrangement drawings for its scope.

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

Procurement

Because neither the Owner or major contractors have provided Leidos specific information on procurement activities, this information will be reviewed in a future Report as it becomes available.

The ISBL equipment supplier has begun the procurement process and awarded several schedule, critical supply and fabrication subcontracts.

Denham-Blythe executed a demolition subcontract and construction is reported ahead of schedule. An earthwork bid package is currently in progress to support the start of mass grading before the end of the year. Denham-Blythe has also begun a pre-qualification process for major 2021 work packages including process piping, mechanical, and electrical scopes of work.

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

Construction

Currently construction activities consist of mobilization planning. Denham-Blythe has made several site visits to aid in further development of their site logistics plan. Denham-Blythe mobilized to the site in November 2020 and started demolition and site clearing activities.

Denham-Blythe construction activities through the Relevant Period include, but are not limited to, the following:

- Prospective subcontractor site walk for demolition scope of work;
- Coordination with the utility company;
- Prepared temporary facilities including job site trailer;
- Commenced demolition;
- Coordination with Americas Styrenics ("Amsty"); and
- Prequalification for major site subcontractors.

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

Off-Site and Interconnection Projects

The Owner's construction manager and the Owner provided updates covering the offsite and interconnection project activities on the Project.

Owner Activities

As of the end of the Relevant Period, the Owner reported that permitting activities for the current phase of the Project were progressing materially as planned. Work is progressing on obtaining the remaining permits. A tracking procedure has been implemented and is being tracked for schedule compliance.

Pre-processing Equipment Supply

The pre-processing equipment supplier's initial engineering kickoff meeting was held on October 14, 2020. The pre-processing equipment supplier is reported to be working on PID, PFD and general arrangement documents. An engineering submittal package is expected to be submitted in January 2021.

Material Handling Equipment Supply

The material handling equipment supplier's initial engineering kickoff meeting was held on October 15, 2020. The focus in November for the material handling equipment supplier has been front-end systems that convey raw materials from the pre-processing equipment supplier's pre-processing equipment to storage silos. The material handling equipment supplier has also been engaged in coordination with the ISBL equipment supplier for waste handling systems and with degassing equipment supplier for the inlets and outlets. The first round of engineering submittals from the material handling equipment supplier is expected to be submitted in December 2020.

Degassing Equipment Supply

The degassing equipment supplier's initial engineering kickoff meeting was held on October 12, 2020. The degassing equipment supplier is reported to be generating engineering documents and is expected to have the first engineering submittal in December 2020. Through coordination meetings and early document reviews, the degassing equipment supplier has been reported to be able to start releasing materials for fabrication.

Interconnections

The Owner has not provided Leidos specific information on interconnection activities. We will provide this information in a future Report when it is available.

Start-Up and Commissioning

The Owner reported that activities in support of start-up and commissioning of the Project have not yet commenced.

Safety/Environmental/Permits

Safety and Environmental

The following items were reported through the Relevant Period:

- The Owner reported that a Facilities Siting Assessment that includes a blast consequence analysis and a quantitative risk assessment is currently in progress. The results of these activities will identify risks as well as means for mitigation that will be incorporated into detailed engineering to

ensure safe operations. The Owner anticipates that the initial Facilities Siting Assessment will be concluded by mid-December 2020.

- The Owner reported that a Process Hazard Analysis/Hazard and Operability Study ("PHA/HAZOP") has previously been conducted for most of the ISBL scope. The Owner has communicated to all major suppliers and engineering teams that a PHA needs to be conducted for the OSBL scope of work once PID documents are generated. The OSBL PHA is tentatively scheduled for January 2021.
- The Owner reports that it continues to monitor trends regarding the COVID-19 pandemic and that it has a COVID-19 policy that remains in effect regarding site activities. Additionally, Denham-Blythe has implemented a COVID-19 policy for onsite construction activities that includes a daily employee screening and reporting procedure for construction personnel. Currently, the Owner reports there are no identified impacts to the progress of the Project due to COVID-19.
- 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 were no recordable incidents and no lost time incidents.

Permitting

Denham-Blythe continue 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 reported that it completed or continued the following permitting activities through the Relevant Period:

- Submitted the stormwater pollution prevention plan ("SWPPP") at the Facility Site and will implement the plan prior to mass grading starting late December 2020; and
- Continued working on the building permits.

Denham-Blythe finalized the SWPPP plan for construction. The Owner reported that Denham-Blythe submitted a Notice of Intent to the Ohio Environmental Protection Agency ("OEPA"). The SWPPP plan identified the Best Management Practices ("BMPs") to be installed prior to disturbing the Facility Site. These BMPs will be maintained until the SWPPP permit is closed. Denham-Blythe will keep a maintenance and inspection log at the Facility Site.

Denham-Blythe is responsible for construction permit applications. Currently there are no permits under review by the Authority Having Jurisdiction ("AHJ"). The Owner anticipates that construction documents will be ready to submit for AHJ review late 2020/early 2021 for foundation activities. The Owner reported that a coordination kickoff meeting with the local code official was held early November.

The Owner reports that the final work on a number of air permits associated with material handling and purification are awaiting equipment manufacturer submittal and emission information. The Owner reports that the wastewater pretreatment permit and several building permits are awaiting equipment manufacturer submission information.

Quality Assurance

The Owner's construction manager, in cooperation with the Owner, is developing a detailed quality surveillance plan for the Project. As part of execution of the Project, each supplier and contractor will be required to submit a copy of their quality control plans to the Owner. The Owner reported that it will be soliciting proposals for construction inspections and testing as required by code, with an award anticipated by the end of December 2020.

During the Relevant Period, the Owner reported no material quality assurance issues.

Schedule

Table 2 displays key Project milestone dates. A key Project milestone, NTP under the ISBL Equipment Supply Contract, the Construction Contract, and the PureCycle Supplied OSBL Equipment was 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	January 28, 2022
Non-Long Lead Vessel Modules Arrive at Site	May 12, 2022	May 12, 2022
Long Lead Vessel Modules Arrive at Site	June 1, 2022	June 1, 2022
Packaged and Ship Loose Equip. Arrive at Site	June 22, 2022	June 22, 2022
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
Start Site Utilities – Natural Gas, Water, Sewer	February 11, 2021	March 2, 2021
Start Degassing Equipment Installation	January 10, 2022	March 22, 2022
Start Raw Material Handling Equip. Installation	September 2, 2021	January 18, 2022
Start Finished Material Handling Equip. Installation	October 20, 2021	October 20, 2021
Start Module Setting and Leveling	December 14, 2021	January 29, 2022
OSBL Mechanical Completion – Phase A	January 10, 2022	May 31, 2022
OSBL Substantial Completion – Phase A	February 11, 2022	June 28, 2022
All Modules Set and Leveled	June 22, 2022	June 22, 2022
OSBL Mechanical Completion – Phase B	July 14, 2022	July 14, 2022
OSBL Substantial Completion – Phase B	July 21, 2022	July 21, 2022
All Modules Installed and Interconnected	August 31, 2022	August 31, 2022
Detail ISBL Integration with OSBL Complete	July 30, 2022	August 31, 2022
Strat Hot Commissioning	September 11, 2022	September 11, 2022
OSBL Mechanical Completion – Phase C	September 22, 2022	September 22, 2022
OSBL Substantial Completion – Phase C	November 26, 2022	November 26, 2022
ISBL Mechanical Completion	October 17, 2022	October 17, 2022
Start Performance Testing	November 20, 2022	November 20, 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 November 2020 Monthly Construction Report

Change Orders

There was one change order ("CO") approved by the Owner with ISBL equipment supplier and Denham-Blythe during the Relevant Period to cover out-of-scope costs. Table 3 shows approved COs under the ISBL Equipment Supply Contract and the Construction Contract through the end of the Relevant Period. The total out-of-scope cost approved under the ISBL Equipment Supply Contract and the Construction Contract as of the end of the Relevant Period was \$0.

Table 3
Construction Contract Approved Change Orders

CO No.	Description	Approval Date	Cost Impact	Schedule Impact	Status
1	Incorporation of preliminary hazard assessment items less item 84	TBD ⁽¹⁾	\$112,958	None	
	Total		\$112,958		

1) To be determined ("TBD").

Summary of Cost and Contingency

The budget status, as of the end of the Relevant Period, reflects the Borrower's Requisition for Payment Certificate dated December 8, 2020 for a December 10, 2020 funds transfer (the "Construction Requisition") covering work completed during November 2020. The budget presented in the Owner's progress report is \$397,625,124, including \$21,153,011 in construction contingency. Cumulative Project expenditures reported by the Borrower (including the Construction Requisition above) were \$95,605,517. Through the Relevant Period, no net use of contingency has been reported.

Miscellaneous

The ISBL Utility requirement is a critical deliverable due from the ISBL equipment supplier on January 26, 2021. While it is currently on track and is at 80 percent, it is not complete. Weekly meetings with the Owner are monitoring progress. Liquidated damages on utility requirements can be drawn on February 7, 2021.

Areas of Concern

None at this time.

Photographs

Photographs included in Attachment 1 were taken on December 10, 2020 or are existing site condition photos provided by the Owner.

Attachment 1: Photographs

Figure 1: Commencement of Demolition



Figure 2: Demolition Progress



Figure 2: Site Overview looking North



Figure 3: Site Overview looking East

