



Biogas Renewable Energy Project Request for Bridge Loan Financing

May 6, 2015

Request

Tibbar is seeking the \$3.5 million Bridge Loan to provide required bonds and an insurance policy (Chubbs payments) for final design as required in the lease agreements with WAPA and VIPA, and bring current critical outstanding vendor payments required for close.

Tibbar Energy USVI, LLC, is developing and building a biomass/biogas Renewable Energy project on the island of St. Croix, USVI and has secured an executed Power Purchase Agreement ("PPA") and Interconnection Agreement ("IA") with the Virgin Islands Water and Power Authority ("WAPA") to take 7MW of power for a period of 25 years with a 5 year option. The projected revenue based on the PPA is \$400M+. Tibbar will produce the contracted power through the process of Anaerobic Digestion ("AD"), based on indigenous resources: fertile agricultural land, tropical climate and rum production by-product. Tibbar will use a proven process used across Europe and the United States, wherein major corporations (such as Disney in Orlando, Bacardi in Puerto Rico, and Gerber in Fremont, Michigan) and municipalities (such as East Bay Mudd in San Francisco) use AD systems which are fed organic feedstock such as food waste, food manufacturing byproducts, energy crops, or cellulose, which are grown specifically to produce biogas that is converted to base load electricity. Unlike AD facilities in Europe and the United States that have to store silage during the colder months, Tibbar is able to capitalize on the Territory's year round optimal growing conditions.

Tibbar has contracted with the Virgin Islands Waste Management Authority (WMA) for 2 million gallons per day of the effluent stream from the local Waste Treatment plant for 30 years. This effluent stream alone offers Tibbar absolute feedstock control with predictable yields by using this water for irrigation. In addition to water, fertilizer is needed for desired crop growth thereby negating the need to import fertilizer products. Tibbar has also negotiated other organic feedstock sources to supplement the energy crops to include vinasse which is a by-product from rum distillation on St. Croix. This not only solves a multi-million dollar annual expense and environmental and handling problem for the two rum producers, but also allows them capacity to produce more rum creating more cover over tax receipts for the Government of the Virgin Islands (Government). This is a direct benefit to the project since Tibbar will charge a tipping fee on their by-product while rum producers still save 50% over current methods of handling.

The biogas generated by the feedstocks from the AD process will be fed to generators producing 7 MW of continuous prime power. Tibbar's project is the only proposed biogas renewable energy project in the U.S. Virgin Islands, which provides base load power (a distinct advantage over wind and solar, which can only provide intermittent power). This power will be sold to WAPA and assist WAPA in meeting the territory's 2025 Renewable Energy goal. Tibbar Energy has executed an average rate of \$0.25/kWh under the PPA. Additionally, Tibbar has secured "Qualified Facility (for Small Power Generation)" approval from the Virgin Islands Public Services Commission (PSC).

Tibbar's Solution and Competitive Advantages

Even with dropping oil prices potential lower costs associated with the utilization of Liquefied Propane Gas (LPG) costs, Tibbar's project provides to WAPA a lower cost and cleaner power source than WAPA's avoided average costs even after converting to LPG. Therefore, Tibbar will be the only Renewable base load power in

the US Virgin Islands diverting over 4 million gallons per year of imported diesel fuel and reducing CO2. The Tibbar Energy project is Carbon Neutral.

The AD/Biogas Facility is slated to be located on 17 acres of Virgin Islands Port Authority (VIPA) land and is under a long term land lease that has been executed with the VIPA. Additionally, Tibbar has secured 1,500 plus acres of arable farmland needed and has been successfully growing energy crops in two locations on St. Croix for over two years with excellent results based on third party review.

Tibbar has retained Haskell/Layne, an experienced global public construction company, (their engineering team having designed over 150 biogas plants) as the Engineering, Procurement, Construction (EPC) contractor providing a full wrap guarantee, meaning they will guarantee price and schedule with a not to exceed and guarantee performance for the biogas and power generation. In 2013 Layne finished the identical facility at Disney World in Orlando, Florida generating 3.5 MW. Tibbar has also contracted with Veolia, the largest water and energy O & M operator to manage the facility.

Funding Required

The total project CAPEX is \$112.0 million, with a funding approach of 75% debt (\$84M) and 25% equity (\$28M). The principal and officer of Tibbar and an investor pool have to date invested \$7.0 million in cash. Tibbar has received Mandate Letters and/or Term Sheets Deutsche Bank and CoBank and is in the process of finalizing the long term debt financing plan with the United States Department of Agriculture – Rural Utilities Services (RUS) Energy Loan Program. Our preferred path is to proceed with CoBank, with whom we have an agreement detailing terms in place, with an RUS take-out as it provides Tibbar's debt financing for the length of the PPA (25 years) at 3.88% fixed interest rate after construction loan.

Tibbar is seeking the \$3.5 million Bridge Loan to provide required bonds and an insurance policy (Chubb payments) for final design as required in the lease agreements with WAPA and VIPA, and bring current critical outstanding vendor payments required for close. The Bridge Loan allows Tibbar to keep the project moving forward as we finalize the construction financing and permanent take-out with RUS.

Steps to close: The Bridge Loan allows Tibbar to finalize design with Haskell/Layne (Tibbar is at 20 to 25% and needs to go to 30% to 35% design, and Layne can achieve that in 60 days), which allows us to finalize O&M agreement with Veolia among other things. Additionally, we will be making payments from bridge on bonds for WAPA and VIPA and land leases. These steps are all required by CoBank. The only outstanding permit is the local building permit, with all other local and federal permits previously obtained. The list of Conditions Precedents in CoBank's Agreement is standard and customary and can be met. All these items can be completed within the next five months

We propose a 30% return on the Bridge Loan.

Tibbar is in the process of raising the equity, which will provide a projected return of 30% based on the proforma financials. We reference this because, as many renewable energy projects do, Tibbar's project has an associated Investment Tax Credit with a value of around \$16.5 million dollars, which may be attractive to the equity participants.

The need for lower cost energy in the US Virgin Islands directly relates to economic development and diversification and impacts positively the disposable income of residents. This business opportunity has the direct benefit of shifting the energy paradigm and cultivating an agricultural renaissance.

Tania Tomyn, CEO/Managing Member is the Majority Shareholder with 76% ownership. The remaining shares (24%) are held by seven (7) **different Seed Investors. All are related to Tania Tomyn through business or personal relationships. The largest individual Seed Investor holds 8%.** Resumes for Ms.Tomyn and all Seed Investors are available for viewing in our project data room.