

# ATTACHMENT 9

**From:** [Jim Tischer](#)  
**To:** [Kinney, Bill@Energy](#)  
**Cc:** [John, Elizabeth@Energy](#); [Butler, John@Energy](#); [Bill Pucheu](#); [John Diener](#); [Jace Baird](#); [Matt Hoffman](#); [Leon Woods](#)  
[III](#)  
**Subject:** Re: MENDOTA BIOENERGY MODIFICATION SUBMITTAL TO CEC  
**Date:** Monday, December 01, 2014 2:59:07 PM

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Bill

Additional information request noted below will be acted upon promptly.

The Mendota Board will need to confer with Counsel Matt Hoffman on CEC Staff request to return unexpended Task 6 "Construction" funds for work currently underway, by December 8th.

This precipitous action could have a serious adverse effect on the project's viability.

Recall that 200 tons of energy beets from the UC Westside Field Station are currently in storage at the Red Rock Ranch Cooler and will be joined by another 1,000 tons from Fresno State that will be harvested next week. All 1,200 tons are programmed to be processed through an operational demonstration plant.

Beets are hardy but are a perishable crop and will deteriorate if not processed promptly.

We will get back to you in a timely manner and fully address all your concerns.

Cordially,

Jim Tischer

# ATTACHMENT 10

Mendota Bioenergy, LLC  
2911 E. Barstow Ave. OF 144  
Fresno, CA 93740  
559.336.4570



December 11, 2014

Mr. Bill Kinney  
Commission Agreement Manager  
California Energy Commission  
Emerging Fuels & Technology Office  
1516 Ninth St., MS 27  
Sacramento, CA 95814

RE: CEC Staff ARV 12-033 December 1, 2014 Document Request Regarding Further Engineering, Procurement & Construction (EPC) Transition Operational and Budget Details

Dear Bill,

This letter responds to your December 1, 2014 email wherein you requested (Item 1#) further budget clarification on unexpended funds originally programed for Easy Energy Systems (EES) prior to that organization's Services Agreement contract breach as well as source of funds for future activities.

We have added in the additional columns as you suggested on Exhibit B, Budget and provided the source of funds clarification on the demonstration plant budget you requested. As noted, we intend to use the remaining EES undispersed funds to support rapid build out of the demonstration plant processing and fermentation equipment that EES was to provide.

Additionally you requested (Item 2#) additional details on Easy Energy's accounting of ARV 12-033 funds received from Mendota as milestone payments per the Services Agreement.

It is Mendota's assessment of EES information provided that while under contract to deliver demonstration plant equipment to Mendota between May-October 2014, EES expended the \$750,000 of provided funds as approximately described below.

- \$80,000 for external engineering and documentation development
- \$240,000 for equipment fabrication and testing including a test in September
- \$400,000 for salary and overhead associated with project engineering and management
- \$30,000 for down payments on demonstration plant equipment.

Mendota Bioenergy, LLC

2910 E. Barstow Ave. #F 100  
Fresno, CA 93740  
559.836.4570



**BEET ENERGY**

Mendota Bioenergy proposes, with CEC affirmation, seeking a settlement with Easy Energy Systems to recover the process equipment noted in the attached photos as partial payment for milestone funds paid prior to the contract breach and Services Agreement termination. Note that Easy Energy has provided Amec – Foster Wheeler P&ID engineering documents that will assist Mendota's efforts in the build out of the project. Discussions with EES indicate they are agreeable to such an agreement and additional details can be provided as requested. Mendota could pursue legal action against Easy Energy for contract breach but is concerned the potential outcomes may outweigh the expense.

Lastly, you requested Mendota issue a check immediately for \$1.025 million to the Commission for ARV 12-033 funds originally programmed to Easy Energy Systems for completion of specific Services Agreement milestones.

The Mendota leadership team is concerned that immediate return of ARV 12-033 project construction funds, issued in good faith by the Commission to insure the ability to promptly pay for significant demonstration plant construction costs in a timely manner, could jeopardize project momentum and viability. Fortunately, Mendota only paid out about 30% of the overall EES Services Agreement amount before determining that the company wasn't positioned to satisfy the contract and that a breach had occurred requiring aggressive remedial action and assumption of EES responsibilities by MBLLC to achieve project objectives.

Mendota is a startup organization that is not highly capitalized and has outstanding CEC receivables of \$165,525 for October and November invoices, CEC retentions for ARV 12-033 work to date totaling \$110,807, and over \$100,000 of project expenses expected and being incurred for December, which are largely paid out to vendors to move the project forward prior to receiving reimbursement and creating a tight cash flow management situation.

The work underway at Red Rock Ranch requires more timely payments than is possible given the Commission's 75 calendar day payment cycle since ARV 12-033 project inception. Mendota notes that acquiring additional working capital is critical given these project developments and the Board is taking immediate actions to remedy the situation. These elements make it problematic to effect a re-payment of that magnitude to the Commission without considerably more dialogue.

We will of course comply with any and all guidance from Commission Staff and can

Mendota Bioenergy, LLC  
2911 E. Barstow Ave. OF 144  
Fresno, CA 93740  
559.336.4570



provide additional accounting information but ask for continued patience and cooperation to avoid a significant negative impact on the project.

Given the complexity of the ARV 12-033 project we would suggest a telephone briefing might be order so that some of the key details can be pointed out to reviewers. We are also happy to meet with you and review the documents at your convenience in Sacramento.

Cordially,

A handwritten signature in black ink that reads "James R. Tischer". The signature is written in a cursive style with a large, looping initial "J".

James R Tischer  
Project Manager  
Mendota Bioenergy, LLC

#### Attachments

- 1.0 Bill Kinney Clarification Document Email Request dated 1Dec2014
- 2.0 Easy Energy Accounting of ARV 12-033 Funds Expended (note Tischer cover page) and Photos of Recoverable Equipment plus P&ID documents)
  - 2.1 Photos of Andritz Beet Conditioner and 5,000 gal SS Liquifaction Tank
  - 2.2 Amec Foster Wheeler P&ID Docs for Mendota
- 3.0 Exhibit B Budget Revision with Mendota Augmentation Noted
  - 3.1 (Old Attachment 4.0) revised CapEx/OpEx Budget to Complete Project
- 4.0 Easy Energy – Mendota Bioenergy Services Agreement (for reference)

# ATTACHMENT 11

**CALIFORNIA ENERGY COMMISSION**

1516 NINTH STREET  
SACRAMENTO, CA 95814-5512  
www.energy.ca.gov



Letter sent by Certified Mail Return Receipt Requested

December 15, 2014

Matt Hoffman, Esq.  
Baker, Manock & Jensen PC  
5260 N. Palm Ave. Suite 421  
Fresno, CA 93704

Re: **STOP WORK ORDER**  
Agreement Number ARV-12-033

Dear Mr. Hoffman:

Pursuant to Exhibit C, *Terms and Conditions*, Section 14, *Stop Work*, notice is hereby given to stop work effective upon receipt of this letter on the above referenced agreement between the California Energy Commission (Energy Commission) and Mendota Bioenergy, Inc. Work shall not be resumed unless and until the Energy Commission notifies you in writing to resume work.

This Stop Work Order provides both you and the Energy Commission time to collect and evaluate the status of this agreement and resolve outstanding issues.

If you have any questions pertaining to this Stop Work Order, please feel free to contact me at (916) 654-4739. Bill Kinney, Commission Agreement Manager, remains your primary point of contact at the Energy Commission for project and technical issues. Mr. Kinney can be reached at (916) 654-4774.

Sincerely,

A handwritten signature in black ink, appearing to read "Cory Irish".

CORY IRISH  
Commission Agreement Officer

cc: Robert Oglesby, Executive Director  
Lisa Negri, Executive Office  
Elizabeth John, Supervisor, Biofuels Unit  
Bill Kinney, Fuels and Transportation Division

# ATTACHMENT 12

**CALIFORNIA ENERGY COMMISSION**

1516 NINTH STREET  
SACRAMENTO, CA 95814-5512  
www.energy.ca.gov



January 15, 2015

Letter Sent via Overnight Mail and Email to jtischer@mendotabeetenergy.com and mhoffman@bakermanock.com

James R. Tischer, Principal Director  
Mendota Bioenergy, LLC  
863 Tufts Court  
Woodland, CA 95695

Matt Hoffman, Esq.  
Baker, Manock & Jensen PC  
5260 N. Palm Ave. Suite 421  
Fresno, CA 93704

Re: Final Demand for Repayment and Demand for Accounting of Funds Under Grant ARV-12-033

Dear Mr. Tischer and Mr. Hoffman,

The purpose of this letter is to demand that Mendota Bioenergy, LLC ("Mendota"):

1. Repay \$1,023,873 to the California Energy Commission ("Commission") by 5 p.m. Tuesday, January 20, 2015, or repay as much of that amount that remains unspent on Grant ARV-12-033 ("Grant").
2. Provide documents by 5 p.m. Friday, January 30, 2015 accounting for any of the \$1,023,873 not repaid to the Commission per #1.

Please make the repayment check out to the California Energy Commission, and please send the check and any accounting documents to:

Bill Kinney  
California Energy Commission  
Fuels and Transportation Division  
1516 Ninth Street, MS-27  
Sacramento, CA 95814

Under the Grant entered into between the Commission and Mendota, Mendota invoiced for and the Commission paid to Mendota approximately \$1.7 million for equipment. Mendota was going to receive the equipment from Easy Energy, Corp., but had issues with Easy Energy's performance, and is no longer seeking equipment from it. Mendota

reimbursed Easy Energy approximately \$750,000, leaving a balance of \$1,023,873 in funds received by Mendota from the Commission. The Commission has twice requested repayment from Mendota, and Mendota has refused. Yet, when representatives from Mendota met with Commission staff on November 13, 2014, Mendota said that the remaining funds were in Mendota's bank account.

This is the third and final demand for repayment of the Commission's funds.

Noncompliance with these demands could result in the Commission taking actions available to it under the Grant terms and California law, including but not limited to terminating the Grant and seeking a court judgment for return of the funds. The Commission would prefer to work this issue out and see the successful completion of the Grant, but Mendota's continued refusal to repay the Commission's funds prevents this from occurring. If necessary, the Commission intends to pursue actions to ensure repayment and proper use of state funds under the Grant.

Sincerely,

A handwritten signature in black ink that reads "Allan L. Ward II". The signature is written in a cursive style with a large, stylized "A" and "W".

Allan L. Ward, II  
Assistant Chief Counsel  
Office of the Chief Counsel  
1516 Ninth St., MS 14  
Sacramento, CA 95814

Phone: (916) 654-4775

cc:

William Kinney, Commission Agreement Manager for ARV-12-033  
Cory Irish, Commission Grants Officer for ARV-12-033

# ATTACHMENT 13

Mendota Bioenergy, LLC  
2911 E. Barstow Ave. M/S OF 144  
Fresno, CA 93740  
559.336.4570



January 28, 2015

Mr. Cory Irish  
Mr. William Kinney  
California Energy Commission  
1516 9<sup>th</sup> Street  
Sacramento, California 95814

Re: Grant ARV-12-033

Dear Messrs. Irish and Kinney:

This letter is being sent in response to a letter from Mr. Allan Ward, II to Mendota Bioenergy, LLC ("MBLLC") dated January 13, 2015. As you are aware, in response to Mr. Ward's letter, on or about January 20, 2015, MBLLC returned the sum of \$300,000 to the California Energy Commission ("CEC"). In response to Mr. Ward's additional request to provide an accounting for all funds spent by MBLLC in connection with Grant ARV-12-033 (the "Grant"), we enclose with this letter a transaction report detailing all expenditures of MBLLC in connection with the Grant, which includes the period March 1, 2013 through January 27, 2015. In addition, we enclose a current receivable report showing all outstanding receivables between the CEC and MBLLC. Of course, if you have any questions about either of the enclosed documents, please advise and we will collect for you whatever information you need.

MBLLC is very grateful and appreciative of the support and faith the CEC has shown in MBLLC to date. We want to assure you that this faith and support has not been misplaced. In fact, by this Friday, MBLLC will have successfully processed the first whole beets to ethanol in the United States from energy beets harvested at the Fresno State Farm Laboratory last week. As you are no doubt aware, this is an important milestone in this project and is further evidence we are on the right path in terms of "reinventing" the model for low-carbon alternative transportation fuels in our State. We would very much like the opportunity to sit down with you in Sacramento to fill you in on the status of our work and plot a mutually-acceptable path forward to completing the tasks the CEC charged MBLLC with completing.

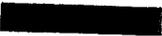
We look forward to hearing from you.

Very truly yours,

A handwritten signature in black ink, appearing to read "William C. Pucheu". The signature is fluid and cursive, written over a light-colored background.

William C. Pucheu  
General Manager

# Account Balances

Account	Name		Current Balance	Available Balance
<u>xxx7444</u>	MBLLC Checking	\$67,693.73	\$67,693.73	
		<b>Total:</b>	<b>\$67,693.73</b>	<b>\$67,693.73</b>

Note: Any balances marked with a \* are balances which have not been adjusted for 'memo' transactions. Memo transactions are transactions that have not yet been officially posted to your account.

\* "Use the print icon located at the bottom of the data table to ensure all rows are printed."

8:19 PM  
01/27/15  
Accrual Basis

**Mendota Bioenergy, LLC**  
**Custom Transaction Detail Report**  
March 1, 2013 through January 27, 2015

Date	Name	Memo	Amount
05/21/2014	Accounting - Richard Hughes, CPA		\$ (295.00)
06/17/2014	Accounting - Richard Hughes, CPA		\$ (1,610.00)
03/21/2013	ADMIN - Baker Manock & Jensen		\$ (10,000.00)
08/21/2013	ADMIN - Baker Manock & Jensen		\$ (1,193.83)
09/18/2013	ADMIN - Baker Manock & Jensen	4/30/13 Coop	\$ (1,089.50)
10/01/2013	ADMIN - Baker Manock & Jensen		\$ (2,260.30)
11/14/2013	ADMIN - Baker Manock & Jensen	PE 3/31/13 LLC	\$ (1,962.05)
01/24/2014	ADMIN - CSU, Foundation	ADMIN	\$ (4,575.00)
02/24/2014	ADMIN - CSU, Foundation	ADMIN	\$ (2,325.00)
05/21/2014	ADMIN - CSU, Foundation	ADMIN	\$ (2,325.00)
07/17/2014	ADMIN - CSU, Foundation	ADMIN	\$ (6,300.00)
03/21/2013	ADMIN - Hills, Renaut, Homen & Hughes		\$ (1,140.00)
08/30/2013	ADMIN - Hills, Renaut, Homen & Hughes		\$ (260.00)
11/14/2013	ADMIN - Hills, Renaut, Homen & Hughes	4/20/13 LLC	\$ (625.00)
12/18/2013	ADMIN - Hills, Renaut, Homen & Hughes		\$ (450.00)
01/24/2014	ADMIN - Hills, Renaut, Homen & Hughes		\$ (1,000.00)
01/31/2014	ADMIN - Hills, Renaut, Homen & Hughes		\$ (450.00)
03/01/2014	ADMIN - Hills, Renaut, Homen & Hughes	4/20/13 Coop	\$ (350.00)
09/12/2014	Alert O-Lite	Inv # 00012951	\$ (623.38)
10/16/2014	Alert O-Lite		\$ (623.38)
12/10/2014	Alert O-Lite	13473	\$ (1,246.76)
08/08/2013	ARV 12-033 GROWERS - AJ Carvalho & Sons		\$ (15,840.00)
12/03/2014	ARV 12-033 GROWERS - David Santos Farning	15884	\$ (9,967.50)
07/18/2013	ARV 12-033 GROWERS - Del Testa Farms	DTH1-1	\$ (15,444.00)
08/08/2013	ARV 12-033 GROWERS - Del Testa Farms	Lay By	\$ (15,444.00)
07/18/2013	ARV 12-033 GROWERS - Gragnani Farms		\$ (9,900.00)
08/08/2013	ARV 12-033 GROWERS - Gragnani Farms		\$ (9,900.00)
07/18/2013	ARV 12-033 GROWERS - Pucheu Farming	PBFT1	\$ (3,960.00)
08/08/2013	ARV 12-033 GROWERS - Pucheu Farming	Lay By	\$ (3,960.00)
01/22/2014	ARV 12-033 MAJOR SUB - Easy Engineering	Inv # 6	\$ (300,000.00)
05/02/2014	ARV 12-033 MAJOR SUB - Easy Engineering	Inv # 104	\$ (300,000.00)
07/31/2014	ARV 12-033 MAJOR SUB - Easy Engineering	Inv # 104	\$ (150,000.00)
06/10/2014	ARV 12-033 MAJOR SUB - Fresno State		\$ (13,269.85)
06/17/2014	ARV 12-033 MAJOR SUB - Fresno State		\$ (41,938.64)
07/29/2014	ARV 12-033 MAJOR SUB - Fresno State		\$ (28,660.29)
08/14/2014	ARV 12-033 MAJOR SUB - Fresno State		\$ (10,444.29)
08/20/2014	ARV 12-033 MAJOR SUB - Fresno State		\$ (10,444.29)
09/22/2014	ARV 12-033 MAJOR SUB - Fresno State		\$ (10,513.36)
10/16/2014	ARV 12-033 MAJOR SUB - Fresno State		\$ (6,651.97)
12/01/2014	ARV 12-033 MAJOR SUB - Fresno State	Inv # 32684	\$ (8,686.92)
06/22/2013	ARV 12-033 MAJOR SUB - JAL Engineering	Inv # 001-2013	\$ (1,500.00)
11/14/2013	ARV 12-033 MAJOR SUB - JAL Engineering		\$ (31,906.20)
01/31/2014	ARV 12-033 MAJOR SUB - JAL Engineering		\$ (32,585.17)
03/01/2014	ARV 12-033 MAJOR SUB - JAL Engineering		\$ (15,243.75)
04/03/2014	ARV 12-033 MAJOR SUB - JAL Engineering		\$ (608.54)
04/24/2014	ARV 12-033 MAJOR SUB - JAL Engineering		\$ (12,218.85)
08/14/2014	ARV 12-033 MAJOR SUB - JAL Engineering		\$ (15,795.00)
01/31/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch		\$ (25,200.00)
03/01/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch		\$ (107,062.75)
06/10/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	Inv # ARV12-033-106	\$ (2,587.50)
06/17/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch		\$ (7,115.63)

Mendota Bioenergy, LLC  
Custom Transaction Detail Report  
March 1, 2013 through January 27, 2015

07/29/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch		\$	(2,587.50)
08/14/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch		\$	(2,587.50)
08/20/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch		\$	(2,587.50)
09/22/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch		\$	(2,587.50)
10/16/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch		\$	(2,587.50)
12/01/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch		\$	(2,587.50)
11/14/2013	ARV 12-033 MAJOR SUB - UC Davis	inv # 5	\$	(5,444.27)
12/18/2013	ARV 12-033 MAJOR SUB - UC Davis	inv # 25570-6	\$	(24,527.73)
01/31/2014	ARV 12-033 MAJOR SUB - UC Davis	inv # 25570-9	\$	(15,283.94)
03/01/2014	ARV 12-033 MAJOR SUB - UC Davis	25570-8	\$	(17,730.07)
06/10/2014	ARV 12-033 MAJOR SUB - UC Davis	Inv # 25570-12	\$	(12,257.36)
06/17/2014	ARV 12-033 MAJOR SUB - UC Davis	Inv # 25570-9, 10, 11	\$	(22,379.58)
07/29/2014	ARV 12-033 MAJOR SUB - UC Davis		\$	(10,711.36)
08/14/2014	ARV 12-033 MAJOR SUB - UC Davis		\$	(10,172.75)
08/20/2014	ARV 12-033 MAJOR SUB - UC Davis		\$	(17,894.42)
09/22/2014	ARV 12-033 MAJOR SUB - UC Davis		\$	(26,074.22)
12/18/2013	ARV 12-033 MINOR - Baker Manock & Jensen	PE 8/31/13 LLC	\$	(792.00)
01/24/2014	ARV 12-033 MINOR - Baker Manock & Jensen	PE 4/30/13 LLC	\$	(1,211.45)
01/31/2014	ARV 12-033 MINOR - Baker Manock & Jensen		\$	(3,802.32)
03/01/2014	ARV 12-033 MINOR - Baker Manock & Jensen		\$	(3,419.23)
06/10/2014	ARV 12-033 MINOR - Baker Manock & Jensen		\$	(2,268.18)
06/17/2014	ARV 12-033 MINOR - Baker Manock & Jensen		\$	(4,011.58)
07/29/2014	ARV 12-033 MINOR - Baker Manock & Jensen		\$	(498.94)
08/14/2014	ARV 12-033 MINOR - Baker Manock & Jensen		\$	(66.38)
08/20/2014	ARV 12-033 MINOR - Baker Manock & Jensen		\$	(2,235.60)
09/22/2014	ARV 12-033 MINOR - Baker Manock & Jensen		\$	(388.98)
10/16/2014	ARV 12-033 MINOR - Baker Manock & Jensen		\$	(176.40)
12/01/2014	ARV 12-033 MINOR - Baker Manock & Jensen	PE 8/31/14	\$	(1,020.44)
05/02/2013	ARV 12-033 MINOR - Cartel Transport, LLC	VOID: Inv # 13442 - PO#2	\$	-
05/10/2013	ARV 12-033 MINOR - Cartel Transport, LLC	Inv # 13442 - PO#2	\$	(2,450.00)
07/18/2013	ARV 12-033 MINOR - Del Testa Farms	DTH4913	\$	(1,544.49)
07/18/2013	ARV 12-033 MINOR - Del Testa Farms	DTH4913	\$	(40.50)
08/11/2014	ARV 12-033 MINOR - Del Testa Farms		\$	(3,197.70)
10/02/2014	ARV 12-033 MINOR - Del Testa Farms	Jul - Aug	\$	(4,436.10)
10/02/2014	ARV 12-033 MINOR - Del Testa Farms	Jul - Aug	\$	(198.00)
11/24/2014	ARV 12-033 MINOR - Del Testa Farms		\$	(453.60)
07/18/2013	ARV 12-033 MINOR - Jerry Baird Insurance	4/22/13 - 4/22/14	\$	(14,878.39)
04/29/2014	ARV 12-033 MINOR - Jerry Baird Insurance		\$	(14,231.02)
09/22/2014	ARV 12-033 MINOR - McCullar, CPA		\$	(7,755.00)
12/18/2013	ARV 12-033 MINOR - Steve Zicari	Inv # 1	\$	(915.75)
12/19/2013	ARV 12-033 MINOR - Steve Zicari	Inv # 1	\$	(742.50)
01/31/2014	ARV 12-033 MINOR - Steve Zicari	Inv # 3	\$	(1,147.50)
03/01/2014	ARV 12-033 MINOR - Steve Zicari	Inv # 2	\$	(2,339.22)
04/24/2014	ARV 12-033 MINOR - Steve Zicari		\$	(1,788.75)
04/24/2014	ARV 12-033 MINOR - Steve Zicari	Inv # 5	\$	(303.75)
08/14/2014	ARV 12-033 MINOR - Steve Zicari		\$	(1,147.50)
08/20/2014	ARV 12-033 MINOR - Steve Zicari		\$	(3,780.00)
09/22/2014	ARV 12-033 MINOR - Steve Zicari		\$	(1,012.50)
10/16/2014	ARV 12-033 MINOR - Steve Zicari		\$	(776.25)
11/04/2014	ARV 12-033 MINOR - Steve Zicari		\$	(995.24)
12/01/2014	ARV 12-033 MINOR - Steve Zicari		\$	(4,614.93)
08/30/2013	ARV 12-033 MINOR - Sure Harvest	Inv # 3205	\$	(8,268.75)
11/14/2013	ARV 12-033 MINOR - Sure Harvest		\$	(20,025.00)
12/18/2013	ARV 12-033 MINOR - Sure Harvest	Inv # 3254	\$	(3,571.88)

8:19 PM  
01/27/15  
Accrual Basis

## Mendota Bioenergy, LLC Custom Transaction Detail Report

March 1, 2013 through January 27, 2015

01/31/2014	ARV 12-033 MINOR - Sure Harvest	Inv # 3274	\$	(3,487.50)
03/01/2014	ARV 12-033 MINOR - Sure Harvest	Nov	\$	(3,487.50)
06/10/2014	ARV 12-033 MINOR - Sure Harvest		\$	(2,756.25)
06/17/2014	ARV 12-033 MINOR - Sure Harvest		\$	(6,721.88)
07/29/2014	ARV 12-033 MINOR - Sure Harvest		\$	(8,578.13)
08/14/2014	ARV 12-033 MINOR - Sure Harvest		\$	(5,146.88)
08/20/2014	ARV 12-033 MINOR - Sure Harvest		\$	(6,975.00)
09/22/2014	ARV 12-033 MINOR - Sure Harvest	cec	\$	(168.75)
10/16/2014	ARV 12-033 MINOR - Sure Harvest		\$	(2,109.38)
12/01/2014	ARV 12-033 MINOR - Sure Harvest		\$	(365.63)
06/17/2014	ARV 12-033 MINOR - The Grant Farm	Inv # NP0461110	\$	(2,250.00)
08/14/2014	ARV 12-033 MINOR - The Grant Farm		\$	(4,338.00)
12/21/2013	ARV 12-033 MINOR - The Leon Woods Group	Inv # 05302011	\$	(4,500.00)
01/31/2014	ARV 12-033 MINOR - The Leon Woods Group	Inv # 11313	\$	(2,250.00)
03/01/2014	ARV 12-033 MINOR - The Leon Woods Group		\$	(2,250.00)
05/06/2014	ARV 12-033 MINOR - The Leon Woods Group		\$	(4,500.00)
06/10/2014	ARV 12-033 MINOR - The Leon Woods Group		\$	(2,250.00)
06/17/2014	ARV 12-033 MINOR - The Leon Woods Group		\$	(3,420.00)
08/14/2014	ARV 12-033 MINOR - The Leon Woods Group		\$	(2,250.00)
11/19/2013	Bank - Central Valley Community Bank	Nov Service Charge	\$	(40.73)
12/16/2013	Bank - Central Valley Community Bank		\$	(42.81)
01/21/2014	Bank - Central Valley Community Bank		\$	(24.90)
07/22/2014	Bank - Central Valley Community Bank		\$	(300.00)
03/12/2013	Bank - Central Valley Community Bank Visa		\$	(82.00)
04/16/2013	Bank - Central Valley Community Bank Visa		\$	(1,457.99)
05/21/2013	Bank - Central Valley Community Bank Visa		\$	(114.97)
06/14/2013	Bank - Central Valley Community Bank Visa		\$	(400.00)
06/16/2013	Bank - Central Valley Community Bank Visa		\$	(89.48)
06/22/2013	Bank - Central Valley Community Bank Visa	Finance Charges	\$	(8.82)
07/18/2013	Bank - Central Valley Community Bank Visa		\$	(400.00)
07/18/2013	Bank - Central Valley Community Bank Visa		\$	(78.58)
08/12/2013	Bank - Central Valley Community Bank Visa		\$	(138.44)
09/18/2013	Bank - Central Valley Community Bank Visa		\$	(300.00)
10/01/2013	Bank - Central Valley Community Bank Visa		\$	(300.00)
11/14/2013	Bank - Central Valley Community Bank Visa		\$	(300.00)
12/18/2013	Bank - Central Valley Community Bank Visa		\$	(500.00)
01/08/2014	Bank - Central Valley Community Bank Visa		\$	(270.49)
01/31/2014	Bank - Central Valley Community Bank Visa		\$	(200.00)
03/10/2014	Bank - Central Valley Community Bank Visa		\$	(400.00)
03/13/2014	Bank - Central Valley Community Bank Visa		\$	(500.00)
04/17/2014	Bank - Central Valley Community Bank Visa		\$	(500.00)
06/03/2014	Bank - Central Valley Community Bank Visa		\$	(74.59)
06/17/2014	Bank - Central Valley Community Bank Visa		\$	(144.02)
07/01/2014	Bank - Central Valley Community Bank Visa		\$	(800.00)
07/14/2014	Bank - Central Valley Community Bank Visa		\$	(187.89)
08/13/2014	Bank - Central Valley Community Bank Visa		\$	(1,102.32)
08/13/2014	Bank - Central Valley Community Bank Visa		\$	(333.74)
09/08/2014	Bank - Central Valley Community Bank Visa		\$	(1,000.00)
11/17/2014	Bank - Central Valley Community Bank Visa		\$	(109.42)
* 12/10/2014	Bank - Central Valley Community Bank Visa	Annual Fees Pucheu/Del Testa	\$	(75.00)
12/10/2014	Bank - Central Valley Community Bank Visa	Annual Fee Diaz	\$	(126.45)
* 01/20/2015	Bank - Central Valley Community Bank Visa		\$	(456.46)
11/03/2014	Biodico		\$	(365.20)
12/09/2014	Board - Bill Pucheu		\$	(655.84)

Mendota Bioenergy, LLC  
Custom Transaction Detail Report  
March 1, 2013 through January 27, 2015

09/09/2014	Board - Jace Baird		\$	(819.77)
12/01/2014	Britz Farming Corp.		\$	(1,000.00)
01/05/2015	Britz Farming Corp.		\$	(11,190.00)
06/06/2014	C T Freight (USA) Inc		\$	(1,866.28)
09/25/2013	Catering - Vino & Friends	Deposit	\$	(250.00)
01/24/2014	CONTRACTOR - Doug Stricker	Inv # G-119	\$	(10,881.90)
04/24/2014	CONTRACTOR - Doug Stricker	Inv # G-119	\$	(10,000.00)
05/21/2014	CONTRACTOR - Doug Stricker	Inv # G-119	\$	(6,000.00)
06/17/2014	CONTRACTOR - Doug Stricker	Inv # G-119	\$	(5,000.00)
07/17/2014	CONTRACTOR - Doug Stricker	Inv # G-119	\$	(5,000.00)
09/25/2014	CONTRACTOR - Doug Stricker	Inv # G-119	\$	(5,000.00)
03/05/2013	CONTRACTOR - Ellen Suryadi	002-02-2013	\$	(1,060.75)
04/03/2013	CONTRACTOR - Ellen Suryadi		\$	(1,052.86)
05/02/2013	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
06/04/2013	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
06/28/2013	CONTRACTOR - Ellen Suryadi		\$	(1,034.33)
08/02/2013	CONTRACTOR - Ellen Suryadi		\$	(1,034.02)
08/30/2013	CONTRACTOR - Ellen Suryadi		\$	(1,034.18)
10/04/2013	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
11/04/2013	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
12/18/2013	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
01/06/2014	CONTRACTOR - Ellen Suryadi		\$	(1,035.77)
01/31/2014	CONTRACTOR - Ellen Suryadi		\$	(1,016.90)
02/28/2014	CONTRACTOR - Ellen Suryadi		\$	(1,029.05)
04/01/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
04/24/2014	CONTRACTOR - Ellen Suryadi		\$	(7,000.00)
05/02/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
05/22/2014	CONTRACTOR - Ellen Suryadi		\$	(6,000.00)
05/30/2014	CONTRACTOR - Ellen Suryadi		\$	(1,500.00)
06/02/2014	CONTRACTOR - Ellen Suryadi		\$	(500.00)
06/26/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
07/01/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
08/01/2014	CONTRACTOR - Ellen Suryadi		\$	(2,000.00)
09/01/2014	CONTRACTOR - Ellen Suryadi		\$	(2,000.00)
09/15/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
10/01/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
10/15/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
10/31/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
11/15/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
12/01/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
12/15/2014	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
01/01/2015	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
01/15/2015	CONTRACTOR - Ellen Suryadi		\$	(1,000.00)
07/22/2014	CONTRACTOR - Fuel & Power Logistics		\$	(1,000.00)
09/29/2014	CONTRACTOR - Fuel & Power Logistics		\$	(1,360.50)
10/15/2014	CONTRACTOR - Fuel & Power Logistics		\$	(3,670.00)
11/06/2014	CONTRACTOR - Fuel & Power Logistics		\$	(15,600.00)
12/04/2014	CONTRACTOR - Fuel & Power Logistics		\$	(3,778.98)
12/09/2014	CONTRACTOR - Fuel & Power Logistics		\$	(23,303.88)
12/31/2014	CONTRACTOR - Fuel & Power Logistics		\$	(15,547.00)
01/26/2015	CONTRACTOR - Fuel & Power Logistics		\$	(43,887.01)
04/24/2014	CONTRACTOR - JAL Engineering		\$	(30,000.00)
06/17/2014	CONTRACTOR - JAL Engineering		\$	(10,611.00)
04/19/2013	CONTRACTOR - James Tischer Travel		\$	(11,772.00)
			\$	(151.81)

293

8:19 PM  
 01/27/15  
 Accrual Basis

Mendota Bioenergy, LLC  
 Custom Transaction Detail Report

March 1, 2013 through January 27, 2015

07/18/2013	CONTRACTOR - James Tischer Travel	Tischer March Expense	\$	(1,676.00)
09/18/2013	CONTRACTOR - James Tischer Travel	Tischer Apr. Expense	\$	(1,734.14)
11/14/2013	CONTRACTOR - James Tischer Travel	Tischer May Travel Exp	\$	(1,644.39)
12/18/2013	CONTRACTOR - James Tischer Travel		\$	(5,096.41)
01/24/2014	CONTRACTOR - James Tischer Travel	Nov. Travel	\$	(1,324.43)
01/31/2014	CONTRACTOR - James Tischer Travel		\$	(4,432.32)
03/01/2014	CONTRACTOR - James Tischer Travel		\$	(776.72)
04/17/2014	CONTRACTOR - James Tischer Travel	Mar Travel	\$	(2,520.84)
04/24/2014	CONTRACTOR - James Tischer Travel		\$	(2,000.00)
05/22/2014	CONTRACTOR - James Tischer Travel		\$	(564.60)
06/17/2014	CONTRACTOR - James Tischer Travel		\$	(1,270.43)
07/17/2014	CONTRACTOR - James Tischer Travel		\$	(6,499.50)
09/01/2014	CONTRACTOR - James Tischer Travel		\$	(1,966.26)
09/17/2014	CONTRACTOR - James Tischer Travel		\$	(3,308.03)
10/02/2014	CONTRACTOR - James Tischer Travel		\$	(5,553.33)
01/26/2015	CONTRACTOR - James Tischer Travel		\$	(3,312.81)
04/25/2014	CONTRACTOR - Steve Zicari		\$	(388.15)
04/25/2014	CONTRACTOR - Steve Zicari		\$	(4,522.53)
05/12/2014	CONTRACTOR - Steve Zicari		\$	(149.52)
06/17/2014	CONTRACTOR - Steve Zicari		\$	(1,552.50)
07/17/2014	CONTRACTOR - Steve Zicari		\$	(1,215.00)
01/24/2014	CONTRACTOR - Tischer Consulting		\$	(25,452.00)
02/24/2014	CONTRACTOR - Tischer Consulting	Inv # 101	\$	(7,751.50)
04/24/2014	CONTRACTOR - Tischer Consulting	Inv # 101	\$	(16,820.00)
05/22/2014	CONTRACTOR - Tischer Consulting		\$	(16,254.00)
06/02/2014	CONTRACTOR - Tischer Consulting		\$	(8,127.00)
06/10/2014	CONTRACTOR - Tischer Consulting		\$	(8,127.00)
06/17/2014	CONTRACTOR - Tischer Consulting		\$	(8,127.00)
07/01/2014	CONTRACTOR - Tischer Consulting		\$	(8,127.00)
08/01/2014	CONTRACTOR - Tischer Consulting		\$	(8,127.00)
09/01/2014	CONTRACTOR - Tischer Consulting		\$	(8,127.00)
10/01/2014	CONTRACTOR - Tischer Consulting		\$	(8,127.00)
10/31/2014	CONTRACTOR - Tischer Consulting		\$	(8,127.00)
12/01/2014	CONTRACTOR - Tischer Consulting		\$	(8,127.00)
01/01/2015	CONTRACTOR - Tischer Consulting		\$	(8,127.00)
03/05/2013	CONTRACTOR - Veronica Diaz	122	\$	(1,053.00)
04/03/2013	CONTRACTOR - Veronica Diaz	Inv # 124	\$	(1,246.00)
05/02/2013	CONTRACTOR - Veronica Diaz	Inv # 124	\$	(1,200.10)
06/04/2013	CONTRACTOR - Veronica Diaz	125	\$	(1,076.40)
06/28/2013	CONTRACTOR - Veronica Diaz	Inv # 126	\$	(1,310.50)
08/02/2013	CONTRACTOR - Veronica Diaz	Inv # 127	\$	(1,333.00)
08/30/2013	CONTRACTOR - Veronica Diaz	Inv # 128	\$	(1,142.00)
10/04/2013	CONTRACTOR - Veronica Diaz	Inv # 129	\$	(1,119.00)
10/17/2013	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
10/31/2013	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
11/15/2013	CONTRACTOR - Veronica Diaz	Consulting Dec	\$	(1,000.00)
12/01/2013	CONTRACTOR - Veronica Diaz	Consulting Dec	\$	(1,000.00)
12/15/2013	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
12/31/2013	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
01/14/2014	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
01/31/2014	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
02/14/2014	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
02/28/2014	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
03/11/2014	CONTRACTOR - Veronica Diaz		\$	(1,103.00)

Mendota Bioenergy, LLC  
Custom Transaction Detail Report  
March 1, 2013 through January 27, 2015

04/01/2014	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
04/15/2014	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
04/28/2014	CONTRACTOR - Veronica Diaz		\$	(16.95)
04/30/2014	CONTRACTOR - Veronica Diaz		\$	(1,000.00)
05/13/2014	CONTRACTOR - Veronica Diaz		\$	(2,625.00)
05/30/2014	CONTRACTOR - Veronica Diaz		\$	(1,437.61)
06/17/2014	CONTRACTOR - Veronica Diaz		\$	(2,750.00)
07/01/2014	CONTRACTOR - Veronica Diaz		\$	(1,250.00)
07/14/2014	CONTRACTOR - Veronica Diaz		\$	(2,894.61)
08/01/2014	CONTRACTOR - Veronica Diaz		\$	(1,250.00)
08/15/2014	CONTRACTOR - Veronica Diaz		\$	(3,880.02)
09/01/2014	CONTRACTOR - Veronica Diaz		\$	(250.00)
09/15/2014	CONTRACTOR - Veronica Diaz		\$	(3,880.02)
10/01/2014	CONTRACTOR - Veronica Diaz		\$	(250.00)
10/15/2014	CONTRACTOR - Veronica Diaz		\$	(3,750.00)
10/15/2014	CONTRACTOR - Veronica Diaz		\$	(51.00)
10/31/2014	CONTRACTOR - Veronica Diaz		\$	(264.22)
11/15/2014	CONTRACTOR - Veronica Diaz		\$	(3,750.00)
12/01/2014	CONTRACTOR - Veronica Diaz		\$	(108.86)
12/01/2014	CONTRACTOR - Veronica Diaz		\$	(250.00)
12/15/2014	CONTRACTOR - Veronica Diaz		\$	(3,750.00)
01/01/2015	CONTRACTOR - Veronica Diaz		\$	(250.00)
01/15/2015	CONTRACTOR - Veronica Diaz		\$	(3,750.00)
02/18/2014	EQUIPMENT - Cross Engineering		\$	(45,000.00)
04/17/2014	EQUIPMENT - Cross Engineering		\$	(51,763.46)
08/11/2014	EQUIPMENT - Electric Motor Shop, Inc		\$	(1,781.97)
08/14/2014	EQUIPMENT - Electric Motor Shop, Inc		\$	(546.38)
05/30/2013	EQUIPMENT - Mac's Equipment Inc	Inv #v 003589	\$	(95.66)
10/02/2014	EQUIPMENT - Mac's Equipment Inc	Inv # 008520	\$	(33.35)
10/29/2014	EQUIPMENT - Mac's Equipment Inc	9495	\$	(86.15)
09/08/2014	Extreme Communication		\$	(375.00)
12/10/2014	Extreme Communication	EC-3828	\$	(357.50)
06/14/2013	Insurance - IPFS Corporation	cac-164595	\$	(4,239.14)
07/15/2013	Insurance - IPFS Corporation	cac-164595	\$	(4,239.14)
07/24/2013	Insurance - IPFS Corporation	cac-164595	\$	(4,052.28)
08/08/2013	Insurance - IPFS Corporation	cac-164595	\$	(4,037.28)
09/03/2013	Insurance - IPFS Corporation	cac-164595	\$	(4,037.28)
10/01/2013	Insurance - IPFS Corporation	cac-164595	\$	(4,037.28)
11/14/2013	Insurance - IPFS Corporation	cac-164595	\$	(4,037.28)
12/18/2013	Insurance - IPFS Corporation	cac-164595	\$	(4,037.28)
01/22/2014	Insurance - IPFS Corporation	cac-164595	\$	(4,239.14)
02/06/2014	Insurance - IPFS Corporation	cac-164595	\$	(4,037.28)
03/14/2014	Insurance - IPFS Corporation	cac-164595	\$	(4,037.28)
05/21/2014	Insurance - IPFS Corporation	cac-164595	\$	(3,929.80)
06/10/2014	Insurance - IPFS Corporation	cac-164595	\$	(3,929.80)
07/11/2014	Insurance - IPFS Corporation	cac-164595	\$	(3,934.80)
08/01/2014	Insurance - IPFS Corporation	cac-164595	\$	(3,929.80)
08/31/2014	Insurance - IPFS Corporation	cac-164595	\$	(3,929.80)
09/10/2014	Insurance - IPFS Corporation	cac-164595	\$	(3,929.80)
11/04/2014	Insurance - IPFS Corporation	cac-164595	\$	(3,934.80)
12/15/2014	Insurance - IPFS Corporation	cac-164595	\$	(3,934.80)
01/05/2015	Insurance - IPFS Corporation	cac-164595	\$	(3,929.80)
06/03/2014	Insurance - Jerry Baird Insurance		\$	(2,550.00)
01/08/2014	Insurance - SCI Fund		\$	(41.54)

8:19 PM  
01/27/15  
Accrual Basis

**Mendota Bioenergy, LLC**  
**Custom Transaction Detail Report**  
March 1, 2013 through January 27, 2015

03/13/2014	Insurance - SCI Fund		\$	(860.56)
01/12/2015	Insurance - SCI Fund	9039765-14	\$	(263.16)
04/15/2013	Insurance - The Hartford Insurance	13795545	\$	(122.60)
05/21/2013	Insurance - The Hartford Insurance	13795545	\$	(30.00)
07/18/2014	MATERIALS - Baggie Farms		\$	(675.00)
04/01/2014	MATERIALS - Benz Tech. International	Inv # 626 & 630	\$	(5,103.43)
10/17/2013	MATERIALS - Biodico	Inv # 20058	\$	(403.38)
07/11/2014	MATERIALS - Cold Storage Technologies		\$	(2,282.73)
08/12/2014	MATERIALS - Cold Storage Technologies		\$	(595.00)
08/19/2014	MATERIALS - Cold Storage Technologies		\$	(1,465.00)
08/29/2014	MATERIALS - Cold Storage Technologies		\$	(662.84)
10/23/2014	MATERIALS - Cold Storage Technologies		\$	(642.39)
12/23/2014	MATERIALS - Cold Storage Technologies		\$	(2,485.49)
03/20/2013	MATERIALS - Crop Production Services	Inv # 201422	\$	(355.00)
06/17/2013	MATERIALS - Dellavalle Laboratory, Inc.	Inv # 145571	\$	(1,080.00)
07/10/2013	MATERIALS - Dellavalle Laboratory, Inc.	Inv # 147307	\$	(720.00)
09/18/2013	MATERIALS - Dellavalle Laboratory, Inc.	Inv # 150431	\$	(42.00)
10/01/2013	MATERIALS - Dellavalle Laboratory, Inc.	Inv # 151616	\$	(130.00)
12/18/2013	MATERIALS - Dellavalle Laboratory, Inc.	Inv # 151121	\$	(47.00)
10/20/2014	MATERIALS - Glencass Signs, Inc.	18763	\$	(1,573.59)
01/05/2015	MATERIALS - Greenbelt Resources		\$	(10,000.00)
07/11/2013	MATERIALS - Mendes Hay Co.	Inv # 3781	\$	(2,311.10)
05/02/2014	MATERIALS - Moore Twining		\$	(210.00)
07/14/2014	MATERIALS - Palogix International		\$	(1,290.24)
08/14/2014	MATERIALS - Palogix International		\$	(1,428.48)
09/17/2014	MATERIALS - Palogix International		\$	(1,224.96)
09/22/2014	MATERIALS - Palogix International	Inv # 172408	\$	(773.76)
10/16/2014	MATERIALS - Palogix International	Inv #186200 & 186056	\$	(2,016.00)
11/17/2014	MATERIALS - Palogix International		\$	(2,505.60)
12/10/2014	MATERIALS - Palogix International	173997 & 174049	\$	(5,184.00)
03/01/2014	MATERIALS - Technicon		\$	(5,431.50)
03/21/2014	MATERIALS - Technicon		\$	(603.50)
11/17/2014	MATERIALS - Technicon	Inv # 3607	\$	(7,450.00)
09/10/2014	MATERIALS - Veterinary Phamaceuticals		\$	(911.12)
09/08/2014	Mid Valley Disposal		\$	(208.87)
10/07/2014	Mid Valley Disposal	VOID: Inv # 424277	\$	-
10/07/2014	Mid Valley Disposal	Inv # 424277	\$	(93.84)
10/16/2014	Mid Valley Disposal	VOID: 433833	\$	-
12/10/2014	Mid Valley Disposal	460324	\$	(96.97)
01/12/2015	Mid Valley Disposal	474240	\$	(93.89)
10/30/2014	Mid Valley RO	433383	\$	(465.30)
12/20/2014	Mid Valley RO		\$	(3,536.77)
01/12/2015	Mid Valley RO		\$	(832.89)
05/13/2014	PERMIT - ATF		\$	(7,000.00)
09/17/2014	PERMIT - CAEATFA	Inv # 14-0971-03	\$	(15,000.00)
05/06/2014	PERMIT - County of Fresno		\$	(10,704.50)
09/18/2014	PERMIT - County of Fresno	Initial Study #6837 and Permit Applicat	\$	(2,231.25)
08/15/2014	PERMIT - Fresno Co. Public Works		\$	(4,032.00)
09/12/2014	PERMIT - Provost & Pritchard	Inv # 50073	\$	(1,069.10)
01/12/2015	PERMIT - Provost & Pritchard	51637	\$	(589.10)
01/26/2015	PERMIT - Provost & Pritchard	Inv # 50806	\$	(10,000.00)
07/02/2014	PM Labor Service Inc.		\$	(1,465.20)
12/04/2014	PM Labor Service Inc.	Inv # 1154	\$	(1,869.97)
03/10/2013	Rent- Central Valley Business Incubator	March Rent	\$	(500.00)

**Mendota Bioenergy, LLC**  
**Custom Transaction Detail Report**  
 March 1, 2013 through January 27, 2015

04/19/2013	Rent- Central Valley Business Incubator	Inv # 70	\$	(20.40)
05/02/2013	Rent- Central Valley Business Incubator	June Rent	\$	(500.00)
05/21/2013	Rent- Central Valley Business Incubator	April Rent	\$	(500.00)
06/04/2013	Rent- Central Valley Business Incubator	June Rent	\$	(503.80)
07/10/2013	Rent- Central Valley Business Incubator	June Rent	\$	(500.00)
09/03/2013	Rent- Central Valley Business Incubator	Inv #141	\$	(500.00)
10/08/2013	Rent- Central Valley Business Incubator	Inv # 149	\$	(500.00)
11/19/2013	Rent- Central Valley Business Incubator		\$	(500.00)
12/06/2013	Rent- Central Valley Business Incubator		\$	(500.00)
01/07/2014	Rent- Central Valley Business Incubator		\$	(500.00)
02/06/2014	Rent- Central Valley Business Incubator		\$	(500.00)
03/11/2014	Rent- Central Valley Business Incubator		\$	(500.00)
04/23/2014	Rent- Central Valley Business Incubator		\$	(500.00)
06/19/2014	Rent- Central Valley Business Incubator		\$	(1,000.00)
07/14/2014	Rent- Central Valley Business Incubator		\$	(500.00)
08/11/2014	Rent- Central Valley Business Incubator		\$	(500.00)
09/04/2014	Rent- Central Valley Business Incubator		\$	(500.00)
10/02/2014	Rent- Central Valley Business Incubator		\$	(500.00)
11/06/2014	Rent- Central Valley Business Incubator		\$	(500.00)
12/31/2014	Rent- Central Valley Business Incubator		\$	(500.00)
01/12/2015	Rent- Central Valley Business Incubator		\$	(500.00)
06/05/2014	RRR FACILITIES - DF2000 Trust		\$	(15,000.00)
06/30/2014	RRR FACILITIES - DF2000 Trust		\$	(15,000.00)
08/01/2014	RRR FACILITIES - DF2000 Trust		\$	(5,000.00)
08/27/2014	RRR FACILITIES - DF2000 Trust		\$	(10,000.00)
09/24/2014	RRR FACILITIES - DF2000 Trust		\$	(10,000.00)
10/24/2014	RRR FACILITIES - DF2000 Trust		\$	(10,000.00)
12/01/2014	RRR FACILITIES - DF2000 Trust		\$	(10,000.00)
01/05/2015	RRR FACILITIES - DF2000 Trust		\$	(10,000.00)
06/05/2014	RRR FACILITIES- PG & E		\$	(1,460.51)
08/01/2014	RRR FACILITIES- PG & E		\$	(1,156.03)
09/11/2014	RRR FACILITIES- PG & E		\$	(17,150.19)
10/08/2014	RRR FACILITIES- PG & E		\$	(6,460.83)
11/03/2014	RRR FACILITIES- PG & E		\$	(5,993.91)
01/13/2015	RRR FACILITIES- PG & E		\$	(84.17)
08/13/2014	Safety World, Inc.		\$	(1,225.00)
02/28/2014	Settlement - IR1 Group LLC	Settlement 1 of 18	\$	(5,000.00)
04/01/2014	Settlement - IR1 Group LLC	Settlement 2 of 18	\$	(5,000.00)
04/30/2014	Settlement - IR1 Group LLC	Settlement 3 of 18	\$	(5,000.00)
05/21/2014	Settlement - IR1 Group LLC	Settlement 4 of 18	\$	(5,000.00)
06/30/2014	Settlement - IR1 Group LLC	Settlement 5 of 18	\$	(5,000.00)
08/01/2014	Settlement - IR1 Group LLC	Settlement 6 of 18	\$	(5,000.00)
09/01/2014	Settlement - IR1 Group LLC	Settlement 7 of 18	\$	(5,000.00)
10/01/2014	Settlement - IR1 Group LLC	Settlement 8 of 18	\$	(5,000.00)
10/31/2014	Settlement - IR1 Group LLC	Settlement 9 of 18	\$	(5,000.00)
12/01/2014	Settlement - IR1 Group LLC	Settlement 10 of 18	\$	(5,000.00)
12/31/2014	Settlement - IR1 Group LLC	Settlement 11 of 18	\$	(5,000.00)
06/17/2014	Sheridian Tent and Awning, LLC		\$	(235.81)
03/03/2014	Shipping - On Trac		\$	(42.70)
03/13/2014	Shipping - On Trac		\$	(92.88)
04/10/2014	Shipping - On Trac		\$	(5.15)
05/30/2014	Shipping - On Trac		\$	(48.75)
06/17/2014	Shipping - On Trac		\$	(44.68)
07/22/2014	Shipping - On Trac		\$	(50.51)

8:19 PM  
 01/27/15  
 Accrual Basis

**Mendota Bioenergy, LLC**  
**Custom Transaction Detail Report**  
 March 1, 2013 through January 27, 2015

08/29/2014	Shipping - On Trac		\$	(49.73)
09/08/2014	Shipping - On Trac		\$	(52.63)
10/16/2014	Shipping - On Trac		\$	(50.88)
11/17/2014	Shipping - On Trac		\$	(41.15)
12/16/2014	Shipping - On Trac		\$	(21.91)
12/23/2014	Shipping - On Trac		\$	(5.15)
01/20/2015	Shipping - On Trac		\$	(48.17)
04/11/2013	Taxes - Franchise Tax Board	3122021 - 2013 Form 100-ES	\$	(800.00)
04/11/2013	Taxes - Franchise Tax Board	201101010066 - 2013 FTSB 3636	\$	(2,500.00)
04/11/2013	Taxes - Franchise Tax Board	201101010066-2013 FTB 3522	\$	(800.00)
08/12/2013	Taxes - Franchise Tax Board	27-4590089-2012 LLC Tax Return	\$	(1,600.00)
04/09/2014	Taxes - Franchise Tax Board	SOSL : 201101010066	\$	(309.30)
04/09/2014	Taxes - Franchise Tax Board		\$	(800.00)
04/09/2014	Taxes - Franchise Tax Board	27-4590089 2013 FTB 3588	\$	(3,500.00)
04/09/2014	Taxes - Franchise Tax Board	27-4590089 2014 FTB 3536	\$	(6,000.00)
04/09/2014	Taxes - Franchise Tax Board	27-4590089 2014 FTB 3522	\$	(800.00)
04/10/2013	Taxes - Secretary of State	C3122021	\$	(25.00)
08/21/2014	TRANSPORT - A&M Garcia & Sons Ic.	Inv # 8414	\$	(5,400.00)
11/18/2014	TRANSPORT - A&M Garcia & Sons Ic.		\$	(1,750.00)
04/30/2014	TRANSPORT-Temp Trans Corp.	Inv # 0016971	\$	(2,500.00)
06/05/2014	TRANSPORT-Temp Trans Corp.		\$	(3,000.00)
07/24/2014	TRANSPORT-Temp Trans Corp.		\$	(9,000.00)
01/19/2015	CA Energy Commission		\$	(300,000.00)
	<b>PAYMENT TO ALL VENDORS 3/1/13 - 1/15/15</b>		\$	<b>(2,984,122.14)</b>
	<b>CHECKS RECEIVED BY CEC INV # 1-19</b>		\$	<b>2,899,566.70</b>

11:33 AM

01/29/15

**Mendota Bioenergy, LLC**  
**A/R Aging Detail**  
 As of January 29, 2015

Type	Date	Num	Terms	Due Date	Aging	Open Balance
Current						
Invoice	1/1/2015	22	Net 30	1/31/2015		
Total Current						50,008.46
1 - 30						50,008.46
Invoice	12/1/2014	21	Net 30	12/31/2014	29	
Total 1 - 30						96,355.21
31 - 60						96,355.21
Invoice	11/1/2014	20	Net 30	12/1/2014	59	
Total 31 - 60						67,171.78
61 - 90						67,171.78
Invoice	10/1/2014	19	Net 30	10/31/2014	90	
Total 61 - 90						10,194.95
> 90						10,194.95
Invoice	5/1/2013	1	Net 30	5/31/2013	608	
Invoice	6/1/2013	2	Net 30	7/1/2013	577	7,396.42
Invoice	7/1/2013	3	Net 30	7/31/2013	547	6,014.15
Invoice	8/1/2013	4	Net 30	8/31/2013	516	1,508.70
Invoice	9/1/2013	5	Net 30	10/1/2013	485	3,503.96
Invoice	10/1/2013	6	Net 30	10/31/2013	455	3,558.67
Invoice	11/1/2013	7	Net 30	12/1/2013	424	9,621.99
Invoice	12/1/2013	8 & 9	Net 30	12/31/2013	394	10,093.76
Invoice	1/1/2014	10	Net 30	1/31/2014	363	6,899.50
Invoice	2/1/2014	11	Net 30	3/3/2014	332	3,137.86
Invoice	3/1/2014	12	Net 30	3/31/2014	304	3,410.70
Invoice	4/1/2014	13	Net 30	5/1/2014	273	5,080.90
Invoice	5/1/2014	14	Net 30	5/31/2014	243	4,191.89
Invoice	6/1/2014	15	Net 30	7/1/2014	212	5,940.25
Invoice	7/1/2014	16	Net 30	7/31/2014	182	8,802.46
Invoice	8/1/2014	17	Net 30	8/31/2014	151	7,102.40
Invoice	9/1/2014	18	Net 30	10/1/2014	120	9,368.88
Total > 90						4,980.34
TOTAL						100,612.83
						324,343.23

# ATTACHMENT 14

**CALIFORNIA ENERGY COMMISSION**

1516 NINTH STREET  
SACRAMENTO, CA 95814-5512  
www.energy.ca.gov



February 5, 2015

Letter Sent via Overnight Mail and Email to [jtischer@mendotabeetenergy.com](mailto:jtischer@mendotabeetenergy.com) and [mhoffman@bakermanock.com](mailto:mhoffman@bakermanock.com)

James R. Tischer, Principal Director  
Mendota Bioenergy, LLC  
863 Tufts Courts  
Woodland, CA 95695

Matt Hoffman, Esq.  
Baker, Manock & Jensen PC  
5260 N. Palm Ave. Suite 421  
Fresno, CA 93704

Re: Further Demand for Accounting of Funds Under Grant ARV-12-033

Dear Mr. Tischer and Mr. Hoffman,

Thank you for replying to my January 15, 2015, letter, which requested that Mendota Bioenergy LLC ("Mendota") repay \$1,023,873 to the California Energy Commission ("Commission"), or repay as much of that amount that remains unspent on Grant ARV-12-033 ("Grant") and provide an accounting for any of the \$1,023,873 not repaid to the Commission.

In response to my letter, Mendota provided a check for \$300,000 on January 20, 2015, and a Custom Transaction Detail Report to account for the \$723,873 not repaid to the Commission, on January 30, 2015.

After review of the Custom Transaction Detail Report, Commission staff finds that the accounting for the \$732,873 not repaid to the Commission is insufficient to confirm the appropriateness of the expenditures for the following reasons:

1. Mendota did not provide source documentation for the accounting of Grant funds. Without sufficient source documentation, it is unclear whether the expenditures in the transaction report are allowable under the Grant award and whether those expenditures are sufficient to account for the \$723,873 in question.
2. The transaction report covers the period of March 1, 2013 through January 27, 2015. The Energy Commission issued a Stop Work Order for this Grant on December 15, 2014. Expenditures incurred after December 15, 2014 are

ineligible expenditures in accordance with the Stop Work Order. The report reflects \$127,695 for expenditures that occurred after the Stop Work Order was issued.

3. The report shows that Mendota has paid \$2,984,122.14 to its vendors, and has received \$2,899,566.70 in reimbursement payments from the Commission (Invoices #1-19). The report does not clearly indicate which expenditures account for the \$723,873 in question.
4. Many of the expenses listed in the report are for match funding expenses. For example, Mendota has listed \$36,086 in travel expenditures, \$90,221 in Red Rock Ranch facility expenditures, and \$50,625 in permit expenditures, which are covered by match funding in the approved budget.
5. Multiple charges listed appear unallowable or not allocable towards the project. For example, there are finance charges, bank charges/fees, IPFS Insurance, and Franchise Tax Board expenditures, totaling approximately \$85,000. In addition, there is a \$50,000 expense pertaining to a settlement to IR1 Group LLC, a subcontractor that was removed from the project. These expenses do not appear to be allowable in accordance with the approved budget.

Without further detail and documentation, staff is unable to determine whether the accounting of the \$723,873 is sufficient and allowable under the Grant. To resolve this issue, the Commission requires Mendota to submit the following:

1. An invoice for all allowable, unbilled expenditures (reimbursable and match share) under the Grant. At a minimum, \$723,873 in allowable expenditures must be invoiced and properly documented. All expenditures must have been incurred during the approved term of the Grant and prior to the issuance of the Stop Work Order.
2. Source documentation to substantiate the expenditures within the invoice.
3. Proof of payment documentation for all expenditures. "Proof of payment" may include, but not be limited to, cancelled checks or other suitable documentation showing proof that all expenditures have been paid by Mendota. The Grant terms and conditions allow the Commission to obtain proof of payment upon request.

Commission staff request that Mendota submit this information by **Wednesday, February 18, 2015** to:

Bill Kinney  
California Energy Commission  
Fuels and Transportation Division  
1516 Ninth Street, MS-27  
Sacramento, CA 95814

Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Allan L. Ward II". The signature is written in a cursive style with a prominent horizontal line at the end.

Allan L. Ward, II  
Assistant Chief Counsel  
Office of the Chief Counsel  
1516 Ninth St., MS 14  
Sacramento, CA 95814

Phone: (916) 654-4775

cc: William Kinney, Commission Agreement Manager for ARV-12-033  
Cory Irish, Commission Agreement Officer for ARV-12-033

# ATTACHMENT 15

Mendota Bioenergy, LLC  
2911 E. Barstow Ave. M/S OF 144  
Fresno, CA 93740  
559.336.4570



February 13, 2015

Mr. Allan L. Ward  
Mr. Cory Irish  
Mr. William Kinney  
California Energy Commission  
1516 Ninth Street, MS 14  
Sacramento, California 95814

Re: Grant ARV-12-033

Dear Messrs. Ward, Irish and Kinney:

This letter is being sent in response to a letter from Mr. Allan Ward, II to Mendota Bioenergy, LLC ("MBLLC") dated February 5, 2015. Enclosed with this letter is a summary of all MBLLC expenditures over the period March 2013 through January 2015. This summary identifies all such expenditures as either reimbursable or non-reimbursable under our interpretation of the terms of Grant ARV-12-033 (the "Grant"); In addition, we have enclosed with these letter bank statements and cancelled checks with respect to all such expenditures. If you have any questions about any of the enclosed information, please advise and we will work diligently to provide you with the additional information you need.

As we have previously indicated, MBLLC is very grateful and appreciative of the support and faith the CEC has shown in MBLLC to date. We would very much like the opportunity to sit down with you in Sacramento to devise a mutually acceptable plan for satisfying the conditions of the Grant and completing our work.

We look forward to hearing from you.

Very truly yours,

A handwritten signature in black ink, which appears to read "William C. Pucheu". The signature is fluid and cursive in style.

William C. Pucheu  
General Manager

Enclosures

Ref No. listed in Bank Statement	Date	Name	Paid to Vendor	Paid by CEC (Reimbursable Expenses)	Non CEC Expenses	Paid by MBLLC for Reimbursable & Non Reimbursable Expenses
204	05/21/2014	Accounting - Richard Hughes, CPA	\$ (295.00)		(295.00)	295.00
231	06/17/2014	Accounting - Richard Hughes, CPA	\$ (1,610.00)		(1,610.00)	1,610.00
6	03/21/2013	ADMIN - Baker Manock & Jensen	\$ (10,000.00)		(10,000.00)	10,000.00
61	08/21/2013	ADMIN - Baker Manock & Jensen	\$ (1,193.83)		(1,193.83)	1,193.83
68	09/18/2013	ADMIN - Baker Manock & Jensen	\$ (1,089.50)		(1,089.50)	1,089.50
73	10/01/2013	ADMIN - Baker Manock & Jensen	\$ (2,260.30)		(2,260.30)	2,260.30
84	11/14/2013	ADMIN - Baker Manock & Jensen	\$ (1,962.05)		(1,962.05)	1,962.05
120	01/24/2014	ADMIN - CSU, Foundation	\$ (4,575.00)		(4,575.00)	4,575.00
142	02/24/2014	ADMIN - CSU, Foundation	\$ (2,325.00)		(2,325.00)	2,325.00
205	05/21/2014	ADMIN - CSU, Foundation	\$ (2,325.00)		(2,325.00)	2,325.00
263	07/17/2014	ADMIN - CSU, Foundation	\$ (6,300.00)		(6,300.00)	6,300.00
7	03/21/2013	ADMIN - Hills,Renaut,Homen & Hughes	\$ (1,140.00)		(1,140.00)	1,140.00
62	08/30/2013	ADMIN - Hills,Renaut,Homen & Hughes	\$ (260.00)		(260.00)	260.00
85	11/14/2013	ADMIN - Hills,Renaut,Homen & Hughes	\$ (625.00)		(625.00)	625.00
99	12/18/2013	ADMIN - Hills,Renaut,Homen & Hughes	\$ (450.00)		(450.00)	450.00
121	01/24/2014	ADMIN - Hills,Renaut,Homen & Hughes	\$ (1,000.00)		(1,000.00)	1,000.00
126	01/31/2014	ADMIN - Hills,Renaut,Homen & Hughes	\$ (450.00)		(450.00)	450.00
147	03/01/2014	ADMIN - Hills,Renaut,Homen & Hughes	\$ (350.00)		(350.00)	350.00
331	09/12/2014	Alert O-Lite	\$ (623.38)	(561.04)		62.34
365	10/18/2014	Alert O-Lite	\$ (623.38)	(561.04)		62.34
	12/10/2014	Alert O-Lite	\$ (1,246.76)	(1,122.08)		124.68
54	08/08/2013	ARV 12-033 GROWERS - AJ Carvalho & Sons	\$ (15,840.00)	(15,840.00)		0.00
407	12/03/2014	ARV 12-033 GROWERS - David Santos Framring	\$ (9,967.50)	(9,967.50)		0.00
42	07/18/2013	ARV 12-033 GROWERS - Del Testa Farms	\$ (15,444.00)	(15,444.00)		0.00
55	08/09/2013	ARV 12-033 GROWERS - Del Testa Farms	\$ (15,444.00)	(15,444.00)		0.00
43	07/18/2013	ARV 12-033 GROWERS - Gragnani Farms	\$ (9,900.00)	(9,900.00)		0.00
56	08/09/2013	ARV 12-033 GROWERS - Gragnani Farms	\$ (9,900.00)	(9,900.00)		0.00
44	07/18/2013	ARV 12-033 GROWERS - Pucheu Farming	\$ (3,960.00)	(3,960.00)		0.00
57	08/09/2013	ARV 12-033 GROWERS - Puchau Farming	\$ (3,960.00)	(3,960.00)		0.00
118	01/22/2014	ARV 12-033 MAJOR SUB - Easy Engineering	\$ (300,000.00)	(300,000.00)		0.00
196	05/02/2014	ARV 12-033 MAJOR SUB - Easy Engineering	\$ (300,000.00)	(300,000.00)		0.00
277	07/31/2014	ARV 12-033 MAJOR SUB - Easy Engineering	\$ (150,000.00)	(150,000.00)		0.00
223	06/10/2014	ARV 12-033 MAJOR SUB - Fresno State	\$ (13,269.85)	(13,269.85)		0.00
232	06/17/2014	ARV 12-033 MAJOR SUB - Fresno State	\$ (41,938.64)	(41,938.64)		0.00
272	07/29/2014	ARV 12-033 MAJOR SUB - Fresno State	\$ (28,660.29)	(28,660.29)		0.00
292	08/14/2014	ARV 12-033 MAJOR SUB - Fresno State	\$ (10,444.29)	(10,444.29)		0.00
306	08/20/2014	ARV 12-033 MAJOR SUB - Fresno State	\$ (10,444.29)	(10,444.29)		0.00
339	09/22/2014	ARV 12-033 MAJOR SUB - Fresno State	\$ (10,513.36)	(10,513.36)		0.00
366	10/16/2014	ARV 12-033 MAJOR SUB - Fresno State	\$ (6,651.97)	(6,651.97)		0.00
396	12/01/2014	ARV 12-033 MAJOR SUB - Fresno State	\$ (8,686.92)	(8,686.92)		0.00

34	06/22/2013	ARV 12-033 MAJOR SUB - JAL Engineering	\$	(1,500.00)	(1,500.00)	0.00
86	11/14/2013	ARV 12-033 MAJOR SUB - JAL Engineering	\$	(31,906.20)	(31,906.20)	0.00
127	01/31/2014	ARV 12-033 MAJOR SUB - JAL Engineering	\$	(32,585.17)	(32,585.17)	0.00
148	03/01/2014	ARV 12-033 MAJOR SUB - JAL Engineering	\$	(15,243.75)	(15,243.75)	0.00
170	04/03/2014	ARV 12-033 MAJOR SUB - JAL Engineering	\$	(608.54)	(608.54)	0.00
181	04/24/2014	ARV 12-033 MAJOR SUB - JAL Engineering	\$	(12,218.85)	(12,218.85)	0.00
293	08/14/2014	ARV 12-033 MAJOR SUB - JAL Engineering	\$	(15,795.00)	(15,795.00)	0.00
128	01/31/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	\$	(25,200.00)	(25,200.00)	0.00
149	03/01/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	\$	(107,062.75)	(107,062.75)	0.00
224	06/10/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	\$	(2,587.50)	(2,587.50)	0.00
233	06/17/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	\$	(7,115.63)	(7,115.63)	0.00
273	07/29/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	\$	(2,587.50)	(2,587.50)	0.00
294	08/14/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	\$	(2,587.50)	(2,587.50)	0.00
307	08/20/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	\$	(2,587.50)	(2,587.50)	0.00
340	09/22/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	\$	(2,587.50)	(2,587.50)	0.00
367	10/16/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	\$	(2,587.50)	(2,587.50)	0.00
397	12/01/2014	ARV 12-033 MAJOR SUB - Red Rock Ranch	\$	(2,587.50)	(2,587.50)	0.00
87	11/14/2013	ARV 12-033 MAJOR SUB - UC Davis	\$	(5,444.27)	(5,444.27)	0.00
100	12/18/2013	ARV 12-033 MAJOR SUB - UC Davis	\$	(24,527.73)	(24,527.73)	0.00
129	01/31/2014	ARV 12-033 MAJOR SUB - UC Davis	\$	(15,283.94)	(15,283.94)	0.00
150	03/01/2014	ARV 12-033 MAJOR SUB - UC Davis	\$	(17,730.07)	(17,730.07)	0.00
225	06/10/2014	ARV 12-033 MAJOR SUB - UC Davis	\$	(12,257.36)	(12,257.36)	0.00
234	06/17/2014	ARV 12-033 MAJOR SUB - UC Davis	\$	(22,379.58)	(22,379.58)	0.00
274	07/29/2014	ARV 12-033 MAJOR SUB - UC Davis	\$	(10,711.36)	(10,711.36)	0.00
295	08/14/2014	ARV 12-033 MAJOR SUB - UC Davis	\$	(10,172.75)	(10,172.75)	0.00
501	08/19/2014	ARV 10-028 MAJOR SUB - UC Davis	\$	(24,355.71)	(24,355.71)	0.00
308	08/20/2014	ARV 12-033 MAJOR SUB - UC Davis	\$	(17,894.42)	(17,894.42)	0.00
341	09/22/2014	ARV 12-033 MAJOR SUB - UC Davis	\$	(26,074.22)	(26,074.22)	0.00
101	12/18/2013	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(792.00)	(792.00)	0.00
122	01/24/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(1,211.45)	(1,211.45)	0.00
130	01/31/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(3,802.32)	(3,802.32)	0.00
151	03/01/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(3,419.23)	(3,419.23)	0.00
226	06/10/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(2,268.18)	(2,268.18)	0.00
235	06/17/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(4,011.58)	(4,011.58)	0.00
275	07/29/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(498.94)	(498.94)	0.00
296	08/14/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(66.38)	(66.38)	0.00
309	08/20/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(2,235.60)	(2,235.60)	0.00
342	09/22/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(388.98)	(388.98)	0.00
368	10/16/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(176.40)	(176.40)	0.00
398	12/01/2014	ARV 12-033 MINOR - Baker Manock & Jensen	\$	(1,020.44)	(1,020.44)	0.00
22	05/10/2013	ARV 12-033 MINOR - Cartel Transport, LLC	\$	(2,450.00)	(2,205.00)	245.00
45	07/18/2013	ARV 12-033 MINOR - Del Testa Farms	\$	(1,544.49)	(1,544.49)	0.00
45	07/18/2013	ARV 12-033 MINOR - Del Testa Farms	\$	(40.50)	(40.50)	0.00
285	08/11/2014	ARV 12-033 MINOR - Del Testa Farms	\$	(3,197.70)	(3,197.70)	0.00
354	10/02/2014	ARV 12-033 MINOR - Del Testa Farms	\$	(4,436.10)	(4,436.10)	0.00

355	10/02/2014	ARV 12-033 MINOR - Del Testa Farms	\$	(198.00)	(198.00)	0.00
395	11/24/2014	ARV 12-033 MINOR - Del Testa Farms	\$	(453.60)	(453.60)	0.00
47	07/18/2013	ARV 12-033 MINOR - Jerry Baird Insurance	\$	(14,878.39)	(13,390.55)	1,487.84
192	04/29/2014	ARV 12-033 MINOR - Jerry Baird Insurance	\$	(14,231.02)	(12,807.92)	1,423.10
343	09/22/2014	ARV 12-033 MINOR - McCullar, CPA	\$	(7,755.00)	(6,979.50)	775.50
102	12/18/2013	ARV 12-033 MINOR - Steve Zicari	\$	(915.75)	(915.75)	0.00
109	12/19/2013	ARV 12-033 MINOR - Steve Zicari	\$	(742.50)	(742.50)	0.00
131	01/31/2014	ARV 12-033 MINOR - Steve Zicari	\$	(1,147.50)	(1,147.50)	0.00
152	03/01/2014	ARV 12-033 MINOR - Steve Zicari	\$	(2,339.22)	(2,339.22)	0.00
182	04/24/2014	ARV 12-033 MINOR - Steve Zicari	\$	(1,788.75)	(1,788.75)	0.00
183	04/24/2014	ARV 12-033 MINOR - Steve Zicari	\$	(303.75)	(303.75)	0.00
297	08/14/2014	ARV 12-033 MINOR - Steve Zicari	\$	(1,147.50)	(1,147.50)	0.00
310	08/20/2014	ARV 12-033 MINOR - Steve Zicari	\$	(3,780.00)	(3,780.00)	0.00
344	09/22/2014	ARV 12-033 MINOR - Steve Zicari	\$	(1,012.50)	(1,012.50)	0.00
369	10/16/2014	ARV 12-033 MINOR - Steve Zicari	\$	(776.25)	(776.25)	0.00
384	11/04/2014	ARV 12-033 MINOR - Steve Zicari	\$	(995.24)	(995.24)	0.00
399	12/01/2014	ARV 12-033 MINOR - Steve Zicari	\$	(4,614.93)	(4,614.93)	0.00
63	08/30/2013	ARV 12-033 MINOR - Sure Harvest	\$	(8,268.75)	(8,268.75)	0.00
88	11/14/2013	ARV 12-033 MINOR - Sure Harvest	\$	(20,025.00)	(20,025.00)	0.00
103	12/18/2013	ARV 12-033 MINOR - Sure Harvest	\$	(3,571.88)	(3,571.88)	0.00
132	01/31/2014	ARV 12-033 MINOR - Sure Harvest	\$	(3,487.50)	(3,487.50)	0.00
153	03/01/2014	ARV 12-033 MINOR - Sure Harvest	\$	(3,487.50)	(3,487.50)	0.00
227	06/10/2014	ARV 12-033 MINOR - Sure Harvest	\$	(2,756.25)	(2,756.25)	0.00
236	06/17/2014	ARV 12-033 MINOR - Sure Harvest	\$	(6,721.88)	(6,721.88)	0.00
276	07/29/2014	ARV 12-033 MINOR - Sure Harvest	\$	(8,578.13)	(8,578.13)	0.00
298	08/14/2014	ARV 12-033 MINOR - Sure Harvest	\$	(5,146.88)	(5,146.88)	0.00
311	08/20/2014	ARV 12-033 MINOR - Sure Harvest	\$	(6,975.00)	(6,975.00)	0.00
345	09/22/2014	ARV 12-033 MINOR - Sure Harvest	\$	(188.75)	(188.75)	0.00
370	10/16/2014	ARV 12-033 MINOR - Sure Harvest	\$	(2,109.38)	(2,109.38)	0.00
400	12/01/2014	ARV 12-033 MINOR - Sure Harvest	\$	(365.63)	(365.63)	0.00
237	06/17/2014	ARV 12-033 MINOR - The Grant Farm	\$	(2,250.00)	(2,250.00)	0.00
299	08/14/2014	ARV 12-033 MINOR - The Grant Farm	\$	(4,338.00)	(4,338.00)	0.00
110	12/21/2013	ARV 12-033 MINOR - The Leon Woods Group	\$	(4,500.00)	(4,500.00)	0.00
133	01/31/2014	ARV 12-033 MINOR - The Leon Woods Group	\$	(2,250.00)	(2,250.00)	0.00
154	03/01/2014	ARV 12-033 MINOR - The Leon Woods Group	\$	(2,250.00)	(2,250.00)	0.00
199	05/06/2014	ARV 12-033 MINOR - The Leon Woods Group	\$	(4,500.00)	(4,500.00)	0.00
228	06/10/2014	ARV 12-033 MINOR - The Leon Woods Group	\$	(2,250.00)	(2,250.00)	0.00
238	06/17/2014	ARV 12-033 MINOR - The Leon Woods Group	\$	(3,420.00)	(3,420.00)	0.00
300	08/14/2014	ARV 12-033 MINOR - The Leon Woods Group	\$	(2,250.00)	(2,250.00)	0.00
93	11/19/2013	Bank - Central Valley Community Bank	\$	(40.73)	(40.73)	40.73
98	12/16/2013	Bank - Central Valley Community Bank	\$	(42.81)	(42.81)	42.81
117	01/21/2014	Bank - Central Valley Community Bank	\$	(24.90)	(24.90)	24.90
268	07/22/2014	Bank - Central Valley Community Bank	\$	(300.00)	(300.00)	300.00
4	03/12/2013	Bank - Central Valley Community Bank Visa	\$	(82.00)	(82.00)	82.00
16	04/16/2013	Bank - Central Valley Community Bank Visa	\$	(1,457.99)	(1,457.99)	1,457.99

23	05/21/2013	Bank - Central Valley Community Bank Visa	\$	(114.97)		(114.97)	114.97
30	06/14/2013	Bank - Central Valley Community Bank Visa	\$	(400.00)		(400.00)	400.00
32	06/16/2013	Bank - Central Valley Community Bank Visa	\$	(89.48)		(89.48)	89.48
35	06/22/2013	Bank - Central Valley Community Bank Visa	\$	(8.82)		(8.82)	8.82
48	07/18/2013	Bank - Central Valley Community Bank Visa	\$	(400.00)		(400.00)	400.00
49	07/18/2013	Bank - Central Valley Community Bank Visa	\$	(78.58)		(78.58)	78.58
59	08/12/2013	Bank - Central Valley Community Bank Visa	\$	(138.44)		(138.44)	138.44
69	09/18/2013	Bank - Central Valley Community Bank Visa	\$	(300.00)		(300.00)	300.00
74	10/01/2013	Bank - Central Valley Community Bank Visa	\$	(300.00)		(300.00)	300.00
89	11/14/2013	Bank - Central Valley Community Bank Visa	\$	(300.00)		(300.00)	300.00
104	12/18/2013	Bank - Central Valley Community Bank Visa	\$	(500.00)		(500.00)	500.00
113	01/08/2014	Bank - Central Valley Community Bank Visa	\$	(270.49)		(270.49)	270.49
134	01/31/2014	Bank - Central Valley Community Bank Visa	\$	(200.00)		(200.00)	200.00
158	03/10/2014	Bank - Central Valley Community Bank Visa	\$	(400.00)		(400.00)	400.00
161	03/13/2014	Bank - Central Valley Community Bank Visa	\$	(500.00)		(500.00)	500.00
177	04/17/2014	Bank - Central Valley Community Bank Visa	\$	(500.00)		(500.00)	500.00
217	06/03/2014	Bank - Central Valley Community Bank Visa	\$	(74.59)		(74.59)	74.59
239	06/17/2014	Bank - Central Valley Community Bank Visa	\$	(144.02)		(144.02)	144.02
252	07/01/2014	Bank - Central Valley Community Bank Visa	\$	(800.00)		(800.00)	800.00
259	07/14/2014	Bank - Central Valley Community Bank Visa	\$	(187.89)		(187.89)	187.89
289	08/13/2014	Bank - Central Valley Community Bank Visa	\$	(1,102.32)		(1,102.32)	1,102.32
290	08/13/2014	Bank - Central Valley Community Bank Visa	\$	(333.74)		(333.74)	333.74
323	09/08/2014	Bank - Central Valley Community Bank Visa	\$	(1,000.00)		(1,000.00)	1,000.00
390	11/17/2014	Bank - Central Valley Community Bank Visa	\$	(109.42)		(109.42)	109.42
413	12/10/2014	Bank - Central Valley Community Bank Visa	\$	(75.00)		(75.00)	75.00
414	12/10/2014	Bank - Central Valley Community Bank Visa	\$	(126.45)		(126.45)	126.45
444	01/20/2015	Bank - Central Valley Community Bank Visa	\$	(456.46)		(456.46)	456.46
382	11/03/2014	Biodico	\$	(365.20)	(328.68)		36.52
410	12/09/2014	Board - Bill Pucheu	\$	(655.84)		(655.84)	655.84
327	09/09/2014	Board - Jace Baird	\$	(819.77)	(737.79)		81.98
401	12/01/2014	Britz Farming Corp.	\$	(1,000.00)			1,000.00
431	01/05/2015	Britz Farming Corp.	\$	(11,190.00)			11,190.00
222	06/06/2014	C.T. Freight (USA) Inc.	\$	(1,866.28)	(1,679.65)		186.63
443	01/19/2015	CA Energy Commission	\$	(300,000.00)	(300,000.00)		0.00
72	09/25/2013	Catering - Vino & Friends	\$	(250.00)		(250.00)	250.00
123	01/24/2014	CONTRACTOR - Doug Stricker	\$	(10,881.90)		(10,881.90)	10,881.90
184	04/24/2014	CONTRACTOR - Doug Stricker	\$	(10,000.00)		(10,000.00)	10,000.00
206	05/21/2014	CONTRACTOR - Doug Stricker	\$	(6,000.00)		(6,000.00)	6,000.00
240	06/17/2014	CONTRACTOR - Doug Stricker	\$	(5,000.00)		(5,000.00)	5,000.00
264	07/17/2014	CONTRACTOR - Doug Stricker	\$	(5,000.00)		(5,000.00)	5,000.00
348	09/25/2014	CONTRACTOR - Doug Stricker	\$	(5,000.00)		(5,000.00)	5,000.00
1	03/05/2013	CONTRACTOR - Ellen Suryadi	\$	(1,060.75)		(1,060.75)	1,060.75
8	04/03/2013	CONTRACTOR - Ellen Suryadi	\$	(1,052.86)		(1,052.86)	1,052.86
19	05/02/2013	CONTRACTOR - Ellen Suryadi	\$	(1,000.00)		(1,000.00)	1,000.00
27	06/04/2013	CONTRACTOR - Ellen Suryadi	\$	(1,000.00)		(1,000.00)	1,000.00

Submitted Inv. 21

Submitted Inv. 22-Inv. Date 9/30/14

36	06/28/2013	CONTRACTOR - Ellen Suryadi	\$ (1,034.33)		(1,034.33)	1,034.33
52	08/02/2013	CONTRACTOR - Ellen Suryadi	\$ (1,034.02)		(1,034.02)	1,034.02
64	08/30/2013	CONTRACTOR - Ellen Suryadi	\$ (1,034.18)		(1,034.18)	1,034.18
77	10/04/2013	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
83	11/04/2013	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
105	12/18/2013	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
112	01/06/2014	CONTRACTOR - Ellen Suryadi	\$ (1,035.77)		(1,035.77)	1,035.77
135	01/31/2014	CONTRACTOR - Ellen Suryadi	\$ (1,016.90)		(1,016.90)	1,016.90
144	02/28/2014	CONTRACTOR - Ellen Suryadi	\$ (1,029.05)		(1,029.05)	1,029.05
167	04/01/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
185	04/24/2014	CONTRACTOR - Ellen Suryadi	\$ (7,000.00)		(7,000.00)	7,000.00
197	05/02/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
208	05/22/2014	CONTRACTOR - Ellen Suryadi	\$ (6,000.00)		(6,000.00)	6,000.00
211	05/30/2014	CONTRACTOR - Ellen Suryadi	\$ (1,500.00)		(1,500.00)	1,500.00
215	06/02/2014	CONTRACTOR - Ellen Suryadi	\$ (500.00)		(500.00)	500.00
249	06/26/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
253	07/01/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
279	08/01/2014	CONTRACTOR - Ellen Suryadi	\$ (2,000.00)		(2,000.00)	2,000.00
318	09/01/2014	CONTRACTOR - Ellen Suryadi	\$ (2,000.00)		(2,000.00)	2,000.00
333	09/15/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
351	10/01/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
361	10/15/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
378	10/31/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
388	11/15/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
402	12/01/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
418	12/15/2014	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
428	01/01/2015	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
441	01/15/2015	CONTRACTOR - Ellen Suryadi	\$ (1,000.00)		(1,000.00)	1,000.00
269	07/22/2014	CONTRACTOR - Fuel & Power Logistics	\$ (1,360.50)	(1,224.45)		136.05
349	09/29/2014	CONTRACTOR - Fuel & Power Logistics	\$ (3,670.00)			3,670.00
362	10/15/2014	CONTRACTOR - Fuel & Power Logistics	\$ (15,600.00)			15,600.00
386	11/06/2014	CONTRACTOR - Fuel & Power Logistics	\$ (3,778.98)			3,778.98
408	12/04/2014	CONTRACTOR - Fuel & Power Logistics	\$ (23,303.88)			23,303.88
411	12/09/2014	CONTRACTOR - Fuel & Power Logistics	\$ (15,547.00)			15,547.00
425	12/31/2014	CONTRACTOR - Fuel & Power Logistics	\$ (43,887.01)			43,887.01
446	01/26/2015	CONTRACTOR - Fuel & Power Logistics	\$ (30,000.00)			30,000.00
186	04/24/2014	CONTRACTOR - JAL Engineering	\$ (10,611.00)	(10,611.00)		0.00
241	06/17/2014	CONTRACTOR - JAL Engineering	\$ (11,772.00)	(11,772.00)		0.00
17	04/19/2013	CONTRACTOR - James Tischer Travel	\$ (151.81)		(151.81)	151.81
50	07/18/2013	CONTRACTOR - James Tischer Travel	\$ (1,676.00)		(1,676.00)	1,676.00
70	09/18/2013	CONTRACTOR - James Tischer Travel	\$ (1,734.14)		(1,734.14)	1,734.14
90	11/14/2013	CONTRACTOR - James Tischer Travel	\$ (1,644.39)		(1,644.39)	1,644.39
106	12/18/2013	CONTRACTOR - James Tischer Travel	\$ (5,096.41)		(5,096.41)	5,096.41
124	01/24/2014	CONTRACTOR - James Tischer Travel	\$ (1,324.43)		(1,324.43)	1,324.43
136	01/31/2014	CONTRACTOR - James Tischer Travel	\$ (4,432.32)		(4,432.32)	4,432.32

All invoices have not been submitted to CEC pending amendment to change over Easy Energy to MBLLC. All invoices are dated before 12/15/14

155	03/01/2014	CONTRACTOR - James Tischer Travel	\$	(776.72)		(776.72)	776.72	
178	04/17/2014	CONTRACTOR - James Tischer Travel	\$	(2,520.84)		(2,520.84)	2,520.84	
187	04/24/2014	CONTRACTOR - James Tischer Travel	\$	(2,000.00)		(2,000.00)	2,000.00	
209	05/22/2014	CONTRACTOR - James Tischer Travel	\$	(564.60)		(564.60)	564.60	
242	06/17/2014	CONTRACTOR - James Tischer Travel	\$	(1,270.43)		(1,270.43)	1,270.43	
265	07/17/2014	CONTRACTOR - James Tischer Travel	\$	(6,499.50)		(6,499.50)	6,499.50	
319	09/01/2014	CONTRACTOR - James Tischer Travel	\$	(1,966.26)		(1,966.26)	1,966.26	
335	09/17/2014	CONTRACTOR - James Tischer Travel	\$	(3,308.03)		(3,308.03)	3,308.03	
356	10/02/2014	CONTRACTOR - James Tischer Travel	\$	(5,553.33)		(5,553.33)	5,553.33	
447	01/26/2015	CONTRACTOR - James Tischer Travel	\$	(3,312.81)		(3,312.81)	3,312.81	
189	04/25/2014	CONTRACTOR - Steve Zicari	\$	(388.15)	(388.15)		0.00	
190	04/25/2014	CONTRACTOR - Steve Zicari	\$	(4,522.53)	(4,522.53)		0.00	
201	05/12/2014	CONTRACTOR - Steve Zicari	\$	(149.52)	(149.52)		0.00	
243	06/17/2014	CONTRACTOR - Steve Zicari	\$	(1,552.50)	(1,552.50)		0.00	
266	07/17/2014	CONTRACTOR - Steve Zicari	\$	(1,215.00)	(1,215.00)		0.00	
125	01/24/2014	CONTRACTOR - Tischer Consulting	\$	(25,452.00)		(25,452.00)	25,452.00	
143	02/24/2014	CONTRACTOR - Tischer Consulting	\$	(7,751.50)		(7,751.50)	7,751.50	
188	04/24/2014	CONTRACTOR - Tischer Consulting	\$	(16,820.00)		(16,820.00)	16,820.00	
210	05/22/2014	CONTRACTOR - Tischer Consulting	\$	(16,254.00)		(16,254.00)	16,254.00	
216	06/02/2014	CONTRACTOR - Tischer Consulting	\$	(8,127.00)	(1,771.88)	(6,158.25)	6,355.12	
229	06/10/2014	CONTRACTOR - Tischer Consulting	\$	(8,127.00)	(3,543.75)	(4,189.50)	4,583.25	
244	06/17/2014	CONTRACTOR - Tischer Consulting	\$	(8,127.00)	(3,543.75)	(4,189.50)	4,583.25	
254	07/01/2014	CONTRACTOR - Tischer Consulting	\$	(8,127.00)	(3,543.75)	(4,189.50)	4,583.25	
280	08/01/2014	CONTRACTOR - Tischer Consulting	\$	(8,127.00)	(3,543.75)	(4,189.50)	4,583.25	
320	09/01/2014	CONTRACTOR - Tischer Consulting	\$	(8,127.00)		(4,189.50)	8,127.00	
352	10/01/2014	CONTRACTOR - Tischer Consulting	\$	(8,127.00)		(4,189.50)	8,127.00	Submitted Inv. 20
379	10/31/2014	CONTRACTOR - Tischer Consulting	\$	(8,127.00)		(4,189.50)	8,127.00	Submitted Inv. 21
403	12/01/2014	CONTRACTOR - Tischer Consulting	\$	(8,127.00)		(4,189.50)	8,127.00	Submitted Inv. 22
429	01/01/2015	CONTRACTOR - Tischer Consulting	\$	(8,127.00)		(4,189.50)	8,127.00	Submitted Inv. 23
2	03/05/2013	CONTRACTOR - Veronica Diaz	\$	(1,053.00)		(1,053.00)	1,053.00	
9	04/03/2013	CONTRACTOR - Veronica Diaz	\$	(1,246.00)		(1,246.00)	1,246.00	
20	05/02/2013	CONTRACTOR - Veronica Diaz	\$	(1,200.10)		(1,200.10)	1,200.10	
28	06/04/2013	CONTRACTOR - Veronica Diaz	\$	(1,076.40)		(1,076.40)	1,076.40	
37	06/28/2013	CONTRACTOR - Veronica Diaz	\$	(1,310.50)		(1,310.50)	1,310.50	
53	08/02/2013	CONTRACTOR - Veronica Diaz	\$	(1,333.00)		(1,333.00)	1,333.00	
65	08/30/2013	CONTRACTOR - Veronica Diaz	\$	(1,142.00)		(1,142.00)	1,142.00	
78	10/04/2013	CONTRACTOR - Veronica Diaz	\$	(1,119.00)		(1,119.00)	1,119.00	
80	10/17/2013	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
82	10/31/2013	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
92	11/15/2013	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
95	12/01/2013	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
97	12/15/2013	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
111	12/31/2013	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
116	01/14/2014	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
137	01/31/2014	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	

140	02/14/2014	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
145	02/28/2014	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
159	03/11/2014	CONTRACTOR - Veronica Diaz	\$	(1,103.00)		(1,103.00)	1,103.00	
168	04/01/2014	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
176	04/15/2014	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
191	04/28/2014	CONTRACTOR - Veronica Diaz	\$	(16.95)		(16.95)	16.95	
193	04/30/2014	CONTRACTOR - Veronica Diaz	\$	(1,000.00)		(1,000.00)	1,000.00	
202	05/13/2014	CONTRACTOR - Veronica Diaz	\$	(2,625.00)		(2,625.00)	2,625.00	
212	05/30/2014	CONTRACTOR - Veronica Diaz	\$	(1,437.61)	(1,237.50)		200.11	
245	06/17/2014	CONTRACTOR - Veronica Diaz	\$	(2,750.00)	(2,475.00)		275.00	
255	07/01/2014	CONTRACTOR - Veronica Diaz	\$	(1,250.00)		(1,250.00)	1,250.00	
260	07/14/2014	CONTRACTOR - Veronica Diaz	\$	(2,894.61)	(2,475.00)		419.61	
281	08/01/2014	CONTRACTOR - Veronica Diaz	\$	(1,250.00)		(1,250.00)	1,250.00	
303	08/15/2014	CONTRACTOR - Veronica Diaz	\$	(3,880.02)	(3,375.00)		505.02	
321	09/01/2014	CONTRACTOR - Veronica Diaz	\$	(250.00)		(250.00)	250.00	
334	09/15/2014	CONTRACTOR - Veronica Diaz	\$	(3,880.02)	(3,375.00)	(3,880.02)	505.02	
353	10/01/2014	CONTRACTOR - Veronica Diaz	\$	(250.00)		(250.00)	250.00	
363	10/15/2014	CONTRACTOR - Veronica Diaz	\$	(3,750.00)			3,750.00	Submitted Inv. 20
364	10/15/2014	CONTRACTOR - Veronica Diaz	\$	(51.00)		(51.00)	51.00	
380	10/31/2014	CONTRACTOR - Veronica Diaz	\$	(264.22)		(264.22)	264.22	
389	11/15/2014	CONTRACTOR - Veronica Diaz	\$	(3,750.00)			3,750.00	Submitted Inv. 21
404	12/01/2014	CONTRACTOR - Veronica Diaz	\$	(108.88)		(108.88)	108.88	
405	12/01/2014	CONTRACTOR - Veronica Diaz	\$	(250.00)		(250.00)	250.00	
419	12/15/2014	CONTRACTOR - Veronica Diaz	\$	(3,750.00)			3,750.00	Submitted Inv. 22
430	01/01/2015	CONTRACTOR - Veronica Diaz	\$	(250.00)		(250.00)	250.00	
442	01/15/2015	CONTRACTOR - Veronica Diaz	\$	(3,750.00)			3,750.00	Submitted Inv. 23
141	02/18/2014	EQUIPMENT - Cross Engineering	\$	(45,000.00)	(45,000.00)		0.00	
179	04/17/2014	EQUIPMENT - Cross Engineering	\$	(51,763.48)	(51,763.48)		0.00	
286	08/11/2014	EQUIPMENT - Electric Motor Shop, Inc.	\$	(1,781.97)	(1,603.77)		178.20	
301	08/14/2014	EQUIPMENT - Electric Motor Shop, Inc.	\$	(546.38)	(491.74)		54.64	
26	05/30/2013	EQUIPMENT - Mac's Equipment Inc.	\$	(95.66)	(86.09)		9.57	
357	10/02/2014	EQUIPMENT - Mac's Equipment Inc.	\$	(33.35)	(30.02)		3.33	
376	10/29/2014	EQUIPMENT - Mac's Equipment Inc.	\$	(86.15)	(77.54)		8.61	
324	09/08/2014	Extreme Communication	\$	(375.00)	(337.50)		37.50	
415	12/10/2014	Extreme Communication	\$	(357.50)	(321.75)		35.75	
31	06/14/2013	Insurance - IPFS Corporation	\$	(4,239.14)		(4,239.14)	4,239.14	
41	07/15/2013	Insurance - IPFS Corporation	\$	(4,239.14)		(4,239.14)	4,239.14	
51	07/24/2013	Insurance - IPFS Corporation	\$	(4,052.28)		(4,052.28)	4,052.28	
58	08/08/2013	Insurance - IPFS Corporation	\$	(4,037.28)		(4,037.28)	4,037.28	
66	09/03/2013	Insurance - IPFS Corporation	\$	(4,037.28)		(4,037.28)	4,037.28	
75	10/01/2013	Insurance - IPFS Corporation	\$	(4,037.28)		(4,037.28)	4,037.28	
91	11/14/2013	Insurance - IPFS Corporation	\$	(4,037.28)		(4,037.28)	4,037.28	
107	12/18/2013	Insurance - IPFS Corporation	\$	(4,037.28)		(4,037.28)	4,037.28	
119	01/22/2014	Insurance - IPFS Corporation	\$	(4,239.14)		(4,239.14)	4,239.14	
138	02/06/2014	Insurance - IPFS Corporation	\$	(4,037.28)		(4,037.28)	4,037.28	

164	03/14/2014	Insurance - IPFS Corporation	\$	(4,037.28)		(4,037.28)	4,037.28	
207	05/21/2014	Insurance - IPFS Corporation	\$	(3,929.80)		(3,929.80)	3,929.80	
230	06/10/2014	Insurance - IPFS Corporation	\$	(3,929.80)		(3,929.80)	3,929.80	
257	07/11/2014	Insurance - IPFS Corporation	\$	(3,934.80)		(3,934.80)	3,934.80	
282	08/01/2014	Insurance - IPFS Corporation	\$	(3,929.80)		(3,929.80)	3,929.80	
316	08/31/2014	Insurance - IPFS Corporation	\$	(3,929.80)		(3,929.80)	3,929.80	
328	09/10/2014	Insurance - IPFS Corporation	\$	(3,929.80)		(3,929.80)	3,929.80	
385	11/04/2014	Insurance - IPFS Corporation	\$	(3,934.80)		(3,934.80)	3,934.80	
420	12/15/2014	Insurance - IPFS Corporation	\$	(3,934.80)		(3,934.80)	3,934.80	
432	01/05/2015	Insurance - IPFS Corporation	\$	(3,929.80)		(3,929.80)	3,929.80	
218	06/03/2014	Insurance - Jerry Baird Insurance	\$	(2,550.00)	(2,295.00)		255.00	
115	01/08/2014	Insurance - SCI Fund	\$	(41.54)		(41.54)	41.54	
162	03/13/2014	Insurance - SCI Fund	\$	(860.56)		(860.56)	860.56	
435	01/12/2015	Insurance - SCI Fund	\$	(263.16)		(263.16)	263.16	
15	04/15/2013	Insurance - The Hartford Insurance	\$	(122.60)		(122.60)	122.60	
24	05/21/2013	Insurance - The Hartford Insurance	\$	(30.00)		(30.00)	30.00	
267	07/18/2014	MATERIALS - Baggie Farms	\$	(675.00)	(607.50)		67.50	
169	04/01/2014	MATERIALS - Benz Tech. International	\$	(5,103.43)	(4,593.09)		510.34	
81	10/17/2013	MATERIALS - Biodico	\$	(403.38)	(363.04)		40.34	
258	07/11/2014	MATERIALS - Cold Storage Technologies	\$	(2,282.73)	(2,054.46)		228.27	
288	08/12/2014	MATERIALS - Cold Storage Technologies	\$	(595.00)	(535.50)		59.50	
305	08/19/2014	MATERIALS - Cold Storage Technologies	\$	(1,465.00)	(1,318.50)		146.50	
314	08/29/2014	MATERIALS - Cold Storage Technologies	\$	(662.84)	(596.56)		66.28	
374	10/23/2014	MATERIALS - Cold Storage Technologies	\$	(642.39)	(578.15)		64.24	
423	12/23/2014	MATERIALS - Cold Storage Technologies	\$	(2,485.49)			2,485.49	Submitted Inv. 22-Inv. Date 12/8/14
5	03/20/2013	MATERIALS - Crop Production Services	\$	(355.00)	(319.50)		35.50	
33	06/17/2013	MATERIALS - Dellavalle Laboratory, Inc.	\$	(1,080.00)	(972.00)		108.00	
38	07/10/2013	MATERIALS - Dellavalle Laboratory, Inc.	\$	(720.00)	(648.00)		72.00	
71	09/18/2013	MATERIALS - Dellavalle Laboratory, Inc.	\$	(42.00)	(37.80)		4.20	
76	10/01/2013	MATERIALS - Dellavalle Laboratory, Inc.	\$	(130.00)	(117.00)		13.00	
108	12/18/2013	MATERIALS - Dellavalle Laboratory, Inc.	\$	(47.00)	(42.30)		2,032.99	
373	10/20/2014	MATERIALS - Glencass Signs, Inc.	\$	(1,573.59)			1,573.59	Submitted Inv. 23
433	01/05/2015	MATERIALS - Greenbelt Resources	\$	(10,000.00)			10,000.00	Submitted Inv. 23-Inv. Date 11/24/14
40	07/11/2013	MATERIALS - Mendes Hay Co.	\$	(2,311.10)	(2,079.99)		231.11	
198	05/02/2014	MATERIALS - Moore Twining	\$	(210.00)	(189.00)		21.00	
261	07/14/2014	MATERIALS - Palogix International	\$	(1,290.24)	(1,161.22)		129.02	
302	08/14/2014	MATERIALS - Palogix International	\$	(1,428.48)	(1,285.63)		142.85	
336	09/17/2014	MATERIALS - Palogix International	\$	(1,224.96)	(1,102.46)		122.50	
346	09/22/2014	MATERIALS - Palogix International	\$	(773.76)	(696.38)		77.38	
371	10/16/2014	MATERIALS - Palogix International	\$	(2,016.00)			2,016.00	Submitted Inv. 20
391	11/17/2014	MATERIALS - Palogix International	\$	(2,505.60)			2,505.60	Submitted Inv. 21
416	12/10/2014	MATERIALS - Palogix International	\$	(5,184.00)			5,184.00	Submitted Inv. 22
156	03/01/2014	MATERIALS - Technicon	\$	(5,431.50)	(4,888.35)		543.15	
165	03/21/2014	MATERIALS - Technicon	\$	(603.50)	(543.15)		60.35	
392	11/17/2014	MATERIALS - Technicon	\$	(7,450.00)			7,450.00	Submitted Inv. 21

329	09/10/2014	MATERIALS - Vetennary Phamaceuticals	\$	(911.12)	(820.01)	91.11	
325	09/08/2014	Mid Valley Disposal	\$	(208.87)	(187.98)	20.89	
359	10/07/2014	Mid Valley Disposal	\$	(93.84)	(84.46)	9.38	
417	12/10/2014	Mid Valley Disposal	\$	(96.97)		96.97	Submitted Inv. 21
436	01/12/2015	Mid Valley Disposal	\$	(93.89)		93.89	Submitted Inv. 22-Inv. Date 12/31/14
377	10/30/2014	Mid Valley RO	\$	(465.30)		465.30	Submitted Inv. 20
422	12/20/2014	Mid Valley RO	\$	(3,536.77)		3,536.77	Submitted Inv. 21-Inv. Date 11/30/14
437	01/12/2015	Mid Valley RO	\$	(832.89)		832.89	Submitted Inv. 22-Inv. Date 11/15/14
203	05/13/2014	PERMIT - ATF	\$	(7,000.00)	(6,300.00)	700.00	
337	09/17/2014	PERMIT - CAEATFA	\$	(15,000.00)	(13,500.00)	1,500.00	
200	05/06/2014	PERMIT - County of Fresno	\$	(10,704.50)	(9,634.05)	1,070.45	
338	09/18/2014	PERMIT - County of Fresno	\$	(2,231.25)	(2,008.13)	223.13	
304	08/15/2014	PERMIT - Fresno Co. Public Works	\$	(4,032.00)	(4,032.00)	4,032.00	
332	09/12/2014	PERMIT - Provost & Pritchard	\$	(1,069.10)	(962.19)	106.91	
438	01/12/2015	PERMIT - Provost & Pritchard	\$	(589.10)	(530.19)	58.91	Submitted Inv. 23-Inv. Date 12/31/14
448	01/26/2015	PERMIT - Provost & Pritchard	\$	(10,000.00)		10,000.00	Submitted Inv. 22-Inv. Date 10/31/14
256	07/02/2014	PM Labor Service Inc.	\$	(1,465.20)	(1,318.68)	146.52	
409	12/04/2014	PM Labor Service Inc.	\$	(1,869.97)		1,869.97	Submitted Inv. 21
25	03/10/2013	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
18	04/19/2013	Rent- Central Valley Business Incubator	\$	(20.40)	(20.40)	20.40	
3	05/02/2013	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
21	05/21/2013	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
29	06/04/2013	Rent- Central Valley Business Incubator	\$	(503.80)	(503.80)	503.80	
39	07/10/2013	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
67	09/03/2013	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
79	10/08/2013	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
97	11/19/2013	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
96	12/06/2013	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
113	01/07/2014	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
139	02/06/2014	Rent- Centrai Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
160	03/11/2014	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
180	04/23/2014	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
248	06/19/2014	Rent- Central Valley Business Incubator	\$	(1,000.00)	(1,000.00)	1,000.00	
262	07/14/2014	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
287	08/11/2014	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
322	09/04/2014	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
358	10/02/2014	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
387	11/06/2014	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
426	12/31/2014	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
439	01/12/2015	Rent- Central Valley Business Incubator	\$	(500.00)	(500.00)	500.00	
219	06/05/2014	RRR FACILITIES - DF2000 Trust	\$	(15,000.00)	(13,500.00)	1,500.00	
250	06/30/2014	RRR FACILITIES - DF2000 Trust	\$	(15,000.00)	(13,500.00)	1,500.00	
283	08/01/2014	RRR FACILITIES - DF2000 Trust	\$	(5,000.00)	(4,500.00)	500.00	
313	08/27/2014	RRR FACILITIES - DF2000 Trust	\$	(10,000.00)	(9,000.00)	1,000.00	
347	09/24/2014	RRR FACILITIES - DF2000 Trust	\$	(10,000.00)	(9,000.00)	1,000.00	

375	10/24/2014	RRR FACILITIES - DF2000 Trust	\$ (10,000.00)			10,000.00	Submitted Inv. 20-Inv. Date 10/22/14
406	12/01/2014	RRR FACILITIES - DF2000 Trust	\$ (10,000.00)			10,000.00	Submitted Inv. 21-Inv. Date 12/1/14
434	01/05/2015	RRR FACILITIES - DF2000 Trust	\$ (10,000.00)			10,000.00	Submitted Inv. 22-Inv. Date 12/23/14
220	06/05/2014	RRR FACILITIES- PG & E	\$ (1,460.51)	1,314.46		146.05	
284	08/01/2014	RRR FACILITIES- PG & E	\$ (1,156.03)	1,040.43		115.60	
330	09/11/2014	RRR FACILITIES- PG & E	\$ (17,150.19)	15,435.17		1,715.02	
360	10/08/2014	RRR FACILITIES- PG & E	\$ (6,460.83)			6,460.83	Submitted Inv. 20
383	11/03/2014	RRR FACILITIES- PG & E	\$ (5,993.91)			5,993.91	Submitted Inv. 21
440	01/13/2015	RRR FACILITIES- PG & E	\$ (84.17)			84.17	Submitted Inv. 22-Inv. Date 12/30/14
291	08/13/2014	Safety World, Inc.	\$ (1,225.00)	1,102.50		122.50	
146	02/28/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
166	03/31/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
194	04/30/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
214	05/31/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
251	06/30/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
278	07/31/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
317	08/31/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
350	09/30/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
381	10/31/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
449	11/30/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
427	12/31/2014	Settlement - IR1 Group LLC	\$ (5,000.00)		(5,000.00)	5,000.00	
246	06/17/2014	Sheridian Tent and Awning, LLC	\$ (235.81)	(212.23)		23.58	
157	03/03/2014	Shipping - On Trac	\$ (42.70)		(42.70)	42.70	
163	03/13/2014	Shipping - On Trac	\$ (92.88)		(92.88)	92.88	
175	04/10/2014	Shipping - On Trac	\$ (5.15)		(5.15)	5.15	
213	05/30/2014	Shipping - On Trac	\$ (48.75)		(48.75)	48.75	
247	06/17/2014	Shipping - On Trac	\$ (44.68)		(44.68)	44.68	
270	07/22/2014	Shipping - On Trac	\$ (50.51)		(50.51)	50.51	
315	08/29/2014	Shipping - On Trac	\$ (49.73)		(49.73)	49.73	
326	09/08/2014	Shipping - On Trac	\$ (52.63)		(52.63)	52.63	
372	10/16/2014	Shipping - On Trac	\$ (50.88)		(50.88)	50.88	
393	11/17/2014	Shipping - On Trac	\$ (41.15)		(41.15)	41.15	
421	12/16/2014	Shipping - On Trac	\$ (21.91)		(21.91)	21.91	
424	12/23/2014	Shipping - On Trac	\$ (5.15)		(5.15)	5.15	
445	01/20/2015	Shipping - On Trac	\$ (48.17)		(48.17)	48.17	
11	04/11/2013	Taxes - Franchise Tax Board	\$ (800.00)		(800.00)	800.00	
12	04/11/2013	Taxes - Franchise Tax Board	\$ (2,500.00)		(2,500.00)	2,500.00	
13	04/11/2013	Taxes - Franchise Tax Board	\$ (800.00)		(800.00)	800.00	
14	04/11/2013	Taxes - Franchise Tax Board	\$ (1,600.00)		(1,600.00)	1,600.00	
60	08/12/2013	Taxes - Franchise Tax Board	\$ (309.30)		(309.30)	309.30	
171	04/09/2014	Taxes - Franchise Tax Board	\$ (800.00)		(800.00)	800.00	
172	04/09/2014	Taxes - Franchise Tax Board	\$ (3,500.00)		(3,500.00)	3,500.00	
173	04/09/2014	Taxes - Franchise Tax Board	\$ (6,000.00)		(6,000.00)	6,000.00	
174	04/09/2014	Taxes - Franchise Tax Board	\$ (800.00)		(800.00)	800.00	
10	04/10/2013	Taxes - Secretary of State	\$ (25.00)		(25.00)	25.00	

# ATTACHMENT 16



**CALIFORNIA ENERGY COMMISSION**

1516 NINTH STREET  
SACRAMENTO, CA 95814-5512  
www.energy.ca.gov



April 22, 2015

transmitted via email

To: Robert B. Weisenmiller, Chair, California Energy Commission  
Rob Oglesby, Executive Director, California Energy Commission

**Final Report – Mendota Bioenergy, LLC, ARV-12-033**

The Office of Audits, Investigations, and Program Review conducted an audit of Mendota Bioenergy, LLC's (Mendota) grant agreement ARV-12-033 for the period of March 25, 2013 through January 31, 2015. This grant was awarded through the Alternative and Renewable Fuel and Vehicle Technology program.

Grant ARV-12-033, in the amount of \$4,998,399.00 provided funds to design, construct, and operate a pilot-scale plant that converts approximately 2,400 tons of carbon-optimized energy beets into 60,000 gallons of 200-proof advanced biofuel ethanol. The project includes integration of advanced enzyme process and microbial conversion technologies to significantly increase ethanol yield per ton. Total project cost with match is estimated at \$11,536,372.

**Results Summary**

This is an interim audit as the grant agreement end date is March 31, 2016 and therefore, the grant deliverable has not been completed. We noted the following in our review of grant expenditures:

- *Inappropriately utilized grant funds claimed as reimbursement*
- Executed a contract after expenditures were incurred and never received the equipment which had been claimed for reimbursement
- Claimed match expenditures that were unsupported
- Weak internal controls over consultant fees
- Claimed subcontractor expenditures, but only paid the subcontractors 90 percent of the claimed amount
- Required language not included in contracts

Mendota disagreed with our observations. Mendota's response and our evaluation of the response are included as attachments to this report.

## **Background**

In November 2014, Energy Commission staff determined that Mendota may have claimed and been reimbursed for expenditures that were not actually paid. In December 2014, the California Energy Commission issued a stop work order to Mendota and requested repayment of the over-claimed expenditures. As of this report date, the stop work order is still in effect.

## **Objective and Methodology**

The audit objective was to determine whether Mendota's grant expenditures were in compliance with applicable laws, regulations, program guidelines, and grant requirements. To meet the objectives, we:

- Reviewed grant files, the grant agreement, and applicable regulations, codes, and program guidelines
- Interviewed Mendota personnel to gain an understanding of policies and procedures used to track and claim grant expenditures and deliverables
- Assessed key internal controls over grant expenditure reporting and deliverable completion
- Reviewed accounting records, vendor invoices, vendor contracts, timesheets, cancelled checks and bank statements
- Selected a sample of grant expenditures and reviewed supporting documentation to determine if grant expenditures were allowable, grant-related, incurred within the grant period, supported, and properly reported

We conducted this audit in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Results**

The results of the audit are based on our review of documentation, other information made available to us, and interviews with staff directly responsible for administering grant funds.

Except as noted below, the grant expenditures claimed complied with the grant agreement requirements. This is an interim audit as the grant period ends March 31, 2016. Therefore, grant deliverables have not been completed as specified in the grant agreement. The Schedule of Claimed and Questioned Expenditures is presented below.

**Table 1: Schedule of Claimed and Questioned Expenditures**

<b>Grant Agreement ARV-12-033</b>		
<b>Budget Category</b>	<b>Claimed Expenditures<sup>1</sup></b>	<b>Questioned Costs</b>
Direct Labor	\$ 27,975	\$
Fringe Benefits	6,619	
Materials/Miscellaneous	210,830	3,256
Minor Subcontractors	340,957	5,885
Major Subcontractors	551,804	20,867
General and Administrative	37,055	
Equipment	1,841,850	1,477,873
<b>Total Grant</b>	<b>\$ 3,017,090</b>	<b>\$ 1,507,881</b>
Match	6,508,294	1,225,749
<b>Total Project</b>	<b>\$ 9,525,384</b>	<b>\$ 2,733,630</b>

**Observation 1: Inappropriately Utilized Grant Funds**

Mendota claimed \$1,777,873<sup>2</sup> for equipment expenditures. However, upon receipt of the Energy Commission's reimbursement funds, Mendota immediately began using those funds to pay non reimbursable expenditures. Only \$750,000 was ultimately paid to the subcontractor resulting in over-claimed expenditures of \$1,027,873 (\$1,777,873 – 750,000). Examples of how the remaining funds were used include:

- \$43,000 paid for travel expenses for Mendota consultants. These expenditures had been claimed as match.
- \$154,000 paid for consultant fees. Some of these fees were claimed as match and some had not been claimed at all. See Observation 4 for further discussion.
- \$55,000 paid to a subcontractor as settlement of a terminated subcontract, an unallowable grant expense.

In total, approximately \$403,000<sup>3</sup> was utilized to pay for expenses that had been claimed as match, were unallowable, or were never claimed at all.

Approximately \$146,000 of the remaining over-claimed funds were spent on expenditures claimed in subsequent reimbursement requests<sup>4</sup>. However, some of those expenditures may be

<sup>1</sup> Claimed expenditures are expenditures both claimed and reimbursed through September 30, 2014. Mendota has submitted subsequent claims, but those expenditures have not been reimbursed by the Energy Commission and are not included in this table.

<sup>2</sup> The first invoice submitted for this subcontractor was in the amount of \$313,504, but Mendota claimed and was reimbursed \$317,504. The over-claimed amount is included in the total reported.

<sup>3</sup> This figure is an estimate because Mendota declined to give a detailed account on how the funds were spent.

<sup>4</sup> Mendota has submitted approximately \$275,000 in claimed expenditures, but not all had been paid as of January 31, 2015.

disallowed because they were incurred after the stop work order was issued or are not allowable.

Approximately \$136,000 was spent on subcontractor expenditures that have not been claimed. In addition, the subcontractor has not been approved by the Energy Commission for this project.

Mendota ultimately remitted \$300,000 in January 2015 leaving a balance of \$727,873 still owed to the Energy Commission. However, this only accounts for approximately \$985,000 (\$403,000 + 146,000 + 136,000 + 300,000) of the \$1,027,873 over-claimed funds. Auditors were unable to determine how the remaining funds were utilized and Mendota declined to provide a detailed accounting.

Grant Agreement section 17 states the Energy Commission will reimburse the Recipient for actual allowable expenditures incurred in accordance with the budget.

**Recommendations:**

- A. Remit \$727,873 to the California Energy Commission. Energy Commission management will determine if subsequent expenditure claims should be netted against the over-claimed funds and the final disposition of questioned costs.
- B. In the event the project is allowed to proceed, provide proof of payment when requesting reimbursement of claimed expenditures.

**Observation 2: Contract Executed After Expenditures Incurred; Equipment Not Received**

In September and October 2013, Mendota incurred equipment expenditures which were submitted for reimbursement as noted in Observation 1. However, Mendota did not execute a contract with the contractor until June 2014. The terms, conditions, progress payments, and total contract price were different than the information included on the subcontractor's original invoices.

Mendota stated they terminated the contract early for breach of contract. While Mendota paid \$750,000 in progress payments, they did not receive any of the equipment listed on the invoices submitted and claimed for reimbursement. Instead, they paid for mobilization costs and engineering plans, which they received. As of the date of this report, Mendota has not taken any further action against the subcontractor.

Finally, Mendota paid the contractor prior to executing the contract. The first progress payment was made March 3, 2014, six months after incurring the expense and three months prior to executing the contract.

Mendota claimed expenditures for equipment that ultimately was not received. In addition, Mendota paid the subcontractor prior to executing the contract and review and approval from the Energy Commission. Therefore, the total amount of \$750,000<sup>5</sup> is questioned.

Incurring costs prior to executing a contract increases the risk that expenditures are not in compliance with program requirements and final deliverables are not completed as intended. In

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<sup>5</sup> Total amount questioned for this subcontractor is \$1,477,873 (\$727,873 + \$750,000)

addition, paying a contractor prior to execution of the contract increases the risk that the buyer will pay for goods or services that are never received.

Grant Agreement section 17 states the Energy Commission will reimburse the Recipient for actual allowable expenditures incurred in accordance with the budget. Section 9 states all subcontracts must be submitted for review prior to execution and the Recipient must have an executed contract before the subcontractor can incur any costs for which the Recipient will seek reimbursement.

**Recommendations:**

- A. Remit \$750,000 to the California Energy Commission. Energy Commission management will determine the disposition of questioned costs.
- B. Ensure contracts are executed prior to incurring costs.
- C. Submit executed contracts to the California Energy Commission for review and approval prior to incurring costs.
- D. If Mendota takes further action against the subcontractor, provide documentation to the Energy Commission detailing the outcome of that action. Energy Commission management will decide if the outcome and the value of goods or services received is sufficient to justify \$750,000 in grant funds.

**Observation 3: Claimed Match Not Supported**

Mendota claimed unsupported equipment and subcontractor costs as in-kind match. For example, Mendota claimed as match \$1,059,186 in loan proceeds from the same subcontractor discussed in Observations 1 and 2. In addition, labor, fringe benefits, and other equipment costs provided by the subcontractor were also claimed as match. However, no loan documents or other supporting documentation was provided to support the total \$1,132,096 claimed for this subcontractor. Mendota also claimed value for the use of the land and equipment provided by another major subcontractor, but the mathematical formula used to calculate the value was incorrect resulting in \$50,892 in over-claimed match. Total amount of match questioned is \$1,182,988.

Grant Agreement, section 18d states the Recipient agrees to be liable for the percentage of match share identified in the Agreement. Failure to provide the minimum required match share may result in subsequent recovery of some or all of the funds provided under the Agreement.

**Recommendation:**

- A. Mendota should provide additional match expenditures sufficient to replace the unsupported match claimed. If Mendota is unable to do so, the grant amount should be reduced proportionally. The determination to reduce the grant amount or reimbursed grant funds lies with Energy Commission management.

**Observation 4: Internal Controls over Consultant Fees and Services are Weak**

Mendota employs several consultants to provide project oversight and services. However, invoices submitted by consultants don't reflect the full amount of work performed, are not

numbered in sequential order, and include amounts that haven't been incurred. For example, the project manager submitted invoice #108 dated July 7, 2014 which included a note for an outstanding balance as of October 1, 2014, four months into the future. In addition, invoice #108 covered the period of June 1 – June 30, 2014, but invoice #106 covered a later time period, July 1 – July 31, 2014. Finally, invoice #108 was in the amount of \$3,937, but the project manager was paid \$8,127 on July 1, 2014.

When asked why the project manager was paid in excess of invoiced amounts, auditors were told two separate invoices were prepared for the same time period, one that supported the amount claimed for grant reimbursement and one for the remainder of the fee which wasn't claimed at all.

The project manager, general manager, and another consultant tracked hours claimed as match, which were unpaid, on a separate form. The match hours were not included on the consultants' invoices, were not certified by the consultants, did not detail the work performed, had no evidence of oversight by Mendota's board, and were not a requirement of the consultant contracts. Mendota claimed \$ 42,761 as match for consultant labor that is not supported and therefore, is questioned.

Finally, one consultant was both an employee of a major subcontractor for the project and an independent consultant. The subcontractor claimed the employee's time spent on the project as match. Mendota also claimed the individual's time as match and paid the individual approximately \$45,000 to provide services that were similar to the work this individual performed as an employee of the major subcontractor. While auditors found no evidence that the exact same hours of the employee/consultant's time were double claimed, there is the perception of a conflict of interest when an individual performs and is paid for the same type of work as both an employee of an entity's subcontractor and directly for the entity.

Internal controls that do not require consultants to claim all work performed for a specific time period on one invoice, don't require the consultant to number their invoices in numerical order, and include information that hasn't occurred increases the risk that services invoiced have not been performed. In addition, there is a perception of a conflict of interest when one individual performs the same type of duties as an employee of a subcontractor and as a direct consultant.

**Recommendations:**

- A. Energy Commission management will make the final determination of the impact on grant funds of \$42,761 in questioned match.
- B. Require consultants to include all work performed for a specific time period on one invoice.
- C. Require consultants to correct or amend any invoice that contains information that is not valid. Invoices that are not numbered sequentially should also be carefully reviewed to insure services performed haven't already been billed.
- D. Invoices should be reviewed and approved by someone, such as a board member, who isn't also submitting their own invoices for payment or as match.
- E. Refrain from hiring employees of subcontractors as consultants. In the event a subcontractor's employee is hired, obtain clear documentation from both the employee

and their employer outlining the duties, pay rates, etc. for work to be performed as an employee and as a consultant.

**Observation 5: Claimed Expenditures Not Paid in Full**

Mendota claimed expenditures, but only paid some of their vendors and subcontractors 90 percent of the claimed amount. For example, a subcontractor invoiced Mendota in the amount of \$27,253 which Mendota claimed. However, the subcontractor was only paid \$24,527 or 90 percent of the invoiced amount. Of approximately \$410,000 subcontractor and \$32,500 material expenditures tested, \$26,752 and \$3,256 respectively was claimed but not paid.

Grant agreement section 17 states the Energy Commission will reimburse the Recipient for actual allowable expenditures incurred in accordance with the budget. Section 17g states it is the Commission's policy to retain 10 percent of any payment request.

**Recommendation:**

- A. Pay in full all invoiced amounts reimbursed with grant funds.

**Observation 6: Required Language Not Included in Contracts**

Subcontracts did not include the right to audit in the terms and conditions. Both consultant contracts (100 percent) and three of seven (43 percent) minor subcontractor contracts tested did not include a term or condition to allow the Energy Commission to have reasonable access to and right of inspection of all records that pertain to the project.

Grant Agreement section 18c states the Recipient agrees to include the right to audit in any subcontract. Section 9 states all subcontracts must incorporate the audit provisions as specified in the Agreement.

**Recommendation:**

- A. Amend any current subcontract to include the right to audit as specified in the Grant Agreement.

The results in this report are based on our audit performed from January 5, 2015 through March 23, 2015.

This report is intended for the information and use of the California Energy Commission and Mendota Bioenergy LLC's management. It is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public record and therefore, may be subject to review if requested.

We appreciate the assistance and cooperation of Mendota. If you have any questions regarding this report, please contact me at (916) 653-2645 or [lisa.negli@energy.ca.gov](mailto:lisa.negli@energy.ca.gov)

Respectfully,



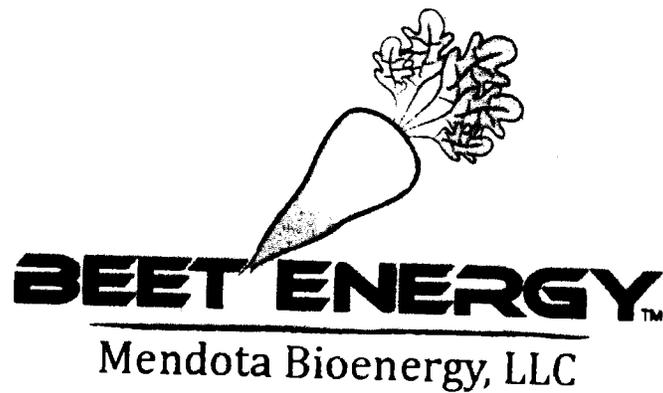
Lisa Negri  
Chief Auditor  
Office of Audits, Investigations, and Program Reviews

cc: Ms. Janea Scott, Commissioner, California Energy Commission  
Mr. Randy Roesser, Acting Deputy Director, California Energy Commission  
Mr. John Butler, Office Manager, California Energy Commission  
Ms. Rachel Grant-Kiley, Manager, California Energy Commission  
Mr. William Pucheu, General Manager and Board President  
Mr. James Tischer, Project Manager, Mendota Bioenergy, LLC  
Mr. John Diener, Board Member, Mendota Bioenergy, LLC

Attachment A – Mendota Bioenergy LLC's Response to Draft Audit Report  
Attachment B - Evaluation of Response

**Attachment A**

**Mendota Bioenergy LLC's Response to Draft Audit Report**



**Mendota Bioenergy, LLC**

**Response to**

**California Energy Commission**

**ARV 12-033**

**Draft Audit Report**

**April 17, 2015**

**Mendota Bioenergy, LLC**

2911 E. Barstow Ave. OF 144  
Fresno, CA 93740  
559.336.4570



April 16, 2015

Ms. Lisa Negri  
Assistant Executive Director  
Chief Auditor  
California Energy Commission  
1516 Ninth Street, MS 14  
Sacramento, California 95814

Re: Grant ARV-12-033  
Response to Audit Report

Dear Ms. Negri:

This letter is being sent in response to your audit report dated March 26, 2015 (the "Audit Report"). The Audit Report reflects the conclusions and recommendations of the Office of Audits, Investigations and Program Review following its audit of Mendota Bioenergy, LLC's grant agreement ARV-12-033 for the period March 12, 2013 through January 31, 2015.

As the California Energy Commission ("CEC") is aware, grant ARV-12-033 (the "Grant") is not the first grant Mendota Bioenergy, LLC ("MBLLC") has obtained from the CEC. In fact, had MBLLC not previously proven itself as a trustworthy partner and contributor to the CEC's programs, MBLLC would have never been awarded the Grant. So what has changed? Why does MBLLC now find itself in the unenviable position of responding to the CEC's Audit Report? We can assure you that nothing has fundamentally changed about MBLLC or the approach and attitude MBLLC has in connection with the grant funds the CEC entrusts to MBLLC. MBLLC's vision, determination, values, and methods have not changed or waived in any way. Rather, the variables that have changed in connection with the Grant are twofold. First, and most importantly, MBLLC has had two of its major subcontractors fail or refuse to perform in the manner that was contemplated at the commencement of the Grant. Second, in large part as a result of the first factor, the size, scope and timetable for designing, constructing and operating an advanced biorefinery demonstration plant have proven to be a tremendous challenge in view of MBLLC's limited human and financial resources.

As alluded to above, in June of 2013, MBLLC advised the CEC that the original Engineering Procurement Construction contractor for the project, IR1, would need to be replaced. IR1 advised MBLLC that it would not enter into a contract with MBLLC for the construction of the demonstration plant, as it was no longer able to complete the project for the amount approved by the CEC and reflected in the application for the Grant. This was a huge setback to MBLLC as it had been working with IR1 for over 3-years and had come to rely on

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IRI's expertise and guidance in this area. Following IRI's withdrawal from the project, MBLLC estimated the budget shortfall for construction and operation of the demonstration plant was in the neighborhood of \$1,000,000. As a result, in order to keep the project alive and on schedule, MBLLC selected a new contractor, Easy Energy Systems, Inc. ("EES"), a specialist in modular ethanol plants. The primary advantage of working with EES was the fact that EES had an existing modular ethanol plant in Emmetsburg, Iowa that EES could re-tool and re-engineer for use in the project. MBLLC immediately brought this new approach to the attention of CEC's staff and diligently addressed various staff concerns with the proposed modification to the Grant in November and December 2013. Unfortunately, however, the CEC's Business Meeting to approve the necessary amendment to ARV 12-033 (Amendment #2) was not approved by the CEC until May of 2014, a full five (5) months after all necessary documents were in place and approved by CEC staff.

In order to keep the project on time and on budget, MBLLC worked out an arrangement with EES whereby MBLLC would effectively lease from EES its existing modular ethanol unit modified to process energy beets, for purposes of reassembling the plant at the Red Rock Ranch in California as part of the demonstration plant. This concept was memorialized in a Services Agreement entered into by and between MBLLC and EES, which was approved by the CEC. The Services Agreement established rigorous performance criteria for EES to complete prior to receiving draws of any project funds. Initially, EES performed its work diligently and in good faith. However, EES's work eventually fell way behind schedule and communications with EES became difficult. MBLLC grew increasingly concerned that EES's founder and principal, Mark Gaalswyck, was experiencing personal and business issues that were compromising his continued involvement in the project. As a result, MBLLC arranged two on-site inspections of EES's facilities. Based on these on-site inspections, it became apparent to MBLLC that EES had been stripping parts from the modular ethanol plant it had pledged to MBLLC for other on-going projects EES was working on. As a result, based on the advice of seasoned engineering advisors, MBLLC elected to terminate EES's further participation in the project and the Grant. After notifying the CEC of the termination of EES, MBLLC hired Fuel and Power Logistics of Bakersfield to attempt to keep the project alive by coming up with a contingency plan for completing the ethanol demonstration plant.

Every act undertaken and decision made by MBLLC in connection with the Grant has been made in good faith and with the singular purpose of delivering on its objective of designing, constructing and operating a pilot-scale plant that converts approximately 2,400 tons of carbon-optimized energy beets into 60,000 gallons of 200-proof ethanol. This is an objective that MBLLC pursued with diligence and in good faith, despite dealing with a number of formidable obstacles all outside MBLLC's reasonable control, until the CEC provided MBLLC with a stop work order after MBLLC self-reported the difficulties MBLLC was having with EES. Notwithstanding the 4-month pro-longed shut down resulting from the CEC's stop work order and subsequent audit, we still believe we can deliver on many of the original commitments

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MBLLC made to the CEC in connection with the Grant if given the opportunity. See Attachment 1.0 for CEC ARV 12-033 Amendment 2# dated 5/30/2014 which indicates correct project performance metrics.

In connection with the CEC's audit, despite the tone and implications of the Audit Report, MBLLC has made every effort to be both cooperative and transparent with the CEC's audit team. Over the past three months, MBLLC has made every reasonable effort to provide the CEC auditors with the information and documentation requested of MBLLC. Notwithstanding these efforts, we feel the Audit Report portrays MBLLC's conduct and efforts in an unfair manner and ignores a number of external factors and practical realities that, if properly considered by the auditors, would have certainly reflected more favorably on MBLLC. The specific observations and recommendations included in the Audit Report are set forth in *italics* below and MBLLC's responses are set forth in **bold** and *italics* below.

*Table 1: Schedule of Claimed and Questioned Expenditures*

<i>Grant Agreement ARV-12-033</i>		
<i>Budget Category</i>	<i>Claimed Expenditures<sup>1</sup></i>	<i>Questioned Costs</i>
<i>Direct Labor</i>	\$ 27,975	\$
<i>Fringe Benefits</i>	6,619	
<i>Materials/Miscellaneous</i>	210,830	3,256
<i>Minor Subcontractors</i>	340,987	5,885
<i>Major Subcontractors</i>	551,804	20,867
<i>General and Administrative</i>	37,055	
<i>Equipment</i>	1,841,850	1,477,873
<i>Total Grant</i>	\$3,017,120	\$1,507,881
<i>Match</i>	6,508,294	1,225,749
<i>Total Project</i>	\$9,525,414	\$2,733,630

### *Observation 1: Inappropriately Utilized Grant Funds*

*Mendota claimed \$1,777,837<sup>2</sup> for equipment expenditures. However, upon receipt of the*

<sup>1</sup> *Claimed expenditures are expenditures both claimed and reimbursed through September 30, 2014. Mendota has submitted subsequent claims, but those expenditures have not been reimbursed by the Energy Commission and are not included in this table*

<sup>2</sup> *The first invoice submitted for this subcontractor was in the amount of \$313,504, but Mendota claimed and was reimbursed \$317,504. The over-claimed amount is included in the total reported. This is incorrect. EES invoice was submitted for \$317,504 and the reimbursement was \$313,104. See attached invoices (Observation 1, sub 2) that were provided to the audit team.*

## Mendota Bioenergy, LLC

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*Energy Commission's reimbursement funds, Mendota immediately began using those funds to pay non-reimbursable expenditures. Only \$750,000 was ultimately paid to the subcontractor resulting in over-claimed expenditures of \$1,027,873 (\$1,777,873 - 750,000).*

*Examples of how the remaining funds were used include:*

### **Allegations / Responses**

- 1.0 *\$43,000 paid for travel expenses for Mendota consultants. These expenditures had been claimed as match - The travel expenses incurred in the amount of \$43,000 was never claimed and included in the CEC Invoices for reimbursement, rather it was claimed as match.*
- 2.0 *\$154,000 paid for consultant fees. Some of these fees were claimed as match and some had not been claimed at all - The project manager, James R. Tischer of the Tischer Group, is an independent contractor retained by MBLLC to manage the Grant. Tischer invoices MBLLC for only 80 hours per month (50% FTE) regardless of the time spent on the project. Funds available from the Grant to reimburse Tischer amount to 25% FTE or \$4,016/month. MBLLC pays Tischer the difference between the CEC reimbursed amount and the full amount of the services invoiced. MBLLC determined that it would be difficult for the CEC to differentiate a monthly project report invoice that didn't match exactly amounts indicated in the most recent iteration of the Budget for the Grant. The typical monthly project report exceeds 150 pages of narrative and budget related documents. MBLLC was simply attempting to submit the invoices in a manner consistent with the Grant to help ensure timely processing.*
- 3.0 *\$55,000 paid to a subcontractor as settlement of a terminated subcontract, an unallowable grant expense - \$55,000 was used to pay for IRI Settlement.*

*In total, approximately \$403,000<sup>3</sup> was utilized to pay for expenses that had been claimed as match, were unallowable, or were never claimed at all.*

*This is an inaccurate characterization of MBLLC's actions in connection with the performance of Task 5 "Construction" under the Grant. The CEC advanced MBLLC the indicated amount of \$1,777,873 based on a partial equipment invoice submitted by EES for the re-engineering and re-tooling of its modular ethanol plant in Emmetsburg, Iowa. Equipment funds were advanced because the CEC's payable timetable of between 75 to 158 days from submittal to payment would not support any normal construction activities or meet*

<sup>3</sup> This figure is an estimate because Mendota declined to give a detailed account on how the funds were spent.

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*the aggressive calendar for completion of the project. See Attachment 2.0 for MBLLC-EES Services Agreement details regarding performance milestone.*

**Allegations / Responses**

- 4.0 *Approximately \$146,000 of the remaining over-claimed funds was spent on expenditures claimed in subsequent reimbursement requests<sup>4</sup>. However, some of those expenditures may be disallowed because they were incurred after the stop work order was issued or are not allowable - These funds were spent on Task 5 Construction and Task 6 Plant Operations which all fell within MBLLC's responsibilities once EES was relieved as the project's lead contractor. Further, the Audit Report appears to assume these funds were spent post-stop work order when the applicable invoices have not yet been prepared and sent to the CEC for reimbursement.*

**Allegations / Responses**

- 5.0 *Approximately \$136,000 was spent on subcontractor expenditures that have not been claimed. In addition, the Energy Commission for this project has not approved the subcontractor - MBLLC assumed responsibility for construction and operation of the demonstration plant following the dismissal of EES. The work done by Fuel and Power Logistics to complete Phase I construction was consistent with the work described in the Grant and did not require CEC approval. The Audit Report appears to mistakenly suggest that all electricians, plumbers, pipe fitters, etc. would have to be pre-approved by the CEC. This interpretation of the Grant requirements strains logic in so far as it assumes that a complex construction project of this magnitude can be completed in a timely manner and according to contract schedules when the CEC can take up to five (5) months to approve or ratify decisions.*

**Allegations / Responses**

- 6.0 *Mendota ultimately remitted \$300,000 in January 2015 leaving a balance of \$727,873 still owed to the Energy Commission. However, this only accounts for approximately \$985,000 (\$403,000+ 146,000 + 136,000 + 300,000) of the \$1,027,873 over-claimed funds Auditors were unable to determine how the remaining funds were utilized and Mendota declined to provide a detailed*

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<sup>4</sup> Mendota has submitted approximately \$275,000 in claimed expenditures, but not all had been paid as of January 31, 2015.

## Mendota Bioenergy, LLC

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*accounting - MBLLC provided every single accounting and banking record since the Grant began and it is simply not true that "Mendota declined to provide a detailed accounting." All MBLLC's accounting records have been turned over to the CEC's audit staff. The financial record is completely transparent. See Attachments 5.0 and 6.0 for complete set of Mendota accounting and banking records since project inception. These same documents were electronically transmitted three (3) times to CEC audit staff following the on-site Fresno audit.*

### **Allegations / Responses**

- 7.0 *Grant Agreement section 17 states the Energy Commission will reimburse the Recipient for actual allowable expenditures incurred in accordance with the budget - Quoting directly from Section 17 of the Grant's Terms and Conditions (Payment of Funds), (Attachment 1.0) the Section states "Payments will generally be made on a reimbursement basis for Recipient expenditures, i.e. after the Recipient incurred the cost for a service, product, supplies, or other approved budget item." The operative word in this Section is "generally" and in the case of MBLLC's significant expenditures for equipment an advance payment was made by the CEC to support the project's aggressive timetable.*

### **Recommendations / Response**

- A. *Remit \$727,873 to the California Energy Commission. Energy Commission management will determine if subsequent expenditure claims should be netted against the over-claimed funds and the final disposition of questioned costs- MBLLC disputes this recommendation for the reasons noted above. Further, MBLLC does not have \$727,873 to remit to the CEC and has no practical way to raise those funds.*
- B. *In the event the project is allowed to proceed, provide proof of payment when requesting reimbursement of claimed expenditures- Recommendation acknowledged and agreed.*

*Observation 2: Contract Executed After Expenditures Incurred; Equipment Not Received*

### **Allegation / Response**

- 8.0 *In September and October 2013, Mendota incurred equipment expenditures, which were submitted for reimbursement as noted in Observation 1. However, Mendota did not execute a contract with the contractor until June 2014. The terms, conditions, progress payments, and total contract price were different than the*

## Mendota Bioenergy, LLC

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*information included on the subcontractor's original invoices - Please note that the CEC was advised in June of 2013 that EES would be replacing IR1 as the EPC contractor. IR1 had been MBLLC's developer through the earlier 3-year period of the ARV 10-028 technical feasibility contract and their failure to proceed was a huge setback to MBLLC. EES agreed to take over IR1's role under the Grant as lead contractor. As explained above, the focus shifted to re-engineering and re-tooling EES's existing modular ethanol plant to process energy beets and for installation at Red Rock Ranch.*

### **Allegation / Response**

- 9.0 *Mendota stated they terminated the contract early for breach of contract. While Mendota paid \$750,000 in progress payments, they did not receive any of the equipment listed on the invoices submitted and claimed for reimbursement. Instead, they paid for mobilization costs and engineering plans, which they received. As of the date of this report, Mendota has not taken any further action against the subcontractor - **The Services Agreement (NOT A PURCHASE AGREEMENT) with EES required EES to re-tool and re-engineer EES's existing modular ethanol plant for use and operation at Red Rock Ranch. The Services Agreement (NOT A PURCHASE AGREEMENT) (Attachment 2.0) sets forth specific performance milestones that were to be completed before payments were made. The Services Agreement by and between MBLLC and EES was shared with CEC staff as required. Following on-site inspections at EES's facilities, it became obvious to MBLLC's observers that EES was using the most valuable components of its modular ethanol plant at other locations for other jobs. Based in large part on his realization, MBLLC terminated EES. MBLLC has not provided EES with any releases and still has the right to pursue any legal remedies it deems appropriate against EES.***

### **Allegation / Response**

- 10.0 *Finally, Mendota paid the contractor prior to executing the contract. The first progress payment was made March 3, 2014, six months after incurring the expense and three months prior to executing the contract. Mendota claimed expenditures for equipment that ultimately was not received. In addition, Mendota paid the subcontractor prior to executing the contract and review and approval from the Energy Commission. Therefore, the total amount of \$750,000<sup>5</sup> is questioned - **This observation mischaracterizes the nature of the work that was performed by EES under the Services Agreement. It is also worth noting that Amendment #2 to the Grant was completed in January of 2014 and yet was not scheduled for a***

<sup>5</sup> Total amount questioned for this subcontractor is \$1,477,873 (\$727,873 + \$750,000).

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***Business Meeting until May of 2014, a full three months after necessary staff work was completed. These types of administrative delays created numerous practical problems in the pursuit of this project particularly since energy beets had been contracted and planted to meet an aggressive ARV 12-033 demonstration plant startup schedule.***

#### **Allegation / Response**

***11.0 Incurring costs prior to executing a contract increases the risk that expenditures are not in compliance with program requirements, and final deliverables are not completed as intended. In addition, paying a contractor prior to execution of the contract increases the risk that the buyer will pay for goods or services that are never received. Grant Agreement section 17 states the Energy Commission will reimburse the Recipient for actual allowable expenditures incurred in accordance with the budget. Section 9 states all subcontracts must be submitted for review prior to execution and the Recipient must have an executed contract before the subcontractor can incur any costs for which the Recipient will seek reimbursement - All subcontracts by all subcontractors were submitted to CEC staff in a timely manner as required by the Grant as a component of the Monthly Progress Report.***

#### **Recommendations / Response**

- A. Remit \$750,000 to the California Energy Commission. Energy Commission management will determine the disposition of questioned costs - MBLLC disputes this recommendation for the reasons noted above. Further, MBLLC does not have \$750,000 to remit to the CEC and has no practical way to raise those funds.***
- B. Ensure contracts are executed prior to incurring costs - Recommendation acknowledged and agreed.***
- C. Submit executed contracts to the California Energy Commission for review and approval prior to incurring costs- Recommendation acknowledged and agreed. However, MBLLC maintains that all Grant subcontracts were submitted to staff in a timely manner.***
- D. If Mendota takes further action against the subcontractor, provide documentation to the Energy Commission detailing the outcome of that action. Energy Commission management will decide if the outcome and the value of goods or services received are sufficient to justify \$750,000 in grant funds - Recommendation acknowledged and agreed. However, MBLLC's decision***

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*whether to pursue litigation against Easy Energy Systems will depend on a number of factors including, without limitation, ability to fund the litigation, likelihood of prevailing on the merits, likelihood of recovery and input from the CEC.*

### *Observation 3: Claimed Match Not Supported*

#### **Allegation / Response**

- 12.0 *Mendota claimed unsupported equipment and subcontractor costs as in-kind match. For example, Mendota claimed as match \$1,059,186 in loan proceeds from the same subcontractor discussed in Observations 1 and 2. In addition, labor, fringe benefits, and other equipment costs provided by the subcontractor were also claimed as match. However, no loan documents or other supporting documentation was provided to support the total \$1,132,096 claimed for this subcontractor. Mendota also claimed value for the use of the land and equipment provided by another major subcontractor, but the mathematical formula used to calculate the value was incorrect resulting in \$50,892 in over-claimed match. Total amount of match questioned is \$1,182,988.*

*Grant Agreement, section 18d states the Recipient agrees to be liable for the percentage of match share identified in the Agreement. Failure to provide the minimum required match share might result in subsequent recovery of some or all of the funds provided under the Agreement - Although a loan from EES to MBLLC was discussed in early negotiations with EES, this concept was dropped from the final version of the Services Agreement (Attachment 2.0). The extensive use of the Red Rock Ranch site facilities for the construction and operation of the demonstration plant is a major plus for the project and saves literally hundreds of thousands of dollars by avoiding the installation of electricity, water, a commercial truck scale, almost an acre (43,560 sq. ft.) of heavy duty concrete for all weather operations plus the use of the 20,000 sq. ft. commercial vegetable cooler.*

*The value of these facilities could easily have been confirmed if CEC audit staff would have accepted any of MBLLC's numerous invitations to tour and inspect the Red Rock Ranch, Five Points, California site during the Fresno audit.*

#### **Recommendation /Response**

- A. *Mendota should provide additional match expenditures sufficient to replace the unsupported match claimed. If Mendota is unable to do so, the grant amount should be reduced proportionally. The determination to reduce the grant amount*

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*or reimbursed grant funds lies with Energy Commission management - Recommendation acknowledged and agreed. MBLLC will endeavor to provide all the match required to complete the project.*

*Observation 4: Internal Controls over Consultant Fees and Services are Weak*

**Allegation / Response**

- 14.0 *Mendota employs several consultants to provide project oversight and services. However, invoices submitted by consultants don't reflect the full amount of work performed, are not numbered in sequential order, and include amounts that haven't been incurred. For example, the project manager submitted invoice #108 dated July 7, 2014, which included a note for an outstanding balance as of October 1, 2014, four months into the future. In addition, invoice #108 covered the period of June 1-June 30, 2014, but invoice #106 covered a later time period, July 1-July 31, 2014. Finally, invoice #108 was in the amount of \$3,937, but the project manager was paid \$8,127 on July 1, 2014 - The project manager, James R. Tischer of the Tischer Group, is an independent contractor retained by MBLLC to manage the Grant. Tischer invoices MBLLC for only 80 hours per month (50% FTE) regardless of the time spent on the project. Funds available from the Grant to reimburse Tischer amount to 25% FTE or \$4,016/month. MBLLC pays Tischer the difference between the CEC reimbursed amount and the full amount of the services invoiced. MBLLC determined that it would be difficult for the CEC to differentiate a monthly project report invoice that didn't match exactly amounts indicated in the most recent iteration of the Budget for the Grant. The typical monthly project report exceeds 150 pages of narrative and budget related documents. MBLLC was simply attempting to submit the invoices in a manner consistent with the Grant to help ensure timely processing.*

**Allegation / Response**

- 15.0 *When asked why the project manager was paid in excess of invoiced amounts, auditors were told two separate invoices were prepared for the same time period, one that supported the amount claimed for grant reimbursement and one for the remainder of the fee which wasn't claimed at all.*

*The project manager, general manager, and another consultant tracked hours claimed as match, which were unpaid, on a separate form. The match hours were not included on the consultants' invoices, were not certified by the consultants, did not detail the work performed, had no evidence of oversight by Mendota's board, and were not a requirement of the consultant contracts.*

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*Mendota claimed \$ 42,761 as match for consultant labor that is not supported and therefore, is questioned -William C. Pucheu, Board President and General Manager of MBLLC, approved all consultant invoices. MBLLC, at regular monthly meetings, approved all vendor invoices and check runs. Examples of meeting minutes have been provided several times to Audit staff.*

### **Allegation / Response**

- 16.0 *Finally, one consultant was both an employee of a major subcontractor for the project and an independent consultant. The subcontractor claimed the employee's time spent on the project as match. Mendota also claimed the individual's time as match and paid the individual approximately \$45,000 to provide services that were similar to the work this individual performed as an employee of the major subcontractor. While auditors found no evidence that the exact same hours of the employee/consultant's time were double claimed, there is the perception of a conflict of interest when an individual performs and is paid for the same type of work as both an employee of an entity's subcontractor and directly for the entity.*

*Internal controls that do not require consultants to claim all work performed for a specific time period on one invoice, don't require the consultant to number their invoices in numerical order, and include information that hasn't occurred increases the risk that services invoiced have not been performed. In addition, there is a perception of a conflict of interest when one individual performs the same type of duties as an employee of a subcontractor and as a direct consultant - MBLLC did not seek reimbursement from the CEC for the consulting work performed by Ellen Suryadi. The consulting hours performed on behalf of MBLLC are either paid by MBLLC or being contributed to MBLLC are the only hours being claimed as matching amounts to the CEC. MBLLC is seriously troubled by the audit allegation that Fresno State and Ms. Suryadi administered this specific grant in a compromised and unprofessional manner. The Commission should be advised that Fresno State has been supportive of the Mendota integrated biorefinery project for the past 7 years as a key component of its charter from the State to advance sustainable agricultural and renewable energy technologies as well as empower and assist disadvantaged communities economically within the central San Joaquin Valley region. Similarly ARV 12-033 is one of forty-three (43) grants currently administered by the Center for Irrigation Technology at Fresno State and personally by Ms. Suryadi. Mendota Bioenergy, LLC is offended by this unprofessional allegation directed towards Fresno State and Ms. Suryadi and strenuously objects to the gross mischaracterization.*

Mendota Bioenergy, LLC  
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Fresno, CA 93740  
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***Recommendations / Response***

- A. *Energy Commission management will make the final determination of the impact on grant funds of \$42,761 in questioned match - Recommendation acknowledged and agreed.*
- B. *Require consultants to include all work performed for a specific time period on one invoice - Recommendation acknowledged and agreed. Although MBLLC remains concerned that CEC contract review system may not be able to process invoices if they are different from the language in the Grant Budget.*
- C. *Require consultants to correct or amend any invoice that contains information that is not valid. Invoices that are not numbered sequentially should also be carefully reviewed to insure services performed haven't already been billed - Recommendation acknowledged and agreed*
- D. *Invoices should be reviewed and approved by someone, such as a board member, who isn't also submitting their own invoices for payment or as match - Recommendation acknowledged and agreed. Although, William C. Pucheu, President of MBLLC, reviews all consultant invoices.*
- E. *Refrain from hiring employees of subcontractors as consultants. In the event a subcontractor's employee is hired, obtain clear documentation from both the employee and their employer outlining the duties, pay rates, etc. for work to be performed as an employee and as a consultant - Recommendation noted. However, MBLLC would have considerable difficulty finding qualified people in Fresno area to collate and manage complex 150-page monthly project reports with its tight budget.*

***Observation 5: Claimed Expenditures Not Paid in Full***

***Allegation / Response***

- 17.0 *Mendota claimed expenditures, but only paid some of their vendors and subcontractors 90 percent of the claimed amount. For example, a subcontractor invoiced Mendota in the amount of \$27,253, which Mendota claimed. However, the subcontractor was only paid \$24,527 or 90 percent of the invoiced amount. Of approximately \$410,000 subcontractor and \$32,500 material expenditures tested, \$26,752 and \$3,256 respectively was claimed but not paid. Grant agreement section 17 states the Energy Commission will reimburse the Recipient for actual allowable expenditures incurred in accordance with the budget. Section 17g states it is the Commission's policy to retain 10 percent of any payment request -*

## Mendota Bioenergy, LLC

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*This issue was brought up and explained many times during the three-day audit visit to Fresno State as well as during a conference call with the audit staff. Despite what is included in the Audit Report, CEC staff claimed to understand that MBLLC is in compliance with the Grant as well as the approved major subcontractor agreements that all provide for a 10% withholding unless the reimbursement submitted was for purchase of equipment which resulted in no withholding requirement.*

*Attachment 3.0 contains Mendota Master Services Agreement.*

### **Recommendation / Response**

- A. *Pay in full all invoiced amounts reimbursed with grant funds - Comment noted. However, Section 1.2 of MBLLC's master Services Agreement specifically provides for 10% retention. The Services Agreement provides as follows:*

***"1.2 Contract Cost.** The term **"Contract Cost"** shall mean the sum of \_\_\_\_\_; as such amount may from time-to-time be decreased or increased in accordance with the terms and provisions of this Agreement. Contractor agrees and acknowledges that payment for all Work hereunder shall be subject to retention of ten percent (10.0%) of each invoice submitted by Contractor (the **"Retention Amount"**) in accordance with the terms and conditions of the California Energy Commission (**"CEC"**) Grant awarded to Company. The Retention Amount shall only be released to Contractor at the end of the project of which the Work is a part and only upon the CEC's approval of the release of the Retention Amount."*

*Observation 6: Required Language Not Included in Contracts*

### **Allegation / Response**

- 18.0 *Subcontracts did not include the right to audit in the terms and conditions. Both consultant contracts (100 percent) and three of seven (43 percent) minor subcontractor contracts tested did not include a term or condition to allow the Energy Commission to have reasonable access to and right of inspection of all records that pertain to the project. Grant Agreement section 18c states the Recipient agrees to include the right to audit in any subcontract. Section 9 states all subcontracts must incorporate the audit provisions as specified in the Agreement - Comment noted. However, Section 2.6 of MBLLC's master Services Agreement includes the appropriate language regarding audits. The Services Agreement provides as follows:*

Mendota Bioenergy, LLC  
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Fresno, CA 93740  
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***"2.6 Audits. Upon written request from Company, Contractor shall provide detailed documentation of all expenses incurred by Contractor in connection with the Work. In addition, Contractor agrees to allow the California Energy Commission ("CEC") or any other agency of the State of California or the Federal government, or their designated representatives, upon written request, to have reasonable access to and the right of inspection of all records that pertain to the Work during the term of this Agreement and for a period of three (3) years thereafter."***

***Recommendation / Response***

- A. Amend any current subcontract to include the right to audit as specified in the Grant Agreement - Recommendation noted. Any subcontracts without required language will be modified.***

As we have previously indicated, MBLLC is very grateful and appreciative of the support and faith the CEC has shown in MBLLC to date. We would very much like the opportunity to sit down with you in Sacramento to devise a mutually acceptable plan for satisfying the conditions of the Grant and completing our work.

We look forward to hearing from you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Russell Gragnani", is written over a light blue horizontal line.

Russell Gragnani  
Vice-President

cc: Honorable Henry Perea, California Assembly, 31<sup>st</sup> District  
Dr. Robert B. Weisenmiller, Chair, California Energy Commission  
Rob Oglesby, Executive Director, California Energy Commission  
Randy Roesser, Acting Deputy Director, California Energy Commission  
John Butler, Office Manager, California Energy Commission  
Rachel Grant-Kiley, Manager, California Energy Commission  
James Tischer, Project Manager, Mendota Bioenergy, LLC

**Mendota Bioenergy, LLC**

2911 E. Barstow Ave. OF 144

Fresno, CA 93740

559.336.4570



**Enclosures:**

- 1.0 ARV 12-033 Amendment #2 dated 5/30/14 signed by Rachel L. Grant-Kiley, Grants and Loans Office Manager
- 2.0 Easy Energy Systems, Inc. Services Agreement dated May 30, 2014, signed June 4, 2014
- 3.0 Mendota Bioenergy, LLC Master Services Agreement for all subcontractors dated January 2013
- 4.0 Mendota Bioenergy receivables from CEC prior to 12/15/2014 Stop Work Order
- 5.0 Mendota Accounting Records from ARV 12-033 inception April 2013 through January 2015.
- 6.0 Mendota Bank Statements for similar period

## Attachment B - Evaluation of Response to Audit Report

Mendota Bioenergy, LLC (Mendota) included six attachments to their response to the audit report. Because the attachments were lengthy and did not include any information not already known to the auditors, they are omitted from the final report.

Mendota agreed with many of the recommendations included in the audit report. We appreciate Mendota's willingness to implement corrective actions. However, Mendota disagreed with the majority of the findings. The evaluation of Mendota's response is below.

### **Observation 1 – Inappropriately Utilized Grant Funds**

In general, Mendota agrees that the over claimed grant funds were expended as stated, but disagrees with the individual characterizations of the stated expenditures. The following are Mendota's objections and our responses.

- *Travel expenses were never claimed for reimbursement. We agree, but since the over claimed grant funds were used to pay the travel expenses, stating the expenditures are match is inaccurate.*

- *Consultant fees were submitted in amounts less than earned to help Energy Commission staff process the reimbursement requests timely. Please see Observation 4 for our response.*

- *The funds were an advance from the Energy Commission requested because the Energy Commission does not process payment requests in a timely manner. At no time was Energy Commission staff informed Mendota did not intend to pay the Easy Energy invoices submitted as part of the reimbursement request package. In addition, Mendota never raised the issue of slow payment processing to Energy Commission management giving the Energy Commission no opportunity to provide an alternative to advancing such a significant amount of funds.*

- *Funds claimed in subsequent reimbursement requests were spent on Task 5 and Task 6 which all fall within Mendota's responsibilities. We agree Energy Commission staff and management will make the final determination which of the claimed, but suspended, expenditures will be approved. However, we do note some expenditures such as \$10,000 paid on January 28, 2015 for permit costs and consultant fees paid January 2, 2015 to the project manager, assistant project manager, and project admin coordinator were paid after the stop work order date of December 15, 2014 and therefore, may be disallowed.*

- *The subcontractor does not require approval from the Energy Commission prior to incurring expenses. As part of the proposed Amendment 3 to the grant, Mendota identified Fuel and Power Logistics as a key subcontractor. Section 9 of the grant states all subcontracts must be submitted for review prior to execution.*

- *Mendota provided accounting records and bank statements which was sufficient for a detailed accounting. We agree a transaction report and bank statements were provided.*

However, no analysis was included and a list of expenditures paid with over claimed funds was never compiled by Mendota. Therefore, the list of expenditures reported in this observation is based on our analysis and not Mendota's statement of how over claimed funds were utilized.

Observation 1 remains unchanged.

**Observation 2 – Contract Executed After Expenditures Incurred; Equipment Not Received**

Mendota states the contract with Easy Energy is a service agreement and not a purchase agreement. Therefore, they state the observation mischaracterizes the nature of the work to be performed by Easy Energy.

We acknowledge that the executed contract is a service agreement. However, as noted, the request for reimbursement was made prior to the executed contract date and as reimbursement of expenditures incurred for the purchase of equipment. Since that equipment was never purchased, Observation 2 remains unchanged.

**Observation 3 – Claimed Match Not Supported**

Mendota acknowledges that the loan with Easy Energy was claimed, but never executed. However, they state the value of Red Rock Ranch's site facilities is sufficient to substitute for the unsupported Easy Energy match.

The use of Red Rock Ranch's land and equipment has already been claimed as match and Mendota claimed and was reimbursed for Red Rock Ranch lease payments. No documentation was provided to support additional value for use of the facilities.

Observation 3 remains unchanged.

**Observation 4: Internal Controls over Consultant Fees and Services are Weak**

Mendota agrees with the recommendations. However, Mendota claims CEC would be unable to distinguish the amount claimed as reimbursement if consultant's invoices were for a different amount than claimed. Mendota also states the Board President reviews all invoices. Finally, Mendota claims they did not seek reimbursement for the Fresno State employee and believes the audit report contains a gross mischaracterization of the work relationship between Mendota and the Fresno State employee.

We believe the inclusion of a short narrative to explain what amount of an invoice is claimed as reimbursement or claimed as match would be sufficient to allow an Energy Commission grant manager to accurately process a reimbursement request.

We acknowledge the Board President reviews consultants' invoices. However, because the Board President is also claiming hours as match, our recommendation that another Board member assume responsibility for review of all consultant and board member invoices and/or time sheets stands.

Finally, we note that while Mendota claimed the labor supplied by the Fresno State employee as match, in actuality, Mendota used the over claimed grant funds to pay the employee. We also note that when questioned, the employee's direct supervisor stated he was unaware the employee was also working for Mendota.

Observation 4 remains unchanged.

**Observation 5 – Claimed Expenditures not paid in full**

Mendota disagrees they are required to pay claimed expenditures in full. As evidence, Mendota offers a copy of a service agreement that allows Mendota to withhold ten percent retention from the subcontractor's payment. Inclusion of a retention clause in a subcontract does not alter the grant language that the Energy Commission reimburses recipients for actual expenditures.

Observation 5 remains unchanged.

**Observation 6 –Required Language Not Included in Contracts**

Mendota agrees with the recommendation.

**Draft Report Amended**

The draft report was amended to reflect the updated grant purpose as approved in Grant Agreement Amendment 2. In addition, a typographical error for the stop work order date was corrected.

# ATTACHMENT 17

5/28/15

Butler, John@Energy

Actions

To:

M

Bill Pucheu [pbrincwp@kermantel.net]

Cc:

M

leon@leonwoods.com; Roesser, Randy@Energy; Ward, Allan@Energy; redrock\_ranch@yahoo.com; Shawn Garvey [shawn@thegrantfarm.com]

Attachments:

Disallowed Costs

Gentlemen—

Thank you again for meeting with us today. We felt as this was a productive meeting. As promised, attached is a listing of the disallowed expenditures under invoices #20-23 which are currently disputed.

As a reminder, Mendota is on point to deliver source documentation of expenditures and proof of payment to offset the \$1,285,308.98 owed to the Energy Commission (per CEC's calculation). Please remember, these expenditures must be:

- Consistent with the Scope of Work
- Consistent with the Budget
- Consistent with the Stop Work Order
- Not duplicative with previously approved expenditures (or pending approved expenditures under Invoices #20-23)

Per our discussion, this documentation must be delivered to the Energy Commission by June 30, 2015. If you have any questions or need any assistance, please feel free to contact me. Thanks.

John

John P. Butler II, Manager  
Emerging Fuels and Technologies Office  
Fuels and Transportation Division  
(916) 654-4424  
john.butler@energy.ca.gov

# ATTACHMENT 18



June 30, 2015

John Butler  
California Energy Commission  
1516 Ninth Street, MS 38  
Sacramento, CA 95814

Dear Mr. Butler:

Thank you for the opportunity to provide additional information regarding Mendota Bioenergy: ARV 12-033. In this communication, it is our intention to address outstanding issues related to the execution and completion of this historic project.

**1. Independent Accountant Report.** Mendota Bioenergy LLC (Mendota) includes a full "Independent Accountant's Report on Agreed Upon Procedures" dated June 29, 2015 and performed by the professional accounting firm of Hills, Renaut, Homan and Hughes. The Report reviewed Invoices 20, 21, 22 and 23 and matched invoices with cash receipts, cash disbursements, and invoices, and found no exceptions (Attachment 1). This Report also reviews expenses related to Easy Engineering System Inc. (EES) and as-yet unpaid expenses related to close out activities associated with this project.

**2. Receipts and Disbursements.** Mendota acknowledges receipt of \$313,504.00 in CEC disbursements included in Invoice #6 and \$1,460,369.00 included in Invoice #7 for the purposes of payment to Easy Engineering System, Inc. (EES). Mendota also acknowledges repayment to CEC of \$300,000 made on January 20, 2015. (Attachment 1, Exhibit 1)

**3. Exceptions.** Mendota asserts that the amount due to California Energy Commission is \$1,281,308.97 with the following exceptions:

**Easy Engineering System, Inc.**

**\$750,000**

Total payments made to EES in the amount of \$750,000 are an eligible expense and should be deducted from the total amount due. Mendota paid three Milestone payments to EES for services delivered in 2014, including payment #1 of \$300,000 for contracted payments described as "Mobilization, Engineering, and Administration, \$300,000 for "Completed Engineering Documents and Initial Equipment Procurement" and \$150,000 for "Completed Engineering Documents and Initial Equipment Procurement." These services and the associated timeline for payment are detailed in EES Services Agreement (Attachment 2, page 146 – 167) between EES and Mendota. Detailed progress reports were submitted monthly by EES to Mendota documenting the completion of services related to the EES Services Agreement in May, June, July and August, 2014. These



detailed progress reports were in turn submitted to California Energy Commission for review and approval as part of Mendota's Monthly Progress Report (MPR) associated with each invoice.

Mendota discontinued making additional payments after a site visit demonstrated that progress on additional EES Service Contract tasks related to equipment preparation were not proceeding in a timely manner. Mendota gave EES 30 days to cure these deficiencies; EES was unable to cure these deficiencies and Mendota discontinued additional Service Agreement payments and terminated the relationship with EES at this time.

Mendota asserts that CEC was notified and aware of the terms of the EES Services Agreement. This EES Services Agreement was discussed repeatedly with California Energy Commission for a significant period of time, a direct result of this culminating in a formal Commission resolution approving Amendment 2 to Agreement 12-033 that allowed budget revisions, extended the term of the Agreement and reduced the scale of the demonstration project to match the availability of energy beet feedstock on May 14, 2015 (Attachment 3). As a direct consequence of this action, Mendota entered into a formal Services Agreement with EES shortly after on May 30, 2014. The executed contract was transmitted to the California Energy Commission formally on June 9, 2014 as part of its May Monthly Progress Report. The cover letter to this May MPR specifically calls attention to "two substantive contractual agreements integral to the success of ARV12-033 are attached: 1. The Easy Energy Services Agreement and 2. The DF2000 Lease at Red Rock Ranch for the Commercial Cooler" (Attachment 2, page 2).

**Project Close Out Activities**

**\$771,000**

Since a stop-work order was issued on this project in December, 2014, expenses and costs related to project wind down and close out activities total \$771,116, of which Mendota asserts approximately \$771,000 is an eligible expense. A detailed listing and description of these eligible expenses is attached (Attachment 1, Exhibit 3).

**4. Litigation Analysis.** Mendota includes a detailed Litigation Analysis detailing legal options related to the inability of EES to complete its Services Agreement successfully (Attachment 3). This Legal Analysis, prepared by the law firm Baker, Manock and Jensen and delivered on June 12, 2015 presents legal options available to Mendota and strengths and weaknesses of these options, with an evaluation of recovery opportunities. This analysis asserts that there are likely numerous causes of action against EES, but that Mendota and CEC might anticipate a retaliatory lawsuit against Mendota, and that the costs of litigation are likely prohibitive. Finally, the analysis questions EES' ability to pay, reporting four recent open IRS tax liens totaling in excess of \$300,000 and several unsatisfied lawsuits decided against EES totaling nearly \$200,000. Mendota believes by this analysis and its previous knowledge that further legal action



against EES would not be beneficial to the objectives of Mendota or the California Energy Commission.

**5. Project Completion.** Mendota believes that it has satisfied a substantial portion of the tasks and subtasks of this Agreement, and has demonstrated an ultra low carbon sugarbeet to ethanol pathway that offers significant and transformative benefit to the goals and objectives of the state of California. As a result of this project, Mendota is now in active dialogue with multiple California ethanol producers to build upon this success.

Given the above, Mendota proposes the following:

- A. Mendota reimburses California Energy Commission a total of \$531,308.97 (\$1,281,308.97 - \$750,000.00. For purposes of this accounting, Mendota does not challenge the \$80,951.71 in expenses disallowed by CEC for Invoices 21 through 24);
- B. CEC lift the Stop Work Order;
- C. Mendota submits an invoice for close out activities which have already occurred of approximately \$771,000 (based upon review and concurrence of eligible expenses with CEC), which is credited by the CEC against A above;
- D. Mendota submits a Final Report documenting the successes and challenges of this project;
- E. Mendota submits a final invoice for retention funds.

Thank you for your attention to this matter and for your work in supporting the efforts of Mendota Bioenergy to help achieve California's ambitious energy and greenhouse goals.

Sincerely,

  
William Pucheu  
2911 East Barstow Avenue. M/S OF 144  
Fresno, CA 93740  
559.336.4570

# Hills, Renaut, Homen & Hughes

ACCOUNTANCY CORPORATION

7040 NORTH MARKS, SUITE 111 / FRESNO, CA 93711 / FAX (559) 447-4515 / (559) 447-4500

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
Mendota Bioenergy, LLC  
Fresno, California

We have performed the procedures enumerated below, which were agreed to by you, solely to assist you with respect to the claims of California Energy Commission as of June 15, 2015. Mendota Bioenergy, LLC's management is responsible for the presentation of the claims of California Energy Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Mendota Bioenergy, LLC. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

In accordance with your instructions, this report includes only those invoices after December 14, 2014. Our procedures and findings are as follows:

- 1) We compared the invoices dated after December 14, 2014 to your list, noting date, amount, and payee.

The invoices agreed with your list.

- 2) We traced all items as listed in exhibit 1 of cash receipts, cash disbursements, and invoices payable to Mendota Bioenergy, LLC's general ledger.

No exceptions were found as a result of these comparisons.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the claims of California Energy Commission. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Mendota Bioenergy, LLC and California Energy Commission, and is not intended to be and should not be used by anyone other than these specified parties.

*Hills, Renaut, Homen & Hughes*

Hills, Renaut, Homen & Hughes  
June 29, 2015

Mendota Bioenergy, LLC  
Funds Due To (From) California Energy Commission (CEC)  
June 15, 2015

Exhibit 1

CEC disbursement included in invoice #6 (Easy Engineering System, Inc.)	\$	313,504.00
CEC disbursement included in invoice #7 (Easy Engineering System, Inc.)		1,460,369.00
Less Mendota Bioenergy, LLC, repayment to CEC Date 01/02/15		(300,000.00)
Less allowable expenses invoice # 20-23 (see exhibit 2)		<u>(192,564.03)</u>
Total Amount Due CEC	\$	1,281,308.97
Additional items that Mendota Bioenergy, LLC, feel the CEC needs to consider:		
Payment made to Easy Engineering (see exhibit 4)	\$	750,000.00
Additional pending invoices (see exhibit 3)		<u>771,134.29</u>
Total Additional Items		<u>(1,521,134.29)</u>
Net Due Mendota Bioenergy, LLC	\$	<u>(239,825.32)</u>

Details on Allowability of Expenditures under Invoices #20-23

EXHIBIT 2

Item #	Invoice #	Vendor name	Amount claimed	Amount Disallowed
1	20	Glencass	\$ 1,573.59	\$ 1,573.59
2	20	Baker Manock & Jensen	\$ 1,838.50	\$ 1,838.50
3	20	Mid Valley RO	\$ 2,575.80	\$ 2,575.80
4	21	Britz Farming Corp	\$ 1,000.00	\$ 1,000.00
5	21	Baker Manock & Jensen	\$ 1,059.85	\$ 1,059.85
6	22	PMI Labor Services	\$ 1,869.97	\$ 922.27
7	22	Extreme Communications	\$ 357.50	\$ 357.50
8	22	Mid Valley RO	\$ 1,426.27	\$ 1,426.27
9	22	DF2000 Trust	\$ 10,000.00	\$ 10,000.00
10	22	Britz Farming Corp	\$ 11,190.00	\$ 11,190.00
11	22	Greenbelt Resources	\$ 10,000.00	\$ 10,000.00
11	22	Labor	\$ 6,150.00	\$ 3,075.00
12	22	Fringe Benefits	\$ 1,537.50	\$ 768.75
13	23	Mid Valley Disposal	\$ 93.89	\$ 46.95
14	23	Palogix Int'l	\$ 5,356.80	\$ 2,678.40
15	23	Mid Valley RO	\$ 832.89	\$ 832.89
16	23	Glencass	\$ 178.90	\$ 178.90
17	23	PG&E	\$ 84.17	\$ 42.09
18	23	CSU Fresno	\$ 27,541.21	\$ 27,541.21
19	23	Labor	\$ 3,075.00	\$ 3,075.00
20	23	Fringe Benefits	\$ 768.75	\$ 768.75
Total Amount Disallowed:			\$	80,951.71

Total Amount Requested under invoices #20-23: \$ 273,515.74  
 Less Disallowed Expenses: \$ (80,951.71)  
 Total Allowed Expenditures under Invoices #20-23: \$ 192,564.03

ADDITIONAL PENDING INVOICES

Date	Num	Name	Amount	EXHIBIT 3
				1 of 2
	1	Accounting - Hills, Renaul, Homen & Hughes	4,390.00	
	2	Attorney Baker Manock & Jensen	9,351.00	
	3	Appraisal	2,000.00	
	4	Payments to IR 1	70,000.00	
	5	Funds due IR1	20,000.00	
	6	IPFS Insurance (Total \$ 127,471.21 - \$35,000 was paid by CEC)	92,471.21	
	7	01/01/2015 ARV 12-033 GROWERS - Red Rock Ranch, Inc.	154,916.68	
	8	03/21/2015 1971 ARV 12-033 GROWERS - Red Rock Ranch, Inc.	6,975.00	
	9	04/15/2015 2001 ARV 12-033 GROWERS - Red Rock Ranch, Inc.	1,166.00	
	10	04/15/2015 2002 ARV 12-033 GROWERS - Red Rock Ranch, Inc.	1,875.00	
	11	05/19/2015 2051 ARV 12-033 GROWERS - Red Rock Ranch, Inc.	11,981.25	
	12	05/19/2015 2052 ARV 12-033 GROWERS - Red Rock Ranch, Inc.	11,887.50	
	13	05/19/2015 93804 ARV 12-033 GROWERS - Red Rock Ranch, Inc.	4,651.65	
	14	12/01/2014 25570-19 & 20 ARV 12-033 MAJOR SUB - UC Davis	19,006.71	
	15	01/29/2015 25570-23 ARV 12-033 MAJOR SUB - UC Davis	11,691.45	
	16	04/07/2015 25570-24 ARV 12-033 MAJOR SUB - UC Davis	6,243.28	
	17	01/13/2015 DTH01-13-15 ARV 12-033 MINOR - Del Testa Farms	7,801.50	
	18	02/24/2015 DTH02-24-15 ARV 12-033 MINOR - Del Testa Farms	300.00	
	19	03/03/2015 DTH03-03-15 ARV 12-033 MINOR - Del Testa Farms	525.00	
	20	03/02/2015 19 ARV 12-033 MINOR - Steve Zicari	450.00	
	21	11/30/2014 3476 ARV 12-033 MINOR - Sure Harvest	250.00	
	22	03/31/2015 3551 ARV 12-033 MINOR - Sure Harvest	375.00	
	23	03/23/2015 J. Diener Bank - Central Valley Community Bank Visa (alert O Lite)	623.38	
	24	02/01/2015 002-178560 CONTRACTOR - AMEC Power & Process	2,903.50	
	25	03/25/2015 003-178560 CONTRACTOR - AMEC Power & Process	386.50	
	26	09/29/2014 214204 CONTRACTOR - Fuel & Power Logistics	3,245.00	
	27	10/10/2014 214207 CONTRACTOR - Fuel & Power Logistics	3,100.00	
	28	10/12/2014 214208 CONTRACTOR - Fuel & Power Logistics	12,500.00	
	29	11/04/2014 214211 CONTRACTOR - Fuel & Power Logistics	3,778.98	
	30	12/02/2014 214214 CONTRACTOR - Fuel & Power Logistics	9,486.00	
	31	12/02/2014 214212 CONTRACTOR - Fuel & Power Logistics	13,817.88	
	32	12/08/2014 214215 CONTRACTOR - Fuel & Power Logistics	15,547.00	
	33	12/23/2014 214216 CONTRACTOR - Fuel & Power Logistics	43,867.01	
	34	01/14/2015 214217 CONTRACTOR - Fuel & Power Logistics	60,256.55	
	35	02/05/2015 214221 CONTRACTOR - Fuel & Power Logistics	7,766.88	
	36	02/15/2015 214220 CONTRACTOR - Fuel & Power Logistics	14,228.50	
	37	02/15/2015 214226 CONTRACTOR - Fuel & Power Logistics	19,126.02	
	38	04/21/2015 214230 CONTRACTOR - Fuel & Power Logistics	1,280.00	
	39	12/31/2014 Dec ARV CONTRACTOR - Tischer Consulting	3,937.50	
	40	01/15/2015 Jan ARV CONTRACTOR - Veronica Diaz	3,750.00	
	41	01/19/2015 03S4078020 EQUIPMENT - JM Equipment Co. Inc.	587.22	
	42	05/20/2015 013115 EQUIPMENT - Mac's Equipment Inc.	86.82	
	43	04/14/2015 13910 MATERIALS - Alert O-Lite	623.38	
	44	05/20/2015 14051 MATERIALS - Alert O-Lite	623.38	
	45	01/12/2015 F015580 MATERIALS - CA Industrial Rubber	7.63	
	46	12/22/2014 VS2874 MATERIALS - Cold Storage Technologies	2,485.49	
	47	01/21/2015 VS3109 MATERIALS - Cold Storage Technologies	834.12	
	48	02/24/2015 VS3294 MATERIALS - Cold Storage Technologies	666.46	
	49	02/26/2015 VS3321 MATERIALS - Cold Storage Technologies	688.00	
	50	04/02/2015 VS3581 MATERIALS - Cold Storage Technologies	215.91	
	51	04/10/2015 VS3615 MATERIALS - Cold Storage Technologies	391.78	
	52	04/29/2015 VS3780 MATERIALS - Cold Storage Technologies	986.08	
	53	05/29/2015 VS3893 MATERIALS - Cold Storage Technologies	3,354.89	
	54	01/31/2015 174315 MATERIALS - Palogix International	6,061.44	
	55	01/31/2015 174273 MATERIALS - Palogix International	773.76	
	56	02/28/2015 178754 MATERIALS - Palogix International	270.00	
	57	02/28/2015 178698 MATERIALS - Palogix International	698.88	
	58	02/28/2015 178743 MATERIALS - Palogix International	5,829.12	
	59	03/31/2015 178852 MATERIALS - Palogix International	5,892.48	
	60	03/31/2015 178830 MATERIALS - Palogix International	773.76	

ADDITIONAL PENDING INVOICES

Date	Num	Name	Amount	EXHIBIT 3
				2 of 2
61	04/30/2015 178982	MATERIALS - Palogix International	748.80	
62	04/30/2015 179005	MATERIALS - Palogix International	5,448.96	
63	04/30/2015 179057	MATERIALS - Palogix International	420.00	
64	01/31/2015 498902	Mid Valley Disposal	93.84	
65	02/28/2015 511492	Mid Valley Disposal	93.84	
66	03/31/2015 535703	Mid Valley Disposal	95.25	
67	04/15/2015 644955	Mid Valley Disposal	468.50	
68	04/30/2015 551206	Mid Valley Disposal	96.66	
69	01/10/2016	PERMIT - Provost & Pritchard	589.10	
70	02/15/2015 93764	RRR FACILITIES - DF2000 Trust	10,000.00	
71	03/01/2015 93775	RRR FACILITIES - DF2000 Trust	10,000.00	
72	04/02/2015 93779	RRR FACILITIES - DF2000 Trust	10,000.00	
73	06/01/2015 93808	RRR FACILITIES - DF2000 Trust	10,000.00	
74	01/05/2015 12/23-1/22/15	RRR FACILITIES- PG & E	42.77	
75	03/01/2015 1/23/15 - 2/22/15	RRR FACILITIES- PG & E	13,560.38	
76	04/01/2015 2/23-3/22/15	RRR FACILITIES- PG & E	4,699.41	
77	02/25/2015 8996, 8997	TRANSPORT - A&M Garcia & Sons Ic.	8,450.00	
78	03/23/2015 9083	TRANSPORT - A&M Garcia & Sons Ic.	250.00	
79	05/25/2015 9464	TRANSPORT - A&M Garcia & Sons Ic.	2,500.00	
80	02/13/2015 29190	TRANSPORT - Maggini & Son Trucking, LLC	1,075.00	
81	02/13/2015 35912	TRANSPORT - Maggini & Son Trucking, LLC	2,780.24	
			771,134.29	

EASY ENGINEERING SYSTEMS, INC.  
PAYMENTS

EXHIBIT 4

DATE	CK#	AMOUNT
1/22/2014	1378	\$300,000.00
5/21/2014	Wire trf	300,000.00
7/31/2014	Wire trf	<u>150,000.00</u>
	TOTAL	<u><u>\$750,000.00</u></u>

Mendota Bioenergy, LLC

2011 E. Barstow Ave. #1114

Fresno, CA 93740

559.336.4570



**May 2014 Activity Report for ARV 12-033**

Attachments:

- 1.0 Cover Letter
- 2.0 Progress Report by all Subcontractors - May
- 2.1 Accounts Receivable Aging Summary
- 2.2 Invoice #15 - May
- 3.0 Prime - Mendota Progress Report May
- 3.1 Prime - Mendota Narrative May
  - 3.1.1 Minor Sub-SureHarvest Progress Report May
  - 3.1.2 Minor Sub-Grant Farm Progress Report May
  - 3.1.3 Minor Sub-Zicari Progress Report May
  - 3.1.4 Minor Sub-Woods Group Progress Report May
- 4.0 Major Sub 2 - UC Davis Progress Report May
- 4.1 Major Sub 2 - UC Davis Narrative May
- 5.0 Major Sub 3 - Fresno State Progress Report May
- 5.1 Major Sub 3 - Fresno State Narrative May
- 6.0 Major Sub 4 - Red Rock Ranch Progress Report May
- 6.1 Major Sub 4 - Red Rock Ranch Narrative May
- 7.0 Major Sub 5 - JAL Engineering Progress Report May
- 7.1 Major Sub 5 - JAL Engineering Narrative May

Executed Agreements :

- ❖ Easy Energy Systems Service Agreement
- ❖ DF2000 Trust Lease Agreement

Mendota Bioenergy, LLC  
2911 E. Barstow Ave. M/S OF 144  
Fresno, CA 93740  
559.236.4570



**BEET ENERGY**

June 9, 2014

Mr. Bill Kinney  
Commission Agreement Manager  
California Energy Commission  
1516 Ninth Street M/S 27  
Sacramento, CA 95814-5512

RE: Mendota Bioenergy LLC  
ARV 12-033  
May 2014 Monthly Progress Report

Dear Mr. Kinney:

Please find attached the Mendota Monthly Report for May 2014. The original invoice #15 has been forwarded to the CEC Accounting Department per their request.

Please note that two substantive contractual agreements integral to the success of ARV12-033 are attached:

1. The Easy Energy Services Agreement
2. The DF2000 Lease at Red Rock Ranch for the Commercial Cooler and the greatly improved utilities access

Please contact Ellen Suryadi or Jim Tischer if you have any questions.

Cordially,



William C. Pucheu  
General Manager  
Mendota Bioenergy, LLC

## SERVICES AGREEMENT

THIS SERVICES AGREEMENT (this "Agreement"), dated as of May 30, 2014 (the "Effective Date"), is made and entered into by and between (i) MENDOTA BIOENERGY, LLC, a California limited liability company ("Company"), and (ii) EASY ENERGY SYSTEMS, INC., a Minnesota corporation ("Contractor").

### 1. Fundamental Provisions.

**1.1 Description of Work.** Subject to the terms and conditions of this Agreement, Company hereby retains Contractor to perform the services described on the attached Exhibit "A" (the "Work"). Company may from time to time engage Contractor to perform matters unrelated to the Work by separate agreement between Company and Contractor. All of the terms of this Agreement, except for Sections 1.2 and 1.3, shall apply to any additional services rendered by Contractor to Company.

**1.2 Contract Cost.** The term "Contract Cost" shall mean the sum of Two Million Four Hundred Sixty-Seven Thousand One Hundred Fifty-Eight and No/100 Dollars (\$2,467,158.00); as such amount may from time-to-time be decreased or increased in accordance with the terms and provisions of this Agreement. Contractor agrees and acknowledges that payment for all Work hereunder shall be subject to a ten percent (10%) retention (the "Retention Amount") as required by the terms and conditions of the California Energy Commission ("CEC") Grant (ARV 12-033) awarded to Company (the "Grant"). The Retention Amount shall only be released to Contractor in accordance with the requirements of Exhibit "A".

**1.3 Commencement and Completion Dates.** Contractor shall commence the Work on or before the Effective Date, and this Agreement shall continue until Contractor's completion of the Work which shall be completed by the deadlines set forth in Exhibit "A". This provision is subject to the terms of Section 6 below.

### 2. Duties of Contractor.

**2.1 Performance.** Contractor shall perform the Work and all actions incidental thereto in strict accordance with (a) the plans and the Scope of Work attached hereto as Exhibit "A", and (b) the provisions of this Agreement. Contractor shall: (i) provide all labor, equipment, tools and supplies required to properly perform and complete the Work except for such labor and equipment specifically made the responsibility of Company in Exhibit "A"; (ii) purchase any materials (which shall conform to the description in the Specifications) required in the performance of the Work; (iii) pay all federal, state and local taxes, including sales, use and excise taxes, payroll taxes and health, welfare, pension and other employee benefits for

Contractor's employees; and (iv) perform the Work in accordance with all applicable federal, state and local laws, rules and requirements.

**2.2 Insurance.** Contractor shall, at its sole cost and expense, carry and maintain insurance which satisfies the requirements of Exhibit "B" attached hereto. Contractor shall require any and all subcontractors engaged or employed by Contractor in connection with the performance of the Work (the "Subcontractors") to carry and maintain, at all times while engaged in the performance of the Work, insurance which satisfies the requirements of Exhibit "B", or in such amounts as are reasonably required by Company, and to furnish Company such evidence thereof as Company may reasonably request.

### 2.3 Indemnity.

(a) Contractor shall indemnify, protect, and hold harmless Company, and its officers, agents, directors, members, employees, successors and assignees (collectively, "Company Indemnitees"), from and against any damage to the property of Company and from and against any and all claims, demands, damages, losses, lawsuits and other proceedings, judgments, causes of action, liabilities, claims of lien, liens, civil or criminal penalties and charges, costs and expenses (including, without limitation, reasonable attorneys' fees) arising out of any personal injuries, including, but not limited to, emotional or bodily injuries or death, property damage, or claims for payment (collectively "Company Claims") and shall, upon request by Company, defend the Company Indemnitees at Contractor's sole cost and expense and with legal counsel reasonably acceptable to Company against all Company Claims arising out of or resulting from (i) Contractor's performance of the Work, (ii) any negligent act or omission of Contractor, its members, managers, partners, officers, directors, representatives, agents and employees, or (iii) any alleged injury to any persons or property as a result of Contractor's negligence or intentional misconduct. Notwithstanding the foregoing, the Company Indemnitees retain the right to defend any such Company Claims through counsel of their own choosing, and (so long as such Company Indemnitee gives Contractor at least thirty (30) days' notice of the terms of the proposed settlement thereof and permits the Contractor to then undertake the defense thereof) to settle such Company Claim, and to recover the amount of such settlement or of any judgment and the reasonable costs and expenses of such defense from Contractor.

(b) Subject to the provisions of Section 2.4 below, Company shall indemnify, protect, and hold harmless Contractor, and its officers, agents, directors, members, employees, successors and assignees (collectively, "Contractor Indemnitees"), from and against any damage to the property of Contractor and from and against any and all claims, demands, damages, losses, lawsuits and other proceedings, judgments, causes of action, liabilities, claims of lien, liens, civil or criminal penalties and charges, costs and expenses (including, without limitation, reasonable attorneys' fees) arising out of any personal injuries, including, but not limited to, emotional or bodily injuries or death, property damage, or claims for payment (collectively "Contractor Claims") and shall, upon request by Contractor, defend the Contractor Indemnitees at Company's sole cost and expense and with legal counsel reasonably acceptable to Contractor against all Contractor Claims arising out of or resulting from (i) any negligent act or omission of Company, its members, managers, partners, officers, directors, representatives, agents and employees, or (ii) any alleged injury to any persons or property as a result of Company's negligence or intentional misconduct. Notwithstanding the foregoing, the Contractor Indemnitees retain the right to defend any such Contractor Claims through counsel of their own choosing, and (so long as such Contractor Indemnitee gives Company at least thirty (30)

days' notice of the terms of the proposed settlement thereof and permits the Company to then undertake the defense thereof) to settle such Contractor Claim, and to recover the amount of such settlement or of any judgment and the reasonable costs and expenses of such defense from Company.

**2.4 Assumption of Risk.** Except for injury or damage caused by the sole active negligence, recklessness or willful misconduct of Company: (a) Contractor hereby assumes the risk of any and all injury and damage to the personnel and property of Contractor in performing the Work; and (b) Contractor hereby agrees that Company shall not be liable for injury or damage which may be sustained by the person, goods or property of Contractor or its employees in performing the Work, whether said damage or injury results from conditions arising on the premises owned or leased by the Company or from other sources. This Section 2.4 shall survive the termination of this Agreement.

**2.5 Standard of Performance.** Contractor and its Subcontractors and their respective employees and agents, in the performance of the Work under this Agreement, shall be responsible for exercising the degree of skill and care required by customarily accepted good professional practices and procedures used in their respective field. Any costs for failure to meet the foregoing standard or to correct otherwise defective Work that requires re-performance of the Work, shall be borne in total by Contractor and not Company. In the event Contractor or its Subcontractor fails to perform the Work in accordance with the above standard, Contractor/Subcontractor shall re-perform, at its own expense, any task which was not performed to the reasonable satisfaction of the Company. Any Work re-performed pursuant to this Section shall be completed within the time limitations originally set forth for the specific task involved. Contractor/Subcontractor shall work any overtime required to meet the deadline for the task at no additional cost to the Company. Nothing contained in this Section is intended to limit any of the rights or remedies which the Company may have under law.

**2.6 Audits.** Upon written request from Company, Contractor shall provide detailed documentation of all expenses incurred by Contractor in connection with the Work. In addition, Contractor agrees to allow the CEC or any other agency of the State of California or the Federal government, or their designated representatives, upon written request, to have reasonable access to and the right of inspection of all records that pertain to the Work during the term of this Agreement and for a period of three (3) years thereafter.

**2.7 Compliance with Certain Laws.** Contractor agrees that Contractor, and all of Contractor's employees and agents will adhere to and at all times in performing the Work be in compliance with all of the following requirements:

(a) **Nondiscrimination.** During the performance of the Work, Contractor and its Subcontractors shall not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), medical condition (cancer), age, marital status, and denial of family care leave. Contractor and its Subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. Contractor and its Subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Sections 12990 *et seq.*) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 *et seq.*).

The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this Agreement by reference and made a part of it as if set forth in full. Contractor and its Subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining.

(b) **Drug-Free Workplace Certification.** By signing this Agreement, Contractor hereby certifies under penalty of perjury under the laws of the State of California that Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 *et seq.*) and will provide a drug-free workplace by taking the following actions:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations as required by Government Code Section 8355(a).
2. Establish a Drug-Free Awareness Program as required by Government Code Section 8355 (b) to inform employees about all of the following:
  - The dangers of drug abuse in the workplace;
  - The person's or organization's policy of maintaining a drug-free workplace;
  - Any available counseling, rehabilitation, and employee assistance programs; and
  - Penalties that may be imposed upon employees for drug abuse violations.

(3) Provide, as required by Government Code Section 8355(c), that every employee who performs the Work:

- Will receive a copy of the company's drug-free policy statement;
- Will agree to abide by the terms of the company's statement as a condition of employment in connection with the Work.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both.

(c) **Child Support Compliance Act.** Contractor acknowledges the importance of child and

family support obligations and shall fully comply with all applicable State and Federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the California Family Code. Contractor further acknowledges that, to the best of its knowledge, Contractor is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

(d) **Americans with Disabilities Act.** By signing this Agreement, Contractor assures Company that it complies with the Americans with Disabilities Act ("ADA") of 1990 (42 U.S.C. 12101, *et seq.*), which prohibits discrimination on the basis of disability, as well as applicable regulations and guidelines issues pursuant to the ADA.

3. **The Contract Cost.** To the extent that the cost of the Work shall, for any reason, exceed the Contract Cost (which may be increased or decreased in accordance with the terms and provisions hereof), Contractor hereby agrees to pay for all costs of the Work in excess of the Contract Cost.

4. **Payments by Company.** On or before the twentieth (20th) day of each month, Contractor shall furnish to Company, a statement of the portion of the Work performed during the preceding month. Company shall pay Contractor on the schedule set forth in Exhibit "A", subject to the conditions of the Grant. Contractor warrants that title to all Work covered by a request for payment will pass to Owner free and clear of all liens, claims, security interests or encumbrances, except that all equipment provided by Contractor will continue to be owned by Contractor and Contractor makes no such warranty concerning such equipment. Payment by Company for any portion of the Work shall not be deemed to be Company's acceptance or approval of such Work. Nothing in this Agreement shall be interpreted as requiring Company to pay Contractor before Company receives payment for such work from the CEC and Contractor acknowledges that all payments made hereunder shall be subject to a retention as required in the Grant.

5. **Changes In the Work.** Company may from time-to-time, issue additional written instructions requiring additional Work or directing the omission of Work previously ordered, and the provisions of this Agreement shall apply to all such changes, modifications and additions except as expressly provided otherwise in said writing. If Company requests a change in the Work, Contractor shall notify Company of the cost thereof or of the savings to Company, and the period such change will delay or accelerate the completion of the Work, if any, within five (5) business days after receipt of Company's request for such change. The Contract Cost and the Completion Date shall be adjusted to account for any such changes in such amounts as shall be mutually agreed by Company and Contractor in writing (a "Change Order"), and any increase in the Contract Cost reflected by a Change Order shall be paid in accordance with Section 4. No additional Work shall be deemed a change for the purpose of increasing the Contract Cost or extending the Completion Date unless it is ordered by Company in a Change Order executed by both Company and Contractor and the amount of such increase in the Contract Cost or extension in the Completion Date is specified in the Change Order.

6. **Termination of Contractor by Company.**

6.1 **Defaults.** If Contractor should be adjudged a bankrupt, or make a general assignment for the benefit of creditors, or if a receiver should be appointed on account of Contractor's insolvency, or if Contractor should refuse or should fail, except in cases for which an extension of time is provided, to supply enough properly skilled labor or proper materials to continuously perform the Work hereunder in a diligent and conscientious manner, or if Contractor should fail to make prompt payment to Subcontractors or for material or labor, or disregard laws, ordinances or the instructions of Company made pursuant to this Agreement, or otherwise be guilty of a breach of any provision of this Agreement, then Company may, without prejudice to any other right or remedy and after giving Contractor thirty (30) days' written notice, terminate this Agreement and take possession of all materials paid for by Company, and finish the Work by whatever method it may deem expedient. In this event, ownership of Contractor's equipment shall remain with Contractor although Company may continue to possess and use such equipment for the duration of the testing period to fulfill the requirements of the Grant. Further, in this event, Contractor shall not be entitled to receive any further payment until the Work is finished.

6.2 **Payment Upon Termination.** If the cost of completing the Work, including, without limitation, compensation for additional managerial and administrative services and overhead costs, when added to all amounts previously paid or owed by Company hereunder, shall exceed the Contract Cost, Contractor shall pay such excess to Company on demand. If such cost shall be less than the Contract Cost, Company shall pay to Contractor and Contractor shall receive and accept as full payment for the Work performed to the date of termination, a proportionate amount of the Contract Cost equivalent to the proportion of the Work completed at the time of termination, less the aggregate of all previous payments made by Company and the cost of all additional managerial and administrative services and overhead costs incurred by Company, up to the amount by which the remaining unpaid amount of the Contract Cost exceeds the cost of completing the Work, provided that Company shall not be required to pay, in the aggregate, any amounts in excess of the Contract Cost.

7. **Correction of Work Before Final Payment.** Contractor shall promptly re-execute in accordance with the terms of this Agreement all Work rejected by Company as failing to conform to Exhibit "A". Contractor shall be given a reasonable opportunity to remedy any rejected Work before Company pursue any other remedies. Contractor shall pay for and bear all expense of replacing and/or re-executing such rejected Work which expense shall not increase the Contract Cost to be paid by Company. If Company deems it appropriate not to correct improper or inadequate Work, the Contract Cost shall be reduced by an amount equal to the reasonable cost of correcting such improper or inadequate Work.

8. **Commencement and Completion of the Work.** Contractor shall prosecute the Work continuously and diligently and shall complete the Work on or before the Completion Date, subject, however, to extension for a period equivalent to the period of delay by reason of strikes, riots, lockouts, acts of God, insurrection, restrictive governmental laws or regulations or other cause beyond Contractor's control which it could not have reasonably foreseen and provided against, in which case the Completion Date shall be postponed by one working day for each working day of excusable delay. Contractor shall notify Company in writing within fifteen (15) days after Contractor obtains knowledge of the event or occurrence which constitutes the cause of the excusable delay; otherwise, Contractor shall be deemed to have waived its rights to postpone the Completion Date because of such excusable delay. The length of any such postponement of the Completion Date shall be memorialized in a Change Order in accordance with Section 5. TIME IS OF THE ESSENCE with respect to the completion of the Work.

9. **Confidential Information.** Contractor shall maintain confidential and secret and not divulge, disclose or use, except in performance of this Agreement, any information obtained or created by Contractor relating to Company's business, which (a) is information not generally known to the public, or (b) is proprietary information of Company or any of its customers, suppliers or affiliated entities. Contractor shall also maintain confidential the "know how" and the present and future plans of Company relating to the fields of endeavor in which Contractor performs the Work, as well as the nature of certain completed, existing or proposed projects to which Contractor is or may be exposed and the identity of persons working on such projects. The obligations of this Section shall survive the termination of this Agreement. To the greatest extent possible, the provisions of this Section 9 shall be made consistent with the terms of any other existing confidentiality or non-disclosure agreement between Company and Contractor.

10. **Ownership of Documents and Data.** Any and all results, data, original sketches, reports, designs, plans, computations, specifications, computer disk files, writings and other documents prepared and provided by Contractor to Company as part of the Work pursuant to this Agreement shall be considered the property of Company at the time of preparation and shall be turned over to Company upon expiration or termination of the Agreement or default by Contractor. Contractor shall not permit the reproduction or use thereof by any other person except as otherwise expressly provided herein. Any use by Company of the aforesaid reports, data, results, plans, computations, specifications, computer disk files, writings and other documents in completed form as to other projects or extensions of the Work, or in uncompleted form, without specific written verification by Contractor will be at Company's sole risk and without liability or legal exposure to Contractor. Company acknowledges that the design of the MEPS (as defined in Exhibit "A") is the patented intellectual property of Contractor and that Company is acquiring no ownership of any kind in the design of the MEPS. However, Contractor and Company each agree that it is the intent of both parties that, following the completion of the Work, each party shall be able to build or have others build commercial scale sugar beet-to-biofuel plants based on the data and know-how derived from the Work, including, without limitation, the ethanol demonstration plant's engineering, systems, design and operating results. As a result, the parties agree to grant one another any necessary licenses in connection with such information, data and know-how, provided that appropriate licensing fees are paid for the use of the other party's intellectual property. At no time will such fees be more than the prevailing lowest fee to be paid by any other licensee for a similar license.

11. **License.** Contractor shall grant both the Company and CEC a no-cost, nonexclusive, nontransferable, irrevocable worldwide license to use any inventions that Contractor develops in connection with the Work while Contractor is performing the Work, if such inventions are not otherwise a property right that Company is acquiring as part of the Work. Contractor must obtain agreements to effectuate this requirement with all persons or entities obtaining ownership interest in the subject inventions.

## 12. Miscellaneous Provisions.

12.1 **Notices.** All notices, approvals, demands, reports and other communications provided for in this Agreement (a "Notice") shall be in writing and shall be given to such party at its address as set forth adjacent to such party's signature or such address as such party may hereafter specify for the purpose by Notice to the other party listed below. Each Notice shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery; (b) if given by facsimile, upon the sender's

receipt of written acknowledgment or confirmation of receipt of the entire Notice, (c) if given by mail with first-class postage prepaid, seventy-two (72) hours after such Notice is deposited with the United States Mail, (d) if given by overnight courier with overnight courier charges prepaid, twenty-four (24) hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery when delivered at the address specified in this Section.

**12.2 Governing Law; Venue.** This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California. Exclusive venue for any litigation arising under this Agreement shall be in the State and Federal Courts located in the county in which the Work is to be performed.

**12.3 Waivers.** The failure of either party hereto at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce such provision. A party shall not be deemed to have waived any condition, or any breach of any term, covenant or provision hereof, unless such waiver is set forth in a written instrument executed by the party making such waiver. No waiver by any party of any condition, or any breach of any term, covenant or provision hereof, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or waiver of any other

**12.4 Entire Agreement.** This Agreement (including Exhibits) constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof. This Agreement may not be amended or modified except by a written instrument executed by both parties hereto.

**12.5 Attorneys' Fees.** The prevailing party in any legal proceeding shall be entitled to an award of all costs of such litigation, including reasonable attorneys' fees, to be paid by the losing party, in such amount as may be determined by the court having jurisdiction. The rights and obligations of the parties under this Section 12.5 shall survive the termination of this Agreement.

**12.6 Successors and Assigns.** This Agreement and all of the terms and conditions hereof shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Agreement, and all rights and obligations hereunder, may not be assigned or delegated by Contractor without the prior written consent of Company.

**12.7 Severability.** If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by either party hereto, shall be held invalid or unenforceable, the remaining terms, conditions and provisions of this Agreement shall not be affected thereby and each of said terms, conditions and provisions shall be valid and enforceable to the fullest extent permitted by law.

12.8 **Headings.** The headings of the Sections of this Agreement are for convenience only and are not to be considered in construing said Sections.

12.9 **Counterparts.** This Agreement may be executed in one or more counterparts, and each set of duly delivered identical counterparts which includes all signatories shall be deemed to be one original document.

12.10 **Precedence of Documents.** In the event of any conflict between the body of this Agreement and any exhibit or attachment hereto, the terms and conditions of the body of this Agreement shall control and take precedence over the terms and conditions expressed within the exhibit or attachment. Furthermore, any terms or conditions contained within any exhibit or attachment hereto which purport to modify the allocation of risk between the parties, provided for within the body of this Agreement, shall be null and void.

12.11 **Purchase Option.** Commencing on the earlier of the termination of this Agreement or the completion of the Work, and continuing for a period of twelve (12) months thereafter, Company shall have an option to purchase the MEPS (as defined in Exhibit "A" attached hereto) and all of the ancillary equipment owned by Contractor and used in connection with the MEPS for a purchase price equal to one hundred percent (100%) of Contractor's documented acquisition cost for such items. In the event Company elects to exercise this option, Contractor agrees to sell such items of equipment to Company in "AS-IS" condition, free and clear of all liens and encumbrances. Company and Contractor further agree that the close of such sale shall occur within ninety (90) days of the date Company notifies Contractor of its election to exercise this option.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first set forth above.

"Company"

MENDOTA BIOENERGY, LLC.

a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Address:

2910 E. Barstow Avenue, Office 144

Fresno, California 93740

Attn: William C. Pucheu

**“Contractor”**

EASY ENERGY SYSTEMS, INC..

a Minnesota corporation

By: Mark Coalson

Name: Mark Coalson

Title: CEO

Date Signed: 6/4/14

Address:

102 Mill Street

Welcome, Minnesota 56181

Attn: Mark K. Gaalswyk

## EXHIBIT "A"

### Scope of Work

Engineer, reconfigure and install at Five Points, California, Contractor's existing 1 million gallon per year modular ethanol plant (MEPS) to process energy beets for enzyme conversion into 200 proof fuel grade dehydrated ethanol and drying and mixing of residual co-products into animal feed quality Distiller Dried Beet Solids & Greens (DDBS&G) materials. MEPS facility to be fully instrumented to provide complete real-time process flow information to optimize operations during the energy beet test runs. MEPS to include all equipment required to convert energy beets into fuel-grade ethanol via liquefaction, fermentation and distillation. A partial equipment list to include: (i) beet maceration, liquefaction and fermenters, (ii) three distillation columns, PSA or other ethanol dehydration system, (iii) centrifuge for stillage solids separation, and ethanol dehydration, along with beet processing, (iv) distillers dried beets solids & greens (DDBS&G) dryer, (v) appropriately sized steam generator, and (vi) tanks, instrumentation and process controls as needed.

Contractor to provide Company with sufficiently complete documentation (written, electronic, photos, videos) so that Company will be able to install/connect, start-up, commission, operate, repair, maintain and decommission the MEPS provided by Contractor including well written hard copies of an overall Process Flow Diagram with Energy and Mass Balances (PFD +E&MB), Piping and Instrument Diagrams (P&IDs) with control and instrument call-outs, a control logic diagram with mode of control and decision tree options, "how-to" assembly and operations manuals, and manufactured component documentation on important purchased items (control valves, control computers with back-up software discs if computers must be rebooted, etc.)

- Demobilize the MEPS, ship to Red Rock Ranch in Five Points, California Fully mobilize and be prepared to process energy beets into fuel grade ethanol and DDBS&G materials.
- Contractor to be fully in support of California Energy Commission contract ARV 12-033

- Energy beet process front-end equipment to include Cross Model 1000 "Hippo" 30 kW electric beet washer, to be engineered and supplied by Company and emplaced by Contractor staff in the process line at Red Rock Ranch.
- Project Schedule (See attached Contractor Gantt Chart) Key Dates:
  - 1<sup>st</sup> Mechanical pre-delivery production run in Emmetsburg, IA week of April 22nd
  - 2<sup>nd</sup> Mechanical pre-delivery production in Emmetsburg, IA - week of May 19th
  - 3<sup>rd</sup> Distillation pre-delivery production run in Emmetsburg, IA - week of June 23rd
  - MEPS demobilization – transport to California June 22-July 14<sup>th</sup>
  - MEPS reassembly at Red Rock Ranch July 15-September 14<sup>th</sup>
  - MEPS startup week of September 15<sup>th</sup>
  - MEPS commissioning week of October 13th
  - MEPS full operation, 1 week per month through August 30, 2015.
- Company will supply all beets required by Contractor for the performance of contract. Expected delivery rate to be approximately 100-200 tons per month for 12 months or approximately, up to 2,400 tons. Contractor will work closely with Company to develop optimized systems for enhancing process efficiency during production runs.
- Contractor will work collaboratively with vendors of selected process enhancement equipment that may add to the overall value proposition of the energy beet based biorefinery. Examples of select vendors would be enzyme technology providers, co-product dryers and assorted ancillary equipment.
- Contractor to coordinate operating intervals at Red Rock Ranch to facilitate engineering, science and other activities to monitor and assess plant performance and product value assessments, including facilitating members of Company on site during demonstrations. Contractor will use good faith efforts to coordinate activities between Contractor and Company engineering and science teams before, during and after each operating interval in order to optimize performance and set up for the following run. Contractor will supply a monthly production run performance report for inclusion in the CEC Monthly Project Report (MPR).
- Contractor final results should be suitable for a final CEC report and enable an engineer, procure and construct (EPC) contractor to bid and build a commercial scale 10-15 million gallon per year facility in California with an EPC contractors wrap guarantee of sufficient quality to attract commercial project funding.
- Contractor and Company will negotiate in good faith a definitive successor agreement for the

use of the MEPS after the term of CEC contract ARV 12-033 ends on September 30, 2015

- Contractor will provide a Final Operations and Optimization Recommendations Report to Company for inclusion in the ARV 12-033 Final Report. Contractor will participate with Company in the ARV 12-033 Exit Interview with the CEC in Sacramento following the close-out of the project expected to be in August 2015.

**COMPENSATION**

The sum of Two Million Four Hundred Sixty-Seven Thousand One Hundred Fifty-Eight and No/100 Dollars (\$2,467,158) broken down as follows:

Plant & Equipment

MEPS In-Place and Operational at Red Rock Ranch \$1,800,000

Rental Equipment for Contractor Use at Red Rock Ranch \$300,000

Facility Operations –September 2014 – August 2015. \$300,000

Participation in Final Report Drafting & CEC Exit Interview \$ 67,158

TOTAL \$2,467,158

ARV 12-033 Amendment 2# Budget for Contractor \$2,467,158

**Plant & Equipment Payment Schedule**

Payment	Description	Target Date	Amount	Paid
1#	Mobilization, Engineering, Admin. Payment		\$300,000	3/3/14
2#	Completed Engineering Docs & Initial Equipment Procurement	5/02/14	\$300,000	5/6/14
3#	Completion of Pre-Delivery Test Runs (2)	6/02/14	\$300,000	
4#	MEPS Demobilization & Transport to Red Rock Ranch, California	7/02/14	\$300,000	
5#	Full Mobilization of MEPS at Red Rock	9/15/14	\$300,000	
6#	Commissioning and Full Operation	10/15/14	\$300,000	
SUBTOTAL			\$1,800,000	
7# - 18#	Demo Plant Equipment Rental (paid @ rate of \$25,000 monthly)	10/1/2014 -	\$300,000	
	Demo Plant Operations (paid at rate of \$25,000 monthly)	9/1/2015	\$300,000	
19#	Final Report Input & CEC Exit Interview		\$67,158	
TOTAL			\$2,467,158	

**Deliverables for Payment – Table 1#**

Category	Pym. 1#	Pym. 2#	Pym. 3#	Pym. 4#	Pym. 5#	Pym. 6#
Amount	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Target Date	3/3/14	5/02/14	6/02/14	7/02/14	9/15/14	10/15/14
Administration	Term Sheet	Contract Agreement, Scope, Budget, Schedule				

Engineering	Initial engineering docs, (PFD, E&MB, Gantt, Basis of Design)	Equipment List, Layout	PID's, Updated PFD, E&MB, Layout, Equip. List as needed	Interconnection Dwgs. & other info	Final Safety Review
Construction	Initial Equipment Design/const./testing program		All Equipment shipped to Rec Rock	Reassembly Of MEPS at Red Rock	Installation Complete Accepted for service by Company
Operations		IA test runs complete			Ready for Extended Operations

**Deliverables for Payment – Table 2#**

Payment #		7#	8#	9#	10#	11#	12#	13#	14#
Amount		\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Date		10/1/14	11/1/14	12/1/14	1/5/15	2/2/15	3/2/15	4/2/15	5/1/15
CATEGORY									
Administration									
Operations									
a. Equip. Rental		\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
b. Plant Ops.	1. Previous month's Operations report,								
	(Monthly deliverables repeats for each month demo plant is in operation)	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
	2. Current month Test Plan								

**Deliverables for Payment – Table 3#**

Payment #	15#	16#	17#	18#	19#	TOTALS
Amount	\$50,000	\$50,000	\$50,000	\$50,000	\$100,000	\$2,467,158
Date	6/1/15	7/1/15	8/1/15	9/1/15	10/1/15	
CATEGORY						
Administration						\$67,158
Operations						
a. Equip. Rental	\$25,000	\$25,000	\$25,000	\$25,000		
b. Plant Ops.	\$25,000	\$25,000	\$25,000	\$25,000		

**NEW FACILITY OPERATIONS**

Company will pay Contractor an OpEx fee of \$25,000 per week of four (4) operational days, one week per month to process energy beets supplied not to exceed 200 tons in any one production run with a 100-ton minimum. Quantity of energy beets may be variable depending on availability because of drought conditions currently existing in California.

Contractor to operate the MEPS at Red Rock Ranch in a manner intended to produce engineering demonstration data of sufficient quality and value so as to prove the commercial plant capital and operating expenditures and product DDBS&G and ethanol yields, quality and value. Contractor must prepare and deliver all operational and design/engineering data from the demo plant to in a suitable quality form for Company's needs.

Contractor shall provide an experienced Plant Manager and two experienced lead shift operators during each monthly production run. Company shall provide one-yard operator for each operating shift to support Contractor operations. Contractor's Plant Manager will supervise Company's yard operators.

OpEx fee is expected to cover all Contractor labor, materials, gas, fuel, water, waste water, electricity and facility consumables.

Company is expected to pay for enzymes consumed, pH adjustment chemicals, ethanol denaturant and other specialty materials consumed, and waste product disposal such as beet mash not used for animal feed or stillage not digested or otherwise utilized.

Company and Contractor will cover the travel and lodging expenses of their respective employees and consultants. Company will issue a \$10,000 lodging expense voucher to Contractor for employee lodging expense while operating the MEPS at Red Rock Ranch to be used in a mutually agreed manner.

Contractor and Company will split 50/50 any revenue from ethanol or co-product sales generated by the demonstration plant for the term of the Agreement.

#### FACILITY OPERATIONS (OpEx) PAYMENT SCHEDULE

OpEx 1# - September 2014	\$25,000
OpEx 2# - October 2014	\$25,000
OpEx 3# - November 2014	\$25,000
OpEx 4# - December 2014	\$25,000
OpEx 5# - January 2015	\$25,000
OpEx 6# - February 2015	\$25,000
OpEx 7# - March 2015	\$25,000
OpEx 8# - April 2015	\$25,000
OpEx 9# - May 2015	\$25,000
OpEx 10# - June 2015	\$25,000
OpEx 11# - July 2015	\$25,000
OpEx 12# - August 2015	\$25,000

Total \$300,000

**RENTAL EQUIPMENT (RentEx) PAYMENT SCHEDULE**

- RentEx 1# - September 2014 \$25,000
- RentEx 2# - October 2014 \$25,000
- RentEx 3# - November 2014 \$25,000
- RentEx 4# - December 2014 \$25,000
- RentEx 5# - January 2015 \$25,000
- RentEx 6# - February 2015 \$25,000
- RentEx 7# - March 2015 \$25,000
- RentEx 8# - April 2015 \$25,000
- RentEx 9# - May 2015 \$25,000
- RentEx 10# - June 2015 \$25,000
- RentEx 11# - July 2015 \$25,000
- RentEx 2# - August 2015 \$25,000

Total \$300,000

NOTE: ARV 12-033 TO BE EXTENDED UNTIL SEPTEMBER 30, 2015. HOWEVER, FINAL REPORT DRAFT IS TO BE SUBMITTED MAY, 2015 AND APPROVED BY THAT DATE OR OPERATIONS WILL END BY AUGUST 30, 2015 AT THE LATEST. CEC EXIT INTERVIEW TO BE SCHEDULED FOR AUGUST, 2015.

## EXHIBIT "B"

### Insurance Coverage

#### Commercial Liability

Limits of Liability shall not be less than:

Each Occurrence Limit \$1,000,000

Personal/Advertising Injury Limit \$1,000,000

Products-Completed Operations Aggregate Limit \$2,000,000

General Aggregate Limit (other than Products) \$2,000,000

#### The Policy Must Include:

Broad Form Property Damage, including Products and Completed Operations

GL Coverage must be on an "Occurrence Form"; "Claims Made" and "Modified Occurrence" forms are not acceptable. Deductibles may not exceed \$25,000 for any insurance coverage.

#### Professional Liability/Errors and Omissions (E&O) Coverage

Any type of design or consulting contract requires Professional Liability coverage of at least \$1 million.

#### Environmental Liability/Pollution

Minimum Limit should be \$1 Million.

#### Excess or Umbrella Liability

The Policy to be written shall be excess of the policies identified above. The "Underlying Policies" shall be specifically listed in the policy as underlying insurance. The limits of Liability Insurance shall not be less than \$2,000,000 per occurrence for bodily injury and/or property damage.

#### Commercial Auto Liability

The limits of Liability shall not be less than \$1,000,000 combined single unit, each accident for bodily injury and/or Property Damage Liability, covering all owned, hired or borrowed and non-owned autos. The policy shall be written on an "Occurrence" basis.

### **Workers Compensation Not Needed for Owner Operators and Single Consultants**

Coverage A. Statutory Benefits **We will need proof of coverage in Iowa and California**

Coverage B. Employers Liability as follows:

Bodily Injury Per Accident: \$1,000,000 each accident

Bodily Injury Per Disease: \$1,000,000 policy limit

Bodily Injury Per Disease: \$1,000,000 each employee

1. The insurance described in this Exhibit "B" shall be carried and maintained with a company or companies acceptable to Company and licensed or authorized to do business in the State of California with a rating of not less than A IX as rated in the most currently available "Best's Insurance Guide." All such insurance coverage described in this Exhibit "B" shall provide for deductible amounts not to exceed \$25,000.00 per claim or \$25,000.00 per occurrence.

2. Contractor shall provide Company with an endorsement evidencing the fact that each required policy contains a waiver of subrogation in favor of Company. In addition, all required policies shall be primary and non-contributing, and shall contain an agreement on the part of the insurers that in the event of cancellation of the policy, or a reduction as to coverage or limits thereunder, the insurer shall give not less than thirty (30) days advance written notice to Company. With the exception of the Workers' Compensation, Employer's Liability and Professional Liability insurance, all such insurance shall be on an "occurrence" basis. All such insurance must be maintained until the expiration of any applicable statute of limitations, but in any event for a period of not less than five (5) years following completion by Contractor of the Work and Company's approval and acceptance of the Work. The obligations under this Section 2 shall survive the termination of this Agreement.

3. Contractor shall furnish Company with original certificates of insurance evidencing that all insurance required by this Exhibit "B" is being maintained and is in full force and effect and all such policies shall name Company and its officers, managers, directors, members, affiliates, agents, employees, successors and assignees as additional insureds.

4. The insurance requirements set forth above apply to all other persons, firms or companies engaged or employed by Contractor while performing the Work.

5. Should Contractor or any Subcontractor at any time neglect or refuse to provide the insurance required herein, or should such insurance be cancelled, Company shall have the right, but not the duty, to procure the same and the cost thereof shall be credited as a payment by Company to Contractor toward any monies then due or thereafter to become due to Contractor.

6. The obligations under this Exhibit "B" shall survive the termination of this Agreement.

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1489881v1 17582 0002 EXHIBIT "A"

EXHIBIT "A"

1489881v1 17582 0002

1489881v1 17582 0002 EXHIBIT "B"

EXHIBIT "B"

1489881v1 17582 0002

# ATTACHMENT 19

**CALIFORNIA ENERGY COMMISSION**

1518 NINTH STREET  
SACRAMENTO, CA 95814-5512  
w.energy.ca.gov



July 9, 2015

**Via Certified and Regular Mail**

Mr. William Pucheu  
General Manager  
Mendota Bioenergy LLC  
2911 East Barstow Avenue, M/S OF 144  
Fresno, CA 93740

Re: Mendota Bioenergy, LLC's Improper Use of State Funds under Energy Commission  
Grant ARV-12-033

Dear Mr. Pucheu:

The Energy Commission received Mendota Bioenergy LLC's (Mendota) response to the information requested at our May 28, 2015, meeting and in writing via a May 28, 2015, e-mail from John Butler. Mendota's June 30, 2015, response does not contain adequate source documentation and proof of payment to validate approximately \$1.2 million received by Mendota as allowable project expenditures. Therefore the findings identified in the Energy Commission's Office of Audits, Investigations, and Program Review, April 22, 2015, final report stand, and the Energy Commission reasserts its demand for prompt payment.

Under ARV-12-033, Mendota was awarded \$4,998,399 to design, construct, and operate the Advanced Biorefinery Center-Mendota Integrated Demonstration Plant (IDP) to produce 285,000 gallons of 200-proof advanced biofuel ethanol from sugar beets, supporting the design of a future 40 million gallon per year commercial facility. Throughout the term of this project, the Energy Commission has worked collaboratively with Mendota and accommodated numerous requests, such as:

1. Mendota requested proposed grant be accelerated to the February 28, 2013, Business Meeting, based on the urgency of beet cultivation and harvest needs, and the Energy Commission agreed.
2. Mendota requested that equipment purchases not be subject to retention withholding to improve Mendota's cash flow, and the Energy Commission agreed.
3. Mendota requested to modify the agreement Scope of Work, Budget, and Terms and Conditions eight times, and the Energy Commission approved five of the amendment requests.
4. Mendota requested to reduce the required amount of ethanol produced from 285,000 gallons to 60,000 gallons and reduce operation of the plant from 100 days to 36-60 days over a 12-month period, and the Energy Commission approved that substantial project change.

Mr. William Pucheu  
July 9, 2015  
Page 2

In late 2013 and early 2014, Mendota requested and received reimbursement totaling \$1,773,873 for the purchase of specified equipment from Easy Energy Systems, Inc. (Easy Energy), which was supported by two invoices from Easy Energy. At a November 13, 2014, meeting, Mendota acknowledged that Mendota had invoiced and received funds from the Energy Commission for Easy Energy equipment, but that Mendota never received that equipment, and only \$750,000 of the \$1,773,873 had actually been paid to Easy Energy for the equipment. Mendota further stated that it was holding the balance of funds "in the bank."

On November 14, 2014, the Commission Agreement Manager (CAM) requested the return of the \$1,023,873 that was not used by Mendota for the equipment purchases on which the Energy Commission reimbursement was based. On November 24, 2014, Mendota responded to the CAM's request with insufficient documentation and no repayment. On December 1, 2014, the CAM again requested Mendota return the unused funds, and Mendota again responded to the CAM's request with insufficient documentation and no repayment. As a result, the Energy Commission issued a Stop Work Order on December 15, 2014, to investigate the use of funds.

Due to the serious and significant financial irregularities and Mendota's unwillingness and inability to resolve the issues to the Energy Commission's satisfaction, the Energy Commission sent Mendota a Final Demand for Repayment and Demand for Accounting of Funds on January 15, 2015. On January 20, 2015, Mendota remitted \$300,000 and supplied a Custom Transaction Detail Report to account for the \$723,873 not repaid to the Energy Commission. In a February 5, 2015 letter, the Energy Commission itemized the lack of documentation, concluding that Mendota's accounting of unpaid funds was insufficient to confirm the appropriateness of their expenditures.

Based on the failure to adequately document and validate the use of state funds, an audit was conducted by the Energy Commission's Office of Audits, Investigations, and Program Review and finalized on April 22, 2015. Results of the audit revealed that Mendota had expended reimbursed grant funds for activities different than documented; executed a contract after expenditures were incurred and never received the equipment which had been claimed for reimbursement; claimed match expenditures that were unsupported; had weak internal controls over consultant fees; claimed subcontractor expenditures, but only paid the subcontractors 90 percent of the claimed amount; and did not include required flow-down provisions in their subcontracts. The audit concluded that \$1,477,873 in equipment reimbursements received by Mendota from the Energy Commission were unsupported and unallowable and should be remitted back to the Energy Commission. After processing and offsetting allowable expenditures under Invoices #20 through #23 (which had not been processed/offset due to the financial irregularities), the Energy Commission notified Mendota that \$1,281,308.97 of state funds must be repaid. As a result of the final audit report, Mendota requested to meet with Energy Commission staff.

On May 28, 2015, Energy Commission program and legal staff met with Mendota representatives. In this meeting, Mendota requested time to document additional expenditures under the agreement. Initially, Energy Commission staff were reluctant to provide additional time since the several previous opportunities provided to Mendota (including the on-site audit) did not result in satisfactory resolution of the financial irregularities. However, Energy Commission staff agreed to allow Mendota until June 30, 2015 to provide adequate supporting documentation for allowable expenditures under the agreement and repay the Energy Commission the balance, if any, of unsupported Energy Commission reimbursements. Energy Commission staff informed Mendota that source documentation along with proof of payment for allowable expenditures must be provided. In addition, these expenditures must:

1. Be consistent with the Scope of Work.
2. Be consistent with the currently approved Budget.
3. Be consistent with the Stop Work Order.
4. Not be duplicative with previously approved expenditures (or pending approved expenditures under Invoices #20 through #23).

After careful examination of the additional documentation provided by Mendota on June 30, 2015, Energy Commission staff concluded that Mendota's documentation was not responsive, failing to adhere to the agreed-upon requirements. The submitted documentation does not include source documentation and proof of payment to demonstrate the expenditures are eligible, not duplicative, and consistent with the Scope of Work, Budget, and Stop Work Order. Instead, Mendota submitted itemized lists of expenditures with vague descriptions, an independent accountant's report based on procedures established by Mendota, the Services Agreement between Mendota and Easy Energy, and a memorandum assessing Mendota's legal options against Easy Energy. These documents are unresponsive to the Energy Commission's requests and continued effort to reach an amicable resolution to the financial irregularities.

Mendota asserts the \$750,000 payment to Easy Energy (not Easy Engineering Systems, Inc. as referenced in Mendota's June 30, 2015, letter to the Energy Commission) is a valid expenditure for costs related to mobilization, engineering, administration, and equipment purchases. Specifically, Mendota's response states that \$300,000 was paid for "Mobilization, Engineering, and Administration," \$300,000 was paid for "Completed Engineering Documents and Initial Equipment Procurement," and \$150,000 was paid for "Completed Engineering Documents and Initial Procurement." In Mendota's request for reimbursement of \$1,773,873 for the purchase of equipment, only \$64,312 was identified for pre-design engineering and pre-construction activities. Energy Commission staff deem this payment unallowable since the funds were redirected for other purposes without approval from the Energy Commission. The payment to Easy Energy as currently characterized by Mendota is not consistent with the approved budget.

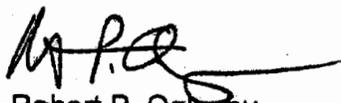
Mr. William Pucheu  
July 9, 2015  
Page 4

Mendota requests the Energy Commission recognize \$771,116 in expenditures for project close out activities documented in Exhibit 3 of Mendota's response. As stated in the Energy Commission's February 5, 2015, letter, expenditures incurred after December 15, 2014, (the date the Stop Work Order was issued) are not allowable. The items listed in Exhibit 3 are dated between January 1, 2015, and June 1, 2015. Since these costs were incurred after the Stop Work Order, they are not allowable. Further, these costs have not been documented with source documentation and proof of payment required to demonstrate they are related to stopping work.

This is the latest in multiple attempts by the Energy Commission to allow Mendota to resolve the questioned and unallowable costs reimbursed to Mendota, however Mendota has failed to adequately address the issues. Mendota's choice to continue incurring expenditures after the Stop Work Order was issued demonstrates Mendota's failure to work cooperatively with the Energy Commission and adhere to the terms and conditions of the grant. Mendota's inappropriate use of state funds and unwillingness to cooperate with the Energy Commission to resolve the documented financial irregularities is unacceptable and inconsistent with the Energy Commission's duty to manage and oversee the use of public funds.

This letter is the final demand for repayment. Unless the \$1,281,308.97 is received by the Energy Commission Accounting Office no later than 3:00 pm on July 20, 2015, staff will recommend the Energy Commission pursue all administrative and legal options to recover these funds and all costs of collection.

Sincerely,

  
Robert P. Oglesby  
Executive Director

**Mr. William Pucheu**  
**July 9, 2015**  
**Page 5**

**bcc: Drew Bohan, Chief Deputy Director**  
**Kourtney Vaccaro, Chief Counsel**  
**Allan Ward, Assistant Chief Counsel**  
**Randy Roesser, Acting Deputy Director, Fuels and Transportation Division**  
**Mark Hutchison, Deputy Director, Administrative Services Division**

# ATTACHMENT 20

MENDOTA BIOENERGY, LLC  
Post Office Box 626  
Tranquility, California 93668

August 6, 2015

Mr. Robert P. Oglesby  
California Energy Commission  
1516 Ninth Street  
Sacramento, California 95814-5512

Re: Grant ARV-12-033

Dear Mr. Ogelsby:

This letter is being sent in response to your letter dated July 9, 2015. We apologize for the delay in responding to your letter but we only received your letter within the last week or so due to the fact that Mendota Bioenergy, LLC ("MBLLC") is no longer using the office at 2911 E. Barstow Avenue in Fresno. Any future correspondence addressed to MBLLC should be sent to the address indicated above.

In reading your July 9<sup>th</sup> letter it is clear that MBLLC and the California Energy Commission ("CEC") have fundamentally opposing views concerning the propriety and necessity of the steps MBLLC took to try to satisfy the goals of grant ARV-12-033 (the "Grant"). MBLLC strongly denies that it owes the CEC the sum of \$1,281,308.97 and totally rejects the CEC's assertion that the \$750,000 MBLLC paid to Easy Energy Systems was an invalid expenditure under the Grant. Every act undertaken and decision made by MBLLC in connection with the Grant was made in good faith and with the singular purpose of delivering on its objective of designing, constructing and operating a pilot-scale plant that converts carbon-optimized energy beets into 200-proof ethanol. Not only do we believe MBLLC acted in good faith and with integrity every step of the way in trying to overcome the various obstacles MBLLC faced on this project, we also believe that MBLLC could have ultimately delivered on the amended project goals for the project had the CEC been willing to work collaboratively with MBLLC in completing this project. Ultimately, without the CEC's assistance, MBLLC had neither the human nor financial resources on a project of this size and scope to overcome the failure of two of its major subcontractors to perform in the manner that was contemplated by MBLLC, and in the case of Easy Energy Systems, contracted for by MBLLC.

At this point, MBLLC is completely out of funds. As a result, even if MBLLC agreed with the CEC's findings on this matter (MBLLC continues to deny those findings), MBLLC has no ability to repay any further funds to the CEC. Based on the CEC's decision to

withdraw its support of MBLCC, MBLCC has temporarily suspended all of its operations and, unless the CEC changes course and elects to work with MBLCC, there is very little likelihood that MBLCC will be able to resume operations of any kind in the future.

Very truly yours,



William C. Pucheu  
General Manager

cc: Robert B. Weisenmiller, Chair, California Energy Commission  
Randy Roesser, Acting Deputy Director, California Energy Commission  
John Butler, Office Manager, California Energy Commission  
Rachel Grant-Kiley, Manager, California Energy Commission  
James Tischer, Project Manager, Mendota Bioenergy, LLC