CRITICAL PROJECT REPORT

Fajardo Municipal Landfill, Lateral Expansion

Prepared by:
The Revitalization Coordinator for the FOMB, in collaboration with the Governor of Puerto Rico and Commonwealth Agencies
August 28th, 2018
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1.0 EXECUTIVE SUMMARY

**Project Sponsor Information:**

Company Name: **Landfill Technologies of Fajardo LLC**  
Tax ID: **66-0592136**  
Business Mailing Address: **PO Box 1322**  
**Carr. 189 Km 9.0**  
**Gurabo, Puerto Rico 00778**

Proposed Project Location: **State Road PR 982, Km 4.9 Barrio Demajagua**  
**Fajardo, Puerto Rico**  
x: 281242.6288, y: 251808.2920

Cadastral Numbers:  
- **178-000-002-06**

The project sponsor has an existing contract with the Puerto Rico Electric Power Authority ("PREPA") and is submitting the project through the Critical Projects Process to benefit from expedited permitting. The Revitalization Coordinator is providing a recommendation in the understanding that there will be a separate process led by the Government-identified Transaction Advisor to address existing contracts.

In support of PREPA’s transformation as proposed by Governor Ricardo Rosselló, the Revitalization Coordinator recommends that the Financial Oversight and Management Board for Puerto Rico ("FOMB") designate **Fajardo Municipal Landfill, Lateral Expansion as a Critical Project** under PROMESA’s Title V for the purpose of expedited permitting by the relevant agency or agencies in Puerto Rico. The PPOA with PREPA for this project is one of eight PPOA’s that is in Commercial Operation as of June 2017. The PPOA with PREPA was signed on October 18, 2012. An amendment to the PPOA was signed on October 11, 2016. The Puerto Rico Permit Management Office granted the project as a Critical Infrastructure Project on February 27, 2018.
2.0 CRITICAL PROJECTS PROCESS

2.1 PROMESA

The Financial Oversight and Management Board for Puerto Rico ("FOMB") was established by the Puerto Rico Oversight, Management, and Economic Stability Act, Pub. Law 114-187 ("PROMESA"). PROMESA was enacted to address the economic crisis in Puerto Rico and to provide Puerto Rico with the tools it needs to restructure its debts and embark on a path to economic recovery.

2.2 Title V Critical Project Process

Section 503 of Title V authorizes project proponent (Sponsor) to submit applications to the Revitalization Coordinator for consideration for designation as a Critical Project. Section 501(2) of Title V defines a Critical Project as one that is intimately related to addressing an emergency whose approval, consideration, permitting and implementation shall be expedited and streamlined according to the statutory process provided by Puerto Rico Act 76 of 2000 (Act 76), or otherwise adopted pursuant to Title V. As discussed below, Act 76 is a Puerto Rico law that establishes a process by which Puerto Rico agencies may expedite review and permitting of works and projects that are related to or respond to a declared emergency as defined by the act. According to Section 501 of the Title V, emergency means any event or grave problem of deterioration in the physical infrastructure for the rendering of essential services to the people, or that endangers the life, public health, or safety of the population or of a sensitive ecosystem, or as otherwise defined by Act 76. This shall include problems in the physical infrastructure for energy, water, sewer, solid waste, highways or roads, ports, telecommunications, and other similar infrastructure.

Section 503(a)(1) provides a number of criteria pursuant to which proposed Critical Projects are evaluated, including the impact the project would have on an emergency; the availability of funds to implement the project; the cost of the project (including the cost to the government of Puerto Rico); environmental and economic benefits provided by the project; the current status of the project; and additional criteria related to energy production and conservation that the Revitalization Coordinator deems appropriate.

Pursuant to Section 503(a)(3), Puerto Rico Agencies that receive a proposed Critical Project submission from the Revitalization Coordinator are required to set forth an Expedited Permitting Process (the "EPP"). This EPP must be filed with the Revitalization Coordinator. Failure to do so would trigger a requirement that the Revitalization Coordinator consult with the Governor of Puerto Rico to develop such a process for the Puerto Rico Agency. The section further instructs the Revitalization Coordinator to require the relevant Puerto Rico Agencies to implement that Expedited Permitting Process. In addition, Section 503(a)(3) provides that Critical Projects shall be prioritized to the maximum extent possible in each Puerto Rico Agency regardless of any agreements transferring or delegating permitting authority.
With respect to the Critical Project determination, Section 503(b) would require the **Revitalization Coordinator** to consult with the **Puerto Rico Agencies** and develop a **Critical Project Report** that includes an assessment of how well the project meets the criteria for a **Critical Project** and a recommendation from the Governor regarding the **Critical Project** designation, as well as findings from the Puerto Rico Planning Board (PRPB) regarding land use and/or from the Puerto Rico Energy Commission regarding an approved Integrated Resources Plan, where applicable. Once the **Critical Project Report** is completed, the public would be given a period to submit comments, and the **Revitalization Coordinator** would have a period thereafter to respond to public comments. The **Revitalization Coordinator** would then submit the **Critical Project Report** to the FOMB. The FOMB is required to act regarding the proposed project designation. An approval by the FOMB would classify the project as a **Critical Project**, while a vote of disapproval must be accompanied by a statement to the **Revitalization Coordinator** explaining the reasons for disapproval. The final determination of the FOMB shall be made available to the public.

### 2.3 Act 76

Act 76 was enacted to exempt the agencies, public corporations, and government instrumentalities involved in the processing of permits, endorsements, consultations and/or certifications that may be related to projects that arise as a result of states of emergency declared by Executive Orders of the Governor of Puerto Rico or the President of the United States of America, from compliance with the terms, conditions and procedures established in Puerto Rico's laws and regulations governing permitting matters. It also empowers Puerto Rico's Governor to promulgate, amend, revoke regulations and orders, and rescind or resolve agreements, contracts, or any part of them during the state of emergency and enables the different government agencies for the expedited processing of the procedures established in laws and regulations related to the processing of permits, endorsements, consultations and/or certifications.

### 2.4 Executive Orders Issued by the Governor of Puerto Rico

On January 2nd, 2017, the Governor of Puerto Rico issued Executive Order No. OA-2017-003 (EO-003) declaring a state of emergency regarding Puerto Rico's infrastructure, and therefore, directing the use of the expedited processes provided by Act 76, for the development of projects promoting new and improved infrastructure for the services provided to the Puerto Rico residents and for the economic development of all the island. EO-003 includes, but is not limited to, the following categories of projects: energy; aqueduct and sewer; ports and transportation; solid waste management; construction and improvements of schools and public facilities, hospitals; improvement of abandoned structures and zones; revitalization of urban centers; systems to handle security and public health emergencies; and telecommunication facilities. EO-003 has been extended and, is currently in force, through the issuance of Executive Order No. OA-2017-038 and Executive Order No. OA-2018-002.
3.0 DESCRIPTION OF PROPOSED PROJECT

The Municipality of Fajardo and Landfill Technologies of Fajardo LLC (LandTech) propose the lateral expansion of the Fajardo Municipal Landfill (FML). FML currently serves as the primary municipal and commercial disposal site for the north-eastern region of Puerto Rico, serving nine (9) municipalities. The FML operates in a one hundred and forty-four point three (144.3) "cuerdas" parcel, of which sixty-three point fifty-four (63.54) are already impacted by current landfill operations. As recent as 2010, a thirteen (13) acres parcel was used to construct a Fully Compliant, 40 CFR, Part 258, Subpart D, Landfill Disposal Cell, lined at the bottom with a Geo Composite liner, a Leachate Management System and a fully operational Gas Collection and Control System (GCCS). A portion of the generated leachate is being managed by an environmental fito-remediation project, where leachate is pumped via an irrigation system to a five (5) acre side slope area, where a plant known as Chrysopogon Zizanioides (Vetiver) feeds on the leachate, extracting heavy metals and other leachate components to grow and therefore; evaporating most of it.

The lateral expansion has become more pressing due to the large amounts of debris deposited at FML by recent meteorological events such as Hurricanes Irma and María, which has depleted the FML useful airspace considerably. Engineering estimates say that the Current Disposal Cells at the FML has an available useful life of approximately three (3) additional years. FML has a four (4) Megawatt, currently ongoing, Gas-to-Energy (GTE) operation, whereby specialized equipment installed on-site uses Landfill Produced Gas (Methane) as fuel to generate electrical energy; which is then sold to PREPA, pursuant to a standing PPOA. The GTE operation has already reached Commercial Operation status. However, it is currently generating only 1.9 megawatts of its 4 megawatts capacity. To reach full capacity, additional waste needs to be placed into the FML by way of the proposed lateral expansion.

The new cell will be developed in a nineteen (19) acre parcel adjacent to the north of the current active Landfill Disposal Cell. It will be constructed in full compliance with state and federal regulations. The lateral expansion shall provide 4,500,000 cubic meters of additional disposal air space, which at the normal disposal rates represents approximately and additional twenty (20) years of operating capacity for this critical infrastructure.
4.0 EVALUATION OF PROJECT IMPACT ON EMERGENCY

4.1 Description of Emergency

4.1.1 Emergency Pursuant to Title V of PROMESA

An emergency means any event or grave problem of deterioration in the physical infrastructure for the rendering of essential services to the people, or that endangers the life, public health, or safety of the population or of a sensitive ecosystem, or as otherwise defined by Act 76. This shall include problems in the physical infrastructure for energy, water, sewer, solid waste, highways or roads, ports, telecommunications, and other similar infrastructure, such as transportation systems.

4.1.2 Governor’s Declaration of Emergency

The Governor's declaration of Emergency pursuant to Act 76 (through EO-2017-003, as extended and amended) includes, amongst others: energy projects including sustainable renewable energy such as Eolic, solar, in addition to alternative energy sources such as natural gas or the conversion of solid waste, among others.

4.2 Project’s Impact on the Emergency

The project addresses the solid waste management infrastructure sector. Landfills are one of the primary methods for the disposal of household, commercial and industrial wastes. Landfills also serve to prevent contamination between the waste and the surrounding environment, especially groundwater. The project, being also a renewable energy project, will have a positive impact on the Critical Infrastructure emergency by providing relatively low cost, clean, reliable power to the people of Puerto Rico. The project will meet criteria in PROMESA Title V Section 503(1)(F) by reducing reliance of oil for generation of electricity, expedite diversification of fuel sources away from oil, promote utilization of energy sources found in PR, and contributing to privatized generation.
5.0 COST OF THE PROPOSED PROJECT

Estimated Cost of the Proposed Project

The total project investment is approximately $5,300,000.00.

Estimated project costs include:

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permits</td>
<td>$300,000</td>
</tr>
<tr>
<td>General Conditions</td>
<td>$280,000</td>
</tr>
<tr>
<td>Earth Work</td>
<td>$230,000</td>
</tr>
<tr>
<td>Stormwater Control System</td>
<td>$40,000</td>
</tr>
<tr>
<td>Linear System Material &amp; Installation</td>
<td>$900,000</td>
</tr>
<tr>
<td>Leachate Collection System</td>
<td>$250,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$2,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 2</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permits</td>
<td>$175,000</td>
</tr>
<tr>
<td>General Conditions</td>
<td>$290,000</td>
</tr>
<tr>
<td>Earth Work</td>
<td>$260,000</td>
</tr>
<tr>
<td>Stormwater Control System</td>
<td>$40,000</td>
</tr>
<tr>
<td>Linear System Material &amp; Installation</td>
<td>$795,000</td>
</tr>
<tr>
<td>Leachate Collection System</td>
<td>$240,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$1,800,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 3</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permits</td>
<td>$150,000</td>
</tr>
<tr>
<td>General Conditions</td>
<td>$270,000</td>
</tr>
<tr>
<td>Earth Work</td>
<td>$80,000</td>
</tr>
<tr>
<td>Stormwater Control System</td>
<td>$40,000</td>
</tr>
<tr>
<td>Linear System Material &amp; Installation</td>
<td>$770,000</td>
</tr>
<tr>
<td>Leachate Collection System</td>
<td>$190,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$1,500,000</td>
</tr>
</tbody>
</table>

**Total Project Costs** $5,300,000.00

The energy costs for the gas-to-energy operation is $0.10/kWh.

<table>
<thead>
<tr>
<th>Energy Cost ($/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Plan Year 1 (2020) Rate</td>
</tr>
<tr>
<td>Fajardo Landfill Expansion Year 1 PPOA Cost (With RECs)</td>
</tr>
</tbody>
</table>
6.0 PROPOSED PROJECT FINANCING

The project’s total development cost is estimated at $5,300,000.00. The project is being paid in full by owners’ equity.

6.1 Available Capital from Sponsor

Landfill Technologies of Fajardo LLC has the willingness and capability to finance the Fajardo Landfill Expansion project. The capability to finance was extracted from audited financial statements of Landfill Technologies of Fajardo LLC for the year ended December 31, 2017.

6.2 Available Funds from Private Financial Institutions

A Letter of Intent from Banco Santander was signed on May 18, 2018 regarding the financing of the project. Banco Santander Puerto Rico has a standing business relationship with Landfill Technologies of Fajardo LLC. Due to the strong financial performance of Landfill Technologies of Fajardo LLC, Banco Santander will consider and evaluate any financing alternative. Landfill Technologies of Fajardo LLC is under the umbrella of Puerto Rico Waste Industries Group, who has an approved line of credit with Banco Santander for working capital and equipment financing for a total of $14.2 million. Of these $14.2 million, approximately $4 million are available for the financing of this project.

6.3 Available Funds from Puerto Rico Government

No Puerto Rico Government funding is expected at this time.

6.4 Available Funds from Federal Government

No Federal Government funding is expected at this time.
7.0 ENVIRONMENTAL BENEFITS PROVIDED BY THE PROPOSED PROJECT

7.1 Project’s Expected Environmental Impacts

There are several expected environmental impacts of the Fajardo Landfill Expansion project to Puerto Rico. The Fajardo Landfill Expansion project will provide the generation of cleaner energy and better compliance with environmental requirements. The project will also comply with the requirements under Section 503(a)(1)(F) in Title V of PROMESA, further explained in Section 9 of this report.

The Fajardo Municipal Solid Waste Landfill lateral expansion will provide a full compliant final disposal capacity for approximately twenty (20) additional years to at least nine (9) municipalities on the Puerto Rico northeastern region. The conversion of Landfill Gas to Energy for a 4 MW Power Generating Facility shall provide several environmental benefits according to the EPA's Benefit Calculator. First, the project will power 2,394 homes annually. It will also reduce 22,827,689 gallons of CO2 emissions.
8.0 ECONOMIC BENEFITS PROVIDED BY THE PROPOSED PROJECT

8.1 Description

There are several economic benefits provided by the proposed project. The first is the creation of jobs. During the construction phase, it is expected that 55 direct jobs are created, as well as 70 indirect jobs. During the operation phase, it is expected that 10 jobs are created. Another source of economic benefits for this project is the stabilization of energy costs. Energy price stabilization is a substantial source of savings and makes the Puerto Rico market attractive for businesses with interest to locate in Puerto Rico.

8.2 Jobs Creation

<table>
<thead>
<tr>
<th>Type of Job</th>
<th>Number of Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Jobs Created During Construction Phase</td>
<td>55</td>
</tr>
<tr>
<td>Indirect Jobs Created During Construction Phase</td>
<td>70</td>
</tr>
<tr>
<td>Direct Jobs Created During Operational Phase</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>135</td>
</tr>
</tbody>
</table>

Jobs Expected to be Held by Residents of Puerto Rico: 100%

8.3 Economic Impact of the Proposed Project

8.3.1 Economic Impact Due to the Construction of the Proposed Project

The process of developing and constructing a landfill expansion will generate substantial local economic activity, including new income, jobs and additional revenue for local governments. There is a stimulus that flows through the local economy multiple times as construction supplies are purchased, and construction workers spend their paychecks at local supermarkets, restaurants and other retailers, which is turned by more inventory, and so on. That is, an initial stimulus triggers a chain of spending.
8.3.2 Economic Impact During the Proposed Project Regular Operation Phase

Economic impact during operational phase includes generation of local economic activity by the operation jobs created by the project. There will be substantial economic benefits once the gas-to-energy operation of the landfill grows. Decreased energy costs will lead to savings for both the Government of Puerto Rico and its citizens. These energy savings will be further explained in the Benefit/Cost Analysis in Section 8.4.
8.4 Benefit/Cost Analysis of the Proposed Project

8.4.1 Economic Benefits

A. Energy Cost Savings:

To determine what the energy cost savings are for this project, the difference between current PREPA energy costs and the project’s proposed energy rate is calculated over the 16 years left of the 20-year lifetime of the project.

- **Fiscal Plan PREPA Energy Costs**: The PREPA price of energy is $0.30/kWh for the first year (2020) of operation of the Fajardo Landfill Expansion project, $0.29/kWh for the second year, $0.27/kWh for the third year, and so on. For the purposes of this analysis, the energy cost will increase at inflation rate (1.7%) every year starting in the fifth year.
- **Fajardo Landfill Expansion PPOA Energy Costs**: The energy cost for the first year is $0.10/kWh for the lifetime of the project. The Renewable Energy Credits (REC) cost to PREPA for the lifetime of the project is included in the $0.10/kWh.
- **Proposed project energy generated per year**: 31,200,000 kWh

Net Present Value was calculated for both:

<table>
<thead>
<tr>
<th></th>
<th>25-Year Net Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>PREPA Energy Costs</td>
<td>$138,224,981.75</td>
</tr>
<tr>
<td>Fajardo Landfill Expansion Energy Costs</td>
<td>$44,124,303.75</td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td><strong>$94,100,678.00</strong></td>
</tr>
</tbody>
</table>

A Net Present Value of the energy cost savings for the Government of Puerto Rico throughout the remaining 16-year lifetime of the project is **$94,100,678.00**.

1 In order to quantify these economic benefits, there are several assumptions made:
- The average annual salary for a construction worker is $35,000.
- The average annual salary for indirect and induced jobs during the construction phase is $50,000.
- The average annual salary for operational/maintenance landfill technician jobs in a waste plant is $50,000.
- The average citizen will spend 30% of their paychecks on personal wants. These purchases will allocate Sales Tax (IVU, 11.5%) to the Government of Puerto Rico.
- Earnings Before Interest and Taxes are estimated at 20% of yearly revenues for the project.
- Net Present Value analysis was done for both the PREPA and Fajardo Landfill Expansion energy costs. This was done for the 16-year lifetime of the PPOA between both parties. A 1.7% yearly inflation rate was taken into consideration as well, as well as the proposed Fiscal Plan PREPA energy cost rates.
B. Taxes Collected from New Company:

1. Corporate Income Tax

Earnings Before Interest and Taxes are estimated at 20% of yearly gross revenues for the project. Projects in Puerto Rico such as the Fajardo Landfill Expansion project have an Income Tax Rate close to 39%. This tax rate will yield **$3,441,695.69**.

2. Real Property Tax

Earnings from the Real Property Tax is **$6,829,756.31**, as calculated in the last column “NPV of (Real Property) Taxes to Receive.” The entire table is in Appendix E.

<table>
<thead>
<tr>
<th>Year</th>
<th>Real Property</th>
<th>CRIM</th>
<th>NPV of Taxes to Receive</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$4,675,000.00</td>
<td>0.1033</td>
<td>$482,927.50</td>
</tr>
<tr>
<td>15</td>
<td>$4,675,000.00</td>
<td>0.1033</td>
<td>$375,031.41</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>$6,829,756.31</strong></td>
</tr>
</tbody>
</table>

3. Personal Property Tax

All equipment and materials that might be subject to the Personal Property Tax is depreciated for the valuation of equipment is straight-line depreciation. For this project, there is no property that is subject to Personal Property.

4. Construction Excise Tax

A 5% Construction Excise Tax is applied to the total construction cost of the project. The total amount of taxes collected is **$233,750.00**.

<table>
<thead>
<tr>
<th>Construction Cost</th>
<th>5% Construction Excise Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,675,000.00</td>
<td><strong>$233,750.00</strong></td>
</tr>
</tbody>
</table>
5. **Municipal Volume of Business Tax**

A 0.5% Volume of Business Tax is applied to the NPV of Gross Revenue for that year. The total amount of taxes collected is **$220,621.52**. The entire table is in Appendix E.

<table>
<thead>
<tr>
<th>Year</th>
<th>NPV of Gross Revenue</th>
<th>0.5% Volume of Business Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$3,120,000.00</td>
<td>$15,600.00</td>
</tr>
<tr>
<td>15</td>
<td>$2,422,926.84</td>
<td>$12,114.63</td>
</tr>
<tr>
<td></td>
<td><strong>$44,124,303.75</strong></td>
<td><strong>$220,621.52</strong></td>
</tr>
</tbody>
</table>

C. **Taxes Paid by Employees**

1. **Personal Income Tax**

Personal Income Tax Government Earnings are separated into the construction phase and the operation phase.

- 1.5-Year NPV (1.7% inflation rate): **$652,306.51** during the construction phase.
- 16-Year NPV (1.7% inflation rate): **$772,478.47** during the operation phase.
- Total NPV throughout 16-year lifetime of the project: **$1,424,784.98**.

2. **Sales Tax**

Sales Tax Government Earnings are separated into the construction phase and operation phase.

- 1.5-Year NPV (1.7% inflation rate): **$274,894.78** during the construction phase.
- 16-Year NPV (1.7% inflation rate): **$239,878.55** during the operation phase.
- Total NPV throughout 16-year lifetime of the project: **$514,773.33**.

8.4.2 **Cost**

Project sponsors did not request tax incentives for this project. For this reason, there are no costs for the Government of Puerto Rico throughout this project.
### 8.4.3 Final Economic Benefits for the Proposed Project

The economic benefits are what the government of Puerto Rico makes.

<table>
<thead>
<tr>
<th>BENEFITS</th>
<th>16-YEAR NPV OF BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY COST SAVINGS</td>
<td>$94,100,678.00</td>
</tr>
<tr>
<td>CORPORATE INCOME TAX</td>
<td>$3,441,695.69</td>
</tr>
<tr>
<td>REAL PROPERTY TAX</td>
<td>$6,829,756.31</td>
</tr>
<tr>
<td>PERSONAL PROPERTY TAX</td>
<td>$0</td>
</tr>
<tr>
<td>CONSTRUCTION EXCISE TAX</td>
<td>$233,750.00</td>
</tr>
<tr>
<td>MUNICIPAL VOLUME OF BUSINESS TAX</td>
<td>$220,621.52</td>
</tr>
<tr>
<td>PERSONAL INCOME TAX</td>
<td>$1,424,784.98</td>
</tr>
<tr>
<td>SALES TAX</td>
<td>$514,773.33</td>
</tr>
</tbody>
</table>
| TOTAL                                        | $106,766,059.83         

Project sponsors did not request tax incentives for this project. For this reason, there are no costs for the Government of Puerto Rico throughout this project. Therefore, the Benefit/Cost ratio is positive.
9.0 EVALUATION OF ENERGY RELATED IMPACTS

9.1 Reduce Reliance on Oil for Electric Generation

The Fajardo Municipal Landfill Renewable Energy Project is comprised of a Landfill Gas-to-Energy operation. A combination of gases, primarily Methane and Carbon Dioxide, are emitted as a by-product of the natural decomposition process of solid waste in an anaerobic environment. These gases are call "Landfill Gas". The Landfill Gas is collected and sent to a processing facility, where it is dried, compressed and filtered to be fed into an internal combustion engine to produce electricity. In addition to make available the bulk of the energy production to the PREPA's grid, the facility does not use any fossil fuel for its own energy needs. The Fajardo Municipal Landfill uses landfill gas generated within the waste mass, thus reducing its reliance on fossil fuels for electrical generation. For more information on the environmental impacts of reducing oil reliance, please see Section 7.1.

9.2 Improve Performance of Energy Infrastructure and Overall Energy Efficiency

The Fajardo Municipal Landfill Renewable Energy Project is a base load project, providing power to PREPA, twenty-four (24) hours, seven (7) days a week. Its control system provides frequency and voltage control to PREPA's Grid. The Facility is located far from the current PREPA's generating facilities, thus proving a distributed generation capacity to PREPA's Grid.

9.3 Diversification and Conversion of Fuel Sources for Electric Generation from Oil to Natural Gas and Renewables in Puerto Rico

The Fajardo Municipal Landfill Renewable Energy Project use of Landfill Gas diversifies PREPA's fuel portfolio adding a Renewable energy source.
9.4 Promote the Development and Utilization of Energy Sources Found on Puerto Rico

The Fajardo Municipal Landfill Renewable Energy Project promotes the electrical generation by use of a resource inherent to the current Island's Non-Hazardous Solid Waste Infrastructure, which are the Municipal Solid Waste Landfills.

9.5 Contribute to Transitioning to Privatized Generation Capacities in Puerto Rico

The Fajardo Municipal Landfill Renewable Energy Project was developed pursuant to a long-standing partnership between the Municipality of Fajardo and Landfill Technologies of Fajardo, LLC. However, the project was fully funded by a private investment made by Landfill Technologies of Fajardo, LLC., which provided 100% of the initial investment.

9.6 Support the Energy Commission of Puerto Rico in Achievement of its Goal of Reducing Energy Costs and Ensuring Affordable Energy Rates for Consumers and Business

The Fajardo Municipal Landfill Renewable Energy Project provides an alternative to the use of fossil fuel sources. The current fee structure contained in our standing PPOA shall remain constant thru its twenty (20) year term, providing PREPA certainty in the costs of this alternative fuel during such period.
10.0 STATUS OF THE PROJECT

10.1 Project’s Design and Development Status
The PPOA with PREPA for this project is one of eight PPOA’s that is in Commercial Operation as of June 2017. The PPOA with PREPA was signed on October 18, 2012. An amendment to the PPOA was signed on October 11, 2016. The Puerto Rico Permit Management Office granted the project as a Critical Infrastructure Project on February 27, 2018.

10.2 Project’s Permitting Status
There is a contract signed for the privatization of the administration, operation and expansion of the Fajardo Landfill. The project has 2 (two) active permits:
- Title V Air Permit, PFE-TV-4953-27-0111-0001 (Environmental Quality Board)
- Landfill Operational Permit, IDF-27-0011

10.3 Project’s Financing Status
The project sponsor has provided evidence of commitment of funding. See Section 6 for more information on financing.

10.4 Schedule of Project’s Implementation
There is a 20-month schedule of total construction time for this project. Increased energy output will start 6 months from the disposal of solid waste into the new cell.
11.0 PLANNING BOARD DETERMINATION

On July 11, 2018, the Planning Board certified that the Project is consistent with the relevant Land-Use Plans and Zoning Regulations. See Appendix B attached to view official documents.
12.0 GOVERNOR’S RECOMMENDATION

The Project submittal was notified to the Governor of Puerto Rico for evaluation and recommendation pursuant to Section 503(b)(1)(B) of the Title V of PROMESA. On August 24, 2018, the letter of recommendation was provided. The Governor, Ricardo Roselló, evaluated the proposed project and recommends its designation as a Critical Project. See Appendix A attached to view official document.
13.0 ENERGY COMMISSION OF PUERTO RICO RECOMMENDATION

PREC submitted their recommendation of the Fajardo Landfill Expansion project on August 7, 2018. The Commission finds that this Project will not adversely affect the Approved Modified IRP, therefore, ELIGIBLE for critical project designation. See Appendix C attached to view official document.
14.0 REVITALIZATION COORDINATOR OVERVIEW

14.1 Revitalization Coordinator Overview

In support of the energy privatization process envisioned by the Governor of Puerto Rico, The Revitalization Coordinator recommends that the FOMB designate the Fajardo Municipal Landfill, Lateral Expansion Project as a Critical Project for the purposes of expedited permitting and other benefits under Title V of PROMESA, subject to the project sponsor renegotiating a PPOA through the appropriate agency. The project sponsor currently holds a previous PPOA/contract with PREPA and is pursuing Critical Project designation to be prepared for the outcome of upcoming contract re-negotiations during the PREPA transformation and transaction process.

14.2 Qualification of the Revitalization Coordinator’s Recommendation

The Revitalization Coordinator recommends the Project for designation as a Critical Project, recognizing that such designation is limited to securing the attributes that such designation affords in accordance with the Title V and clarifying that such designation:

a) entitles the Sponsor to an expedited permitting process for the implementation of the Project’s permits, authorizations and/or endorsement but does not guarantee the approval thereof;

b) does not release the Sponsor of his obligation to evidence that he has obtained the required authorization from the Project’s site legal owner to file any required submission to secure permits, authorizations, endorsements, comments and/or recommendations.

c) specifically, does not release Sponsor from meeting price and other requirements in accordance with the certified PREPA fiscal plan and/or approved Integrated Resources Plan (IRP);

d) does not change, affect, replace, waive, eliminate, avoid or in any form invalidate Title III proceedings. Title III and Title V are complementary but separate processes.
15.0 RELEVANT PERMITTING AGENCIES

The following agencies have been identified as relevant Puerto Rico Agencies:

- Permit Management Office
- Environmental Quality Board
- Department of Natural and Environmental Resources of Puerto Rico
- Puerto Rico Energy Commission
APPENDIX
Appendix A: Governor’s Recommendation
VIA ELECTRONIC MAIL

August 24, 2018

Noel Zamot
Revitalization Coordinator
Fiscal Oversight and Management Board

RECOMMENDATIONS IN ACCORDANCE WITH SECTION 503 (3)(B) OF PROMESA FOR THE “FAJARDO MUNICIPAL LANDFILL, LATERAL EXPANSION” PROJECT

Dear Mr. Zamot:

In accordance with Section 503 (3)(b) of PROMESA you have requested our comments for the project identified as “Fajardo Municipal Landfill, Lateral Expansion”.

Considering the information submitted, I hereby present our comments for the abovementioned project:

- Project ID 185: Fajardo Municipal Landfill, Lateral Expansion

According to the information submitted, the project consists in the lateral expansion of the Fajardo Municipal Landfill (FML) to guarantee the suitable waste management in the eastern part of the Island. The proponent stated that FML is actually operating and in compliance with the federal and local regulations with regards to waste disposal, as well will be the proposed expansion.

As a result of the impact of the hurricane María a large amount of debris was accumulated in Puerto Rico. According to information provided by the Puerto Rico’s Environmental Quality Board (EQB), an estimated 6.2 million cubic yards of debris was the result of the hurricane. After the hurricane the Government of Puerto Rico, the EQB and other federal agencies developed a plan for the management and
disposal of the collected debris. Part of the referred debris was deposited in the FML and other landfills.

It is important to point out that according to information provided by the Puerto Rico’s Department of Natural and Environmental Resources, no ecologically sensitive or protected area was found where the FML new landfill cell is proposed. As well, the Puerto Rico Planning Board stated that the proposed project is consistent with the applicable land use plans and zoning regulations.

Considering the need to have adequate alternatives for waste disposal in Puerto Rico and that the FML complies with local and federal regulations, the abovementioned project could be a candidate to be deemed as critical under the Title V of PROMESA.

Once again, we look forward to continue working with you in identifying projects that are both compliant with PROMESA and that will promote the much needed economic and social development for our Island.

Sincerely,

Ricardo Rosselló Nevares
Governor
Appendix B: Planning Board Determination
CERTIFICATION OF CONSISTENCY WITH LAND USE PLANS
FAJARDO MUNICIPAL LANDFILL, LATERAL EXPANSION

Pursuant to the Title V of the Puerto Rico Oversight, Management, and Economic Stability Act, Public Law 114-187 ("PROMESA"), The Municipality of Fajardo and Landfill Technologies of Fajardo LLC (LandTech), proposes the lateral expansion of the Fajardo Municipal Landfill (FML). The FML is considered to be an integral part of Puerto Rico’s comprehensive non-hazardous solid waste disposal infrastructure. It currently serves as the primary municipal and commercial disposal site for the north-eastern region of Puerto Rico, serving nine (9) municipalities.

The Project submittal was referred to the Puerto Rico Planning Board’s attention for evaluation, according to Section 503(b)(1)(C) of the Title V of PROMESA.

PROJECT DESCRIPTION

The FML operates in a one hundred and forty-four point three (144.3) "cuerdas" parcel, of which sixty-three point fifty-four (63.54) are already impacted by current landfill operations. As recent as 2010, a thirteen (13) acres parcel was used to construct a Fully Compliant, 40 CFR, Part 258, Subpart D, Landfill Disposal Cell, lined at the bottom with a Geo Composite liner, a Leachate Management System and a fully operational Gas Collection and Control System (GCCS). A portion of the generated leachate is being managed by a environmental fito-remediation project, where leachate is pumped via an irrigation system to a five (5) acre side slope area, where a plant known as Chrysoponon Zizanioides (Vetiver) feeds on the leachate, extracting heavy metals and other leachate components to grow and therefore; evaporating most of it. This project was conducted in conjunction with the representatives of the University of Puerto Rico, Mayaguez Campus, and analytical data it’s currently being collected for future publishing.

The lateral expansion has suddenly become more pressing due to the large amounts of debris deposited at FML by recent meteorological events such as Hurricanes Irma and Maria, which has depleted the FML useful airspace considerably. Engineering estimates say that the Current Disposal Cells at the FML has an available useful life of approximately three (3) additional years. It’s important to point out that the FML has a four (4) Megawatt, currently ongoing, Gas-to-Energy (GTE) operation, whereby specialized equipment installed on-site uses Landfill Produced Gas (Methane) as fuel to generate electrical energy; which is then sold to PREPA, pursuant to a standing PPOA. The GTE operation has already reached Commercial Operation status. However, is currently generating only 1.9 megawatts of its 4 megawatts capacity. In order to reach full capacity, additional waste needs to be placed into the FML by way of the hereto proposed lateral expansion.

The new cell will be developed in a nineteen (19) acre parcel adjacent to the north of the current active Landfill Disposal Cell. It will be constructed in full compliance with state and federal regulations. The Lateral expansion shall provide 4,500,000 cubic meters of additional disposal air space, which at the normal disposal rates represents approximately an additional twenty (20) years of operating capacity for this critical infrastructure.
PROJECT LOCATION

SCOPE OF PLANNING BOARD'S EVALUATION OF CRITICAL PROJECTS

Section 503(b)(1)(C) of the Title V of PROMESA provides that, the Planning Board shall determine if a project may affect or if it is consistent with the implementation of Land-Use Plans, as defined by Puerto Rico Act 550–2004.

APPLICABLE LAND USE PLANS

The following Land Use Plans are relevant for the evaluation of the Project:

2. Fajardo Municipality Territorial Plan, approved December, 2016

EVALUATION OF PROJECT’S CONSISTENCY WITH APPLICABLE LAND USE PLANS

The information was provided by the proponent as part of the critical project process website under the Financial Oversight and Management Board. The Planning Board has used its available data, which it considers may apply to the project, and concludes that the following may be conditioning variables:

- The properties with cadastral number 178-000-002-06 are classified as Rustic Common Land (SRC) and are currently zoned as General Agricultural (AG)
- The area where the lateral expansion is localized is classified SRC and zoned as AG.
- This project has a Critical Project to the Infrastructure approve Resolution as of year 2018 with the case number 2017-4739-PCI-002498.

PLANNING BOARD'S CERTIFICATION

After evaluating the Project, we certify that it is CONSISTENT with the relevant Land-Use Plans and Zoning Regulations.
LIMITATIONS

This determination is limited to the exercise of this Board’s duties pursuant to the Title V of PROMESA. Therefore, it does not create any right and/or entitlement on the part of the Proponent to obtain the approval of endorsements, authorizations and/or permits, nor the issuance of favorable comments and/or recommendations from this Board and/or the relevant Puerto Rico Agencies. In addition, it does not constitute a waiver of the Proponent’s duty to demonstrate to the relevant Puerto Rico Agencies- in the applicable cases- that it has obtained the required authorization from the property’s legal owner of the Project’s site to file any required submission to said Agencies.

In San Juan, Puerto Rico, this 11 day of July 2018.

Maria del C. Gordilho Pereda
Chairperson

CERTIFICATION: The foregoing is a true and exact copy of the Certification of Consistency issued by the Planning Board of Puerto Rico on the July 11, 2018 meeting, and in witness whereof, I sign and seal this Certification of Consistency with the official Planning Board stamp.

In San Juan, Puerto Rico, 17 JUL 2018

Linda Soto Nogueras
Secretary
Appendix C: Energy Commission of Puerto Rico Recommendation
August 7, 2018

VIA ELECTRONIC MAIL:
noel.zamot@promesa.gov

Noel Zamot
Revitalization Coordinator
Financial Oversight and Management Board for Puerto Rico
PO Box 192018
San Juan, PR 00919-2018

COMMISSION RECOMMENDATIONS AND DETERMINATIONS ON THE FAJARDO MUNICIPAL LANDFILL, LATERAL EXPANSION CRITICAL PROJECT PROPOSAL, PURSUANT TO SECTION 503 OF PROMESA

Dear Mr. Zamot:

The Puerto Rico Energy Commission ("Commission") hereby provides its recommendations and determinations regarding the eligibility of a certain proposed energy project to receive critical project designation, pursuant to Section 503 of PROMESA.1 Under PROMESA, a critical project has access to an Expedited Permitting Process, which consists of the "alternate procedures, conditions and terms mirroring those established under [Act 76-2000]."2

On June 27, 2018, the Commission received written communication from the Fiscal Oversight and Management Board for Puerto Rico ("FOMB") requesting the evaluation of the Fajardo Municipal Landfill, Lateral Expansion Project, which is seeking critical project designation.

Section 503 of PROMESA describes the process by which the FOMB assesses "critical projects." Section 503(b)(1) requires the FOMB's Revitalization Coordinator to develop a "Critical Project Report within 60 days of the project submission." Section 503(b)(1)(D) establishes:

In the case of an Energy Project that will connect with the Puerto Rico Electric Power Authority's transmission or distribution facilities, [the Critical Project Report shall include] a recommendation by the Energy Commission of Puerto Rico, if the Energy Commission determines such Energy Project will affect an approved Integrated Resource Plan, as


2 PROMESA Section 591.
defined under Puerto Rico Act 57-2014. If the Energy Commission determines the Energy Project will adversely affect an approved Integrated Resource Plan, then the Energy Commission shall provide the reasons for such determination and the Energy Project shall be ineligible for Critical Project designation, provided that such determination must be made during the 60-day timeframe for the development of the Critical Project Report.

The referenced statute requires the Commission to make two findings: first, whether the project "affects" an approved Integrated Resource Plan and, second, whether it will "adversely affect" an approved Integrated Resource Plan ("IRP"). For the Commission to determine a project has no adverse effect on an IRP, such project must be consistent with the IRP by: (i) being specified in an approved IRP; (ii) being a reasonable substitute for a project specified in an approved IRP; or (iii) satisfying a legitimate need, as determined by the Commission, regardless of whether such need is identified in an existing approved IRP. Furthermore, to avoid a determination of adverse effect, projects not specified in an approved IRP must also demonstrate cost-effectiveness, which may be achieved by demonstrating having been selected through a competitive bidding process or that its costs are no greater than necessary to satisfy the project's stated purpose.

Consistent with Section 503 of PROMESA, the Commission based its assessment of the aforementioned proposed energy projects on the existing Puerto Rico Electric Power Authority's ("PREPA") Approved Modified IRP. The Approved Modified IRP consists of two sections: the Action Plan and the Resource Planning Information. The Modified Action Plan consists of specific directives to PREPA. It details the specific actions PREPA shall take over the next five fiscal years. The Resource Planning Information, on the other hand, specified the information and data related to PREPA's system and resource options which informed the development of the Modified Action Plan. Together, these sections form the substantive basis for the resource planning determinations made as part of the Approved Modified IRP and serve as the benchmarks against which proposed energy projects are evaluated.

Accordingly, the Commission hereby submits its evaluation of the Fajardo Municipal Landfill, Lateral Expansion proposed project.

The proposed project consists of the lateral expansion of the Fajardo Municipal Landfill,
which serves as the principal municipal and commercial disposal site for the northeastern region of Puerto Rico. The site currently has an installed capacity of 4 MW for Gas-to-Energy operation, pursuant to a standing Power Purchase and Operating Agreement ("PPOA") with PREPA, Contract Number 2013-P00044. However, the facility generates only 1.9 MW of its 4MW capacity. The purpose of the lateral expansion project is to provide additional waste into the system in order to reach full capacity. The Fajardo Municipality Landfill project, with an installed capacity of 4 MW, was considered in the analysis and development of the Approved Modified IRP.5

Given the proposed project is contemplated as a resource planning action identified in the Approved Modified IRP, the Commission finds the project will not have an effect on the Approved Modified IRP. Therefore, the proposed project is ELIGIBLE for critical project designation, provided that it will not exceed its 4 MW capacity. The project sponsor is a Certified Electric Service Company, pursuant to the Commission’s Regulation 8701,6 to provide the service of energy generation through renewable energy sources with an aggregate capacity of less than 5 MW.7 If the lateral expansion project results in the project sponsor exceeding its certified aggregated capacity, the sponsor shall review and update its current certification prior to commencing expanded operations.

This evaluation and determination was performed pursuant to Section 503 of PROMESA for the specific purpose of determining the effect that the proposed project has on the Approved Modified IRP. The effect on any claim filed under Title III of PROMESA related to the proposed project is beyond the scope of Section 503 of PROMESA, therefore it was not considered as part of this evaluation and determination.

Should you have any questions or comments, you may contact us at your earliest convenience.

Cordially,

Edison Aviles Deliz, P.E., Esq.
Chairman

Angel R. Rivera de la Cruz, P.E., Esq.
Associate Commissioner

c. Omar Cuadrado, Esq.

5 See Updated Fuel IRP, April 25, 2016, Case No. CEPR-AP-2015-0002, p. 5-6. Table 5-6 of the report identifies Landfill Gas Project #24 with Contract Number 2013-P00044 as a Renewable Project Considered in the IRF.

6 Amendment to Regulation No. 8618, on Certification, Annual Fees and Operational Plans for Electric Service Companies in Puerto Rico.

7 Certification No. CEPR-CT-2016-0021 for Landfill Gas Technologies of Fajardo, LLC. The certification includes two (2) project sites, located in the Fajardo municipality and in the Toa Baja municipality, with an aggregated capacity of no more than 5 MW.
Appendix D: Expedited Permitting Plan
GOVERNMENT OF PUERTO RICO
Permits Management Office
Department of Natural and Environmental Resources
Environmental Quality Board

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<th>ID #185</th>
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<td>Coordinates:</td>
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</tr>
</tbody>
</table>

PROJECT DESCRIPTION
The Municipality of Fajardo and Landfill Technologies of Fajardo LLC (LandTech), proposes the lateral expansion of the Fajardo Municipal Landfill (FML). The FML is considered to be an integral part of Puerto Rico's comprehensive non-hazardous solid waste disposal infrastructure. It currently serves as the primary municipal and commercial disposal site for the north-eastern region of Puerto Rico, serving nine (9) municipalities. The FML operates in a one hundred and forty-four point three (144.3) "cuerdas" parcel, of which sixty-three point fifty-four (63.54) are already impacted by current landfill operations. As recent as 2010, a thirteen (13) acres parcel was used to construct a Fully Compliant, 40 CFR, Part 258, Subpart D, Landfill Disposal Cell, lined at the bottom with a Geo Composite liner, a Leachate Management System and a fully operational Gas Collection and Control System (GCCS). A portion of the generated leachate is being managed by an environmental fito-remediation project, where leachate is pumped via an irrigation system to a five (5) acre side slope area, where a plant known as Chrysopogon Zizanioides (Vetiver) feeds on the leachate, extracting heavy metals and other leachate components to grow and therefore; evaporating most of it. This project was conducted in conjunction with representative of the University of Puerto Rico, Mayaguez Campus, and analytical data it's currently being collected for future publishing.

The lateral expansion has suddenly become more pressing due to the large amounts of debris deposited at FML by recent meteorological events such as Hurricanes Irma and Maria, which has depleted the FML useful airspace considerably. Engineering estimates say that the Current Disposal Cells at the FML has an available useful life of approximately three (3) additional years. It's important to point out that the FML has a four (4) Megawatt, currently ongoing, Gas-to-Energy (GTE) operation, whereby specialized equipment installed on-site uses Landfill Produced Gas (Methane) as fuel to generate electrical energy; which is then sold to PREPA, pursuant to a standing PPOA. The GTE operation has already reached Commercial Operation status. However, is currently generating only 1.9 megawatts of its 4 megawatts capacity. In order to reach full capacity, additional waste needs to be placed into the FML by way of the hereto proposed lateral expansion.

The new cell will be developed in a nineteen (19) acre parcel adjacent to the north of the current active Landfill Disposal Cell. It will be constructed in full compliance with state and federal regulations. The Lateral expansion shall provide 4,500,000 cubic meters of additional disposal air space, which at the normal disposal rates represents approximately and additional twenty (20) years of operating capacity for this critical infrastructure.
The permit process for this project encompasses seventeen (17) steps.  

**ENVIRONMENTAL COMPLIANCE**

**PROCESS FOR ENVIRONMENTAL IMPACT STATEMENT (EIS)**

**Step 1 - Environmental Recommendations Process (REA) for Environmental Impact Statement (EIS)**

The EIS document is prepared and submitted by the proponent, and shall be reviewed and commented by the applicable OGPe Division Managers, who will determine the applicable government agencies that may have jurisdiction over the project, and which specifically are required to submit an Environmental Recommendation (ER). If the OGPe Division Managers deem it necessary, through the REA Process, ER's can be issued from various relevant state agencies, such as the Puerto Rico Aqueducts and Sewer Authority (PRASA), Puerto Rico Electric Power Authority (PREPA), Puerto Rico Telecommunications Regulatory Board (PRTRB), Puerto Rico Highway and Transportation Authority (PRHTA), Puerto Rico Environmental Quality Board (PREQB), Puerto Rico Department of Natural and Environmental Resources (PRDNER), Puerto Rico Department of Agriculture (PRDA), Institute of Puerto Rican Culture (ICP), Puerto Rico Solid Waste Management Authority (PRSWMA) and other agencies. Upon filing of the EIS Document by the proponent, OGPe will validate the filing within a period of two (2) days, and request the proponent to publish a public notice established in Step 1a, to allow the public to issue their comments in a five (5) day period and, if applicable, request a public hearing so that Step 1b can be followed. Immediately after validation, the OGPe Division Managers will concurrently determine if the EIS shall be referred to any relevant governmental agencies for their ER. The OGPE Division Managers and the government agencies where the ER was requested, shall have five (5) days from OGPe validation to issue their ER.

**Step 1a - Public Notice**

A Public Notice is required to be published immediately upon OGPe validation of the EIS. The Public Notice will be issued in a general circulation newspaper to inform the public and community of the EIS filing and about the proposed action. This Public Notice commences the period to receive comments from the general public. This process will provide five (5) days for the public to issue comments and request a public hearing. If no public hearing is requested or awarded, then within four (4) days after the public comment period ends, OGPe shall provide its recommendation.

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1 Note: The time allotted to evaluate and issue a permit decision considers OGPe and/or any relevant agency’s internal processes and does not account for proponent’s time to respond to OGPe and/or the relevant agencies reasonable requests for information, clarification and/or procurement of necessary documents. Furthermore, any revisions to the permit determinations will follow an OGPe and/or a relevant agency final determination process, as the case may be, shall be in accordance with the timeline and procedure established in Act 76 of May 5, 2000, as amended.

Any law, regulation and/or procedure that is enacted, adopted, amended, modified or substituted by the Government of Puerto Rico, the Federal Government or any relevant agency which application results in an even more beneficial expedited permitting process to the proponent, will be immediately applied upon its enactment.
concerning the EIS Document to the IES. The IES will then have four (4) days to evaluate the EIS Document and issue the final EIS determination.

**Step 1b - Public Hearing and Report (if required)**

If a Public Hearing is requested during this five (5) day public comment period, whether the request comes from the proponent or the public, the IES has complete discretion in authorizing this public hearing process, as stated by the PREQB Regulation for the Environmental Evaluation Process, Regulation Number 8858 from November 23, 2016. If the Public Hearing is authorized, then a Public Notice is required to notify the date, time and location of the hearing within five (5) days. This hearing, which will be directed by OGPe, will allow the public to submit comments related to the EIS. After completing the Hearing, OGPe will prepare within five (5) days the applicable report which will include all of the issues discussed at the hearing. This report will be submitted to the IES as part of the evaluation of environmental impacts of the project, and the IES will then have four (4) days to evaluate the EIS Document and the Hearing Report, so that a final EIS determination can be issued.

**Step 2 - Environmental Impact Statement Determination (DIA)**

After the REA for the EIS is completed in Step 1, then the final EIS needs to be filed in OGPe. This EA shall address and respond to all comments issued by the OGPe Division Managers and any applicable government agencies. If this EIS is then accepted, then a DIA determination is issued. This DIA will take approximately ten (10) days from filing to complete. This timeframe includes two (2) days for OGPe to validate the filing, and four (4) additional days for OGPe to issue a recommendation to the IES. Then, the IES shall have four (4) days to evaluate the DIA and OGPe’s recommendation, so that it can issue the final DIA determination.

**INFRASTRUCTURE RECOMMENDATIONS**

**Step 3 - Recommendations**

The proponent must request to OGPe the agency recommendations (as established in the Joint Regulations) to ensure the availability infrastructure for project development. The applicable agencies (PRASA, PREPA, PRTRB, PRHTA, the Puerto Rico Department of Transportation (DTOP), the Public Service Commission (PSC), Institute of Puerto Rican Culture (ICP) and/or the Municipality) will then determine the access, infrastructure and the connection points needed for the application of the specialized technical criteria that should be included and considered in the project’s design and development. Upon filing of any recommendation request by the proponent, the relevant agency shall have five (5) days to evaluate and issue the recommendation. This process may be commenced parallel to Step 1 or as soon as the project’s final design is ready for submittal.

**REQUIRED PERMITS, CERTIFICATIONS AND AUTHORIZATIONS**

**Step 4 - Habitat Certification**

The PRDNER requires that for every project, a Habitat Certification be issued. This Certification states the value or category of the flora and fauna to be impacted by the development, under the Puerto Rico Wildlife Act (Act 241-199), and the applicable mitigation measures based on said wildlife category. This certification can be
requested at the same time the Environmental Document is filed, or Step 1. Upon filing a request for Habitat Certification by the proponent, the PRDNER shall have five (5) days to evaluate and issue the certification.

**Step 5 - Archeological Study Authorization (if applicable)**
The Institute of Puerto Rican Culture (ICP), after the corresponding comments to the Environmental Document, may require an Archeological Phase I Study to evaluate the possible impact on archeologically valuable sites and the respective mitigation measures. Said studies, along with the Phase II Study for implementation of the Conservation and Mitigation measures, require authorization from the ICP. A ten (10) day period is determined for this authorization, including all different phases of the project.

**Step 6 - Location Consultation**
Even though the location consultation requires for its approval that an Environmental Determination is made, this process can be commenced in parallel to Step 1. This allows for the project to commence Public Hearings and the OGPe evaluation in parallel with the Environmental Document process. This Office of Permits Management (OGPe) consultation is required when a project location is not in compliance with the property zoning. In this consultation, the preliminary and conceptual drawings shall be filed, and if applicable, the Hydrological and Hydraulic Study (HH Study) if the project location is located within a flood zone. The Adjudicative Board of OGPe will evaluate this location consultation, as it is a discretionary matter. In the evaluation, OGPe will consider the Infrastructure Recommendations, the environmental document, as well as other requirements from applicable laws and regulations. This complete OGPe evaluation process will take approximately twenty-three (23) days, and will be performed as follows:

**Step 6a - Public Notice, Public Hearing and Report**
A Public Notice is required to be published immediately upon filing the Location Consultation. The Public Notice, along with the Public Hearing Notice, will be published in a general circulation newspaper within three (3) days of filing to inform the public and community of the filing, the public hearing date, time and location, and about the specific proposed action. This Public Notice commences the ten (10) day period to receive comments from the general public, and notifies all details of the public hearing, which will be assigned a date ten (10) days from the Public Hearing Notice. This hearing, which will be directed by OGPe, will allow the communities or any interested person or entity to submit comments related to the Location Consultation. After completing the Hearing, OGPe will prepare within five (5) days the applicable report which includes all of the issues discussed at the hearing. This report will be submitted to the OGPe Adjudicative Board, which will then have five (5) days to evaluate the Location Consultation and issue a final determination.

**Step 7 - Endorsement of the Hydrological and Hydraulic Study (if applicable)**
The DNER requires that any project that is located within a flood zone or floodplain, under the Special Flood Hazard Areas Regulation, Regulation #13 of the Planning Board, to file an Hydrological and Hydraulic Study to discuss the impacts of the project on the flood areas. Through calculations in the HH Study, a determination is made
concerning the capability of a proposed project to convey floodwaters during the regulatory flood event, with a one-percent (1%) chance of occurring, without raising the level of the base flood. The DNER will have a thirty (30) day period to issue its determination.

**Step 8 – Final Drawing and Design Approval**

The infrastructure agencies and the applicable Health, Environmental and Fire Department agencies must approve final drawings prior to initiating the required OGPe construction permit process in Step 9. These infrastructure recommendations are filed through OGPe, and the process should not exceed five (5) days.

**Step 9 – Construction and Demolition Permit**

After the location consultation is completed, an OGPe Construction and/or Demolition Permit is required for the projects development, including the earth movement phase, road access and the infrastructure utilities interconnections. This procedure requires submittal of detailed final project plans certified by a licensed architect or engineer. A five (5) day period is allocated to this permit.

**Step 10 – Endorsement to the Mitigation Plan to the Tree Cutting, Pruning and Planting Activities**

For every project that may require tree cutting and pruning external to the proposed project site, a mitigation plan will be required to consider the planting of trees or other activities included in Chapter 47 (Tree Cutting, Pruning and Planting) of the Planning Board Joint Regulation. This mitigation plan requires the Puerto Rico Department of Natural and Environmental Resources’ (PRDNER’s) endorsement or approval to allow for the actions to be executed. A design plan of the proposed mitigation activities must be submitted. The PRDNER will issue its determination on the mitigation plan within a ten (10) day period.

**Step 11 – Endorsement to the Mitigation Plan to the Wildlife Act**

For every project that may affect the wildlife, as established in Act 251 of August 15, 1999, and the respective PRDNER Regulation, a mitigation plan will be required to address any possible impacts to the wildlife and the habitat. This mitigation plan requires the PRDNER’s endorsement or approval to allow for the actions to be executed. A design plan of any of the proposed mitigation activities must be submitted, in addition to the Habitat Certification stated in Step 4. The PRDNER will issue a determination on the mitigation plan within a ten (10) day period.

**Step 12 – Unique Operational Incidental Permit**

After the OGPe Construction Permit is issued, the next step is to obtain a Unique Operational Incidental Permit. This is a consolidated permit that includes various activities related to the contractor’s works; such as the Tree Cutting, Pruning, Transplanting and Planting Permit; the Consolidated General Permit that regulates the fugitive air emission for construction, the erosion control measures and the solid waste

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2 Planning Board Joint Permits Regulation for Construction Works and Land Uses of November 30, 2010 (Regulation No. 7951), as amended.
generation and disposal; Incidental Extraction Permit to cover earth movement; and any other applicable permits as described in the Joint Regulations. A five (5) day period is allocated to this permit.

**Step 13 - Solid Waste Management Permit (DS-2 Construction Permit)**

After an OGP e construction permit is issued, the PREQB requires for a facility that manages, handles, stores or disposes solid waste; such as waste Collection Centers, Transfer Stations, Recycling Operations and Disposal Facilities under the Non-Hazardous Solid Waste Regulation; to obtain a permit before installing equipment and constructing the facility. As such, an Operations and Emergency Plan are part of the requirement for the permit. Within a five (5) day period, a draft permit should be prepared and the PREQB will request a Public Notice to be published informing the public of the opportunity to issue comments within a ten (10) day period. If a Public Hearing is requested, the PREQB will consider such request and upon authorization shall follow the timelines established in Step 1b, but the hearing will be conducted and presided by EQB. A final five (5) day period is determined for the final determination of this permit.

**Step 14 - Final Infrastructure Certification**

After the construction phase is completed, the proponent is required to file a final Infrastructure Recommendation that will allow for agencies, such as Puerto Rico Power and Electric Authority (PREPA), Puerto Rico Department of Transportation (DTOP) and Puerto Rico Aqueduct and Sewer Authority (PRASA) to accept the infrastructure connections included in the construction. This procedure requires submittal of detailed final project plans certified by a licensed architect or engineer. A five (5) day period is allocated for this permit.

**Step 15 - Solid Waste Management Permit (DS-2 Operation Permit)**

After the DS-2 Construction permit is issued, the PREQB requires for a facility that manages, handles, stores or disposes solid waste; such as waste Collection Centers, Transfer Stations, Recycling Operations and Disposal Facilities under the Non-Hazardous Solid Waste Regulation; to obtain a permit before commencing operations at the facility. A five (5) day period is determined for this permit.

**Step 16 - Health and Fire Department Endorsements**

After the construction phase is completed, and before the issuance of a Use Permit, an Environmental Health Certification (CSA) and a Fire Prevention Certification (CPI) are required to obtain a Use Permit. These certifications are required to assure the project compliance with health regulations and with the Puerto Rico Fire Code. A five (5) day period is allocated for these endorsements by OGPe.

**Step 17 – Use Permit**

This permit is the final process required to allow for the project operation to commence. Once project construction is completed, the proponent must submit to the agency the inspection reports and a certification from the designated inspector that the project was constructed according with plans submitted in the Use Permit, specifications and codes. The infrastructure final authorizations in Step 14 and the
Health and Fire Department endorsements in Step 16 are required. A five (5) day period is allocated.

This Expedited Permit Plan does not include additional permit requirements not included within this schedule. If any other permit is determined applicable for this specific case, a prioritized and accelerated schedule will be applied following similar timelines as established in this expedited permit schedule.
Appendix E: Real Property Tax and Municipal Volume of Business Tax
## I. Real Property Tax

<table>
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<th>CRI M</th>
<th>NPV of Taxes to Receive</th>
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II. Municipal Volume of Business Tax

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