APPROVED BY ORANGE
COUNTY BOARD OF COUNTY
COMMISSIONERS

BCC Mtg. Date: July 10, 2018

RESOLUTION NO. 2018-B-02

RESOLUTION
APPROVING THE REISSUANCE OF THE
ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT REFUNDING REVENUE BONDS
(ANUVIA FLORIDA LLC PROJECT)
IN AN AGGREGATE PRINCIPAL AMOUNT OF
NOT TO EXCEED $51,000,000

WHEREAS, the Orange County Board of County Commissioners (the "Board") declared a need for the Orange County Industrial Development Authority (the "Authority"), appointed its members and empowered it to act under the provisions of Chapter 159, Part III of the Florida Statutes; and

WHEREAS, after publication in the *Orlando Sentinel* of the Notice of Public Hearing, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference (the "Notice of Public Hearing"), the Authority held, at its June 19, 2018 meeting, the public hearing (the "Public Hearing") required by the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), relating to the Orange County Industrial Development Authority Industrial Development Refunding Revenue Bonds (Anuvia Florida LLC Project), in two or more series, in an aggregate principal amount not to exceed $51,000,000 (the "Bonds"), proposed to be reissued by the Authority, and adopted the Resolution, a copy of which is attached hereto as Exhibit "B" and incorporated herein by reference (the "Authority's Resolution") for the purpose of exchanging the Bonds for the Authority's previously outstanding Industrial Development Revenue Bonds (VitAG Florida LLC Project), Series 2014 (the "Restructured Bonds"). The Restructured Bonds were issued for the purpose of financing the acquisition, construction and equipping of solid waste disposal facilities, including an 11,000 square foot processing building, a 24,000 square foot warehouse, and related facilities (the "Project") located at 6751 West Jones Avenue in Zellwood, Florida (the "Project") for the benefit of Anuvia Florida, LLC, a Florida limited liability company, which is the successor to VitAG Florida LLC (the "Borrower"); and

WHEREAS, the Board is the elected legislative body of Orange County, Florida (the "County") and, based upon representations of the Borrower regarding the location, the County has jurisdiction over the Project located in the County for purposes of Section 147(f) of the Internal Revenue Code; and

WHEREAS, the Board has been furnished with a copy of the Notice of Public Hearing and has been advised that: (a) the Notice of Public Hearing apprised residents of the County of the proposed reissuance of the Bonds not less than 14 days before the Public Hearing; (b) the Public Hearing was conducted in a manner which provided a reasonable opportunity for persons with differing views on both the reissuance of the Bonds and the location and nature of the existing Project to be heard; and (c) no members of the public (other than those present on behalf of the Borrower and members of the Authority and its staff) appeared at the Public Hearing or otherwise expressly objected to the reissuance of the Bonds for the Project; and

WHEREAS, the Board has been requested by the Authority to consider and approve the Authority's reissuance of the Bonds, in exchange for the Restructured Bonds, under the provisions of Sections 125.01(1)(z) and 159.47(1)(f), Florida Statutes, as amended, and Section 147(f) of the Internal Revenue Code;

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Orange County, Florida as follows:

SECTION 1. Reissuance by the Authority of its Orange County Industrial Development Authority Industrial Development Refunding Revenue Bonds (Anuvia Florida LLC Project), in two or more series, in an aggregate principal amount of not to exceed $51,000,000, as contemplated by the Notice of Public Hearing and the Authority's Resolution shall be, and hereby is, approved.

SECTION 2. This approval is solely for the purpose of Section 147(f) of the Internal Revenue Code and Sections 125.01(z) and 159.47(1)(f), Florida Statutes. The reissuance of the Bonds and the exchange thereof as contemplated by the Authority's Resolution shall be, and is, approved.

SECTION 3. The approval given herein shall not be construed as (i) an endorsement of the creditworthiness of the Borrower or the financial viability of the Project, (ii) a recommendation to any prospective purchaser to purchase the Bonds, (iii) an evaluation of the likelihood of the repayment of the debt service on the Bonds, or (iv) approval of any necessary rezoning applications or approval or acquiescence to alteration of existing zoning or land use nor approval for any other regulatory permits relating to the Project, if any, and the Board shall not be construed by reason of its adoption of this Resolution to make any such endorsement, finding or recommendation or to have waived any right of the Board or to have estopped the Board from asserting any rights or responsibilities it may have in such regard. Further, the approval by the Board of the exchange and reissuance of the Bonds by the Authority shall not be construed to obligate the County to incur any liability, pecuniary or otherwise, in connection with either the reissuance or exchange of the Bonds, and the Authority shall so provide in the financing documents setting forth the details of the Bonds.

SECTION 4. Nothing contained in this approval shall be deemed to create any obligation or obligations of the County or the Board.

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SECTION 5. This Resolution shall take effect immediately upon its adoption.

ADOPTED this JUL 1 0 2018 day of July, 2018.

ORANGE COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS

(SEAL)

By: ______________________
County Mayor
for

ATTEST:

By: ______________________
Deputy Clerk

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EXHIBIT "A"

NOTICE PUBLIC HEARING

Orlando Sentinel
MEDIA GROUP

Published Daily
ORANGE County, Florida

STATE OF FLORIDA

COUNTY OF ORANGE

Before the undersigned authority personally appeared
Tina Robinson/Paul Koch, who on oath says that he or she is an Advertising Representative of the ORLANDO SENTINEL, a DAILY newspaper published at the ORLANDO SENTINEL in ORANGE County, Florida; that the attached copy of advertisement, being a Legal Notice in the matter of 11150-Public Hearing Notice, was published in said newspaper in the issues of Jun 02, 2018.

Affiant further says that the said ORLANDO SENTINEL is a newspaper published in said ORANGE County, Florida, and that the said newspaper has heretofore been continuously published in said ORANGE County, Florida, each day and has been entered as periodicals matter at the post office in ORANGE County, Florida, in said ORANGE County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that he or she has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

Tina L Robinson — Signature of Affiant

Tina L Robinson — Printed Name of Affiant

Sworn to and subscribed before me on this 18 day of June, 2018,
by above Affiant, who is personally known to me (X) or who has produced identification ( ).

Signature of Notary Public

WANDA W WIGGINS
MY COMMISSION # GG065341
EXPIRES January 24, 2021

Name of Notary, Typed, Printed, or Stamped

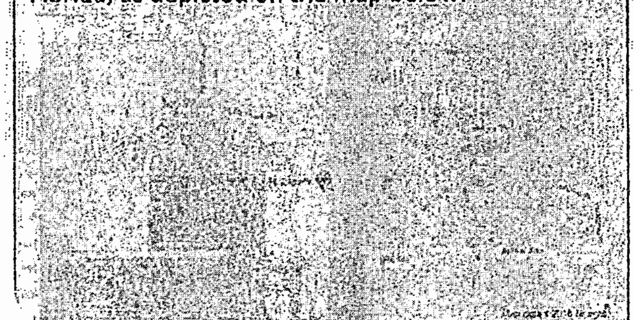
5643897

Orlando Sentinel
MEDIA GROUP

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

NOTICE OF MEETING AND PUBLIC HEARING

For the purposes of Section 147(f) of the Internal Revenue Code, notice is hereby given that the Orange County Industrial Development Authority (the "Issuer") will hold a public meeting and hearing with respect to the issuance of and use of proceeds of its Industrial Development Refunding Revenue Bonds (Anuvia Florida LLC Project) in two or more series, in the principal amount of not to exceed $51,000,000 (the "Bonds") proposed to be issued by the Issuer. The public meeting and hearing will be held Tuesday, June 19, 2018, beginning at 2:00 p.m. at the Orange County Administration Building, 201 South Rosalind Avenue, 3rd Floor, Conference Room OMB, Orlando, Florida. The Issuer plans to issue the Bonds on behalf of Anuvia Florida, LLC, a Florida limited liability company, a successor to VitAG Florida LLC (the "Borrower"). The Bonds will be issued in exchange for the Authority's previously outstanding Industrial Development Revenue Bonds (VitAG Florida LLC Project), Series 2014. The Series 2014 Bonds were issued for the purpose of financing the acquisition, construction and equipping of solid waste disposal facilities, including an 11,000 square foot processing building, a 24,000 square foot warehouse, and related facilities (the "Project") located at 6751 West Jones Avenue in Zellwood, Florida, as depicted on the map below:



The Project will continue to be owned and/or operated by the Borrower and related entities. The Bonds are a limited obligation of the Issuer and are payable solely from the payments payable by the Borrower. An agreement between the Issuer and the Borrower will provide for the payments by the Borrower sufficient to pay debt service on the Bonds when due. The Bonds will be secured under an agreement whereby the Issuer will pledge the payments by the Borrower for the benefit of the holders of the Bonds. The Bonds will not be a general obligation of the Issuer and do not in any way constitute a debt, liability or obligation of the State of Florida, Orange County, Florida or any other political subdivision of the State of Florida. The Bonds are not payable from any tax revenues. The public hearing will be conducted in a manner that provides a reasonable opportunity for persons to be heard on both the use of the proceeds of the Bonds and the location and nature of the Project. Any person desiring to be heard on this matter is requested to attend the public hearing or send a representative. Written comments may be submitted to the Issuer in care of the Orlando Economic Partnership at 301 East Pine Street, Suite 900, Orlando, Florida 32801, directed to the Secretary. Comments made at the hearing are for the consideration of the Issuer and the Board of County Commissioners of Orange County (the "Board"). Persons are advised that, if they decide to appeal any decision made at this hearing or made by the Board, they will need a record of the proceedings, and for such purpose, they may need to ensure that a verbatim record of the proceedings is made. In accordance with the American with Disabilities Act, persons needing a special accommodation to participate in this proceeding should contact the Issuer no later than seven (7) days prior to the proceeding at the address given in this notice or telephone: (407) 422-7159.

Dated: June 2, 2018
Orange County Industrial
Development Authority
By: Casey Barnes, Authority Secretary

EXHIBIT "B"

AUTHORITY RESOLUTION

RESOLUTION NO. 2018-03

RESOLUTION OF THE ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY GRANTING APPROVAL TO THE EXCHANGE AND REISSUANCE OF ITS INDUSTRIAL DEVELOPMENT REFUNDING REVENUE BONDS IN AN AMOUNT NOT TO EXCEED $51,000,000 TO RESTRUCTURE PREVIOUSLY ISSUED BONDS OF THE AUTHORITY WHICH FINANCED SOLID WASTE DISPOSAL FACILITIES FOR ANUVIA FLORIDA LLC (AS SUCCESSOR TO VITAG FLORIDA LLC); SETTING FORTH THE TERMS AND CONDITIONS UNDER WHICH SUCH REVENUE BONDS WILL BE EXCHANGED; APPROVING THE FORMS OF EXCHANGE DOCUMENTS A MEMORANDUM OF AGREEMENT AND A RELEASE; AUTHORIZING THE EXECUTION THEREOF; PROVIDING AN EFFECTIVE DATE; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE EXCHANGE OF THE BONDS; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO.

BE IT RESOLVED by the Orange County Industrial Development Authority, that:

SECTION 1. AUTHORITY. This Resolution is adopted pursuant to the provisions of Parts II and III of Chapter 159, Florida Statutes, as amended, and other applicable provisions of law.

SECTION 2. DEFINITIONS. In addition to the defined terms provided elsewhere herein, the following terms are defined as followed:

A. "Act" means Parts II and III of Chapter 159, Florida Statutes, as amended, and other applicable provisions of law.

B. "Series 2018 Bonds" means the proposed Orange County Industrial Development Authority Industrial Development Refunding Revenue Bonds (Anuvia Florida LLC Project), Series 2018 to be reissued in two or more series in an aggregate principal amount not exceeding $51,000,000, pursuant to the Act.

C. "Borrower" means Anuvia Florida LLC, a Florida limited liability company, which is the successor entity to VitAG Florida LLC, and its successors or assigns.

D. "Chairman" means the Chairman or the Vice Chairman of the Issuer.

E. "Issuer" means the Orange County Industrial Development Authority, a public body corporate and political of the State.

F. "Project" means the Borrower's biosolids to fertilizer facility and related assets, as improved from time to time, located in Zellwood, Orange County, Florida, constructed and equipped with the proceeds of the Restructured Bonds and with other funds from the Borrower and its affiliates.

G. "Project Site" means the tract of land of approximately 62.5 acres located in Orange County, Florida on which the Project has been constructed and equipped.

H. "Restructured Bonds" means the Issuer's previously issued Industrial Development Revenue Bonds (VitAG Florida LLC Project), Series 2014, which were issued on July 11, 2014.

I. "Secretary" means the Secretary or any Assistant Secretary of the Issuer.

J. "State" means the State of Florida.

SECTION 3. PROPOSAL. The Borrower has requested that the Issuer restructure and reissue its revenue bonds in two or more series in an aggregate principal amount not exceeding $51,000,000 for the purpose of exchanging such Series 2018 Bonds for the Restructured Bonds, such Series 2018 Bonds to be reissued in conjunction with a loan agreement between the Issuer and the Borrower in an amount sufficient to pay the principal of and interest on such Series 2018 Bonds as the same become due and payable.

SECTION 4. FINDINGS. The Issuer hereby finds, determines and declares as follows:

A. The Issuer is authorized and empowered by the Act to enter into transactions such as those contemplated by the Borrower, and to fully perform the obligations of the Issuer to be undertaken in connection with the exchange of the Series 2018 Bonds for the Restructured Bonds, which shall promote the economy of the Issuer and the State, preserves opportunities for gainful employment and purchasing power and improves living conditions, and otherwise contribute to the prosperity and welfare of the State and the inhabitants thereof.

B. Based solely upon the representations of the Borrower with respect to the Project, the Project constitutes a "project" and an "industrial or manufacturing plant" within the meaning and contemplation of the Act and the costs of the Project constitutes "costs of a project" within the meaning and contemplation of the Act.

C. The Borrower has requested that the Issuer restructure and reissue the Series 2018 Bonds, in two or more series, in an aggregate principal amount not exceeding $51,000,000 to exchange for the Restructured Bonds. The Series 2018 Bonds shall be paid solely from the repayment of a loan from the Issuer to the Borrower and other pledges and collateral security provided by the Borrower, including a mortgage on the Project Site.

D. Forms of the following documents (the "Documents") relating to the proposed Series 2018 Bonds have been prepared and submitted to the Issuer on file with the Secretary of the Issuer:

(a) An Amended and Restated Indenture of Trust relating to the Series 2018 Bonds (the "Indenture") proposed to be made and entered into by and between the Issuer and UMB Bank, National Association, as Trustee (the "Trustee"), authorizing the reissuance and exchange of the Series 2018 Bonds for the Restructured Bonds;

(b) An Amended and Restated Loan Agreement relating to the Series 2018 Bonds (the "Loan Agreement") proposed to be made and entered into by and between the Issuer and the Borrower;

(c) A Release relating to the Restructured Bonds and the Project (the "Release Agreement") proposed to be entered into by and among the Issuer, the Borrower, the Trustee and the holders of the Restructured Bonds; and

(d) A Memorandum of Agreement by and between the Issuer and the Borrower (the "Memorandum of Agreement").

E. The Issuer desires to authorize the Documents and the reissuance of the Series 2018 Bonds for the above-described purposes upon meeting certain conditions as hereinafter described, and to authorize and approve various instruments to be executed and delivered in connection therewith.

F. Based upon the representations of the Borrower, the Project is appropriate to the needs and circumstances of, and shall continue to make a significant contribution to the economic growth of Orange County, Florida, shall enable continued gainful employment and shall serve a public purpose by advancing the economic prosperity and the general welfare of the State, and the reissuance of the Series 2018 Bonds which provides for an exchange of the Restructured Bonds will have a substantial public benefit.

G. The Bonds shall not be deemed to constitute a debt, liability or obligation, or a pledge of the faith and credit or taxing power, of the Issuer, Orange County, Florida, or the State of Florida or any political subdivision thereof, but the Series 2018 Bonds shall be payable solely from the revenues and proceeds to be derived by the Issuer from payments received under the loan agreement entered into between the Issuer and the Borrower.

H. On June 19, 2018, the Issuer held an open public hearing on the issuance of the Bonds pursuant to notice published on June 2, 2018 in the *Orlando Sentinel.*

SECTION 5. DETERMINATION. The Issuer hereby finds:

A. That the Issuer, the Borrower and UMB Bank, National Association, as the Trustee, have executed or will concurrently with the issuance of the Bonds execute the documentation required for the exchange of the Series 2018 Bonds for the Restructured Bonds (the "Exchange") as contemplated hereby, in a form acceptable to the Issuer;

B. That adequate provision has been made in the documents for the operation, repair and maintenance of the Project at the expense of the Borrower and for the payment of the principal of, premium, if any, and interest on the Series 2018 Bonds and reserves, if any, therefor;

C. That the interest on the Bonds is excluded from gross income for federal income tax purposes under existing laws of the United States, provided that such shall not be applicable to any series of the Series 2018 Bonds that is designated expressly in the definitive Documents as bearing interest that is not excludable from gross income for federal income tax purposes;

D. That, based on the criteria established by the Act, and solely upon information provided by the Borrower, the Borrower is financially responsible and fully capable of and willing to fulfill all of its restructured obligations under the terms and provisions of the loan agreement to be negotiated between the parties, under which the Borrower is obligated, among other things, to pay amounts sufficient to timely discharge the debt service on the Series 2018 Bonds, and to operate, repair and maintain the Project at the Borrower's expense;

E. That Orange County, Florida will continue to cope satisfactorily with the impact of the Project and will continue to provide or cause to be provided the public facilities that are necessary for the operation of the Project;

F. That the proposal will otherwise comply with all of the provisions of the Act; and

G. That any other requirements, determinations and conditions that the Issuer may reasonably require in connection with the financing have been satisfied;

then the Issuer shall, and by passage of this Resolution hereby agrees to, reissue the Restructured Bonds as the Series 2018 Bonds to provide for the Exchange in accordance with the provisions and authority of the Act and this Resolution. The principal amount, terms of maturity, interest rate and other details of the Series 2018 Bonds will be set forth in the Documents.

SECTION 6. AUTHORIZATION TO EXECUTE DOCUMENTS. The Chairman and the Secretary of the Issuer are authorized in the name and on behalf of the Issuer pursuant to this Resolution to execute and deliver the Documents in substantially the forms attached to this Resolution as Exhibits, "A," "B," "C," and "D" with such changes as the officers signing such documents may approve, the execution thereof to be conclusive evidence of such approval. The officers executing such Documents are further authorized to do all acts which may be required or may be advisable with respect thereto.

The Chairman and the Secretary of the Issuer are further authorized to take such further action and execute such further instruments as may be necessary to fully effectuate the purpose and intention of this Resolution.

SECTION 7. LIMITED OBLIGATIONS. The Series 2018 Bonds and the interest thereon shall not constitute an indebtedness or pledge of the general credit or taxing power of the Issuer, Orange County, Florida, the State of Florida or any political subdivision or agency thereof but shall be payable solely from the revenues pledged therefor pursuant to the Loan Agreement or other financing agreements entered into by and between the Issuer and the Borrower prior to or contemporaneously with the reissuance of the Series 2018 Bonds for the Exchange.

SECTION 8. AUTHORIZATION OF EXECUTION OF TAX AGREEMENT AND FILINGS UNDER THE CODE. The Issuer hereby authorizes and directs any one or more of the Chairman, Vice Chairman and the Secretary of the Issuer, being the persons hereby charged with the responsibility for reissuing the Series 2018 Bonds, either alone or jointly, at the expense of the Borrower (1) to execute and deliver to the Borrower and the Trustee an agreement or certification required by Sections 1.103-13, 1.103-14 and 1.103-15 of the Regulations (relating to "arbitrage") promulgated under Section 148 of the Code, (2) to execute and file with the Internal Revenue Service Internal Revenue Service Form 8038, as required under Section 149(e) of the Code, and (3) to execute and make all such other certification and filings as may be required under Section 103 of the Code.

SECTION 9. EXECUTION OF BONDS AND AUTHORIZATION OF ALL OTHER NECESSARY ACTION. The officers of the Issuer are hereby authorized and directed to execute the Series 2018 Bonds, by manual or facsimile signature, when prepared and to deliver the same to the Trustee for authentication and delivery to holders of the Restructured Bonds to effectuate the Exchange. The Chairman, Vice Chairman, Secretary and Assistant Secretary, and Holland & Knight, LLP, as Issuer's Counsel, are designated agents of the Issuer in connection with the issuance and delivery of the Series 2018 Bonds, and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, opinions, documents or contracts on behalf of the Issuer which are necessary or desirable in connection with the execution and delivery of the Series 2018 Bonds and with the terms of the Documents, and which are not inconsistent with the terms and provisions of this Resolution and other actions relating to the Series 2018 Bonds heretofore taken by the Issuer.

SECTION 10. RECOMMENDATION. The Issuer hereby recommends that the Board of County Commissioners of Orange County grant the necessary approvals for the reissuance of the Series 2018 Bonds for the Exchange.

SECTION 11. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

SECTION 12. SEVERABILITY. If any covenant or agreement provided in this Resolution to be performed on the part of the Issuer is declared by any court of competent jurisdiction to be contrary to law, then such covenant or agreement shall be null and void and shall be deemed separable from the remaining covenants and agreements of this Resolution and shall in no way affect the validity of the other provisions of this Resolution or the Series 2018 Bonds.

PASSED AND ADOPTED this 19th day of June, 2018.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

(SEAL)

By: [signature]
Its: Chair

ATTEST:

By: [signature]
Its: SECRETARY

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MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT (this "Agreement"), dated as of the 19th day of June, 2018, by and between the **ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public body corporate and politic and a public instrumentality duly created and existing under and by virtue of the laws of the State of Florida (the "Issuer") and **ANUVIA FLORIDA LLC**, a Florida corporation, as successor to VitAG Florida LLC (the "Borrower").

1. Preliminary Statements. Among the matters of mutual inducement which have resulted in the execution of this Agreement are the following:

(a) The Issuer is a public body corporate and politic created by the provisions of Part III of Chapter 159, Florida Statutes, as amended (the "Act"), and is a constituted authority authorized to issue obligations for and on behalf of a political subdivision, all within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations under the Code.

(b) In order to improve the economic base of Orange County, Florida (the "County") and the industrial economy in the State of Florida (the "State"), to promote the economic growth of the County and the State, to increase purchasing power and opportunities for gainful employment, to improve living conditions and to advance and improve the economic prosperity and the general welfare of the State and its people, it is desirable that the Issuer restructure and reissue its Industrial Development Bonds, (VitAG Florida LLC Project) Series 2014, which were issued in the original principal amount of $64,095,000 (the "Restructured Bonds").

(c) The Borrower has requested that the Issuer restructure and reissue the Restructured Bonds as the Issuer's Industrial Development Refunding Revenue Bonds, in two or more series in a not to exceed amount of $51,000,000 (the "Bonds") to refinance the Restructured Bonds, the proceeds of which were used to finance the cost of acquisition, construction, and equipping of the Anuvia biosolids-to-fertilizer facility in Zellwood, Florida for use as a solid waste disposal facility located in the County (the "Project").

(d) The Issuer intends to enter into, with the Borrower a loan agreement (the "Amended and Restated Loan Agreement") requiring it to pay installments sufficient to pay the principal of, premium (if any), interest and costs due pursuant to and under the Bonds when and as the same become due.

(e) The Borrower intends to continue to operate the Project as a solid waste disposal facility.

(f) The Borrower represents that the Project will continue to significantly contribute to the economic growth of the County by itself and by contributing to the growth potential of the Borrower, thereby continuing the local job base and the local tax base.

(g) The Borrower requests the Issuer to enter into this Agreement for the purpose of declaring the Issuer's intention to provide for the restructuring.

(h) The Borrower represents that no portion of the Bond proceeds will be used to reimburse the Borrower for costs of the Project, except as permitted by the Code and relevant Treasury Regulations.

(i) The Borrower proposes that the Issuer agree to issue the Bonds under the Act in an aggregate principal amount not to exceed $51,000,000. By virtue of the provisions of Section 103(a) and Section 145 of the Code, as now existing or hereafter amended, the interest on Bonds which are issued on a tax exempt basis is to be excluded from' the gross income of the holder or holders for federal income tax purposes to the extent that the Project is occupied by a qualified user (including the Borrower).

(j) The Issuer has preliminarily determined, based upon representations made by the Borrower and without any independent investigation having been made by the Issuer, that the refinancing of all or a portion of the cost of the Project by the Issuer will be in furtherance of the purpose of the Act in that it will continue to provide jobs and enhance the growth of the Borrower and will significantly contribute to the inhabitants of the County by continuing the local job base and fostering the economic development of the County and continuing the local tax base.

(k) The Bonds will continue to be held by accredited investors and qualified institutional holders under the same restrictions as were in place for the Restructured Bonds.

(l) The Issuer by resolution duly passed and adopted, has made certain preliminary findings and determinations and has approved and authorized the execution and delivery of this Memorandum of Agreement.

2. Undertakings on the Part of the Issuer. In accordance with and subject to the limitations of the Act, and subject to the satisfaction by the Borrower of the terms and conditions of this Agreement, the Issuer agrees as follows:

(a) That it will authorize the issuance and sale of its revenue bonds, pursuant to the terms of the Act as then in force in a principal amount not to exceed $51,000,000 for the purpose of refinancing the Restructured Bonds.

(b) That at the proper time, and subject in all respects to the prior advice, consent and approval of the Borrower, it will adopt such proceedings and authorize the execution of such documents as may be necessary and advisable for the authorization, restructure and reissuance of the Bonds and the refinancing of the Project, all as shall be authorized by the Act and mutually satisfactory to the Issuer and the Borrower. The Bonds shall not be deemed to constitute a debt, liability or obligation of the Issuer or of the County, the State of Florida or of any political subdivision thereof, but such Bonds shall be payable solely from the payments to be made by the Borrower pursuant to the Loan Agreement. The Bonds issued shall be in a principal amount not exceeding $51,000,000, shall bear interest at such fixed or variable rate or rates (not to exceed the lesser of 18% per annum or the highest rate allowed by law), shall have such maturity not exceeding forty (40) years, shall be payable at such times and places, shall be issued in book-entry only form through the facilities of The Depository Trust Company, shall be in such forms and denominations, shall be sold in such manner, subject to the provisions of Section 218.385 of the Florida Statutes, as amended, and the Debt Issuance Policy, and at such time or times, shall have such provisions for redemption, shall be executed and shall be secured as hereafter may be requested by the Borrower and agreed to by the Issuer, all on terms mutually satisfactory to the Issuer and the Borrower.

(c) That the Issuer will enter into the Loan Agreement with the Borrower requiring the Borrower to make payment for the account of the Issuer of installments sufficient to pay all of the interest, principal, redemption premiums (if any) and other costs due under and pursuant to the Bonds when and as the same become due and payable; to operate, repair, and maintain the Project at the Borrower's own expense; to pay to the Issuer a processing and administrative fee upon issuance and sale thereof; and to pay all other costs incurred by the Issuer in connection with the financing and administration of the Project which are not paid out of the Bond proceeds or otherwise for so long as the Bonds remains outstanding.

(d) That the Issuer will assign all its right, title and interest under the Loan Agreement and the other documents executed in connection with the Bonds to the trustee (the "Trustee") pursuant to a trust indenture to be entered into with the Trustee. The Trustee shall be UMB Bank.

3. Undertakings on the Part of the Borrower. Subject to the conditions hereinafter stated, the Borrower agrees as follows:

(a) That contemporaneously with the delivery of the Bonds, the Borrower will enter into such financing arrangements, indentures and related agreements as shall, in the opinion of the Borrower, the Borrower's counsel, and the Issuer or Issuer's counsel, including, but not limited to, the Loan Agreement, be necessary or appropriate so that the Borrower will be obligated to pay for the account of the Issuer sums sufficient in the aggregate to pay the principal of, the redemption premium, if any, and the interest on the Bonds when and as the same shall become due and payable.

(b) That the Borrower will take such further action and adopt such proceedings as may be required to implement its undertakings hereunder.

(c) That the Borrower will provide a satisfactory opinion of counsel for the Borrower with respect to the due organization, existence, qualification to do business in various jurisdictions (including the State of Florida) and good standing of the Borrower, as a corporation, its power and authority to own its properties and to carry on its business and activities (including those to be carried on, at or in connection with the Project), the due authorization and execution, and delivery of any agreements to which it is a party, including, but not limited to, the Loan Agreement and related agreements, instruments and documents, their legality, validity, binding effect and enforceability in accordance with their respective terms, and the absence of any violation of law, rule, regulation, judgment, decree or order of any court or other agency of government or of the certificate of incorporation, bylaws, and agreements, indentures or other instruments to which the Borrower is a party or by which it or any of its property is or may be bound.

(d) That the Issuer will have been provided, at the cost of the Borrower, a satisfactory opinion of its counsel with respect to the due organization and existence of the Issuer and that all necessary proceedings in connection with the authorization, issuance and sale of the Bonds and the other transactions of the Issuer contemplated hereby have been properly conducted in accordance with applicable law.

4. General Provisions.

(a) The Issuer and the Borrower agree that the Borrower shall provide or cause to be provided all services for the operation of the Project, and the Issuer shall have no responsibility for providing any of such services or any liability therefor.

(b) All commitments of the Issuer and of the Borrower pursuant to this Agreement are subject to the condition that the Issuer and the Borrower shall have agreed to mutually acceptable terms for the Bonds and the delivery thereof and mutually acceptable terms and conditions for the financing arrangements and other agreements referred to in Section 3(c) and, unless extended by subsequent resolution of the Issuer, the Bonds shall have been delivered on or before one year from the date of this Agreement.

(c) If the Issuer declines to reissue the Bonds, if the Borrower abandons its plan to go forward with the Bonds, or if the events set forth in paragraph (b) of this Section do not take place within the time set forth therein for any reason whatsoever, the Borrower agrees that it will pay all costs and expenses of the Issuer including reasonable fees and expenses of the Issuer's counsel, including but not limited to out-of-pocket expenses, which the Issuer may have incurred in connection with the execution of this Agreement and the performance by the Issuer of its obligations hereunder, and this Agreement shall thereupon terminate.

(d) So long as this Agreement is in effect, all risk of loss to the Project shall, as between the parties hereto, be borne by the Borrower.

(e) The Borrower hereby agrees that the Issuer shall not be liable for, and agrees to release, indemnify and hold harmless the Issuer from any liabilities, obligations, claims, damages, litigation, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed on, incurred by or asserted against the Issuer for any cause whatsoever pertaining to the Project, the Bonds or this Agreement or any transaction contemplated by this Agreement.

(f) As a matter of general assurance by the Borrower to the Issuer, the Borrower hereby covenants and agrees that it will indemnify the Issuer for all reasonable expenses, costs and obligations incurred by the Issuer under the provisions of the Agreement to the end that the Issuer will not suffer, any out-of-pocket losses as a result of the carrying out of any of its undertakings herein contained. It is furthermore expressly agreed that any pecuniary liability or obligation of the Issuer hereunder shall be limited solely to the revenues derived by the Issuer from the Loan Agreement and nothing contained in this Agreement shall ever be construed to constitute a personal or pecuniary liability or charge against any member, officer or employee of the Issuer, and in the event of a breach of any undertaking on the part of the Issuer contained in this Agreement, no personal or pecuniary liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

(g) In any event, the provisions of this Agreement shall be superseded by any financing arrangement entered into by the Issuer and the Borrower in accordance with Section 3(a) of this Agreement and, upon execution and delivery of such documents constituting the financing arrangement, this Agreement shall terminate and be of no further effect.

(h) The restructuring arrangements to be entered into in connection with the issuance of the Bonds shall provide that the Borrower shall not discriminate among persons due to race, religion or national origin.

(i) The Borrower acknowledges and agrees that upon the successful restructuring of the Bonds, fees as hereinafter stated shall be due and payable.

A. Issuance and Administrative Fee - One-half of one percent of the principal amount of the Bonds up to $4,000,000 and one-quarter of one percent thereafter (subject to a maximum issuance and administrative fee of $75,000), payable upon issuance and sale thereof, exclusive of out-of-pocket expenses, if any, incurred by the Issuer as a result of the Carrying out of its undertakings herein contained.

B. Issuer's Counsel Fee - All reasonable costs for services rendered and out-of-pocket expenses as assessed by Issuer's counsel.

C. Bond Counsel Fee - All reasonable costs for services rendered and out-of-pocket expenses as assessed by Bond Counsel.

(j) The Borrower acknowledges and agrees that, in addition to the other conditions set forth herein, the obligation of the Issuer to issue the, Bonds is contingent upon final approval of the Issuer and the Board of County Commissioners of Orange County, Florida.

5. Effective Dates; County Review. This Agreement shall take effect upon its execution and delivery; provided, however, that prior to the delivery of the Bonds by the Issuer, the Borrower will provide to the Issuer:

(a) all financing documentation required by the Issuer in connection with the reissuance of the Bonds, all in form and content satisfactory to the Issuer;

(b) the approving opinion of Bryant Miller Olive P.A. (or other nationally recognized bond counsel selected by Borrower and approved by Issuer, which approval shall not unreasonably be withheld), as Bond Counsel, to the effect that the Bonds have been validly issued and that under the existing laws of the United States, interest on the Bonds will be excluded from gross income of the holders for federal income tax purposes to the extent that the Project is occupied by a qualified user (unless a taxable series of the Bonds is issued);

(c) if the principal amount of the Bonds is $10,000,000 or more, evidence that the Borrower has retained a financial advisory firm properly licensed with the National Association of Securities Dealers, the Municipal Securities Rulemaking Board, the Securities and Exchange Commission, and the Florida Statutes to advise the Borrower concerning structuring the Bonds, marketing the Bonds, and the investment or disposition of Bond proceeds;

(d) such other representations, warranties, covenants, agreements, certificates, financial statements, and other proofs as may be required by the Issuer or Bond Counsel.

The Project and the Bonds shall also be subject to review and approval by the Board of County Commissioners of the County, and no assurances can be given by the Issuer as to the outcome of such review. Further, no assurances can be given by the Issuer as to the result of any action or inaction by a governmental agency, whether local, state or federal, nor as to the result of any judicial action, which may affect in any way the issuance of the Bonds or the Project; and the Issuer shall not be responsible nor held liable for any costs or-damages incurred by any party as a result thereof.

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Memorandum of Agreement to be executed in their respective names, all as of the date first above written.

"ISSUER"

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

[SEAL]

By Justin Vermuth
Name: Justin Vermuth
Title: Chair

Attest:

By: Casey Barnes
Name: CASEY BARNES
Title: SECRETARY

"BORROWER"

ANUVIA FLORIDA LLC

By
Name: EDWARD ZUGHAFT
Title: MANAGER

[Signature Page | Memorandum of Agreement]

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Minutes of Regular Meeting Held on June 19, 2018

A Regular Meeting of the Orange County Industrial Development Authority (the "Authority") was held in the OMB Conference Room, 3rd floor, at the Orange County Administration Center, 201 S. Rosalind Avenue, Orlando, Florida 32801 at 2:00 p.m. on June 19, 2018. Present throughout the meeting were Chairman Justin Vermuth, Authority members Paul Michelotti and Joel A. Knopp and Authority Secretary Casey Barnes. Authority members Sylvia Dunlap and Wade C. Vose and Assistant Secretary Irma Stenman were absent. The Authority members present constituted a quorum of the members of the Authority. Also in attendance were Glenn A. Adams, Michael Wiener, Brian Hanafin, and paralegal Suzanne McCormack of Holland & Knight LLP, general counsel to the Authority. Also present throughout the meeting were Danielle Philippe of the Financial & Business Services Division of Orange County, Holland & Knight summer associate Kai Murphy and visiting Scottish legal student Nicole Gray.

Chairman Vermuth presided at the meeting. He called the meeting to order at 2:00 p.m. All parties in attendance introduced themselves to the group.

The first order of business to come before the meeting was to call for public comment; there being none, the Chairman moved on to the next matter of business.

The next item on the agenda was the approval of the minutes of a regular meeting of the Authority held on April 17, 2018, the most recent previous meeting of the Authority. A draft of the proposed minutes previously had been delivered to each of the members of the Authority.

A motion to approve the minutes as distributed was made by Mr. Knopp, seconded by Mr. Michelotti, and unanimously adopted.

The next item on the agenda was a presentation by Anuvia Florida LLC (as successor to VitAG Florida LLC) ("Anuvia"). Present on behalf of Anuvia were Ed Zughaft, Senior Vice President of Finance, Mary Richardson, General Counsel and Gary Dahms, Executive Vice President of Engineering. Also present were Grace Dunlap of Bryant Miller Olive, bond counsel for Anuvia, and Financial Advisors Rick Frimmer of EisnerAmper and Elizabeth Hill of Bright Bay Advisors. Mr. Zughaft handed out materials and gave an in depth presentation addressing an overview of Anuvia, its products, the history of the facility's operations including its permitting issues, capital infusions by Anuvia's parent company, discussions with bondholders leading to this proposed restructuring, the objectives of the restructuring including a reduced principal amount, reduced interest rate and longer payment period, and projections for the future sales and earnings. Mr. Dahms discussed the operations of the facility. Questions by Authority members and counsel were asked and answered surrounding the business operations and the proposed restructuring including a summary of the financial terms of the restructuring projected debt service coverage and projected EBITDA of Anuvia by Mr. Frimmer, Mr. Frimmer did note that these were all projections and subject to change.

Following the presentation, Chairman Vermuth conducted a TEFRA Public Hearing on behalf of the Authority. The Chairman stated the following:

"This public hearing is being conducted pursuant to the requirements of the federal Tax Equity and Fiscal Responsibility Act of 1982, as amended by the Tax Reform Act of 1986, collectively referred to for purposes of this hearing as "TEFRA" and embodied in Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"). TEFRA requires that in order for the interest on private activity bonds, to be exempt from federal income tax, such bonds and the projects which they will finance must be approved by either a voter referendum or by an applicable elected representative after a public hearing following reasonable public notice. Anuvia Florida LLC, referred to herein as the "borrower" has requested that the Orange County Industrial Development Authority issue for its benefit the Authority's Industrial Development Revenue Refunding Bonds (Anuvia Florida LLC Project) in one or more series in an aggregate principal amount not to exceed $51,000,000, and referenced herein as the "Bonds." The Borrower is solely obligated to repay the Bonds from its revenues and other security pledged to the repayment of the Bonds. The Authority has no financial obligation for repayment of the Bonds.

Upon conclusion of any testimony given at this hearing, the Authority will be asked to adopt a resolution, requesting the Board of County Commissioners of Orange County, Florida to approve the bonds, to the extent required under Section 147(f) of the Code, prior to the issuance thereof by the issuer.

The Notice of Public Hearing was published in The Orlando Sentinel, a newspaper of general circulation in Orange County, Florida, on June 2, 2018, advising that the issuer would hold a public hearing on June 19, 2018, at 2:00 p.m. or soon thereafter, at the Orange County Administration Building, 201 South Rosalind Avenue, 3rd Floor, Conference Room OMB, Orlando, Florida, on the proposed issuance of the Bonds.

We will now conduct the public hearing on the proposed issuance by the issuer of its plan of finance for the issuance of the Authority's Industrial Development Revenue Refunding Bonds (Anuvia Florida LLC Project) in one or more series in an aggregate principal amount not to exceed $51,000,000.

The Bonds will be issued in exchange for the Authority's previously outstanding Industrial Development Revenue Bonds (VitAG Florida LLC Project), Series 2014. The Series 2014 Bonds were issued for the purpose of financing the acquisition, construction and equipping of solid waste disposal facilities, including an 11,000 square foot processing building, a 24,000 square foot warehouse, and related facilities (the "Project") located at 6751 West Jones Avenue in Zellwood, Florida. The Project will continue to be owned and/or operated by the Borrower and related entities.

Testimony will now be heard by anyone desiring to speak on the proposed issuance of the Bonds.

Is there anyone who wishes to speak or file written testimony on this matter?

Let the record reflect that there are no members of the public in attendance and wishing to speak or file written testimony.

This concludes the public hearing scheduled for today."

The next item of business on the agenda was the consideration of a bond resolution relating to the Authority's proposed exchange and reissuance of its Industrial Development Refunding Revenue Bonds for the benefit of the Anuvia Florida LLC Project, in two or more series, in the principal amount not to exceed $51,000,000.

Mr. Adams pointed out the accelerated timeline and the possibility that, if the proposed documents are revised in any material manner, they will be brought back before the Authority for approval at next month's regularly scheduled meeting. He explained that under both state law and the Internal Revenue Code the bond resolution has to go to the Orange County Board of County Commissioners for approval; it is hoped that such approval can be obtained at the July 10, 2018 meeting of the Board of County Commissioners.

Mr. Zughaft inquired whether the Authority would consider reducing its fee since this is not a new issuance but a reissuance to restructure the existing debt. Mr. Barnes stated it will be taken under consideration.

Mr. Adams recommended that the Authority consider giving the Chairman and/or the Secretary the authority to discuss the possible reduction of the fee with Anuvia.

A motion was made to authorize the Chairman and/or the Secretary (i) to enter into further discussions with Anuvia to discuss the possible reduction of the Authority's fee, and (ii) to make such a determination in their reasonable discretion. The motion was seconded and was adopted unanimously.

Mr. Adams explained that the Anuvia Bonds are proposed to be held in a book-entry system. The Authority guidelines provide that bonds issued by the Authority not meeting certain criteria described in the policy shall not be held in a book-entry system. Mr. Adams stated that the Series 2014 Bonds are currently held in a book-entry system and explained that Anuvia has requested a waiver of this policy.

A motion was made to waive the requirement that the Anuvia Bonds not be held in a book-entry system, the motion was seconded, and the Authority members voted unanimously to waive such requirement.

Chairman Vermuth then read the proposed resolution that previously had been circulated to the Authority members along with copies of an Amended and Restated Indenture of Trust, an Amended and Restated Loan Agreement, a Mutual Release Agreement, and a Memorandum of Agreement.

Based on the foregoing and after the discussion on the Anuvia Bonds, a motion was made by Mr. Knopp and seconded by Mr. Michelotti that the Authority approve the Resolution 2018-03 which is attached to these minutes as "Exhibit A" and captioned:

RESOLUTION NO. 2018-03

RESOLUTION OF THE ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY GRANTING APPROVAL TO THE EXCHANGE AND REISSUANCE OF ITS INDUSTRIAL DEVELOPMENT REFUNDING REVENUE BONDS IN AN AMOUNT NOT TO EXCEED $51,000,000 TO RESTRUCTURE PREVIOUSLY ISSUED BONDS OF THE AUTHORITY WHICH FINANCED SOLID WASTE DISPOSAL FACILITIES FOR ANUVIA FLORIDA LLC (AS SUCCESSOR TO VITAG FLORIDA LLC); SETTING FORTH THE TERMS AND CONDITIONS UNDER WHICH SUCH REVENUE BONDS WILL BE EXCHANGED; APPROVING THE FORMS OF EXCHANGE DOCUMENTS A MEMORANDUM OF AGREEMENT AND A RELEASE; AUTHORIZING THE EXECUTION THEREOF; PROVIDING AN EFFECTIVE DATE; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE EXCHANGE OF THE BONDS; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO.

Chairman Vermuth asked if there were any further discussion on the motion. There being no further discussion, Chairman Vermuth called for a vote on the motion. Voting in favor were Mr. Michelotti, Mr. Knopp and Chairman Vermuth. There were no negative votes. Chairman Vermuth announced that the motion carried and that the Resolution 2018-03 was adopted.

Mr. Adams advised the Authority members that the Anuvia Bonds are to be reissued in minimum denominations of at least $250,000. Mr. Adams also advised the Authority that the Authority's guidelines do not require that a subsequent transferee of bonds issued in increments of a minimum of $250,000 execute an "investor's letter" known in the industry as a "traveling big-boy letter." In accordance with the Authority's policy's, such a letter was not required when the Series 2014 Bonds were issued. After discussion, the Authority members did not take any action to modify the guidelines for the Anuvia Bonds.

There being no further business, the Chairman adjourned the meeting at 3:10 p.m.

Respectfully submitted,

Casey Barnes, Secretary

#58496631_v4

May 29, 2018

Orange County Industrial Development Authority
c/o Orlando Economic Partnership
301 East Pine Street, Suite 900
Orlando, FL 32801-8957

Re: Application of Anuvia Florida LLC, as successor to VitAG Florida LLC (the "Company") for the exchange of Industrial Development Bonds (the "Application")

Ladies and Gentlemen:

Enclosed are nine bound copies of the Company's Application containing Anuvia Florida LLC's application for Industrial Development Bonds in accordance with Section I of the section entitled "Procedures" of the Orange County Industrial Development Authority (the "Authority") "Background, Guidelines and Procedures for the Issuance of Industrial Development Revenue Bonds (January 2008 Revision)." We are requesting an approval by the Authority, of the proposed exchange of the Authority's Industrial Development Revenue Bonds (VitAG Florida LLC Project), Series 2014 for two series of restructured tax-exempt industrial development revenue bonds to be held by the same holders.

(a) **Company name, including business address and telephone number, parent company name, names of principal operating officers, company counsel, underwriter's name (if used) and bond counsel:**

Company Name:	Anuvia Florida LLC 6751 West Jones Avenue Zellwood, Florida 32798 (803) 652-0990
Parent Company:	Anuvia Corporation (http://www.anuviaplantnutrients.com)
Operating Officers:	Amy Yoder, President and CEO Gary Dahms, EVP, Engineering and Operations Edward I. Zughaft, Senior VP of Finance Company Counsel and Vice President: Margaret Richardson, Esq.
Underwriter:	N/A (bonds being exchanged)
Bond Counsel:	Bryant Miller Olive P.A.
Financial Advisor:	EisnerAmper LLP
Trustee:	UMB Bank, National Association

(b) **A short history of the company and its state and date of incorporation, including a description of its products, markets, major customers and suppliers, and its competition:**

Anuvia Florida LLC is the successor to VitAG Florida LLC, which is a wholly-owned subsidiary of Anuvia Plant Nutrients Corporation (successor to VitAG Corporation) and was formed on January 1, 2010 in the state of Florida. Anuvia Plant Nutrients Corporation was formed on July 15, 2008 in the state of Delaware. Anuvia Florida LLC ("Anuvia Florida") owns and operates the proprietary biosolids-to-fertilizer plant constructed with the proceeds of the Authority's Series 2014 Bonds.

Anuvia Plant Nutrients Corporation ("Anuvia") offers a state-of-the art biosolids technology that manufactures a high-nitrogen, dry, controlled-release granular fertilizer that is sold directly into the wholesale commercial fertilizer distribution system. The environmentally-friendly, proprietary process converts municipal biosolids and other organic feedstock to a high value fertilizer product that exceeds the Environmental Protection Agency's Class A and Exceptional Quality standards. Anuvia Florida LLC is a licensee of the proprietary technology for use in the plant.

This commercial fertilizer product is produced using municipal biosolids (sewage sludge) from wastewater treatment plants and other organic feedstock in a proprietary combination with other traditional commercial fertilizer components. The Company was delayed in placing the Project financed with the Authority's Series 2014 Bonds in service. Please see the public filings made on the Electronic Municipal Market Access Service at www.emma.msbr.com. On May 7, 2018, the Company reached 100% consensual agreement with the Series 2014 Bondholders. The Company retains the option to file Chapter 11. The Company and the Bondholders are in the process of drafting definitive documents.

During the quarter ended March 31, 2018, the Company has approximately $2.42 million (this does not reflect prepayments that are booked when shipped) of fertilizer sales (approximately 13,146 tons of its fertilizer product at an average price of $184.09 per ton) and generated approximately $143,000 in tipping fee revenues. In addition, the Company has received a net total of $2.734 million of customer prepayments for 17,704 tons of SYMTRX® product, with deliveries commencing September 2018, and expected to be completed by June 2018. The results of operations for the quarter ending March 31, 2018 primarily consist of interest expense accrued related to the Orange County Industrial Development Authority Revenue bonds ($63.4 million outstanding at March 31, 2018), plant operating and selling costs. Other expenses include payroll, insurance for the Project and amortization of issuance costs. Administrative support including Project supervision is provided by Anuvia.

(c) Specific amount of U.S. dollars being requested to be financed by the issuance of industrial development revenue bonds and name of the guarantor:

No new money is being requested for a financing. The Company's requesting an approval by the Authority for the exchange of the existing Series 2014 Bonds for two series of Series 2018 Bonds in a not to exceed amount of approximately $51,000,000 to replace the existing par amount of $63,400,000 of the Series 2014 Bonds.

(d) **A specific statement of the uses to which the bond proceeds will be put in terms of number of acres of land anticipated, number of square feet of building constructed, equipment, etc. A legal description of the property or specific geographical location (i.e., corner of 1st Street and "B" Avenue):**

The proceeds of the Series 2014 were used to purchase approximately 62.5 acres in the township of Zellwood, Florida. The facility property is located off Jones Avenue in Zellwood, Florida at:

The Northwest 1/4 of the Southwest 1/4 and the Northeast 1/4 of the Southwest 1/4 and the Southeast 1/4 of the Southwest 1/4 of the Northwest 1/4 and the Southwest 1/4 of the Southeast 1/4 of the Northwest 1/4 all lying in Section 21, Township 20 South, Range 27 East in Orange County, Florida. All lying south of the railroad and West of railroad siding. Less the following described parcel: Begin at the Southwest corner of the Northwest 1/4 of the Southwest 1/4 of Said Section. Thence run East 197.34 feet, thence North 1304.18 feet to the North line of the Southwest 1/4 of said section, Thence West along the North line of the Southeast 1/4, 209.31 feet to the Northwest corner of the Southwest 1/4 of said section, thence South to the point of beginning. Also less the road right of way and the West 30 feet of the above described parcel, Orange County, Florida. Also less: commence at the West 1/4 corner of Section 21, Township 20 South, Range 27 East; thence run N. 89°30'39" E. along the North line of the Southwest 1/4 of Section 21, Township 20 South, Range 27 East, a distance of 1974.42 feet for a point of beginning; thence N. 00°21'18" W. a distance of 205.76 feet to a point on the Southerly railroad right-of-way and to a point on a non-tangent curve concave Southwesterly, having a radius 899.78 feet, a chord bearing of S. 25°39'43" E., a chord distance of 886.70 feet, run thence Southeasterly along the arc of said curve, through a central angle of 59°02'25", a distance of 927.18 feet; thence S. 00°20'26" E. a distance of 685.65 feet; thence S. 89°43'24" W. along the North right-of-way line of Jones Avenue a distance of 375.00 feet; thence N. 00°31'40" W. a distance of 1280.99 feet to the point of beginning. Subject to all easements, rights-of-way and restrictions of record if any.

From the Series 2014 bond proceeds, the Company constructed a biosolids-to-fertilizer plant consisting of an 11,000 square foot processing building and a 24,000 square foot fertilizer storage warehouse. Attached to the warehouse are roofed (no walls) truck and rail car load out areas of 3,000 and 1,680 square feet, respectively.

The major equipment components on the site include biosolids receiving and storage; chemical storage; biosolids processing, fertilizer granulation and drying; and odor control equipment.

(e) **Statements demonstrating that the proposed project will make a significant contribution to the economic growth of the County, will provide gainful employment and will serve a public purpose by advancing the economic prosperity and the general welfare of the State of Florida and its people. List number of new jobs:**

The operating facility provides approximately 55 full-time green jobs per facility, as well as contributing to economic growth by utilizing local transportation for biosolids, chemicals, and the resultant fertilizer product.

In addition, the Project offers a state of the art solution to Florida's biosolids disposal in a safe and environmentally friendly manner. The carbon footprint and greenhouse gas emissions of the facility are extremely favorable compared to alternative methods of disposal. Finally the resultant fertilizer product is primarily distributed within the Southeast, providing a high-quality, controlled-release fertilizer to the agricultural and turf markets.

The facility produces three different brands of eco-friendly, sustainable fertilizer and is currently operating on a 24x7 schedule. The facility partners with a variety of other Florida businesses for both its inputs and to support the logistics and distribution of its eco-friendly, sustainable fertilizer.

Finally, Anuvia has partnered with several marque organizations such as the Orlando City Stadium to provide turf product support.

(f) **The applicant will furnish sufficient information to allow the Authority to determine if local government will be able to cope satisfactorily with the impact of the project and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of the project or due to any increases in population or other circumstances resulting from the project. The applicant must also show that the project meets all applicable codes and zoning regulations of the County:**

Orange County and the City of Apopka, are able to adequately supply public facilities to this project. Zoning is in place.

The plant meets all applicable county and city codes. Specifically, Orange County supplies county road access (Jones Avenue), fire department and law enforcement services, and septic tank and potable water well permits.

The City of Apopka has now issued a five (5) year wastewater permit renewal. Other permits and approvals have been obtained as required.

(g) **A description, if any, of process discharges to air or water or solid waste disposal requirements of the proposed facility:**

The Anuvia process discharges consist of solid waste, air, and municipal sewer discharge. There are no byproducts created in the process. Emissions and discharges are as follows:

Solid Waste Disposal --

- expected to be approximately two tons per month of Commercial Solid Waste, i.e., Class 1 garbage and putrescible waste; and
- approximately five tons per year of Yard Waste, i.e., vegetative landscape materials, tree and shrub clippings, etc.

Air Emissions – The Anuvia process treats the process air discharge from the facility through an eight-stage treatment system. Due to the low level of contaminants, the facility is permitted as a minor source of contaminants. The air emissions is approximately 24,000 actual cubic feet per minute containing 1,380 pounds per hour of carbon dioxide and negligible amounts of organic and odorous compounds.

Wastewater Disposal – In March 2017, the City of Apopka notified us that, notwithstanding our compliance with the plant's wastewater permit, we were required to cease operations as the Apopka wastewater treatment plant could not process Anuvia's wastewater. Apopka's wastewater treatment plant has had a history of difficulties related to operations, maintenance and management, among other things. In June 2017, Apopka renewed Anuvia's wastewater permit for one year albeit with a number of new outfall limits. After an extensive research and testing program, Anuvia identified a reverse osmosis system that could be added to its existing environmental control systems to permit the plant to comply with the tighter permit restrictions. Anuvia started up plant operations at full rates in September 2017.

The Anuvia process currently discharges an average of 80,000 gallons per day of water (maximum of 110,000 gallons per day) consisting of seal water, miscellaneous wash water streams and the reverse osmosis permeate (filtrate) resulting from nearly complete dewatering of the biosolids incorporated into the fertilizer product. In addition, Anuvia, at its cost, currently trucks approximately 35,000 gallons per week of wastewater (rejectate or concentrate) from the reverse osmosis filtration process, which is not acceptable to Apopka under the new permit, to sales when available or permitted treatment facilities. In May 2018, Apopka renewed Anuvia's wastewater permit for a period of five years.

(h) Evidence indicating that the proposed project will be used by an entity which is financially responsible and fully capable and willing to fulfill its obligation to pay lease, installment or other payments in the amounts and at the time required; the obligation to operate, repair and maintain the project at its own expense, the obligation to serve the purposes of the Act, and such other responsibilities as may be imposed under the agreement executed in connection with the issuance of the bonds:

The Company continues to be supported by its affiliates and has worked hard over the past year to receive 100% consent from the existing bondholders to restructure the Series 2014 Bonds, so that debt service payments going forward can be paid by the Project revenues. **Anuvia has supported Anuvia Florida with more than $20 million of capital over and above the amount of required equity which was contributed at the closing for the Series 2014 Bonds in July 2014.**

(i) **Certified statements of the applicant's financial condition and company performance for the preceding five (5) years, including a copy of the <u>applicant's latest interim statements</u>:**

The audited financial statements for Anuvia Florida, LLC are attached as <u>Exhibit A</u>. These include all years since inception (2014) as well as the latest unaudited interim financial statements.

(j) **A statement from potential bond purchaser, if applicable:**

Current Series 2014 Bondholders have reached an agreement with the Company regarding current forbearance and an exchange to occur by July 31, 2018 of the Series 2014 Bonds for restructured Series 2018 Bonds.

(k) **Securities and Exchange Commission Form 10-K, if applicable:**

Not applicable.

(l) **The applicant, in concert with bond counsel and counsel for the Authority, will furnish <u>to the counsel for the Authority</u> a proposed form of inducement agreement and resolution. Bond counsel will be a recognized authority in bond matters who is acceptable to the Authority:**

A proposed form of inducement agreement and resolution prepared by Bryant Miller Olive P.A., as Bond Counsel will be furnished to Glenn Adams of Holland & Knight LLP.

(m) **The application shall be accompanied by an application fee in the amount of $1,500, no part of which shall be refundable.**

A check in the amount of $1,500 is included along with this application.

Please don't hesitate to contact me should you have any further questions by phone: (201-723-0498), or by email: (ezughaft@anuvianutrients.com). Thank you.

Sincerely,

/s/ Edward I. Zughaft

Edward I. Zughaft, Senior Vice President of Finance
Anuvia Florida LLC

cc: Grace E. Dunlap, Esq., Bryant Miller Olive P.A.
Margaret Richardson, General Counsel and Vice President, Anuvia Florida LLC

Enclosures

EXHIBIT A

ANUVIA FLORIDA LLC
F/K/A VITAG FLORIDA LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

ANUVIA FLORIDA LLC
F/K/A VITAG FLORIDA LLC

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INDEPENDENT AUDITORS' REPORT

Board of Managers
Anuvia Florida, LLC

Report on the Financial Statements

We have audited the accompanying balance sheets of Anuvia Florida LLC f/k/a VitAG Florida LLC (the Company) as of December 31, 2015 and 2014, and the related statements of operations and member's equity and cash flows for the year ended December 31, 2015 and for the period July 11, 2014 through December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Marcum LLP ▪ City Place II ▪ 185 Asylum Street ▪ 17th Floor ▪ Hartford, Connecticut 06103 ▪ Phone 860.760.0600 ▪ Fax 860.760.0601 ▪ www.marcumllp.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Anuvia Florida, LLC as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the year ended December 31, 2015 and for the period from July 11, 2014 through December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

Marcum LLP

Hartford, CT
April 22, 2016

ANUVIA FLORIDA LLC
F/K/A VITAG FLORIDA LLC

BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

	2015	2014
Assets		
Current Assets		
Prepaid expenses and other current assets	$ 242,421	$ 703,699
Escrow funds	26,256,846	66,360,074
Total Current Assets	26,499,267	67,063,773
Property, Plant and Equipment - net	55,617,907	15,651,730
Other Assets		
Deposits	121,482	--
Escrow funds	6,092,678	6,092,678
Intangibles - net	2,019,871	3,441,171
Total Other Assets	8,234,031	9,533,849
Total Assets	$ 90,351,205	$ 92,249,352
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable and accrued expenses	$ 6,000,226	$ 3,123,711
Current portion of supply agreement liability	558,250	--
Total Current Liabilities	6,558,476	3,123,711
Long-Term Liabilities		
Bonds payable, net of debt discounts and bond issuance costs of $5,749,284 in 2015 and $5,958,042 in 2014	58,345,716	58,136,958
Supply agreement liability, net of current portion	533,154	889,900
Other liabilities	60,500	--
Total Liabilities	65,497,846	62,150,569
Member's Equity	24,853,359	30,098,783
Total Liabilities and Member's Equity	$ 90,351,205	$ 92,249,352

The accompanying notes are an integral part of these financial statements.

ANUVIA FLORIDA LLC
F/K/A VITAG FLORIDA LLC

STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015 AND FOR THE PERIOD FROM JULY 11, 2014 THROUGH DECEMBER 31, 2014

	2015	2014
Sales	$ --	$ --
Cost of Sales	--	--
Gross Profit	--	--
Operating Expenses		
Interest expense	2,664,926	2,205,379
General and administrative	996,559	257,610
Engineering costs	241,236	195,609
Depreciation and amortization	1,631,298	709,073
Salaries and benefits	464,305	69,565
Legal and professional fees	77,272	33,674
Total Operating Expenses	6,075,596	3,470,910
Other Income		
Interest income	27,049	18,955
Net Loss	(6,048,547)	(3,451,955)
Member's Equity - Beginning	30,098,783	--
Member Contributions	803,123	33,550,738
Member's Equity - Ending	$ 24,853,359	$ 30,098,783

The accompanying notes are an integral part of these financial statements.

ANUVIA FLORIDA LLC
F/K/A VITAG FLORIDA LLC

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015 AND FOR THE PERIOD FROM JULY 11, 2014 THROUGH DECEMBER 31, 2014

	2015	2014
Cash Flows from Operating Activities		
Net loss	$ (6,048,547)	$ (3,451,955)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,631,298	709,073
Accretion of supply agreement liabilty	201,504	33,400
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	461,278	(703,699)
Accounts payable and accrued expenses	2,848,036	2,874,323
Net Cash Used in Operating Activities	(906,431)	(538,858)
Cash Flows from Investing Activities		
Business acquisitions, net of cash acquired	--	(32,755,853)
Escrow funds	40,103,228	8,701,862
Deposits	(121,482)	--
Additions to construction in process and other property, plant and equipment	(39,878,438)	(8,757,889)
Net Cash Provided by (Used in) Investing Activities	103,308	(32,811,880)
Cash Flows from Financing Activities		
Additions to deferred contract costs	--	(200,000)
Member contributions	803,123	33,550,738
Net Cash Provided by Financing Activities	803,123	33,350,738
Net Change in Cash and Cash Equivalents	--	--
Cash and Cash Equivalents - Beginning	--	--
Cash and Cash Equivalents - Ending	$ --	$ --

The accompanying notes are an integral part of these financial statements.

ANUVIA FLORIDA LLC
F/K/A VITAG FLORIDA LLC

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2015 AND FOR THE PERIOD FROM JULY 11, 2014 THROUGH DECEMBER 31, 2014

	2015	2014
Supplemental Cash Flow Information		
Cash paid for interest	$ 4,985,167	$ --
Capitalized interest costs	$ 2,530,110	$ 302,297

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF OPERATIONS

Anuvia Florida LLC (the "Company" or "Anuvia"), formerly known as VitAG Florida LLC, was incorporated in the state of Florida on November 30, 2009. On August 27, 2015, the Company filed an Articles of Amendment with the State of Florida to change its name from VitAG Florida LLC to Anuvia Florida LLC. The Company was established for the purpose of acquiring, constructing, owning and operating the fertilizer facility in Zellwood, Florida.

Anuvia is a direct wholly-owned subsidiary of Anuvia Plant Nutrients Corporation (formerly known as VitAG Corporation) and an indirect wholly-owned subsidiary of Anuvia Plant Nutrients Holdings LLC (formerly known as VitAG Holdings LLC) (collectively, "Anuvia Parents"). They are jointly in the business of the development and ownership of fertilizer plants that combine organic feedstock, sulfuric acid, ammonia and other inputs to manufacture granulated fertilizer.

The Company is governed by its operating agreement, as amended. No member, manager or officer of the Company will have any personal liability for any obligations or liabilities of the Company.

On July 11, 2014, Anuvia Plant Nutrients Holdings LLC, the indirect parent of the Company, was acquired by a third-party investor group. Reference is made to Note 3 for additional disclosure in connection with the business combination. The accompanying statements of operations and member's equity and cash flows include only transactions from that date forward.

The Company does not expect to generate any meaningful revenue until its organic feedstock-to-fertilizer manufacturing plants are completely constructed and operational. To date, the Company's activities have been limited to organizational matters, and planning, engineering and construction of its first facility, which began in July 2014. The Company expects to begin generating revenue in the first half of 2016.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS AND CREDIT RISK

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains its cash and cash equivalents in a financial institution that insures deposits with the Federal Deposit Insurance Corporation (FDIC). From time to time during the year, the Company may have balances that exceed FDIC insurance limits. There was approximately $32,100,000 of uninsured amounts at December 31, 2015.

ESCROW FUNDS

In accordance with the terms of the loan agreement, the Company established several escrow funds and accounts to be directed and maintained by the Trustee to manage the construction project as well as make the required payment of principal of and interest on the Orange County Industrial Development Authority (OCIDA) (Anuvia Florida LLC Project), 8.0 Percent 2014 Bonds Due in 2036 (Note 5).

The cost issuance account was established to pay the costs of issuance of the bonds and other costs related to the project. In February 2015, the cost issuance account was closed and the balance was transferred into the project account. The project account and the equity account are used to pay for certain costs related to the construction of the project. The contingent equity account was established to provide additional funds in the event of project cost overruns. The capitalized interest account was established to pay interest on the bonds as the payments become due. The debt service reserve fund consists of the debt service reserve account and is used only to pay principal and interest on the bonds when funds in the debt service account and other sources are insufficient to make any such payments in full. Finally, the revenue fund is used to maintain any project revenue or investment income on the revenue funds.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESCROW FUNDS (CONTINUED)

The escrow funds consist of the following accounts and balances as of December 31:

	2015	2014
Project fund		
Cost issuance account	$ --	$ 828,210
Project account	--	31,170,757
Equity account	13,584,635	16,732,544
Contingent equity account	7,500,000	7,500,000
Capitalized interest account	5,127,600	10,112,767
Debt Service Reserve Fund		
Debt service reserve account	6,092,678	6,092,678
Revenue fund	44,611	15,796
	$ 32,349,524	$ 72,452,752

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are generally recorded at cost and are being depreciated over their estimated lives on a straight-line basis. Initial construction costs and engineering costs associated with the construction of biosolids-to-fertilizer processing facilities and equipment are included in construction in progress. Costs incurred related to the developing, permitting, preconstruction, construction, and direct administrative costs are capitalized as construction in progress. Interest costs incurred on debt during the construction phase and all deferred financing costs amortized during the construction phase are also capitalized in construction in progress. The Company capitalizes interest using a rate that approximates the weighted average cost of borrowing. Upon achieving commercial operations, construction in progress is transferred to building and equipment, which are depreciated over its estimated useful lives using the straight-line method. Depreciation commences when assets are placed in service. Major renewals and improvements are capitalized, while replacements, maintenance and repairs which do not extend the lives of the assets are charged directly to expense as incurred. Upon the disposition of property and equipment, the cost of the asset and the associated accumulated depreciation or amortization are eliminated from the related accounts, and any resulting gain or loss is recognized as a component of operations.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BOND ISSUANCE COSTS

Bond issuance costs consist primarily of direct costs incurred in the issuances of the bonds in connection with Orange County Industrial Development Authority. Bond issuances costs totaled $2,908,054 at the date of closing and are being amortized over the life of the bonds utilizing the effective interest rate method. Amortization expense related to these bond issuance costs was $70,285 in 2015 and $52,910 in 2014. Bond issuance costs included as a debt discount were $2,715,285 at December 31, 2015 and $2,847,470 at December 31, 2015.

CHANGE IN ACCOUNTING PRINCIPLE

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 amends current presentation guidance by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The application of this standard had no effect to net loss for the period from July 11, 2014 through December 31, 2014 or members' equity as of December 31, 2014. The application of this standard resulted in a decrease in total assets and total liabilities of $3,029,563 due to the change in presentation in 2014 from an asset to a contra-liability as required by the standard. Management elected to early adopt ASU 2015-03 as displayed in the accompanying balance sheets, and accordingly has presented the bond issuance costs as a debt discount in all periods presented.

INTANGIBLE ASSETS

Intangible assets consist of building design and permits, and a supply agreement, related to the Company's plant that is under construction in Zellwood, Florida. These intangible assets were recognized at their fair value, determined using the income approach, as of the date of the acquisition, July 11, 2014 (Notes 3 and 4).

Amortization is calculated on a straight line basis over the estimated useful lives of the related intangible assets as follows:

Building Design and Permits	2 Years
Supply Agreement	20 Years

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

If there is an event or a change in circumstances adversely impacting the recoverability of long-lived assets, including intangible assets, the Company's policy is to assess any impairment in value by making a comparison of the current and projected operating cash flows of the asset over its remaining useful life, on an undiscounted basis, to the carrying amount of the asset. Such carrying amounts would be adjusted, if necessary, to reflect an impairment in the value of the assets. If the operation is determined to be unable to recover the carrying amount of its assets, the long-lived assets are written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There was no impairment of long-lived assets in 2015 and 2014.

INCOME TAXES

Anuvia is organized as a limited liability company. As such, the Company is generally exempt from federal and state income taxation. Accordingly, no provision or credit is made for income taxes. The Company's operating results are included by the Company's members in their respective income tax returns.

There are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analysis of or changes in tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state and local authorities may examine the Company's tax returns for three years from the filing date and the current and prior three years remain subject to examination as of December 31, 2015.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

The Company will recognize sales, net of discounts and allowances, at the point when the customer takes legal ownership of the delivered products. Legal ownership passes to the customer based on the contractual freight-on-board point specified in the purchase order. In instances where a customer has prepaid the Company for products, the Company records deferred revenue until the revenue recognition standards have been met. The Company expects to begin generating revenue in the first half of 2016.

RECLASSIFICATIONS

Certain reclassifications were made to the 2014 financial statements to conform to the 2015 financial statement presentation.

NOTE 3 – ACQUISITION OF BUSINESS

On July 11, 2014, 100% of Anuvia Holdings LLC, the parent company, was acquired by a third party investor group for an aggregate price of $42,308,904 of equity consideration of which $32,755,853 is allocated to Anuvia. The Company, together with its parent company, has implemented push down accounting in connection with a change of control transaction at the parent company. Simultaneously with the change in control transaction, the Company closed on a bond issuance (Note 5).

NOTE 3 – ACQUISITION OF BUSINESS (CONTINUED)

The following table discloses the effect of the fair value adjustments in accordance with push down accounting and the impact on the books and records of the closing of the bond issuance.

	Fair Value Adjustments	Bond Issuance	Adjusted value July 11, 2014
Fair value of identificable assets acquired and liabilities assumed:			
Assets acquired:			
Current assets	$ 26,931,981	$ 54,222,633	$ 81,154,614
Property and equipment	2,787,772	3,796,097	6,583,869
Deferred supplier costs	1,250,000	--	1,250,000
Building design and permits	2,842,600	--	2,842,600
Total assets acquired	33,812,353	58,018,730	91,831,083
Liabilities assumed:			
Long-term debt, net of original issue discount and issuance costs	--	(58,018,730)	(58,018,730)
Supply agreement liability	(1,056,500)	--	(1,056,500)
Net assets acquired	$ 32,755,853	$ --	$ 32,755,853

The Company received additional capital contributions totaling $803,123 in 2015 and $794,885 in 2014 following the acquisition.

Management is responsible for the valuation of the assets acquired and considered a number of factors including industry averages and expected cash flows when estimating the fair values and estimated useful lives of the acquired assets and liabilities. The results of operations are presented from the date of change in control forward.

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31:

	2015	2014
Land	$ 1,669,451	$ 1,669,451
Computer and equipment	140,992	--
Construction in progress	53,739,130	13,974,605
	55,549,573	15,644,056
Less accumulated depreciation	(1,240)	--
Property, Plant and Equipment - net	$ 55,548,333	$ 15,644,056

Depreciation expense for the year ended December 31, 2015 was $1,240. There was no depreciation expense in 2014.

NOTE 5 – INTANGIBLE ASSETS

Intangible assets consist of the following:

	December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Building design and permits	$ 2,842,600	$ (2,072,729)	$ 769,871
Deferred supplier costs	1,250,000	--	1,250,000
	$ 4,092,600	$ (2,072,729)	$ 2,019,871

	December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Building design and permits	$ 2,842,600	$ (651,429)	$ 2,191,171
Deferred supplier costs	1,250,000	--	1,250,000
	$ 4,092,600	$ (651,429)	$ 3,441,171

NOTE 5 – INTANGIBLE ASSETS (CONTINUED)

Amortization expense was $1,421,300 in 2015 and $651,429 in 2014. Amortization for the next five years and thereafter is expected to be as follows:

Years ending December 31:	
2016	$ 832,371
2017	62,500
2018	62,500
2019	62,500
2020	62,500
Thereafter	937,500
	$ 2,019,871

NOTE 6 – DEBT

BONDS PAYABLE

Bonds payable at December 31, 2015 and 2014 consisted of the following:

	2015	2014
Bond payable	$ 64,095,000	$ 64,095,000
Unamortized discount	(3,033,999)	(3,110,572)
Bond issuance costs	(2,715,285)	(2,847,470)
	$ 58,345,716	$ 58,136,958

On July 11, 2014, the Company entered into Series D financing arrangements with OCIDA under Florida Statue, Chapter 159, Part II, Florida Industrial Development Financing Act, and Part III Industrial Development Authorities for the purpose of financing the cost of constructing and equipping the solid waste disposal facilities in Zellwood, Florida for the Company. To finance the above, OCIDA sold an aggregate amount of $64,095,000 of Series 2014 revenue bonds, that are scheduled to mature serially from 2024 through 2036, with interest of 8% to be calculated on the basis of a 360-day year consisting of twelve 30-day

NOTE 6 – DEBT (CONTINUED)

BONDS PAYABLE (CONTINUED)

months. The bonds are secured by substantially all of the assets of the Company and are subject to a number of covenants consistent with project financings. Principal payments on the bonds begin on July 1, 2017. The accrued interest is payable on each January 1 and July 1 and commenced on January 1, 2015.

The bonds were issued with an original discount of $3,168,216 and are being accreted over the life of the bond utilizing the effective interest rate method. Accumulated amortization related to this bond issuance discount was $134,217 in 2015 and $57,644 in 2014.

The bonds are term bonds subject to mandatory redemption at a price of par plus accrued interest to the date of redemption. Future minimum payments by year and in the aggregate under the Series 2014 bond financing are as follows:

Years ending December 31,	
2016	$ --
2017	710,000
2018	1,505,000
2019	1,630,000
2020	1,760,000
Aggregate thereafter	58,490,000
	$ 64,095,000

NOTE 7 – COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The Company is party to an agreement with a general contractor for the construction of its plant. Construction costs are approximately $52.5 million at December 31, 2015 and $12.5 million at December 31, 2014, and are included in Property, Plant and Equipment – construction in progress on the accompanying balance sheets. The estimated remaining cost to complete the contract is approximately $2.2 million, and the assets are anticipated to be placed into service in the first half of 2016.

NOTE 7 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

COMMITMENTS (CONTINUED)

The Company is also party to a business agreement with another general contractor to supply suitable organic feedstock to be used in the fertilizer production process. This agreement expires on the twentieth anniversary of the commissioning date, with two successive five year renewal periods. Although the agreement anticipates the construction of up to three Anuvia plants, Anuvia is under no obligation to build a second or third plant.

The Company's fair value of the deferred supplier costs on the date of acquisition was $1,250,000. If certain conditions are met under the contract, the Company could be required to pay up to $1,558,250 for the following: $200,000 payable after satisfactorily financing the construction of the first plant, which was paid in 2014, $558,250 after the commissioning of the first plant and $200,000 per year for the immediate following four years if the contractor provides certain required supply contracts for dewatered organic feedstock. There are certain other incentives that could be earned by the supplier over the course of the contract. The deferred supplier costs incurred will be amortized over the term of the contract of 20 years. In connection with the acquisition, the Company recorded a supply agreement liability of $1,056,500 for the fair value of the supply contract liability. Future payments on the contract will be applied to the liability as they are made. The liability is being accreted through the date in which the required payments are made. Accretion related to this supply agreement was $201,504 in 2015 and $33,400 in 2014. This expense is recorded as interest expense in the statements of operations.

NOTE 8 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported on the balance sheets for escrow funds, prepaid expenses and other current assets, construction escrow funds, accounts payable and accrued expenses approximate fair value given the short-term nature of the financial instruments.

The gross amount of the Company's fixed rate long-term debt approximates fair value based on estimates using discounted cash flows analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying amount of long-term debt includes debt discounts and debt issuance costs.

NOTE 9 – SUBSEQUENT EVENTS

Management evaluates the impact of subsequent events, events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date or for disclosure in the notes to the financial statements. Management evaluated events occurring subsequent to December 31, 2015 through April 27, 2016, the date on which the accompanying financial statements were available to be issued. Except as noted below, during this period there were no subsequent events that required disclosure or recognition in the financial statements.

On March 30, 2016, the Company's Zellwood organic feedstock-to-fertilizer plant was certified by management and the Independent Engineer to have achieved Substantial Completion as defined under the plant construction contract.

ANUVIA FLORIDA LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

ANUVIA FLORIDA LLC

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MARCUM
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Managers
Anuvia Florida LLC

Report on the Financial Statements

We have audited the accompanying balance sheets of Anuvia Florida LLC (the Company) as of December 31, 2016 and 2015, and the related statements of operations and member's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MARCUMGROUP
MEMBER

Marcum LLP ■ City Place II ■ 185 Asylum Street ■ 17th Floor ■ Hartford, Connecticut 06103 ■ Phone 860.760.0600 ■ Fax 860.760.0601 ■ www.marcumllp.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Anuvia Florida LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marcum LLP

Hartford, CT
April 28, 2017

ANUVIA FLORIDA LLC

BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

	2016	2015
Assets		
Current Assets		
Accounts receivable	$ 185,306	$ --
Prepaid expenses and other current assets	41,677	242,421
Escrow funds	9,458,294	26,256,846
Inventory	1,673,915	--
Total Current Assets	11,359,192	26,499,267
Property, Plant and Equipment - net	62,386,542	55,617,907
Other Assets		
Deposits	92,579	121,482
Escrow funds	6,092,678	6,092,678
Intangibles - net	1,250,000	2,019,871
Total Other Assets	7,435,257	8,234,031
Total Assets	$ 81,180,991	$ 90,351,205

The accompanying notes are an integral part of these financial statements.

ANUVIA FLORIDA LLC

BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2016 AND 2015

	2016	2015
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable and accrued expenses	$ 4,287,905	$ 5,971,747
Current portion of supply agreement liability	558,250	558,250
Current portion of bonds payable	710,000	--
Current portion of capital leases	135,093	28,479
Total Current Liabilities	5,691,248	6,558,476
Long-Term Liabilities		
Bonds payable, net of debt discounts and bond issuance costs of $5,397,293 in 2016 and $5,749,284 in 2015	57,987,707	58,345,716
Supply agreement liability, net of current portion	634,723	533,154
Capital leases, net of current portion	121,026	60,500
Total Liabilities	64,434,704	65,497,846
Member's Equity	16,746,287	24,853,359
Total Liabilities and Member's Equity	$ 81,180,991	$ 90,351,205

The accompanying notes are an integral part of these financial statements.

ANUVIA FLORIDA LLC

STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Net Sales	$ 1,713,838	$ --
Cost of Sales	10,116,040	--
Gross Loss	(8,402,202)	--
Operating Expenses		
General and administrative	1,324,580	996,559
Engineering costs	161,615	241,236
Depreciation and amortization	2,749,181	1,422,540
Salaries and benefits	754,613	464,305
Legal and professional fees	147,576	77,272
Total Operating Expenses	5,137,565	3,201,912
Loss from Operations	(13,539,767)	(3,201,912)
Other Income		
Interest income	10,259	27,049
Interest expense	(3,552,035)	(2,873,684)
Net Loss	(17,081,543)	(6,048,547)
Member's Equity - Beginning	24,853,359	30,098,783
Member Contributions	8,974,471	803,123
Member's Equity - Ending	$ 16,746,287	$ 24,853,359

The accompanying notes are an integral part of these financial statements.

ANUVIA FLORIDA LLC

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Net loss	$ (17,081,543)	$ (6,048,547)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,101,172	1,631,298
Accretion of supply agreement liability	101,569	201,504
Changes in operating assets and liabilities:		
Accounts receivable	(185,306)	--
Inventory	(1,673,915)	--
Prepaid expenses and other current assets	200,744	461,278
Accounts payable and accrued expenses	(1,683,842)	2,848,036
Net Cash Used in Operating Activities	(17,221,121)	(906,431)
Cash Flows from Investing Activities		
Deposits on equipment	--	(121,482)
Release of escrow funds	16,798,552	40,103,228
Additions to construction in process and other property, plant and equipment	(8,436,159)	(39,878,438)
Net Cash Provided by Investing Activities	8,362,393	103,308
Cash Flows from Financing Activities		
Payments on capital leases	(115,743)	--
Member contributions	8,974,471	803,123
Net Cash Provided by Financing Activities	8,858,728	803,123
Net Change in Cash and Cash Equivalents	--	--
Cash and Cash Equivalents - Beginning	--	--
Cash and Cash Equivalents - Ending	$ --	$ --

The accompanying notes are an integral part of these financial statements.

ANUVIA FLORIDA LLC

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest, net of capitalized interest of $2,092,926 in 2016 and $2,530,110 in 2015	$ 5,141,181	$ 4,985,167
Additions of property, plant and equipment by entering into capital leases and use of deposits	$ 311,786	$ 88,979

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF OPERATIONS

Anuvia Florida LLC (the Company or Anuvia) was established for the purpose of acquiring, constructing, owning and operating a fertilizer facility in Zellwood, Florida. The Company is a manufacturer of granulated fertilizer and distributes its product throughout the United States. Its principal fertilizer products combine organic feedstock, sulfuric acid, ammonia and other inputs to manufacture granulated fertilizer.

Anuvia is a direct wholly-owned subsidiary of Anuvia Plant Nutrients Corporation and an indirect wholly-owned subsidiary of Anuvia Plant Nutrients Holdings LLC (collectively, Anuvia Parents). The Company is governed by its operating agreement, as amended. No member, manager or officer of the Company will have any personal liability for any obligations or liabilities of the Company.

In March 2016, the Company completed the construction of its main operating facility in Zellwood, FL which was certified by management and an Independent Engineer to have achieved substantial completion as defined in the plant construction contract. Consequently, the Company began operations of its organic feedstock-to-fertilizer manufacturing process, and performance testing of the facility pursuant to the bonds described in Note 2 and the plant construction contract.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions are, but not limited to, net realizable value of inventory and useful life and potential impairment of long-lived assets.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS AND CREDIT RISK

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains its cash and cash equivalents in a financial institution that insures deposits with the Federal Deposit Insurance Corporation (FDIC). From time to time during the year, the Company may have balances that exceed FDIC insurance limits. There were approximately $15,301,000 of uninsured amounts at December 31, 2016.

ESCROW FUNDS

In accordance with the terms of the bond indenture, the Company established several escrow funds and accounts to be directed and maintained by the Trustee to manage the construction project (which was substantially completed in 2016) as well as make the required payments of principal and interest on the Orange County Industrial Development Authority (OCIDA) (Anuvia Florida LLC Project), 8.0 Percent 2014 Bonds Due in 2036 (Note 6).

The cost issuance account was established to pay the costs of issuance of the bonds and other costs related to the project. In February 2015, the cost issuance account was closed and the balance was transferred into the project account. The project account and the equity account are used to pay for certain costs related to the construction of the project. The equity account is now available to fund shortfalls in the deposits from the revenue fund. The contingent equity account was established to provide additional funds in the event of project cost overruns. The capitalized interest account was established to pay interest on the bonds as the payments become due. The debt service reserve fund consists of the debt service reserve account and is used only to pay principal and interest on the bonds when funds in the debt service account and other sources are insufficient to make any such payments in full. Finally, the revenue fund is used to maintain any project revenue or investment income on the revenue funds.

The escrow funds consist of the following accounts and balances as of December 31:

	2016	2015
Project fund		
Equity account	$ 417,831	$ 13,584,635
Contingent equity account	7,500,000	7,500,000
Capitalized interest account	--	5,127,600
Debt Service Reserve Fund		
Debt service reserve account	6,092,678	6,092,678
Revenue fund	1,540,463	44,611
	$ 15,550,972	$ 32,349,524

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable are carried at their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection experience, current economic and market conditions and a review of the credit worthiness of each customer. A receivable is past due if payment has not been received within the agreed upon invoice terms. Accounts are charged-off against the allowance once management determine the balance will not be recovered. There's no allowance for doubtful accounts as of December 31, 2016 or 2015.

INVENTORY

Inventory is stated at the lower of cost (first-in, first-out method) or net realizable value. Inventory includes costs of material, and production labor and overhead. Fixed production costs related to idle capacity are not included in cost of inventory but are charged to cost of sales in the period incurred.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are generally recorded at cost and are being depreciated over their estimated lives, ranging from 3 to 40 years, on a straight-line basis. Initial construction costs and engineering costs associated with the construction of biosolids-to-fertilizer processing facilities and equipment are included in construction in progress in 2015.

Costs incurred related to the developing, permitting, preconstruction, construction, and direct administrative costs are capitalized as construction in progress. Interest costs incurred on debt during the construction phase and all deferred financing costs amortized during the construction phase are also capitalized in construction in progress. The Company capitalizes interest using a rate that approximates the weighted average cost of borrowing.

In June 2016, management determined it achieved its required systems testing results to begin operations and commence performance testing. As a result, construction in progress was transferred to building and equipment. Depreciation commences when assets are placed in service.

Major renewals and improvements are capitalized, while replacements, maintenance and repairs which do not extend the lives of the assets are charged directly to expense as incurred. Upon the disposition of property and equipment, the cost of the asset and the associated accumulated depreciation or amortization are eliminated from the related accounts, and any resulting gain or loss is recognized as a component of operations.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

If there is an event or a change in circumstances adversely impacting the recoverability of long-lived assets, including intangible assets, the Company's policy is to assess any impairment in value by making a comparison of the undiscounted cash flows of the asset over its remaining useful life to the carrying amount of the asset. Such carrying amounts would be adjusted, if necessary, to reflect an impairment in the value of the assets. If the operation is determined to be unable to recover the carrying amount of its assets, the long-lived assets are written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There was no impairment of long-lived assets in 2016 and 2015.

LEASES

Leases in which the risk of ownership is retained by the lessor are classified as operating leases. Leases which substantially transfer all of the benefits and risks inherent in ownership to the lessee are classified as capital leases. Assets, if any, acquired under capital leases are depreciated on the same basis as property, plant and equipment.

BOND ISSUANCE COSTS

Bond issuance costs, presented as a direct reduction from the carrying amount of the related debt, consist primarily of direct costs incurred in the issuances of the bonds in connection with Orange County Industrial Development Authority. Bond issuance costs totaled $2,908,054 at the date of closing and are being amortized over the life of the bonds utilizing the effective interest rate method. Accumulated amortization related to these bond issuance costs was $324,952 in 2016 and $192,769 in 2015. Amortization of bond issuance costs was $132,183 in 2016 and $70,285 in 2015 (Note 6).

RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred and consist primarily of contract services.

INTANGIBLE ASSETS

Intangible assets consist of building design and permits, and a supply agreement, related to the Company's plant in Zellwood, Florida. These intangible assets were recognized at their fair value, determined using the income approach, as of the date of the acquisition, July 11, 2014 (Note 5).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS (CONTINUED)

Amortization is calculated on a straight line basis over the estimated useful lives of the related intangible assets as follows:

Building Design and Permits	2 Years
Supply Agreement	20 Years

INCOME TAXES

Anuvia is organized as a limited liability company. As such, the Company is generally exempt from federal and state income taxation. Accordingly, no provision or credit is made for income taxes. The Company's operating results are included by the members in their respective income tax returns.

There are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analysis of or changes in tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state and local authorities may examine the Company's tax returns for three years from the filing date and the current and prior three years remain subject to examination as of December 31, 2016.

REVENUE RECOGNITION

The basic criteria for revenue recognition are: (1) evidence that a sales agreement exists, (2) delivery of goods has occurred, (3) price is fixed and determinable, and (4) collectability is reasonably assured. The Company recognizes revenue at the point when the customer takes legal ownership of the delivered products and risk of loss transfers. Legal ownership passes to the customer based on the contractual freight-on-board point specified in the purchase order.

The Company began generating revenue in the first half of 2016. In instances where a customer has prepaid the Company for products, the Company records deferred revenue until the revenue recognition standards have been met.

The Company offers certain incentives and discounts that typically apply when a customer reaches specified purchase levels. These rebates and discounts are reported as a reduction in net sales.

The Company also recognizes revenue from tipping fees, generally at the time feedstock is delivered to the manufacturing facility.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ENVIRONMENTAL

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations are expensed. Expenditures that increase the capacity or extend the useful life of an asset, improve the safety or efficiency of the operations, or mitigate or prevent future environmental contamination are capitalized. Liabilities are recorded when it is probable that a liability has been incurred and the costs can be reasonably estimated. Environmental liabilities are not discounted.

SHIPPING AND HANDLING

Shipping and handling charges billed to customers are included in net sales. The Company includes shipping and handling charges incurred in cost of sales.

RECLASSIFICATIONS

Certain reclassifications were made to the 2015 financial statements to conform to the 2016 financial statement presentation.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. This pronouncement is now effective for annual reporting periods beginning after December 15, 2017, and is to be applied using one of two retrospective application methods, with early application permitted for fiscal years beginning after December 15, 2016. The Company is currently evaluating the impact of the pending adoption of ASU 2014-09 on its financial statements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in ASU No. 2016-02 supersedes the lease recognition requirements in ASC Topic 840, *Leases*. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the effect this standard will have on its consolidated financial statements.

NOTE 3 – INVENTORY

Inventory consists of the following at December 31, 2016:

Raw materials	$ 49,666
Finished goods	1,624,249
	$ 1,673,915

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31:

	2016	2015
Land and improvements	$ 1,700,243	$ 1,669,451
Building and improvements	21,947,890	--
Computer and equipment	40,718,959	140,992
Construction in progress	--	53,808,704
	64,367,092	55,619,147
Less accumulated depreciation	(1,980,550)	(1,240)
Property, Plant and Equipment - net	$ 62,386,542	$ 55,617,907

Depreciation expense was $1,979,310 in 2016 and $1,240 in 2015.

NOTE 5 – INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Building design and permits	$ 2,842,600	$ (2,842,600)	$ --
Deferred supplier costs	1,250,000	--	1,250,000
	$ 4,092,600	$ (2,842,600)	$ 1,250,000

	2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Building design and permits	$ 2,842,600	$ (2,072,729)	$ 769,871
Deferred supplier costs	1,250,000	--	1,250,000
	$ 4,092,600	$ (2,072,729)	$ 2,019,871

Amortization expense was $769,871 in 2016 and $1,421,300 in 2015. Amortization for the next five years and thereafter is expected to be as follows:

Years ending December 31:	
2017	$ 31,250
2018	62,500
2019	62,500
2020	62,500
2021	62,500
Thereafter	968,750
	$ 1,250,000

NOTE 6 – DEBT

BONDS PAYABLE

Bonds payable at December 31, consisted of the following:

	2016	2015
Bond payable	$ 64,095,000	$ 64,095,000
Unamortized discount	(2,814,192)	(3,033,999)
Bond issuance costs	(2,583,101)	(2,715,285)
	$ 58,697,707	$ 58,345,716

On July 11, 2014, the Company entered into Series D financing arrangements with OCIDA under Florida Statue, Chapter 159, Part II, Florida Industrial Development Financing Act, and Part III Industrial Development Authorities for the purpose of financing the cost of constructing and equipping the solid waste disposal facilities in Zellwood, Florida for the Company. To finance the above, OCIDA sold an aggregate amount of $64,095,000 of Series 2014 revenue bonds, that are scheduled to mature serially from 2024 through 2036, with interest of 8 percent to be calculated on the basis of a 360-day year consisting of twelve 30-day months. The bonds are secured by substantially all of the assets of the Company and are subject to a number of covenants consistent with project financings. Principal payments on the bonds begin on July 1, 2017. The accrued interest is payable on each January 1 and July 1 and commenced on January 1, 2015.

The bonds were issued with an original discount of $3,168,216 and is being accreted over the life of the bond utilizing the effective interest rate method. Amortization related to this bond issuance discount was $219,807 in 2016 and $134,217 in 2015. Accumulated amortization related to this bond issuance was $354,024 at December 31, 2016 and $134,217 at December 31, 2015.

NOTE 6 – DEBT (CONTINUED)

BONDS PAYABLE (CONTINUED)

The bonds are term bonds subject to mandatory redemption at a price of par plus accrued interest to the date of redemption. Future minimum payments by year and in the aggregate under the Series 2014 bond financing are as follows:

Years ending December 31,		
2017	$	710,000
2018		1,505,000
2019		1,630,000
2020		1,760,000
2021		1,905,000
Aggregate thereafter		56,585,000
	$	64,095,000

NOTE 7 – CAPITAL LEASES

The Company entered into various leases for manufacturing related equipment with interest rates ranging from 4.0 percent to 8.2 percent, payable in monthly installments ranging from $641 to $3,413, maturing at various dates beginning January 2018 to February 2019. The leases meet the criteria of capital leases and accordingly, have been recorded as such on the balance sheets.

NOTE 7 – CAPITAL LEASES (CONTINUED)

The following is a schedule of future minimum capital leases payments together with the present value of minimum lease payments:

Years ending December 31,		
2017	$	144,019
2018		114,970
2019		8,886
		267,875
Less, amounts representing interest		11,756
Present value of future minimum lease payments		256,119
Less, current portion		135,093
	$	121,026

The assets held under the capital leases at December 31, are included in property, plant and equipment on the balance sheets as follows:

		2016		2015
Equipment	$	371,861	$	88,979
Less accumulated depreciation		(67,481)		--
	$	304,380	$	88,979

NOTE 8 – COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The Company is party to an agreement with a general contractor for the construction of its plant. Construction costs are approximately $57.5 million at December 31, 2016 and $52.5 million at December 31, 2015, and are included in Property, Plant and Equipment on the accompanying balance sheets. The assets were placed into service during 2016.

NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

COMMITMENTS (CONTINUED)

The Company is also party to a business agreement with another general contractor to supply suitable organic feedstock to be used in the fertilizer production process. This agreement expires on the twentieth anniversary of the commissioning date, with two successive five year renewal periods. Although the agreement provides for the construction of up to three Anuvia plants, Anuvia is under no obligation to build a second or third plant.

The Company's fair value of the deferred supplier costs on the date of acquisition was $1,250,000. If certain conditions are met under the contract, the Company could be required to pay up to $1,558,250 for the following: $200,000 payable after satisfactorily financing the construction of the first plant, which was paid in 2014, $558,250 after the commissioning of the first plant and $200,000 per year for the immediate following four years if the contractor timely provides certain required supply contracts for dewatered organic feedstock. There are certain other incentives that could be earned by the supplier over the course of the contract. The deferred supplier costs incurred will be amortized over the term of the contract of 20 years. In connection with the acquisition, the Company recorded a supply agreement liability of $1,056,500 for the fair value of the supply contract liability. Future payments on the contract will be applied to the liability as they are made. The liability is being accreted through the date in which the required payments are made. Accretion related to this supply agreement was $101,569 in 2016 and $201,504 in 2015 and is recorded as interest expense in the statements of operations.

NOTE 9 – RELATED PARTY TRANSACTIONS

During 2016, the Company purchased certain raw material from a vendor who is a 50 percent owner of a member of the Company's ultimate parent. Total purchases during 2016 were approximately $637,000. The Company owed this vendor approximately $81,000 at December 31, 2016. In addition, the Company leased warehouse space from this same related party incurring costs of approximately $521,000 in 2016 which is included in the statement of operations.

NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported on the balance sheets for escrow funds and accounts payable approximate fair value given the short-term nature of the financial instruments.

The gross amount of the Company's fixed rate long-term debt approximates fair value based on estimates using discounted cash flows analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying amount of long-term debt includes debt discounts and debt issuance costs.

NOTE 11 – EMPLOYEE BENEFIT PLAN

Anuvia Plant Nutrients Holdings LLC, the parent Company, established a defined contribution plan (the Plan) for the benefit of the Company's eligible employees. To qualify for participation employees must be over the age of 21 and must have completed 250 hours of service within three consecutive months of employment. Eligible employees may contribute any percentage of their salary up to the maximum provided by the Internal Revenue Service. The Plan provides for a discretionary employer matching and profit sharing contributions subject to an approval by the Board of Managers. Employer matching contributions were $51,101 in 2016. There were no contributions in 2015.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

In June 2016, the general contractor that built the Zellwood facility notified the Company that it claimed additional costs under its contract with the Company. The general contractor alleged that it incurred an additional $5.8 million of costs above the guaranteed maximum price under the construction agreement, due to design scope changes, unanticipated changes in applicable laws and/or regulatory requirements affecting the project, requested changes to the scope of work and delays, and corresponding costs to accelerate work. The Company denied the initial claim and has been pursuing confidential settlement discussions with the general contractor while also engaging independent consultants to audit the claim. If not amicably resolved, management of the Company intends to vigorously contest these claims under multiple bases, including that they are invalid; that they are duplication of costs previously paid; and that they lack supporting documentation to justify the nature or amounts of the claim. In addition, the Company has claimed liquidated damages in the amount of $867 thousand against the builder under the agreement. Although there is a possibility for a financial outcome related to these claims in excess of the retainage owed to the builder, management cannot at this time make such a determination. Accordingly, there is no liability for such claims included in these financial statements.

NOTE 13 – SUBSEQUENT EVENTS

Management evaluates the impact of subsequent events, events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date or for disclosure in the notes to the financial statements. Management evaluated events occurring subsequent to December 31, 2016 through April 28, 2017, the date on which the accompanying financial statements were available to be issued. Except as descried below, during this period there were no subsequent events that required disclosure or recognition in the financial statements.

On March 6, 2017, the City of Apopka (Apopka) issued a letter requiring the Florida facility to cease discharge of its plant wastewater to the Apopka's wastewater treatment plant (WWTP) due to WWTP operational issues.

On April 24, 2017, Apopka, the Company and an outside vendor completed a Memorandum of Understanding (MOU) which provides for commencing of wastewater discharge on May 1, 2017 under a pilot test utilizing the vendor's technology. The pilot test is intended to allow the Company to evaluate technologies which can reduce Chemical Oxygen Demand (COD) and Biochemical Oxygen Demand (BOD) concentrations in the Company's wastewater to levels consistent with Apopka's recently proposed draft wastewater permit for the Florida plant.

The MOU will permit testing for a period of seven days, which period can be extended or shortened depending on operational impacts at the WWTP and the Florida facility's success in reducing contaminants. Upon successful completion of the pilot test, the Florida facility expects to be able to operate for a period of 90 days under the limits of the draft wastewater permit.

During the testing period, the Florida facility expects to continue pilot testing of other reduction technologies that have yielded COD/BOD reduction. Further pilot testing is required to define required capital costs and operating costs for each option. Until a system which reduces COD/BOD is installed, fertilizer production will be limited to 5-6 tons per hour and some hauling of wastewater will be required.

The lower COD/BOD levels were established under a draft permit issued by the City in March 2017. The Company has not waived any of its rights to challenge the terms of the draft permit and could do so if the efforts under the MOU are not successful.

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ANUVIA FLORIDA, LLC

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Current Assets		
Cash	$ 3,815	$ --
Accounts receivable	178,606	185,306
Prepaid expenses and other current assets	3,987,790	41,677
Escrow funds	2,049,773	9,458,294
Inventory	4,702,149	1,673,915
Total Current Assets	10,922,133	11,359,192
Property, Plant and Equipment - net	53,703,751	62,386,542
Other Assets		
Deposits	100,079	92,579
Escrow funds	--	6,092,678
Intangibles - net	1,187,500	1,250,000
Total Other Assets	1,287,579	7,435,257
Total Assets	$ 65,913,463	$ 81,180,991

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ANUVIA FLORIDA, LLC

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

	2017	2016
Liabilities and Member's Equity (Deficit)		
Current Liabilities		
Accounts payable and accrued expenses	$ 4,757,252	$ 4,287,905
Current maturities of supply agreement liability	558,250	558,250
Current maturities of bonds payable	1,505,000	710,000
Current maturities of capital leases	112,179	135,093
Deferred revenue	2,733,551	--
Total Current Liabilities	9,666,232	5,691,248
Long-Term Liabilities		
Bonds payable, net of current maturities and unamortized bond discount and debt issuance costs	56,758,901	57,987,707
Subordinated debt, net of current maturities	5,659,280	--
Supply agreement liability, net of current maturities	736,292	634,723
Capital leases, net of current maturities	7,813	121,026
Total Long-Term Liabilities	63,162,286	58,743,456
Total Liabilities	72,828,518	64,434,704
Member's Equity (Deficit)	(6,915,055)	16,746,287
Total Liabilities and Member's Equity (Deficit)	$ 65,913,463	$ 81,180,991

ANUVIA FLORIDA, LLC

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CONSOLIDATED STATEMENTS OF OPERATIONS
AND MEMBERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Net Sales	$ 2,982,658	$ 1,713,838
Cost of Sales	8,299,398	10,116,040
Gross Loss	(5,316,740)	(8,402,202)
Operating Expenses		
General and administrative	1,368,292	1,324,580
Engineering costs	540,558	161,615
Depreciation and amortization	3,337,397	2,749,181
Salaries and benefits	772,942	754,613
Legal and professional fees	268,400	147,576
Total Operating Expenses	6,287,589	5,137,565
Loss from Operations	(11,604,329)	(13,539,767)
Other Income (Expense)		
Interest income	3,434	10,259
Interest expense	(5,479,313)	(3,552,035)
Loss on sale of equipment	(5,075,832)	--
Bond restructuring costs	(2,311,178)	--
Other Expense - net	(12,862,889)	(3,541,776)
Net Loss	(24,467,218)	(17,081,543)
Member's Equity - Beginning	16,746,287	24,853,359
Member Contributions	805,876	8,974,471
Member's Equity (Deficit) - Ending	$ (6,915,055)	$ 16,746,287

ANUVIA FLORIDA, LLC

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CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Net loss	$ (24,467,218)	$ (17,081,543)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	3,399,897	1,979,310
Amortization of intangible assets	--	769,871
Amortization of bond discount and bond issuance costs	276,194	351,991
Accretion of supply agreement liability	101,569	101,569
Loss on sale of equipment	5,075,832	--
Changes in operating assets and liabilities:		
Accounts receivable	6,700	(185,306)
Inventory	(3,028,234)	(1,673,915)
Prepaid expenses and other current assets	(3,946,113)	200,744
Accounts payable and accrued expenses	728,627	(1,683,842)
Deferred revenue	2,733,551	--
Net Cash Used in Operating Activities	(19,119,195)	(17,221,121)
Cash Flows from Investing Activities		
Deposits on equipment	(7,500)	--
Proceeds from sale of equipment	330,000	--
Release of escrow funds	13,501,199	16,798,552
Additions to property, plant and equipment	(60,438)	(8,436,159)
Net Cash Provided by Investing Activities	13,763,261	8,362,393
Cash Flows from Financing Activities		
Bond principle payments	(710,000)	--
Capital lease payments	(136,127)	(115,743)
Member contributions	805,876	8,974,471
Proceeds from subordinated debt, related party	5,400,000	--
Net Cash Provided by Financing Activities	5,359,749	8,858,728
Net Change in Cash and Cash Equivalents	3,815	--
Cash and Cash Equivalents - Beginning	--	--
Cash and Cash Equivalents - Ending	$ 3,815	$ --

Anuvia Florida, LLC

Financial Statements

For the Quarter ended March 31, 2018

Anuvia Florida LLC

Continuing Disclosure Statement

For the Quarter ended March 31, 2018

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Anuvia Florida, LLC
Statement of Operations and Members' Equity (unaudited)
Quarter ended March 31,

	2018	2017
Total Revenues	$ 2,561,714	$ 1,188,400
Cost of Good Sold	$ 3,690,664	$ 3,283,325
Gross Profit	$ (1,128,950)	$ (2,094,925)
Administrative:		
Depreciation	796,099	832,242
Amortization - Building Design And Permits	-	-
Amortization - Bond Issuance Costs	33,046	33,046
General Liability Insurance	165,000	216,928
Wages And Benefits	379,573	213,498
Legal And Accounting	48,205	53,739
Administrative Expenses	349,914	297,301
Interest Income - Investments	-	(1,880)
Finance Charges/Oid Amortization	36,002	36,002
Bond Restructuring	609,045	-
Interest Expense	1,469,486	1,271,100
Total Expenses	$ 3,886,370	$ 2,951,978
Net Income (Loss)	$ (5,015,320)	$ (5,046,903)
Members' Equity - Beginning	(8,696,674)	15,939,053
Capital Contributions	-	5,345,087
Net Income/(Loss)	(5,015,320)	(5,046,903)
Members' Equity - Ending	$ (13,711,994)	$ 16,237,238

Anuvia Florida, LLC
Balance Sheet (unaudited)
March 31,

	2018	2017
ASSETS		
Current Assets		
Cash	(19,492)	-
Accounts Receivable	445,608	415,855
Other Accounts Receivable	76,841	-
Inventory	3,444,849	3,032,002
Contingent Equity Account	33,211	4,367,388
Equity Account	-	417,831
Debt Svc Reserve Account	1	6,092,678
Revenue Fund	23,485	310,736
Prepaid Insurance	(59,223)	(107,872)
Prepaid - Other	3,643,743	37,608
Total Current Assets	**7,589,023**	**14,566,225**
Property and Equipment		
Land	1,700,243	1,700,243
Building	21,967,390	21,967,390
Equipment	34,746,221	40,689,190
Office Equipment	18,248	18,248
Motor Vehicles	11,521	11,521
Accum. Depr - Equipment	(4,577,615)	(2,344,943)
Accum Depr - Building	(1,006,391)	(457,248)
Accum Depr - Office Equipment	(8,972)	(5,322)
Accum Depr - Motor Vehicles	(9,121)	(5,280)
Total Property and Equipment	**52,841,523**	**61,573,799**
Other Assets		
Deposits	100,079	92,579
Building Design And Permits	2,842,600	2,842,600
Biosolids Supply Agreement	1,250,000	1,250,000
Accum Amort - Building Design And Permits	(2,842,600)	(2,842,600)
Bond - Oid	3,168,216	3,168,216
Bond Issuance Costs	2,908,054	2,908,054
Accum Amort - Bond Oid	(534,036)	(390,027)
Accum Amort - Bond Issuance Costs	(490,184)	(357,999)
Total Other Assets	**6,402,129**	**6,670,823**
Total Assets	**$ 66,832,675**	**$ 82,810,847**

Anuvia Florida, LLC
Balance Sheet (unaudited)
March 31

	2018	2017
LIABILITIES AND CAPITAL		
Current Liabilities		
Notes Payable - Short Term	98,359	125,958
Customer Product Prepayments	2,251,254	-
Accounts Payable	2,859,680	1,578,988
Accrued Interest	3,833,214	1,281,900
Accrued Vacation	46,866	48,928
Accrued Legal And Accounting	21,879	40,000
Total Current Liabilities	**9,111,252**	**3,075,774**
Long-Term Liabilities		
Notes Payable	-10,084	99,391
Subordinated Note to Anuvia Corporation	6,738,567	-
Other Long Term Liabilities	1,319,934	1,218,365
Ocida Bonds	63,385,000	64,095,000
Total Long-Term Liabilities	**71,433,417**	**65,412,756**
Total Liabilities	**80,544,669**	**68,488,530**
Capital		
Common Stock		
Paid In Capital - Parent	43,381,253	46,219,929
Retained Earnings	(52,077,926)	(5,315,569)
Net Income	(5,015,321)	(26,582,043)
Total Capital	**(13,711,994)**	**14,322,317**
Total Liabilities & Capital	**$66,832,675**	**$82,810,847**

Anuvia Florida, LLC
Statement of Cash Flows
Quarter ended March 31,

		2018		2017
Cash Flows from Operating Activities				
Net Loss	$	(5,015,321)	$	(5,046,903)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and Amortization		865,148		900,379
Changes in operating assets and liabilities:				
Contingent payments		-		25,392
Prepaid expenses, accounts receivable and inventory		314,275		(2,939,730)
Accounts payable and accrued expenses		1,646,326		755,116
For the Quarter ended March 31, 2018				
Net Cash Used in Operating Activities	$	(2,189,573)	$	(6,305,746)
Cash Flows from Investing Activities				
Additions to Construction in process and other capitalized costs		(22,570)		-
Additions to Deposits		-		-
Net Cash Used in Investing Activities		(22,570)		-
Cash Flows from Financing Activities				
Borrowings under notes payable		195,761		(50,099)
Member Contributions, net		-		5,345,087
Net Cash Used in Financing Activities		195,761		5,294,988
Net Change in Cash		(2,016,382)		(1,010,758)
Cash - Beginning of Period	$	2,053,588	$	16,561,730
Cash - End of Period	$	37,206	$	15,550,972

Certificate of
Anuvia Florida LLC

Reference is made to that certain Loan Agreement dated as of July 1, 2014 between Anuvia Florida LLC, (f/k/a Vitag LLC) a Florida limited liability company (the "Borrower") and the Orange County Industrial Development Authority, a public body corporate and politic existing under the laws of the State of Florida (the "Loan Agreement").

I, Edward I. Zughaft, Chief Financial Officer of the Borrower, certify that I am authorized to execute this certificate on behalf of the Borrower and do hereby further certify, pursuant to section 6.4(a)(i) of the Loan Agreement, that the financial condition of the Borrower as at the end of the Borrower's fiscal quarter ending March 31, 2018 as presented in the Financial Statements of March 31, 2018, is fairly stated, in all material respects (subject to normal year-end audit adjustments).

IN WITNESS HEREOF, the undersigned had duly executed this Certificate on behalf of the Borrower on this 15th day of May 2018.

ANUVIA FLORIDA LLC
By:

Name: Edward I. Zughaft
Title: Chief Financial Officer