



Rialto Bioenergy Facility, LLC  
5780 Fleet Street, Suite 310  
Carlsbad, CA 92008 USA

March 31, 2021

UMB Bank, N.A., as trustee  
Corporate Trust & Escrow Services  
120 South Sixth Street, Suite 1400  
Minneapolis, MN 55402  
Attn: Katie Carlson

RE: REVISED 2021 ANNUAL BUDGET

Reference is made to that certain Indenture (the “Indenture”), dated as of January 1, 2019, between the California Pollution Control Financing Authority, as issuer, and UMB Bank, N.A., as trustee (the “Trustee”), relating to the California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Rialto Bioenergy Facility, LLC Project) Series 2019 (AMT) (Green Bonds) (the “Bonds”), and the Loan Agreement, as defined therein. Capitalized terms used but not defined herein shall have the respective meanings given such terms in the Indenture.

Pursuant to Section 5.18 of the Loan Agreement, and Sections 3(c) and 4(a)(5) of the Continuing Disclosure Agreement, Rialto Bioenergy Facility, LLC (the “Borrower”) the Borrower submitted its annual operating and capital budget for the 2021 fiscal year (the “Annual Budget”) on December 15, 2020, and resubmitted the Annual Budget with limited adjustment On December 22, 2020.

Given the dynamic impacts of the COVID-19 pandemic on operations of the Project, as reflected in the previously-submitted Annual Budget, and changes to assumptions previously indicated by the borrower therein, the Borrower hereby resubmits the Annual Budget as revised with additional information on assumptions, and notes actual amounts for January and February 2021. The revision includes revenues from sales to the Regents of the University of California (“UC”) of certain renewable natural gas to be produced before the Commercial Operations Date specified in that Offtake Agreement, under a separately-negotiated amendment to such Offtake Agreement that provides for such sales in addition to what was originally contracted, which the Borrower determined will enhance the Project and is not reasonably expected to have a Material Adverse Effect.

#### FORWARD-LOOKING STATEMENTS – ANNUAL BUDGET AND 12-10-2020 PRESENTATION

This Notice and attached revision to Annual Budget may contain forward-looking statements within the meaning of the U.S. federal securities laws regarding future financial performance, results, events and other statements that are not historical facts. The words “believe”, “anticipate”, “plan”, “expect”, “project”, “estimate”, “predict”, “intend”, “target”, “assume”, “may”, “could”, “will” and similar expressions are intended to identify such forward looking statements. Such statements are made on the basis of assumptions and expectations that the Borrower believes to be reasonable as of the date of this notice, but may prove to be erroneous. Such forward looking statements involve known and unknown risks and uncertainties and other factors which may cause the Borrower’s actual results, business, financial condition, results of operations, performance or achievements or industry results to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward looking statements. You are, therefore, cautioned against relying on any of these forward-looking statements. Except as required by law or regulation, the Borrower assumes no obligation to update such forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in such forward-looking statements.



**RIALTO  
BIOENERGY  
FACILITY**  
Organics Recycling

Rialto Bioenergy Facility, LLC  
5780 Fleet Street, Suite 310  
Carlsbad, CA 92008 USA

Executed as of the date first written above.

RIALTO BIOENERGY FACILITY, LLC,  
a Delaware limited liability company

By: Yaniv Scherson  
Yaniv Scherson, Vice President

Enc.

Budget & Forecast - Year Ending Dec 31, 2021	2021 LOM	2021	2021	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
		Budget	2+10	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Facility Ramp Up		(v. 12/22/20)	Forecast												
Wet Fraction, avg ton/day (into Digester)	700	281	142	21	17	16	32	67	67	140	140	140	280	280	500
Tankers, avg ton/day (into Digester)		75	70	59	40	40	60	80	80	80	80	80	80	80	80
Biosolids, avg ton/day (into Dryers)	300	283	217	6	13	31	150	300	300	300	300	300	300	300	300
RNG Generated, mmbtu*	850,000	424,520	16,627	1,846	1,111	1,800	3,966	7,932	7,932	15,863	15,863	15,863	31,726	31,726	63,900
*(LOM: 350,000 MMBTU used for site power, BioMAT)															
<b>Revenues</b>															
Tipping Fees	14,882,816	7,705,500	6,340,107	42,388	37,509	66,110	305,850	597,300	597,300	670,800	670,800	670,800	817,800	817,800	1,045,650
Offtake Sales (1)	14,557,987	8,475,608	4,228,147	0	0	0	96,176	311,276	192,351	285,672	285,672	285,672	666,384	666,384	1,438,560
<b>Total Revenues</b>	<b>\$29,440,803</b>	<b>\$16,181,108</b>	<b>\$10,568,254</b>	<b>\$42,388</b>	<b>\$37,509</b>	<b>\$66,110</b>	<b>\$402,026</b>	<b>\$908,576</b>	<b>\$789,651</b>	<b>\$956,472</b>	<b>\$956,472</b>	<b>\$956,472</b>	<b>\$1,484,184</b>	<b>\$1,484,184</b>	<b>\$2,484,210</b>
<b>Operating Expenses</b>															
Transport & Disposal	1,075,054	1,008,000	504,594	1,764	2,400	4,830	10,500	21,000	21,000	42,000	42,000	42,000	84,000	84,000	149,100
Host Fees	641,005	372,155	270,754	2,400	2,700	3,029	12,938	25,875	25,754	28,710	28,710	28,710	34,380	34,380	43,169
Utilities, Permits, & Discharge (2)	279,087	2,002,829	1,493,357	77,156	35,010	36,000	79,268	133,836	133,836	148,023	148,023	148,023	166,902	166,902	220,378
Consumables	1,840,470	942,986	858,669	79,652	26,666	28,000	42,000	56,000	56,000	69,926	69,926	69,926	113,761	113,761	133,051
Maintenance & Operations Contracts (3)	2,519,404	922,532	1,952,121	214,675	258,313	260,000	220,000	170,000	170,000	160,000	140,000	125,000	76,711	76,711	80,711
General Administration (4)	369,739	1,378,850	1,147,771	40,606	43,165	44,000	356,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	356,000
Maintenance Wear Parts (5)	1,088,249	1,051,974	701,431	41,934	46,502	50,000	50,000	50,000	50,000	50,000	50,000	50,000	87,665	87,665	87,665
Labor (6)	1,297,784	2,618,462	2,907,123	214,893	222,630	278,205	290,205	290,205	266,205	242,205	220,515	220,515	220,515	220,515	220,515
2020 OpEx Reimbursement to AS (7)		2,130,059													
Insurance	514,866	360,000	942,000	30,000	30,000	0	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000
OPEx Contingency	449,233	609,392	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$10,074,891</b>	<b>\$13,397,240</b>	<b>10,777,820</b>	<b>\$703,080</b>	<b>\$667,386</b>	<b>\$704,064</b>	<b>\$1,158,911</b>	<b>\$888,916</b>	<b>\$864,795</b>	<b>\$882,864</b>	<b>\$841,174</b>	<b>\$826,174</b>	<b>\$925,934</b>	<b>\$925,934</b>	<b>\$1,388,589</b>
<b>EBITDA</b>	<b>\$19,365,912</b>	<b>\$2,783,868</b>	<b>-\$209,567</b>	<b>-\$660,692</b>	<b>-\$629,877</b>	<b>-\$637,954</b>	<b>-\$756,886</b>	<b>\$19,660</b>	<b>-\$75,144</b>	<b>\$73,608</b>	<b>\$115,298</b>	<b>\$130,298</b>	<b>\$558,250</b>	<b>\$558,250</b>	<b>\$1,095,621</b>
<b>Bond Debt Service (8)</b>	<b>-\$9,670,073</b>	<b>-\$9,670,068</b>	<b>-\$9,670,068</b>	<b>-\$1,383,122</b>	<b>-\$691,561</b>	<b>-\$691,561</b>	<b>-\$691,561</b>	<b>-\$691,561</b>	<b>-\$920,117</b>	<b>-\$920,117</b>	<b>-\$920,117</b>	<b>-\$920,117</b>	<b>-\$920,117</b>	<b>-\$920,117</b>	<b>\$0</b>
<b>Cash Flow After Debt Service</b>	<b>\$9,695,839</b>	<b>-\$6,886,200</b>	<b>-\$9,879,635</b>	<b>-\$2,043,814</b>	<b>-\$1,321,438</b>	<b>-\$1,329,515</b>	<b>-\$1,448,447</b>	<b>-\$671,901</b>	<b>-\$995,261</b>	<b>-\$846,509</b>	<b>-\$804,819</b>	<b>-\$789,819</b>	<b>-\$361,867</b>	<b>-\$361,867</b>	<b>\$1,095,621</b>
<b>Debt Service Coverage Ratio</b>	2.00	0.29	0.29												
<b>Deposit to Capital Replacement Fund</b>	380,000	190,000	190,000	0	0	0	0	0	0	0	0	0	0	190,000	0
<b>Payment to AS: 2020 OpEx Reimbursement</b>	0	0	2,130,060	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505
<b>Project Free Cash Flow</b>	<b>\$9,315,839</b>	<b>-\$7,076,200</b>	<b>-\$12,199,695</b>	<b>-\$2,221,319</b>	<b>-\$1,498,943</b>	<b>-\$1,507,020</b>	<b>-\$1,625,952</b>	<b>-\$849,406</b>	<b>-\$1,172,766</b>	<b>-\$1,024,014</b>	<b>-\$982,324</b>	<b>-\$967,324</b>	<b>-\$539,372</b>	<b>-\$729,372</b>	<b>\$918,116</b>

**FOOTNOTES:**

1. Includes Spot Gas Sales (at average contract price of \$30 per MMBTU).
2. Includes Water
3. Includes CHP Maintenance and Biogas Upgrades
4. Includes Fixed Cost (excl. Insurance), Legal, Training, Computer Software, and Office Supplies
5. Includes Wear Parts
6. Adjusted payment frequency due to concerns of Indebtedness arising from any deferral
7. 2020 OpEx Reimbursement is a 2020 payable to AS reflected in the 2021 cash flow
8. 1/6 payment due Dec 25, 2020 allocated to Jan 2021; Dec 2021 payment allocated to 2022 Budget

**FORECAST ASSUMPTIONS:**

- I. Feedstock should increase starting in April as Covid-19 restrictions lessen in California and restaurants reopen.
- II. Gas pipeline sales for January to March are stored and should be sold in May at prevailing rates.
- III. Gas pipeline sales for commissioning gas to Univ. of California should start April production at separately negotiated rate of \$24.25/MMBTU.
- IV. Gas pipeline sales to Anaheim Public Utilities should begin in July as Facility is expected to produce minimum daily requirement.
- V. Maintenance & Operations Contracts should increase March - September as additional resources are required for plant optimization.
- VI. Labor cost should increase March - July as additional resources are required for plant optimization.
- VII. Insurance cost should increase effective in April based on recent insurance proposal reflecting market rates.
- VIII. Property Tax payments should be in April and December (General Administrative)
- IX. Revenues decreased for year due to reduced feedstock availability and reduced biogas production due to Covid-19.