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BOC office

Fwd: You may have been misled at last weeks hearing

Kellie Jo Smith <kj.smith@columbiacountyor.gov>

Sun 1/14/2024 10:49 AM

To: Jacyn Normine <Jacyn.Normine@columbiacountyor.gov>; Department-Counsel <department-counsel@columbiacountyor.gov>

📎 2 attachments (7 MB)

October 17 2023 ITAQ SEC doc.pdf; Screenshot 2024-01-11 at 4.48.28 PM.png;

Please add to the record.

Kellie Jo Smith | County Commissioner
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Columbia County Board of Commissioners Office
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From: Brandon Schilling <brand.schilling@gmail.com>
Sent: Sunday, January 14, 2024 8:15:10 AM
To: Kellie Jo Smith <kj.smith@columbiacountyor.gov>
Subject: You may have been misled at last weeks hearing

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Dear Commissioner Smith:

I am concerned that NXT provided you blatantly misleading information during the hearing, especially regarding feedstock "agreements." Please see the attached documents.

Commissioner Smith, you asked if there were feedstock agreements in place. Chris Efirid responded, "Yes, we have multiple feedstock agreements. There are probably about a dozen of them, including an umbrella agreement with a large international financial commodities group. We feel comfortable that there will be more than sufficient feedstock."

This directly contradicts publicly available information provided to the Securities and Exchange Commission (SEC) regarding NXT by its former partner in the now-canceled business merger, Industrial Tech Acquisitions Inc (ITAQ). In considering the business combination, ITAQ disclosed publicly to the SEC that feedstock agreements were not in place for NXT as of October 17, 2023. Not surprisingly, the merger failed two weeks later.

ITAQ's October 17, 2023, SEC submittal shows that a key feedstock agreement with BP has been terminated. The document submitted to the SEC states that investors were unsure whether NXT will be able to obtain feedstocks, at all. It also shows that NXT assumed that 100 percent of its feedstock would come from BP, the agreement that was terminated. And, feedstocks at startup were to be comprised of 60% soybean oil. (Efirid said that they do not want to use more than 10-15% vegetable oil.)

The document is dated October 17, 2023. The excerpts below come from this document, which can be found at this link:

https://www.sec.gov/ix?doc=/Archives/edgar/data/1841586/000101376223004565/fs42023a1_industtech2.htm#TOC001

These are public admissions by former NXT backers about the fact that NXT lacks firm feedstock supply agreements.

1) According to the document submitted to the SEC, NXT's key feedstock agreement has been terminated.

- "NXT previously entered into a global term contract with BP pursuant to which BP would supply feedstock sufficient to produce 37,500 barrels of renewable diesel fuel per day and a right of first refusal to supply feedstock in excess of that amount and for any of our future refineries. **The binding term of such agreement expired and BP subsequently terminated the agreement. NXT and BP have begun initial discussions to enter into a new feedstock supply agreement, however NXT cannot assure you that it will be able to negotiate a new feedstock supply agreement on terms acceptable to NXCLEAN if at all. In response, NXT is focusing on the GoLoBiomass business segment through which it is seeking to aggregate sufficient amounts of feedstock to supply its anticipated feedstock needs at both Port Westward, and Lakeview.**" - p. 188 (my emphasis added)

2) According to the document filed with the SEC in October 2023, neither NXT or its subsidiary GoLoBiomass have feedstock agreements, or even agreements for agreements. At the hearing, Efird said NXT has a dozen "agreements," directly contradicting publicly available SEC documents.

- "NXT and GoLoBiomass have entered into **various non-binding memoranda of understanding ("MOUs")** with companies that are either producing or aggregating various types of clean feedstocks. **However, an MOU is not an agreement or an agreement to enter into an agreement but is more in the nature of an agreement to negotiate, and NXT can give no assurance that any of these discussions will generate agreements with NXTCLEAN.**" - p. 184 (My emphasis added. Efird repeatedly referred to "agreements.")

3) The SEC filing goes on to acknowledge in multiple ways that feedstock agreements are not in place, and NXT lacks experience in acquiring them.

- "NXTCLEAN may be unable to successfully negotiate final, binding terms for the feedstock and distribution agreements for RD and SAF for its proposed Port Westward Refinery..." - p. 34
- ***"NXT has no experience in either the construction of a renewal fuel refinery or facility or in the operation of a renewable fuel business, which may impair its ability to construct the NXT Projects or produce and sell renewable fuel and to negotiate contracts for the purchase or feedstock and the sale of fuel." - p. 58 (emphasis in original document!)***
- "NXT cannot assure you that it will be able to negotiate one or more feedstock supply agreements or offtake agreements or that, if agreements are completed, the terms would enable NXTCLEAN to market its fuel at a reasonable margin...***The failure of NXT to have feedstock supply agreements*** and offtake agreements in place may affect the willingness of an investor to make an investment in NXT, which could impair NXT's ability to continue to operate." - p. 60 (emphasis added)
- "The price and availability of feedstocks may be influenced by general economic, market and regulatory factors. These factors include weather conditions, including the effects of climate change, farming decisions, government policies and subsidies with respect to agriculture and international trade, and global demand and supply. The significance and

relative impact of these factors on the price of feedstocks is difficult to predict, **especially without knowing what types of feedstock materials that NXT may need to use.**" - p. 61 (emphasis added)

- "Our feedstocks may be grown on land that could be used for food production, which subjects our feedstock sources to various ethical, legal, and social "food versus fuel" concerns. If we are not able to overcome the ethical, legal and social concerns relating to this, our products and processes may not be accepted." - p. 64
- "...projections assumed that BP will supply 100% of NXTCLEAN's feedstock supply on substantially the terms of NXT's previous feedstock supply agreement with BP, **which has since been terminated.**" - p. 106 (emphasis added, and see attached image showing that NXT will use 60% soybean oil at the outset of the project - a stark contrast to Efirm testimony).

In conclusion, the Commission should not rely on statements from Efirm for the purpose of making decisions. The most recent publicly available information suggests that Efirm misled the Commission. Our community does not trust NXT for a reason, and they apparently provided a false answer to a direct question. You should be furious with them, as we are, and you should deny their applications.

Thank you,
Brandon Schilling