



January 20, 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
December 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 December 31, 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"), the 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, the 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 February 11, 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



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 period ending December 2020 (the “Relevant Period”). We visited the Project job site in Ironton, Ohio on January 14, 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 and 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. As previously reported, the ISBL equipment supplier, Denham-Blythe, material handling equipment supplier, pre-processing equipment supplier, and the degassing equipment supplier engineering effort commenced with the issuance of a Notice to Proceed (“NTP”) to all parties. The ISBL equipment supplier continued engineering activities including the development of the utility load requirements and the 3D Model. The ISBL equipment supplier was also reported to have continued procurement and awarded items such as the high-pressure vessels and the extruder. Denham-Blythe continued engineering activities including development of a civil drawing package and an enclosure package for the existing buildings. Denham-Blythe also continued demolition and relocation activities, executed a mass grading subcontract and mobilized same. In summary, the Project appears to be on schedule and within budget.

The Owner reported that the required activities to support the PureCycle Supplied OSBL equipment by the material handling equipment supplier, the pre-processing equipment supplier, and the degassing equipment supplier 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	December 2020 Target % ⁽²⁾	December 2020 Actual %	December 2020 Guaranteed % ⁽³⁾	November 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, the 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 degassing equipment supplier, pre-processing equipment supplier, and material handling equipment supplier. The ISBL equipment supplier, Denham-Blythe, the material handling equipment supplier, and the Owner continued to coordinate information exchange 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:

- Continued to develop process flow diagrams ("PFDs"), piping and instrumentation diagrams ("PIDs") and equipment specifications;
- Continued to develop general arrangement drawings;
- Continued the 3D Modeling effort;
- Continued to develop the utility load requirements; and
- Completed piping specifications.

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

- Continued finalizing plant safety studies, including the process hazard analysis ("PHA") and hazard and operability ("HAZOP") studies;
- Commenced fire risk analysis tasks;
- Development of civil drawing package was nearing completion;
- Completed development of enclosure package for existing Buildings 504 and 507;
- Continued to develop PFDs, PIDs and equipment specifications; and
- Continued to develop the general arrangement drawings for its scope.

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

Procurement

The ISBL equipment supplier has begun the procurement process and awarded several schedule, critical supply and fabrication subcontracts, including but not limited to high-pressure vessels and extruders.

Denham-Blythe executed an earthwork subcontract to support the start of mass grading. Development of a bid package for the OSBL utility equipment continued. Denham-Blythe also continues 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

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

- Mobilized mass grading subcontractor;
- Continued coordination with the utility company;
- Completed installation of temporary facilities;
- Commenced site clearing activities;
- Continued demolition activities;
- Continued coordination with Americas Styrenics ("Amsty") on relocation of the 12 kV electrical line and other items; and
- Completed relocation of Amsty cathodic protection from the Facility site.

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

As previously reported, the pre-processing equipment supplier's initial engineering kickoff meeting was held on October 14, 2020. The pre-processing equipment supplier completed and issued a preliminary engineering package which included PIDs, PFDs and general arrangement documents.

Material Handling Equipment Supply

As previously reported, the material handling equipment supplier's initial engineering kickoff meeting was held on October 15, 2020. The material handling equipment supplier completed the engineering for raw material storage systems and issued preliminary PIDs. The material handling equipment supplier continued coordination with the ISBL equipment supplier for waste handling systems and with the degassing equipment supplier for the inlets and outlets.

Degassing Equipment Supply

As previously reported, the degassing equipment supplier's initial engineering kickoff meeting was held on October 12, 2020. The degassing equipment supplier completed and issued a preliminary engineering package which included PIDs, PFDs and general arrangement documents. Through coordination meetings and early document reviews, the degassing equipment supplier has been reported to be able to release certain materials for fabrication.

Interconnections

The Owner reported that the natural gas line to the Facility was being installed. Installation activities were observed at the time of the visit.

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:

- Material suspected to be vermiculite was found in the walls of an existing building being renovated. This material was tested and concentrations were confirmed to be under the United States Environmental Protection Agency ("EPA") limits of being considered material containing asbestos and requiring special disposal.
- 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:

- Continued to implement and monitor the stormwater pollution prevention plan ("SWPPP") at the Facility Site;
- Continued working on the building permits; and
- Continued required activities for the air permit modifications as needed.

As previously reported, Denham-Blythe finalized the SWPPP plan for construction. The SWPPP plan identifies 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.

The Owner reported that all necessary permits required for the current construction activities have been secured. The Owner also reported that the required activities for the air permit modifications are in progress and are on schedule. The modifications are associated with material handling and purification and are awaiting equipment manufacturer submittals and emission 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 the execution of the Project, each supplier and contractor will be required to submit a copy of their quality control plans to the Owner.

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

Schedule

Table 2 displays key Project milestone dates. No key Project milestone were achieved or scheduled to be 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

Although the detailed schedule is not yet complete, the Owner and Denham-Blythe reported that the Project's summary critical path is though ISBL design, procurement, delivery, installation, commissioning, and start-up. The Owner also reported that, to date, there has been no variance to the critical path from the original contract schedule.

Change Orders

There were no change orders ("COs") approved by the Owner with the ISBL equipment supplier or 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 \$112,958.

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 January 6, 2021 for a January 11, 2021 funds transfer (the "Construction Requisition") covering work completed during December 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 \$107,477,127. 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 nearing completion, 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 January 14, 2021 or were provided by the Owner.

Attachment 1: Photographs

Figure 1: Completed Temporary Construction Fence



Figure 2: Installation of Fuel Gas Line to Facility



Figure 3: Demolition in Building 504



Figure 4: Demolition of Existing Foundations



Figure 5: Mass Grading Progress



Figure 6: Feedstock Evaluation Unit

