

DEVELOPMENT AGREEMENT

between

CITY OF DULUTH

and

ST PAPER 1 LLC.

Relating to DULUTH PAPER MILL REDEVELOPMENT

Dated as of October 5, 2022

DEVELOPMENT AGREEMENT

THIS AGREEMENT, effective as of the date of attestation hereof by the City Clerk, by and between the CITY OF DULUTH, a municipal corporation under the laws of the State of Minnesota, hereinafter referred to as "City", and ST PAPER 1 LLC, a Delaware limited liability company, hereinafter referred to as "Developer."

WHEREAS, Developer proposes to acquire the closed papermill and associated property located at 100 North Central Avenue in Duluth, Minnesota as hereinafter described and to convert it to the production of tissue paper, paper towels, bathroom tissue, paper napkins and similar paper products (the hereinafter-described "Project"); and

WHEREAS, the cost of acquisition of the existing property and facilities together with the cost of conversion would render the Project not economically feasible without public assistance including assistance from the City, from St. Louis County and from the State of Minnesota as hereinafter described; and

WHEREAS, St. Louis County, and the City have indicated their willingness to agree to the abatement of real estate taxes as set forth on Exhibits B and C attached hereto to fill gaps in the available funding for the Project, making the Project financially feasible; and

WHEREAS, Developer is pursuing a commitment for financing and has agreed to make available sufficient equity monies that, when combined the tax abatement, will be sufficient to complete the Project;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter contained, the parties covenant and agree for themselves and their successors and assigns as follows:

ARTICLE I

Definitions

For the purposes of this Agreement, the following terms shall have the meanings hereinafter ascribed to them unless a different meaning clearly appears from the context:

A. Abatement Resolutions means the City Abatement Resolution and the County Abatement Resolution.

B. Agreement means this Development Agreement and its exhibits as may be amended, restated, supplemented or otherwise modified from time to time.

C. Benefit Date: shall mean the date when the Property acquisition has been completed the Equipment has been installed.

D. City Abatement Proceeds: means the amount of the proceeds of City's abatement as provided for in the Note.

E. City Abatement Resolution means a resolution approved by the Duluth City Council, substantially in the form of that attached hereto as Exhibit B, authorizing the abatement of portion of the real property taxes on the Property and the Project paid to the City for a term of up to Ten (10) years commencing with taxes payable in 2023 in the total amount of not to exceed Six Hundred Thousand Dollars (\$600,000) to be paid to Developer as provided for the City Abatement Resolution and this Agreement.

F. City Loan: means the forgivable loan of Two Hundred Forty-two Thousand Dollars (\$242,000) from City to Developer from the Fund 235-020-54344 (Grants and Awards Fund) under the terms and conditions hereinafter set forth.

G. City Loan Mortgage: means a mortgage against the Property granted by Developer to City to secure the repayment of the City Note under the terms and conditions hereinafter set forth.

H. City Loan Note: means the note from Developer to City evidencing the obligation of Developer to repay the City Loan to City under the terms and conditions hereinafter set forth.

I. Community Benefits Program Contract Specifications: shall mean the Community Benefits Program Contract Specifications on file in the office of the City Purchasing Agent.

J. Compliance Date: means the date that is two (2) years after the Benefit Date

K. Contract: means the contract or contracts for the construction of any structures or improvements to the Property and for the acquisition and/or installation of the Equipment as part of the Project.

L. Contractor means the contractor or contractors contracted for by the Developer to construct any structures or improvements to the Property or to install any of the Equipment as part of the Project.

M. Costs means, without intending thereby to limit or restrict any proper definition of such costs under any applicable laws or sound accounting practices, the following costs for construction of the Project:

1. Obligations incurred for labor and to contractors, builders, equipment suppliers and materialmen in connection with the Project acquisition, equipment acquisition, construction and installation of the Project;
2. Site improvement and off-site improvement costs required for the construction of the Project;
3. Fees and expenses of the Engineer, legal counsel and other professionals for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications, assistance with bidding, and supervising construction, as well as for the performance of all other duties of the Engineer and other professionals in relation to the acquisition, betterment and financing of the Project

N. County: shall mean St. Louis County, Minnesota.

O. County Abatement Resolution means a resolution approved by the County Board of Commissioners, substantially in the form of that attached hereto as Exhibit C, authorizing the abatement of portion of the real property taxes on the Property and the Project paid to the County for a term of up to Ten (10) years commencing with taxes payable in 2023 in the amount of not to exceed Six Hundred Thousand Dollars (\$600,000) to be paid to Developer as provided for the County Abatement Resolution and this Agreement.

P. County Abatement Proceeds: shall mean the proceeds of the County's abatement of taxes pursuant to the County Abatement Resolution which are actually received by the City.

Q. Director means the City's Director of Planning and Economic Development or such other person as is designated to act on behalf of her with regard to this Agreement.

R. Documents means this Agreement, the Plans, the MIF Loan Agreement, the JCP Loan Agreement, the Note, the Mortgage the Agreement, the Tax Credit Documents and any other documents given to the City to evidence, effect, secure or modify the Documents.

S. Engineer: means ST Paper LLC, 106 East Central Avenue, Oconto Falls, Wisconsin, 54154.

T. Equipment: means that machinery and equipment listed and described on Exhibit E at an estimated cost as set forth on said Exhibit E.

U. Event of Default means an event which, with notice or passage of time or both, would constitute an Event of Default under this Agreement

V. Full-Time Equivalent: or "FTE" is the equivalent of one person working 2080 hours or more per year; or, the ratio of the total paid hours during a calendar year (permanent part time or full time) as the numerator, to the total of working hours in that same period (2080 hours per year), as the denominator.

W. Full-Time Job: means an employee that is employed 2080 hours per year.

X. Living Wage Ordinance means Article XXVI of Chapter 2 of the Duluth City Code, 1959, as amended.

X. JCF Grant: means the Jobs Creation Fund Grant in the amount of up to One Million Five Hundred Thousand Dollars (\$1,500,000) from the State of Minnesota through its Department of Employment and Economic Development pursuant to Minnesota Statutes § 116J.8748.

Y. MIF Loan: means a loan to the City in the amount of up to Three Million Dollars (\$3,000,000) of Minnesota Investment Fund funds from the State of Minnesota through its Department of Employment and Economic Development pursuant to Minnesota Statutes § 116J.8731 and Minn. Rules Chapter 4300 under the terms and conditions set forth in the MIF Loan Agreement, which funds will be loaned to Developer as hereinafter provided for.

Z. MIF Loan Agreement: means the agreement between DEED and the City, a copy of which is attached hereto and made a part hereof as Exhibit F, setting forth the terms and conditions of the MIF Loan to the City.

AA. New Jobs: means the new permanent, Full-Time Job or FTE non-

contract, non-seasonal jobs to be created by the Developer on or after the Effective Date at its Duluth site.

BB. New Market Tax Credits or NMTC: means tax credits awarded to Developer by a CDE as provided for in the federal Internal Revenue Code.

CC. NMTC Documents: means those documents required by the Director establishing the award of NMTCs to Developer by one or more community development Entities as determined by the U.S. Internal Revenue Service, the amount of said credits and those agreements securing said credits to Developer

DD. Note: means a note issued by the City evidencing the amount and terms of the City's obligation to pay City Abatement Proceeds to Developer as provided for in this Agreement.

EE. Plans: means the working drawings, specifications and elevations for the construction of any element of the Project requiring construction and a detailed list of the Equipment together with plans for the installation thereof as described above and in Article III below, approved as provided for in said Article III, including improvements to public infrastructure needed as a result of the Project if any, along with the Engineer's certified estimate of the Project Costs.

FF. Project means the acquisition of the Property, the construction of any structures necessary for the Project and the acquisition and installation of the Equipment necessary to convert the existing facilities to the production of tissue paper, paper towels, bathroom tissue, paper napkins and similar paper products and associated costs, all having an estimated Cost of up to Fifty-four Million, Six Hundred Thousand Dollars (\$54,600,000) but in no event at a Cost of not less than Forty Million Dollars (\$40,000,000).

GG. Project Labor Agreement or PLA: shall mean a Project Labor Agreement conforming to that approved by the City Council pursuant to Section 2-29 (b) of the Duluth City Code, 1959, as amended.

HH. Property means the real estate located in St. Louis County, Minnesota and described in Exhibit A hereto.

II. Repayments means any payments from Developer to the City or the County required hereunder.

ARTICLE II

Preconditions to Project Construction

Prior to the City's obligations to Developer under this Agreement becoming binding on and enforceable against the City and as a precondition thereof, Developer shall provide to the City the following items which shall be subject to the approval of the Director in writing, which approval shall not be unreasonably withheld:

A. Deed.

Evidence that the Property is owned by Developer in fee simple absolute and that an appropriate policy of title insurance has been issued in the name of Developer.

B. Approvals.

Evidence of the approval of the Abatement Resolutions.

C. Plans

Approved Plans for the construction and installation of the Project as described above and in Article III below, including improvements to public infrastructure needed as a result of the Project if any, along with the Engineer's certified estimate of the Project Costs.

D. Contract.

A copy of the executed Contract between Developer and a Contractor or Contractors necessary to complete the construction and installation of the Project in accordance with the Plans, approved pursuant to Article III below and an executed PLA or PLAs with said Contractor for the Project. In addition, the Contract shall commit the Contractor to conform to the requirements of the Community Benefits Program Contract Specifications. The Contract shall provide that payments for the work thereunder are the sole obligation of Developer.

E. Performance and Payment Bonds

A copy of executed payment and performance bonds provided by Developer in connection with the construction of the Project, which bonds shall be in the penal amount of not less than one hundred (100%) percent of Cost as

set forth in Paragraph C above written by a bonding company licensed to do business in the State of Minnesota, certified by Developer to be true and correct copies thereof which name the City as a beneficiary thereof.

F. MIF Loan Agreement

A fully executed copy of the MIF Loan Agreement.

G. JCF Loan

Proof of the receipt by Developer of the JCF Loan.

H. City Loan Mortgage & Note

A copy of the City Loan Note duly executed by Developer and a fully executed and recorded copy of the City Loan Mortgage.

I. NMTC Documents

Fully executed copies of the NMTC Documents satisfactory to the Director establishing the amount of NMTC available to Developer to finance the Project.

j. Financing.

Copies of financing commitments or capital commitments by Developer or a certification as to availability of funds acceptable to Director, which are utilized by Developer for the capital necessary so that the total of said commitments and certification are not less than the Project Costs.

K. Construction Cost Certification

Evidence satisfactory to the Director that the Cost of the Project will equal or exceed \$40,000,000.

L. Additional Documentation

Developer shall also deliver the following documents to the City:

1. Corporate Resolutions authorizing the Documents;
2. A certificate of Developer's good standing;
3. Insurance Certificates

M. Survey.

A survey of the Property prepared by a Registered Land Surveyor under the laws of the State of Minnesota.

ARTICLE III

Project Plans

A. Plans, Specifications and Elevations.

No less than 30 days prior to the commencement of construction of and installation of equipment for the Project by Developer, or such lesser time as approved by the Director, Developer shall submit Plans to the Director for approval. All such Plans shall be in conformance with this Agreement, with the schematic design which shall consist of drawings and other documents illustrating scale and relationship of various Project components, and with all applicable laws, ordinances, rules, regulations and requirements of the City, the State of Minnesota and the United States of America. The Director shall review such plans, specifications and elevations within 30 days of submission of same by Developer. The Director's approval shall be provided to Developer in writing. If the Director rejects such plans, specifications and elevations in whole or in part as not being in compliance with the foregoing requirements, and upon notification to Developer of said rejection together with a detailed explanation of the reason or reasons therefor, Developer shall submit new or corrected plans, specifications and elevations meeting said objections within 15 days of said notice. The provisions of this Paragraph relating to approval, rejection and resubmission of corrected plans hereinafter provided for with respect to the originally submitted plans, specifications and elevations shall continue to apply until said plans, specifications and elevations have been approved in writing by the Director. The Director's approval of Developer's plans, specifications and elevations shall not constitute a waiver of building code or zoning ordinance or other applicable codes or ordinances imposed in the future upon Developer by law.

B. Changes After Initial Approval.

Any material or substantial changes made to Plans by Developer after initial review by the Director shall be submitted to the Director for approval in the same manner provided for in Paragraph A above.

ARTICLE IV

Construction

A. Construction/Installation.

Upon the fulfillment of the preconditions to construction provided for in Article II and upon award of the Contract of the pursuant to this Agreement, Developer shall commence construction and implementation of the Project in conformance with the Plans approved pursuant to Article III. Provided, however, that said work shall be commenced no later than September 1, 2022 and shall be completed not later than December 31, 2023. Notwithstanding the above, the above period may be extended upon the prior written approval of the Director.

B. Developer to Bear All Costs.

Developer specifically agrees to bear all costs related to the construction and implementation of the Project and any modifications thereto utilizing equity and its financing.

C. Prevailing Wage.

Developer shall cause the laborers, mechanics or apprentice-trainees directly employed in the Project to be paid the wage rates as provided in the federal Davis Bacon Act, as amended, and as required by the MIF Grant and the JCF Grant. Payroll for the construction trades must be submitted to the Director on a monthly basis.

D. Progress Reports.

Until the entire Project has been completed, Developer shall make reports in such detail and at such times as may reasonably be requested by the Director as to the actual progress of Developer with respect to the Project. Additionally, upon reasonable notice, Developer also agrees that it will permit the City access to the Property and the Project to ascertain the progress of the Project.

ARTICLE V

Audits

The City and its representatives shall have the right at all reasonable times after reasonable notice to inspect, examine and copy all books and records of Developer relating to the Project. Additionally, Developer shall cause the Engineer to allow the City and its representatives at all reasonable times and after reasonable notice to inspect, examine and copy all books and records of the Engineer relating to the Project during the construction and for a period of six years after the recordation of the Certificate of Completion. Such records of Developer and the Engineer shall be kept and maintained by Developer for a period of six years following the recordation of the Certificate of Completion as provided for in Article VIII.

ARTICLE VI

Certificate of Completion

Upon completion by Developer of the Project in accordance with this Agreement, the Director, shall within 30 days of written request from Developer, furnish to Developer an appropriate certificate certifying completion the Project, (Certificate of Completion) substantially in the form of that attached hereto as Exhibit E. A Certificate of Completion shall not be issued until all elements of the Project have been completed. The Certificate of Completion shall constitute a conclusive determination of satisfaction of the completion by the Developer of the Project undertaken pursuant to this Agreement. Immediately upon issuance of the Certificate of Completion, Developer agrees to record the Certificate of Completion in the office of the St. Louis County Recorder and/or Registrar of Titles and to pay all costs associated therewith. Upon recordation, Developer shall immediately submit to the City an executed original of the Certificate of Completion showing the date and document numbers of record, or a certified copy of the filed original. In the event the Director refuses or denies to provide a Certificate of Completion, the Director will, within said 30-day period, provide Developer a written statement indicating the reasons for such refusal or denial and what measures or actions are required in order to obtain a Certificate of Completion.

ARTICLE VII

Tax Abatement Assistance

A. Generally

As a part of the financial assistance provided to this Project to make it feasible, City and St. Louis County have agreed to provide tax abatement assistance in the form of the Abatement Resolutions. The terms and conditions of that assistance shall be those set forth in the City Abatement Resolution and the County Abatement Resolution respectively; provided that the breach by Developer of any of the terms, covenants or conditions of this Agreement or of either or both of the Abatement Resolutions shall constitute a breach of the requirements of this Agreement and of the other of the Abatement Resolutions.

B. Amount of City Abatement Proceeds

The amount of the City Abatement Proceeds shall be varied based on the amount of NMTC received by the Developer for the Project. In the event that the amount of such NMTC shall be Five Million Dollars (\$5,000,000) or less, the Developer shall be entitled to receive Six Hundred Thousand Dollars (\$600,000) in City Abatement Proceeds as provided for in the Note. In the event that the amount of such NMTC (in dollars) is greater than \$5,000,000 but less than \$10,000,000 the Developer shall be entitled to the amount of tax abatement determined by the following equation: { City Tax Abatement = [(\$10,000,000 – NMTC) / \$5,000,000] * \$600,000 }. In the event that the amount of such NMTC shall be more than Ten Million Dollars (\$10,000,000), the Developer shall not be entitled to receive City Abatement Proceeds as provided for in the Note.

C. Payment of County Abatement

City's obligation to provide abatement proceeds to Developer under this Agreement shall be limited to the proceeds of the City's Abatement Resolution and to the County Abatement Proceeds as defined herein.

ARTICLE VIII

City Loan

A. Loan to Developer

Upon entering into this Agreement and the receipt by City of the City Loan Note and the City Loan Mortgage, City agrees to extend the City Loan to Developer. The City Loan shall be for a term of Ten (10) years at a rate of Six (6%) Percent simple annual interest with payment there due at the end of the term except that all principal and interest thereon shall be forgivable as provided for in Paragraph B below.

B. Loan Forgiveness

As a condition of the forgiveness of the City Loan, Developer agrees that, prior to the Compliance Date, Developer will have created and maintained for the term of the City Loan at least Eighty (80) New Jobs as provided for in Article IX below.

ARTICLE IX

Business Subsidy Agreement

A. Business Subsidy Agreement.

The provisions of this Article constitute the "business subsidy agreement" for purposes of the Minnesota Business Subsidy Act (Minnesota Statutes Sections 116J.993-995 and its successor statute.)

1. The Developer acknowledges and agrees that the provisions of Minnesota's Business Subsidy Act apply to this Agreement, as Developer is receiving government assistance under the terms of this Agreement.

- a. The subsidy provided to the Developer includes up to \$842,000 in tax abatement payments and the proceeds of the City Loan made hereunder which will be used for the Project.
- b. The public purposes and goals of the subsidy are to increase net jobs in the City.
- c. The goals for the subsidy are to create jobs that pay a livable wage as provided for in Paragraph B below.
- d. If the goals are not satisfied, the Developer shall make payment to the City as required in this Agreement.

- e. The subsidy is needed because the cost of the Project makes it economically infeasible without such assistance.
- f. The Developer must continue operations in the Jurisdiction for at least Ten (10) years following the Benefit Date.

B. As of the Compliance Date, the Developer shall have created not less than eighty (80) New Jobs on the Property having a base wage rate of at least \$14.10 per hour.

C. Default on Business Subsidy Act Requirements.

1. If the Developer fails to meet the job creation goal and wage level commitment by the Compliance Date, the Developer will be required to repay to the City the Tax Abatement proceeds and the City Loan proceeds received by Developer hereunder.

2. If the Developer fails to meet the job creation goal and wage level commitment by the Compliance Date, the City may, after holding a public hearing, extend the Compliance Date for one year, after approval from the State. If after the extension, the Developer fails to meet the job creation goal and wage commitment, the Developer will be required to repay to the City the Tax Abatement proceeds and the City Loan proceeds received by Developer hereunder. City the Tax Abatement proceeds and the City Loan proceeds received by Developer hereunder.

3. In an event of an Event of Default arising from a breach by the Developer of any provision of Article IX of this Agreement, if 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, exceeds Three (3.00%) percent on the date of the earliest such Event of Default, the Developer shall, in addition to any other payment required hereunder, pay to the City the difference between the present value of the interest actually paid and accrued on the Loan as of the

date of the payment required by this Article IX and the amount of interest that would have been paid and accrued on the Loan if the interest rate of the Loan at all times had been equal to the implicit price deflator on the date of the earliest Event of Default;

a. Interest required in Article shall commence to accrue as of the Initial Disbursement Date;

b Nothing in this Article shall be construed to limit the City's rights or remedies under any other provision of this Agreement, and the provisions of Article are in addition to any other such right or remedy the City may have available.

C. Reporting.

The Developer shall provide to the City information regarding job and wage goals and results for two years after the Benefit Date or until the goals are met, whichever is later. This reporting requirement will expire if the goals are met by the Compliance Date. If the goals are not met, the Developer must continue to provide said information until all repayments provided for hereunder are paid. 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:

<http://mn.gov/deed/government/business-subsidy/report-forms/index.jsp>

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

ARTICLE X

Operating Covenants

Developer agrees that in its operations and use of the Project and the Property, in accordance with industry standards, Developer shall:

A. Maintenance.

At all times cause the Project and the Property to be operated and maintained in a neat, orderly condition, to maintain and preserve and keep in good repair, working order and condition said Project and Property and to perform all needed and proper repairs, renewals and replacements necessary to be made thereto. The maintenance of the Project and the Property shall include but not be limited to maintenance of all foundations, external walls, doors, windows, utility openings and all roofing systems as well as outside maintenance including snow removal, grass cutting and landscape maintenance, and all other exterior maintenance to the Project and the Property.

B. Utilities.

Unless disputed, pay or cause to be paid any and all charges for utilities furnished to the Project and the Property including but not limited to hook-up charges and assessments related to all utilities, including but not limited to steam, water, sewer, gas, telephone, cable or satellite TV, and electrical power.

C. Licenses and Permits.

Preserve the existence of all of its licenses, permits and consents to the extent necessary and desirable to the operation of its business and affairs relating to the Project and the Property and to be qualified to do business in the State of Minnesota.

D. Obey All Laws.

Conduct its affairs and carry on its business and operations with respect to the Project and the Property in such a manner as to comply with any and all applicable laws of the United States and the State of Minnesota including all laws related to unlawful discrimination and duly observe and conform to all valid orders, regulations and requirements of any governmental authority related to the conduct of its business and the ownership of the Project and the Property; provided that nothing herein contained shall require it to comply with, observe

and conform to any such law or regulation or requirement so long as the validity thereof shall be contested in good faith through proper legal action provided that such protest shall in no way affect Developer's title to the Project and the Property.

E. Payment of Taxes.

Promptly pay or cause to be paid all lawful taxes and governmental charges, including real estate taxes and assessments at any time levied upon or against it or the Project and the Property, subject to the right to contest in good faith in accordance with Minnesota law.

F. Assessment Fees and Charges.

Pay or cause to be paid when due or payable all special assessments levied upon or with respect to the Project and/or the Property, or any part thereof, and to pay all fees, charges and rentals for utilities, service or extensions for the Project and the Property and all other charges lawfully made by any governmental body for public improvements.

G. Obligations and Claims.

Promptly to pay or otherwise satisfy and discharge all of the obligations and indebtedness and all demands and claims against the Project and the Property as and when the same become due and payable other than any thereof whose validity, amount or collect ability is being contested in good faith by appropriate proceedings.

H. Living Wage.

The construction of the Project shall be done in compliance with the Living Wage Ordinance of the City of Duluth.

ARTICLE XI

Provision against Liens

A. Provision against Liens.

Except for encumbrances permitted pursuant to Paragraph B below, Developer shall not create or permit any mortgage, encumbrance or allow any mechanic's or materialmen's liens to be filed or established or to remain against

the Project, the Property or any part thereof which would materially or adversely affect the City's interest in this Agreement during the term of this Agreement, provided that if Developer shall first notify the City of its intention to do so and post such security as the City reasonably deems necessary, Developer may, in good faith, contest any such mechanic's or other liens filed or established as long as the City does not deem its interest or rights in this Agreement to be subject to foreclosure by reason of such context.

B. Provision Against Assignments, Transfers or Change in Identity of Developer.

Developer recognizes that, in view of the importance of the development of the Project to the general welfare of the community and the fact that any act or transaction involving or resulting in a change in the identity of the parties in control of Developer is of particular concern to the community, the City is relying upon the qualifications and identity of Developer to build and operate the Project. Therefore, except for the purposes of obtaining financing or as otherwise allowed by this Agreement, Developer represents and agrees for itself, its successors and assigns that it has not made or created, and will not make or create or suffer to be made or created, any total or partial sale, assignment, conveyance, lease, trust, lien or power of attorney, and has not or will not otherwise transfer in any other way all or any portion of the Project, this Agreement or any other contract or agreement entered into in connection with carrying out its obligations hereunder; and except for the financing, Developer will not make or create or suffer to be made any such transfer of Developer's rights hereunder without the prior approval of the City until a Certificate of Completion has been obtained. Notwithstanding the above, Developer may sell or transfer its interest in the Project to a Related or Affiliated Entity or as part of an organizational acquisition or merger without the prior approval of the City. An entity acquiring or accepting an interest in the Project as part of an organizational acquisition or merger shall be required to execute a Guaranty. Developer shall give written notice of such sale or transfer and provide copies of the sale or transfer documentation, and well as any Guaranty required above to the Director within 30 days of the event of sale or transfer.

ARTICLE XII

Indemnification

A. Generally.

Developer will to the fullest extent permitted by law, protect, indemnify and save the City and its officers, agents, servants, employees and any person who controls the City within the meaning of Securities Act of 1933, harmless from and against all liabilities, losses, damages, costs, expenses, including attorneys' fees and expenses, causes of action, suits, claims demands and judgments of any nature arising from any of the following, except to the extent that same result from the sole negligence by the City, its officers, agents or employees, in which case Developer' indemnification and hold harmless shall not apply:

1. Any injury to or death of any person or damage to the Project or the Property, or growing out of or in connection with the use or non-use, condition or occupancy of the Project or the Property or any part thereof and also, without limitation, any and all acts or operations related to the construction or installation of the Project on any portion of the Property. The foregoing indemnification shall not be limited in any way by any limitation on the amount or type of damage, compensation or benefits payable by or for the Developer customers, suppliers or affiliated organizations under any Workers' Compensation Act, Disability Benefit Acts or any other Employee Benefit Acts;
2. Any Breach of this Agreement by Developer;
3. Any violation of any contract, agreement or restriction related to Developer's use of the Project or the Property which shall have existed at the commencement of the term of this Agreement or shall have been approved by Developer;
4. Any violation, or alleged violation by Developer, or any employee or agent of Developer or any contractor of Developer, of state, federal or local law, rule or regulation affecting the Project, the Property or the Project or the ownership, occupancy or use thereof; and

5. Any mechanic's liens or similar liens.

B. Environmental Indemnification.

In addition to the generality of the foregoing, Developer hereby agrees that for itself, its successors and assigns that it will indemnify and save the City and its officers, agents, servants and employees and any person who controls the City within the meaning of the Securities Act of 1933 harmless from and against all liabilities, losses, damages, costs, expenses, including reasonable attorneys' fees and expenses, causes of action, suits, claims, demands and judgments arising out of any condition existing on the Project or the Property arising out of Developer's use and occupancy of the Property or the Project or both which constitutes a violation of any environmental law or laws with regard to pollutants or hazardous or dangerous substances promulgated by the government of the United States or of the State or of any such duly promulgated rules and regulations of the United States Environmental Protection Agency or the Minnesota Pollution Control Agency or the presence on the Property of any element, compound, pollutant, contaminant, or toxic or hazardous substance, material or waste, or any mixture thereof, which otherwise causes injury or death to persons or damage to the Project or the Property and that indemnification granted hereby shall include all costs of clean-up, remediation, together with the costs incurred in proceedings before any court of law or administrative agency, including attorneys' fees, expenses, the fees and expenses of persons providing technical expertise addressing such problems, including expert witnesses, the costs of preparing and securing approval of Response Action Plans, as defined by the foregoing agencies, as may be necessary to meet the requirements of said agencies and any other costs and expenses of any kind whatsoever arising out of conditions existing on the Project or the Property.

The indemnification set forth in this Article shall survive any termination of this Agreement, foreclosure or deed in lieu transfer of the Project or the Property.

C. Indemnification Procedures.

Promptly after receipt by Developer of notice of the commencement of any action with respect to which Developer is required to indemnify such person

under this Article, the City shall notify Developer in writing of the commencement thereof, and, subject to the provisions as hereinafter stated, Developer shall assume the defense of such action, including the employment of counsel satisfactory to the indemnitee and the payment of expenses. In so far as such action shall relate to any alleged liability of the City with respect to which indemnity may be sought against Developer, the City shall have the right to employ separate counsel in any such action and to participate in the defense thereof, and the fees and expenses of such separate counsel shall be at the expense of Developer.

ARTICLE XIII

Insurance

Developer shall procure and continuously maintain insurance covering all risks of injury to or death of persons or damage to the Project or the Property arising in any way out of or as a result of Developer's occupancy of or use of the Project or the Property, carried in the name of Developer, any subtenant and the City as their respective interests may appear, as follows:

A. Insurance During Construction.

Developer, prior to entering on the Property for construction of the Project, shall procure or cause to be procured and maintain or require the Construction Manager/Contractor and all contractors to procure and maintain the following insurance at not less than the limits of coverage or liability indicated during the period of construction as follows:

1. Property Insurance.

"All Risk" builders' risk insurance on all work on the Project, including foundations, permanent fixtures and attachments, machinery and equipment included in or installed under the construction contract, debris removal, engineers' fees, temporary structures, materials, equipment and supplies of all kinds located on the Project, to the full replacement value thereof, except that such policy may provide for a deductible amount not to exceed \$50,000 per occurrence. Said insurance shall be endorsed to

provide consent for occupancy of the Project and shall be maintained in effect until permanent property coverage as provided for hereinafter is in force. Such insurance shall be provided by Developer as set forth below and shall bear a payee clause in favor of the City with loss proceeds under any property policies made payable to the City, to the extent of its interest. Said insurance may be written in the name of Developer or may be provided by Developer's Contractor in which case it shall name both Developer and City as additional insureds. The Developer shall be solely responsible for insuring that such insurance is provided. The Construction Manager/Contractor, contractors, all subcontractors, and suppliers and Developer shall waive all rights against the City for damages caused by fire or insured perils, except such rights as are set forth hereunder to the proceeds of such insurance payable in the event of such loss.

2. Public Liability Insurance.

Public Liability Insurance written on an "occurrence" basis in limits of not less than \$2,000,000 per occurrence and in the aggregate for personal injury, bodily injury and death, and limits of \$2,000,000 for property damage liability. If per person limits are specified, they shall be for not less than \$2,000,000 per person and be for the same coverages. The insurance requirements of this subparagraph may be met by augmenting an industry-standard liability policy with an "umbrella" policy, the combined limits of which meet those requirements. The City shall be named as additional insureds on the Comprehensive General Liability and Automobile Liability insurance policies against losses caused by the negligent act or omission of Developer. The Contractor shall also require such liability coverage of its contractors and subcontractors unless they are insured under the Contractor's policies. The Contractor's, contractors' and subcontractors' liability coverages shall include:

- (a) Contractors' public liability--premises and operations;
- (b) Independent contractors' vicarious liability;
- (c) Personal injury;

- (d) Owned, non-owned, and hired vehicles;
- (e) Contractual liability covering customary construction contract and subcontract indemnify provisions; and
- (f) Workers' Compensation coverage in required statutory limits. Policy shall carry an "all states" endorsement. In addition, employer's liability coverage shall be maintained in limits of \$100,000 per employee.

B. Permanent Insurance.

1. Property Insurance.

Prior to the expiration of the builders' risk coverage specified above and during the entire term of this Agreement, the Project, including all fixtures, equipment and machinery, shall be insured to the full replacement value thereof against all risk of Direct Physical Loss, except that such insurance may provide for a deductible amount not to exceed \$25,000 per occurrence; provided that if Developer shall have provided to DEDA a first secured position on a piece of the Equipment acceptable to the Director and having a marketable value of at least \$500,000, the deductible amount may be up to \$500,000. For the purposes hereof, "all risk" means insurance equivalent in scope to protect against all risks of direct physical loss ordinarily insured against in the region. The insurance policy shall bear a payee clause in favor of the City with loss proceeds under any property policies made payable to the City, to the extent of its interest Developer hereby waives any and all claims or causes of action against the City for damages caused by an insured peril hereunder, except such rights hereinafter set forth to an interest in the insurance proceeds payable in the event of such loss.

Liability Insurance.

During the construction period (unless covered under the policies required previously) and permanently thereafter for the balance of the term of this Agreement, Developer shall procure and maintain continuously in force Public Liability Insurance written on an "occurrence" basis under a Comprehensive General Liability Form in limits of not less than \$2,000,000 per occurrence for personal bodily injury and death and limits of \$2,000,000 for property damage

liability. If person limits are specified, they shall be for not less than \$2,000,000 per person and be for the same coverages. The insurance requirements of this subparagraph may be met by augmenting an industry-standard liability policy with an "umbrella" policy, the combined limits of which meet those requirements. The City shall be named as additional insureds therein against losses caused by the negligent act or omissions of Developer. Insurance shall cover:

- (a) Public liability, including premises and operations coverage.
- (b) Independent contractors' vicarious liability;
- (c) Personal injury.
- (d) Owned, non-owned and hired vehicles.
- (e) Contractual liability covering the indemnity obligations set forth herein to the extent that such insurance is available based on insurance industry-standard practices.
- (f) Products--completed operations.

D. Workers' Compensation.

Workers' Compensation Coverage in statutory amounts with "all states" endorsement. Employees' liability insurance shall be carried in limits of \$100,000 per employee.

E. Requirements for All Insurance.

All insurance required in this Article shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in the State of Minnesota.

F. Policies.

Developer shall be required to supply to the City certification of all policies required under this Agreement. In addition, each insurer providing such policies shall be required to provide evidence satisfactory to the Director that such policies will require the insurer to give the City 30 days' written notice prior to cancellation or modification of said insurance. Uninsured Loss.

In the event the Project or the Property or any portion thereof is destroyed by fire or other casualty covered by insurance, Developer shall forthwith repair, reconstruct, and restore the Project and the Property to substantially the same

scale and condition, quality, and value as existed prior to the event causing such damage or destruction, and to the extent necessary to accomplish such repair, reconstruction, and restoration, Developer shall apply the proceeds of any insurance received by Developer to the payment or reimbursement of the costs thereof. Developer shall, however, complete the repair, reconstruction and restoration of the Project and the Property whether or not the proceeds of any insurance received by Developer are sufficient to pay for such repair, restoration, and reconstruction. In the alternative, and only with the prior written consent of the City, Developer may construct a building of a new design having utility to the City equal to or greater than the Project, approved by the City as a replacement to the Project, at its own cost and at no cost to the City. In the event that the City approves construction of such a replacement building, said building shall be constructed in accordance with the terms hereof.

ARTICLE XIV

Developer Defaults and Remedies Therefor

A. Events of Default.

The following shall be deemed to be Events of Default by Developer under the terms and conditions of this Agreement to which the remedies set forth in Paragraph B below shall be applicable as otherwise set forth in this Agreement. Except as otherwise specifically provided herein, following notice of a default, Developer shall have 30 days to cure such default and provide evidence of such cure to the City.

1. Developer fails to make any Repayments when due and such failure is not cured within 10 days after delivery of written notice by the City to Developer.
2. Developer shall permit any liens on the Project or the Property except as expressly provided for in the Documents.
3. Any of the following shall occur: (i) Developer shall seek relief in bankruptcy, or make a general assignment for the benefit of creditors, or (ii) there is filed by or against Developer a petition in bankruptcy or for the

appointment of a receiver, or (iii) any creditor commences under any bankruptcy or insolvency law proceedings for relief against Developer, or (iv) an action is sought for the composition, extension, arrangement or adjustment of Developer's obligations, or (v) Developer discontinues its business as a going concern, or (vi) Developer defaults on any other obligation to the City beyond any applicable notice and cure periods, or (vii) Developer's business is taken over or control is assumed by any government or governmental agency.

4. Any of the following shall occur:
- i. Any warranty, representation or statement made by Developer in any Document, is untrue or misleading in any material respect.
 - ii. Any financial information provided by or on behalf of Developer is untrue or misleading in any material respect.
 - iii. Any of the Documents ceases to be in full force and effect (including failure of a collateral document to create a valid and perfected security interest or lien) at any time and for any reason.
 - iv. Developer defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Developer's property or Developer's ability to make the Repayments or perform their respective obligations under any of the Documents.
 - v. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Developer or by any governmental agency against any collateral securing financing. However, this Event of Default shall not apply if there is a good faith dispute by Developer as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Developer gives the City written notice of the creditor or forfeiture proceeding and deposits with the City monies or a surety bond for the creditor or

forfeiture proceeding, in an amount determined by the City, in its sole discretion, as being an adequate reserve or bond for the dispute.

- vi. Developer fails to perform any other obligation required under the Documents and such failure is not cured within 30 days after delivery of written notice by the City to Developer describing the failure and the act required to cure the failure.
- vii. Developer fails to pay when due any real estate tax payment or legally-imposed assessment with regard to the Property or the Project
- viii. Developer is in default of any other obligation of Developer under the terms and conditions of this Agreement.

B. General Remedies

Except as otherwise set forth in this Agreement, the City shall have the following remedies in the case of an Event of Default by Developer:

- 1. Terminate this Agreement.
- 2. Any of the various remedies provided in any of the Documents.
- 3. Seek and be entitled to monetary damages from Developer for any damages incurred by the City as a result of Developer's default.
- 4. Seek and be entitled to injunctive or declaratory relief as is necessary to prevent Developer's violation of the terms and conditions of this Agreement or to compel Developer's performance of its obligations hereunder.
- 5. Cumulatively to exercise all other rights, options and privileges provided by agreement, law or in equity.

C. Non-Waiver.

The waiver by the City of any Event of Default on the part of Developer or the failure of the City to declare default on the part of Developer of any of its obligations pursuant to this Agreement or the other Documents shall not be deemed to be a waiver of any subsequent Event of Default on the part of Developer of the same or of any other obligation of Developer under this

Agreement or the other Documents. To be effective, any waiver of any Event of Default by Developer hereunder shall be in writing by the City.

D. Remedies Cumulative.

The remedies provided under this Agreement shall be deemed to be cumulative and non-exclusive and the election of one remedy shall not be deemed to be the waiver of any other remedy with regard to any occasion of an Event of Default hereunder.

ARTICLE XV

Representations, Covenants and Warranties

A. Representations, Covenants and Warranties of the City.

The City represents, covenants and warrants as follows:

1. The City is a duly formed and validly existing municipal corporation and political subdivision of the State of Minnesota, governed by the Constitution and laws of the State of Minnesota and its home rule charter.
2. The officers of the City executing this Agreement have been duly authorized to execute and deliver this Agreement and perform its obligations hereunder pursuant to the terms and provisions of a resolution of the Council of the City.
3. This Agreement is binding and enforceable against the City in all respects.

B. Representations, Covenants and Warranties of Developer.

Developer represents, covenants and warrants as follows:

1. Developer is a duly formed and validly existing corporation under the laws of the State of Delaware, is not in violation of its organizational documents, has power to enter into this Agreement and to perform its obligations hereunder, and has duly authorized the execution, delivery, and performance of this Agreement and the other Documents by proper corporate action.
2. Developer is not in violation of any provision of its organizational documents, or any indenture, mortgage, deed of trust, indebtedness, agreement, judgment, decree, order, statute, rule or regulation to which it

is a party or by which it or its properties are bound or affected, other than violations and defaults which would not, individually or in the aggregate, have a material adverse effect on the financial position or results of operation of Developer.

3. The execution and delivery by Developer of this Agreement; compliance with the provisions thereof by Developer; and the performance by Developer of its agreements, covenants, and obligations under this Agreement, do not, in any material respect, constitute on the part of Developer a breach or violation of, or default under, its organizational documents, will not violate any law or regulation applicable to Developer, or result in the breach of, or constitute a default under, any indenture or loan, credit, or other agreement or instrument to which Developer is a party or by which it or its property is bound or affected.
4. There are no actions, suits or proceedings pending or, to the knowledge of Developer, threatened against Developer or any premises leased or owned by Developer in any court or before any Federal, State or municipal or other governmental agency which, if decided adversely to Developer, could have a material adverse effect upon Developer, any premises leased or owned by Developer, the financial position of Developer, or the operation of Developer, and that Developer is not in default of any order of any court or governmental agency.
5. No consent, approval, or authorization of, or permit or license from, or registration with, or notice to any federal or state regulatory authority or any third party not already obtained is required in connection with the execution, delivery, and performance by Developer of this Agreement, or any document or instrument related thereto.
6. It is not in default of the payment of principal of or interest on any indebtedness for borrowed money or in default under any instrument or agreement pursuant to which the indebtedness has been incurred.
7. Developer shall promptly and at all times pay all reasonable fees and expenses incurred by the City in pursuing its rights hereunder or under the

Documents, including attorney's, accountant's and other fees subsequent to the Closing Date.

8. Except as permitted in this Agreement or any other Document, Developer will not sell, encumber, transfer or otherwise pledge the Project or the Property to any other person for any purpose whatsoever except with the prior written consent of the City.
9. Developer will perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Documents, and in all other instruments and agreements between Developer and the City. Developer shall notify the City immediately in writing of any default in connection with this Agreement, any Document or in any other agreement between Developer and the City promptly upon Developer becoming aware of such default.
10. Except as otherwise permitted, Developer shall not, without written consent of the City, engage in any business activities substantially different than those in which Developer is presently engaged, or cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change ownership, dissolve or transfer or sell the Project or the Property out of the ordinary course of business.
11. Developer shall not enter into any agreement containing any provisions which would be violated or breached by the performance of Developer's obligations under this Agreement or in connection herewith.
12. Developer shall not subject the Project or the Property to any additional declaration, condition, restriction or easement without the prior written consent of the City.
13. Developer shall be responsible for constructing the Project in accordance with the terms of this Agreement and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations, and federal Davis-Bacon). Developer shall obtain, in a timely manner, all required permits, licenses and approvals, and shall meet, in a timely manner, all requirements of all

applicable local, state and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed. Developer shall be responsible for obtaining all of the permits and licenses necessary for construction and operation of the Project.

14. The execution of this Agreement has been duly and fully authorized by Developer's governing body or board, that the officer of Developer who executed this Agreement on its behalf is fully authorized to do so, and that this Agreement when thus executed by said officer on its behalf will constitute and be the binding obligation and agreement of Developer in accordance with the terms and conditions thereof.
15. This Agreement is binding and enforceable against Developer in all respects.

ARTICLE XVI

Term

The term of this Agreement shall commence upon execution by the parties hereto and shall continue until all tax abatement payments provided for in the Abatement Resolutions have been paid, unless this Agreement is terminated earlier as provided for herein.

ARTICLE XVII

Runs with the Land

This Agreement shall be deemed to run with the Land and shall enure to the benefit of the parties hereto and to their successors and assigns.

ARTICLE XVIII

Notices

Any notice, demand or other communication under this Agreement by either party to the other shall be deemed to be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid to:

In the case of the City: City of Duluth
Attn: Director of Planning and Economic Development
402 City Hall
411 West First Street
Duluth, MN 55802

In the case of Developer: ST Paper 1, LLC
9201 Corporate BLVD.
Suite 420
Rockville, MD 20850

ARTICLE XIX

Recordation

Immediately upon execution of this Agreement, Developer agrees to record a Memorandum of Development Agreement substantially in the form of that attached hereto as Exhibit E in the office of the St. Louis County Recorder and/or Registrar of Titles and to pay all costs associated therewith. Upon recordation, Developer shall immediately submit to the City an executed original of the Memorandum of Development Agreement showing the date and document numbers of record.

ARTICLE XX

Disclaimer of Relationships

Developer acknowledges that nothing contained in this Agreement nor any act by the City or Developer shall be deemed or construed by Developer or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the City and Developer.

ARTICLE XXI

Applicable Law

This Agreement together with all of its Articles, Paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota. All proceedings related to this Agreement shall be venued in Duluth, Minnesota.

ARTICLE XXII

Judicial Interpretation

Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of both parties have participated in the preparation hereof.

ARTICLE XXIII

Title of Articles

Any title, Articles and Paragraphs in this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

ARTICLE XXIV

Severability

In the event any provision herein shall be deemed invalid or unenforceable, the remaining provision shall continue in full force and effect and shall be binding upon the parties to this Agreement.

ARTICLE XXV

Unavoidable Delays

Neither party shall be held responsible for, and neither party shall be in considered in default of this Agreement as a result of, delay or default caused by fire, riot, acts of God, war, government actions, judicial actions by third parties, strikes or embargoes, or adverse weather conditions, except for delays caused by government and judicial actions which could have been avoided by compliance with publicly available laws, rules and regulations of which either party had knowledge or should have reasonably had knowledge.

ARTICLE XXVI

Entire Agreement

It is understood and agreed that the entire agreement of the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

ARTICLE XXVII

Counterparts

This Agreement may be executed, acknowledged and delivered in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

ARTICLE XXVIII

Attorney's Fees

In the event that Developer is in default of any of the terms and conditions of this Agreement and the City shall successfully take legal action to enforce said rights herein, in addition to the foregoing, the City shall be entitled to reimbursement for its reasonable attorneys' fees and costs and otherwise for its costs and disbursements occasioned in enforcing its rights hereunder. In the event City is in default of any of the terms and

conditions of this Agreement, and Developer shall successfully take legal action to enforce said rights herein, in addition to any other right or remedy, Developer shall be entitled to reimbursement for its reasonable attorney's fees and costs and otherwise for its costs and disbursements occasioned in enforcing its rights hereunder.

[Remainder of page left blank intentionally. Signature page follows.]

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals
the day and year first shown above.

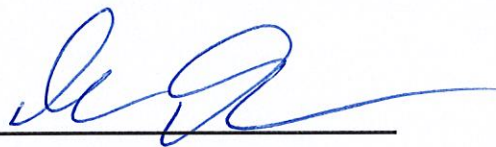
CITY OF DULUTH, a Minnesota
Municipal Corporation

By 
Emily Larson
Its Mayor

ST PAPER 1 LLC,
a Delaware Limited Liability Company

By 

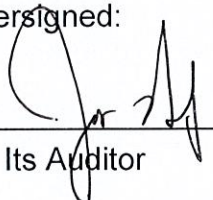
Attest:

By 

Its City Clerk

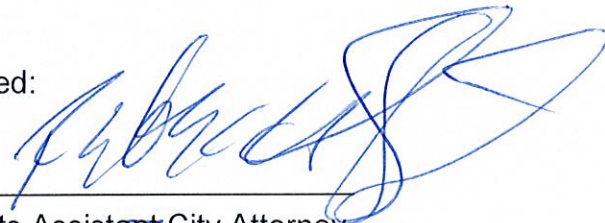
Date: 10-7-22

Countersigned:




Its Auditor

Approved:



Its Assistant City Attorney

COUNTY OF MONTGOMERY)


Notary Public

STATE OF MINNESOTA)
) ss.

COUNTY OF ST. LOUIS)

AMANDA M ANDERSON
Notary Public
State of Minnesota
My Commission Expires
January 31, 2027

Concepcion M. Concha
Notary Public

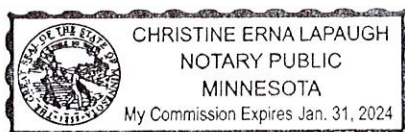
DRAFTED BY:

2 4 4 1 4

MINNESOTA NOTARY ACKNOWLEDGEMENT

State of Minnesota
County of St. Louis

The foregoing instrument was acknowledged before me on October 10, 2022, by Rebecca St. George, City Attorney of the City of Duluth, a municipal corporation, on behalf of the City.

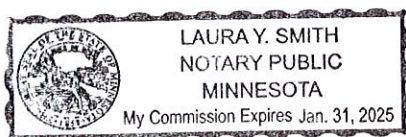


Christine Erna Lapaukh
Notary Public

My Commission Expires: 1/31/2024

State of Minnesota
County of St. Louis

The foregoing instrument was acknowledged before me on October 11, 2022, by Josh Bailey, City Auditor of the City of Duluth, a municipal corporation, on behalf of the City.



Laura Y. Smith
Notary Public

My Commission Expires: 1-31-25

EXHIBIT A

Legal Description of the Land

Exhibit A Legal Description of the Land

Continued onto next page.

EXHIBIT A
LEGAL DESCRIPTION

Parcel A (Certificate of Title No. 322915.0):

Lot 1, Block 1, Lake Superior Paper Division, except minerals.

Parcel B (Certificate of Title No. 322916.0):

Lot 2, Block 1, Lake Superior Paper Division, except minerals.

Parcel C (Certificate of Title No. 322917.0):

Lot 3, Block 1, Lake Superior Paper Division,
Except that portion described as follows: Commencing at a capped square tube noted on the plat and located at the intersection of the center line of Polk Street and the East line of 55th Avenue West (also known as Central Avenue) the Point of Beginning; thence North 00 degrees 00 minutes 01 seconds East along East line of 55th Avenue West (also known as Central Avenue) a distance of 282.80 feet; thence North 89 degrees 59 minutes 56 seconds East a distance of 250.00 feet; thence South 00 degrees 00 minutes 01 seconds West a distance of 282.80 feet, more or less, to the center line of Polk Street, thence South 89 degrees 59 minutes 58 seconds West along the center line of Polk Street 250.00 feet, more or less, to the Point of Beginning, And also except minerals.

Parcel D (Certificate of Title No. 322918.0):

Lot 1, Block 2, Lake Superior Paper Division, except minerals.

Parcel E (Certificate of Title No. 322920.0):

All that part of Lots 8 and 9 Block 244 Altered Plat of West Duluth Third Division lying Southerly of the Northerly line of the railroad right of way known as the main track of the Burlington Northern Railroad Company, a Delaware corporation, formerly Duluth Transfer Railway Company, a Minnesota corporation and Northern Pacific Railway Company, a Wisconsin corporation, described as follows:

Those parts of Outlots H, I and V, Rearrangement of Auditor's Plat of West Duluth Outlots, according to the recorded plat thereof, and those parts of Blocks 243, 244, 246, 247, 248 and 249, Altered Plat of West Duluth Third Division, including the vacated streets, avenues and alleys described as follows:

Commencing at the Southwest corner of said Block 249, thence Easterly, along the South line of said Block 249, a distance of 112.64 feet to the point of beginning of the land to be described; thence deflect 49 degrees 25 minutes 55 seconds to the left in a Northeasterly direction, along a line 50.00 feet distant and parallel with the main track of the Burlington Northern Railroad Company, a distance of 1001.54 feet to the intersection with the East line of said Block 244 and said intersection being 104.59 feet South of the Northeast corner of said Block 244; thence deflect 139 degrees 25 minutes 55 seconds to the right in a Southerly direction, along said East line of Block 244, a distance of 153.76 feet; thence deflect 40 degrees 34 minutes 05 seconds to the right in a Southwesterly direction, along a line 50.00 feet distant and parallel with the main track of the Burlington Northern Railroad Company a distance of 536.05 feet to the South line of Lot 8 of said Block 247; thence deflect 49 degrees 25 minutes 55 seconds to the right in a Westerly direction, along said South line of Lot 8, a distance of 32.91 feet, thence deflect 49 degrees 25 minutes 55 seconds to the left in a Southwesterly direction, along a line 25.00 feet distant and parallel with the main track of the Burlington Northern Railroad Company, a distance of 77.61 feet to the West line of said Block 247; thence deflect 40 degrees 34 minutes 05 seconds to the left in a Southerly direction, along said West line of Block 244, a distance of 38.44 feet; thence deflect 40 degrees 34 minutes 05 seconds to the right in a Southwesterly direction, along a line 50.00 feet distant and parallel with the main track of the Burlington Northern Railroad Company, a distance of 101.48 feet to the East line of said Block 248; thence deflect 139 degrees 25 minutes 55 seconds to the right in a Northerly direction, along said East line of Block 248, a distance of 38.44 feet; thence deflect 139 degrees 25 minutes 55 seconds to the left in a Southwesterly direction, along a line 25.00 feet distant and parallel with the main track of the Burlington Northern Railroad Company, a distance of 393.12 feet to the Northeasterly right of way line of Old U.S. Highway No. 2; thence deflect 90 degrees 00 minutes 36 seconds to the right in a Northwesterly direction, along said right of way line, a distance of 75.00 feet; thence deflect 89 degrees 59 minutes 24 seconds to the right in a Northeasterly direction, along a line 50.00 feet distant and parallel with the main track of the Burlington Northern Railroad Company, a distance of 244.91 feet to the point of beginning.

AND EXCEPT that part of Lots 8 and 9, Block 244, Altered Plat of West Duluth, Third Division, lying Southerly of the railroad right of way as defined in a Deed from Saginaw Lumber Company to Duluth Transfer Railway Company, dated June 15, 1893 and recorded in the office of the Register of Deeds on November 20, 1893, in Book 97 of Deeds, page 37.

AND EXCEPT minerals.

Parcel F

Tract 1 (Certificate of Title No. 313256.0):

Lot 1 Block 36 West Duluth First Division

Lot 2 Block 36 West Duluth First Division

Lot 3 Block 36 West Duluth First Division

Lot 4 Block 36 West Duluth First Division
Lot 8 Block 36 West Duluth First Division
Lot 9 Block 36 West Duluth First Division
Lot 11 Block 36 West Duluth First Division
Lot 12 Block 36 West Duluth First Division
Lot 13 Block 36 West Duluth First Division
Lot 14 Block 36 West Duluth First Division
Lot 11 Block 27 West Duluth First Division
Lot 12 Block 27 West Duluth First Division
Lot 13 Block 27 West Duluth First Division
Lot 14 Block 27 West Duluth First Division
Lot 15 Block 27 West Duluth First Division
Lot 16 Block 27 West Duluth First Division
Lot 1 Block 34 West Duluth First Division
Lot 2 Block 34 West Duluth First Division
Lot 3 Block 34 West Duluth First Division
Lot 4 Block 34 West Duluth First Division
Lot 5 Block 34 West Duluth First Division
Lot 6 Block 34 West Duluth First Division
Lot 7 Block 34 West Duluth First Division
Lot 8 Block 34 West Duluth First Division
Lot 9 Block 34 West Duluth First Division
Lot 10 Block 34 West Duluth First Division
Lot 11 Block 34 West Duluth First Division
Lot 12 Block 34 West Duluth First Division
Lot 13 Block 34 West Duluth First Division
Lot 14 Block 34 West Duluth First Division
Lot 15 Block 34 West Duluth First Division
Lot 16 Block 34 West Duluth First Division
Lot 1 Block 35 West Duluth First Division
Lot 2 Block 35 West Duluth First Division
Lot 3 Block 35 West Duluth First Division
Lot 4 Block 35 West Duluth First Division
Lot 5 Block 35 West Duluth First Division
Lot 6 Block 35 West Duluth First Division
Lot 7 Block 35 West Duluth First Division
Lot 8 Block 35 West Duluth First Division
Lot 9 Block 35 West Duluth First Division
Lot 10 Block 35 West Duluth First Division
Lot 11 Block 35 West Duluth First Division
Lot 12 Block 35 West Duluth First Division
Lot 13 Block 35 West Duluth First Division
Lot 14 Block 35 West Duluth First Division

Lot 15 Block 35 West Duluth First Division
Lot 16 Block 35 West Duluth First Division

Together with all streets, avenues and alleys appurtenant to Block 34 and Block 35 West Duluth First Division EXCEPT minerals and mineral rights as to Lots 1 through 4 inclusive, and Lots 7 through 16 inclusive, Block 34, Lots 5, 6, 7, 8, 9, 10 and 13, Block 35, and Lots 1 through 4 inclusive, Lot 8, Lots 11 through 14 inclusive, Block 36 and Lots 11, 12, 14, 15, and 16, Block 27.

Parcel F:
Tract 2 (Abstract Property)

Lot 5 Block 36 West Duluth First Division
Lot 6 Block 36 West Duluth First Division
Lot 7 Block 36 West Duluth First Division
Lot 10 Block 36 West Duluth First Division
Lot 15 Block 36 West Duluth First Division
Lot 16 Block 36 West Duluth First Division

Parcel G (Part of Certificate of Title No. 313257.0):

PARCEL 1:

All those parts of Blocks 193, 194 and 195 of the recorded plat of Altered Plat of West Duluth Third Division and those parts of vacated Ramsey Street, Bristol Street, 50th Avenue West and the alley between said Blocks 194 and 195 and that part of Government Lot 2, Section 7 Township 49 North Range 14 West, described as follows:

Beginning at the NW corner of Lot 1 of said Block 193, thence N'ly, along the N'ly extension of the West line of said Lot 1, a distance of 0.70 feet; thence E'ly, along a line 0.70 feet distant and parallel with the South line of Ramsey Street, a distance of 353.00 feet; thence S'ly, along a line 353.00 feet distant and parallel with the extended East line of 50th Avenue West, a distance of 0.70 feet; thence E'ly, along the South line of Ramsey Street and the E'ly extension of said South line, a distance of 237.61 feet to the intersection with a line parallel and 43.5 feet distant NW'ly, measured at right angles, to the main track center line of the former Wisconsin Central Railway Company (now Soo Line Railroad Company); thence SW'ly, along said line 43.5 feet distant and parallel to the main track center line, being the NW'ly right of way line of said Soo Line Railroad Company, a distance of 484.51 feet to the E'ly extension of the South line of Bristol Street; thence W'ly, along said extended South line of Bristol Street and the South line of Bristol Street, a distance of 814.01 feet to the SE'ly right of way line of Interstate 35; thence NE'ly, along said SE'ly right of way line, a distance of 428.93 feet to the NE corner of Lot 7 of said Block 194; thence N'ly, along the East line of Lots 6, 5 and 4-1/2, a distance of 90.00 feet; thence NE'ly along a line running from a point on the East line of Lot 4-1/2 of said Block 194, said point being 40.00 feet North of the SE corner of said Lot 4-1/2 to the NW corner of Lot 1 of said Block 193, a

distance of 88.64 feet; thence N'y, along a line 0.40 feet distant and parallel with the East line of 50th Avenue West, a distance of 0.36 feet; thence E'y, along the extended South line of Ramsey Street, a distance of 0.40 feet to the point of beginning.

EXCEPT: Lot 13 and those parts of Lots 14, 15, 16 and 17, Block 194, and those parts of vacated 50th Avenue West and Bristol Street, Altered Plat of West Duluth Third Division, described as follows:

Beginning at the NW corner of said Lot 13, thence E'y, along the North line of said Lot 13 and the E'y extension of said Lot 13, a distance of 58.00 feet; thence S'y, along the center line of 50th Avenue West, a distance of 133.01 feet; thence W'y, along the center line of Bristol Street, a distance of 158.00 feet; thence N'y, along the S'y extension of the West line of said Lot 17, a distance of 33.00 feet to the SW corner of said Lot 17; thence NE'y, along a line to the NW corner of said Lot 13, a distance of 141.39 feet to the point of beginning, on file and of record in the office of the County Recorder in Book D of Plats, page 24.

EXCEPT That part of Lot 1, Block 193, and vacated 50th Avenue West, ALTERED PLAT OF WEST DULUTH THIRD DIVISION, shown as Parcel 271 on Minnesota Department of Transportation Right of Way Plat Numbered 69-187 as the same is on file and of record in the office of the Registrar of Titles in and for St. Louis County, Minnesota; the title thereto being registered as evidenced by Certificate of Title No. 313257; EXCEPT minerals.

Parcel H (Part of Certificate of Title No. 313257.0):

PARCEL 2:

Commencing at the SE'y corner of Block 193, Altered Plat of West Duluth Third Division, thence running E'y in a continuation of the same straight line of the North line of Third Street North on said plat now known as Bristol Street, 350 feet to a point; thence S'y on a line at right angles to the last named line 66 feet to a point which is the place of beginning; thence N'y along the last described line and continued in the same straight line 190 feet to a point; thence SW'y to a point which is 66 feet S'y taken at right angles from the said North line of Third Street, now Bristol Street, extended and which is 125 feet W'y from the said place of beginning; thence E'y 125 feet to the place of beginning. EXCEPT All those parts of Block 193, 194 and 195 of the recorded plat of Altered Plat of West Duluth Third Division and those parts of vacated Ramsey Street, Bristol Street, 50th Avenue West and the alley between said Blocks 194 and 195 and that part of Government Lot 2, Section 7 Township 49 North Range 14 West, described as follows:

Beginning at the NW corner of Lot 1 of said Block 193, thence N'y, along the N'y extension of the West line of said Lot 1, a distance of 0.70 feet; thence E'y, along a line 0.70 feet distant and parallel with the South line of Ramsey Street, a distance of 353.00 feet; thence S'y, along a line 353.00 feet distant and parallel with the extended East line of 50th Avenue West, a distance of 0.70 feet; thence E'y, along the South line of Ramsey Street and the E'y extension of said South line, a distance of 237.61 feet to the intersection with a line parallel and 43.5 feet distant NW'y, measured at right angles, to the main track center line of the former Wisconsin Central Railway

Company (now Soo Line Railroad Company); thence SW'y, along said line 43.5 feet distant and parallel to the main track center line, being the NW'y right of way line of said Soo Line Railroad Company, a distance of 484.51 feet to the E'y extension of the South line of Bristol Street; thence W'y, along said extended South line of Bristol Street and South line of Bristol Street, a distance of 814.01 feet to the SE'y right of way line of Interstate 35; thence NE'y, along said SE'y right of way line, a distance of 428.93 feet to the NE corner of Lot 7 of said Block 194; thence N'y, along the East line of Lots 6, 5 and 4-1/2, a distance of 90.00 feet; thence NE'y along a line running from a point on the East line of Lot 4-1/2 of said Block 194, said point being 40.00 feet North of the SE corner of said Lot 4-1/2 to the NW corner of Lot 1 of said Block 193, a distance of 88.64 feet; thence N'y, along a line 0.40 feet distant and parallel with the East line of 50th Avenue West, a distance of 0.36 feet; thence E'y, along the extended South line of Ramsey Street, a distance of 0.40 feet to the point of beginning. EXCEPT: Lot 13 and those parts of Lots 14, 15, 16 and 17, Block 194, and those parts of vacated 50th Avenue West and Bristol Street, Altered Plat of West Duluth Third Division, described as follows: Beginning at the NW corner of said Lot 13, thence E'y, along the North line of said Lot 13 and the E'y extension of said Lot 13, a distance of 58.00 feet; thence S'y, along the center line of 50th Avenue West, a distance of 133.01 feet; thence W'y, along the center line of Bristol Street, a distance of 158.00 feet; thence N'y, along the S'y extension of the West line of said Lot 17, a distance of 33.00 feet to the SW corner of said Lot 17; thence NE'y, along a line to the NW corner of said Lot 13, a distance of 141.39 feet to the point of beginning, on file and of record in the office of the County Recorder in Book D of Plats, page 24.

EXCEPT: That part of Lot 1, Block 193, and vacated 50th Avenue West, ALTERED PLAT OF WEST DULUTH THIRD DIVISION, shown as Parcel 271 on Minnesota Department of Transportation Right of Way Plat Numbered 69-187 as the same is on file and of record in the office of the Registrar of Titles in and for St. Louis County, Minnesota; the title thereto being registered as evidenced by Certificate of Title No. 313257; EXCEPT minerals, together with all hereditaments and appurtenances belonging thereto.

EXHIBIT B

City Abatement Resolution

Exhibit B Abatement Resolution

Continued on next page.



City of Duluth

411 West First Street
Duluth, Minnesota
55802

Certified Copy

Resolution: 21-0347R

File Number: 21-0347R

RESOLUTION AUTHORIZING TAX ABATEMENT AND LOAN AGREEMENT WITH ST PAPER 1, LLC
FOR REDEVELOPMENT OF THE WEST DULUTH PAPER MILL.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into a tax abatement and loan agreement substantially in the form of that attached hereto as Exhibit A with ST Paper 1 LLC to provide up to \$600,000 in city tax abatement proceeds and a conditional loan to said company to facilitate its acquisition of the Verso Paper Mill facility in West Duluth and its conversion to a tissue manufacturing facility, conditioned on the creation of at least 80 new jobs at the facility.

This Resolution was adopted unanimously.

I, Ian B. Johnson, City Clerk of the City of Duluth, Minnesota, do hereby certify that I have compared the foregoing passed by the city council on 5/10/2021, with the original approved and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said city of Duluth.

Ian B Johnson

10-17-2022

Date Certified

EXHIBIT C
County Abatement Resolution

Exhibit C County Abatement Resolution

Continued on next page.



*Resolution
of the
Board of County Commissioners*

St. Louis County, Minnesota

Adopted on: May 25, 2021 Resolution No. 21-315

Offered by Commissioner: Nelson

Public Hearing to Consider Tax Abatement Financing for the City of Duluth – ST Paper 1, LLC

WHEREAS, Minn. Stat. §§ 469.1812 through 469.1815, Abatement Authority, requires that a public hearing be conducted prior to granting tax abatement financing; and

WHEREAS, Minn. Stat. §§ 116J.993 through 116J.995, Business Subsidy Law, requires that a public hearing be conducted prior to granting any business subsidy in an amount greater than \$150,000 in value; and

WHEREAS, The City of Duluth has requested St. Louis County to consider up to \$600,000 in tax abatement financing for the ST Paper 1, LLC plan to convert the existing Verso paper mill facility into a new tissue paper manufacturing plant and associated site development costs for a site located at 100 N. Central Ave., Duluth, MN, 55807; and

WHEREAS, The specific parcels to be included in the tax abatement are as follows:

010-0130-00170; 010-2700-00514; 010-2806-00010; 010-2806-00020; 010-2806-00030; 010-2806-00040; 010-4470-04220; 010-4470-04225; 010-4470-04230; 010-4470-04240; 010-4470-04250; 010-4470-05330; 010-4470-05480; 010-4470-05640; 010-4470-05650; 010-4470-05660; 010-4470-05670; 010-4470-05680; 010-4470-05700; 010-4470-05710; 010-4470-05720; 010-4470-05730; 010-4470-05740; 010-4470-05750; 010-4470-05760; 010-4470-05770; 010-4470-05780; 010-4490-00010; 010-4490-00040; 010-4490-00050; 010-4490-00060; 010-4490-00070; 010-4490-00080; 010-4490-00090; 010-4490-00100; 010-4490-00110; 010-4490-00120; 010-4490-00130; 010-4490-00135; 010-4490-00185; 010-4490-00215; 010-4490-00285; 010-4490-00505; 010-4490-02735; 010-4490-02862; 010-4490-07220; and 010-4490-07400; and

WHEREAS, The St. Louis County Board held a public hearing on Tuesday, May 25, 2021, at 9:35 A.M. at the Grand Lake Town Hall, 5297 Highway 53, Saginaw, MN, to solicit public input prior to considering the proposed tax abatement request; and

WHEREAS, The St. Louis County Board determines that the public benefits gained by the creation of new full-time jobs, new potential spin-off development and support services, develop unused or underutilized real property, and other benefits exceeds the costs of the tax abatement.

THEREFORE, BE IT RESOLVED, That the St. Louis County Board authorizes up to \$600,000 tax abatement financing to the City of Duluth payable from Fund 100, Agency 178001, Object 500900 or its designated fund.

RESOLVED FURTHER, That the St. Louis County Board waives applicable provisions of the Board's Tax Abatement Financing Policy to allow this project to proceed and application fees.

RESOLVED FURTHER, That provided all required documentation is submitted by the City of Duluth, the appropriate county officials are authorized to execute a tax abatement agreement with the City of Duluth and execute any other related documents after review and approval by a representative of the County Attorney's Office.

Commissioner Nelson moved the adoption of the Resolution and it was declared adopted upon the following vote:

Yeas – Commissioners Jewell, Boyle, Grimm, McDonald, Musolf, Nelson and Chair Jugovich – 7

Nays – None

STATE OF MINNESOTA
Office of County Auditor, ss.
County of St. Louis

I, NANCY NILSEN, Auditor of the County of St. Louis, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 25th day of May, A.D. 2021, and that this is a true and correct copy.

WITNESS MY HAND AND SEAL OF OFFICE at Duluth, Minnesota, this 25th day of May, A.D., 2021.

NANCY NILSEN, COUNTY AUDITOR

By

Clerk of the County Board/Deputy Auditor

EXHIBIT D

Estimate of Project Costs

Exhibit D Estimate of Project Cost

Vendors Name	Total Cost
	\$
Verso (Mill Purchase)	7,321,235.84
	\$
Mesirow Financial, Inc.	300,000.00
	\$
Andritz Inc	13,624,160.80
	\$
CR Meyer and Sons	12,600,990.24
	\$
Cleaver-Brooks, Inc	1,948,180.42
	\$
Construction	6,250,440.07
	\$
Insurance	735,668.48
	\$
Machinery	2,114,684.88
	\$
Maintenance & Repairs	237,002.50
	\$
Professional Services	231,179.63
	\$
Property Tax	2,937,943.00
	\$
Payroll	2,702,779.76
	\$
Utilities	4,352,213.95
	\$
Misc.	439,461.30
	\$
Contingency	3,000,000.00
	\$
Grand Total	58,795,940.87

Exhibit E

Equipment List – Collateral

Equipment Name	Additional Information
Voith Duoformer	(1986) Job # 356321, located at 100 North Central Ave. Duluth, MN 55807
Jagenberg Winders	#30 23918, #30 23919, located at 100 North Central Ave. Duluth, MN 55807
Cleaver-Brooks Boilers	(Model P-54-G-21-115) # N20443-1 and #N20443-2, located at 100 Central Ave. Duluth, MN 55807
Paprima Water Jet Slitter System	(Purchase order D1012) Paprima sales order #31851, located at 100 Central Ave. Duluth, MN 55807
FIS roll Wrapper	(Purchase Order D1063), located at 100 N Central Ave. Duluth, MN 55807

Exhibit F

Loan Agreement

Continued onto next page.

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.

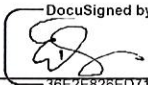
Section 9.24. **Separability.** Wherever possible, each provision of this Loan Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Loan Agreement or any related document is to any extent found invalid by a court or other governmental 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  DocuSigned by:
36F2E828ED714AA...

 DocuSigned by:
F4C4D28DF08942A...
City Attorney

Its Mayor

Attest:

By  DocuSigned by:
EE9DZCATAA9F42B...

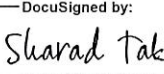
Countersigned:

 DocuSigned by:
5DCCAB80CCFE4D1...
City Auditor

Its City Clerk

Date: 9/26/2022

ST Paper 1, LLC.

By  DocuSigned by:
BE9B387FD1AB43A...

Its Managing Member

By _____

Its _____

EXHIBIT A
Legal Description of Development Property

EXHIBIT B
Equipment List

Equipment	EMV - New
2 new Cleaver Brooks boilers and deaerator	\$2,000,000
<u>Paprima</u> water jet splitter system (<u>new</u>)	\$ 670,000
FIS Roll wrapper (<u>new</u>)	\$ 245,000
Existing Voith Paper Machine	\$2,085,000
2 <u>Jagenburg</u> winders	\$1,000,000

EXHIBIT C
Grant Contract Agreement

EXHIBIT D
Grant Security Agreement

SECURITY AGREEMENT

Date: July __th, 2022

Parties: City of Duluth, Minnesota ("Creditor")
Attn: Chris Fleege
411 West First Street
Room 400, City Hall
Duluth, MN 55802

ST Paper 1, LLC ("Debtor")
Attn: Sharad Tak
9201 Corporate Boulevard
Suite 420
Rockville, MD 20850

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 \$65 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.

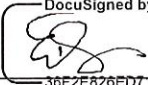
DEBTOR:

ST Paper 1, LLC, a Delaware limited liability company

By: 
Name: Sharad Tak
Title: Managing Member

CREDITOR:

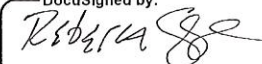
City of Duluth, Minnesota

By: 
Its Mayor

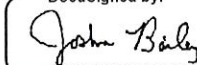
Attest:


Its City Clerk

Approved:

By: 
City Attorney

Countersigned:


Its City Auditor

Filing Number: 1344622400027
Date: 10/25/2022
Time: 2:38 PM
STATE OF MINNESOTA
Office: Office of the Minnesota
Secretary of State

UCC1 - Original Filing - UCC Financing Statement

RETURN ACKNOWLEDGEMENT TO:

Josh Bailey
411 W. First St., Room 440
Duluth, MN 55802

DEBTOR INFORMATION**ORGANIZATION'S NAME**

ST PAPER 1, LLC

MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
2345 RICE STREET, SUITE 230	ROSEVILLE	MN	55113	USA

SECURED PARTY INFORMATION**ORGANIZATION'S NAME**

City of Duluth, a Minnesota Municipal Corporation

MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
411 W. First Street	Duluth	MN	55802	USA

COLLATERAL

Voith Duoformer (1986) Job # 356321, located at 100 North Central Ave. Duluth, MN 55807
Jagenberg Winders #30 23918, #30 23919, located at 100 North Central Ave. Duluth, MN 55807
Cleaver-Brooks Boilers (Model P-54-G-21-115) # N20443-1 and #N20443-2, located at 100 Central Ave. Duluth, MN 55807
Paprima water Jet Slitter System (Purchase order D1012) Paprima sales order #31851, located at 100 Central Ave. Duluth, MN 55807
FIS roll Wrapper (Purchase Order D1063), located at 100 N Central Ave. Duluth, MN 55807

ADDITIONAL INFORMATION(IF ANY)

ADDITIONAL FILER REFERENCE DATA:

24414

SECURITY AGREEMENT

Date: October 5, 2022

Parties: City of Duluth, Minnesota ("Creditor")
Attn: Chris Fleege
411 West First Street
Room 400, City Hall
Duluth, MN 55802

ST Paper 1, LLC ("Debtor")
Attn: Sharad Tak
9201 Corporate Boulevard
Suite 420
Rockville, MD 20850

RECITALS

- A. On or about October 5, 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.

11 **1.2.** Other than a permitted superior lienor, no financing statement covering any of the
12 Collateral, or the products or proceeds thereof, is on file in any public office. The security interest created
13 herein is a valid lien against otherwise unencumbered assets and Debtor will defend the Collateral against
14 the claims and demands of all other persons whomsoever.

15
16 **1.3.** Other than in the ordinary course of business, Debtor will not sell, exchange, lease or
17 otherwise dispose of the Collateral, or any part thereof, or suffer or permit any lien, levy or attachment
18 thereon or security interest therein or financing statement to be filed with reference thereto, other than
19 that of Creditor and any permitted superior lienor.

20
21 **1.4.** Debtor will maintain the Collateral in good condition and repair and preserve the same
22 against waste, loss, damage or depreciation in value other than by reasonable wear. Debtor will not use
23 any of the Collateral in violation of any law or public regulation. Creditor may examine and inspect the
24 Collateral at any reasonable time, wherever located, and for that purpose hereby is authorized by Debtor
25 to enter any place or places where any part of the Collateral may be.

26
27 **1.5.** Debtor will pay, when due, all taxes, license fees and assessments relative to the Collateral
28 and its use, and relative to the Note and the obligations secured hereby. Should Debtor fail in its
29 performance of any of the foregoing, Creditor may pay any security interest having priority hereto, may
30 order and pay for the repair, maintenance and preservation of the Collateral, or any part thereof, may
31 place and pay for any such insurance, and may pay any such taxes. Debtor agrees to pay to Creditor on
32 demand all of the latter's disbursements for any of said purposes with interest at the per annum rate set
33 forth in the Note on all sums so paid from the date of payment until repayment. Repayment of all said
34 sums shall be secured by this Security Agreement.

35
36 **1.6.** Debtor agrees to notify Creditor promptly in writing of any change in Debtor's business
37 address or in the location(s) where the Collateral is kept.

38
39 **1.7.** Debtor shall defend, at Debtor's sole cost and expense, the Collateral against all liens,
40 charges, security interests, and other encumbrances, other than those of any superior lienor.

41
42 **2. Subordination and Subrogation.** Debtor may, in the ordinary course of business, obtain a loan
43 or other financial accommodation that has been secured by the Collateral, including without limitation,
44 public financing through the issuance of the Wisconsin Public Finance Authority's Taxable Revenue Bonds,
45 Series 2022 (ST Paper 1, LLC Project), in the original aggregate principal amount of \$[____TBD____]
46 ("Senior Financing"). Creditor agrees that any security interest in the Collateral granted from time to time
47 to a lender or collateral agent (as applicable, "Subrogee") to secure such Senior Financing shall be superior
48 to the Creditor's security interest in the Collateral. Should Creditor's position under this Security
49 Agreement be perfected in a position that is superior to any such Subrogee's position, Creditor will
50 subordinate and subrogate its security position hereunder to such Subrogee's lien. Furthermore, Creditor
51 will, upon request from any such Subrogee, execute such intercreditor agreements or further
52 documentation as may be requested by such Subrogee to evidence the foregoing subordination and
53 subrogation.

54
55 **3. Financing Statement.** Debtor will join with Creditor in executing, filing and doing whatever may
56 be necessary under applicable law to perfect and continue Creditor's security interest in the Collateral, all
57 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.

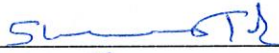
8.6. Entire Agreement. This Security Agreement includes the entire understanding of the parties with respect to Creditor's security interest in the Collateral and supersedes all prior negotiations, whether written or oral, with respect hereto. This Security Agreement may not be modified except by subsequent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

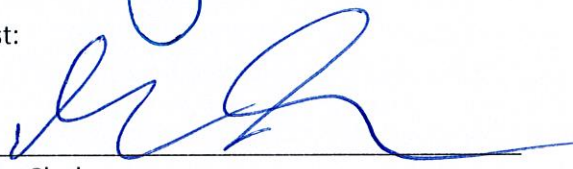
ST Paper 1, LLC, a Delaware limited liability company

By: 
Name: SHARAD TAK
Title: MANAGING MEMBER

CREDITOR:

City of Duluth, Minnesota

By: 
Its Mayor

Attest: 
Its City Clerk

Approved:

By: 
City Attorney

Countersigned:


Its City Auditor

EXHIBIT A

Equipment

Exhibit A

Equipment List – Collateral

Equipment Name	Additional Information
Voith Duoformer	(1986) Job # 356321, located at 100 North Central Ave. Duluth, MN 55807
Jagenberg Winders	#30 23918, #30 23919, located at 100 North Central Ave. Duluth, MN 55807
Cleaver-Brooks Boilers	(Model P-54-G-21-115) # N20443-1 and #N20443-2, located at 100 Central Ave. Duluth, MN 55807
Paprima Water Jet Slitter System	(Purchase order D1012) Paprima sales order #31851, located at 100 Central Ave. Duluth, MN 55807
FIS roll Wrapper	(Purchase Order D1063), located at 100 N Central Ave. Duluth, MN 55807

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of 5th OCT, 2022, is given by TAK INVESTMENTS, INC., a Delaware corporation ("Guarantor"), with an address at 9201 Corporate Boulevard, Suite 420, Rockville, Maryland 20850, to and in favor of the CITY OF DULUTH, a Minnesota municipal corporation ("Lender") with an address at 411 West First Street, Room 400 City Hall, Duluth, Minnesota 55802 (Attn: Chris Fleege).

RECITALS

(A) Lender intends to make a loan in the maximum principal amount of \$3,000,000.00 (the "Loan") to ST Paper 1, LLC, a Delaware limited liability company ("Borrower"), which will be evidenced by (1) that certain Loan Agreement (Minnesota Investment Fund) of even date herewith (the "Loan Agreement"), between Borrower and Lender and (2) that certain Promissory Note of even date herewith (the "Note"), executed by Borrower in favor of Lender in the amount of the Loan and bearing interest and being payable as provided in the Loan Agreement.

(B) The Loan will be secured by that certain Security Agreement dated as of the date of this Note (the "Security Agreement"), between Borrower and Lender and the other Loan Documents, which term includes this Guaranty.

(C) Guarantor's execution and delivery of this Guaranty is a principal part of the consideration of Lender's making the Loan to Borrower, and Lender is not willing to make the Loan unless this Guaranty is executed and delivered.

(D) Guarantor will receive a direct and substantial benefit from the making of the Loan to Borrower, and Guarantor acknowledges and agrees that the making of the Loan by Lender to Borrower constitutes adequate consideration and reasonably equivalent value in exchange for the execution and delivery of this Guaranty by Guarantor.

AGREEMENT

NOW, THEREFORE, in consideration of the Loan, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Definitions. Capitalized terms used herein shall have the respective meanings given by the Loan Agreement, unless otherwise defined herein. The term "including" shall mean "including, without limitation."

2. Guaranty.

(a) Guarantor unconditionally and irrevocably guarantees (i) the payment and performance by Borrower of all of its obligations, covenants, agreements, indemnities, terms and conditions under the Loan Documents, (ii) the prompt payment of all sums

which may become payable by Borrower pursuant to any of the Loan Documents, in full and when due in accordance with the provisions thereof, and (iii) any and all other indebtedness, liabilities and obligations of the Borrower arising under the Loan Agreement and the Note, and secured by the Security Agreement (collectively, the "Secured Obligations"). This Guaranty is irrevocable, unconditional and absolute.

(b) If for any reason any sums shall not be paid by Borrower promptly when due (after delivery of such notice as may be required by the Loan Documents and prior to the expiration of any applicable grace period), or any such agreement, covenant, term or condition is not performed or observed by Borrower in accordance with the Loan Documents, Guarantor will pay the same promptly after notice thereof and/or will promptly perform and observe the same or cause the same promptly to be performed or observed, regardless of (i) any defenses or rights of setoff or counterclaims that Borrower may have or assert, (ii) any limitations on the liability of Borrower contained in the Loan Agreement, the Note or other Loan Documents, or (iii) whether Lender shall have taken any steps to enforce any rights against Borrower or any other remedy thereunder as a result of the default of Borrower thereunder.

(c) Guarantor also agrees to pay to Lender such further reasonable and actual amounts as shall be sufficient to cover the cost and expense actually incurred in collecting any sums payable under the Loan Documents, or any part thereof, or in otherwise enforcing this Guaranty, including reasonable attorneys' fees and disbursements. This Guaranty is a guaranty of payment and performance and not of collection. If this Guaranty is signed by more than one Guarantor, the obligations hereunder shall be joint and several among all Guarantors.

(d) Any amount received by Lender from whatever source and applied by it toward the payment of Secured Obligations shall be applied in such order of application as Lender may from time to time elect, in Lender's sole discretion.

3. Unconditional Obligation. The obligations, covenants, agreements and duties of Guarantor under this Guaranty shall in no way be affected or impaired by reason of the happening from time to time of any of the following, although without notice to or the further consent of Guarantor:

(a) The waiver by Lender of the performance or observance by Borrower, Guarantor, or any other party of any of the agreements, covenants, terms or conditions contained in any of the Loan Documents;

(b) The extension, in whole or in part, of the time for payment by Borrower or Guarantor of any sums owing or payable under any of the Loan Documents;

(c) The modification or amendment, whether material or otherwise, of any of the obligations of: (i) Borrower under the Loan Documents, whether the same be in the form of a new agreement or the modification or amendment of an existing Loan Document, or (ii) Guarantor under this Guaranty (any of the foregoing being a "Modification"); provided, however, that, unless such Modification is required by law or

on account of bankruptcy or insolvency, no Modification that has the effect of materially increasing the obligations of Guarantor hereunder shall be effective against Guarantor to the extent of such material increase unless Guarantor shall consent to such Modification, which consent shall not be unreasonably withheld or delayed; and provided, further, that if any Modification is made without such consent of Guarantor, such Modification shall be ineffective as against Guarantor only to the extent the same shall materially increase the obligations of Guarantor under this Guaranty;

(d) The doing or the omission of any of the acts referred to in the Loan Documents;

(e) Any failure, omission or delay on the part of Lender to enforce, assert or exercise any right, power or remedy of Lender under any of the Loan Documents or any action on the part of Lender granting indulgence or extension in any form whatsoever;

(f) The voluntary or involuntary liquidation, dissolution, sale of all or substantially all of the assets, marshaling of assets and liabilities, receivership, conservatorship, custodianship, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting Borrower or Guarantor or any of their assets;

(g) The inability of Lender or Borrower, respectively, to enforce any provision of the Loan Documents;

(h) Any change in the relationship between Borrower and Guarantor or any termination of such relationship; or

(i) The inability of Borrower to perform, or the release of Borrower or Guarantor from the performance of, any obligation, agreement, covenant, term or condition of Borrower under any of the Loan Documents by reason of any law, regulation or decree, now or hereafter in effect.

4. Subrogation. Guarantor covenants and agrees with Lender that if, and so long as, any default by Borrower of its covenants and conditions in the Loan Documents exists uncured by Borrower or Guarantor, Guarantor hereby subordinates any right of subrogation against Borrower by reason of any payments or acts or performance by Guarantor herewith or any right to enforce any remedy which Guarantor may have against Borrower by reason of any such payment or performance to the rights of Lender against Borrower.

5. Waiver; Independent Obligations. Guarantor waives any right it may have to: (i) require Lender to proceed against Borrower or against any other party; (ii) require Lender to pursue any remedy within the power of Lender; (iii) contest or challenge the personal jurisdiction of the "Courts" (as defined in Section 16 below) for any suit, action or proceeding arising out or relating to this Guaranty or any other Loan Document; (iv) make any objection that Guarantor may now or hereafter have to the laying of venue in the courts for any suit, action or proceeding arising out of or relating to this Guaranty or any other Loan Documents; or (v) make any objection that such suit, action or proceeding in the Courts has been brought in an inconvenient forum, and Guarantor agrees that all of Guarantor's obligations under this Guaranty are

independent of the obligations of Borrower under the Loan Documents or under any other instrument or agreement, and that a separate action may be brought against Guarantor whether or not an action is commenced against Borrower under any such Loan Document or other instrument or agreement.

6. Reserved.

7. Assignments. Guarantor hereby consents to any future assignment of the rights or interest of Lender hereunder, in whole or in part. Lender shall give notice to Guarantor of any such assignment, but failure to do so shall not result in any liability on Lender, and shall not affect in any manner the enforceability of this Guaranty, the rights and remedies of Lender hereunder or the obligations of Guarantor hereunder.

8. Severability. In case any one or more of the provisions hereof or of the Loan Documents shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Guaranty shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

9. Reserved.

10. Notice. All notices or other written communications hereunder shall be delivered in accordance with the requirements contained in Section 9.15 of the Loan Agreement.

11. Waiver. Notice of acceptance of this Guaranty and notice of any obligations or liabilities contracted or incurred by Borrower under any of the Loan Documents are hereby waived by Guarantor.

12. Governing Law. This Guaranty shall be construed in accordance with the laws of the State of Minnesota.

13. Modification. This Guaranty may not be modified, supplemented or amended except by written agreement duly executed by Guarantor and Lender.

14. Successors. This Guaranty shall be binding upon, and inure to the benefit of and be enforceable by, the parties hereto and their respective heirs, successors, legal representatives and assigns.

15. Joint and Several Liability. The liability of all persons executing this Guaranty as a guarantor shall be joint and several as to all obligations of Guarantor hereunder.

16. Consent to Jurisdiction; Waiver; Other Forums.

(a) Any suit, action or proceeding arising out of or relating to this Guaranty or any other Loan Document, or any action or proceeding to execute on or otherwise enforce any judgment arising out of an Event of Default or other default under this Guaranty or any other Loan Document can be brought by Lender in any federal district court or in any state circuit court having jurisdiction within the State of Minnesota

(collectively, the "Courts"). By executing and delivering this Guaranty, Guarantor, its successors and assigns, hereby irrevocably and unconditionally submit to the non-exclusive personal jurisdiction of the Courts for any suit, action or proceeding arising out of or relating to this Guaranty or any other Loan Document, and irrevocably and unconditionally agree not to assert in any such proceeding before the Courts or any other court or tribunal, by way of motion, as a defense or otherwise, any claim contesting or challenging the personal jurisdiction of the Courts. In addition, Guarantor irrevocably waives, to the fullest extent permitted by law, (i) any objection that it may now or hereafter have to the laying of venue in the Courts for any suit, action or proceeding arising out of or relating to this Guaranty or any other Loan Document or (ii) any objection that such suit, action or proceeding brought in the Courts has been brought in an inconvenient forum.

(b) Nothing in this Section 16 or in any other Loan Document shall be deemed to preclude Lender from bringing a suit, action or proceeding arising out of or relating to this Guaranty or any other Loan Document in any other jurisdiction.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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

TAK INVESTMENTS, INC.,
a Delaware corporation

[SEAL]

ATTEST:

By: _____

TAK INVESTMENTS Secretary
INC.

By: Sharad Tak

Name: SHARAD TAK

Title: PRESIDENT

STATE OF MARYLAND)
) ss.
COUNTY OF MONTGOMERY)

This instrument was acknowledged before me on OCT 5th, 2022 by SHARAD TAK as PRESIDENT of Tak Investments, Inc., a Delaware corporation, on behalf of the corporation.

(SEAL)

[Signature]
Notary Public

My Commission Expires
May 26, 2026

My commission expires: _____

PROMISSORY NOTE

\$3,000,000.00

Milwaukee, Wisconsin
October 5, 2022

FOR VALUE RECEIVED, ST PAPER 1, LLC, a Delaware limited liability company, as maker ("Borrower"), hereby unconditionally promises to pay to the CITY OF DULUTH, a Minnesota municipal corporation, as lender, or its registered assigns, having an address at 411 West First Street, Room 400 City Hall, Duluth, Minnesota 55802 (Attn: Chris Fleege) ("Lender"), or at such other place as the holder hereof may from time to time designate in writing, the principal sum of THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00), or, if less, the aggregate unpaid principal amount of the Loan advanced under Section 2.1 of that certain Loan Agreement (Minnesota Investment Fund) dated the date hereof between Borrower and Lender (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the "Loan Agreement"), in lawful money of the United States of America, with interest thereon to be computed at the interest rate, and to be paid in arrears in accordance with the terms of, the Loan Agreement. All capitalized terms not defined herein shall have the respective meanings set forth in the Loan Agreement.

ARTICLE 1. PAYMENT TERMS

Borrower agrees to pay the principal sum of this Note and interest on the unpaid principal sum of this Note from time to time outstanding at the rates and at the times specified in the Loan Agreement. Notwithstanding the foregoing, the Loan evidenced by this Note is forgivable as more particularly set forth under the terms and conditions contained in the Loan Agreement; and any outstanding balance of the principal sum of this Note, and all accrued and unpaid interest thereon, shall be due and payable on the Termination Date.

ARTICLE 2. DEFAULT AND ACCELERATION

The Loan shall become immediately due and payable at the option of Lender upon the occurrence of an Event of Default or as otherwise set forth in the Loan Agreement.

ARTICLE 3. LOAN DOCUMENTS

This Note is secured by the Security Agreement and the other Loan Documents contemplated by the Loan Agreement. All of the terms, covenants and conditions contained in the Loan Agreement, the Security Agreement and the other Loan Documents are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Loan Agreement, the terms and provisions of the Loan Agreement shall govern.

ARTICLE 4. SAVINGS CLAUSE

Notwithstanding anything to the contrary, (a) all agreements and communications between Borrower and Lender are hereby and shall automatically be limited so that, after taking into account all amounts deemed interest, the interest contracted for, charged or received by Lender shall never exceed the maximum lawful rate or amount, (b) in calculating whether any interest exceeds the lawful maximum, all such interest shall be amortized, prorated, allocated and spread over the full amount and term of all principal indebtedness of Borrower to Lender, and (c) if through any contingency or event, Lender receives or is

deemed to receive interest in excess of the lawful maximum, any such excess shall be deemed to have been applied toward payment of the principal of any and all then outstanding indebtedness of Borrower to Lender, or if there is no such indebtedness, shall immediately be returned to Borrower.

ARTICLE 5. NO ORAL CHANGE

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

ARTICLE 6. WAIVERS

Borrower and all others who may become liable for the payment of all or any part of the Loan do hereby severally waive presentment and demand for payment, notice of dishonor, notice of intention to accelerate, notice of acceleration, protest and notice of protest and non-payment and all other notices of any kind. No release of any security for the Loan or extension of time for payment of this Note or any installment hereof, and no alteration, amendment or waiver of any provision of this Note, the Loan Agreement or the other Loan Documents made by agreement between Lender or any other person shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Borrower or any other person who may become liable for the payment of all or any part of the Loan under this Note, the Loan Agreement or the other Loan Documents. No notice to or demand on Borrower shall be deemed to be a waiver of the obligation of Borrower or of the right of Lender to take further action without further notice or demand as provided for in this Note, the Loan Agreement or the other Loan Documents. If Borrower is a partnership or limited liability company, the agreements herein contained shall remain in force and be applicable, notwithstanding any changes in the persons comprising the partnership or limited liability company, and the term "Borrower," as used herein, shall include any alternate or successor partnership or limited liability company, but any predecessor partnership or limited liability company and its partners or members shall not thereby be released from any liability. If Borrower is a corporation, the agreements contained herein shall remain in full force and be applicable notwithstanding any changes in the shareholders comprising, or the officers and directors relating to, the corporation, and the term "Borrower," as used herein, shall include any alternative or successor corporation, but any predecessor corporation shall not be relieved of liability hereunder. Nothing in the foregoing sentence shall be construed as a consent to, or a waiver of, any prohibition or restriction on transfers of interests in such partnership, limited liability company or corporation, which may be set forth in the Loan Agreement, the Security Agreement or any other Loan Document.

ARTICLE 7. TRANSFER

Upon the transfer of this Note, Borrower hereby waiving notice of any such transfer, Lender may deliver all the Collateral, or any part thereof, to the transferee who shall thereupon become vested with all the rights herein or under applicable law given to Lender with respect thereto, and Lender shall thereafter forever be relieved and fully discharged from any liability or responsibility in the matter; but Lender shall retain all rights hereby given to it with respect to any liabilities and the collateral not so transferred.

ARTICLE 8. GOVERNING LAW

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MINNESOTA, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES. BORROWER AND LENDER (BY ITS ACCEPTANCE HEREOF) HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY COURT OF COMPETENT

JURISDICTION LOCATED IN THE STATE OF MINNESOTA IN CONNECTION WITH ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE AND THE OTHER LOAN DOCUMENTS.

ARTICLE 9. NOTICES

All notices or other written communications hereunder shall be delivered in accordance with Section 9.15 of the Loan Agreement.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, Borrower has duly executed this Promissory Note as of the day and year first above written.

ST PAPER 1, LLC, a Delaware limited liability company

By: Sharad Tak

Name: Sharad Tak

Title: Managing Member

Filing Number: 1344622400027
Date: 10/25/2022
Time: 2:38 PM
STATE OF MINNESOTA
Office: Office of the Minnesota
Secretary of State

UCC1 - Original Filing - UCC Financing Statement

RETURN ACKNOWLEDGEMENT TO:

Josh Bailey
411 W. First St., Room 440
Duluth, MN 55802

DEBTOR INFORMATION**ORGANIZATION'S NAME**

ST PAPER 1, LLC

MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
2345 RICE STREET, SUITE 230	ROSEVILLE	MN	55113	USA

SECURED PARTY INFORMATION**ORGANIZATION'S NAME**

City of Duluth, a Minnesota Municipal Corporation

MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
411 W. First Street	Duluth	MN	55802	USA

COLLATERAL

Voith Duoformer (1986) Job # 356321, located at 100 North Central Ave. Duluth, MN 55807
Jagenberg Winders #30 23918, #30 23919, located at 100 North Central Ave. Duluth, MN 55807
Cleaver-Brooks Boilers (Model P-54-G-21-115) # N20443-1 and #N20443-2, located at 100 Central Ave. Duluth, MN 55807
Paprima water Jet Slitter System (Purchase order D1012) Paprima sales order #31851, located at 100 Central Ave. Duluth, MN 55807
FIS roll Wrapper (Purchase Order D1063), located at 100 N Central Ave. Duluth, MN 55807

ADDITIONAL INFORMATION(IF ANY)

ADDITIONAL FILER REFERENCE DATA:
