

DEMAND CHARGE AGREEMENT

By and Between

CITY OF GRAND RAPIDS,  
MINNESOTA  
and

GRAND RAPIDS PUBLIC UTILITIES COMMISSION,  
MINNESOTA

and

BLANDIN PAPER COMPANY,  
GRAND RAPIDS, MINNESOTA

Dated as of August \_\_, 2021

## DEMAND CHARGE AGREEMENT

THIS DEMAND CHARGE AGREEMENT, made and entered into as of this \_\_\_ day of August, 2021 by and between the City of Grand Rapids, Minnesota, herein called the "City", the Grand Rapids Public Utilities Commission, Minnesota, herein called "PUC" and Blandin Paper Company, herein called "Company":

WITNESSETH:

WHEREAS, the City, through its PUC, has constructed, owns and operates facilities for giving primary and secondary treatment to industrial wastes to assist in meeting state and federal water pollution abatement criteria (collectively, the "Facilities"); and

WHEREAS, the PUC owns and operates a wastewater effluent force main (the "Main") under the National Pollutant Discharge Elimination System ("NPDES") / State Disposal System ("SDS") Permit MN0022080 (the "Permit"), for the conveyance of industrial wastewaters; and

WHEREAS, the Company is the owner and operator of a plant presently manufacturing paper products, said plant located in Grand Rapids, Minnesota; and

WHEREAS, in accordance with the Permit, the PUC determined that the wastewater effluent force main has reached the end of its useful life and reliability, and as the Company requested, on September 12, 2013, the City issued its \$2,305,000 Taxable General Obligation Utility Revenue Bonds (Public Utilities Commission), Series 2013C (the "Prior Bonds"), the proceeds of which were used by the PUC to construct a replacement of the Main (hereinafter referred to as the "Project") to insure reliability and meet the Company's needs for the processing of industrial wastes; and

WHEREAS, the City proposes to issue its Taxable General Obligation Wastewater Revenue Refunding Bonds, Series 2021C (Public Utilities Commission) (the "Bonds"), in the approximate aggregate principal amount of \$1,235,000 in order to refund the Prior Bonds; and

WHEREAS, the Company will derive substantial financial benefits from the construction of the Project;

NOW THEREFORE, in consideration of the covenants and agreements set forth to be kept and performed by the parties hereto, it is mutually agreed:

### ARTICLE I

#### DEMAND CHARGE

1.1. The Company agrees and acknowledges that this Agreement is entered into to induce the City to issue the Bonds.

1.2. Upon completion of the construction of the Project, the City, through the PUC, agrees to make the Project available to the Company, and the Company agrees to use the Project and pay the PUC the rates provided herein.

1.3. The City, through the PUC, shall provide industrial wastewater conveyance with the Project for the Company on each day of every year within the designed capacity of the Project except for interruptions occasioned by acts of war, sabotage, labor disruption or any other circumstances beyond the authority or ability of the City or the PUC to control, and the Company agrees that its demand for services shall not exceed such capacity.

1.4. In order to induce the City to issue the Bonds and to pledge its full faith and credit thereto, the Company hereby agrees to pay to the City a demand charge in amounts sufficient, from time to time, to pay (a) principal of, and interest on, the Bonds and the Prior Bonds as set forth in Exhibit A attached hereto; (b) and any fees payable to the registrar for the Bonds and any other costs in connection with issuance and payment of the Bonds, all to the extent such costs are not paid from proceeds of the Bonds. Each such payment shall be made by the Company to the PUC not less than two business days prior to the date on which amounts are payable by the PUC under the resolution awarding sale of the Bonds.

1.5. The Company shall not exercise managerial control over the Project or participate in the profits of the Project, if any. The PUC will offset the amount due from the Company under this section by the amount paid by other users of the Project as a demand charge.

1.6. The Company shall cooperate with the City in connection with the issuance by the City of the Bonds.

## ARTICLE II

### PRIOR AGREEMENTS, AMENDMENT, ASSIGNMENT

2.1. This Agreement supercedes the Demand Charge Agreement, dated July 15, 2013 (the "2013 Demand Charge Agreement"), between the City, the PUC and the Company entered into with connection with the Prior Bonds. Other than the 2013 Demand Charge Agreement, this Agreement shall not modify or amend any prior agreement between the Company and the City or the PUC and all payments made by the Company hereunder shall be in addition to any charges required under such prior agreements.

2.2. This Agreement shall not be modified except by a writing signed by all of the parties hereto.

2.3. The Company may not assign its rights and obligations hereunder without the prior consent of the City, provided that consent of the City shall not be required in the event that the Company assigns its rights hereunder but remains fully obligated to make payments hereunder.

The Company understands and agrees that the PUC has pledged net revenues of the Facilities to the Bonds, subordinate to other outstanding revenue bonds of the City to which such net revenues are pledged, and on a parity basis to other outstanding or future general obligation bonds of the City to which such net revenues are pledged.

### ARTICLE III

#### TERM OF CONTRACT – CANCELLATION

3.1. This contract shall be effective from the date hereof and shall continue until the earlier of February 1, 2029, or such earlier date as all of the Bonds and any Bonds issued to refund the Bonds have been retired. Notwithstanding the foregoing (a) the obligation of the City to make the Project available to the Company may be terminated before that date by written notice from the Company to the City and upon such termination the Company shall be obligated to continue its demand charges, and (b) the City may terminate this Agreement at any time by written notice delivered to the Company. This contract shall be binding upon, and inure to the benefit of, the City, the Company and their respective successors and assigns.

IN WITNESS WHEREOF, we have hereunto set our hands and seals as of this \_\_\_\_ day of August, 2021.

CITY OF GRAND RAPIDS, MINNESOTA

\_\_\_\_\_  
Mayor

Attest: \_\_\_\_\_  
City Clerk

BLANDIN PAPER COMPANY

\_\_\_\_\_  
Senior Vice President and General Manager

Attest: \_\_\_\_\_  
Secretary

Public Utilities Commission of the City of Grand Rapids, Minnesota, by resolution duly adopted on the \_\_\_\_\_ day of August, 2021, hereby approves the above contract form and agrees to abide by the terms thereof.

PUBLIC UTILITIES COMMISSION

\_\_\_\_\_  
President

Attest: \_\_\_\_\_  
Secretary

**EXHIBIT A**

**BOND PAYMENT SCHEDULE**

**Net Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Existing D/S</b>	<b>Net New D/S</b>	<b>Fiscal Total</b>
09/02/2021	-	-	-	-	-	-	-
02/01/2022	15,000.00	0.450%	4,393.43	19,393.43	155,531.25	174,924.68	174,924.68
08/01/2022	-	-	5,273.75	5,273.75	2,906.25	8,180.00	-
02/01/2023	35,000.00	0.450%	5,273.75	40,273.75	157,906.25	198,180.00	206,360.00
08/01/2023	-	-	5,195.00	5,195.00	-	5,195.00	-
02/01/2024	190,000.00	0.450%	5,195.00	195,195.00	-	195,195.00	200,390.00
08/01/2024	-	-	4,767.50	4,767.50	-	4,767.50	-
02/01/2025	190,000.00	0.650%	4,767.50	194,767.50	-	194,767.50	199,535.00
08/01/2025	-	-	4,150.00	4,150.00	-	4,150.00	-
02/01/2026	195,000.00	0.850%	4,150.00	199,150.00	-	199,150.00	203,300.00
08/01/2026	-	-	3,321.25	3,321.25	-	3,321.25	-
02/01/2027	190,000.00	1.000%	3,321.25	193,321.25	-	193,321.25	196,642.50
08/01/2027	-	-	2,371.25	2,371.25	-	2,371.25	-
02/01/2028	195,000.00	1.150%	2,371.25	197,371.25	-	197,371.25	199,742.50
08/01/2028	-	-	1,250.00	1,250.00	-	1,250.00	-
02/01/2029	200,000.00	1.250%	1,250.00	201,250.00	-	201,250.00	202,500.00
<b>Total</b>	<b>\$1,210,000.00</b>	<b>-</b>	<b>\$57,050.93</b>	<b>\$1,267,050.93</b>	<b>\$316,343.75</b>	<b>\$1,583,394.68</b>	<b>-</b>

*\*Full payment on 2013 Bonds and 2021C Bonds are shown on the column on the right under the heading Net New D/S.*