DustBoll Technologies LLC

October 19, 2024

Construction Monitor Report for September 2024

Trustee: UMB Bank, N. A.

Company: WI RNG Hub North, LLC

Bond Issuer: Town of Gillett, Wisconsin

Subject: **Construction Monitor's Report for September 2024**
WI RNG Hub North, LLC's Wisconsin RNG Project
6613 Mueller Hill Rd.
Gillett, WI 54124

Introduction:

Presented herein is the report of Construction Monitor to provide construction update to Trustee, Company, and Bond Issuer on all aspects of construction as specified in the Loan Agreement and Continuing Disclosure Agreement. The construction update is based upon discussions and reports generated by P&E Solutions, the company's engineering, procurement and construction firm and the project company along with onsite meetings and site overview.

The main focus of this report is the overall construction schedule and overall budgeted costs. In review, "First Gas" was achieved August 21, 2023. Substantial Completion was not achieved in September 2024, with a new projected target of December 2024. As discussed in previous reports, Vilter has modified both raw gas compressors to deliver sufficient raw gas for facility to produce at the designed Renewable Natural Gas rates without operating above standard motor speed of 3600 RPM. However, none of the repaired or new Siemens motors built in Guadalajara Mexico and supplied to WI RNG North's facility will operate at full speed of 3600 RPM, let alone the original design of up to 4000 RPM, without tripping due to vibrations developed internal to the motors. Therefore, ABB, who purchased Siemens' low voltage motor division in 2022, will supply two new motors built in their legacy plant in Finland. ABB has suspended production of these size and type of motors at Guadalajara facility until further engineering review. While the original delivery of these two new motors was scheduled for early October, small production delays have pushed the delivery to late October.

As noted in previous reports, the facility purchased a second Variable Frequency Drive so both raw compressors may be operated simultaneously in parallel to provide enough flow, at lower motor speeds, to slowly ramp up production to design rate of 470 MMBtu/day. The facility operated steadily throughout the entire month, producing 360 to 463 MMBtu of RNG every day. With both raw gas compressors up and running in parallel, the facility is continuing to work through a new program to operate both compressors simultaneously without causing Air Liquide system to go into recycle mode, reducing RNG production.

For September, 12,712 MMBtu was produced with the best 7-day average of 439 MMBtu per day, similar to last month. By the end of September, the facility has produced 132,728 MMBtu of RNG which is still being banked and stored per offtake agreement till California Air Resource Board's ("CARB") Low Carbon Fuel Standard ("LCFS") approval of previously sent LCFS application has been received. Data collection for LCFS is continuously collected at the site. The current total volatile solids sent to the digester exceeded the original design and raw biogas produced also continues to exceed original design.

Current RNG production progress:

The digesters are continuing to receive 100% of the flow from Zahn's. Manure flow and quality continue to exceed original design specifications, producing raw biogas above original design with excess going to flaring systems.

Similar to last month, the remaining "First Gas" punch list items required to be completed prior to "Substantial Completion" (Per previous reporting, substantial progress on remaining items to be completed once testing completed):

- Item #7: Close out project documentation, including "as built" drawings:
  - When final testing is complete, final drawings will be issued.
  - Final drawings for Manure & Fiber Building updated "as is."
- Item #10: Final grading and landscaping clean up:
  - Will be completed after successful completion of process testing.
  - Seeding will be completed this Spring.
- Item #12: Fire protection system completed and assessed:
  - Project is waiting on software to load into camera system as part of this line item.
  - System operational but has not been formally evaluated and signed off by owner.
- Item #41: Remove temporary electrical for construction office, final grounding around fiber building and final cleanup of electrical installation:
  - Demobilization item.
- Item #42: Gas piping coating, labels and tags for equipment and Thermal oxidizer needle valve and programming:
  - Gas piping complete.
  - Thermal Oxidizer valve and programming complete.

  - Equipment labels and tags ~95% complete. Needs to walk through and sign off with owner.
  - Final demobilization item.
- Item #43: Final resolution of elevation and grading between wastewater ponds and fiber building:
  - Not complete. **General grading around pads, parlour and farm access areas completed as noted in item #38. This item needs to be agreed upon between owners and dairy.**
  - Completion may require an "as built" survey of all roads and appurtenances prior to a final resolution.

The remaining items will be completed as time and weather permit. The testing needs to start so that the balance of these items may be completed by the contractor and signed off by the owners.

Critical or Key Items in September:

- Facility was able to start and operate both raw gas compressors in parallel. Tuning to prevent Air Liquide skids from going into recycle is progressing.
- The second upgraded Vilter compressor has been installed.
- Facility continues to run well, albeit below original design as noted.
- Facility produced a best 7-day average of 439 MMBtu/day or 93% of design with a peak production day 463 MMBtu/day. While this production is a slight reduction from previous months, the facility shows it can deliver solid steady production on a daily basis over an extended time period.
- The DVO digesters continue to produce raw biogas at rates over the design specifications.
- The DVO digesters successfully digest 100% of the manure produced by the dairy.

Project Safety:

<u>Zero</u> OSHA recordable or Lost Time Accident was reported in September.

Environmental and Permitting (No updates for September):

The owner team continues to be in contact with WDNR to provide appropriate notifications and receive approval for venting raw gas during start up period. The thermal oxidizer works well in fully automatic mode, however raw gas is still vented from digester relief valves occasionally. Proper notifications for gas use and operational dates have been submitted to WDNR.

The requirements for continuously monitoring raw biogas are changing with October 2024 target. The biogas will need to be monitored continuously for quality as produced. Facility currently uses a BIOGAS 3000 chromatographic analyzer for RNG quality so owner will install similar unit in the raw gas leaving the digester to continuously monitor methane, oxygen, carbon dioxide and hydrogen sulfide levels.

The facility has previously received Quality Assurance Plan ("QAP") approval for generation of RINS.

Final Low Carbon Fuel Standard pathway has been submitted and is awaiting final approval. Target date of approval is estimated in July-August.

Construction progress in September and plans for October/November:

- Programmers will continue to tune system and ramp up production with both raw gas compressors operating in parallel the push the Air Liquid system as the DVO digesters continue to produce raw gas over design rates.
- The new ABB motors, manufactured in Finland at ABB's legacy facility will be installed upon arrival, now scheduled for late-October.

Engineering and Procurement for October:

ABB will supply two new motors built in Finland with a scheduled arrival of late-October.

Change Orders: (No additional information for September)

- Changing orders #1 through #4 resulted in a total contract price of $37,585,029.
- Change order #5 was approved for $32,648 and includes:
  - $15,535 for Pressure Relief Valve ("PSV") repair on final compressor supplied by ANGI.
  - $17,113 for Zahn's barn #1 tie-in.
    - Originally, barn #1 tied into barn #2 and on towards the project's manure receiving pit. Barn #1's original line was plugged and damaged. Zahn's replaced damaged portion, but the new line required additional tie point into the project's system.
- With Change Order #5, the total contract price is **$37,617,677.**
- **Possible additional change order:** As reported a few months previously, the owners considered additional funds to provide a gravity overflow from the project's incoming manure mixing pit to the farm's wastewater pond #3 which will provide emergency overflow relief. Engineering was working on feasibility and specifics. In the event of the failure of multiple systems and backup controls, this line would keep manure from spilling onto the main farm internal road. However, at this time, discussions have not advanced concerning feasibility of installation, value of additional backup system, or the cost of installation.

Project critical dates: (New estimates based upon completed installation of new motors from ABB's Finland manufacturing plant in late-October.)

Schedule:	Updated/Actual Project Working Schedule	Original Schedule
First Gas	**08/21/2023**	02/27/2023

Substantial completion	**11/01/2024**	03/31/2023
Performance testing completion	**11/30/2024**	04/28/2023

The First Gas date is the actual date of certificate. Performance testing, 28-day, targeted to be initiated in November 2024. The 3-day capacity testing may begin during or immediately following completion 28-day testing.

Invoices paid for September:

No invoices were paid in August from construction accounts.

Environmental:

Owner and EPC contractor are in discussions concerning construction invoices from April forward so all additional payments will be deferred till consensus between owner and contractor. The payment shown will allow owner to continue any maintenance and repair moving forward on ANGI final RNG compression system.

Discussion of Remaining Costs and Project Funds (No changes from last month):

Invoice will be paid this month as noted. The contractor and owner will discuss monthly and agree on any future payment to construction account which may include smaller subcontractor invoices while retaining invoices from larger system suppliers which have not successfully demonstrated the performance of their systems. The total invoices paid to date, including the above list is **$35,326,804.18**.

As noted in previous reports: Per Work Order contract, funds have been held to cover possible liquidated damages, performance damages, performance guarantees, and punch list items.

To summarize:

Actual invoices paid to date.	**$35,326,804.18**
Original contract GMP with Changer orders #1, #2, and #3	$37,420,120
Total change order #4	$164,909
Total change order #5	$32,648
New total GMP	**$37,617,677**
Invoices submitted through December (per Requisition)	$36,236,571
Foxland direct payment late January	$145,567
Invoices per January pay requisition.	$764,155
Invoices per February pay requisition.	$ 8,938
Invoices per March pay requisition.	$ 57,056
Invoice per May pay requisition.	$ 45,013
Invoices Submitted to Date	**$37,257,299**
Remaining costs to invoice	**$ 360,378**

Punch list holdback as per contract		$ 1,243,270
Liquidated damages hold back		$ 901,795
P&E Electrical July 1 pay application	$546,651	
P&E Electrical August 1 pay application	$355,144	
Air Liquid hold back pending performance testing		$ 1,028,700
Total Hold back amount		**$ 3,173,765**

Potential claims from P&E, based upon early discussions:	
P&E direct costs claimed due to various delays	$ 793,188
P&E extended home-office overhead	$ TBD
P&E additional scope and supply-chain costs	$ 1,697,373
Total disputed costs as per P&E	**$ 2,490,561**

The value shown for Punch list holdback was developed as per Work Order contract. A value was required by the contract as incentive to complete the list after the first gas was declared.

The holdback for liquidated damages due to delay in project are owed per contract producing a total GMP of $37,617,677 minus $901,795 or $36,715,882.

Since the initial punch list has not been completed and the performance testing has not commenced by end of January, the following comments are not changed from last report:

- Based upon all current costs and projections, the worst-case total cost exposure would be $37,617,677, the new total GMP, plus $2,490,561, total disputed costs proposed by P&E, for a total of $40,108,238. First, the liquidated damages are per Work Order issued per Master Services Agreement dated December 15, 2023, and are owed to project. Second, the disputed costs projected by P&E are not per contract and P&E has not provided back-up documentation for claims to date. Project owners and P&E will continue to discuss; however, any settlement would most likely be significantly less than currently suggested by P&E or $0.

DUSTBOLL TECHNOLOGIES

By: __Darrel R Boll____________