

LOAN AGREEMENT MINNESOTA INVESTMENT FUND

THIS AGREEMENT (the "Loan Agreement") is made and entered into as of the date of attestation thereto by the City Clerk, by and between the CITY OF DULUTH, a Minnesota municipal corporation (the "Lender") and ST PAPER 1 LLC, a Delaware limited liability company] (the "Borrower");

Recitals

1. The Lender has applied to the Minnesota Department of Employment and Economic Development (DEED) for a Minnesota Investment Fund Grant (the "MIF Grant") pursuant to an application (the "Grant Application") and received approval for the MIF Grant; and
2. Grant Contract Agreement Number CDAP-21-0009-H-FY22 (the "Grant Contract Agreement") between the Minnesota Department of Employment and Economic Development (the "State") and the Lender has been executed and requires that the Borrower provide sufficient funds to complete financing and agree to loan terms with the Lender regarding the MIF Grant; and
3. The parties hereto agree to incorporate into this Loan Agreement by reference the Grant Application and Grant Contract Agreement; and
4. The work anticipated to be performed for the Borrower's Project is not geographically dependent. It therefore could have been located at any number of locations either within or outside of the State of Minnesota. The subsidy has been provided to enhance the financial attractiveness and financial feasibility of locating or retaining the Borrower's operations in the Jurisdiction, rather than at some other location.
5. Borrower and Lender wish to set forth the terms and conditions upon which Lender will make the Loan to Borrower and for the repayment thereof.

NOW THEREFORE, it is agreed by and between the parties hereto as follows:

ARTICLE 1

Definitions

Section 1.1. **Definitions.** In this Loan Agreement, unless a different meaning clearly appears from the context:

"Benefit Date" means the earlier of the date equipment financed through a Minnesota Investment Fund loan is fully operational or April 1, 2023

"Benefit" is defined as one or more of the following non-mandated compensation items paid by the Borrower on behalf of employees: health, dental, life and disability insurance, retirement program or profit-sharing.

"City" means city of Duluth.

"County" means St. Louis County.

"Collateral" means the Corporate Guaranty and the property covered by the Security Agreement.

"Compliance Date" means any of the Compliance Dates One through Four set forth below and as the same may be modified as provided for herein.

"Compliance Dates" means all of the Compliance Dates One through Four set forth below and as the same may be modified as provided for herein

"Compliance Date One" means April 1, 2025.

"Compliance Date Two" means April 1, 2026.

"Compliance Date Three" means April 1, 2027.

"Compliance Date Four" means April 1, 2028.

"Development Property" means the real property described in Exhibit A attached.

"Director" means the City's Director of Planning and Economic Development or their designee in writing.

“Effective Date” means the date of attestation by the City Clerk.

“Expiration Date” means three months after Compliance Date Four as defined in the Grant Contract Agreement.

"Equipment" means the machinery & equipment purchased by the Borrower with the Loan Proceeds and described in Exhibit B attached.

“Full-Time Equivalent (FTE)” is one or more people working a sum of 2,080 hours in a calendar year, which includes paid time off.

"Grant Application" means the MIF Grant Application filed by the Lender with the State on behalf of the Project dated per the agreement.

"Grant Contract Agreement" means Minnesota Department of Employment and Economic Development Grant Contract Agreement # CDAP-21-0009-H-FY22 and attached as Exhibit C.

"Initial Disbursement Date" means the date of the first disbursement of any Loan Proceeds by the Lender to the Borrower.

“Jurisdiction” means within the corporate boundaries of the Lender.

"Loan" means the funds loaned by the Lender to the Borrower pursuant to this Loan Agreement.

“Loan Documents” means this Loan Agreement, the Promissory Note, Security Agreement and the Guaranty.

"Loan Proceeds" means the proceeds of the Loan disbursed to the Borrower pursuant to this Loan Agreement.

"MIF Program" means the Minnesota Investment Fund, Minn. Stat. § 116J.8731 and Minn. Rules Chapter 4300.

"MIF Grant" means the award of funds by the State to the Lender pursuant to the Grant Contract Agreement.

"New Jobs" means the new permanent, Full-Time Equivalent, non-contract, non-seasonal jobs to be created by the Borrower.

"Other Project Funds" means all funds required to complete the Project as defined in the Grant Application.

"Project" means the Borrower's acquisition, remodeling and redeveloping of the former Duluth Paper Mill at 100 North Central Avenue in Duluth, Minnesota and the acquisition and installation of new equipment therein to convert the facility into a tissue manufacturing facility, thereby creating 80 new jobs.

"Promissory Note" means a legal document that represents the Borrower's promise to repay the Loan per a given payment schedule, in substantially the form set forth by the State.

"State" means the Minnesota Department of Employment and Economic Development.

"Security Agreement" means in the form of that attached hereto as Exhibit D.

"Termination Date" means the date of the final payment made by the Borrower to the Lender under the terms of the Loan Agreement and Promissory Note (or the date that the Loan is forgiven by the State).

ARTICLE 2

Loan, Use of Proceeds and Conditions of Repayment

Section 2.1. **MIF Loan/Funds.** The Lender agrees, on the terms and subject to the conditions hereinafter set forth, to make a loan to the Borrower in an aggregate principal amount not to exceed Three Million Dollars (\$3,000,000) for the purchase and installation of the Equipment. The obligation of the Borrower to repay the Loan shall be evidenced by the Promissory Note. The Borrower's obligations under this Loan Agreement are expressly contingent on the Lender's receipt of the MIF Grant from the State in an amount adequate to make the Loan.

Section 2.2. **Non-MIF (Other) Project Funds.** The Borrower has secured a commitment for the private financing necessary to complete the Project, in a form and under conditions satisfactory to the Borrower and Lender.

(a) The Borrower shall commit not less than Eight Million Dollars (\$8,000,000) of equity and not less than of other public and Forty-Three Million, Three Hundred Fifty-eight Dollars (\$43,358,000) in private financing for the completion of the Project.

(b) Other Project Funds described in the Grant Application must be used at the same amount, for the same purposes and under the same terms, rates and conditions as specified unless written consent is received from the State prior to expenditure.

Section 2.3. Loan Terms. FORGIVABLE LOAN: The Loan shall be forgiven by the Lender and the State in the manner and under the terms and conditions set forth in Laws of Minnesota upon satisfaction by the Borrower of the terms of this Loan Agreement including the following: if Borrower shall have established to the reasonable satisfaction of the Director that Borrower has invested at least \$25,000,000 of Borrower's equity funds or funds for which the Borrower is indebted in the Project and has met the job creation and wage level commitments set forth in Section 8.1(b) of this Agreement, Borrower shall be entitled to have 25% of the Loan amount forgiven. Thereafter, if Borrower shall have established as of Compliance Date Two, Compliance Date Three and Compliance Date Four that it has continuously met the job creation and wage level commitments set forth in Section 8.1(b) since the prior Commitment Date, Borrower shall be entitled to have an additional 25% of the Loan amount forgiven. In the event the Loan is not forgiven, the Loan shall be repayable as set forth in Section 8.2 of this Loan Agreement. The Loan terms may not be modified without prior written approval from the State.

Section 2.4. Early Repayment. The Promissory Note may be prepaid in whole or in part at any time without penalty. A prepayment shall first be applied against any accrued interest, and then against any outstanding and past due payments which are due and owing hereunder or under the Loan Agreement, and then the remaining portion of such prepayment shall be applied against the remaining outstanding and unpaid principal balance.

Section 2.5. Maintenance and Operation of the Project. As long as any portion of the Loan is still outstanding, Borrower shall maintain and operate the Project and use the Loan Proceeds in compliance with the terms of MIF, this Loan Agreement,

and all applicable federal, state and local laws, regulations and ordinances, including but not limited to all environmental laws and regulations.

Article 3

Conditions of Lending

Section 3.1. Condition Precedent to Any Advance. The obligation of the Lender to close the Loan and disburse the Loan Proceeds thereof to Borrower shall, subject to waiver by the State, be subject to the condition precedent that the Lender shall have received on or before the date of such closing the Promissory Note duly executed by the Borrower. The Borrower shall provide identifying information for the equipment prior to disbursement of the Loan Proceeds in accordance with Section 9.3 hereof.

Section 3.2. Further Conditions Precedent to Disbursement. The obligation of the Lender to disburse the Loan Proceeds shall also be subject to the following conditions precedent:

(a) The Loan which is being made to the Borrower shall be consistent with the provisions of MIF.

(b) No Event of Default hereunder or event which would constitute such an Event of Default but for the requirement that notice be given or that a period of grace or time elapse, shall have occurred and be continuing.

Section 3.3. Disbursement and Deposit of Loan Proceeds. Upon the execution of this Loan Agreement and the satisfaction of all of the conditions specified in Article 6, the Lender shall disburse the full Loan Proceeds to the Borrower.

Section 3.4. Termination. This Loan Agreement shall automatically terminate without any notice to Borrower:

(a) If no Loan Proceeds have been disbursed to the Borrower prior to the Expiration Date; or

(b) If the Borrower fails to pay its debts as they become due, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts as they become due, files a petition under any chapter of the Federal

Bankruptcy Code or any similar law, state or federal, now or hereafter existing, becomes "insolvent" as that term is generally defined under the Federal Bankruptcy Code, files an answer admitting insolvency or inability to pay its debts as they become due in any involuntary bankruptcy case commenced against it, or fails to obtain a dismissal of such case within sixty (60) days after its commencement or convert the case from one chapter of the Federal Bankruptcy Code to another chapter, or is the subject of an order for relief in such bankruptcy case, or is adjudged a bankrupt or insolvent, or has a custodian, trustee, or receiver appointed for it, or has any court take jurisdiction of its property, or any part thereof, in any proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, and such custodian, trustee, or receiver is not discharged, or such jurisdiction is not relinquished, vacated, or stayed within sixty (60) days of the appointment.

ARTICLE 4

Acknowledgments, Incorporation, Representations, and Warranties

Section 4.1. Acknowledgments/Incorporation.

(a) The Borrower acknowledges that the Lender, in order to obtain funds for part of the Borrower's activities in connection with the Project, has applied for the MIF Grant to the State under the Minnesota Investment Fund Program, Economic Development Division, and that the Lender has entered into the Grant Contract Agreement with the State attached as Exhibit C, setting forth the terms, conditions, and requirements of the MIF Grant. The Borrower further acknowledges that it has made certain representations and statements in the Grant Application concerning its activities relating to the Project, and that the Borrower is designated and identified under the Grant Contract Agreement.

(b) Under the Grant Contract Agreement, the Lender has undertaken certain obligations with respect to, and among other things, repayment to the State of the Loan Proceeds in the event certain conditions are not met. A copy of the Grant Contract Agreement and this Loan Agreement shall be on file in the offices of the Lender. In the event any provision of this Loan Agreement relating to the Borrower's obligations hereunder is inconsistent with the provisions of the Grant Contract Agreement relating to the Borrower's activities thereunder, the provisions of the Grant Contract Agreement shall prevail.

(c) The Borrower acknowledges that nothing contained in the Grant Contract Agreement or this Loan Agreement, nor any act of the State or the Lender, shall be deemed or construed to create between the State and the Borrower (or, except as Borrower and Lender between the Lender and the Borrower) any relationship, including but not limited to that of third party beneficiary, principal and agent, limited or general partnership, or joint venture. As such, the Borrower agrees to hold the State harmless from any claim, demand, suit, action, or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Loan Agreement, any events related to the Project or the Borrower's participation in this Loan, or Borrower's activities on the Development Property.

(d) The Borrower acknowledges that the Loan proceeds have been provided to Borrower pursuant to the Grant Contract Agreement between the Lender and the State and that the Lender has undertaken certain obligations to the State pursuant to the Grant Contract Agreement. To the extent possible, Borrower hereby agrees to perform all obligations of Lender to the State under the Grant Contract Agreement and, to the extent that, by their nature, Lender must itself perform any such obligations, Borrower will provide all assistance within its power to Lender in meeting such obligations.

Section 4.2. **Representations and Warranties.** The Borrower warrants and represents, in connection with the Loan and for the benefit of the State and the Lender, that:

(a) It is a Delaware limited liability company, registered and in good standing under the laws of the State of Minnesota, and is authorized to enter into this Loan Agreement and perform any of the acts required herein.

(b) It has the legal authority and is duly authorized to operate the Project, to incur the indebtedness of the Promissory Note and to perform its obligations under this Loan Agreement, to execute and deliver the Loan Documents to which it is a party and it has taken all actions necessary and incident to its execution and delivery of the Loan Documents.

(c) Its execution and delivery of the Loan Documents to which it is a party, and its incurrence of the Loan does not violate any provision of law or Borrower's corporate documents.

(d) The Promissory Note was duly and validly authorized, executed and delivered, and it constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms. The Loan Documents to which it is a party, have been duly and validly authorized, executed and delivered, and are the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency or other law affecting creditor's rights, or the application of equitable principles generally.

(e) It is not in violation of any provisions of its organizational documents or of the laws of local governments, State of Minnesota or U.S. Government, and there are no actions, suits or proceedings pending, or to its knowledge threatened, before or by any judicial body or governmental authority, against or effecting it, and it is not in default with respect to any order, writ, injunction, decree, or demand of any court or any governmental authority which would impair its ability to enter into this Loan Agreement or to perform any of the acts required of it in the Loan Documents to which it is a party.

(f) Neither the execution and delivery of the Loan Documents to which it is a party, nor compliance with any of the terms, conditions, requirements or provisions contained herein or in such referenced documents, is prevented by, is a breach of, or will result in a breach of any term, condition or provision of any agreement or document to which it is now a party or by which it is bound.

(g) It will maintain adequate capital for the proper operation and administration of its duties under this Loan Agreement.

(h) It will comply with Minn. Stat. § 116J.8731 and Minn. Rules Chapter 4300 and all of the terms, conditions, provisions and requirements, contained in the Loan Documents to which it is a party.

(i) Representations, statements, and other matters provided by the Borrower relating to those activities of the Project to be completed by the Borrower, which were contained in the Grant Application, were true and complete in all material respects as of the date of submission to the Lender and such representations, statements, and other matters are true as of the date of this Loan Agreement and there are no adverse material changes in the financial

condition of the Borrower's business.

(j) The Borrower acknowledges that the State, in selecting the Lender as recipient of the Grant, relied in material part upon the assured completion of the Project to be carried out by the Borrower, and the Borrower warrants that said Project will be carried out as promised.

(k) The Borrower warrants that to the best of its knowledge, it has obtained all federal, state, and local governmental approvals, reviews, and permits required by law to be obtained in connection with the Project and has undertaken and completed all actions necessary for it to lawfully execute this Loan Agreement as binding upon it.

(l) The Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to the Other Project Funds, and that any duly authorized representative of the State shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of the Borrower for seven years after the termination of the Loan Agreement or until such time that the Lender and the State have both determined that all issues, requirements, and close-out procedures relating to or arising out of the Loan have been settled and completed, whichever is later.

(m) The Borrower warrants that no transfer of any or all of the Loan Proceeds by the Lender to the Borrower shall be or be deemed an assignment of Loan Proceeds, and the Borrower shall neither succeed to any rights, benefits, or advantages of the Lender under the Grant Contract Agreement, nor attain any right, privileges, authorities, or interest in or under the Grant Contract Agreement.

Section 4.3. **Affirmative Covenants.** Borrower further warrants and agrees that:

(a) It has sufficient funds to complete the purposes of the Project and sufficient capacity to administer the Project.

(b) The Project will be performed in full compliance with all applicable federal, state and local laws, regulations, rules and ordinances, which include but are not limited to all applicable environmental laws, regulations and rules.

- (c) Borrower agrees to submit reports required in Article 7 and Article 8.

ARTICLE 5

Events of Default and Rights and Remedies

Section 5.1. **Events of Default.** Any one or more of the following events shall be deemed and shall constitute an “Event of Default”:

(a) The interest or principal due under the Promissory Note, or any other payments due and payable under this Loan Agreement or any other document referred to herein, are not paid when due and such nonpayment is not remedied within ten (10) business days after written notice thereof to the Borrower by the Lender;

(b) The Borrower is in breach of any of the requirements, terms, conditions, covenants or other agreements in the Loan Documents and remains in breach in any material respect for thirty (30) business days after written notice thereof to the Borrower by the Lender; provided, however, that if such breach shall reasonably be incapable of being cured within such thirty (30) business days after notice, and if the Borrower commences and diligently prosecutes the appropriate steps to cure such breach, no default shall exist so long as the Borrower is proceeding to cure such breach in a reasonable period of time;

(c) Any representation or warranty made by the Borrower in the Loan Documents, any other document referred to in such documents, or any financial statement, certificate, or report furnished pursuant to this Loan Agreement, or any representation or warranty made order to induce the Lender to close the Loan or disburse the Loan Proceeds, which proves to have been untrue in any material respect or materially misleading as of the time such representation or warranty was made;

(d) Borrower shall make an assignment for the benefit of its creditors, or shall be dissolved, or shall commit an act of bankruptcy under the United States Bankruptcy Act (as now or hereafter amended), or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall become or be adjudicated as bankrupt or insolvent, however defined, or shall file a petition seeking any reorganization, dissolution, liquidation,

arrangement, composition, readjustment or similar relief under any present or future bankruptcy or insolvency statute, law or regulation, or shall file an answer admitting to or not contesting the material allegations of a petition filed against it in such proceedings, or shall not, within 60 days after the filing of such a petition against it, have the same dismissed or vacated, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of its properties, or shall not, within 60 days after the appointment (without its consent or acquiescence) of a trustee, receiver or liquidator of any material part of its properties, have such appointment vacated;

(e) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Borrower seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or any trustee, receiver or liquidator of such entity, shall be appointed without the consent or acquiescence of State;

(f) Borrower shall refuse to allow the State, at any reasonable time and upon prior written notice, to inspect, audit, copy or abstract, any and all of its books, records, papers or other documents relevant to the Borrower's use of the Loan Proceeds;

(g) Borrower shall refuse to allow the Minnesota Legislative Auditor or the State Auditor for the State of Minnesota, at any reasonable time and upon prior written notice, to inspect, audit, copy or abstract, any and all books referred to in Section 5.1(f);

(h) Borrower shall fail to provide annual reporting information as described herein.

(i) The Borrower sells, conveys, transfers, encumbers, or otherwise disposes of all or any part of the Development Property or the Equipment without the prior written approval of the State and Lender;

(j) The Borrower merges or consolidates with an entity that is not an affiliate of the Borrower wherein the Borrower or such affiliate are not the surviving entity after such merger or consolidation without the prior written consent of the Lender;

(k) There is a loss, theft, substantial damage, or destruction of all or any part of the Development Property or the Equipment that is not remedied to the Lender's satisfaction within sixty (60) business days after written notice thereof by the Lender to the Borrower; or

(l) The Borrower is in breach of the requirements of Article 7 and Article 8, the Business Subsidy Agreement and Progress Reporting.

(m) The occurrence of any other act or event that is noncompliant under the MIF Program.

Section 5.2. Rights and Remedies. Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the Lender, the Lender may, at its option, exercise any and all of the following rights and remedies (as well as any other rights and remedies available to it):

(a) The Lender may, by notice in writing to the Borrower, refrain from disbursing any of the Loan Proceeds; provided, however, the Lender may make such disbursements after the occurrence of an Event of Default without thereby waiving its rights and remedies hereunder, or waiving its right to make any additional disbursements.

(b) The Lender may, by written notice to the Borrower, declare immediately due and payable all principal and interest due under the Promissory Note, together with all other sums payable under the Loan Documents and the same shall thereupon be immediately due and payable without presentment or other demand, protest, notice of dishonor or any other notice of any kind, all of which are hereby expressly waived.

(c) The Lender shall have the right, in addition to any other rights provided by law or equity, to enforce its rights and remedies under the Loan Documents.

(d) The Lender shall have the right, in addition to any other rights provided by law or equity, to initiate litigation for the breach of any term,

condition, covenant, requirement or provision contained in the Loan Documents, and to recover damages for such breach.

(e) The Lender shall have the right, in addition to any other rights provided by law or equity, to apply to any court, state or federal, for specific performance of any term, condition, covenant, requirement or provision contained in the Loan Documents; for an injunction against any violation of any such term, condition, covenant, requirement and/or provision; or for such other relief as may be appropriate, since the injury to the Lender arising from a default under any of the terms, conditions, covenants requirements and/or provisions of the Loan Documents, would be irreparable and the amount of damage would be difficult to ascertain.

Section 5.3. Rights and Remedies Cumulative. The rights and remedies of the parties to this Loan Agreement, whether provided by operation of law or by this Loan Agreement, shall be cumulative, and the exercise by either party of any one or more of such remedies shall not be construed to preclude or waive its right to exercise, at the same or different times, any of the other such remedies for the same default or breach, or of any of its remedies for any other default or breach by the other party.

No waiver made by either such party with respect to the performance, manner or time thereof, of any obligation of the other party or any condition to its own obligation under this Loan Agreement or any document referred to herein, shall be considered a waiver of any rights of the party making the waiver with respect to the particular obligation of the other party or condition to its own obligation beyond those expressly waived in writing and to the extent thereof, or a waiver in any respect in regard to any other rights of the party making the waiver or any other obligations of the other party. No delay or failure by either party to exercise any right or remedy shall be a waiver of such right or remedy, and no single or partial exercise by either party of any right or remedy shall preclude other or further exercise thereof for the exercise of any other right or remedy at any other time.

Section 5.4. Collection. Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the Lender and State, Borrower agrees to pay all costs and expenses of the Lender, including, but not limited to, reasonable attorney's fees, in the collection of any of the obligations

or the enforcement of any of the Lender's rights. If any notice of sale, disposition or other intended action by the Lender is required by law to be given to Borrower, such notice shall be deemed reasonably and properly given if mailed to Borrower at the address specified in Section 9.15(b), or at such other address of Borrower as may be shown on the Lender's records, at least 15 days before such sale, disposition or other intended action.

The Lender shall have the right at its option and without demand or notice, to declare all or any part of the Loan immediately due and payable, and in addition to the rights and remedies granted hereby, the Lender shall have all of the rights and remedies available under the Uniform Commercial Code and any other applicable law.

Section 5.5. **Assignment.** If, prior to the Termination Date, the Borrower sells, conveys, transfers, further mortgages or encumbers, or disposes of the Development Property, or any part thereof or interest therein, or enters into an agreement to do any of the foregoing, the Borrower shall immediately repay all amounts then outstanding on the Loan. This shall be in addition to any other remedies at law or equity available to the Lender.

Section 5.6. **Appointment for Foreclosure.** Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the Lender and State, Borrower agrees that the Lender may appoint an individual or entity to handle the default proceedings.

ARTICLE 6

Disbursement Provisions

Section 6.1. **Payment Requisition Documentation.** The Lender will disburse the loan funds upon receipt and approval by the Lender and the State of the following documentation:

- (a) This Loan Agreement, fully executed;
- (b) The Promissory Note;
- (c) The Security Agreement;
- (d) The Personal Guarantee of Sharad Tak.
- (e) The Corporate Guarantee of Tak Investment Holdings, LLC.
- (f) Evidence of equity injection in the amount of at least \$8,000,000;
- (g) Promissory notes from the City in the amount of \$242,000

- (h) Invoices evidencing the purchase of the Equipment.
- (i) TIF Agreement or evidence of other public financial assistance (if applicable)
- (j) The Borrower shall maintain insurance in adequate amounts covering loss or damage to the collateral. Provide evidence that the Lender has been listed as loss payee.

Upon receipt of such information, the Loan funds will be disbursed upon approval of the Lender and the State up to a total disbursement amount of \$3,000,000

Section 6.2. Other Documentation.

- (a) Third party documentation of Borrower's investment in the Project as set forth in Section 2.3 above will be required prior to the Compliance Date One.
- (b) Evidence that Equipment is in the Jurisdiction must be provided on or prior to the Benefit Date.

Section 6.3. Review of Documents. The Borrower shall not be entitled to any disbursement of Loan Proceeds until the Lender's legal counsel and the State have reviewed and approved this Loan Agreement and the exhibits attached hereto.

Section 6.4. Adverse Changes. The Lender and the State will not authorize disbursement of funds if there has been any adverse change in the Borrower's financial condition, organization, operations or their ability to repay the project financing.

ARTICLE 7

Progress Reporting

Section 7.1. Progress Information. The Borrower shall provide to the Lender information for incorporation into the Minnesota Investment Fund progress reports, as required by the State and as needed by the Lender, to monitor the Project for compliance with State and Lender guidelines. This information must be provided by Compliance Date One and through Compliance Date Four. At the discretion of the State or Lender additional reporting may be required. This information must be submitted to the Lender no later than:

- (a) January 25, 2023 for the period ending December 31, 2022;

- (b) January 25, 2024 for the period ending December 31, 2023;
- (c) January 25, 2025 for the period ending December 31, 2024;
- (d) Twenty-five days after the Compliance Date One.
- (e) Twenty-five days after the Compliance Date Two.
- (f) Twenty-five days after the Compliance Date Three.
- (g) Twenty-five days after the Compliance Date Four.

Section 7.2 **Documentation to be provided to the Lender:**

- (a) **Project status and the status of payments.**
- (b) **Additional Leverage.** The Borrower must provide to the Lender invoices, sworn construction statements, and or any other information, with each progress report, to document Other Project Funds in addition to the originally included project costs.
- (c) **Job Creation Documentation.** The Borrower shall provide to the Lender information on the hiring of each New Job on forms provided by the Lender. This information must include:
 - (1) Permanent jobs created;
 - (2) Job title of each New Job;
 - (3) Date of hire of each new employee;
 - (4) Hourly base wage paid;
 - (5) List of Benefits provided; and
 - (6) Hourly value of Benefits paid.
- (d) **Payroll Report.** Formal payroll reports verifying job information will be due as of the Compliance Dates.

ARTICLE 8

Business Subsidy Agreement and Reporting

Section 8.1. **Business Subsidy Agreement.** The provisions of this Section constitute the “Business Subsidy Agreement” for purposes of the Minnesota Business Subsidy Act (Minn. Stat. § 116J.993 – § 116J.995 and its successor statute.)

(a) The Borrower acknowledges and agrees that the provisions of Minnesota's Business Subsidy Act apply to this Loan Agreement, as Borrower is receiving government assistance under the terms of this Loan Agreement.

(1) The subsidy provided to the Borrower includes the \$3,000,000 loan made hereunder which will be used for purchase and installation of the Equipment.

(2) The public purposes and goals of the subsidy are to increase Borrower's net jobs in the City and encourage economic development.

(3) The goals for the subsidy are to create jobs that pay a livable wage, per Section 8.1(b) of this Loan Agreement.

(4) If the goals are not satisfied, the Borrower shall make payment to the Lender as required in Section 8.2 of this Loan Agreement.

(5) The subsidy is needed because the Project cost is economically infeasible without the Loan locations outside of Minnesota were in consideration.

(6) The Borrower must continue operations in the Jurisdiction for at least five years following the Benefit Date.

(7) The Borrower does have a parent corporation.

Name of Parent: ST Paper LLC.

Address of parent: _____

(8) In addition to the assistance provided under this Loan Agreement, the Borrower has received or expects to receive as part of this Project, the following financial assistance from other "grantors" as defined in the Business Subsidy Act: \$7,000,000 in New Market Tax Credits, \$600,000 in tax abatement proceeds from the city, \$600,000 in tax abatement proceeds from St. Louis County and a \$242,000 forgivable loan from the City.

(b) On the Compliance Dates, the Borrower shall have:

(1) Maintained Ten (10) permanent, non-contract, non-seasonal FTE jobs; and

(2) Created at least Eight (80) New Jobs at the Development Property with each job noted once within "wage brackets" as stated below:

- a. Four (4) New Jobs must pay a base cash wage of at least \$28.00 per hour, exclusive of Benefits;
 - b. Forty-four (44)) New Jobs must pay a base cash wage of at least \$30.00 per hour, exclusive of Benefits;
 - c. Two (2) New Jobs must pay a base cash wage of at least \$31.00 per hour, exclusive of Benefits;
 - d. Fifteen (15) New Jobs must pay a base cash wage of at least \$48 per hour, exclusive of Benefits;
 - e. One (1) New Job must pay a base cash wage of at least \$38 per hour, exclusive of Benefits;
 - f. Six (6) New Jobs must pay a base cash wage of at least \$48 per hour, exclusive of Benefits;
 - g. Seven (7) New Jobs must pay a base cash wage of at least \$50 per hour, exclusive of Benefits;
 - h. One (1) New Job must pay a base cash wage of at least \$77 per hour, exclusive of Benefits;
- (3) Any New Job created between the Effective Date and the Compliance Dates shall pay at least \$14.01 per hour, including Benefits.
 - (4) New Jobs created on or after the Effective Date that meet the criteria outlined in 8.1(b)(2) will count toward the Borrower's job creation goal.

Section 8.2. Default on Business Subsidy Act Requirements.

(a) If the Borrower fails to meet the job creation goal and wage level commitment set forth in Section 8.1(b) above on Compliance Date One, the Lender may, after holding a public hearing, extend Compliance Date One for one year, after approval from the State. If Lender so extends Compliance Date One, the times for complying with the job creation and wage commitments related to Compliance Date Two, Compliance Date Three and Compliance Date Four under this Agreement shall likewise be extended for one additional year. If no extension occurs, or if after the extension, the Borrower fails to meet the job creation goal and wage commitment during any Commitment period for compliance as set forth in Section 2.3 above, Borrower shall not be entitled to the portion of the Loan amount attributable to that Commitment period forgiven but shall be required to repay that amount in full as provided for in said Section 8.1(b) below.

(b) In an Event of Default occurring as a result of a breach by the Borrower of any provision of Section 8.1 of this Loan Agreement, the Borrower agrees to repay the applicable portion of the principal amount as calculated in Sections 2.3 and 8.2(a) hereof plus interest set at the greater of three percent (3%) or the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31st of the previous year

(c) Interest required in Section 8.2 (b) shall commence to accrue as of the Initial Disbursement Date;

(d) Nothing in this Section 8.2 shall be construed to limit the Lender's rights or remedies under any other provision of this Loan Agreement, and the provisions of Section 8.2 are in addition to any other such right or remedy the Lender may have available.

(e) The Borrower shall provide to the Lender information regarding job and wage goals and results in conformance with the reporting requirements of Article 7 above. If the goals are not met, the Borrower must continue to provide information on the Loan until the Loan is repaid. The information must be filed on the Non-JOBZ Minnesota Business Assistance form as found on the MN Department of Employment and Economic Development website and shall include the following:

- (1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;
- (2) the hourly wage of each job created with separate bands of wages;
- (3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;
- (4) the date the job and wage goals will be reached;
- (5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;
- (6) the location of the recipient prior to receiving the business subsidy;
- (7) the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy;
- (8) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was

- previously located at another site in Minnesota;
- (9) the name and address of the parent corporation of the recipient, if any;
 - (10) a list of all financial assistance by all grantors for the project; and
 - (11) other information the Commissioner of the MN Dept. of Employment and Economic Development may request.

(f) This information must be provided to the Lender no later than March 1 of each year for the previous year. If the Borrower does not submit the report, the Lender shall mail the Borrower a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the Borrower fails to provide a report, the Borrower must pay to the Lender a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

ARTICLE 9

Other Conditions

Section 9.1. **Project Time Frame.** The time frame outlined in the Grant Application and Grant Contract Agreement pertaining to the Project shall be met by the Borrower.

Section 9.2. **Promissory Note.** The Borrower shall execute a Promissory Note in substantially the form set forth by the State.

Section 9.3. **Collateral.** The Borrower shall furnish the Lender description of collateral.

Section 9.4. **Annual Financial Statements.** For the term of the Loan, upon request of the Lender, the Borrower shall submit the most recent annual financial statement prepared in accordance with generally accepted accounting principles. The annual financial statements shall include a profit and loss statement, balance sheet, and statement of cash flow, notes and an opinion from the accountants of such statements acceptable to the Lender.

Section 9.5. **Discrimination on Account of Race, Creed, or Color.** The provisions of Minn. Stat. § 181.59 and any successor statutes, which relate to civil rights and

discrimination, shall be considered a part of this Loan Agreement as though wholly set forth herein and the Borrower shall comply with each such provision throughout the term of this Loan Agreement.

Section 9.6 **Affirmative Action.** The Borrower is encouraged to prepare and implement an affirmative action plan for the employment of minority persons, women, and the qualified disabled.

Section 9.7. **Job Listing Agreement.** (Minn. Stat. § Section 116L.66 and any successor statutes). When the Loan is for \$200,000 or more, the Borrower shall enter into a Job Listing Agreement with the local CareerForce Center, MN Department of Employment and Economic Development.

Section 9.8. **Prevailing Wage.** If the Borrower is awarded \$500,000 or more of Loan Proceeds and the Loan is used for construction, installation (including equipment), remodeling and or repairs, the Borrower shall fully and completely comply with all applicable prevailing wage requirements contained in Minn. Stat. § 116J.871 and § 177.42, subd. 6.

(a) **Documentation.** The Borrower shall maintain or ensure access to all documentation necessary to establish that the required prevailing wage was paid and shall allow the Lender, the Commissioner of the Department of Labor and Industry and the State reasonable access to such data.

(b) **Penalty.** It is a misdemeanor for the Borrower, who has certified that prevailing wages will be paid to laborers and mechanics to subsequently fail to pay the prevailing wage. Each day a violation of this subdivision continues is a separate offense.

Section 9.9. **Surety Deposits Required for Construction Contracts.** If the Loan is used for construction, and the Borrower is hiring, contracting, or having a contract with a nonresidential person or foreign corporation to perform construction work, the Borrower must comply with Minnesota Statutes 290.9705, as amended, by deducting and withholding eight percent of cumulative calendar year payments to the contractor which exceeds \$50,000.

This condition may be waived if (1) the contractor gives the Commissioner a cash surety or a bond, secured by an insurance company licensed by Minnesota,

conditioned that the contractor will comply with all applicable provisions of this chapter and chapter 297A, or (2) the contractor has done construction work in Minnesota at any time during the three calendar years prior to entering the contract and has fully complied with all provisions of this chapter and chapter 297A for the three prior years.

Section 9.10. **Publicity and Endorsement**

(a) **Publicity.** Any publicity regarding the subject matter of this Loan Agreement must identify the State as the sponsoring agency. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Borrower individually or jointly with others, or any subcontractors, with respect to the MIF Program, publications, or services provided resulting from this Grant Contract Agreement.

(b) **Endorsement.** The Lender and the Borrower must not claim that the State endorses its products or services.

Section 9.11. **Workers Compensation Insurance.** The Borrower has obtained workers compensation insurance as required by Minn. Stat. § Section 176.181, subd. 2. The Borrower's workers compensation insurance information is as follows:

(a) CompanyName: _____

(b) Policy Number: _____

(c) Local Agent: _____

Section 9.12. **Effect on Other Agreements.** Nothing in this Loan Agreement shall be construed to modify any term of any other agreement to which the Lender and the Borrower are parties.

Section 9.13. **Release and Indemnification Covenants.** Except for any breach of the representations and warranties of the Lender or the negligence or other wrongful act or omission of the following named parties, the Borrower agrees to

protect and defend the Lender and the governing body members, officers, agents, servants, and employees thereof, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action, or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the acquisition, construction, installation, ownership, maintenance, and operation of the Project and the Borrower's activities on the Development Property.

Section 9.14. **Modifications.** This Loan Agreement may be modified solely through written amendments hereto executed by the Borrower and the lender and approved by the State.

Section 9.15. **Notices and Demands.** Any notice, demand, or other communication under this Loan Agreement by either party to the other shall be sufficiently given or delivered only if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

(a) as to the Lender: City of Duluth
ATTN: Chris Fleege
411 West First Street
Room 400 City Hall
Duluth, MN 55802

(b) as to the Borrower: ST Paper 1, LLC
ATTN: Sharad Tak
9201 Corporate Blvd.
Suite 420
Rockville, MD 20850

or at such other address with respect to any party as that party may, from time to time, designate in writing and forward to the others as provided in this Section 9.15(b).

Section 9.16 **Conflict of Interests; Representatives Not Individually Liable.**

(a) No employee, officer or agent of the Lender shall participate in the administration of a contract supported by this loan if a conflict of interest, real or apparent, would be involved. No employee, officer or agent of the Lender may obtain a financial interest in any agreement with respect to the Loan. No

employee, officer, or agent of the Lender shall be personally liable to the Borrower or any successor in interest in the event of any default or breach by the Lender or for any amount that may become due to the Borrower or on any obligation or term of this Loan Agreement.

(b) To the best of the Borrower's knowledge, no member, officer, or employee of the Lender, or its officers, employees, designees, or agents, no consultant, member of the governing body of the Lender, and no other public official of the Lender, who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the Project or in any activity, or benefit there from, which is part of the Project.

Section 9.17. **Binding Effect.** The covenants and agreements in this Loan Agreement shall bind and benefit the heirs, executors, administrators, successors, and assigns of the parties to this Loan Agreement.

Section 9.18. **Provisions Not Merged With Deed.** None of the provisions of this Loan Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Loan Agreement.

Section 9.19. **Titles of Articles and Sections.** Any titles of the several parts, Articles, and Sections of this Loan Agreement are inserted only for convenience of reference and shall be disregarded in construing or interpreting any of its provisions.

Section 9.20. **Counterparts.** This Loan Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 9.21. **Choice of Law and Venue.** This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without regard to its conflict of laws provisions. Any disputes, controversies, or claims arising out of this Loan Agreement shall be heard in the state of Minnesota, and all parties to this Loan Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 9.22. **Waiver.** The failure or delay of any party to take any action or assert any right or remedy, or the partial exercise by any party of any right or remedy shall not be deemed to be a waiver of such action, right, or remedy if the circumstances creating such action, right, or remedy continue or repeat.

Section 9.23. **Entire Agreement.** This Loan Agreement, with the exhibits hereto, constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties pertaining to the subject matter of this Loan Agreement.

Section 9.24. **Separability.** Wherever possible, each provision of this Loan Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Loan Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement or any other related document.

Section 9.25. **Immunity.** Nothing in this Loan Agreement shall be construed as a waiver by the Lender of any immunities, defenses, or other limitations on liability to which the Lender is entitled by law, including but not limited to the maximum monetary limits on liability established by Minn. Stat. § Chapter 466.

IN WITNESS WHEREOF, the Lender has caused this Loan Agreement to be duly executed in its name and behalf and the Borrower has caused this Loan Agreement to be duly executed in its name and behalf as of the date first above written.

City of Duluth

Approved:

By _____

City Attorney

Its Mayor

Attest:

By _____

Countersigned:

Its City Clerk

City Auditor

Date: _____

ST Paper 1, LLC.

By _____

Its _____

By _____

Its _____

EXHIBIT A
Legal Description of Development Property

EXHIBIT B
Equipment List

EXHIBIT C
Grant Contract Agreement

EXHIBIT D
Grant Security Agreement

SECURITY AGREEMENT

Date: July __th, 2022

Parties:	City of Duluth, Minnesota Attn: Chris Fleege 411 West First Street Room 400, City Hall Duluth, MN 55802	("Creditor")
	ST Paper 1, LLC Attn: Sharad Tak 9201 Corporate Boulevard Suite 420 Rockville, MD 20850	("Debtor")

RECITALS

- A.** On or about July ____, 2022, the Parties made and entered into a Loan Agreement (the "Loan Agreement"), by which Creditor made a loan to Debtor in an aggregate principal amount not to exceed Three Million Dollars (\$3,000,000) (the "Loan") to finance the purchase and installation of the Equipment identified and defined on Exhibit A attached to this Security Agreement and incorporated herein by reference. The obligation of Debtor to repay the Loan is evidenced by a Promissory Note identified and defined in the Loan Agreement (the "Note").
- B.** To secure payment of the Note, Debtor hereby grants Creditor a security interest in the Equipment, as stated in this Security Agreement.
- C.** This Security Agreement is supported by good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

AGREEMENT

- 1. Security Agreement.** To secure the payment to Creditor by Debtor of the Note, according to the terms of the Note and the Loan Agreement, and Debtor's full performance of the Loan Agreement and its related documents, and to secure any and all other liabilities, direct and indirect, absolute and contingent, now existing or hereafter arising from Debtor to Creditor, Debtor grants Creditor a security interest in all of the Equipment, together with all substitutions, additions, replacements, as well as the products and

proceeds thereof (all hereinafter called “the Collateral”). In connection therewith, Debtor warrants and covenants as follows:

1.1. The Collateral is acquired for Debtor’s business or commercial purposes.

1.2. Other than a permitted superior lienor, no financing statement covering any of the Collateral, or the products or proceeds thereof, is on file in any public office. The security interest created herein is a valid lien against otherwise unencumbered assets and Debtor will defend the Collateral against the claims and demands of all other persons whomsoever.

1.3. Other than in the ordinary course of business, Debtor will not sell, exchange, lease or otherwise dispose of the Collateral, or any part thereof, or suffer or permit any lien, levy or attachment thereon or security interest therein or financing statement to be filed with reference thereto, other than that of Creditor and any permitted superior lienor.

1.4. Debtor will maintain the Collateral in good condition and repair and preserve the same against waste, loss, damage or depreciation in value other than by reasonable wear. Debtor will not use any of the Collateral in violation of any law or public regulation. Creditor may examine and inspect the Collateral at any reasonable time, wherever located, and for that purpose hereby is authorized by Debtor to enter any place or places where any part of the Collateral may be.

1.5. Debtor will pay, when due, all taxes, license fees and assessments relative to the Collateral and its use, and relative to the Note and the obligations secured hereby. Should Debtor fail in its performance of any of the foregoing, Creditor may pay any security interest having priority hereto, may order and pay for the repair, maintenance and preservation of the Collateral, or any part thereof, may place and pay for any such insurance, and may pay any such taxes. Debtor agrees to pay to Creditor on demand all of the latter’s disbursements for any of said purposes with interest at the per annum rate set forth in the Note on all sums so paid from the date of payment until repayment. Repayment of all said sums shall be secured by this Security Agreement.

1.6. Debtor agrees to notify Creditor promptly in writing of any change in Debtor’s business address or in the location(s) where the Collateral is kept.

1.7. Debtor shall defend, at Debtor’s sole cost and expense, the Collateral against all liens, charges, security interests, and other encumbrances, other than those of any superior lienor.

2. Subordination and Subrogation. Debtor may, in the ordinary course of business, obtain a loan or other financial accommodation that has been secured by the Collateral, including without limitation, public financing through the issuance of the Wisconsin Public Finance Authority’s Taxable Revenue Bonds, Series 2022 (ST Paper 1, LLC Project), in the original aggregate principal amount of \$6 million (“Senior Financing”). Creditor agrees that any security interest in the Collateral granted from time to time to a lender or collateral agent (as applicable, “Subrogee”) to secure such Senior Financing shall be superior to the Creditor’s security interest in the Collateral. Should Creditor’s position under this Security Agreement be perfected in a position that is superior to any such Subrogee’s position, Creditor will subordinate and subrogate its security position hereunder to such Subrogee’s lien. Furthermore, Creditor will, upon request from any such Subrogee, execute such intercreditor agreements or further documentation as may be requested by such Subrogee to evidence the foregoing subordination and subrogation.

3. Financing Statement. Debtor will join with Creditor in executing, filing and doing whatever may be necessary under applicable law to perfect and continue Creditor's security interest in the Collateral, all at Debtor's expense. In furtherance thereof, Debtor consents to Creditor's filing Uniform Commercial Code financing statements naming Debtor as debtor and Creditor as Creditor, and identifying the Collateral subject to this Security Agreement.

4. Debtor's Representations and Warranties. Debtor represents and warrants to Creditor:

4.1. Debtor is and shall be the beneficial and record owner of the Collateral.

4.2. Debtor is not precluded in any manner whatsoever from executing, and has the requisite authority to execute, this Security Agreement and to pledge, transfer, and grant a security interest and lien in the Collateral as contemplated herein, without the approval or authorization of any other person, including any governmental or regulatory authority.

4.3. This Security Agreement has been duly authorized, executed, and delivered by Debtor and constitutes a legal, valid, and binding obligation of Debtor enforceable in accordance with its terms.

5. Notice. Whenever it shall be necessary for a party to give notice to the other respecting this Security Agreement, such notice shall be given in the form and manner as set forth in Section 9.15 of the Loan Agreement.

6. Default. Time is of the essence of this Security Agreement. Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions:

6.1. Debtor defaults under the Note, under the Loan Agreement and any of its related agreements, or to any superior lien;

6.2. Debtor fails to keep, perform, or observe any provision of this Security Agreement and Debtor does not remedy said failure within ten (10) business days of the giving of written notice of said nonperformance by Creditor;

6.3. Any substantial uninsured loss, theft, or destruction of, or damage to, the Collateral which is not substantially replaced by Debtor within a reasonable period of time; or

6.4. Failure or termination of Debtor's business; the commencement of any insolvency, bankruptcy, or receivership proceedings by or against Debtor; the assignment of this Security Agreement for the benefit of Debtor's creditors.

7. Remedies. Upon Debtor's default, Creditor shall have each and all of the rights and remedies under the Loan Agreement, the Note, this Security Agreement and by applicable law, including, but not limited to, the rights and remedies afforded secured parties under the Uniform Commercial Code as then in effect in the State of Minnesota.

8. General Terms.

8.1. Waiver. A party shall not be deemed to have waived any of the rights granted in this Security Agreement unless the waiver is in writing and is signed by the party. No delay in exercising a right shall be a waiver, nor shall a waiver on one occasion operate as a waiver of such right on a future occasion.

8.2. Binding Effect. This Security Agreement and the covenants, representations and warranties contained herein shall be binding and unconditional upon, and inure to the benefit of the parties hereto and their respective heirs, successors, legal representatives and assigns.

8.3. Assignment. No duty, right, obligation or interest of Debtor hereunder shall be assigned, delegated, subcontracted or otherwise transferred, voluntarily or involuntarily, without the written consent of Creditor.

8.4. Governing Law. All of the terms herein and the rights, duties and remedies of the parties shall be governed by the laws of the State of Minnesota. Any part of this Security Agreement contrary to the law of any state having jurisdiction shall not invalidate other parts of this Security Agreement in that state.

8.5. Attorney Fees. In the event any suit, action, claim or proceeding is brought for any purpose in connection with this Security Agreement, the prevailing party may collect from the other reasonable attorney fees as assessed by the court, at trial or on appeal.

8.6. Entire Agreement. This Security Agreement includes the entire understanding of the parties with respect to Creditor's security interest in the Collateral and supersedes all prior negotiations, whether written or oral, with respect hereto. This Security Agreement may not be modified except by subsequent agreement in writing signed by the parties hereto.

[Signature Page Follows]

In witness whereof, the undersigned have made and entered into this Security Agreement the day and year first set forth above intending to be bound hereby.

DEBTOR:

ST Paper 1, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

CREDITOR:

City of Duluth, Minnesota

Approved:

By: _____
Its Mayor

By: _____
City Attorney

Attest:

Countersigned:

Its City Clerk

Its City Auditor