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EXHIBIT 1

Certified True and Correct Copy of the Original

**MASTER LEASE AGREEMENT No. SC-002157**

620 Newport Center Drive, Ste 1450, Newport Beach, Ca 92660

Tel: 949-336-3400, Facsimile: 949-336-1380

LESSEE: The Great Lakes Tissue Company**STATE OF INCORPORATION: Michigan**

STREET:	CITY:	COUNTY:	STATE:	ZIP:
437 S. Main Street	Cheboygan	Cheboygan	MI	49721

1. Agreement & Lease: Lessee agrees to lease from Sertant Capital, LLC ("Sertant"), and, subject to Sertant's written acceptance of a Lease ("Acceptance") and any conditions specified by Sertant in the Acceptance, Sertant agrees to lease to Lessee, the personal property described in each Lease Schedule(s) ("Schedule(s)") executed from time to time in accordance with this Master Lease Agreement, together with all replacement parts, additions, repairs, accessions, attachments and accessories now or hereafter made a part thereof (collectively, the "Equipment"). This Master Lease Agreement is herein defined as the "Agreement". Each Schedule shall incorporate all of the terms and conditions of this Agreement. Each Schedule shall constitute a complete and separate Lease, independent of all other Schedules. In the event of a conflict between the provisions of this Agreement and the provisions of any Schedule, the provisions of the Schedule shall prevail. The term "Lease" shall mean this Agreement and any Schedule executed in connection therewith. A Lease is legal, valid and in force and binding upon Lessee to the extent of the unilateral obligations of Lessee contained herein when signed by Lessee and shall become legal, valid and binding upon Lessee and Sertant in all respects upon Acceptance.

2. Uniform Commercial Code: Lessee agrees and acknowledges that the term "Finance Lease" as used in a Lease has the meanings ascribed to it under Article 2A of the Uniform Commercial Code (and has no effect on any tax or accounting treatment of a Lease) and any Lease shall be considered a "finance lease". By executing a Lease, Lessee agrees that either: (i) Lessee has received a copy of the contract by which Sertant intends to acquire the Equipment, or (ii) that Sertant has informed Lessee of the identity of the vendor, seller or other supplier of the Equipment or (iii) Lessee has selected the vendor, seller or other supplier of the Equipment and has directed Sertant to acquire the Equipment or the right to possession and use of the Equipment from the vendor, seller or other supplier of the Equipment Lessee has selected. Lessee is entitled to the promises and warranties provided by the vendor, seller, or other supplier of the Equipment, and Lessee may contact the vendor, seller or other supplier of the Equipment for a description of those promises and warranties, and any disclaimers, limitations and modifications of remedies. This provision survives expiration or earlier termination of a Lease.

3. No Warranties/Manufacturer's Warranties: Sertant, not being the manufacturer, vendor, seller, publisher, distributor, licensor or supplier ("Supplier(s)") of the Equipment, nor Supplier's agent or employer, MAKES NO AND EXPRESSLY DISCLAIMS ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LEASED "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN SERTANT AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever against Sertant based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Sertant for loss of anticipatory profits or consequential damages. Sertant shall have no obligation to install, erect, test, adjust or service the Equipment. Lessee shall look to the Supplier for any claims related to the Equipment. Provided that no Event of Default (as defined below) shall have occurred and be continuing, Lessee shall be entitled to the benefit of any applicable Supplier's warranties and such warranties are hereby assigned by Sertant to Lessee, to the extent assignable.

4. Supplier Not an Agent: Lessee further understands and agrees that neither the Supplier, nor any sales representative or agent of the Supplier, is an agent or employee of Sertant. Sales representatives of the Supplier, persons not employed by Sertant (including, without limitation, brokers) or by any Sertant personnel who are not a duly authorized signer of a Lease are not authorized to waive or alter any term or condition of a Lease. Only a duly authorized signer of a Lease may waive or alter any term or condition of a Lease. No representation as to the Equipment by the Supplier, by any person not employed by Sertant or by any Sertant personnel who is not a duly authorized signer of a Lease shall in any way bind Sertant or affect Lessee's obligations under a Lease.

5. Performance of Lessee's Obligations by Sertant: If Lessee shall fail duly and promptly to perform any of its obligations under a Lease, Sertant may, at its option, perform the same for the account of Lessee without thereby waiving such default, and any amount paid or expense (including reasonable attorneys' fees), penalty or other liability incurred by Sertant in such performance, together with interest at the rate of 1 1/2% per month thereon (but in no event greater than the highest rate permitted by applicable law) until paid by Lessee to Sertant, shall be payable by Lessee upon demand as additional Rent for the Equipment. This right to perform includes, but is not limited to, when Lessee does not timely provide an appraisal or the appraiser chosen by Lessee does not use the definition of FMV provided for in Option 2 of the Schedule, then Sertant shall have the right without further notice to Lessee to select the second appraiser whose appraisal in accordance with the definition of FMV provided for herein will be used to determine the average appraisal amount. Lessee shall be responsible for and pay to Sertant for all other related costs and expenses incurred by Sertant.

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6. Further Assurances and Notices: Lessee's signing of a Lease constitutes a firm offer (the "Offer"). In consideration of Sertant's time and effort in reviewing and acting on the Offer, Lessee agrees that its Offer is irrevocable until forty-five business days from the receipt by Sertant of all credit, financial and business information and documentation requested by Sertant (the "Acceptance Period"). After expiration of the Acceptance Period, unless the Offer has been accepted by Sertant, the Offer will expire five business days after Sertant's receipt of Lessee's notice to revoke the Offer. The Acceptance shall be evidenced by Sertant's signing of the Lease or other written acceptance of the Offer. An Acceptance is conditioned upon and subject to no adverse change in the financial condition of Lessee or guarantor or the financial markets each as judged solely by Sertant (an "Adverse Change"). The Acceptance may be subject to commercially reasonable conditions, if any, as specified in the Acceptance. Lessee agrees that during the Acceptance Period Lessee will not offer or submit the proposed transaction related to the Offer to any other finance source or agency thereof. Sertant at its sole discretion, for some or all of the Equipment, may elect to document the transaction in one or more Schedules. Sertant may accept all or part of the Equipment or the value of the Equipment offered by Lessee in a Lease. The Deposit indicated on a Schedule is due and payable to Sertant at the time Lessee signs a Lease and upon Acceptance by Sertant, shall be fully earned by Sertant and shall not, in whole or in part, be either applied to Rents accruing upon such Schedule (unless otherwise specified in such Schedule) or be returned or refunded to Lessee. In the event Lessee does not fulfill its commitment with respect to completion of the terms and conditions of a Lease, including the agreed upon Equipment Cost, then the Deposit will be considered an earned processing fee by Sertant. Lessee agrees to sign and provide any documents which Sertant deems necessary in its sole discretion for confirmation, assignment and assurance of performance by Lessee of its obligations under a Lease and for perfection of a Lease, Sertant's title to the Equipment and a first priority security interest of Sertant in the Equipment in the event a Lease or any part thereof is deemed to be a lease creating a security interest to secure Lessee's obligations under a Lease. Lessee authorizes Sertant to and agrees that Sertant may file Uniform Commercial Code (UCC) Financing Statements naming Lessee and describing the Equipment and to take any similar action with respect to the titling and registration of titled Equipment subject to a state certificate of title law. UCC filing and lien search fees, physical inspection fees, legal fees and all other transaction costs will be Lessee's sole responsibility. Lessee authorizes Sertant to insert or update applicable dates, supplier information, Equipment description, cost, and quantity information, invoice numbers and other such information, as well as such information as serial numbers and other such information as necessary to complete all documentation for a Lease. If required by Sertant, Lessee agrees to ACH payment processing. Prior to Sertant's Acceptance and for the duration of a Lease, Lessee agrees to promptly provide Sertant with all business and credit information and documentation requested by Sertant including, but not limited to, Lessee's and any guarantor's comparative audited financial statements for the most current annual reporting period and comparative un-audited financial statements for the most current interim reporting periods. After Acceptance and before funding and commencement of a Lease, the occurrence of a material adverse change in the financial condition (as determined by Sertant) or the occurrence of any event of default as defined herein shall, at the option of Sertant, permit Sertant to revoke its Acceptance of a Lease. If Acceptance is revoked in whole, or as to any Schedule, then the Deposit indicated in a Lease as to which Acceptance has been revoked, shall be deemed fully earned by Sertant and such Deposit shall not, in whole or in part, be returned or refunded to Lessee. **All notices from Lessee to Sertant shall be sent certified mail, return receipt requested, to Sertant at its address shown herein or to such other address as directed by Sertant in writing.**

7. Lessee's Representations and Warranties: Lessee represents and warrants that (i) Lessee is duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization, which state is accurately shown on this Agreement, and is qualified to do business where necessary to carry on its business and operations and own its property, (ii) a Lease has been duly authorized, executed and delivered by Lessee and constitutes the valid, legal and binding obligation of Lessee, enforceable in accordance with its terms, (iii) the execution, delivery and performance by Lessee of its obligations under a Lease or with respect to the Equipment will not violate any judgment, order, law or governmental regulation applicable to Lessee or any provision of Lessee's formation documents, by-laws or other organizational documents or result in any breach of or constitute a default under any instrument or agreement to which Lessee is a party or by which Lessee or its assets may be bound, (iv) the Equipment will be used solely in the conduct of Lessee's business and not for personal, family, household or other consumer purposes, and (v) Lessee or any other person who owns a controlling interest or otherwise controls Lessee in any manner is not listed on the Specially Designated Nationals and Blocked Persons Lists maintained by the Office of Foreign Assets Control ("OFAC") or other similar lists maintained by the federal government pursuant to any federal law or regulation regarding a person designated under Executive Order No. 13224 or similar lists. All representations and warranties contained herein shall be continuing in nature and in effect at all times prior to Lessee satisfying all of Lessee's obligations to Sertant under each Lease.

8. Rent & Lease Duration: The rent and other amounts payable by Lessee to Sertant under a Lease shall be as set forth in the applicable Schedule (the "Rent"). A Lease commences and Rent is due beginning on the date that Lessee certifies in writing to Sertant that all of the Equipment has been completely received, installed, tested and accepted as satisfactory by Lessee, and Lessee authorizes Sertant in writing to disburse payment to the Supplier ("Acceptance Date"). The Initial Period of each Schedule is reflected on each Schedule and begins on the first day of the calendar quarter following the Acceptance Date. A calendar quarter begins on the first day of January, April, July and October. Rent is due to Sertant, in advance, for each month or portion of a month beginning on the Acceptance Date and continuing for each month that a Lease is in effect. If the Acceptance Date does not fall on the first day of a calendar month, then the first Rent payment shall be calculated by multiplying the number of days beginning on the Acceptance Date through the last day of the month by a daily rental equal to one-thirtieth of the Rent. The term "Index Rate" means the Sertant Cost of Funds rate that is equally maturing with the Initial Period. Cost of Funds means Sertant's cost of funds, as determined by Sertant, which is based upon the cost of Sertant's funds from the syndication participants as selected by Sertant, subject to the then current prevailing market rates, terms, conditions and credit underwriting standards.

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Prior to the Acceptance Date of a Lease, Sertant at its sole discretion and while maintaining the implicit rate herein may adjust the Deposit, the Initial Period, LRF, Rent, Early Purchase Option and Fair Market Value not less than 10% as provided in Option (2). Lessee shall pay all Rents hereunder to Sertant, its successors or assigns, at Sertant's address set forth above (or as otherwise directed in writing by Sertant, its successors or assigns), whether or not Lessee has received any notice that such payment is due. **LESSEE'S OBLIGATION TO PAY RENT AND OTHER OBLIGATIONS HEREUNDER SHALL BE ABSOLUTE AND UNCONDITIONAL AND ARE NOT SUBJECT TO ANY ABATEMENT, SET OFF, DEFENSES, CLAIMS, COUNTERCLAIMS, OR RIGHT OF CANCELLATION OR TERMINATION FOR ANY REASON WHATSOEVER, AND LESSEE SHALL NOT DEDUCT ANY AMOUNT OR DAMAGES FROM OR REDUCE ANY RENT OR OTHER ITEMS PAYABLE UNDER A LEASE FOR ANY REASON WITHOUT THE PRIOR WRITTEN CONSENT OF SERTANT, ITS SUCCESSORS OR ASSIGNS.** In the event Sertant agrees to make payment(s) to Supplier(s) prior to the Acceptance Date, which such payments shall be paid solely and directly to the Supplier (or Lessee as applicable and if agreed to in writing by Sertant), such payments shall be billed from the respective acceptance date(s) of the Equipment at the Rent. Lessee shall not be entitled to reimbursement from Sertant for any amount paid by Lessee to the Supplier prior to the Acceptance Date unless agreed to in writing by Sertant at its sole discretion. Lessee and Sertant mutually agree that a Lease extends for a period of twelve months at the Rent unless Lessee provides to Sertant written notice of Lessee's election not to extend the Lease past the Initial Period at least five months and not greater than twelve months prior to the expiration of the Initial Period. Late charges on any past due Rent, taxes, or other charges hereunder shall accrue at the rate of \$.05 per dollar (5%) per month of the unpaid amount (or if such rate shall exceed the maximum rate allowed by law, then at the highest rate that is permitted to be charged on liquidated amounts after judgment) beginning with the date that such amount was due and continuing until the amount is paid. If late charges are assessed by Sertant's successors or assigns due to any late payment, Lessee agrees to pay such late charges or if applicable, to reimburse Sertant for their payment made on behalf of Lessee to Sertant's successors or assigns. Lessee agrees to make payment for any late charges promptly upon demand by Sertant.

9. Return of Equipment Option: Unless otherwise provided in writing and made part of a Lease, Lessee may return all but not less than all of the Equipment pursuant to the terms and conditions herein and subject to any Schedule as of the expiration of any extension period as agreed to by Lessee and Sertant, provided Lessee is not in default hereunder and has provided notice to Sertant as specified in this Agreement. If Lessee elects to return the Equipment in accordance with this paragraph ("Return of Equipment Option"), Lessee will discontinue the use of the Equipment and immediately, at its own expense, ship the Equipment with all manuals, as originally furnished by Supplier, to a location within the continental United States in accordance with the Equipment return instructions provided by Sertant. Lessee agrees that the Equipment, when returned, shall be in the same condition as when delivered to Lessee, reasonable wear and tear excepted, and as further set forth in the Schedule, and shall be eligible for the manufacturer's or vendor's best standard maintenance contract without the need for repair or rehabilitation. Lessee agrees that Lessee will, upon the request of Sertant, store the Equipment on Lessee's premises, at a safe location acceptable to Sertant that is in accordance with the manufacturer's recommendations, without charge to Sertant for a period of up to 90 days following the expiration or earlier termination of a Schedule. During such storage period, Lessee shall not use the Equipment for any purpose. Upon the expiration of the storage period Lessee will return the Equipment to Sertant in accordance with this Section. In the case of Software, Lessee will erase, delete and destroy all intangible Software items, and deliver to Sertant all tangible items constituting Software. At Sertant's request, Lessee will also certify in a written form acceptable to Sertant that: (i) all the tangible Software has been delivered to Sertant; (ii) all intangible records have been destroyed; (iii) Lessee has not retained the Software in any form; (iv) Lessee will not use the Software after termination, and (v) Lessee has not received from Supplier(s) anything of value relating to or in exchange for Lessee's use, rental or possession of the Software during the duration of the Lease (including a trade-in, substitution or upgrade allowance). Until Lessee has complied with all of the requirements of this Section, Rent payment obligations will continue and be payable on a quarterly basis, in advance, or Sertant may, in its sole discretion, declare an Event of Default.

10. Insuring the Equipment: Throughout the duration of the Lease, including while the Equipment is in the possession of Lessee or a third party, Lessee at its own expense shall maintain (i) commercial general liability insurance (naming Sertant or its assigns as additional insured) for bodily injury and property damage resulting from the maintenance, use or transport of the Equipment and (ii) property insurance (naming Sertant and/or its assigns as sole loss payee) covering all risks of loss or damage to the Equipment from any cause whatsoever including, without limitation, property damage, liability, fire, theft, vandalism, malicious mischief and all other risks. All insurance will be from an insurer(s) and in a form and amount satisfactory to Sertant. Lessee shall deliver to Sertant the certificates of such insurance (and each renewal or replacement thereof) and upon request by Sertant the original policies and evidence of the payment of the premiums for such insurance policies. All policies will provide that no cancellation or material modification of such insurance shall be effective without thirty days prior written notice to Sertant. Lessee authorizes Sertant to communicate with Lessee's Insurance Agent to confirm compliance with all insurance requirements. Lessee acknowledges and agrees that Insurance Agent is authorized to communicate with Sertant regarding insurance coverage for the Equipment and to provide Sertant with copies of policies and proof of payment of the premiums for such insurance. If the policy is not in compliance with the requirements of the Lease, Lessee authorizes Sertant to order said coverage (at Lessee's expense) from Lessee's insurance agent or insurance company. If Lessee fails to obtain such coverage, Sertant may place coverage at Lessee's expense. Lessee acknowledges that any such replacement coverage will benefit Sertant only, will be at a cost higher than insurance Lessee might otherwise obtain, and may result in profit to Sertant. Sertant is, however, not offering to sell insurance, is not in the insurance industry and is not obligated to place such insurance and any loss incurred during any period in which coverage is not in place shall be borne by Lessee. Sertant may, at its own expense, for its own benefit, purchase insurance in excess of that required under this Lease.

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11. Risk of Loss to the Equipment: Throughout the duration of the Lease, including while the Equipment is in the possession of Lessee or a third party, Lessee agrees to assume the entire risk of any partial or complete loss with respect to the Equipment from any cause whatsoever including theft, loss, damage, destruction or governmental taking, whether or not such loss is covered by insurance or caused by any default or neglect of Lessee. In the case of Software, any loss, impairment or incapacity of the Software by any cause will also be deemed a partial or complete loss with respect to the Equipment. Lessee agrees to give Sertant immediate notice of any damage to or loss of any Equipment. All physical damage insurance proceeds shall be payable directly to Sertant unless otherwise specifically provided for herein. If any of the Equipment is lost, destroyed, damaged beyond repair, or taken by governmental action, on the next succeeding Rent payment date, Lessee will (1) at Lessee's sole expense either replace the Equipment with like-kind Equipment, free and clear of any liens or rights of other parties, acceptable to Sertant or Sertant's assignee and continue to pay all Rents without interruption as they come due, or (2) pay to Sertant all past due Rents and other amounts then late or due plus an amount equal to either the Stipulated Loss indicated in the specific Schedule or an amount equal to the FMV at the discretion of Sertant ("Stipulated Value"). Following payment of any Stipulated Value, and if no Event of Default has occurred and remains continuing, Sertant will then: (a) transfer to Lessee Sertant's rights to the Equipment "as is", "where is" and with all defects, without recourse and without representation or warranty, express or implied, other than a warranty that the Equipment is free and clear of any liens created by Sertant; and (b) remit to Lessee any physical damage insurance proceeds arising out of such loss up to the amount of the Stipulated Value paid. Sertant shall determine in the exercise of its reasonable judgment whether the Equipment is damaged beyond repair. In the event of damage or loss, which does not result in damage beyond repair or a total loss of the Equipment or any item thereof, Lessee shall at Lessee's sole expense cause the affected Equipment to be restored to the condition required by the terms of the Lease. Upon completion of such repair and after supplying Sertant with satisfactory evidence thereof (and provided no Event of Default has occurred and remains continuing), Lessee shall be entitled to receive any insurance proceeds or other recovery to which Sertant would otherwise be entitled in connection with such loss up to the amount expended by Lessee in making the repair. Prior to Sertant's Acceptance of the Lease or, if accepted prior to the Acceptance Date, if any of the Equipment is lost, destroyed, damaged beyond repair, or taken by governmental action, Lessee will immediately replace such Equipment with equipment of like kind, quality, value and condition (the "Replacement Equipment"). Sertant shall have the absolute discretion to determine whether the Replacement Equipment is acceptable in all respects to replace the Equipment. Lessee acknowledges and agrees that such loss, destruction, damage beyond repair or governmental taking does not release, relieve, waive, excuse, terminate or otherwise affect Lessee's duty to perform its obligations under the Lease. Sertant shall not be obligated to undertake by litigation or otherwise the collection of any claim against any person for loss of, damage to, or government agency taking of the Equipment. Except as expressly provided above, the total or partial destruction of any Equipment or Lessee's total or partial loss of use or possession thereof shall not release or relieve Lessee from its obligations under the Lease including the duty to pay the Rent(s) therein provided.

12. Title & Right of Inspection: Title to the Equipment shall at all times be in Sertant's name or Sertant shall at all times have a first priority security interest upon the Equipment in the event a Lease or any part thereof is deemed to be a lease creating a security interest. Lessee will at all times protect and defend, at its own cost and expense, the title or first priority security interest of Sertant from and against all claims, liens and legal processes of creditors of Lessee and keep the Equipment free and clear from all such claims, liens and processes. The Equipment is and shall remain personal property. Lessee acknowledges that any license agreement (between the Supplier and Lessee) to use the Software is being provided to Lessee solely because of payments made by Sertant to the Supplier and, therefore Lessee agrees that Sertant has an interest in the license. Any Software agreement shall be separate and distinct from the Lease, and Sertant shall not have obligations thereunder. Lessee agrees that if it or any of its affiliates receives anything of value from the Supplier (including a trade-in, substitution, discount or upgrade allowance) other than Lessee's rights to use the Software reflected on the Schedule for the duration of this Lease, Lessee will advise Sertant and pay to Sertant an amount equal to such additional value obtained by Lessee. Lessee agrees that it will not surrender, transfer or modify the license agreement without first obtaining the written consent of Sertant. Sertant and its agents shall have the right from time to time during reasonable business hours to enter upon Lessee's premises or elsewhere for the purpose of confirming the existence, condition and proper maintenance (including the right to review Lessee's equipment log and applicable maintenance records) of the Equipment and during any period of storage, Sertant shall also have the right to demonstrate and show the Equipment to others. Lessee shall, upon the request of Sertant, and at its own expense firmly affix to the Equipment, in a conspicuous place, a label or metal plate as shall be supplied by Sertant showing Sertant as the owner and lessor of such Equipment.

13. Possession, Use, Maintenance and Location of Equipment: So long as Lessee is not in default under the Lease it shall be entitled to the possession and use of the Equipment in accordance with the terms of the Schedule. The Equipment shall be used in the conduct of the lawful business of Lessee, and no item of Equipment shall be removed from its location as specifically shown on the Schedule without the prior written consent of Sertant. Lessee shall not, without Sertant's prior written consent, part with possession or control of the Equipment or attempt or purport to sell, pledge, mortgage, sublease or otherwise encumber any of the Equipment or otherwise dispose of or encumber any interest under the Lease. Lessee shall comply with all governmental laws, ordinances, regulations, requirements and rules with respect to the use, maintenance and operation of the Equipment. Unless otherwise set forth in the Schedule, Lessee shall be responsible for all transportation, packing, installation, testing and other charges incurred in connection with the delivery, installation and use of the Equipment. Lessee, at its expense, shall maintain the Equipment in good operating order, condition, repair and appearance, and protect the Equipment from deterioration other than normal wear and tear. Unless otherwise agreed to by Sertant in writing, Lessee shall enter into and keep in force the

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best standard maintenance agreement with the Supplier of the Equipment (or such other party as is acceptable to Sertant) and furnish evidence of such agreement to Sertant upon request.

14. Additions & Modifications to the Equipment: Unless Sertant shall otherwise agree in writing, all accessions, upgrades, modifications, alterations or additions (collectively "Additions & Modifications") to the Equipment at any time during a Lease, become a part of the Equipment and are owned by Sertant. Lessee shall obtain Sertant's prior written consent for all Additions & Modifications to the Equipment. Software, as described on any Schedule(s), includes all updates, revisions, upgrades, enhancements, modifications, derivative works, maintenance fixes, translations, adaptations, and copies of the foregoing or of the original version of the Software whether obtained from the Supplier, licensor or from any source, and references in this Lease to Software will be interpreted as references to any of the foregoing. All Additions & Modifications to the Equipment must be free and clear of any liens or rights of other parties

15. Taxes: Lessee shall file all required personal property tax returns relating to the Equipment: Lessee shall pay, and shall indemnify and hold Sertant harmless from and against, all fees, taxes, withholdings, assessments and other governmental charges, however designated, together with any penalties, fines or interest, if any, thereon, (collectively, the "Impositions") which are at any time levied or imposed against Sertant, Lessee, the Lease, the Equipment or any part thereof by any Federal, state, local or foreign government or taxing authority upon, with respect to, as a result of, or measured by (i) the Equipment (or any part thereof), or the Lease or the interest of Sertant therein, or (ii) the purchase, ownership, delivery, leasing, possession, maintenance, use, operation, return, sale or other disposition of the Equipment or any part thereof, or (iii) the Rents, receipts or earnings payable under the Lease or otherwise arising from the Equipment or any part thereof; excluding, however, Federal, state or local taxes based on or measured by the net income of Sertant. Sertant is not responsible for contesting any valuation of, or tax imposed on, the Equipment (but may do so strictly as an accommodation to Lessee) and will not be liable or accountable to Lessee therefore. Lessee's obligations under this paragraph shall survive the expiration or earlier termination of this Lease. Sertant retains any and all federal and state tax credits or benefits relating to the Equipment. The parties hereto intend that the Lease be treated as a lease for Federal, state, local and foreign income tax purposes, and Sertant shall be entitled to such deductions, credits and other benefits (all of which shall herein be referred to as the "Tax Benefits") with respect to the Equipment as are provided to an owner of property by the Internal Revenue Code of 1986, as amended to the date hereof (the "Code") and by similar income tax laws of any state, local or foreign jurisdiction, including without limitation any accelerated cost recovery system deductions and investment tax credit with respect to the Equipment. In the event that any of the expected Tax Benefits under any Federal, State or local law shall be lost by, recaptured, not claimed, not available for claim or disallowed to Sertant for any reason including, but not limited to, (i) any act or failure to act of Lessee and/or any sublessee or assignee of Lessee, (ii) any change in the legal or tax status of Lessee and/or any sublessee or assignee of Lessee, (iii) breach by Lessee of any of its representations or warranties contained in the Lease, (iv) an Event of Loss, (v) an Event of Default, (vi) the Equipment fails to qualify for bonus depreciation, (vii) any change in or amendment to tax law, congressionally, judicially, or administratively promulgated, or (viii) an administrative or judicial determination that the Lease is not properly treated as a lease for income tax purposes or that the Lease or the Equipment fails to qualify for any investment tax credit claimed by Sertant, Lessee shall promptly pay to Sertant a revised Rent Payment or lump sum amount which, in the reasonable judgment of Sertant (and after deduction of all taxes to be paid by Sertant with respect to such payment), shall have the same net after tax rate of return on a discounted cash flow basis as would have been realized by Sertant were Sertant entitled and/or able to use the expected tax deductions, credits or other benefits based on the maximum Federal Income Tax Rate applicable to Sertant, in effect during the term of the Lease. The obligation to pay such sums to Sertant shall be in addition to all other obligations of Lessee under the Lease and shall continue in full force and effect notwithstanding the termination of the Lease whether by expiration of time, by operation of law or otherwise.

16. Default: Lessee shall promptly notify Sertant of the occurrence of any Event of Default. An Event of Default shall occur if: (a) Lessee fails to pay when due any installment of Rent or any other sum owed by Lessee under a Lease and such failure continues for a period of ten (10) days; (b) Lessee fails to perform or observe any covenant, condition or agreement to be performed or observed by it under a Lease and such failure continues uncured for ten (10) days after written notice thereof to Lessee by Sertant; (c) Lessee ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceeding, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of it or of all or any substantial part of its assets or properties, or if it or its shareholders shall take any action looking to its dissolution or liquidation, or Sertant determines that an Adverse Change has occurred; (d) within sixty (60) days after the commencement of any proceedings against Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or within sixty (60) days after the appointment without Lessee's consent or acquiescence of any trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall not be vacated; (e) Lessee removes, sells, transfers, encumbers, allows an encumbrance upon, misplaces, parts with possession or subleases the Equipment or any item thereof, or attempts to do any of the aforementioned (without Sertant's prior written consent); (f) Lessee defaults in payment or performance of any obligation or indebtedness of any kind or description, whether direct, indirect, absolute or contingent, due or to become due, now existing or hereafter arising; and (g) Lessee or any guarantor fails to complete on a timely basis when due the exercise of any option provided for in a Lease once elected; (h) any warranty, representation, covenant or statement made or furnished to Sertant by or on behalf of Lessee in or in connection with a Lease proves to have been false in any material respect when made or furnished; (i) any change by Lessee of

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its legal name, state of organization or organizational structure without the prior written consent of Sertant or (j) Lessee or any guarantor of Lessee obligations under a Lease, or any subsidiary or controlling entity of either, undergoes a sale, buyout, change in control, change in ownership of any type which as judged solely by Sertant, results in a material deterioration in Lessee's or the guarantor's credit worthiness, or if the guarantor is an individual the death of a guarantor.

17. Remedies: Upon the occurrence of an Event of Default, Sertant shall have all the rights and remedies provided by applicable law, in equity and by a Lease. In addition, Sertant, at its option, may: (a) by notice to Lessee cancel a Lease effective on the date designated by Sertant that such Event of Default first occurred; (b) proceed by appropriate court action or actions or other proceedings either at law or equity to enforce performance by Lessee of any and all covenants of a Lease and to recover damages for the breach thereof; (c) without notice or liability or legal process, enter into any premises of or under the control or jurisdiction of Lessee or any agent of Lessee where the Equipment may be or by Sertant is believed to be, and repossess all or any item thereof, disconnecting and separating all thereof from any other property and using all force necessary or permitted by applicable law so to do, Lessee hereby expressly waiving all further rights to possession of the Equipment and all claims for injuries suffered through or loss caused by such repossession or demand that Lessee deliver the Equipment forthwith to Sertant at Lessee's expense at such place as Sertant may designate; (d) in the event Sertant repossesses the Equipment, Sertant may in Sertant's sole discretion elect to sell, re-lease or otherwise dispose of all or part of the Equipment or to retain all or part thereof, in such manner and on such terms and conditions as Sertant may determine in its sole discretion, with or without notice to Lessee, which Lessee hereby waives to the extent permitted by applicable law; (e) declare immediately due and payable any unpaid Rent together with any and all other amounts due or to become due under the Lease, plus the Stipulated Value of the Equipment; (f) declare immediately due and payable any past unpaid Rent, late charges and any other amounts due hereunder that accrued on or before the occurrence of the Event of Default, plus as liquidated damages for loss of the bargain and not as a penalty, an amount equal to the Stipulated Value for the Equipment as of the Rent payment date immediately preceding the date Sertant declares the Lease in default. In addition, Sertant shall be entitled to recover all attorney and court costs incurred by Sertant as a result of an Event of Default or relating to the enforcement of its rights under a Lease. Sertant may in its sole and absolute discretion, re-lease or sell any Equipment at a public or private sale, whether the Equipment is present or not and in such manner and on such terms as Sertant shall deem reasonable, without any duty to account to Lessee and the proceeds of any such sale or lease shall be applied to reimburse Sertant for any amounts owed to Sertant. Lessee shall remain liable for any deficiency (for purposes of this Section, the proceeds of any lease of repossessed Equipment by Sertant shall be the amount reasonably assigned by Sertant as the cost of such Equipment in determining the Rent under such lease. It is agreed that Lessee's unauthorized use, disclosure, or transfer of Software will cause Sertant significant damages which, at the time the parties enter into the Lease, are impossible to quantify. Therefore, if Lessee is found to be using all or any portion of the Software after the termination of this Lease, or after an Event of Default under the Lease, or if Supplier terminates a license of Lessee's right to use the Software for an alleged breach of the use, disclosure, or transfer restrictions imposed on Lessee, the parties hereby agree that liquidated damages shall be payable immediately by Lessee to Sertant in an amount which is equal to two times the amount paid by Sertant for the Software. The proceeds of sale, lease or other disposition, if any, of the Equipment shall be applied (i) to all Sertant's costs, charges and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of the Equipment or other damages incurred, including attorney fees; then (ii) to the extent not previously paid by Lessee, to pay Sertant the Stipulated Value and any accrued and unpaid Rent, late charges, indemnities and any other amounts then remaining unpaid under a Lease; then (iii) to reimburse to Lessee any such sums previously paid by Lessee as liquidated damages. Sertant shall retain any surplus. In no event shall Lessee upon demand by Sertant for payment hereunder or otherwise be obligated to pay any amount in excess of that permitted by law. The waiver by Sertant of any breach of any obligation of Lessee shall not be deemed a waiver of any future breach of the same or any other obligation. No remedy of Sertant hereunder shall be exclusive of any remedy herein or by law provided, but each shall be cumulative and in addition to every other remedy. Lessee shall remain liable for any deficiency remaining should Sertant sell or otherwise dispose of the Equipment. If any Lease is a loan or secured transaction, Lessee further agrees that Sertant shall have all the rights and remedies of a secured party under Article 9 of the UCC.

18. GOVERNING LAW; JURISDICTION, JURY TRIAL WAIVER: Each Lease shall be governed by and construed in accordance with, the laws of the State of California, without giving effect to the principles of conflicts of laws. Each Lease is entered into and is to be performed in the County of Orange in the State of California. Lessee submits and consents to the exclusive jurisdiction of any claims or causes of action arising directly or indirectly from each Lease in any federal or state court located in the State of California. LESSEE AND SERTANT EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO, A LEASE OR ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN LESSEE AND SERTANT, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. Lessee and Sertant prefer that any dispute between or among them shall be resolved in litigation subject to the above jury trial waiver. If, and only if, a pre-dispute jury trial waiver of the type provided for herein is unenforceable in litigation to resolve any dispute, claim, cause of action or controversy under a Lease (each, a "Claim"), then, upon the written request of any party, such Claim, including any and all questions of law or fact relating thereto, shall be determined exclusively by a judicial reference proceeding in any federal or state court located in the State of California (the "Court"). Lessee and Sertant shall each select a single neutral referee, who shall be a retired state or federal judge. If the parties cannot agree upon a referee within 30 days, the Court shall appoint the referee. The referee shall report a statement of decision to the Court. Notwithstanding the foregoing, nothing in this paragraph shall limit any party's right at any time to exercise self-help remedies, foreclose against the Equipment or other collateral or obtain provisional remedies (including without limitation, requests for temporary restraining orders, preliminary injunctions, writs of possession, writs of attachment, appointment of a receiver, or any orders that a court may issue to preserve the status quo, to prevent irreparable injury or to allow

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a party to enforce its liens and security interests). Unless the referee orders otherwise the party determined by the referee to be the prevailing party in any such proceeding shall be entitled to recover from the other party, as part of the statement of decision reported to the Court, all of the prevailing party's costs and expenses related to such proceedings including, without limitation, the prevailing party's attorneys' fees and expenses. The referee also shall determine all issues relating to the applicability, interpretation, and enforceability of this Section. Lessee and Sertant acknowledge that any Claim determined by reference pursuant to this Section shall not be adjudicated by a jury.

19. Indemnity: Lessee agrees that Sertant shall not be liable to Lessee for, and Lessee shall indemnify and save Sertant harmless from and against any and all liability, loss, damage, expense, causes of action, suits, claims or judgments arising from or caused directly or indirectly by any Lease or Equipment, including but not limited to (whether prior to or after acceptance of any item of Equipment): (a) Lessee's failure to promptly perform any of its obligations under the provisions of a Lease; (b) injury to persons or damage to property resulting from or based upon actual or alleged condition, use, operation, delivery or transportation of any or all of the Equipment or its location or condition; (c) breach of any environmental laws or regulations or claim involving or alleging environmental damage; (d) inadequacy of the Equipment, or any part thereof, for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide any part or service thereof or any interruption or loss of service or use thereof or any loss of business; (e) the manufacture, inspection, purchase, acceptance, rejection, lease, sublease, possession, registration, titling, sale, return, removal, repossession, storage or other disposition of the Equipment (f) any accident in connection with any item of Equipment, or (g) any claim involving or alleging environmental damage, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable), and from any other risk or matter and Lessee shall, at its own cost and expense, defend any and all suits which may be brought against Sertant, either alone or in conjunction with others upon any such liability or claim(s) and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against Sertant in any such action or actions, provided, however, that Sertant shall give Lessee written notice of any such claim or demand. Lessee agrees that its obligations under this Section shall survive the expiration or earlier termination of a Lease.

20. Assignment: Each Lease and all rights and obligations of Sertant thereunder shall be assignable by Sertant without Lessee's consent, but Lessee shall not be obligated to any assignee of Sertant except after written notice of such assignment from Sertant. Following such assignment (i) solely for the purpose of determining assignee's rights under a Lease, the term "Sertant" shall be deemed to include or refer to Sertant's assignee, (ii) such assignee shall have all the rights and benefits of Sertant under a Lease, but none of Sertant's obligations (except as expressly agreed in writing), (iii) Lessee shall make all payments as directed by such assignee, (iv) Lessee shall provide Sertant with a copy of any notices sent by Lessee to Assignee regarding a Lease; and (v) Lessee agrees that it will not assert against any assignee any claim, defense, counterclaim or offset that Lessee may have against Sertant. Without the prior written consent of Sertant, Lessee shall not assign, sell or transfer a Lease or its interests hereunder, in any manner including but not limited to, an assignment due to sale, merger, liquidation, sub-lease, change of ownership or change-in-control, with respect to the Equipment covered thereby.

21. Miscellaneous: If any provision of a Lease is contrary to, prohibited by or deemed invalid under applicable laws or regulations of any jurisdiction, such provision shall be inapplicable and deemed omitted but shall not invalidate the remaining provisions of a Lease. In the event a Lease or any part thereof is deemed to be a lease creating a security interest, Lessee grants Sertant a first priority security interest in each item of Equipment as security for all of Lessee's indebtedness and obligations owing under a Lease, as well as all other present and future indebtedness and obligations of Lessee to Sertant of every kind and nature whatsoever. All notices to Lessee shall be in writing and shall be delivered by mail, facsimile, or electronic mail. All agreements, representations and warranties contained in a Lease, or in any document or certificate delivered pursuant to or in connection with a Lease, shall expressly survive the expiration or earlier termination of a Lease. Lessee authorizes and agrees that Sertant may supply missing information or correct obvious errors in a Lease. This Lease (and all documents executed in connection herewith) may be executed and delivered in counterparts all of which shall constitute one and the same agreement. The exchange of signed copies by facsimile or electronic transmission (including pdf files) shall constitute effective execution and delivery and may be used in lieu of manually signed documents. Signatures of the parties transmitted by facsimile or electronic transmission qualify as authentic original signatures for purposes of enforcement thereof, (including all matters of evidence and the "best evidence" rule). For purposes of perfection of a security interest in chattel paper under the UCC, only the counterpart of each Lease that bears Sertant's manually applied signature shall constitute the sole original counterpart of the original chattel paper for purposes of possession. No security interest in a Lease can be perfected by possession of any other counterpart, each of which shall be deemed a duplicate original or copy for such purposes. Following funding of any Lease, Sertant may publish or issue, or cause to be made or issued, any announcement, statement, or other form of advertising referring to the business purpose and activities related to a Lease for dissemination to the general public or any third party. Time is of the essence with regard to each provision of a Lease.

Each Schedule (along with this Agreement) shall constitute a separate Lease and the obligation of Lessee to pay Rent and any other sums due under each Schedule and the Agreement shall be absolute and unconditional. A Lease cannot be terminated or canceled for any reason except as expressly provided herein. To the extent permitted by applicable law, Lessee hereby waives the following rights and remedies conferred on Lessee by law: (1) right to unilaterally terminate or cancel the Lease; (2) right to reject the Equipment; (3) right to revoke acceptance of the Equipment; (4) right to recover any general, specific, incidental and consequential damages or recover damages from any Sertant breach of warranty; (5) right to specific performance, replevin, detinue, sequestration, claim and delivery of the like for the Equipment subject to the Lease. To the extent permitted by applicable law, Lessee also waives any rights which may require Sertant to sell, lease or otherwise use any Equipment

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in mitigation of Sertant's damages as set forth in Section 17 and to the extent permitted by applicable law, Lessee hereby waives any and all rights and remedies conferred upon Lessee by Article 2A-507 – 2A-522 of the UCC.

This Agreement and each Schedule executed from time to time in connection therewith contain the entire agreement between the parties with respect to the Equipment and may not be altered, modified, terminated or discharged except by a writing signed by the party against whom such alteration, modification, termination or discharge is sought. A Lease once accepted by Sertant shall be binding upon and inure to the benefit of Sertant, Lessee and their permitted successors and assigns. Lessee and Sertant agree that no oral or other written agreements or promises shall be relied upon or be binding on the parties unless made part of a Lease by written authorization provided by authorized signers of both Lessee and Sertant. Lessee shall provide Lease documentation original signatures for receipt by Sertant within three business days of Sertant's request.

A Lease is subject to acceptance by Sertant. By signing below, the signer certifies that signer has read this Agreement, has had an opportunity to discuss its terms with Sertant, and is authorized to sign on behalf of Lessee.

LESSEE

The Great Lakes Tissue Company
TAX I.D. #38-3108611

SERTANT CAPITAL, LLC

By: _____

Kip Boie

President & CEO

Date: _____

9/26/22

By: _____

Michael J. Przekop

President

Date: _____

10-13-2022

EXHIBIT 2

SERTANT
CAPITAL

620 Newport Center Drive, Ste 1450, Newport Beach, CA 92660

Lessee: The Great Lakes Tissue Company
Street: 437 S. Main Street**LEASE SCHEDULE No. 1**

Voice (949) 336-3400 Facsimile (949) 336-1380

Master Lease Agreement No. SC-002157**Tel: 231-627-0200****City: Cheboygan State: MI County: Cheboygan Zip: 49721**

This Lease Schedule (the "Schedule") is issued with respect to the Master Lease Agreement No. SC-002157 Dated 9/26/22. All of the terms of the Agreement are incorporated into this Schedule as if fully reflected on the Schedule. The terms of this Schedule and the Agreement combine to form an individual Lease with an independent Initial Period. The following are defined terms in the Lease:

Initial Period (months): 48**Equipment Cost: \$3,000,000.00****Holdback Amount \$1,000,000.00****Rent: \$68,082.30****Deposit: \$68,082.30****Rent Payment Frequency: Monthly****Lease Rate Factor (LRF): .0226941****Equipment Description: See attached Exhibit A.**

Any Deposit under this Schedule shall be returned to Lessee (without interest thereon and less any transaction costs) if Sertant does not accept this Schedule in accordance with the Lease. The Rent will be determined by multiplying the LRF by the actual Equipment Cost. Sertant may at its sole discretion adjust the LRF in direct relation to any increase since the date of this Lease in the Index Rate over the base rate of 1.94% (the "Base Rate") and recalculating the Rent by multiplying the revised LRF by the Equipment Cost. Such adjustment shall occur as follows: (1) on the later of the Acceptance Date or the date Sertant has received all fully executed Lease documentation and has funded the Lease, and with such adjustment effective as of the Acceptance Date, and/or (2) at such time as Sertant first assigns this Lease and provides written notice of assignment to Lessee, with such adjustment effective as of the date of such notice. Upon funding, Lessee shall pay to Sertant an administration fee of fifteen hundred dollars in consideration for Sertant's administration of the Lease and a closing fee of two percent of the Equipment Cost minus the Holdback Amount shall also be paid to Sertant at Funding. Per Section 11 of the Agreement (Risk of Loss to the Equipment), the Stipulated Loss will start at 110% of the Equipment Cost and decline by 0.9375% per month during the Initial Period for each month that payment of Rent is received by Sertant and will not decline any further after the expiration of the Initial Period.

Schedule Options: At the expiration of the Initial Period or, if extended, at the expiration of the extension period, and in accordance with the terms and conditions of the Lease, Lessee shall have the option to:

Option (1) Extend the Schedule on the same terms and conditions of the Lease for a period of twelve additional months at the then current Rent on the last day of the Initial Period,

Option (2) Purchase all, but not less than all, of the Equipment immediately upon expiration of the applicable rental period for its then fair market value defined as the price that would be obtained in an arm's length, retail transaction between informed and willing parties, under no compulsion to buy or sell, including taxes, transportation, installation and any other cost for services required to render such Equipment fully acceptable for use by an end user (the "FMV") not less than 20% of the Equipment Cost, plus all applicable sales/use taxes thereon and all accrued but unpaid interest, taxes, penalties and other sums due under the Lease. In the event Lessee and Sertant cannot agree on the FMV amount, then the FMV shall be determined by the average of two appraisals but not less than the minimum amount specified herein. Lessee shall pay the cost of such appraisals. One appraiser will be chosen by Lessee and one appraiser will be chosen by Sertant, both of which shall be associated with a nationally recognized appraisal association, will be independent with respect to Lessee and Sertant and shall be instructed to determine FMV using the definition hereinabove. Upon receipt of the agreed upon amount, Sertant shall transfer to Lessee any and all right, title and interest in the subject Equipment, as is, where is, without any warranties express or implied. Lessee shall pay the cost of such appraisal. If Lessee has not elected any option available in the Lease by providing notice three months prior to the end of any extension period, then Option (1) shall prevail.

Sertant at its sole discretion, for some or all of the Equipment, may elect to document the transaction in one or more sub-schedules. Each such sub-schedule will document a portion of the total Equipment Cost and, along with the Agreement, will each constitute a complete and separate Lease, independent of all other sub-schedules. That portion of the Equipment which is not funded through a separate sub-schedule shall remain part of the Master Schedule unless and until superseded by one or more additional or sub-schedules; however, the amount of the Equipment Cost stated in the Master Schedule shall be reduced by the aggregate amount funded through all or sub-schedules. The execution of a sub-schedule shall not relieve or release Lessee from its remaining obligations under the Master Schedule, including, but not limited to, the obligation to lease personal property with the total combined Equipment Cost as stated on the Master Schedule. The terms "Lease Schedule" and "Schedule" as referred to and defined in the Lease Agreement shall be deemed to refer to the Master Schedule wherever such terms appear in the Agreement. In the event that one or more sub-schedules are executed with respect to all or a portion of the Equipment, then the terms "Lease Schedule" and "Schedule" as referred to and defined in the Lease Agreement shall be deemed to refer to each such sub-schedule, and not the Master Lease Schedule, but only with respect to and limited to each such separate and independent sub-schedule.

By signing below, the signer certifies that signer has read this Schedule and the Agreement, has had an opportunity to discuss its terms with Sertant, and is authorized to sign on behalf of Lessee.

The Great Lakes Tissue CompanySignature: [Signature]
Name: Kip Boie
Title: President & CEO
Date: 10/26/22**SERTANT CAPITAL, LLC**Signature: [Signature]
Name: Michael J. Przekop
Title: President
Date: 10-13-2022

SERTANT CAPITAL

EXHIBIT 'A' EQUIPMENT DESCRIPTION

The following invoice(s) are referenced, and hereby incorporated, for the purpose of describing the equipment subject to lease agreement # SC-002157. By signing below, I, the lessee, acknowledge that I choose to lease the equipment listed on the invoice(s) per the payment schedule and the terms and conditions set out in lease agreement # SC-002157, which is the governing document to this lease regardless of the price and terms (if any) indicated on the invoice(s).

Equipment Description	S/N#	
1969 Bacock & Wilcox Gas Fired 60,000 BTU Boiler	M98133M	\$ 18,900.00
2013 Alfa Laval Heat Exchanger	30115-70081	\$ 2,625.00
2013 Alfa Laval CB400-86H Heat Exchanger	42787870	\$ 2,625.00
Appleton 60"x72" Core Cutter	n/a	\$ 1,125.00
Wulftec WLP-150 Automatic Stretch Wrap Machine	0700-6317	\$ 2,250.00
Orion SW44-12 Stretch Wrapper	7117540	\$ 2,250.00
Black Clawson Poly Re-Claim & Stock Prep System	95-H-P-3692	\$ 510,000.00
Beloit / Proctor & Gamble 128" Tissue Paper Machine and all accessories	n/a	\$ 761,600.00
Lot of Laboratory Equipment and all accessories		\$ 7,500.00
1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	ARP-1200-8	\$ 2,250.00
1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	ARP-490886	\$ 900.00
1978 Zurn R110A Refrigerated Air Dryer	R-9510	\$ 750.00
2014 Ingersoll Rand R110 Nirvana SVD 150Air Compressor	VN1505u13175	\$ 14,850.00
Knowlton Core Machine	n/a	\$ 10,125.00
1997 Perini 200G Core Machine and Back Stand	09056 ; 09057	\$ 13,500.00
1998 Perini 716B 106" Toilet Roll Rewinder	09719; 09718	\$ 150,000.00
2020 Baosuo YD-PL400C-2900 12" Bathroom Tissue Rewinder Line and all accessories	19S13005FS	\$ 817,000.00
1999 Perini 702G 106" JRT Rewinder and all accessories	40533	\$ 127,500.00
1997 Perini 702G 106" JRT Rewinder Line and all accessories	8897	\$ 150,000.00
Hobema 14-H 13" Napkin Folder	446	\$ 7,500.00
Lot of Press, Gears, Valves, Pumps, Motors, Etc. including all components and ancillary items	n/a	\$ 281,250.00

Machine Shop Consisting of: \$40,500.00

Clausing Colchester 17" Horizontal lathe - S/N: 2312
 Bridgeport Series Vertical Drill - S/N: J202453
 Hendey Horizontal Lathe 14 x 42 - S/N: 121
 Cincinnati Milling Machine - S/N: E506J
 Cincinnati Bickford Drill - S/N: 122
 Boyd & Emmes Radial Engine Horizontal Lathe - S/N: N/A
 Enerpac Hydraulic Press
 Grob NS24 Band Saw - S/N: 3508
 Clausing Vertical Drill Press - S/N: 104435
 Bradford Grinder - S/N: 86
 Clausing Vertical Drill Press - S/N: 511976
 Abrasive Machine Tool Sander - S/N: N/A
 Miller Bobcat 225 NT Welding Set
 Miller Trailblazer 30 Z Welding Set
 Hobart Mega Arc 300 Welding Set
 Misc. Hand Tools & Cabinets
 Ridgid 802 Pipe Threader
 Wells Metal Band Saw - S/N: 14980
 Miller XMT 350 CC/CV Welding Set
 Modern C6251x1500 Horizontal Lathe - Age: 2003
 Lincoln Wirematic 255 Welding Set
 All components and ancillary items.

Lift Trucks and Rolling Stock	\$75,000.00
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Caterpillar 99F - S/N: AT81C-00367 - 3,500lbs. Cap.
 Caterpillar 99H - S/N: AT81C-00944 - 3,500lbs. Cap.
 Caterpillar V-80 - S/N: 932200-14A
 Caterpillar #11 Roll Grab - S/N: AT8701785 - 7,000 lbs. Cap.
 Caterpillar #12 Roll Grab - S/N: AT8701784 - 7,000 lbs. Cap.
 Genie #1 Scissor lift - S/N: 78192
 Genie #2 Scissor lift - S/N: 65851
 Genie #3 Articulating boom - S/N: Z34N-3953
 Genie AWP - S/N: 3892-1317 - 300 lbs. Cap.
 Halls #11 - S/N: 1449K - 4,400 lbs. Cap.
 Hyster S-150 - S/N: A24D1857P - 16,000lbs. Cap.
 Hyster 50 - S/N: F187V13647F - 4,800 lbs. Cap.
 JCB 506C - S/N: 585635 - 6,000 lbs. Cap.
 JCB 506C - S/N: JCB5CAJLC61184611 - 6,000 lbs. Cap.
 Kubota SSV65 - S/N: 13738
 Linde #5 Roll Grab - S/N: A11313G00184 - 3,700 lbs. Cap.
 Linde #3 Roll Grab - S/N: A11313G00165 - 3,700 lbs. Cap.
 Linde #24 - S/N: A11319J00224 - 4,500 lbs. Cap.
 Linde #68 - S/N: A11319J00168 - 4,500 lbs. Cap.
 Nissan #8 - S/N: 23108 - 3,500 lbs. Cap.
 Skid Steer L230 - S/N: wbm432589
 Terex All terrain lift - S/N: TH0608B-6256 - 6,000 lbs.
 Toyota #4 Roll Grab - S/N: 84988 - 4,400 lbs. Cap.
 Toyota #1 - S/N: 77658 - 7,700 lbs. Cap.
 Toyota #30 - S/N: 63678 - 7,250 lbs. Cap.

Total Equipment Amount \$3,000,000.00

Lease #SC-002157

Lessee: The Great Lakes Tissue Company

By: 
 Kip Boie
 President & CEO

Date: 9/26/22

EXHIBIT 3

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) CSC 1-800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) SPRFiling@cscglobal.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
2408 31068 CSC 801 Adlai Stevenson Drive Springfield, IL 62703	Filed In: Michigan (S.O.S.)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER
20220930000886-0 09/30/20221b. ☐ This FINANCING STATEMENT AMENDMENT is to be filed [for record]
(or recorded) in the REAL ESTATE RECORDS
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 132. ☐ TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement3. ☒ ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 84. ☐ CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law5. ☐ PARTY INFORMATION CHANGE:

Check one of these two boxes:

AND Check one of these three boxes to:

This Change affects ☐ Debtor or ☐ Secured Party of record☐ CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c☐ ADD name: Complete item 7a or 7b, and item 7c☐ DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME CORPORATION SERVICE COMPANY as REPRESENTATIVE

OR 6b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME PRIME ALLIANCE BANK, INC.

OR 7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS 1868 SOUTH 500 WEST

CITY
WOODS CROSSSTATE
UTPOSTAL CODE
84087COUNTRY
USA8. ☐ COLLATERAL CHANGE: Also check one of these four boxes: ☐ ADD collateral ☐ DELETE collateral ☐ RESTATE covered collateral ☐ ASSIGN collateral

Indicate collateral:

All of the goods, furniture, fixtures, equipment and other personal property now or hereafter leased to Lessee, wherever located, under that certain Master Lease Agreement No. SC-002157, Lease Schedule No 1, including but not limited to the following equipment description and all related peripherals to be more fully described on Exhibit A, together with all replacements, additions, substitutions, accessions, modifications, updates, upgrades, revisions, new versions, enhancements, and accessories incorporated therein and/or affixed thereto and all proceeds thereof, (including, but not limited to, amounts payable under any insurance policy) and all other property under Master Lease Agreement No.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here ☐ and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME CORPORATION SERVICE COMPANY as REPRESENTATIVE

OR 9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

10. OPTIONAL FILER REFERENCE DATA: Debtor: THE GREAT LAKES TISSUE COMPANY

2408 31068

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS

11. INITIAL FINANCING STATEMENT FILE NUMBER: Same as item 1a on Amendment form
20220930000886-0 09/30/2022

12. NAME OF PARTY AUTHORIZING THIS AMENDMENT: Same as item 9 on Amendment form

12a. ORGANIZATION'S NAME

CORPORATION SERVICE COMPANY as REPRESENTATIVE

OR

12b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

13. Name of DEBTOR on related financing statement (Name of a current Debtor of record required for indexing purposes only in some filing offices - see Instruction item 13): Provide only one Debtor name (13a or 13b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); see Instructions if name does not fit

13a. ORGANIZATION'S NAME

OR

13b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

14. ADDITIONAL SPACE FOR ITEM 8 (Collateral):

SC-002157, Lease Schedule No. 1, acquired and accepted by Debtor/Lessee after the filing of this UCC-1 Statement.

15. This FINANCING STATEMENT AMENDMENT:

☐ covers timber to be cut ☐ covers as-extracted collateral ☐ is filed as a fixture filing

17. Description of real estate:

16. Name and address of a RECORD OWNER of real estate described in item 17
(if Debtor does not have a record interest):

18. MISCELLANEOUS:

EXHIBIT 4

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

Michigan Department of State - Uniform Commercial Code

Filing Number: 20220930000886-0

Filing Date and Time: 09/30/2022 05:00 PM

Total Number of Pages: 3

A. NAME & PHONE OF CONTACT AT FILER (optional) CSC 1-800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) SPRFiling@cscglobal.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) 2403 69251 CSC 801 Adlai Stevenson Drive Springfield, IL 62703	
Filed In: Michigan (S.O.S.)	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad).

1a. ORGANIZATION'S NAME THE GREAT LAKES TISSUE COMPANY				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS	437 S. MAIN STREET	CITY CHEBOYGAN	STATE MI	POSTAL CODE 49721 COUNTRY USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad).

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME CORPORATION SERVICE COMPANY as REPRESENTATIVE				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS	PO Box 2576 uccsprep@cscinfo.com	CITY Springfield	STATE IL	POSTAL CODE 62708 COUNTRY USA

4. COLLATERAL: This financing statement covers the following collateral:

All of the goods, furniture, fixtures, equipment and other personal property now or hereafter leased to Lessee, wherever located, under that certain Master Lease Agreement No. SC-002157, Lease Schedule No 1, including but not limited to the following equipment description and all related peripherals to be more fully described on Exhibit A, together with all replacements, additions, substitutions, accessions, modifications, updates, upgrades, revisions, new versions, enhancements, and accessories incorporated therein and/or affixed thereto and all proceeds thereof, (including, but not limited to, amounts payable under any insurance policy) and all other property under Master Lease Agreement No. SC-002157, Lease Schedule No. 1, acquired and accepted by Debtor/Lessee after the filing of this UCC-1 Statement.

5. Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is <input type="checkbox"/> held in a Trust (see UCC1Ad, item 17 and Instructions) <input type="checkbox"/> being administered by a Decedent's Personal Representative	
6a. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility	6b. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing
7. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> Lessee/Lessor <input type="checkbox"/> Consignee/Consignor <input type="checkbox"/> Seller/Buyer <input type="checkbox"/> Bailee/Bailor <input type="checkbox"/> Licensee/Licenser	
8. OPTIONAL FILER REFERENCE DATA:	

2403 69251

MASTER LEASE AGREEMENT SC-002157

LEASE SCHEDULE NO. 1

EXHIBIT A

Equipment Description	S/N#
1969 Bacock & Wilcox Gas Fired 60,000 BTU Boiler	M98133M
2013 Alfa Laval Heat Exchanger	30115-70081
2013 Alfa Laval CB400-86H Heat Exchanger	42787870
Appleton 60"x72" Core Cutter	n/a
Wulftec WLP-150 Automatic Stretch Wrap Machine	0700-6317
Orion SW44-12 Stretch Wrapper	7117540
Black Clawson Poly Re-Claim & Stock Prep System	95-H-P-3692
Beloit / Proctor & Gamble 128" Tissue Paper Machine and all accessories	n/a
Lot of Laboratory Equipment and all accessories	
1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	ARP-1200-8
1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	ARP-490886
1978 Zurn R110A Refrigerated Air Dryer	R-9510
2014 Ingersoll Rand R110 Nirvana SVD 150Air Compressor	VN1505u13175
Knowlton Core Machine	n/a
1997 Perini 200G Core Machine and Back Stand	09056 ; 09057
1998 Perini 716B 106" Toilet Roll Rewinder	09719; 09718
2020 Baosuo YD-PL400C-2900 12" Bathroom Tissue Rewinder Line and all accessories	19S13005FS
1999 Perini 702G 106" JRT Rewinder and all accessories	40533
1997 Perini 702G 106" JRT Rewinder Line and all accessories	8897
Hobema 14-H 13" Napkin Folder	446
Lot of Press, Gears, Valves, Pumps, Motors, Etc. including all components and ancillary items	n/a
Machine Shop Consisting of:	
Lift Truck and Rolling Stock	

Machine Shop Consisting of:

Clausing Colchester 17" Horizontal lathe - S/N: 2312
 Bridgeport Series Vertical Drill - S/N: J202453
 Hendey Horizontal Lathe 14 x 42 - S/N: 121
 Cincinnati Milling Machine - S/N: E506J
 Cincinnati Bickford Drill - S/N: 122
 Boyd & Emmes Radial Engine Horizontal Lathe - S/N: N/A
 Enerpac Hydraulic Press
 Grob NS24 Band Saw - S/N: 3508
 Clausing Vertical Drill Press - S/N: 104435
 Bradford Grinder - S/N: 86
 Clausing Vertical Drill Press - S/N: 511876
 Abrasive Machine Tool Sander - S/N: N/A
 Miller Bobcat 225 NT Welding Set
 Miller Trailblazer 30 Z Welding Set
 Hobart Mega Arc 300 Welding Set
 Misc. Hand Tools & Cabinets
 Ridgid 802 Pipe Threader
 Wells Metal Band Saw - S/N: 14980
 Miller XMT 350 CC/CV Welding Set
 Modern C6251x1500 Horizontal Lathe - Age: 2003
 Lincoln Wirematic 255 Welding Set
 All components and ancillary items.

MASTER LEASE AGREEMENT SC-002157

LEASE SCHEDULE NO. 1

EXHIBIT A

Lift Trucks and Rollin Stock

Caterpillar 99F - S/N: AT81C-00357 - 3,500lbs. Cap.
Caterpillar 99H - S/N: AT81C-00944 - 3,500lbs. Cap.
Caterpillar V-80 - S/N: 932200-14A
Caterpillar #11 Roll Grab - S/N: AT8701785 - 7,000 lbs. Cap.
Caterpillar #12 Roll Grab - S/N: AT8701784 - 7,000 lbs. Cap.
Genie #1 Scissor lift - S/N: 76192
Genie #2 Scissor lift - S/N: 65851
Genie #3 Articulating boom - S/N: Z34N-3953
Genie AWP - S/N: 3892-1317 - 300 lbs. Cap.
Halla #11 - S/N: 1449K - 4,400 lbs. Cap.
Hyster S-150 - S/N: A24D1857P - 16,000lbs. Cap.
Hyster 50 - S/N: F187V13647F - 4,800 lbs. Cap.
JCB 506C - S/N: 585635 6,000 lbs. Cap.
JCB 506C - S/N: JCB5CAJLC61184611 - 6,000 lbs. Cap.
Kabota SSV65 - S/N: 13738
Linde #5 Roll Grab - S/N: A11313G00184 - 3,700 lbs. Cap.
Linde #3 Roll Grab - S/N: A11313G00185 - 3,700 lbs. Cap.
Linde #24 - S/N: A11319J00224 - 4,500 lbs. Cap.
Linde #68 - S/N: A11319J00168 - 4,500 lbs. Cap.
Nissan #8 - S/N: 23108 - 3,500 lbs. Cap.
Skid Steer L230 - S/N: wbm432589
Terex All terrain lift - S/N: TH0606B-6256 6,000 lbs.
Toyota #4 Roll Grab - S/N: 84988 - 4,400 lbs. Cap.
Toyota #1 - S/N: 77656 - 7,700 lbs. Cap.
Toyota #30 - S/N: 63678 - 7,250 lbs. Cap.

EXHIBIT 5-1

MERGER AGREEMENT

THIS MERGER PURCHASE AGREEMENT (this "Agreement"), dated and effective as of January 12, 2023 (the "Effective Date"), is made and entered into by and between Great Lakes Tissue Group, LLC., a Nevada limited liability company ("GLTG") and Patriot Advanced Environmental Technologies, LLC., a Wisconsin limited liability company ("PAET") provides for the merger of Great Lakes Tissue Company, a Michigan corporation ("GLT") and PAET by means of the transactions described below.

RECITALS:

- A. GLTG owns GLT, which operates a paper mill in Cheboygan, Michigan from a leased factory building owned by Homco Paper XI, LLC, a Michigan limited liability company.
- B. GLT also is a tenant of Cheboygan Warehouse Services, LLC., a Michigan limited liability company ("CWS") owned by Clarence Roznowski, the former owner of GLT and as tenant GLT has the option to purchase CWS to acquire the warehouse and parking lots it owns.
- C. GLT also owns Cheboygan Hydro Services, LLC, a Michigan limited liability company which operates a hydroelectric plant in a portion of the GLT leased factory building.
- D. PAET owns certain assets for the operation of a paper mill and certain fuel conversion technology which can convert GLT waste poly into fuel. And, PAET has caused to be deposited into escrow the amount of \$1.5M at Cheboygan Title with instructions to release said dollars to GLTG at Closing, per the terms of this Agreement.
- E. PAET desires to bring increased paper and related production to the GLT factory and business, and to set up and operate a fuel conversion business in the GLT warehouse to create fuel from GLT waste product known as "poly" and supply syngas to GLT for use in producing electricity to operate the business and equipment used in the GLT business..
- F. By combining the resources of GLT and PAET, the parties seek to build a larger, better capitalized business which can create paper and other usable products from recycled material, be energy independent through production of electricity for the operation of each company, and allow PAET to employ GLT poly to produce diesel and jet fuel.
- G. The parties seek through their combination to provide a strong base for expansion.

For valuable consideration, receipt of which the parties acknowledge, it is therefore agreed that:

1. MERGER OF PAET AND GLT

- 1.1 **Merger of Companies.** GLTG will transfer and convey all capital stock of GLT to PAET and assign its right to acquire Cheboygan Warehouse Services, LLC and its real estate for the cash at closing and cash pursuant to a note, as described in section 1.2 of this Agreement, and

a ten percent interest in PAET which will be non-dilutable until PAET goes public.

1.2 Closing. At Closing as hereafter defined, the following will occur:

- (a) GLTG will convey all shares of GLT to PAET along with its interest in a certain lease with option to purchase the real estate of Cheboygan Warehouse Services, LLC., and PAET will convey \$1.5 million cash, a secured note for \$15 million and ten percent of PAET ownership to GLTG or its LLC owners. PAET will assume control of GLT as of Closing. All parties will execute counterpart copies of the PAET Operating Agreement as members.
- (b) As further consideration, PAET will execute a note to GLTG and its assigns, and pursuant to its terms pay \$15 million cash to GLTG and its assigns under its terms. A true and correct copy of the Note is attached to this agreement as an Exhibit.
- (c) Shares of GLT will be held in escrow at Cheboygan Title Company. As further security, PAET will provide a blanket UCC security interest in equipment it is delivering to the GLT factory and warehouse, exclusive of five pieces of equipment pledged to the Homco Paper XI, LLC. and subordinated to a \$2.5 million working capital loan to PAET.
- (d) Upon payment of \$15 million pursuant to the Note, possession of share certificates of GLT shall be released to PAET and the GLT blanket UCC security interest in the equipment referenced in the preceding paragraph will be terminated.

1.3 The above terms are subject to the detailed provisions in the attached Exhibits, whose terms and conditions are incorporated by reference in this agreement.

2. CONTINGENCIES TO CLOSING

- 2.1 Closing is contingent upon Homco Paper XI, LLC, the current landlord of the GLT factory committing to a sale leaseback of the GLT leased warehouse to PAET and consenting to a change of control from GLTG to PAET pursuant to its lease of the GLT factory.
- 2.2 Closing is also contingent upon Clarence Roznowski executing a consent to sale of GLT leased warehouse to PAET and a release of GLT from all obligations owed to him.
- 2.3 Upon Closing Clarence Roznowski shall terminate all security interests in GLT property.
- 2.4 Closing is also contingent on each of the contracting parties being in existence with full authority to enter into this Agreement and each Exhibit to which they are a party.

3. CLOSING

- 3.1 Closing will be at Cheboygan Title Company in Cheboygan MI on a date and time set by the

parties in writing but expected to be in early January 11, 2023. The parties shall use their best efforts acting in good faith to schedule and prepare for the Closing.

3.2 At the Closing this Agreement and all Exhibits will be executed and copies exchanged.

4. POST CLOSING

- 4.1 Both parties will cooperate to achieve a smooth transition of control of GLT, including in coordinating communications with GLT employees and with Federal, State and Local authorities, suppliers, customers and news media.
- 4.2 Concurrently with the closing between PAET and GLT or as soon thereafter as practical Homco Paper XI, LLC, the current landlord of GLT, will close on the purchase of the GLT leased warehouse and execute a new lease therefore to PAET.
- 4.3 Both parties acknowledge the continuing operation of the Mutual Confidentiality and Nondisclosures Agreement between the parties, dated June 20, 2022. Each party will hold the terms and conditions of their Agreements and terms of their transaction confidential and any trade-secret or technical information either may hold until it is otherwise public, or as necessary to satisfy court orders or governmental bodies.

5. NO WARRANTIES

- 5.1 The parties agree there are no warranties express or implied of any kind.
- 5.2 Both parties understand that GLTG purchased GLT during 2022 as a turn-around project with large upside potential but substantial deferred maintenance and other issues. Prior owner financial statements were compiled and not audited or certified, so no reliance can be made upon them. Part of the reason for this transaction is to bring in additional resources to resolve any performance, production or other issues and realize potential.
- 5.3 PAET is accepting the property and business as-is and where-is with all faults.

6. EXHIBITS

- 6.1 At Closing the parties will exchange executed copies of the following documents:
 - a. This Merger Agreement.
 - b. Release of GLT stock certificates from escrow to Clarence Roznowski.
 - c. Termination of UCC security interest in Hydro equipment by Clarence Roznowski
 - d. Stock certificate to PAET for shares of GLT
 - e. Minutes of GLT electing new directors and officers

- f. Pledge Agreement for GLT share certificate and Assignment Separate from Certificate back to GLT in event of default
- g. UCC Security Agreement granting security interest in equipment exclusive of five pieces pledged to GLT landlord and subordinated to \$2.5 million working capital line. The equipment is identified in an Exhibit attached to this Agreement. Parties will agree in separate agreement on items for landlord and working capital line.
- h. Note for \$15 million to GLTG.
- i. Assignment of Option to Acquire Cheboygan Warehouse Services LLC.
- j. Cash payment of \$1.5 million to GLTG as nonrefundable payment for assignment and option to acquire warehouse.
- k. Consent by Homco Paper XI, LLC, the factory landlord, to change of control under factory lease
- l. Releases by all parties and persons designated on an attached Exhibit of all other parties and persons designated from all liabilities and claims for all past conduct.

6.2 Such other agreements as the parties agree are necessary to carry out this agreement.

7. MISCELLANEOUS

- 7.1 **Entire Agreement.** This Agreement shall constitute the entire agreement between the parties hereto with respect to the transactions contemplated hereby and shall supersede all prior or contemporaneous negotiations, understandings and agreements. There are no representations, agreements, arrangements, or understandings, oral or written, between or among the parties hereto relating to the subject matter of this Agreement that are not fully expressed herein.
- 7.2 **Amendment.** This Agreement may be modified, amended, or supplemented by an agreement in writing signed by all of the parties hereto.
- 7.3 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin without regard to the conflicts of law principles of such state that would require the substantive laws of another state to apply.
- 7.4 **Waiver.** Any of the terms and conditions of this Agreement may be waived in writing at any time by the party or parties entitled to the benefits thereof until payment of \$15 million.
- 7.5 **Benefit.** This Agreement share inure to the benefit of and be binding upon the parties, their heirs, successors and assigns until PAET goes public.
- 7.6 **Construction of Agreement.** Each party and its counsel have participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

7.7 Further Assurances. Each party hereto, without further consideration, shall, at the reasonable request of any other party hereto after the consummation of the transactions contemplated by the Agreement, execute and deliver any instruments of conveyance, assignment, transfer, assumption, or other instrument or document and take such other actions, as such other party may reasonably request to more effectively consummate the transactions contemplated by this Agreement.

7.8 Multiple Counterparts. This Agreement may be executed in multiple counterparts, including by electronic signature, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. Signatures may be delivered electronically. Electronic signatures shall be binding and effective for all purposes.

7.9 Notices. All notices, demands or other communications given hereunder shall be in writing and shall be sufficiently given if delivered either personally or by a United States nationally recognized courier service marked for next business day delivery or sent by facsimile or by email confirmed by telephone conversation (for this purpose, voice mail messages are insufficient) or in a sealed envelope by first class mail, postage prepaid and either registered or certified, addressed as follows:

If to GLTG:

Kip Boie, Member
Great Lakes Tissue Group, LLC.
By Email: KipBoie@Outlook.com

If to PAET:

Jeffrey W. Prange, Authorized Signer
Patriot Advanced Environmental Technologies, LLC.
By Email: JWP@PatriotAET.com

or to such other address with respect to any party hereto as such party may from time to time notify (as provided above) the other parties hereto. Any such notice, demand or communication shall be deemed to have been received (i) on the date of delivery, if delivered personally, (ii) one business day after delivery to a nationally recognized overnight courier service, if marked for next day delivery, (iii) five business days after the date of mailing, if mailed or (iv) on the date of confirmation, if sent by email.

7.10 Third Parties. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person other than the parties hereto and their successors, heirs, or assigns, any rights or remedies under or by reason of this Agreement.

7.11 Advice of Counsel. Each party has been advised by its respective legal and other counsel, or waived the right to do so.

7.12 Authority to Act. The parties subscribing this Agreement have full authority to do so on behalf of their respective principals.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

Great Lakes Tissue Group, LLC

Kip Boie 1/13/23
Kip Boie, Authorized Signer

Patriot Advanced Environmental Technologies, LLC

Jeffrey W. Prange 1/13/23
Jeffrey W. Prange, Authorized Signer

PROMISSORY NOTE

Date: January 13, 2023

Name of Maker:

Amount: \$15,000,000.00

Patriot Advanced Environmental Technologies, LLC.

The undersigned Patriot Advanced Environmental Technologies, LLC., a Wisconsin limited liability company ("Maker"), promises to pay to Great Lakes Tissue Group, LLC. ("Payee"), or its assigns, the sum of Fifteen Million Dollars (\$15,000,000.00), representing the principal amount of this Note, in full settlement and discharge of this Note, which shall be interest free during its term.

Payment. PAET shall pay this Note as follows:

- a. In one or more installments during the term of the Note payable from earnings of Maker or financing arranged by Maker during the term of this Note at the discretion of Maker.
- b. Balance of principal is due on or before December 31, 2024, as the term of this Note is 24 months from the date from the above-stated date.
- c. This Note may be prepaid in whole or in part with no prepayment penalty.

Without affecting the liability of any maker, endorser, surety, or guarantor, the Payee may, without notice, renew or extend the time for payment, accept partial payments, release or impair any collateral security for the payment of this Note or agree not to sue any party liable on it. The waiver of any default hereunder shall not constitute waiver of any prior or subsequent default.

Security. Payment under this Note is secured by a pledge of Great Lakes Tissue Company stock and the attached collateral or list of equipment as Exhibit A and specifically, by the filing of a blanket UCC-1 against the collateral as agreed upon by the parties under Exhibit H of their Merger Agreement. In the event of a default, which is defined below, Payee may choose to enforce all legal rights against Maker including but not limited to exercising its lien rights to the stock and the equipment listed in Exhibit A. And, Maker hereby waives all rights to contest these actions.

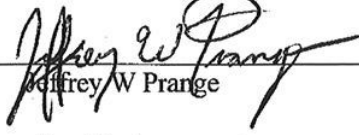
Presentment, protest, demand and notice of dishonor are hereby waived by Maker.

Upon tendering the \$15 million payment, PAET shall receive the escrowed stock certificate for 100% ownership rights to Great Lakes Tissue Company and a release of the blanket UCC-1.

Event of Default. This Note shall be in default if (a) any payment due under this Note, under certain Triple Net Lease Agreements for the mill, and for the warehouse, referred to in the Merger Agreement dated January 13, 2023 and connected to this Note; or (b) Maker becomes insolvent or any proceeding under bankruptcy laws is initiated by or with respect to Maker; or (c) Maker defaults under any other agreement related to the Merger Purchase Agreement that negatively impacts the reasonable viability of the mill and its business, and sure default is not cured within ninety (90) days of its occurrence regardless of notice from Payee.

If Payee engages outside legal counsel for advice to Payee regarding its rights and remedies under, or enforcement of this Note as a result of Maker's default, Maker shall pay all legal expenses incurred by Payee, irrespective of whether any suit or other proceeding has been or is filed or commenced. Any such expenses, costs and charges will constitute additional indebtedness of Maker to Payee, payable upon demand, accruing interest at the time of such expenditure by Payee.

Patriot Advanced Environmental Technologies, Maker

By: 
Jeffrey W Prange
Its: President

Subscribed and sworn to before
me this 13 day of January 2023.


Notary Public



Exhibit A
(See Attached Equipment List/Exhibit H
of Merger Agreement and Valuation Letter)

Share Certificate GLT to PAET

(Currently is in preparation by GLTG)

STOCK PLEDGE AND ESCROW AGREEMENT

THIS STOCK PLEDGE AND ESCROW AGREEMENT ("Agreement") is made and entered into and is effective for all purposes and in all respects as of the ___ day of January 2023, by and among Patriot Advanced Environmental Technologies, LLC., a Wisconsin limited liability company ("Pledgor"), Great Lakes Tissue Group, LLC., a Nevada limited liability company ("Pledgee"), and Cheboygan Title Agency, Inc. ("Escrow Agent").

WHEREAS, pursuant to that certain Merger Agreement, dated January __, 2023, between Pledgor and Pledgee (the "Merger Agreement"), Pledgor has agreed to pay a non-refundable amount of \$1.5 million at closing, a Promissory Note for \$15 million and a ten percent (10%) non-dilutable share of PAET Preferred Units, in exchange for one hundred percent (100%) of the outstanding stock of Great Lakes Tissue Company, a Michigan corporation ("GLT"), represented by Stock Certificate No. 14 (the "GLT Stock") and an assignment of the lease for a certain warehouse owned by Cheboygan Warehouse Services, LLC, a Michigan limited liability company and assignment of the Option to acquire Cheboygan Warehouse Services, LLC., which owns the aforesaid warehouse;

WHEREAS, Pledgor has agreed to pledge the GLT Stock (the "Pledged Stock") to secure payment of the Note and has granted a blanket security interest in the equipment and technology that Pledgor is contributing to PAET and/or GLT pursuant to the Merger Agreement; and

WHEREAS, Pledgor and Pledgee desire to have the Pledged Stock delivered to the Escrow Agent to be held by Escrow Agent to secure repayment of sums due under the Note and all interest, costs, expenses, and reasonable attorneys' fees accruing to, or incurred in either collecting any sums due under the Note or protecting, maintaining, or liquidating the Collateral in accordance with the terms of this Agreement (collectively, the "Obligations").

NOW, 'THEREFORE, in consideration of the foregoing, of the mutual promises herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant, warrant and represent as follows:

1. **Recitals.** The foregoing recitals are hereby incorporated herein and, by this reference, made a part hereof.

2. **Pledge; Creation of Escrow; Appointment of Escrow Agent.** As collateral security for the payment and performance of the Obligations, Pledgor hereby grants to Pledgee a security interest in the Pledged Stock and a security interest in all other shares of stock or other securities received or receivable with respect to such Pledged Stock and any proceeds, substitutions or replacements for the Pledged Stock (collectively, the "Collateral"). The Pledgor and Pledgee hereby appoint Escrow Agent as their agent to hold the Collateral and, in pursuance thereof, Pledgor hereby delivers to the Escrow Agent the certificate representing the Pledged Stock. The Escrow Agent hereby acknowledges receipt of the certificate representing the Pledged Stock and agrees to comply with the provisions of this Agreement.

3. **Filing.** Pledgor hereby authorizes and permits Pledgee to file and record any financing statements, continuation statements, specific assignment or other instruments that may be necessary or desirable in order to create, preserve, perfect or validate Pledgee's security interest in the Collateral or to enable Pledgee to exercise and enforce her rights hereunder.

4. **Representations, Warranties, and Covenants.** Pledgor represents and warrants to, and covenants and agrees with, Pledgee that: (a) Pledgor is and shall be the beneficial and record owner of the Pledged Stock; (b) Pledgor owns the Pledged Stock free of any liens, claims, encumbrances, or security interests of any kind or nature whatsoever; (c) Pledgor is not precluded in any manner whatsoever from executing, and has the requisite authority to execute, this 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 whatsoever; (d) the pledge, assignment, and delivery of the Collateral pursuant to this Agreement will create a valid first priority lien on and a first priority perfected security interest in the Collateral pledged by Pledgor, and the proceeds thereof, securing the payment of the Obligations; (e) this Agreement has been duly authorized, executed, and delivered by Pledgor and constitutes a legal, valid, and binding obligation of Pledgor enforceable in accordance with its terms; (f) Pledgor shall not sell, contract to sell, encumber, hypothecate, or permit or suffer any attachment, security interest, lien or other encumbrance or judgment or other judicial or involuntary lien against, or otherwise dispose of, the Collateral, or any part thereof, unless Pledgor shall have obtained the prior written consent of Pledgee, except as allowed under the terms of the Note; and (g) Pledgor shall defend, at Pledgor's sole cost and expense, the Collateral against any and all liens, charges, security interests, and other encumbrances; if it fails to do so, Pledgee may do so at Pledgor's sole cost and expense.

5. **Events of Default.** Pledgor shall be in default under this Agreement upon the happening of any of the following events or conditions (being hereinafter individually referred to as an "Event of Default"): (a) the occurrence of any event of default under the Note; (b) any default by Pledgor in the performance of any provision under this Agreement or the Merger Agreement, and the continuation of such default for a period of ten (10) days after Pledgee gives Pledgor written notice of such default; (c) any representation, covenant, or warranty made by Pledgor herein shall be false in any material respect and such default shall not have been cured within ten (10) days after Pledgor's receipt of written notice thereof from Pledgee; (d) the sale or transfer of all or substantially all of the assets of the Pledgor prior to the full satisfaction by the Pledgor of all amounts due under the Note other than a sale or other disposition to an entity owned or controlled by PAET or GLT, provided that such entity agrees to assume the Obligations; (e) there shall occur a voluntary suspension of the transaction of the business of Pledgor, or any dissolution, termination or existence, merger, consolidation, insolvency, business failure, or assignment for the benefit of creditors of or by Pledgor, or commencement of any proceedings under any state or federal bankruptcy or insolvency laws or laws for the relief of debtors by or against Pledgor, or the appointment of a receiver, trustee, court appointee, sequestrator or otherwise, for all or any part of the assets or property of Pledgor; or (f) the issuance of shares of capital stock of the Pledgor after the date hereof (and prior to the satisfaction by the Pledgor of all amounts due under the Note).

6. **Remedies Upon Default.** Upon the occurrence of an Event of Default, Pledgee may, at its option, declare all of Pledgor's obligations under the Note immediately due and payable and may exercise all of its rights and remedies under this Agreement against Pledgor with respect to the Collateral and all of the rights and remedies of a secured party under the Uniform Commercial Code in force in the State of Michigan as of the date of this Agreement and any other remedies available at law or equity.

7. **Expenses.** Pledgor shall reimburse Pledgee for all out-of-pocket expenses, including reasonable attorneys' fees and legal costs and expenses, which Pledgee incurs after an

Event of Default in connection with (i) the collection, sale or other disposition of any of the Collateral, (ii) the exercise by Pledgee of any of the powers conferred upon it hereunder or (iii) any default on Pledgor's part hereunder.

8. Terms of Escrow.

(a) The Escrow Agent shall release the Collateral as follows:

- (i) Except if the Escrow Agent first receives a copy of a "Default Notice" (as such term is defined in Paragraph 8(a)(ii) hereof) from Pledgee to Pledgor pursuant to Paragraph 8(a)(ii) hereof, the Escrow Agent shall deliver the Collateral to the Pledgor fifteen (15) days after Pledgor has given written notice to Pledgee and Escrow Agent that the Note has been satisfied in full; provided, however, that if on or before such fifteenth (15th) day, the Escrow Agent shall receive written notice from Pledgee to withhold release of the Collateral which notice shall state that Pledgor has not satisfied the Note in full, the Escrow Agent shall not deliver the Collateral to Pledgor until the controversy with respect to satisfaction of the Note shall have been settled either by a written agreement between the Pledgor and the Pledgee or by a final judgment by a court of competent jurisdiction.
- (ii) In the event that the Escrow Agent shall have received a written request from Pledgee for release of the Collateral, which written request shall state that the Pledgor has failed to satisfy the Note in full and such failure has continued for a period of ten (10) days after Pledgee has sent written notice to Pledgor (with a copy to Escrow Agent) of such failure to satisfy the Note (the "Default Notice"), then, on the fifteenth (15th) day after such written request from Pledgee, the Escrow Agent shall deliver the Collateral to Pledgee; provided, however, if on or before such fifteenth (15th) day, the Escrow Agent shall receive written notice from Pledgor to withhold release of the Collateral which notice shall state that the Note has been satisfied in full, then the Escrow Agent shall not deliver the Collateral to Pledgee until the controversy with respect thereto shall have been settled either by a written agreement between the Pledgor and Pledgee or by a final judgment by a court of competent jurisdiction.
- (iii) Any written notice sent to the Escrow Agent by the Pledgee under Paragraph 8(a)(i) above or by the Pledgor under Paragraph 8(a)(ii) above which objects to release of the Collateral shall contain an affidavit, signed by the party so objecting, which shall state, in the case of an objection by the Pledgee, that the Note has not been satisfied in full, or in the case of an objection by Pledgor, that, the Note has been satisfied in full.

(b) The Pledgor and Pledgee shall pay an equal share of all reasonable fees and charges of the Escrow Agent in connection with the administration of the provisions of this Agreement.

(c) The acceptance by the Escrow Agent of its duties under this Agreement is subject to the following terms and conditions, which the parties to this Agreement hereby agree shall govern and control with respect to the rights, duties and liabilities of the Escrow Agent:

- (i) The Escrow Agent shall be protected in acting upon any written notice, request, waiver, consent, receipt, or other document furnished to it in accordance with the terms of this Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained, which in good faith it believes to be genuine.
- (ii) The Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except for its own gross negligence or willful misconduct.
- (iii) The Escrow Agent shall have no duties except those which are expressly set forth herein, and it shall not be bound by the provisions of any other document or agreement.
- (iv) The Escrow Agent may at any time resign hereunder by giving written notice of its resignation to the Pledgor and Pledgee, at least thirty (30) days prior to the date specified for such resignation to take effect and, upon such effective date, the Collateral shall be delivered by it to such person as may be designated by the mutual agreement of the Pledgor and Pledgee in writing as substitute Escrow Agent, whereupon all obligations hereunder of the Escrow Agent who is being replaced shall cease and terminate. If no such person shall have been designated by such date, all obligations of the Escrow Agent hereunder shall, nevertheless, cease and terminate, except that the Escrow Agent's sole responsibility thereafter shall be to deliver the Collateral to a person jointly designated by the Pledgor and Pledgee, or in accordance with the directions of a final order or judgment of a court of competent jurisdiction and the Escrow Agent shall have been notified thereof in writing signed by Pledgor and Pledgee. The rights of the Escrow Agent under this Paragraph 8 are cumulative of all other rights which it may have by law or otherwise.

9. **Elimination of the Security Interest.** This Agreement and the security interest granted hereunder shall terminate with respect to all Collateral when all amounts due and owing on account of, and all obligations and liabilities of the Pledgor in respect of, the Note shall have been fully performed and satisfied. Upon the termination of Pledgee's security interest in any Collateral, Pledgee shall reassign and deliver to the Company, without recourse or representation, against the Pledgor's receipt and at the Pledgor's expense, any such Collateral in its possession, if any. Upon the request of the Pledgor and at its expense, Pledgee shall execute and deliver to the Company termination statements with respect to any financing statements filed hereunder.

10. **Modification; Waiver and Termination.** Except with respect to the Note and the other documents or instruments expressly referred to herein or in the Stock Purchase Agreement, this Agreement contains the entire agreement between Pledgor and Pledgee with respect to the specific subject matter described herein. No modification or waiver of any provision of this Agreement or any such other documents shall be effective unless such modification or waiver shall be in writing and signed by Pledgor and Pledgee, and the same shall then be effective only for the

period and on the conditions and for the specific instances and purposes specified in writing; provided, that the duties or responsibilities of the Escrow Agent may not be increased without the Escrow Agents consent. The failure or delay on the part of any party hereto to exercise any right, remedy, power, or privilege shall not operate as a waiver thereof. A written waiver of any Event of Default shall not operate as a waiver of any other Event of Default or of the same type of Event of Default on a future occasion. This Agreement shall terminate upon release by the Escrow Agent of the Collateral pursuant to Paragraph 8(a)(i) hereof.

11. **Notices.** Any and all notices, requests, demands or other communications hereunder (including, without limitation, all notices under Paragraph 8 hereof to the Escrow Agent) shall be deemed to have been duly given if in writing and if transmitted by (i) hand delivery, in which event effective notice shall be deemed to have been given as of the date of delivery, (ii) FedEx other nationally recognized overnight courier, in which event effective notice shall be deemed to have been given on the next business day after being sent, or (iii) by registered or certified mail, postage prepaid, return receipt requested, in which event effective notice shall be deemed to have been given five (5) days after being sent, as follows:

To Pledgor: Patriot Advanced Environmental Technologies, LLC
Donal C. Swenson
With copy to: 14601 Atrium Way
#328
Minnetonka, MN 55345

To Pledgee: Kip Boie, President
c/o Great Lakes Tissue Group, LLC

With copy to: Richard Kranitz, Esq.
1335 11th Avenue, Unit 110
Grafton, WI 53024, and
Song Lo, Esq.
1397 Ashland Avenue, Suite B
St Paul, MN 55104

To Escrow Agent: Cheboygan Title Agency, Inc.
Attn: ??
228 North Main Street
Cheboygan, Michigan 49721

or to such other address as any party may furnish to the others by notice in accordance with this Paragraph 11.

12. **Burden and Benefit.** This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective beneficiaries, heirs, executors or administrators, personal or legal representatives, successors and assigns.

13. **Necessary Acts.** Each party hereto shall perform any further acts and execute and deliver any additional agreements, assignments, or documents that may be reasonably necessary to carry out the provisions or to effectuate the purposes of this Agreement.

14. **Assignment.** Pledgee may assign, endorse, or transfer any instrument evidencing all or any part of the Obligations, and the holder of such instrument shall be entitled to the benefits of this Agreement.

15. **Applicable Law.** This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of Michigan (without regard to its laws relating to choice-of-law or conflicts-of-law).

16. **Headings.** The headings herein are for convenience of reference only and shall not be used in construing or interpreting the provisions hereof.

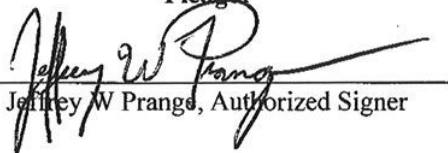
17. **Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date set forth above.

Date: January __, 2023.

**Patriot Advanced Environmental
Technologies, LLC.**

Pledgor


Jeffrey W Prange, Authorized Signer

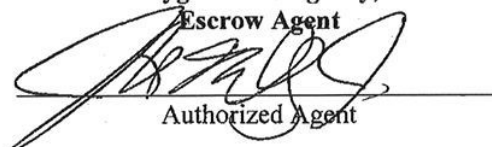
Great Lakes Tissue Group, LLC.

Pledgee


Kip Boic, Authorized Signer

Cheboygan Title Agency, Inc.

Escrow Agent


Authorized Agent

**ASSIGNMENT SEPARATE FROM CERTIFICATE
THE GREAT LAKES TISSUE COMPANY**

FOR VALUE RECEIVED, Patriot Advanced Environmental Technologies, LLC., a Wisconsin Limited Liability company ("Assignor"), hereby sells, assigns and transfers unto Great Lakes Tissue Group, LLC., a Nevada limited liability company ("Assignee"), all shares of Great Lakes Tissue Company ("Corporation") common stock standing in Assignor's name on the books and records of the Corporation, represented by Certificate No. 15 and any and all additional or substitute certificates representing such shares, and does hereby irrevocably constitute and appoint any officer of the Corporation as attorney in fact to transfer such shares on the books of the Corporation with full power of substitution in the premises.

This Assignment is an assignment of all of shares of stock of the Corporation now held or ever held by Assignor and includes all of Assignor's right, title and interest as a shareholder of the Corporation. Assignor covenants and agrees that no further shares of Corporation shall be issued prior to termination of this Assignment unless such shares are added to and included herein.

This Assignment Separate from Certificate is made in connection with a certain Note dated 1/13/2022 between Assignor as Maker and Assignee as Payee to secure repayment of said Note. This Assignment is subject to all terms and conditions of such Agreement.

IN WITNESS WHEREOF, the parties have executed this Assignment Separate From Certificate as of March 31, 2022.

On 1/13/23, before me personally appeared Jeffrey W Prange, authorized agent of Patriot Advanced Environmental Technologies, LLC. who, being first duly sworn, acknowledged that with full authority to do so he signed this Assignment Separate From Certificate on its behalf.




Notary Public, State of Michigan

My Commission Expires _____

COLLATERAL PLEDGE AND SECURITY AGREEMENT

THIS AGREEMENT is made and entered into as of the 13th day of January, 2023, by and among Great Lakes Tissue Group, LLC, a Nevada LLC, ("Secured Party"), Patriot Advanced Environmental Technologies, LLC, a Wisconsin LLC ("Debtor"), and Ronald Van Den Heuvel ("Pledgor").

WITNESSETH:

WHEREAS, Debtor is obligated and indebted to Secured Party in the amount of Fifteen Million Dollars (\$15,000,000), as evidenced by and payable in accordance with a Promissory Note of Debtor, dated January 13, 2023 ("Note"), a copy of which is attached hereto as Exhibit A; and

WHEREAS, Pledgor for good and valuable consideration has pledged as security for payment of the aforesaid Note certain equipment (the "Pledged Property") to be utilized in the business of Debtor according to a Merger Agreement between Great Lakes Tissue Company and Debtor dated January 12, 2023, and listed on the annexed exhibit, minus five pieces pledged to Hom Thermo Warehouses XIII, LLC, but with subordination of up to \$2.5 million for a working capital loan to made in the future for use in Debtor's business; and

WHEREAS, the parties hereto wish to specify the terms and conditions of such pledge, and to establish their respective rights and obligations with respect thereto;

NOW, THEREFORE, in consideration of the financial accommodation granted to Debtor by Secured Party, as evidenced by the Note (including any renewals, extensions or refundings thereof), and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I COLLATERAL AND SECURITY INTEREST

Section 1.01. Grant of Lien; Composition of Collateral. Debtor grants to Secured Party a security interest in the Pledged Property and all proceeds of and other rights in connection with such property (collectively, the "Collateral").

Section 1.02. Title. Debtor and Pledgor covenant that the Collateral is genuine, and that Debtor and/or Pledgor is the owner of the Collateral free from all liens, encumbrances, or security interests (other than Secured Party's security interest) with complete authority to pledge the Collateral to Secured Party. Debtor agrees to deliver promptly to Secured Party any property received in exchange for or as a dividend or distribution (other than interest payments or ordinary cash dividends payable prior to an event of default as provided herein) on or with respect to any Pledged Securities.

Section 1.03. Preservation of Collateral. Debtor shall use reasonable care in the custody and preservation of Collateral in its possession, including ordinary maintenance and reasonable care in operation, and preserving rights in it against third parties. Any requests concerning disposition of Collateral must be in writing and be received by Secured Party. Secured Party may in its sole discretion refuse to take any steps or action requested which may adversely affect the value of the Collateral. Secured Party may refuse to sell any Collateral even though requested in writing unless Secured Party is satisfied that the proposed sale plus other sums tendered by the Debtor or the Company, if any, will pay in full all Obligations or that substitute collateral satisfactory to Secured Party will be delivered to Secured Party. Secured Party's refusal to dispose of Collateral under these circumstances, or loss or damage to the Collateral, will not affect in any way Debtor's liability under the Note. Debtor and the Pledgor shall, and Secured Party need not, keep the Collateral free from all liens, encumbrances and security interests (other than those created or expressly permitted by this

Agreement); pay and discharge when due, all taxes, levies and other charges upon it; defend it against all claims and legal proceedings by persons other than Secured Party, and/or preserve rights with respect to the Collateral against prior parties. At any time, upon request, Debtor shall deliver to Secured Party all notices, statements or other communications received by Debtor as owner or holder of the Collateral.

Section 1.04. Maintenance of Security Interest. To the extent not prohibited by law, Debtor shall pay all expenses and, upon request, take any action reasonably deemed advisable by Secured Party to preserve the Collateral or to establish, determine priority of, perfect, continue perfected, terminate and/or enforce Secured Party's interest therein or rights under this Agreement.

Section 1.05 Authority of Secured Party to Perform for Debtor or the Company. Subject to the provisions of Article III, if either Debtor or the Company fails to perform any of their respective duties set forth in this Agreement or in any evidence of or document relating to the Note, Secured Party may, after written notice to Debtor and/or the Company and a reasonable opportunity for such party or parties to perform, perform or cause to be performed any of such duties, including without limitation signing Debtor's or the Company's name or paying any amount so required, and the cost thereof shall be a joint and several obligation of Debtor and the Company secured by this Agreement, shall be payable upon demand and shall bear interest from the date of expenditure by Secured Party to the date of payment at the rate of twelve percent (12%) per annum.

ARTICLE II EVENTS OF DEFAULT AND REMEDIES

Section 2.01 Events of Default. The following shall constitute events of default under this Agreement:

- (a) Default in the payment of the principal of the Note when due, whether at maturity or otherwise, which default shall have continued for a period of thirty (30) days;
- (b) Default in the due observance or performance of any other condition or covenant contained in the Note or this Agreement required to be kept or performed by Debtor or the Company, which default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to Debtor and the Company by Secured Party;
- (c) The elapsing of a period of sixty (60) days after:
 - (i) the adjudication of Debtor or the Company as a bankrupt by a decree of a court of competent jurisdiction;
 - (ii) the entry by such a court of an order approving a petition seeking reorganization of the Company under the Federal Bankruptcy Code or any other applicable law or statute of the United States of America or any state thereof; or
 - (iii) the appointment by order of such a court of a receiver or receivers of Debtor or the Company or of all or any substantial part of the property of Debtor or the Company upon the application of any creditor in any insolvency or bankruptcy proceeding;

GLTC0000020

provided that any such order or decree shall not have been vacated or set aside, but that such period of sixty (60) days shall not include any period during which any such decree or order shall be stayed upon appeal or otherwise;

- (d) The filing by Debtor or the Company of a petition for voluntary bankruptcy or the making by it of a general assignment for the benefit of creditors or the consenting by it to the appointment of a receiver or receivers of all or substantially all of the property of Debtor or the Company; or the filing by the Company of a petition or answer seeking reorganization under the Federal Bankruptcy Code or any other applicable law or statute of the United States of America or any state thereof or seeking the benefits of any insolvency act; or the admission in writing by Debtor or the Company of his or its inability to pay their respective debts generally as they become due.

Section 2.02. Rights of Secured Party Upon Default. If one or more events of default occurs, Secured Party, personally or by attorney, in its discretion, may:

- (a) sell the Collateral, and all right, title, interest, claim and demand of Debtor, the Company or any person claiming under either of them; or
- (b) proceed to protect and enforce its rights by a suit or suits in equity or at law, whether for specific performance or of any covenant or agreement, or in aid of the execution of any power granted, or for any foreclosure, or for the enforcement of any other appropriate legal or equitable remedy as she deems most effectual to enforce and protect any of its rights.

Section 2.03. Waiver. Secured Party, by written notice to Debtor, may waive any past default with respect to this Agreement.

Section 2.04. Acceleration. In addition to the remedies provided under Section 2.02 hereof, if any one or more events of default shall occur and be continuing, then and in each and every such case during the continuance of such event of default, unless the principal of the Note shall have already become due and payable, Secured Party may, in its sole discretion, by notice in writing delivered to Debtor, declare the principal of the Note to be due and payable immediately, and upon any such declaration the same shall become due and shall be immediately due and payable. This provision, however, is subject to the condition that if, at any time after the principal of the Note shall have been so declared due and payable, and before (a) any judgement or decree for the payment of the moneys due shall have been entered and/or (b) the sale of the Collateral as hereinafter provided, all amounts in default under the Note (with interest to the extent permitted by law on overdue installments of interest at the rate of twelve percent (12%) per annum), together with all reasonable charges and expenses of Secured Party, its agents and attorneys), have been paid or reasonably provided for by Debtor and/or the Company or collected out of revenues generated by the Collateral, and any and all other defaults as aforesaid (if any) shall have been waived by Secured Party (as provided in Section 2.03), Secured Party, by written notice to Debtor, may waive such default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon.

Section 2.05. Additional Rights of Secured Party. In addition to any other rights provided under Articles II and III of this Agreement and subject thereto, Secured Party may at any time, before or after maturity of the Note and without notice or demand of any kind, (a) in Debtor's name or otherwise enforce collection of any Collateral by suit or otherwise, or surrender, release or exchange all or any part of it, or compromise, extend or renew for any period any obligation evidenced by the Collateral, (b) receive proceeds of the Collateral and exercise all rights as a holder of the Collateral, (c) hold any increase or profits (including money) received from the Collateral as additional security for the Note, and (d) sign or endorse Debtor's name on the Collateral.

GLTC0000022

IN WITNESS WHEREOF, the parties hereto have executed this Collateral Pledge and Security Agreement as of the day and year first above written.

Patriot Advanced Environmental Technologies, LLC.

Authorized Signer

Ronald Van Den Heuvel



Great Lakes Tissue Group, LLC.

Authorized Signer

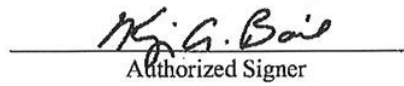
IN WITNESS WHEREOF, the parties hereto have executed this Collateral Pledge and Security Agreement as of the day and year first above written.

Patriot Advanced Environmental Technologies, LLC.


Authorized Signer

Ronald Van Den Heuvel

Great Lakes Tissue Group, LLC.


Authorized Signer

Security Agreement for Equipment

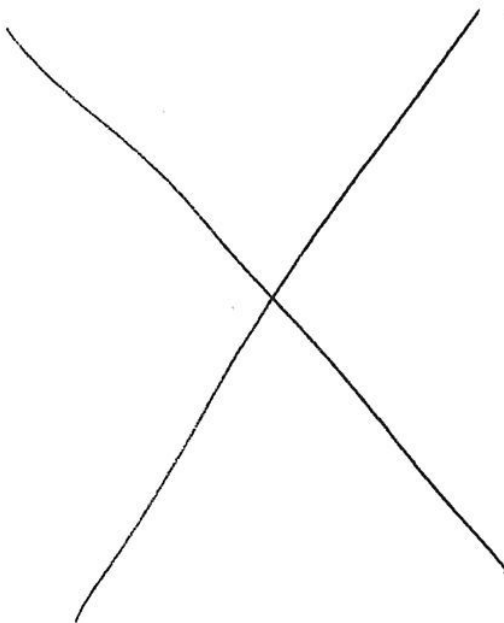
(Currently is in preparation by GLTG)

Financing Statement for Equipment

(Currently is in preparation by GLTG)

Consent to Change of Control of GLT

(Homco Consent to Change of GLT Control will be supplied by Homco counsel Jean Heinz)



Satisfaction of Liens on Hydro Equipment & GLT Stock

(To be supplied by Clarence Roznowski)

**ASSIGNMENT AND OPTION TO PURCHASE
CHEBOYGAN WAREHOUSE SERVICES, LLC.**

THIS AGREEMENT made the day below subscribed by and between Great Lakes Tissue Group, LLC., a Nevada limited liability company ("Assignor") and Patriot Advanced Environmental Technologies, LLC. "Assignee," a Wisconsin limited liability company.

WHEREAS, Assignor owns Great Lakes Tissue Company, a Michigan corporation ("GLT").

WHEREAS, Assignor and Assignee have entered into a Merger Agreement whereby GLT has become a subsidiary of Assignee pursuant to a Merger Agreement dated of even date herewith.

WHEREAS, Assignor has agreed to assign to its lease for the warehouse leased by GLT from Cheboygan Warehouse Services, LLC., its current owner and landlord, and the option to acquire ownership of said landlord in order to acquire the said warehouse.

NOW, THEREFORE, for valuable consideration receipt of which is acknowledged, and the agreements and mutual covenants made herein, the parties agree:

1. **Assignment of Option.** Assignor hereby assigns to Assignee its Triple Net Lease with, and Option to Purchase, Cheboygan Warehouse Services, LLC.
2. **Termination of Lease.** Upon exercise of said Option, Assignee may enter a sale-leaseback option to acquire access to the GLT warehouse, and the current GLT lease will terminate.
3. **Representations of Each Party.** Each party represents to the other:
 - a. **Authority.** Each party has full right, power and authority to enter into this Agreement.
 - a. **Organization and Standing.** Each party is a limited liability company duly organized, validly existing and in good standing under the law of its State of organization.
 - b. **No Conflict.** The execution, delivery and performance of this Agreement, and the consummation of the transactions provided for herein, do not and will not:
 - (i) constitute a breach of, or default under, or result in any lien, encumbrance, security interest, charge or restriction against said party, under any contract, agreement or other commitment to which it is a party or by which it is bound;
 - (ii) violate any order, writ, injunction, decree, statute, ordinance, rule or regulation applicable to such party.
 - c. **Litigation.** There is no action, suit or proceeding at law or equity, or before or by any federal, state, local or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, pending (or, to the knowledge of either party, threatened), against such party which, if determined adversely, would have a material adverse effect on the transactions contemplated hereby.

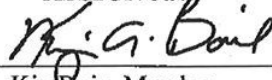
4. Miscellaneous Provisions.

- a. **Expenses.** Each party will pay its own legal expenses in relation to this agreement.
- b. **Survival of Representations.** All representations, warranties and agreements made in this agreement or pursuant thereto shall survive closing of transactions described.
- c. **Benefit.** This agreement shall be binding upon, and inure to the benefit of the respective successors and permitted assigns of the parties hereto.
- d. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes in its entirety all prior undertakings and agreements of the parties. This agreement may not be modified except by means of a writing signed by the parties or their authorized representative.
- e. **Governing Law.** This Agreement shall be governed by and construed in accordance with the local, internal laws of the State of Michigan.

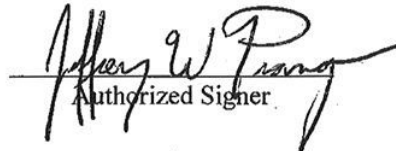
IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of January 13, 2023.

GREAT LAKES TISSUE GROUP, LLC.

ASSIGNOR

 1/13/23
Kip Boic, Member

**PATRIOT ADVANCED ENVIRONMENTAL
TECHNOLOGIES, LLC., ASSIGNEE**


Authorized Signer

OPERATING AGREEMENT
OF
PATRIOT ADVANCED ENVIRONMENTAL
TECHNOLOGIES, LLC
Wisconsin limited Liability Company

As of January 12, 2023

**OPERATING AGREEMENT
OF
PATRIOT ADVANCED ENVIRONMENTAL TECHNOLOGIES, LLC
Wisconsin limited liability company**

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**OPERATING AGREEMENT
OF
PATRIOT ADVANCED ENVIRONMENTAL TECHNOLOGIES, LLC**

This Operating Agreement (this "Agreement") of Patriot Advanced Environmental Technologies, LLC., (the "Company" or "PAET") is effective as of the date of its organization on August 16, 2022 (the "Effective Date"), by and between the undersigned (collectively, the "Members," and each individually, a "Member"), designed Entity ID P085739.

Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in Exhibit A, attached hereto.

RECITALS

WHEREAS, the Company has been formed as a Member-managed domestic limited liability company under the name Patriot Advanced Environmental Technologies, LLC by filing with the Wisconsin Department of Financial Institutions of Articles of Organization in accordance with the Act.

WHEREAS, the Members have entered into this Agreement to define the rights and obligations of the Members and to govern the operations and management of the Company.

NOW, THEREFORE, in consideration of the mutual promises made in this Agreement, the Members agree as follows:

**ARTICLE 1
GENERAL PROVISIONS**

1.1 Name. The name of the Company is Patriot Advanced Environmental Technologies, LLC. It may be referred to herein as "Company" or "PAET."

1.2 Offices and Agent.

(a) **Business Offices.** The initial principal place of business of Company shall be 500 Fortune Avenue, De Pere, Wisconsin 54115. Thereafter, it may have such principal and other business offices, within or outside the state of Wisconsin, as the Board of Directors may designate or as its business may require from time to time.

(b) **Registered Office and Agent.** The initial Company registered office in Wisconsin shall be 500 Fortune Avenue, De Pere, Wisconsin 54115, and its initial registered agent shall be Jeffrey W Prange. Thereafter, the Board of Directors may designate such other office and registered agent as it may deem advisable, and upon designation, the Officers shall file or cause filing of the appropriate documents required by the Act.

1.3 Purpose. The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the laws of the State of Wisconsin, and any activity incident, necessary, advisable or desirable to carry out the foregoing. The Company shall have all powers available to limited liability companies under the Wisconsin Act to make and perform all contracts and to engage in all actions and transactions necessary or advisable to carry out its purposes.

1.4 Qualification. The Officers of the Company shall cause the Company to be qualified or registered under assumed or fictitious name statutes or similar laws in any jurisdiction in which the Company owns property or transacts business to the extent, in the reasonable judgment of the Officers of the Company, such qualification or registration is necessary or advisable to protect the limited liability of the Members or to permit the Company and its Subsidiaries lawfully to own property or transact business.

1.5 Term. The Company will continue indefinitely under the terms and conditions of this Agreement until it is dissolved and its affairs wound up in accordance with the Act and this Agreement.

ARTICLE 2 CAPITAL CONTRIBUTIONS

2.1 Authorized Capital.

(a) Authorized Shares. The Company is authorized to issue up to one hundred million (100,000,000) Units all of which shall be Common Units except as reclassified by the Board of Directors. The Board of Directors is authorized, without Member approval, to classify unissued Common Units into Preferred Units or Service Units. The Board of Directors are authorized, without Member approval, to classify Preferred Units into one or more classes or series within a class and to fix the preferences, rights, and limitations of any such class or series.

(b) Common Units. The Board of Directors is authorized to divide Common Units into voting and non-voting Units. Subject to the voting rights, if any, as may be set forth in any resolution or resolutions of the Board of Directors providing for the issuance of any series of Preferred Units, the holders of voting Common Units shall be entitled to one vote per Unit.

(c) Preferred Units. The Board of Directors is expressly vested with the authority to divide Preferred Units into one or more series and to fix, determine and state the voting power, rights to allocations and distributions, redemption, conversion and liquidation rights, and the designations, preferences and relative, participating, optional or other special rights of each series of Preferred Units and the qualifications, limitations and restrictions thereof in the resolution or resolutions providing for the issuance of such Units adopted by the Board of Directors. Each issued and outstanding Preferred Unit shall terminate and cease to exist upon the receipt by the holder thereof of distributions equal to the aggregate of Preferred Return plus an amount equal to the initial Capital Contribution of the Preferred Units. If the Board of Directors does not specify characteristics of a particular series of Preferred Units, the Units of the series shall be non-voting, be entitled to preference on liquidation over Common Units and Service Units, and be entitled to a Preferred Return of the prior year blended annual rate under the Code.

(d) Service Units. The Company may grant Units to any Person as consideration for performing services for the Company without requiring such Person to make a Capital Contribution for the Units ("Service Units"). The Service Units shall initially represent a profits interest only and the recipient Member shall have an initial Capital Account equal to zero with respect to the Service Units granted. The Members acknowledge that their interest in the Company may be diluted by the issuance of Service Units. The Board, without further consent of the Members, may admit any Person who receives a Service Unit (each a "Service Unit Holder") to the Company as a Member and may determine the other terms and conditions of the issuance of the Service Units. Immediately prior to the issuance of more than a *de minimis* amount of Service

Units in exchange for services, the Asset Values of assets of the Company shall be adjusted to their then fair market value, as reasonably determined by the Board of Directors. Upon admission of a holder of a Service Unit as a Member of the Company, Exhibit B shall be modified as appropriate to add such Member and to indicate such Member's Units. If not otherwise specified by the Board of Directors, Service Units shall be non-voting.

(e) Options or Warrants. The Board of Directors, in its sole discretion, may cause the Company to issue options or warrants to acquire Units to any Person as consideration for cash, property or the performance of services. An option or warrant exercised exclusively for services shall be exercisable for Service Units. Subject to the terms of this Section, the Board, without further consent of the Members, may admit any Person who exercises an option or warrant and thereby acquires a Unit to the Company as a Member and may determine the terms and conditions of the issuance of options or Warrants. The Members acknowledge that their interest in the Company may be diluted by the issuance and exercise of options or warrants. Prior to the issuance of more than a *de minimis* amount of options in exchange for services, the Asset Values of the assets of the Company shall be adjusted to their then fair market value, as reasonably determined by the Board of Directors. The Board of Directors may, in its discretion, modify this Agreement in any manner appropriate to effectuate the economic terms of the issuance of options issued in exchange for services and cause options to comply with applicable tax, securities or other requirements. Upon the admission of any Person who exercises an option for services as a Member of the Company pursuant to this Section, Exhibit B shall be modified as appropriate to add such Member and to indicate such Member's Units.

2.2 Consideration for Units, Options or Warrants. Subject to requirement of Section 6.7 hereof, the Company may issue Units, Options, Warrants, or any combination, to any Person for such consideration and on such terms and conditions as the Board may deem appropriate. Prior to admission of any Person as a new Member and the issuance of any Units to such a Person, the Company must have received a written instrument, in form and substance acceptable to the Company, signed by or on behalf of the Person containing the Person's express acceptance of, and agreement to be bound by, all the terms and conditions of this Agreement, including any amendments adopted pursuant to the terms hereof, even if such Person is already a Member. Exhibit B shall be modified as appropriate from time to time to reflect the admission of Members or the issuance of Units, Options or Warrants to any Person. Exhibit B shall identify any Private Placement Memorandum utilized in connection with the offer or sale of Units. The Members acknowledge that their interest in the Company may be diluted by the future issuance of Units. Persons may be admitted as additional Members and Capital Contributions be accepted only as and to the extent expressly provided for in this Article 2. Before any Member makes a contribution or an additional contribution to the Company in a form other than cash, the Board of Directors shall determine the value of the contribution in dollars. In the absence of fraud, the Board's good faith, reasonable determination shall be conclusive of the value.

2.3 Additional Capital Contributions. After payment in full in accordance with their subscription agreement, Members shall not be required to make any additional Capital Contributions or loans to the Company. If the Company does not have sufficient cash to pay its obligations, any Member may agree with Company to advance all or part of the needed funds to or on behalf of the Company, at such interest rate and on such other terms as the

Board may agree (provided, however that any interested party shall recuse himself or herself from voting on such approval). An advance described in this Section constitutes a loan from such Member to the Company and is not a Capital Contribution.

2.4 Return of Capital. No Member is entitled to withdraw or resign from the Company, to receive a return of any part of the Member's Capital Contribution, to receive any distribution, or to receive a repayment of any balance in the Member's Capital Account, except as expressly provided in this Agreement. No Member has the right to demand that distributions be in-kind. Except any fixed rate of return required on a Preferred Unit, no Member shall be entitled to interest on a Capital Contribution or on a Capital Account.

2.5 Limitation of Liability. Except as otherwise provided under applicable law, no Member shall be bound by, or be personally liable for, the expenses, liabilities or obligations of Company. No Member shall be obligated to restore a Capital Account deficit.

2.6 No Preemptive Rights. No Member shall be entitled to pre-emptive rights.

2.7 No Liquidity Rights. No Member shall have the right to require Company to redeem or repurchase his or her Units or to register his Units under Federal or any State securities laws for resale.

ARTICLE 3 CAPITAL ACCOUNTS

3.1 Capital Accounts. There shall be established and maintained with respect to each Member a Capital Account in accordance with the following:

(a) Credits. To each Member's Capital Account there shall be credited (i) such Member's Capital Contributions, (ii) such Member's allocable share of Profits and special allocations of items in the nature of income or gain pursuant to Article 5, and (iii) the amount of any debt of the Company that is assumed by the Member or that is secured by any property distributed to such Member.

(b) Debits. To each Member's Capital Account there shall be debited (i) the amount of cash and the Asset Value of any property distributed to the Member, (ii) the Member's allocable share of Losses and special allocations of items of deduction or loss pursuant to Article 5, and (iii) the amount of any debt of the Member that is assumed by the Company or secured by any property contributed by the Member to the Company.

(c) Transfers. In the event any Member Transfers all or any part of the Member's Units in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor to the extent the Capital Account relates to the Transferred Units.

3.2 Interpretation. The provisions of Section 3.1 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the Treasury Regulations, the terms and requirements of which are incorporated in this Agreement by reference, and shall be interpreted and applied in a manner consistent with those terms and requirements. In the event the Board of Directors determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to indebtedness that is secured by contributed or distributed property or that is assumed by the Company or the Members),

are computed in order to comply with such Regulations, the Board of Directors may make such modification, provided that it is not likely to have a material effect on the amounts of distributions to any Member pursuant to Article 4 upon the dissolution of the Company. The Board of Directors also shall have the right to (i) make any adjustments that are reasonably necessary or appropriate to maintain equality between the Capital Accounts and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Section 1.704-1(b)(2)(iv)(g) of the Treasury Regulations, and (ii) make any reasonably appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Section 1.704-1(b) of the Treasury Regulations, provided that in either case such adjustment or modification is not likely to have a material effect on the amounts of distributions to any Member pursuant to Article 4 upon the dissolution of the Company.

ARTICLE 4 DISTRIBUTIONS

4.1 Current Distributions.

(a) **Current Tax Distributions.** To the extent permitted by law and consistent with the Company's obligations to its creditors as determined by the Board of Directors, the Company shall make Tax Distributions on or before the Tax Distribution Dates. The aggregate amount of the Tax Distribution made with respect to any given Tax Distribution Date shall be the product of (i) the Company's estimated federal taxable income under the provisions of the Code for the Fiscal Period ending on the last day of the calendar month immediately preceding the Tax Distribution Date and commencing on the first day of the calendar month that includes the immediately previous Tax Distribution Date, multiplied by (ii) the applicable Tax Rate. Notwithstanding the foregoing, to the extent the Company has had an estimated federal taxable loss for any prior Fiscal Period in that Fiscal Year, the amount in clause (i), above, shall be reduced by that portion of the loss remaining after reducing taxable income for prior Fiscal Periods in the Fiscal Year for the loss. Further, to the extent the Company has had a federal tax loss for any prior Fiscal Year (a "Loss Year"), the amount in clause (i), above, shall be reduced by that portion of the loss remaining after reducing taxable income in Fiscal Years occurring after the Loss Year for the loss sustained in the Loss Year. Notwithstanding the foregoing, to the extent the allocation of federal taxable income pursuant to Article 5 is attributable to Section 5.1(a)(i) (accrued Preferred Return) and the holder of Units to whom such allocation is made has previously received or contemporaneously receives a related distribution of all or a portion of Preferred Return ("Related Preferred Return"), then the amount in clause (i), above, shall be reduced by the amount of the aggregate Related Preferred Return. If a Member receives a Tax Distribution attributable, in whole or in part, to the allocation of federal taxable income pursuant to Section 5.1(a)(i), the portion of the Tax Distribution attributable to the allocation of federal taxable income pursuant to Section 5.1(a)(i) shall be treated as a distribution of Preferred Return. Each Member shall receive a Tax Distribution proportional to the amount of federal taxable income to be allocated to the Member pursuant to Article 5, provided, any federal taxable income not included in the determination of the Company's estimated federal taxable income pursuant to the preceding sentences shall be disregarded for purposes of determining each Member's Tax Distribution.

(b) Additional Tax Distributions. In the event any income tax return of the Company, as a result of an audit or otherwise, reflects items of income, gain, loss, or deduction that are different from the amounts estimated pursuant to Section 4.1(a) with respect to a Fiscal Year in a manner that results in additional income or gain of the Company being allocated to the Members, an additional Tax Distribution shall be made under the principles of Section 4.1(a) to the Members who are allocated the additional income or gain, except that (i) the last day of the calendar month in which the adjustment occurs shall be treated as a Tax Distribution Date, (ii) the amount of the additional income or gain shall be treated as the Company's federal taxable income, and (iii) the applicable Tax Rate shall be that which applied for the Fiscal Period to which the additional income or gain relates.

(c) Equalizing Distributions. If the Company makes a distribution (or payment in the case of a former Member) pursuant to Sections 4.1(a) or 4.1(b) (other than Tax Distributions with respect to Preferred Return) which is not in proportion with the number of Units held by each Member (a "Nonprorata Tax Distribution"), the Company shall, before making any distribution pursuant to Section 4.1(e), make distributions to its Members ("Equalizing Distributions") to the extent that and in proportion such that after taking into account the cumulative total of the Nonprorata Tax Distributions and Equalizing Distributions, the cumulative total of distributions received by each Member is equal to the cumulative total of distributions such Member would have received if all Tax Distributions and Equalizing Distributions made pursuant to Sections 4.1(a), 4.1(b) (other than Tax Distributions with respect to Preferred Return), and this Section 4.1(c) were made in proportion to Units held at the time of the Nonprorata Tax Distribution.

(d) Tax Withholding. To the extent the Company is required to make any withholding or estimated tax payments to any taxing authority on behalf of a Member, such payment or withholding shall be considered a distribution to the Member on whose behalf such payment or withholding was made. The Company shall reduce the amount of Tax Distributions and Equalizing Distributions pursuant to Sections 4.1(a), 4.1(b) and 4.1(c) to such Member for the actual and anticipated payments or withholdings related to any particular Fiscal Period.

(e) Distributions. Cash Available for Distribution not distributed pursuant to Sections 4.1(a), 4.1(b) or 4.1(c) may be distributed, in the amounts and at the times determined in the sole discretion of the Board of Directors, as follows:

(i) First, to the holders of Units in proportion to the cumulative amount of accrued but unpaid Preferred Return owed to each such holder of Units, an amount equal to the cumulative amount of Preferred Return which has accrued since the Effective Date but which has not been distributed pursuant to Sections 4.1(a) or (b) (in the event a holder of Units has received a Tax Distribution related to an allocation of federal taxable income pursuant to Section 5.1(a)(i)) or this Section 4.1(e)(i) in the current or prior Fiscal Years.

(ii) Second, to the holders of Units in proportion to the Unit Base Capital attributable to the Units held by each holder of Units, an amount not to exceed the aggregate Unit Base Capital of the holders of Units.

(iii) Third, to the Members in proportion to their respective Capital Contributions (excluding the aggregate Unit Base Capital of the holders of Units), until each Member has received an amount of distributions pursuant to this Section 4.1(e)(iii) that equals

such Member's Capital Contribution (excluding such Member's Unit Base Capital attributable to the Units held by such Member, if applicable).

(iv) Thereafter, to the Members in proportion to the number of Common or Service Units held during the Fiscal Period to which the distribution relates.

4.2 Liquidating Distributions. In the event the Company is liquidated pursuant

(a) to Article 9, the assets to be distributed pursuant to Section 9.3 shall be distributed as follows:

(b) to the payment of all matured debts and liabilities of the Company;

(c) to the setting up of any reserves which the Liquidator deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Company; and

(d) the balance pro rata to the Members in accordance with their respective Capital Account balances, after making the adjustments for allocations under Article 5, up to and including the date of the liquidating distributions.

**ARTICLE 5
ALLOCATION OF PROFITS AND LOSSES**

5.1 Allocation of Profits and Losses.

(a) **Allocation of Profits.** Except as otherwise provided in Sections 5.2, 5.3 and 5.5(d), Profits shall be allocated as follows:

(i) First, to the holders of Preferred Units, in proportion to their Unit Base Capital, until the cumulative amount of Profits allocated pursuant to this Section 5.1(a)(i) equals the sum of cumulative Preferred Return accrued since the Effective Date.

(ii) Second, to the Members, pro rata based on the Losses allocated to them pursuant to Sections 5.1(b)(ii) and 5.1(b)(iii) until each Member has been allocated an amount of Profits pursuant to this Section 5.1(a)(ii) in the current and previous Fiscal Periods that equals the Losses allocated to that Member pursuant to Sections 5.1(b)(ii), and 5.1(b)(iii) in the previous Fiscal Periods. Profits allocated under this Section 5.1(a)(ii) shall first offset Losses allocated under Section 5.1(b)(iii) and then Losses allocated under Section 5.1(b)(ii).

(iii) Thereafter, to the holders of all of the Common Units and the Service Units, pro rata in accordance with the number of such Units held by each.

(b) **Allocation of Losses.** Except as otherwise provided in Sections 5.2 and 5.4(d) and (f), Losses shall be allocated as follows:

(i) First, to the Members, pro rata based on the Profits allocated to them pursuant to Section 5.1(a)(iii) until each Member has been allocated an amount of Losses pursuant to this Section 5.1(b)(i) in the current and previous Fiscal Period that equals Profits allocated to the Member pursuant to Section 5.1(a)(iii) in the previous Fiscal Periods.

(ii) Second, to the Members, pro rata based on their respective Units but, with respect to a Member, only to the extent of the positive balance in such Member's Capital Account, until all Capital Accounts of the Members have been reduced to zero.

(iii) Thereafter, to all Members who own Common Units or Service Units, pro rata in accordance with their respective Units.

5.2 Regulatory Allocations.

(a) This Agreement shall be deemed to contain provisions relating to "minimum gain chargeback," "nonrecourse deductions," "qualified income offset," "gross income allocations," and any other provision required to be contained in this Agreement pursuant to the Treasury Regulations promulgated under Section 704(b) of the Code (the "Regulatory Allocations"), other than any requirement that a Member be required to contribute to the Company an amount equal to any deficit in the Member's Capital Account.

(b) No allocation of Loss shall be made to a Member if the allocation would result in a negative balance in the Member's Capital Account in excess of the amount the Member is obligated to restore or deemed obligated to restore pursuant to the penultimate sentences of Section 1.704-2(g)(1) and (i)(5) of the Treasury Regulations. In the event there is a negative balance in the Member's Capital Account in excess of the amount(s) set forth above, the Member shall be allocated income and gain in the amount of that excess as quickly as possible. Any Loss that cannot be allocated to a Member pursuant to the restrictions contained in this paragraph shall be allocated to other Members.

(c) The Regulatory Allocations are intended to comply with the Treasury Regulations promulgated under Section 704(b) of the Code. The other provisions of this Article 5 notwithstanding, the Regulatory Allocations shall be taken into account in allocating other Profits, Losses and items of income, gain and deduction among the Members so that, to the extent possible, the net amount of the allocations of other Profits, Losses and other items and the Regulatory Allocations to each Member shall equal the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

5.3 Other Allocation Rules.

(a) **Transfer of Units.** If a Member Transfers all or any portion of the Member's Units pursuant to this Agreement during any Fiscal Period, the Profits (or Losses) allocated to the Members for each such Fiscal Period shall be allocated among the Members in proportion to their respective Units from time to time during the Fiscal Period, in accordance with Section 706 of the Code, using any convention permitted by law and selected by the Board of Directors.

(b) **Determination of Allocable Amounts.** The Profits, Losses, or any other items allocable to any Fiscal Period shall be determined on a daily, monthly, or other basis, as determined by the Board of Directors, using any permissible method under Section 706 of the Code and the Treasury Regulations under that section.

5.4 Tax Allocations.

(a) **Capital Contributions.** In accordance with Section 704(c) of the Code and the Treasury Regulations under that section, income, gain, loss, and deduction with respect to any contribution to the Company's capital shall, solely for tax purposes, be allocated

among the Members so as to take account of any variation between the property's adjusted basis to the Company for federal income tax purposes and its initial Asset Value.

(b) Adjustment of Asset Value. If the Asset Value of any Company asset is adjusted, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall take account of any variation between the asset's adjusted basis for federal income tax purposes and its Asset Value as so adjusted in the same manner as under Section 704(c) of the Code and the Treasury Regulations under that section.

(c) Elections. Any elections or other decisions relating to the allocations shall be made by the Board of Directors in any manner that reasonably reflects the purpose and intent of this Agreement, provided, however, that the Company shall elect to apply the "traditional method" (without any curative allocations) described in Treas. Reg. § 1.704-3(b). Any items of loss or deduction attributable to property contributed by a Member shall, to the extent of an amount equal to the excess of (1) the federal income tax basis of such property at the time of its contribution over (2) the Book Value of such property at such time, be allocated in its entirety to such contributing Member, and the tax basis of such property for purposes of computing the amounts of all items allocated to any other Member (including a transferee of the contributing Member) shall be equal to its Book Value upon its contribution to the Company. If the Board of Directors causes the Company to make a Code Section 754 election at the request of one or more Members, the requesting Member(s) shall bear any additional administrative and accounting expenses (whether in the year of the election or subsequent Fiscal Years) incurred as a result of the Code Section 754 election.

(d) Imputed Interest. To the extent the Company has interest income or deductions with respect to any obligation of or to a Member pursuant to Section 483, Sections 1271-1288, or Section 7872 of the Code, the interest income or deductions shall be specially allocated to the Member to whom the obligation relates.

(e) Units Issued for Services; Code Section 83 Safe Harbor Election.

(i) By executing this Agreement, each Member authorizes and directs the Company to elect to have the safe harbor described in the proposed Revenue Procedure set forth in Internal Revenue Service Notice 2005-43 (the "IRS Notice") apply to an interest in the Company transferred to a service provider by the Company on or after the effective date of such Revenue Procedure in connection with services provided to the Company. For purposes of making such safe harbor election, the President, or if unable or unwilling to act, any Vice President, Treasurer or Secretary, in that order, or officer appointed by the Board of Directors, is hereby designated as the "partner who has responsibility for federal income tax reporting" by the Company and, accordingly, execution of such safe harbor election by the Board of Directors constitutes execution of a "Safe Harbor Election" in accordance with Section 3.03(1) of the IRS Notice. The Company and each Member hereby agree to comply with all requirements of the safe harbor described in the IRS Notice, including, without limitation, the requirement that each Member shall prepare and file all federal income tax returns reporting the income tax effects of each safe harbor membership interest issued by the Company in a manner consistent with the requirements of the IRS Notice. A Member's obligations to comply with the requirements of this Section 5.4(e) shall survive such Member's ceasing to be a Member and/or the termination, dissolution,

liquidation and winding up of the Company, and, for purposes of this Section 5.4(e), the Company shall be treated as continuing in existence.

(ii) Each Member authorizes the Board of Directors to amend this Section 5.4(e) or any other section of this Agreement to the extent necessary, in the Board of Director's sole discretion, to achieve substantially the same tax treatment with respect to any interest in the Company transferred to a service provider by the Company in connection with services provided to the Company as set forth in Section 4 of the IRS Notice (*e.g.*, to reflect changes from the rules set forth in the IRS Notice in subsequent Internal Revenue Service guidance or in amendments or other changes to the Code or the Regulations); provided that such amendment is not materially adverse to any Member (as compared with the after-tax consequences that would result if the provisions of the IRS Notice applied to all interests in the Company transferred to a service provider by the Company in connection with services provided to the Company).

5.5 Income Tax Consequences. The Members are aware of the income tax consequences of the allocation made by this Article 5 and hereby agree to be bound by the provisions hereof in reporting their shares of income and loss for income tax purposes.

ARTICLE 6 MANAGEMENT OF THE COMPANY

6.1 Authority and Powers of the Board of Directors. The business and affairs of the Company shall be managed under the direction of the Board of Directors. Pursuant to Section 6.14 hereof, the Board of Directors may appoint Officers to oversee the day-to-day affairs of the Company. The Board of Directors will manage, or delegate to appointed Officers the management of and the day-to-day operation of the business of the Company. Appointed Officers of the Company shall have full executive powers over the affairs of the Company. All matters concerning allocations, distributions and tax elections (except as may otherwise be required by the income tax laws) and accounting procedures, except as otherwise provided in this Operating Agreement, shall be determined in good faith by the Board of Directors or their appointed Officers in consultation with the Company's independent accountants and tax advisors. The Board of Directors shall be responsible for and cause the Company to pay all taxes of the Company due as a result of the operations of the Company.

6.2 Number, Tenure, Election and Qualifications of Board of Directors. Subject to future increase by the Members, the Board of Board of Directors shall consist of not less than three (3) nor more than seven (7) persons. A Board of Directors may, but need not, be a Member.

6.3 Appointment and Removal of Board of Directors. The Members agree that the Board of Directors of the Company shall be elected by the Members. The Board of Directors, by majority vote of those remaining in office, may increase the number of Board of Directors and fill any vacancies.

6.4 Actions by the Board of Directors. A majority of the Board of Directors shall constitute a quorum, and decisions of Board of Directors constituting a majority of the Board of Directors at a meeting at which a quorum is present shall constitute decisions of the Board of Directors. At any time when the Company has two (2) Board of Directors, the Board of Directors shall have procedures in place between them to address circumstances when the two Board of Directors disagree on a decision that would require their agreement. Directors may participate in

a meeting by means of telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all of the Board of Directors consent thereto in writing and the writing is filed with the records of the Company. The Board of Directors may fix by resolution the place, date and time for the holding of such regular meetings, in which case no notice of such regular meetings need be given to the Board of Directors; provided, however, that if the Board of Directors fix or change the time or place of any regular meeting, notice of such action shall be given to each Board of Directors not present at the time such action was taken. The President, the Executive Vice-President, a majority of the Board of Directors or the Required Percentage of all Voting Interests may call a special meeting of the Board of Directors. Notice of meetings of the Board of Directors (other than the regular meetings) shall be given to each Board of Directors. Notice of any meeting of the Board of Directors may be waived by the Board of Directors before, at or after the meeting.

6.5 Powers of the Board of Directors. Subject to Sections 6.6 and 6.7, the Board of Directors shall have full, exclusive and complete discretion to manage all decisions affecting the business, operations and affairs of the Company and to take all such actions as it deems necessary or appropriate to accomplish the purposes of the Company as set forth herein. Except with respect to the powers specifically reserved for Members in this Operating Agreement and any commitments contained in any debt instrument issued by the Company, the Board of Directors shall have the authority to make any and all decisions affecting the Company. Without limiting the generality of the foregoing, the Board of Directors will have the power, authority and direction to do the following without the consent of the Members:

- (a) hire, appoint and fire employees, agents, independent contractors or Officers of the Company;
- (b) select and engage the Company's accountants, attorneys and other professional advisors;
- (c) apply for and obtain appropriate insurance coverage for the Company, its Board of Directors, its Officers, its Advisory Board Members and employees;
- (d) acquire in the name of the Company by purchase, lease or otherwise, any real estate or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Company;
- (e) negotiate, execute, enter into, perform, extend and terminate, in the name of and on behalf of the Company, all agreements, contracts, leases, loan documents and other instruments and exercise all rights and remedies of the Company;
- (f) assume, endorse, provide collateral for, incur or guarantee, act as surety for, or become liable for any indebtedness for borrowed money on behalf of the Company or incur any expense on behalf of the Company, except where personal liability or a personal guaranty is required to be given by a Member (or their Affiliates) in connection therewith;
- (g) acquire a company or a line of business;
- (h) issue Units, Options or Warrants, including Service Units for the purposes of incentive compensation to employees and independent contractors who provide service to the Company, provided the total Service Units issued in any given year, in the aggregate, do not exceed 10% of Units then outstanding prior to issuance of any Service Units in that same year;

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- (i) admit Additional or Substitute Members as Members;
- (j) determine the consideration for issuance of Units, Options or Warrants, including determining the value of any assets taken in payment therefor;
- (k) resolve and settle disputes, including through taking any action authorized under the Agreement for the resolution of disputes; and
- (l) take any other action in furtherance of the Business of the Company that is not expressly limited by this Operating Agreement.

6.6 Actions Requiring Supermajority Board Approval. The affirmative vote, approval or consent of a Supermajority of Board of Directors is required to do the following:

- (a) Authorize additional capital contributions;
- (b) Authorize the distribution of Units to Company employees as incentive compensation (provided, however, in the event Units in excess of 5% of the total issued and outstanding Units are proposed to be issued to employees, a Supermajority of Members shall be required to consent to the foregoing;
- (c) Make annual cash distributions other than distributions of cash representing the Minimum Return, and Tax Distributions;
- (d) Authorize distributions to Members who have withdrawn from the Company on account of a Dissociation Event;
- (e) Approve agreements by and between Members, Directors and related entities thereof and individuals thereto and the Company for the provision of products or services to the Company, except in exchange for reasonable compensation;
- (f) Authorize loans to the Company by Directors or Members or any other lender or financial institution (other than purchase money loans for equipment not in excess of the permitted capital expenditures);
- (g) Authorize the Company to purchase Members' Units;
- (h) Authorize capital expenditures in excess of \$100,000 per item during any three-month period;
- (i) Authorize any contract, agreement or instrument that obliges the Company to disburse funds or make payments to third parties in excess of \$25,000 during any three-month period (other than capital expenditures above);
- (j) Authorize any Company guarantees.

6.7 Actions Requiring Member Approval. The Board may not take any of the following actions unless approved by Members holding a majority of the Voting Common Units:

- (a) to approve the sale of all or substantially all of the assets of the Company, or the consolidation or merger of the Company with or into another entity that is owned or controlled by one or more Directors, regardless of whether the Company is the survivor;
- (b) to approve an Asset Disposition for other than Fair Market Value;
- (c) to approve the dissolution of the Company, except as otherwise provided in section 10;

(d) to amend the Company's Certificate of Formation, this Operating Agreement or any other management agreement among the Members;

(e) to issue Preferred Units to one or more Directors or their affiliates; or

(f) to modify the terms of any outstanding Units of any class or series of Units, including any class or series that otherwise lacks voting rights, without the Majority Consent of the holders of the Units whose terms are proposed to be modified.

6.8 Liability for Certain Acts. Each Director shall exercise his or her business judgment in participating in the management of the business, operations and affairs of the Company as measured against the standard of care set forth in Section 6.9. Unless gross negligence, recklessness, intentional misconduct or a knowing violation of law is proven by a non-appealable court order, judgment, decree or decision, no Director shall be liable or obligated to the Members for any mistake of fact or judgment or for the doing of any act or the failure to do any act by such Board of Directors in conducting the business, operations and affairs of the Company or its Subsidiaries that may cause or result in any loss or damage to the Company or its Members. A Board of Directors does not, in any way, guarantee the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. A Director shall not be responsible to any Member because of a loss of his investment or a loss in operations, unless the loss is the result of such Board of Director's gross negligence, recklessness, intentional misconduct or knowing violation of the law, proven as set forth in this Section 6.8. A Board of Directors shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture, unless such activity is a violation of another agreement between the Company and the Board of Directors.

6.9 Directors Standard of Care. The duty of care of a Director in the discharge of his or her duties to the Company is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or knowing violations of law. In discharging his or her duties, a Director shall be fully protected in relying in good faith upon any records maintained as required under Section 11.1 and upon such information, opinions, reports or statements by any Members or their agents, or by any other person as to matters such Board of Directors reasonably believes are within such person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Board of Directors, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Company or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

6.10 Director Has No Exclusive Duty to Company. A Director shall not be required to manage the Company as his or her sole and exclusive function and a Director may have other business interests and may engage in other activities in addition to those relating to the Company, provided that each Director shall devote sufficient time and attention to perform his or her duties as required hereunder. Neither the Company nor any Member shall have any right, by virtue of this Operating Agreement, to share or participate in such other investments or activities of a Director or to the income or proceeds derived therefrom.

6.11 Other Business Activities of the Board of Directors. The Directors and their Affiliates may have other business interests and may engage in other business ventures of any nature or description whatsoever, whether presently existing or hereafter created, including, the acquisition, development, ownership, administration, servicing, leasing, management, operation,

syndication, financing, refinancing and/or sale of real estate or real estate-related assets and may compete, directly or indirectly, with the Business of the Company. None of Board of Directors or their Affiliates shall incur any liability to the Company or any Member as a result of the pursuit by such Board of Directors or its Affiliates of such other business interests and ventures and competitive activity, and neither the Company nor any Member shall have any right to participate in such other business interests or ventures or to receive or share in any income derived therefrom.

6.12 Restriction on Outside Activities of Board of Directors. No Director may work on a competitive business project while a Board of Directors of the Company, or within one (1) year of leaving or resigning his duties as Board of Directors, that has been specifically targeted by the Company or the Company has been solicited to participate in while he is a Director. The Board of Directors shall have the duty to receive the consent of the other Board of Directors and Members holding the Required Percentage, if an opportunity is presented to him in his role as Board of Directors of the Company, upon which he intends to participate in without the involvement of the Company. However, real estate projects or other such projects which the Company has not directly targeted or the Board of Directors has not been solicited in his role as Board of Directors shall not be considered to be prohibited under this Operating Agreement or any reading from the Wisconsin Corporate Opportunity doctrine. The intent is to allow the Board of Directors to participate in outside transactions unless they are specifically prohibited by the preceding paragraph. However, no money or other resources of the Company shall be used in any such outside project without consent of the other Board of Directors and Members holding the Required Percentage.

6.13 Resignation. A Director may resign at any time by giving written notice to the Members. The resignation of a Director shall take effect upon receipt of notice thereof or at such other time as shall be specified in such notice; unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Director who is also a Member, shall not, in and of itself, affect such former Director's status as a Member.

6.14 Officers; Power, Authority and Duties.

(a) **Appointment.** The Board of Directors may appoint Officers of the Company including, but not limited to: (i) a president, (ii) one or more executive or senior vice-presidents, (iii) one or more vice presidents, and (iv) a secretary, and one or more assistants thereto. The Board of Directors may delegate certain of their day-to-day management responsibilities to any such Officers, and such Officers shall have full executive authority to contract for, negotiate on behalf of and otherwise represent the interests of the Company as authorized by the Board of Directors in any job description created by the Board of Directors. The Board of Directors in their sole discretion shall have the power and authority to designate compensation payable to the Officers of the Company.

(b) **Titles and Obligations.** The Board may bestow upon key employees or Members of the Company such titles as they deem necessary or expedient to enable them to carry out their duties on behalf of the Company. Such titles may include "Chairman of the Board;" "President," "Chief Executive Officer," "Chief Financial Officer," one or more "Vice-Presidents," "Treasurer" or "Secretary." The Board and employees in their roles as Officers of the Company must discharge their duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Board reasonably believes to be in the best interests of the Company.

(c) **Liability for Certain Acts.** Each Officer shall exercise his or her business judgment in participating in the management of the business, operations and affairs of the Company as measured against the standard of care set forth in Section 6.14(d). Unless gross negligence, recklessness, intentional misconduct or a knowing violation of law is proven by a nonappealable court order, judgment, decree or decision, no Officer shall be liable or obligated to the Members for any mistake of fact or judgment or for the doing of any act or the failure to do any act by such Officer in conducting the business, operations and affairs of the Company or its Subsidiaries that may cause or result in any loss or damage to the Company or its Members. An Officer does not, in any way, guarantee the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. An Officer shall not be responsible to any Member because of a loss of the Member's investment or a loss in operations, unless the loss is the result of such Officer's gross negligence, recklessness, intentional misconduct or knowing violation of the law, proven as set forth in this Section 4.11.

(d) **Officer's Standard of Care.** The duty of care of an Officer in the discharge of his or her duties to the Company is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or knowing violations of law. In discharging his or her duties, an Officer shall be fully protected in relying in good faith upon any records maintained as required under Section 11.1 and upon such information, opinions, reports or statements by any Members or their agents, or by any other person as to matters such Officer reasonably believes are within such person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Board of Directors, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Company or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

(e) **Tenure and Duties of Officers.** All Officers shall hold office at the pleasure of the Board of Directors, unless sooner removed. The Board of Directors may remove any Officer elected or appointed by the Board of Directors at any time, subject to any contract rights the Officer may have. If the office of any Officer becomes vacant for any reason, the Board of Directors may fill the vacancy.

(i) **President.** The President of the Company shall preside at the first meeting of the Members, until the Board of Directors have appointed another person to so preside and such person is present. The President will, subject to the control of the Board of Directors, have general supervision, direction and control of the policies and other Officers and employees of the Company. The President shall perform other duties commonly incident to a President of a Wisconsin corporation and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(ii) **Vice Presidents.** The Executive Vice Presidents, Senior Vice Presidents or the Vice Presidents, as the case may be, in the order of their seniority, may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Executive Vice Presidents, the Senior Vice President or the Vice Presidents, as the case may be, shall perform other duties commonly incident to a vice president of a Wisconsin corporation and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(iii) **Secretary.** The Secretary shall attend all meetings of the Members and Board of Directors and shall record all acts and proceedings thereof in the minute book of the Company. The Secretary shall give notice in conformity with this Operating Agreement of all meetings of the Members and Board of Directors requiring notice. The Secretary shall perform other duties commonly incident to a secretary of a Wisconsin corporation and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(f) **Subsidiaries.** Except as expressly provided to the contrary in any resolution to the contrary, the Officers of the Company shall hold the same position and possess the same powers for any Subsidiary; and the Company shall not permit any Subsidiary to take an action that would be prohibited if taken by the Company.

(g) **Reporting Obligation.** The Officers shall be required to provide to the Board of Directors and Members a quarterly report containing financial statements of the Company, as produced by the Officers in good faith. In lieu of or to supplement any required Officer report, the Company may substitute, but is not obligated to obtain, an independent, third-party review of the Company's financial statements.

6.15 Indemnity of the Board of Directors, Officers and Advisory Board Members.

(a) The Company shall, to the fullest extent authorized by Section 183.0403 of the Wisconsin Act, indemnify any Director, Officer or Advisory Board member of the Company against reasonable expenses and against liability incurred in a proceeding in which he or she was a party because he or she was a Director, Officer or Advisory Board member of the Company. These indemnification rights shall not be deemed to exclude any other rights to which the Director, Officer or Advisory Board member may otherwise be entitled. The Company shall, to the fullest extent authorized by Section 183.0403 of the Wisconsin Act, indemnify any employee who is not a Director, Officer or Advisory Board member of the Company to the extent the employee has been successful on the merits or otherwise in defense of a proceeding, for all reasonable expenses incurred in the proceeding if the employee was a party because he or she was an employee of the Company. The Company may, to the fullest extent authorized by Section 183.0403 of the Wisconsin Act, indemnify, reimburse, or advance expenses of any Director, Officer or Advisory Board member.

(b) The Company may, by action of the Board of Directors, provide indemnification to such of the other employees and agents of the Company to such extent and to such effect as the Board of Directors determine to be appropriate and authorized under the Wisconsin Act.

(c) The rights and authority conferred in this Section 6.15 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, agreement or otherwise.

(d) Any repeal or amendment of this Section 6.15 by the Members shall not adversely affect any right or protection of a Board of Directors, Officer or Advisory Board member of the Company or other indemnified person existing at the time of such repeal or amendment.

6.16 Committees. The Board of Directors may designate one or more committees, each committee to consist of three or more Directors elected by the Board of Directors, which to the extent provided in said resolution as initially adopted, and as thereafter supplemented or amended

by further resolution adopted by a like vote, shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the corporation, except action in respect to dividends to shareholders, election of the principal Officers or the filling of vacancies in the Board of Directors or committees created pursuant to this section. The Board of Directors may elect one or more of its members as alternate members of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request by the President or upon request by the chairman of such meeting. Each such committee shall fix its own rules governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request.

6.17 Advisory Board(s). The Board of Directors of the corporation may appoint one or more individuals, who may but need not be Directors, Officers, or employees of the corporation, to serve as members of one or more Advisory Board(s) of the corporation, or of any of its operating division(s) or of any enterprise designated by the corporation, and may fix fees or compensation for attendance at meetings of such Board(s) or for other services performed by such individuals. The members of such committee(s) may adopt and from time to time may amend rules and regulations for the conduct of their meetings and at the direction of the Board of Directors shall keep minutes of their meetings which shall be submitted to the Board of Directors of the Company. The term of office of any member of such Advisory Board(s) shall be at the pleasure of the Board of Directors of the Company. The function of such Board(s) shall be to advise the Officers and Directors of the Company and/or of the division(s) with respect to which they have been appointed with respect to the affairs of such Company or operating division(s), and to perform such other duties as the Board of Directors shall from time to time determine. The advice of any such Advisory Board shall be for general informational purposes only and the Officers and Directors shall not be bound to follow or to consider such advice before taking or refraining from taking any action. Members of any Advisory Board shall receive the full benefit of and be treated as an "Officer", "Director", "employee" or "agent" of the Company or of any corporation, partnership, joint venture, trust or other enterprise, or division, of which he shall serve, within the meaning of any provision for indemnification of Officers, Directors, employees or agents provided by these bylaws.

ARTICLE 7 RIGHTS AND OBLIGATIONS OF THE MEMBERS

7.1 Limitation of Liability. Each Member's liability shall be limited as set forth in the Wisconsin Act and other applicable law. Except as otherwise provided by the Wisconsin Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be the debts, obligations and liabilities solely of the Company, and the Members of the Company shall not be obligated personally for any of such debts, obligations or liabilities solely by reason of being a Member of the Company.

7.2 Nature of Rights and Obligations. A Member shall not have authority to act for, or to assume any obligation or responsibility on behalf of, any other Member or the Company. Unless otherwise expressly provided in this Agreement, this Operating Agreement shall not be deemed to constitute a Member as an agent or legal representative of any other Member.

7.3 Member Access to Records. Upon written request of any Member, setting forth the purpose for such request, which shall be reasonably related to the Member's interest as a

Member of the Company, each Member shall have the right, during regular business hours, to inspect and copy such Company documents at the Member's expense as set forth in Section 8.7; provided, however, that the Company may require that the requesting Member enter into a confidentiality agreement prior to providing such Member with access to the Company's records.

7.4 Voting Rights of Members. Each Member shall have the number of votes equal to the aggregate number of Units held by such Member. Notwithstanding anything contained in this Operating Agreement to the contrary, the Company may not, without the consent of Members holding, in the aggregate, the Required Percentage:

- (a) by Majority Consent an action by the Board of Directors under Section 6.7;
- (b) amend the Company's Articles of Organization or this Operating Agreement to make a material change to such documents;
- (c) enter into or amend any transaction between the Company and a Director or Officer or an Affiliate of a Director or Officer, except such transactions as are made on an arms-length basis and at then-prevailing market rates;
- (d) consummate any material transaction unrelated to the Business of the Company.

7.5 Removal of Directors or Officers. The Company may not remove a Director or Officer, for any reason other than Cause, without the consent of a Supermajority of Members. A Director or Officer may be removed for Cause upon Majority consent of the Members.

7.6 Meetings of Members.

(a) **Annual and Special Meetings.** Meetings of the Members shall be held at such date and time as the Managers may fix from time to time. Unless otherwise prescribed by statute, any Member or Members holding a majority of all Voting Interests may call a special meeting of the Members. No annual or regular meetings of Members are required.

(b) **Place of Meetings.** The Managers may designate any place as the place of meeting for any meeting of the Members.

(c) **Notice of Meetings.** Except as provided in Section 6.4, written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than five (5) nor more than sixty (60) days before the date of the meeting, either personally or by mail, facsimile, overnight courier service or e-mail, by or at the direction of the Managers or person calling the meeting, to each Member entitled to vote at such meeting. Such notice shall be deemed to be delivered as provided in Section 13.1.

(d) **Meeting of All Members.** If all of the Members shall meet at any time and place and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting lawful action may be taken. Members may participate in a meeting by means of telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

(e) **Record Date.** For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any distribution, or in order to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed or the date on which the resolution declaring such distribution is adopted, as the case may be, shall be the record date for such

determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section 6.5, such determination shall apply to any adjournment thereof

(f) **Quorum.** Members holding a majority of the Voting Interests, present in person or represented by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, Members holding a majority of the Voting Interests so represented may adjourn the meeting from time to time for a period not to exceed sixty (60) days without further notice. However, if the adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of Members holding Voting Interests whose absence would cause less than a quorum.

(g) **Manner of Acting.** If a quorum is present, the affirmative vote of Members holding a majority of the Voting Interests present or represented at the meeting shall be the act of the Members unless the vote of a greater or lesser proportion or number is otherwise required by the Wisconsin Act, the Articles of Organization or this Operating Agreement.

(h) **Proxies.** At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Managers before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

(i) **Action by Members Without a Meeting.** Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one (1) or more written consents describing the action taken, signed and delivered to the Managers within sixty (60) days of the record date for that action, by Members having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all Members entitled to vote on that action were present and voted. All such consents shall be delivered to the Managers for inclusion in the minutes or for filing with the Company records. Action taken under this Section 6.9 is effective when the number of consents required to authorize the proposed action shall have been received by the Managers, unless the consent specifies a different effective date. Any Member giving a written consent may revoke the consent by a writing received by the Managers before written consents representing the number of votes required to authorize the proposed action have been received by the Managers. The record date for determining Members entitled to take action without a meeting shall be the date the first Member signs a written consent.

(j) **Waiver of Notice.** When any notice is required to be given to any Member, a waiver thereof in writing signed by the person entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to the giving of such notice.

7.7 Representations and Warranties of Members. Each Member, by executing this Operating Agreement, hereby represents and warrants to the Company and each other Member as follows:

(a) in the case of a Member that is an entity: (i) the Member is duly incorporated, organized or formed (as applicable), validly existing, and (if applicable) in good standing under the law of the jurisdiction of its incorporation, organization or formation; (ii) if required by applicable law, the Member is duly qualified and in good standing in the jurisdiction of its principal place of business, if different from its jurisdiction of incorporation, organization or formation; and (iii) the Member has full power and authority to execute and deliver this Operating Agreement and to perform its obligations hereunder, and all necessary actions by the board of directors, managers, shareholders, members, partners, trustees, beneficiaries, or other applicable Persons necessary for the due authorization, execution, delivery, and performance of this Operating Agreement by that Member have been duly taken;

(b) the Member has duly executed and delivered this Operating Agreement, and it constitutes the legal, valid and binding obligation of the Member enforceable against it in accordance with its terms (except as may be limited by bankruptcy and insolvency laws, and by the effect of general principles of equity, regardless of whether considered at law or in equity);

(c) the Member's authorization, execution, delivery, and performance of this Operating Agreement do not and will not (i) conflict with, or result in a breach, default or violation of, (A) the organizational documents of such Member (if it is an entity), (B) any contract or agreement to which the Member is a party or is otherwise subject, or (C) any law, order, judgment, decree, writ, injunction or arbitral award to which the Member is subject; or (ii) require any consent, approval or authorization from, filing or registration with, or notice to, any governmental authority or other Person, unless such requirement has already been satisfied; and

(d) the Member is familiar with the purposes of the Company, the Member has agreed to make the Capital Contributions required under this Operating Agreement; it understands that owning a Unit involves various risks, including the restrictions on transfer, disposition and/or encumbrance, the lack of any public market for Units, the risk of owning its Units for an indefinite period of time and the risk of losing its entire investment in the Company; it is able to bear the economic risk of such investment; it is acquiring its Units for investment, solely for its own beneficial account and not with a view to or any present intention of directly or indirectly selling, transferring, offering to sell or transfer, participating in any distribution or otherwise disposing of all or a portion of its Units; and it acknowledges that the Units have not been registered under the Securities Act or any other applicable federal or state securities laws, and that the Company has no intention, and shall not have any obligation, to register or to obtain an exemption from registration for the Units or to take action so as to permit sales pursuant to the Securities Act (including Rules 144 and 144A thereunder).

7.8 Confidential Information. Each Member recognizes and acknowledges that such Member may be entrusted with or have access to confidential and proprietary information which is the property of the Company. Each Member therefore agrees that, during the time that he, she or it is a Member and at all times thereafter, such Member will (a) not directly or indirectly use, copy or duplicate, or disclose or otherwise make available to any third party, without the prior written consent of the Board of Directors, any Confidential Information other than in the performance of such Member's duties (if any) with respect to the Company, (b) not assert prior knowledge of any item of Confidential Information that such Member cannot prove by clear and convincing documentary evidence, (c) take such protective measures as may be reasonably necessary to preserve the secrecy and interest of the Company in the Confidential Information, and (d) not utilize or convert any Confidential Information for such Member's own benefit or

gain or for the benefit or gain of any Person other than the Company, of whatever nature, except as permitted hereunder. Upon ceasing to be a Member for any reason whatsoever, or at any time requested by the Board of Directors, each Member will promptly deliver or cause to be delivered to the Company any and all Confidential Information in such Member's possession, custody or control. Each Member acknowledges that the Confidential Information is vital, sensitive, confidential and proprietary to the Company. A Member may disclose Confidential Information to the extent compelled by an order or subpoena of a court or governmental agency of competent jurisdiction, provided such Member: (i) notifies the Company of the order or subpoena, and (ii) affords the Company an opportunity to secure a protective order before making any disclosures. Neither the Company nor its Board of Directors makes any express or implied warranty with respect to the accuracy or completeness of any Confidential Information disclosed by them hereunder. Each Member acknowledges and agrees that the covenants set forth in this Article (collectively, the "Confidentiality Covenants") are reasonable and necessary for the protection of the Company's business interests, that irreparable injury will result to the Company if any Member breaches any of the terms of the Confidentiality Covenants, and that in the event of any Member's actual or threatened breach of any of the Confidentiality Covenants, the Company will have no adequate remedy at law. Each Member accordingly agrees that in the event of any actual or threatened breach by such Member of any of the Confidentiality Covenants, the Company will be entitled to immediate temporary injunctive and other equitable relief, without the necessity of showing actual monetary damages or of posting any bond or other security. Nothing contained herein will be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of any damages.

7.9 Noninterference. Member covenants that he or she will not at any time while he or she is a Member and for one year thereafter disturb, hire, entice, solicit or influence or in any other manner attempt to persuade any supplier or customer of the Company to discontinue his, her or its relationship with the Company, or any employee or independent contractor of the Company to terminate his or her employment or contractor relationship with the Company to work for any competitor of the Company.

ARTICLE 8 TRANSFER OF UNITS

8.1 General Restrictions on Transfers.

(a) General. Units may only be Transferred when (i) expressly permitted under this Article, or (ii) approved by the Board of Directors. The Transfer shall only take place on the date specified by the Board of Directors or, if no date is specified, then at the close of business on the last day of the month proposed for the Transfer by the Transferor.

(b) Void Transfer. Any Transfer, attempted Transfer, or purported Transfer in violation of this Agreement's terms and conditions shall be null and void.

(c) Securities Laws Transfer Restrictions. Subject to the other restrictions herein set forth, no interest in the Company shall be Transferred by any Transferor unless such Transfer is subject to an effective registration under, or exempt from the registration requirements of, the applicable state and federal securities laws.

(d) Unit Certificates. Unless otherwise approved by the Board, the Units will be un-certificated. Upon approval of the Board, the Company may issue certificates

evidencing the Units issued by the Company. Such certificates shall (in addition to any legend required under applicable state securities laws) bear the following legend:

The securities represented hereby have not been registered under the securities act of 1933, as amended (the "act") and may not be offered, sold or otherwise transferred, assigned, pledged or hypothecated unless and until registered under the act or unless the company has received an opinion of counsel satisfactory to the company and its counsel that such registration is not required. The sale, transfer or assignment of the securities represented by this certificate is subject to restriction as set forth in the Operating Agreement of HSM, LLC and certain other documents, if any, hereinafter referred to as the "related documents". Copies of the Operating Agreement and any related documents, if any, may be obtained by written request made by the holder of record of this certificate to the secretary of the company.

8.2 Permitted Transfers. A Member may Transfer all or any portion of the Member's Units to a Permitted Transferee, provided the applicable provisions of this Section 8.2 are complied with before the Transfer becomes effective, at which time the Permitted Transferee will become a Member.

(a) **Signature.** The Permitted Transferee must sign a counterpart to this Agreement, agreeing for the benefit of the other Members to be bound by this Agreement to the same extent as if the Permitted Transferee had been an original party to the Agreement as a Member. The Spouse of the Permitted Transferee must sign a spousal consent and acknowledgment if requested by the Company.

(b) **Approval.** The Company must approve of the trustee, if the Transfer is to a trust, in writing before the Transfer.

(c) **Documents.** The Permitted Transferee must take all actions and execute all instruments required by the Company in order for the Transfer to comply with any applicable federal or state laws and regulations relating to the Transfer of Units or with this Agreement.

8.3 Third-Party Transfers Pursuant to a Bona Fide Written Offer.

(a) **Notice of Transfer.** Except in the case of a Transfer to a Permitted Transferee pursuant to Section 8.2, an Involuntary Transfer pursuant to Section 8.4 or an Event of Marital Transfer pursuant to Section 8.5, before a Transferor may Transfer its Units pursuant to a Bona Fide Written Offer to a Transferee, a Transferor must send a Notice of Transfer to the Company, and the applicable provisions of this Section 8.3 must be complied with, before a Transfer will be effective and the Transferee will be considered a Member. Subject to Section 8.3(c), the Notice of Transfer shall constitute an irrevocable and exclusive offer to the Company, as set forth in Section 8.3(b), to purchase all of the Offered Units at the price and on the terms and conditions specified in the Notice of Transfer.

(b) **Option to Purchase.** Before making any Transfer to a third party pursuant to a Bona Fide Written Offer, the Transferor shall first offer the Units the Transferor desires to transfer (the "Offered Units") to the Company. The Company shall have thirty (30) days (the "Company Election Period") within which to elect to purchase all, but not less than all, of the Offered Units, by giving written notice of such exercise to the Transferor. If the option is exercised by the Company, the Transferor shall be obligated to sell, and the Company shall be obligated to purchase, the Offered Units upon the same price and upon the same terms and conditions specified in the Notice of Transfer.

(c) **Transfer to Third Party.** If the Company does not elect to purchase the Offered Units pursuant to Section 7.3(b), the Transferor may Transfer all (but not less than all) of the Offered Units pursuant to this Section 7.3(c), at which time the Transfer will be effective and the Transferee will become a Member; subject to the following:

(i) The Transferor may Transfer all (but not less than all) of the Offered Units identified in the Notice of Transfer to the third party designated in the Notice of Transfer at the same price and on the same terms of payment specified in the Notice of Transfer, provided that the Transfer is made within one hundred twenty (120) days after the date of the Notice of Transfer.

(ii) The Transferee must, as part of the closing of the Transfer, sign a counterpart to this Agreement agreeing for the benefit of the other Members to be bound by this Agreement to the same extent as if the Transferee had been an original party to this Agreement.

(iii) The Transferee must, as part of the closing of the Transfer, take all actions and execute all instruments required by the Company in order for the Transfer to comply with any applicable federal or state laws and regulations relating to the Transfer of a Unit or with this Agreement.

If the Offered Units are not Transferred within the applicable periods and in accordance with the foregoing provisions of this Section 8.3(c), the Offered Units shall again be subject to the restrictions of this Section 8.3.

(d) **Drag-Along Option.** In the event a Transferor desires to Transfer all of its Units pursuant to a Bona Fide Written Offer in a transaction or series of related transactions which constitute more than fifty percent (50%) of the outstanding Units of the Company on the date of the first step of the transaction or series of related transactions, the Transferor shall have the option, exercisable by providing written notice to all other Members, to require all of the other Members to sell their Units to the prospective Transferee at the same time and upon the same terms and conditions as contained in the Bona Fide Written Offer (the "Drag-along Option"). In the event the Transferor exercises its Drag-along Option, the Market Price for all Units sold by the other Members shall be determined using the method set forth in Section 8.6(a).

8.4 Involuntary Transfer.

(a) **Involuntary Transferee.** An Involuntary Transfer to a Person other than the Company or another Member will be effective only after the applicable provisions of this Section 8.4 have been complied with. The creditor, receiver, trust or trustee, estate, beneficiary, or other Person to whom Units are Transferred by Involuntary Transfer (the "Involuntary Transferee") will have only the rights provided in this Section 7.4. As used herein, the term "Involuntary Transfer" means any Transfer of Units by operation of law or in any proceeding, including a Transfer resulting from the dissociation of a Member, by or in which a Member would, but for the provisions of this Section 7.4, be involuntarily deprived of any interest in or to the Member's Units, including, without limitation, (i) a Transfer on death or bankruptcy, (ii) any foreclosure of a security interest in the Units, (iii) any seizure under levy of attachment or execution, or (iv) any Transfer to a state or to a public office or agency pursuant to any statute pertaining to escheat, abandoned property, or forfeiture.

(b) **Notice to Company.** Upon the occurrence of an Involuntary Transfer, the Transferor and the Involuntary Transferee shall each immediately deliver a written notice to the Company describing the event giving rise to the Involuntary Transfer; the date on which the event

occurred; the reason or reasons for the Involuntary Transfer; the name, address, and capacity of the Involuntary Transferee; and the Units involved (a "Notice of Involuntary Transfer"). The Notice of Involuntary Transfer shall constitute the offer to sell the number of Units identified therein for which the Market Price and the terms of payment shall be as set forth in the applicable provisions of Section 7.6.

(c) **Company's Option to Purchase Units.** If any Units are subject to any Involuntary Transfer, the Company shall at all times have the immediate and continuing right and option for a period of sixty (60) days after the Company first receives the Notice of Involuntary Transfer to purchase such Units in accordance with Section 7.6 by giving written notice to that effect to the Transferor and Involuntary Transferee. Failure to properly accept the offer within the prescribed time period shall constitute a rejection of the offer.

(d) **Effect of Company's Rejection of Option.** If the Company does not accept the offer pursuant to Section 7.4(c), or the Company fails through no fault of the Transferor or the Involuntary Transferee to close the Transfer within the applicable time period established therefor, the Involuntary Transfer shall become effective and the Involuntary Transferee shall be subject to the rights and restrictions set forth in this Agreement, including Section 7.4(e), and any subsequent Transfer by the Involuntary Transferee shall be subject to the provisions hereof.

(e) **Effect of Involuntary Transfer.** From the effective date of the Involuntary Transfer, the Involuntary Transferee shall have the rights of an assignee of the Transferor's Units as set out in Section 183.0704(1)(b) of the Act. Unless and until the Involuntary Transferee is admitted as a member by Majority Consent, the Units held by the Involuntary Transferee shall have no voting rights such that the determination of Majority Consent shall be made by excluding the Units held by the Involuntary Transferee for all purposes.

8.5 Marital or Community Property and Divorce.

(a) **Marital or Community Property Rights.** For purposes of this Agreement, any reference to Units shall include all interests in the Units now or hereafter acquired by a Spouse as a result of (1) community or marital property laws including community or marital property, deferred marital property, or augmented marital property, or (2) a property division or other award or Transfer upon dissolution of marriage. The creation of an interest in Units by operation of any applicable community or marital property law shall not be deemed a Transfer so long as the Units in which an interest is created continue to satisfy the following two conditions:

- (i) the Units are registered in the name of the Member or Transferee;
- and
- (ii) the Units are controlled by the Member or Transferee.

(b) **Termination of Marital Relationship.** If the marital relationship of a Member and its Spouse is terminated by the death of the Spouse or by divorce, and if the Member does not receive, or succeed to, any interest of the Spouse in the Units acquired through marital property laws or otherwise, whether by testamentary disposition, operation of law, property settlement agreement, court order or otherwise (each an "Event of Marital Transfer"), then such Member will have the option for sixty (60) days from the date of the applicable Event of Marital Transfer to purchase all, but not less than all, of the Spouse's interest in the Units, as provided in this Section 7.5, by giving written notice to the Spouse or representative of the Spouse's estate, as applicable. If the Member elects to exercise such option, the Spouse or representative of the

Spouse's estate, as the case may be, shall be obligated to sell such interest in the Units pursuant to this Section 7.5. If the Member does not elect to exercise such option, the Spouse or representative of the Spouse's estate, as the case may be, shall notify the Company of the Member's failure to exercise its option, and the Company shall have the option to purchase all, but not less than all, of the Spouse's interest in the Units for sixty (60) days after it receives notice that the Member has not exercised such Member's option. If the Company elects to exercise such option, the Spouse or the personal representative of the Spouse's estate, as the case may be, shall be obligated to sell such interest in the Units pursuant to this Section 7.5 to the Company. The Market Price and payment terms for Units transferred pursuant to this Section 7.5 shall be determined in accordance with the provisions of Section 7.6.

(c) **Effect of Marital Transfer.** If neither the Member nor the Company elects to purchase the Units pursuant to Section 7.5(b), the Spouse or other Transferee who acquires any Units or any interest therein resulting from an Event of Marital Transfer shall have the rights of an assignee of the Transferor's Units as set out in Section 183.0704(1)(b) of the Act. Unless and until the Spouse or other Transferee is admitted as a Member by Majority Consent, the Units held by the Spouse or other Transferee shall have no voting rights such that the determination of Majority Consent shall be made by excluding the Units held by the Spouse or other Transferee for all purposes.

(d) **Member to Vote.** Prior to any Transfer of any Units to a Spouse of a Member pursuant to an Event of Marital Transfer, the Spouse, if any, of each Member, by signing a spousal consent and acknowledgement, substantially in the form attached hereto as Exhibit D, grants to the Member an irrevocable and absolute proxy and power of attorney (the proxy and power being coupled with an interest) to (i) take such actions on the Spouse's behalf without any further deed than the taking of the action by the Member with respect to the Units otherwise held by the Member, and (ii) sign any document evidencing the action for or on behalf of the Spouse relating to the Units. Upon becoming a Member or at the time of any subsequent marriage of a Member, each Member shall obtain from their Spouse and deliver to the Company a signed spousal consent and acknowledgment.

8.6 Market Price and Payment Terms.

(a) **Market Price.** The Market Price for Units transferred pursuant to Sections 8.3(d), 8.4(c) or 8.5(b) shall be an amount equal to the Fair Market Value for such Units (or interest therein) on the date of the Bona Fide Written Offer, Notice of Involuntary Transfer or the Event of Marital Transfer, as applicable. The purchasing party (or parties) shall be entitled, within ten (10) days of the determination of Fair Market Value, to rescind its election to purchase the Units by delivery of notice of such rescission to the selling Member or Member's estate, the Spouse or the Spouse's estate, as applicable.

(b) **Payment Terms.** The Market Price for Units transferred pursuant to Sections 8.3(d), 8.4(c) or 8.5(b) shall be paid by the Company or purchasing Member as follows:

(i) Fifty percent (50%) of the Market Price shall be paid by the purchasing party at closing in cash, by wire transfer or certified check, and

(ii) The remaining fifty percent (50%) of the Market Price shall be payable pursuant to one or more promissory notes executed by the purchasing party; such promissory notes shall bear interest at a rate equal to the United States Prime rate, as published in

the *Wall Street Journal* on the date of the Bona Fide Written Offer, Notice of Involuntary Transfer or the Event of Marital Transfer, as applicable, and shall be payable in equal annual installments over a period of five (5) years (prepayable at any time without penalty).

(c) **Closing.** The closing for any purchase of the Units pursuant to Sections 8.4(c) or 8.5(b) shall be within sixty (60) days after the Fair Market Value is determined.

8.7 Conversion to Corporation. In the event the Board of Directors causes the Company to convert its form to that of a corporation pursuant to Section 9.6, each Member hereby agrees to participate in such conversion by converting such Member's Units into shares of the corporation's capital stock. Such capital stock shall be distributed to the Members pro rata based on the Conversion Value of the Units on the date of the conversion. Each Member shall receive stock of, and/or other interests in, the corporation having, as nearly as is practicable, substantially the same rights, preferences and privileges as the Units exchanged therefor. If requested by the Board of Directors, each Member hereby further agrees to (i) enter into a shareholder agreement, the material terms of which shall be, as nearly as practicable, equivalent to those contained in this Agreement, (ii) execute any other instruments and documents as may be necessary to effectuate the conversion and if required by the Board of Directors as a condition of such conversion (iii) execute any consent required to allow the corporation to elect to be taxed as an S corporation under Section 1362 of the Code. Each Member hereby knowingly, willfully, and irrevocably waives and agrees not to assert any dissenters' rights that may be available to the Members in connection with a conversion of the Company into a corporation.

8.8 Specific Performance. The parties declare that it may be impossible to measure in money the damages that will accrue to any party by reason of a failure to perform any of the obligations under this Article, and the parties agree that this Article shall be specifically enforced. Therefore, if any Member or Transferee institutes any action or proceeding to enforce the provisions of this Article, any Person, including the Company, against whom the action or proceeding is brought waives the claim or defense that the party has or may have an adequate remedy at law. The Person shall not urge in any such action or proceeding the claim or defense that a remedy at law exists, and the Person shall consent to the remedy of specific performance of this Agreement.

ARTICLE 9 MERGER OR CONSOLIDATION

9.1 Merger or Consolidation. The Company may, upon a vote of the Managers and the Members of the Company holding a Required Percentage of the Voting Interests, merge or consolidate pursuant to a plan of merger or consolidation with or into one or more entities formed or organized under the laws of the State of Wisconsin or any other state of the United States or any foreign country or other foreign jurisdiction, with such entity as the agreement shall provide being the surviving or resulting entity. Pursuant to Section 183.1021 of the Wisconsin Act, the provisions for Section 1202 are specifically waived to allow a plan of merger to be approved with not less than ten (10) days written notice and no more than 50 days written notice of the intent to merge by the Plan of Merger.

9.2 Exchange Relating to Merger or Consolidation. Rights or securities of, or interests in, the Company or other entity that is a constituent party to the merger or consolidation may be exchanged for or converted into cash, property, rights or securities of, or interests in, the surviving or resulting entity or, in addition to or in lieu thereof, may be exchanged for or converted into cash,

property, rights or securities of, or interests in, an entity which is not the surviving or resulting entity in the merger or consolidation.

9.3 Filing and Effect of Certificate of Merger or Consolidation. If the Company enters into an agreement of merger or consolidation, the surviving entity shall file Articles of Merger in the Department of Financial Institutions of the State of Wisconsin containing the information required by §183.1204 of the Wisconsin Act. Unless a future date is provided for in such Articles of Merger, the effective date shall be the date of filing with the Department of Financial Institutions of the State of Wisconsin. Such Articles of Merger shall act as Articles of Dissolution for the Company if it is not the surviving or resulting entity in the merger or consolidation.

9.4 Amendment of Old or Adoption of New Operating Agreement. An agreement of merger or consolidation approved in accordance with Section 9.1 may effect any amendment to the Company's Operating Agreement or effect the adoption of a new Operating Agreement for the Company or the surviving entity, as the case may be. Any amendment of the Operating Agreement or adoption of a new Operating Agreement shall be effective at the effective time or date of the merger or consolidation.

9.5 Assumption of Assets and Liabilities. When any merger or consolidation shall have become effective under this Article, for all purposes of the laws of the State of Wisconsin, all of the rights, privileges and powers of the Company and each of the other entities that have merged or consolidated, and all property, real, personal and mixed, and all debts due or incurred to or by any of the constituent parties, as well as all other things and causes of action belonging to each of such parties to the merger or consolidation, shall be vested in the surviving or resulting entity, and shall thereafter be the property or obligation of the surviving or resulting entity, and the title to any real property vested by deed or otherwise shall not revert or be in any way impaired.

9.6 Conversion to Corporation. Notwithstanding any other provisions of this Operating Agreement, upon approval by the Board of Directors, and without further action by the Members, the Company may be converted from a limited liability company into a corporation organized under the laws of the State of Wisconsin or any other state, which conversion may occur (i) as a matter of law, (ii) pursuant to a merger into a newly formed corporation, with the corporation being the surviving entity, or (iii) through whatever structure the Managers deems appropriate and in the best interests of the Company.

ARTICLE 10 DISSOCIATION, DISSOLUTION AND LIQUIDATION

10.1 Events Causing Dissolution. The Company shall be dissolved only upon the happening of a Dissolution Event.

10.2 Termination. Dissolution of the Company shall be effective on the date on which the Dissolution Event occurs but the Company shall not terminate until Articles of Dissolution have been duly filed under the Act, the affairs of the Company have been wound up, and the assets of the Company have been distributed as provided in Section 9.3. Notwithstanding the dissolution of the Company, prior to the liquidation and termination of the Company, the business of the Company and the affairs of the Members, as such, shall continue to be governed by this Agreement.

10.3 Liquidation. The Members shall appoint a Liquidator of the Company who may, but need not, be a Member. The Liquidator shall have all authority that is necessary or appropriate to the winding up and liquidation of the Company, and the Liquidator shall proceed with the winding up and liquidation of the Company by applying and distributing the Company's assets pursuant to Section 4.2. A reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Liquidator to minimize any losses resulting from the liquidation.

10.4 Filing and Notice. The Liquidator shall promptly, upon appointment, execute and file on behalf of the Company all documents necessary to effect such dissolution.

10.5 Distributions In Kind. If any assets of the Company are to be distributed in kind, such assets shall be distributed on the basis of their Asset Value, and any Member entitled to an interest in such assets shall receive such interest therein as a tenant-in-common with all other Members so entitled.

10.6 Limitation on Liability. Each Member shall look solely to the Company's assets for all distributions from the Company and the return of the Member's Capital Contribution to the Company and shall have no recourse (upon dissolution or otherwise) against any Board of Directors or Member, or any of their respective affiliates.

10.7 Redemption of Units. In the discretion of the Board of Directors, the Company may, but shall have no obligation, to redeem any Unit upon request of a Member. The price and terms for such redemption shall be as negotiated except that no premium shall be paid for a redemption above the net book value of the Unit without Majority Consent of Members.

ARTICLE 11 BOOKS AND RECORDS, INSURANCE

11.1 Books and Records. At the expense of the Company, the Officers shall maintain records and accounts of all operations and expenditures of the Company for a period of seven (7) years from the end of the Fiscal Year during which the last entry was made on such record. At a minimum the Company shall keep the following records:

(a) A current list of the full name and last known business address of each Director, Officer and Member;

(b) A copy of the Articles of Organization and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which this Operating Agreement and any certificate and all amendments thereto have been executed;

(c) Copies of the Company's federal, foreign, state and local income tax returns and reports, if any, for the three (3) most recent years;

(d) Copies of this Operating Agreement and all amendments thereto;

(e) True and full information regarding the status of the business and financial condition of the Company; and

(f) True and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each became a Member.

The Company's books and records shall be maintained at the Company's principal office or at any other place designated by the Board of Directors and shall be available for inspection and copying by any Member or any Member's duly authorized representative(s), at the Member's own expense, during normal business hours.

11.2 Company Funds. The Company's funds may be deposited in such banking institutions as the Board of Directors determines, and withdrawals shall be made only in the regular course of the Company's business on such signature or signatures as the Board of Directors determines. All deposits and other funds not needed in the operation of the business may be invested in certificates of deposit, short-term money market instruments, money market funds, government securities, or similar investments as the Board of Directors determines.

11.3 Availability of Information. The Company shall keep at its principal office and place of business, and each Member shall have the right to inspect and copy, all of the following: (i) a current list of the full name and last-known business address of each Member or former Member set forth in alphabetical order, the date on which each Member or former Member became a Member, and, if applicable, the date on which any former Member ceased to be a Member; (ii) a copy of the Articles of Organization and all amendments to the Articles; (iii) copies of the Company's federal, state, and local income tax returns and financial statements, if any, for its four most recent years; and (iv) copies of this Agreement and any effective written amendments to this Agreement.

11.4 Tax Returns. The Board of Directors shall cause to be prepared and shall file on or before the due date (or any extension of the due date) any federal, state, or local tax returns required to be filed by the Company. The Board of Directors shall cause the Company to pay any taxes payable by the Company out of Company funds. Subject to the terms hereof, the Board of Directors shall serve as the "Tax Matters Partner" pursuant to Section 6231(a)(7) of the Code.

11.5 Reports. Within 75 days after the end of each Fiscal Year, the Board of Directors shall send to each Person who was a Member at any time during the Fiscal Year then ended (i) a balance sheet as of the end of the Fiscal Year, (ii) statements of income, Members' equity, changes in financial position, and a cash flow statement for the Fiscal Year then ended, and (iii) such tax information as is necessary or appropriate for the preparation by the Members of their individual federal and state income tax returns.

ARTICLE 12 MISCELLANEOUS

12.1 Amendments to Agreement. No amendment or modification of this Agreement shall be valid unless made in writing and approved by Majority Consent.

12.2 Appointment of Board of Directors as Attorney-in-Fact. The Members appoint the Board of Directors as their true and lawful attorney-in-fact with full authority in their name to execute, deliver, file, and record at the appropriate public offices such documents as may be necessary or appropriate to carry out the provisions of this Agreement, including but not limited to all certificates and other instruments (including counterparts of this Agreement), and any amendment of this Agreement, that the Board of Directors deems appropriate to qualify or continue the Company as a limited liability company in the jurisdictions in which the Company conducts business or in which such qualification or continuation is, in the Board of Director's opinion, necessary to protect the Members' limited liability.

12.3 Integration. This Agreement and the exhibits and schedules attached hereto supersede all prior oral or written agreements or understandings between the parties to this Agreement regarding the subject matter of this Agreement and are the complete agreement of the Members.

12.4 Binding Provisions. The agreements and covenants contained in this Agreement inure solely to the benefit of the parties to this Agreement. This Agreement shall be binding on the heirs, executors, administrators, personal representatives, successors, and assigns of the respective parties to this Agreement.

12.5 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Wisconsin, without giving effect to the principles of conflicts of laws.

12.6 Severability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision or provisions of this Agreement are determined to be invalid or contrary to any existing or future law, the invalidity shall not affect or impair the operation of those portions of this Agreement that are valid.

12.7 Headings. The headings of this Agreement are inserted for convenience only and shall not limit or otherwise affect any of the terms or provisions hereof.

12.8 Notice. Any notice required or permitted to be given pursuant to this Agreement shall be valid only if in writing and shall be deemed to have been duly given (i) when personally delivered, (ii) when transmitted by fax if confirmation of receipt is printed out on the sending fax machine, or (iii) three (3) days after being mailed by certified mail, postage prepaid, addressed to the Person receiving notice at the address contained in the Company's records, unless that Person otherwise notifies the Company in accordance with this Section 11.8 of a change of address.

12.9 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute the same agreement.

12.10 Facsimile and PDF Signatures. Any signature to any agreement transmitted electronically by facsimile or pdf software shall be deemed a true and legally binding signature for all purposes and shall for all purposes be considered an original signature.

12.11 Section Deleted.

12.12 Resolution of Disputes. The Members desire to avoid all forms of traditional litigation and, therefore, agree that any dispute, controversy or claim concerning or relating to this Operating Agreement or any of the Related Documents, including its interpretation or breach (a "Dispute"), shall be resolved in the following manner:

(a) **Resolution by Conference.** The Members shall use all reasonable efforts to resolve the Dispute through direct discussions. Within 20 days of written notice that there is a Dispute, the parties shall meet in Wisconsin or confer by telephone in an effort to reach an amicable settlement.

(b) **Resolution by Mediation.** If the parties are unable to resolve their dispute by direct discussion, they may proceed to voluntary mediation with a third party mediator.

(c) **Resolution by Arbitration.** If the Dispute has not been resolved as a result of the procedure in paragraph (a) or (b) hereof within 45 days of the initial written notice that there is a Dispute (or such additional time to which the parties may agree), the matter shall be resolved by final and binding arbitration in Wisconsin, conducted in accordance with the rules of the American Arbitration Association. There shall be three arbitrators, each of whom shall be neutral, independent and impartial. Judgment on an arbitration award may be entered by any court of competent jurisdiction, or application may be made to such a court for judicial acceptance of the award and any appropriate order including enforcement.

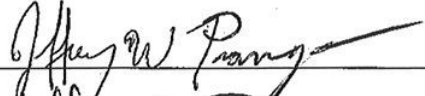
(d) **Continuation of Obligations.** During the dispute resolution process, each Member is required to continue to perform its obligations under this Operating Agreement or any Related Document pending final resolution of any Dispute.

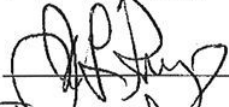
12.13 Nondilution. The intent of the Members is to register the Company or its successor under the Securities Exchange Act of 1934 for the purpose of developing liquidity for its Members. Until the Company or its successor becomes publicly registered, the ownership percentage of minority owners shall not be subject to dilution. This requirement will terminate when the Company or its successor achieves such registration.

12.14 Information. PAET will supply monthly financial statements to a representative of Great Lakes Tissue Group, LLC. ("GLT") until a certain Note for \$15 million due to GLTG is paid. When said Note is paid, this provision 12.14 shall terminate.

(The balance of this page is deliberately left blank).

**SIGNATURE PAGE TO
PATRIOT ADVANCED ENVIRONMENTAL TECHNOLOGIES, LLC.
OPERATING AGREEMENT**

Signature: 
Print Name: Jeffrey W Prange
4 R Planet LLC

Signature: 
Print Name: James L Prange
William Waters, LLC

Signature: _____
Print Name: _____

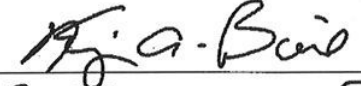
Signature:  1/13/23
Print Name: GLTG Kip A. Boie

EXHIBIT A

DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below and any derivatives of the terms shall have correlative meanings:

Act means Chapter 183, Wis. Stats., the Wisconsin Limited Liability Company Law.

Additional or Substitute Members shall mean any Person who or which is admitted to the Company as an Additional or Substitute Member.

Advisory Board Members shall mean one or more individuals, who may but need not be Directors, Officers, or employees of the corporation who are appointed by the Board of Directors to advise the Officers and Directors of the Company and/or of division(s) of the Company with respect to the affairs of the Company or such divisions, pursuant to Section 6.17 hereof.

Affiliate or Affiliates when used with respect to any Person, means (i) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person; (ii) any Person that is an Officer of, partner in or trustee of, or serves in a similar capacity with respect to, such Person or of which such Person is an Officer, partner or trustee, or with respect to which such Person serves in a similar capacity; and (iii) any Person that, directly or indirectly, is the beneficial owner of 51% or more of any class of equity securities of such Person or of which such Person is directly or indirectly the beneficial owner of 51% or more of any class of equity securities. For purposes of this definition, "control" (including the correlative terms "controlling," "controlled by" and "under common control with"), with respect to any Person, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

Agreement means this operating agreement of the Company.

Asset Disposition means any sale or transfer of all or substantially all of the assets of the Company to one or more unrelated third Persons through any transactions or series of related transactions.

Asset Value means as of any date, with respect to any asset, the asset's adjusted basis for federal income tax purposes as of such date, except as follows:

(1) The initial Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of the asset, as reasonably determined by the Board of Directors;

(2) The Asset Values of all assets of the Company shall be adjusted to equal their respective gross fair market values, as reasonably determined by the Board of Directors, as of the following times: (a) the acquisition of additional Units by any new or existing Member in exchange for more than a *de minimis* Capital Contribution; (b) the distribution by the Company to a Member

of more than a *de minimis* amount of the Company's property as consideration for Units if the Board of Directors reasonably determines that the adjustment is necessary or appropriate to reflect the relative economic interests of the Members; (c) the liquidation of the Company within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations; and (d) in connection with the grant of Units representing an interest in the Company (other than a *de minimis* interest) as consideration for services to or for the benefit of the Company by an existing Member acting in its capacity as a Member, or by a new Member acting in its capacity as a Member or in anticipation of being a Member;

(3) The Asset Value of any Company asset distributed to any Member shall be the gross fair market value of the asset on the date of distribution as reasonably determined by the Board of Directors;

(4) The Asset Value of the Company's assets shall be increased (or decreased) to reflect any adjustments to the adjusted bases of the assets pursuant to Section 734(b) or Section 743(b) of the Code, but only to the extent required by Section 1.704-1(b)(2)(iv)(m) of the Treasury Regulations; provided, however, that Asset Values shall not be adjusted pursuant to this clause (4) to the extent the Board of Directors reasonably determines that an adjustment pursuant to clause (2), above, is necessary or appropriate in connection with a transaction that otherwise would result in an adjustment pursuant to this clause (4); and

(5) If the Asset Value of an asset has been determined or adjusted pursuant to clause (1), (2), or (4), above, the Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to that asset for purposes of computing Profits and Losses.

Board of Directors means those Persons who manage the Company, who are elected and act collectively in the manner specified in Article 6 of this Agreement; a **Director** is one member of the Board; and the **Board** refers to the Board of Directors.

Bona Fide Written Offer means a bona fide, arm's-length, binding, written offer from an unrelated third party and does not include any offer which contains terms or provides for consideration which, by reason of the unique nature of such terms or consideration, could not be met or provided for by an ordinary third party.

Capital Account means the account established and maintained for each Member pursuant to Article 3 of this Agreement.

Capital Contribution means the net amount of cash, property, services rendered, or promissory notes or other written obligations contributed to the Company by any Member with respect to its Units in each case at its Asset Value.

Cash Available for Distribution means Cash Flow less Reserves.

Cash Flow means cash funds provided from the various assets of the Company, or, with respect to property or investments held directly by the Company, from operations, including the release of Reserves, without deduction for depreciation, amortization, or similar non-cash allowances, but

after deducting cash funds used to pay for all operating expenses, debt payments, improvements, replacements or other cash outlays actually incurred.

Certificate of Formation means the Certificate of Formation of the Company filed with the Wisconsin Secretary of State, as amended from time to time.

Change of Control means one or a series of transactions pursuant to which any Person acquires more than fifty percent (50%) of the Company's outstanding voting securities (whether by merger, consolidation, recapitalization, reorganization, purchase or otherwise) or all or substantially all of its assets, provided that sales to Affiliates of the Company will be excluded from this definition.

Code means the Internal Revenue Code of 1986, as amended (or any corresponding provisions of succeeding law).

Common Units means the Voting Common Units and the Non-voting Common Units that are held by the Members in exchange for such Members' Capital Contributions. Exhibit B shall set forth the number and type of Common Units held by each Member in the Company.

Company means [NAME OF COMPANY], a Wisconsin limited liability company.

Company Election Period shall have the meaning set forth in Section 8.3(b) of this Agreement.

Confidential Information means all information of the Company relating to the Company's existing or potential business or technology and that is generally not known by or cannot be lawfully ascertained by the public or the Company's competitors that is disclosed to or known by a Member as a direct or indirect consequence of or through the Member's ownership of Units or otherwise; provided that for purposes of this definition the term Confidential Information does not include information that is otherwise protected under the Wisconsin Uniform Trade Secrets Act, Section 134.90 of the Wisconsin Statutes or other similar state or federal statute in effect from time to time. Examples of Confidential Information include but are not limited to the following: non-public business and marketing plans, inventions, developments, source code, software, databases, algorithms, works of authorship, strategies, existing or proposed bids, costs, prices, vendors and client information, product specifications, processes, strategies, technical developments, existing or proposed research programs, financial or business projections, technical data, investments, negotiation strategies, or information stored or developed by or for the Company in or with computers. Confidential Information shall also include all notes, data, compilations, analyses, documents and other materials prepared by a Member on the basis of what it receives from the Company.

Conversion Value means, with respect to a Unit, the amount the holder of such Unit would receive attributable to such Unit if all the assets of the Company were sold for their fair market value (as reasonably determined by the Board of Directors) and the Company was liquidated in accordance with Article 10.

Depreciation means, for each Fiscal Period of the Company, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset of the Company

for such Fiscal Period under the Code, except that if the Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Period, Depreciation shall be an amount that bears the same ratio to such beginning Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Period bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Period is zero, Depreciation shall be determined with reference to such beginning Asset Value using any reasonable method consistent with the purpose and intent hereof.

Disassociation Event means an event which causes a Person to cease to be a Member under this Agreement or Section 183.0802 of the Act.

Dissolution Event means the approval of the dissolution by the Members, or the entry of a decree of judicial dissolution pursuant to Section 183.0902 of the Act.

Distributable Cash shall mean all cash received by the Company from Company operations or capital transactions, Members' capital contributions or debt financing transactions less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders, if any; (ii) all cash expenditures incurred incident to the normal operation of the Company's Business; and (iii) such other Reserves as the Managers deems reasonably necessary to the proper operation of the Company's business.

Drag-along Option shall mean the power to require all Members to sell their Units to a prospective Transferee under the circumstances set forth in Section 8.3(d) of this Agreement.

Effective Date means the date of organization of the Company pursuant to the Act.

Equalizing Distributions shall mean a distribution made pursuant to Section 4.1(c) of the Agreement to adjust Capital Accounts with respect to prior Nonprorata Tax Distributions.

Event of Marital Transfer shall mean an event which results in a person acquiring a Unit through the marital property laws, whether by testamentary disposition, operation of law, property settlement agreement, court order of otherwise pursuant to 8.5(b) of this Agreement.

Fair Market Value means the fair market value of Units offered for sale. The selling Member (or Spouse or Spouse's estate) and the purchaser(s) of the Units shall attempt to mutually agree upon the Fair Market Value within thirty (30) days after notice has been given to the Transferor of the purchaser's intent to exercise its option under the Agreement. If the parties cannot agree on the Fair Market Value, then the Fair Market Value shall be determined by an appraiser taking into account all applicable customary discounts and the Capital Account balance of the Units. The appraiser shall be selected by mutual agreement of the purchasing and selling parties, and if the parties cannot agree on the identity of an appraiser within sixty (60) days after notice has been given to the Transferor of the purchaser's intent to exercise its option under the Agreement, Fair Market Value shall be the average of two appraised values, one obtained from an appraiser selected by the purchasing party, and the other obtained from an appraiser selected by the transferring

Member(s). The appraiser or appraisers as the case may be shall determine the Fair Market Value within ninety (90) days of being selected. In the event the parties agree on a single appraiser, the Company shall bear the cost of the appraisal, except in the case of a transfer of Units under Section 7.5(b) from a Spouse or Spouse's estate to a Member, where the cost shall be split between the two. In the event two appraisals are obtained, each party shall bear the cost of its own appraiser.

Fiscal Period means a portion of a Fiscal Year.

Fiscal Year shall be a calendar year, provided that in the year of the formation, sale, or liquidation of the Company, a Fiscal Year shall be the lesser period of Company existence.

Fully Diluted Basis means ownership measured (on an as-converted basis) against (i) all issued and outstanding Units and Unit equivalents; (ii) any unissued Units and Unit equivalents reserved for employee options or warrants or otherwise reserved or dedicated to compensating employees; (iii) all outstanding options and warrants to purchase Units or Unit equivalents and (iv) all issued and outstanding equity interests convertible into Units.

Involuntary Transfer and Involuntary Transferee shall have the meanings set forth in Section 7.4(a) of this Agreement relating to circumstances under which a Member may be deprived of a Unit by operation of law or in any proceeding, including circumstances set forth in Section 7.4.

IRS Notice shall mean IRS Service Notice 2005-43, related to the safe harbor election related to the tax treatment of Service Units, as described in in Section 5.4(c) of this Agreement.

Liquidator shall mean the person appointed pursuant to Section 10.3 of this Agreement to wind up and liquidate the Company.

Loss Year shall mean a prior year in which the Company has had a tax loss for federal income tax purposes as described in Section 4.1(a) of this Agreement.

Majority Consent means the consent of Members holding or having the right to vote more than fifty percent (50%) of the Units outstanding at time of the consent, unless otherwise expressly provided in the Agreement; provided, however, that the Units of Involuntary Transferees, assignees pursuant to Section 8.5 of this Agreement (Marital Transfer), or others who have not been admitted as Members to the Company shall be excluded for all purposes in determining Majority Consent.

Market Price means the price determined under Section 8.6(a) of this Agreement.

Member means a Person listed on Exhibit B until such time as the Person is no longer a Member in accordance with this Agreement and any additional Person who is admitted as a Member to the Company in accordance with this Agreement.

Non-pro rata Tax Distribution shall have the meaning set forth in Section 4.1(c) of this Agreement.

Notice of Involuntary Transfer shall have the meaning set forth in Section 8.4(b) of this Agreement.

Notice of Transfer means the written notice to be sent by a Transferor to the Company pursuant to Section 8.3(a) of this Agreement before any proposed Transfer stating the Units proposed to be transferred; the name and address of the prospective Transferee; the date on which the Transfer is to occur (which date shall not be later than one hundred twenty (120) days after the date of the Notice of Transfer); and the sale price, the terms of payment, and the other material terms and conditions of the proposed Transfer.

Offer shall have the meaning set forth in Section 8.3 of this Agreement.

Offered Securities shall have the meaning set forth in Section 8.3 of the Agreement.

Offered Units shall have the meaning set forth in Section 8.3(b) of this Agreement.

Officers shall mean any individual who is designated by the Managers as an Officer of the Company pursuant to Article 6 of this Agreement.

Permitted Transferee means: (1) in the case of a Member that is an entity, the owners of the Member; (2) a Spouse, parent, sibling or the issue of a Member or of any individual identified in subsection (1), above; (3) another Member; (4) a trust created for the benefit of a Member and/or any Persons identified in subsections (1)-(3), above; (5) any other Person approved by the Board of Directors, or (6) the Company.

Person means an individual, a general partnership, a limited partnership, a domestic or foreign limited liability company, a trust, an estate, an association, a corporation, or any other legal or commercial entity.

Preferred Return means the amount allocated pursuant to Article 5 of this Agreement to holders of a class or series of Preferred Units defined by the Board pursuant to Article 2. An annual preferred return is equal to the product of the percentage specified by the Board in its definition of the series or class of Preferred Units calculated per annum multiplied by the Unit Base Capital attributable to the Unit. The Preferred Return may cumulate on a compounded or non-compounded basis as specified in its definition. In the event that the Preferred Return is calculated for a Fiscal Period, the Preferred Return for such Fiscal Period shall equal the Preferred Return for the full Fiscal Year multiplied by a fraction, the numerator of which is the number of days in the Fiscal Period and the denominator of which is 365. The parties intend that the Preferred Return not be treated as a guaranteed payment under Section 707(c) of the Code.

Preferred Unit is a Unit defined pursuant to Section 2.1(c) of this Agreement, which is entitled to allocations made in preference to Common Units.

Private Placement Memorandum (PPM) shall mean any securities disclosure document and the exhibits thereto, pursuant to which Company securities are offered or sold.

Profits and Losses mean, for each Fiscal Period, an amount equal to the Company's taxable income and loss for the Fiscal Period, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income and loss), with the following adjustments:

(1) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition shall be added to the taxable income or loss;

(2) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) expenditures described in Section 1.704-1(b)(2)(iv)(i) of the Treasury Regulations, and not otherwise taken into account in computing Profits and Losses pursuant to this definition, shall be subtracted from the taxable income or loss;

(3) In the event the Asset Value of any Company asset is adjusted pursuant to the definition of Asset Value, the amount of the adjustment shall be taken into account as gain or loss from the disposition of the asset for purposes of computing Profits and Losses;

(4) Gain or loss resulting from any disposition of any property by the Company with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Asset Value of the property disposed of, notwithstanding that the property's adjusted tax basis differs from its Asset Value;

(5) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing the taxable income or loss, there shall be taken into account Depreciation for the Fiscal Year or other period; and

(6) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Section 734(b) or Section 743(b) of the Code is required pursuant to Section 1.704-1(b)(2)(iv)(m) of the Treasury Regulations to be taken into account in determining Capital Accounts as a result of a distribution other than in complete liquidation of a Member's Units, the amount of the adjustment shall be treated as an item of gain (if the adjustment increases the asset's basis) or loss (if the adjustment decreases the asset's basis) from the disposition of the asset and shall be taken into account for purposes of computing Profits and Losses.

(7) Notwithstanding any other provision of this definition, items that are specially allocated pursuant to Sections 5.2 and 5.4 shall not be taken into account in computing Profits and Losses.

Service Unit shall mean a Unit issued for service pursuant to Section 2.1(d).

Service Unit Holder shall mean a Member holding a Service Unit.

Regulatory Allocations shall have the meaning set forth in Section 5.2 of this Agreement.

Related Document shall mean (i) any subscription agreement or contribution agreement applicable to any Member issued pursuant to (ii) a Private Placement Memorandum.

Required Percentage shall mean the percentage vote specified under a provision of this Agreement to make a binding decision by the Board or the Members. Unless otherwise specified in respect of a decision, the Required Percentage in respect of the Board is a majority of the Directors present and voting at a meeting where a quorum is present, or in respect of the holders of a class or series of Units, are the holders of a majority of the Units of the class or series of Units are issued and outstanding.

Reserves means, with respect to any Fiscal Period, funds set aside or amounts allocated during or with respect to a period in amounts deemed sufficient by the Board of Directors for repairs, replacements, contingencies, or other outlays, known or unknown, contingent or otherwise.

Spouse means the husband or wife of a Member or a Transferee.

Subsidiary shall mean any corporation, limited liability company, partnership, association or other business entity directly or indirectly owned in whole or in part by the Company, and directly or indirectly controlled by the Company.

Supermajority Consent means the consent, determined in accordance with Section 6.6 of this Agreement, of Members holding or having the right to vote more than two-thirds (2/3) of the Units outstanding at the time of the consent, unless otherwise expressly provided in the Agreement; provided, however, that the Units of Involuntary Transferees, assignees pursuant to Section 7.5 of this Agreement or others who have not been admitted as Members to the Company shall be excluded for all purposes in determining Supermajority Consent.

Tax Distribution means the amount distributed to Members pursuant to Section 4.1(a), (b) and (c) of this Agreement.

Tax Distribution Dates means, except as provided in Section 4.1(b) of this Agreement, January 15, April 15, June 15, and September 15 of each Fiscal Year.

Tax Matters Partner shall have the meaning assigned in the Code and on behalf of the Company shall be the Person designated by the Board of Directors.

Tax Rate means the highest combined marginal income tax rate for federal and Wisconsin purposes for the Fiscal Period at issue applicable to individuals, assuming in determining the tax rate that state taxes are deductible for federal purposes, subject to the maximum applicability of the phase out of itemized deductions contained in Section 68 of the Code. In determining the Tax Rate, a separate Tax Rate shall be determined for ordinary income and long-term capital gains, respectively, if the Company has both types of income.

Transfer means to sell, assign, give, bequeath, pledge, or otherwise encumber, divest, dispose of, or transfer ownership or control of all of, any part of, or any interest in a Unit to any Person, whether voluntarily or by operation of law, whether *inter vivo* or upon death.

Transferee means any Person who proposes to acquire or acquires Units pursuant to the provisions of this Agreement.

Transferor means a Member who proposes to Transfer or Transfers any or all of a Member's Units pursuant to the provisions of this Agreement.

Treasury Regulations or **Regulations** means the regulations adopted from time to time by the Department of the Treasury under the Code, and any references to "partners" or "partnership" in the Regulations shall refer, as appropriate, to Members and the Company, respectively.

Unit means an equity interest in the Company having the particular preferences, rights and obligations set forth in this Agreement.

Unit Base Capital means the initial Capital Contribution made in exchange for a Unit, plus any subsequent Capital Contribution with respect to such Unit, less any distributions made pursuant to Section 4.1(e)(ii) in the current or prior Fiscal Periods attributable to the Unit. Each Member's Unit Base Capital as of the Effective Date is set forth on Exhibit B.

Valuation Date shall mean the date set by the Board of Directors as of which Company assets or the Capital Account shall be valued for any purpose under this Agreement.

Voting Common Units shall mean the Voting Common Units issued or to be issued to Members pursuant to this Agreement.

EXHIBIT B**CAPITAL CONTRIBUTIONS**

Initial Issuance						Percentage ownership as fully-diluted following proposed issuance of equity to employees		Percentage ownership as fully-diluted following hypothetical future investment	
Member	Capital Contribution	Capital Account Value	Units	Voting %		Units	Voting %	Units	Voting %
4 R Planet, LLC	Equipment & Intellectual Property	\$81,000,000	81M	81					
Great Lakes Tissue Group, LLC	Stock of Great Lakes Tissue	\$10,000,000	10M	10					
Ramjet Group, LLC	Financing and Service	\$8,000,000	8M	8					
William Waters, LLC	Service	\$1,000,000	1M	1					
TOTALS		\$100,000,000	100M	100					

B-1

GLTC0000076

EXHIBIT C
BOARD OF DIRECTORS

<u>Name:</u>	<u>Position:</u>
1. Thomas Homco	Board Member/Chairman
2. Charlie Albers	Board Member
3. Jeffrey W Prange	Board Member/CEO/President
4. Paul Jilek	Board Member/COO/CTO
5. Donald Swenson	Board Member
6. Kip Boie	Board Member
7. Bernard Dahlin III	Board Member

\$1,500,000 Cash Payment to Great Lakes Tissue Group, LLC

Patriot Advanced Environmental Technologies to provide documentation of \$1,500,000 in bank/escrow.



To Whom it May Concern:

January 6th 2023

Thomas Homco under the LLC Hom Thermo Warehouse XII has the required funds in his operating account under this name required for the purchase of the warehouse located at 502 N Main Street in Cheboygan. The timeline where all funds will be wired to Cheboygan title for this purchase is on Jan 11, 2023. Of course, all requirements of the closing need to be satisfied before such funds are dispersed

Should you have any questions please feel free to reach out to me.

Joe Fendi
Senior Vice President
Commercial Banking, INB, N.A.
100 Chesterfield Business Pkwy #310
Chesterfield, MO 63005
Office 636.730.2516
Mobile 636.448.1338
Email: jfendi@inb.com
www.inb.com

-----Original Message-----

From: Jeff Prange <JWP@PatriotAET.com>

Sent: Friday, January 6, 2023 2:43 PM

To: donald swenson donaldcswenson@icloud.com

Subject: Bank Accounts

Finally spoke to Dan Kirby at the Cheboygan area PNC bank. He has referred our group to his associate Jordan Hogg who covers northern Michigan for PNC bank.

Dan's principle focus is small business accounts; whereas Jordan is a more dedicated business banker.

Items to gather for new accounts listed below; list may be subject to change as I have yet to hear from Jordan as to what "he" requires for new accounts at PNC....

LLC and Corporation designations;

1. Operating Agreement for each entity
2. State registration document
3. IRS EIN document
4. Multiple forms of ID for each signer on the account
5. Corporate meeting minutes describing the intent of the account and language reflecting who each individual is and who has authority to be a signer on the accounts
6. Potentially Wet Ink Signatures (but DocuSign may be an option)

The intention is to meet with Jordan next week when I am in Cheboygan.

That's the update.

-Jeff

Email Disclaimer

The information contained in this communication may be confidential, is intended only for the use of the recipient(s) named above, and may be legally privileged. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication, or any of its contents, is strictly prohibited. If you have received this communication in error, please return it to the sender immediately and delete the original message and any copy of it from your computer system. If you have any questions concerning this message, please contact the sender.

PURCHASE OF WAREHOUSE AND PLASTIC

THIS AGREEMENT, made this ____ day of January, 2023 by and between Great Lakes Tissue Group, LLC ("OPTION Holder") and Clarence Roznowski ("Seller"), the sole owner of Cheboygan Warehouse Services, LLC ("Warehouse"), and Patriot Advanced Environmental Technologies, LLC ("Buyer").

WHEREAS, the Option Holder desires to terminate its interests in the option to buy the Warehouse.

WHEREAS, Buyer desires to purchase the Warehouse from Seller

NOW, THEREFORE,

1. Termination of Option. Option Holder hereby terminates all of its rights and interests in the option.
2. Purchase of Warehouse and Plastic. For the sum of \$2 million in cash receipt of which is acknowledged Seller conveys all of the stock of Warehouse and the plastic therein contained to Buyer.
3. Closing. Closing shall occur on or about January ___, 2023.
4. Representations. Seller represents that Warehouse is a limited liability company duly organized, validly existing and in good standing under the laws of Michigan.
5. No Conflict. The execution, delivery and performance of this Agreement, and the consummation of the transactions herein contained, do not and will not: (a) constitute a breach of or default under or result in any lien, encumbrance, security interest, charge of restriction against Buyer under any contract agreement or other commitment to which any party is bound or (b) violate any order, writ, injunction decree, statute, ordinance, rule or regulation applicable to any party.
6. There is no action, suit or proceeding at law or equity, or before or by any federal, state or local or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, pending or to the knowledge of the Seller or Option Holder, threatened, against any party which if determined adversely would have a material adverse effect on the transactions contemplated hereby.
7. At closing, Warehouse and its membership interests will be free and clear of all liens, claims, interests and encumbrances.
8. Seller and Option Holder have the full right, power and authority to enter into this Agreement.
9. Each party will pay its own expenses in relation to the Agreement.
10. All representations, warranties and agreements made in this Agreement shall survive the closing.
11. This Agreement constitutes the entire agreement of the parties with respect to the Warehouse and plastic and supersedes in its entirety all prior undertakings and agreements of the parties.
12. This agreement shall be governed by and construed in accordance with the local internal laws of the State of Wisconsin.

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective January ___, 2023.

Great Lakes Tissue Group LLC

Kraig Baird 1/13/23

Clarence Roznowski

Patriot Advanced Environmental Technologies, LLC

**WRITING IN LIEU OF MEETING OF THE SHAREHOLDERS OF
GREAT LAKES TISSUE COMPANY, INC**

Resolved that the following are elected as Directors and Officers of Great Lakes Tissue Company, Inc.

DIRECTORS:

OFFICERS:

Jeffrey W. Prange (President)

Shareholders of Great Lakes Tissue Company, Inc


Patriot Advanced Environmental Technologies, LLC

BY: 
Jeffrey W Prange
ITS: President

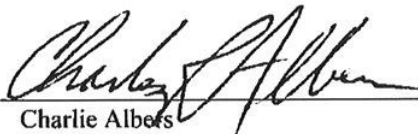
**WRITING IN LIEU OF MEETING OF PATRIOT ADVANCED ENVIRONMENTAL
TECHNOLOGIES, LLC**

Resolved, the undersigned, being Directors and/or Officers, appointed by the Board of Directors, hereby designate Jeffrey W. Prange to be the authorized signer of all documents related to transactions pertaining to Great Lakes Tissue Company, Inc., Great Lakes Tissue Group, LLC, Clarence Roznowski, Cheboygan Warehouse Services, LLC, Cheboygan Hydro Services, LLC.

DATED January 10, 2023

Signature: 
Jeffrey Prange

Signature: 
Paul Jilek

Signature: 
Charlie Albers

Signature: 
Bernard Dahlin III

GLTC0000082

Section 6.1 L – Neutral Releases

Releases by all parties and persons designated on an attached Exhibit of all other parties and persons designated from all liabilities and claims for all past conduct.

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

By: _____

Name: _____

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By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

**WRITING IN LIEU OF MEETING OF THE MEMBERS OF
PATRIOT ADVANCED ENVIRONMENTAL TECHNOLOGIES, LLC**

Resolved that the following are elected as Directors and Officers of Patriot Advanced Environmental Technologies, LLC

DIRECTORS:

Thomas Homco (Chairman)

Jeffrey W. Prange

Paul Jilek

Charlie Albers

Donald Swenson

Kip Boie

Bernard Dahlin III

OFFICERS:

Jeffrey W. Prange (President)

Paul Jilek (Chief Operating Officer / Chief Technology Officer)

James Prange (Executive Vice President of Construction)

Michael Ball (Thermal Unit General Manager)

Jeffrey Gardner (Executive Vice President)

Brian Glime (Director of Pulp Operations)

Members of Patriot Advanced Environmental Technologies, LLC:

4 R Planet, LLC

BY: Jeffrey W. Prange 1/13/23
NAME: Jeffrey W. Prange

Great Lakes Tissue Group, LLC

BY: Kip A. Boie 1/13/23
NAME: Kip A. Boie

Ramjet Group, LLC

BY: _____
NAME: _____

William Waters, LLC

BY: James L. Prange
NAME: James L. Prange

Members of Patriot Advanced Environmental Technologies, LLC:

4 R Planet, LLC

BY: _____

NAME: _____

Great Lakes Tissue Group, LLC

BY: Kip A. Boie 1/13/23

NAME: Kip A. Boie

Ramjet Group, LLC

BY: Thomas Homco

NAME: Thomas Homco

William Waters, LLC

BY: _____

NAME: _____

**SIGNATURE PAGE TO
PATRIOT ADVANCED ENVIRONMENTAL TECHNOLOGIES, LLC.
OPERATING AGREEMENT**

Signature: Thomas Homco

Print Name: Thomas Homco-Ramjet Group

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Incorporated under the laws of the state of
Michigan



THE GREAT LAKES TISSUE COMPANY

This Certificate that Patriot Advanced Environmental Technologies, LLC is the

owner of Five Thousand Seven Hundred and Twenty (5,720) Shares

OF COMMON STOCK OF THE GREAT LAKES TISSUE COMPANY

~~transferable~~ only on the books of the Corporation by the holder hereof in
person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

For Witness Whereof, the said Corporation has caused this Certificate to be signed
by its duly authorized officers and to be sealed with the Seal of the Corporation.

this 13th day

of January 2023

Secretary

W. A. Bond, President

W. A. Bond

EXHIBIT 6

Contract ID	Code	Product Status	Non Accrual Date	Principal Balance	Customer	Contact Phone	e-mail Address
82359	3907579	Lease Active		3,155,694.34	The Great Lakes Tissue Company		437 S Main Street, Cheboygan, MI 49721

<input type="button" value="Refresh"/> <input type="button" value="Print"/> <input type="button" value="Export"/>									
Journal	Description	Collection Method	Transaction Date	Process Date	Reference	Invoice/Credit note	Debit	Credit	Balance
Q	OPENING BALANCE 3,155,694.34		10/14/2022	10/14/2022 12:00:00 AM			0.00	0.00	0.00
1084182	Cash receipt	ACH	12/30/2022	01/03/2023 10:10:49 AM	DD INV=71438		0.00	68,082.30	-68,082.30
1084110	Cash failure	ACH	12/30/2022	01/06/2023 09:50:59 AM	DD INV=71438		68,082.30	0.00	0.00
1087385	Cash receipt	ACH	12/30/2022	01/10/2023 08:32:13 AM	DD INV=71438		0.00	68,082.30	-68,082.30
1088628	Cash failure	ACH	12/30/2022	01/12/2023 09:28:19 AM	DD INV=71438		68,082.30	0.00	0.00
1087667	Invoicing (Lease)	ACH	01/01/2023	12/29/2022 12:43:51 PM		71438	68,082.30	0.00	68,082.30
1095273	Invoicing (Lease)	Wire	02/01/2023	01/30/2023 04:56:15 PM		71801	68,082.30	0.00	136,164.60

EXHIBIT 7

From: Song Lo <song@songlolaw.com>
Sent: Wednesday, January 25, 2023 2:37 PM
To: Michael Przekop <m.przekop@sertantcapital.com>
Cc: Gerald King <gking@kingcommercialcapital.com>; James Hoffman <jimhoffmanlp@gmail.com>
Subject: Re: GLT - ACH Payment

Michael,

I represent Great Lakes Tissue Group, LLC, the former owner of Great Lakes Tissue Company - as of last week. The current owners and their CEO's contact information are as follows:

CEO of GLT: Jeff Prange
920-917-5566
JWP@PatriotAET.com

Chairman of PAET: Thomas R. Homco

Great Lakes Tissue Group, LLC remains a minority owner in Patriot Advanced Environmental Technologies, LLC or PAET, which now owns Great Lakes Tissue - upon certain conditions.

Please feel free to call me tomorrow with any questions; otherwise, I trust you will connect with Mr. Prange.

Thank you.

A handwritten signature in black ink, appearing to be 'Song Lo', written in a cursive style.

Song Lo
Song Lo Law, LLC

1397 Ashland Avenue, Unit B
St. Paul, MN 55104

Direct: (612) 247-4939
Main: (612) 325-3422
Fax: (612) 223-6226
song@songlolaw.com

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On Jan 25, 2023, at 3:28 PM, Michael Przekop <m.przekop@sertantcapital.com> wrote:

Jim and Song,

We need to take care of the jan 1 payment via the revised ACH form we sent Kip last week.

We also need to discuss any changes that may have taken place at GLT.

Pretty open to a call tomorrow if that's best.

Thanks

Mike

From: Gerald King <gking@kingcommercialcapital.com>
Sent: Wednesday, January 25, 2023 11:29 AM
To: song@songlolaw.com; Michael Przekop <m.przekop@sertantcapital.com>
Cc: jimhoffmanlp@gmail.com
Subject: GLT - ACH Payment

Hello Song & Michael,

Please connect with each other to discuss new ACH instructions for monthly payments.

Another topic that needs to be discussed during your conversation is the ownership change of GLT.

Best Regards,
Gerald

<image001.png>

EXHIBIT 8



February 3, 2023

VIA EMAIL, OVERNIGHT MAIL (AND CERTIFIED U.S. MAIL)

The Great Lakes Tissue Company
Mr. Kip Boie, President
437 S. Main Street
Cheboygan, Michigan 49721

The Great Lakes Tissue Company
c/o Jeff Prange, President
c/o Michael Garsow, Registered Agent
Patriot Advanced Environmental Technologies, LLC
2301 Sunny Lane Apt B
Suamico, Wisconsin 54313

Re: Sertant Capital, LLC and Prime Alliance Bank, Inc.
(collectively, "Lessor")/The Great Lakes Tissue
Company ("GLT")-Master Lease Agreement No. SC-002157,
Lease Schedule No. 1 (collectively the "Lease"), the
defined terms of which are incorporated herein by
reference unless otherwise noted

Dear Mr. Boie and Mr. Prange:

Please be advised that GLT is in default in the performance of its obligations under the Lease. The Events of Default under the Lease include, but are not limited to, the following:

1. The failure to make the Rent payment that were due under the Lease on January 1, 2023 (despite repeated notices and requests) and on February 1, 2023.

The Great Lakes Tissue Company
The Great Lakes Tissue Company
February 3, 2023
Page 2

2. the occurrence of a buyout, sale, change in control or change in ownership without Lessor's prior written consent resulting in a deterioration of GLT's credit worthiness as determined by Lessor.
3. the occurrence of an Adverse Change as defined in the Lease.

As a result of the Events of Default, Lessor has elected to terminate the Lease and to exercise its right to accelerate and declare the obligations under the Lease immediately due and payable.

Lessor hereby demands payment of all amounts owed under the Lease on or before February 10, 2023. As of February 3, 2023, there is due, owing and unpaid to Lessor by GLT under the Lease the sum of \$3,271,354.51, less the amount of \$1,000,000.00, for a sub-total of \$2,271,354.51, plus the fair market value of the subject Equipment in accordance with the methodology provided for in the Lease, together with late fees, attorneys' fees and costs which accrue hereafter.

As a result of the Events of Default under the Lease, please be further advised that GLT no longer has the right to continue possession and use of the Equipment described in the Lease. Lessor hereby demands that GLT cease and desist from further use of the Equipment until Lessor has received payment in full of all obligations owed by GLT to Lessor or other suitable arrangements have been made with Lessor. Further, it is hereby demanded that GLT surrender possession of the Equipment to Lessor by no later than February 10, 2023 unless payment in full as demanded herein is made prior thereto.

Please be advised that Lessor will without further notice commence enforcement proceedings against GLT unless the unpaid balance of the Lease is paid in full by 5:00 p.m. by February 10, 2023 or other suitable arrangements are made with Lessor. In the event an action is commenced, you should be aware that Lessor will likely seek a Writ of Replevin and Turnover Order against GLT to recover the Equipment.

The purpose of this letter is to inform GLT of the facts and to provide GLT with an opportunity to take appropriate remedial steps before further action is taken by Lessor. Since

The Great Lakes Tissue Company
The Great Lakes Tissue Company
February 3, 2023
Page 3

further legal action will only cause GLT additional expense, we trust and hope that this will be unnecessary.

In the meantime, please be advised that Lessor continues to reserve all of the rights and remedies at law and equity available to it under the Lease. These rights include, but are not limited to, the right to initiate litigation against GLT, to seek the appointment of a receiver, to take possession of the Equipment and to exercise any of the other rights and remedies set forth in the Lease. Please be further advised that although Lessor has provided a timeframe for compliance with its demand as set forth hereinabove, Lessor reserves its right to enforce its rights and remedies at any time without further notice. Moreover, to the extent other Events of Default exist, Lessor reserves all of its rights and remedies related thereof.

Similarly, any delay by Lessor in exercising any or all of its rights, remedies or powers shall not constitute a waiver of any Event of Default or Lessor's right to exercise such rights, remedies or powers at a future date. On the contrary, Lessor reserves the right, at any time, and without notice, to exercise any of the rights and remedies granted to it under the Lease and applicable law.

We await GLT's reply.

Very truly yours,

Sertant Capital. LLC.



By: Michael J. Przekop

Title: President

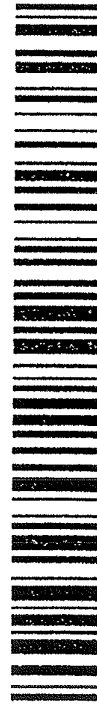
cc Song Lo, Esq.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Great Lakes Tissue Company
 Mr. Kip Boie, President
 437 S. Main Street
 Cheboygan, Michigan 49721



9590 9402 4882 9032 0551 10

2. Article Number (Transfer from service label)

7021 1970 0001 8625 3480

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION

A. Signature

X

B. Received by (Printed Name)

...ssee

Date of Delivery

10/2/23

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail | |
| <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500) | |

Domestic Return Receipt

EXHIBIT 9



PAYOFF QUOTE

March 2, 2023

Michael Przekop
ATTN: Sertant Capital

Lease #: 3907579
Schedule: SC-002157
Name The Great Lakes Tissue Company

To date, the breakdown of the Initial Period payoff amount is as follows:

Remaining Initial Period Payments:	\$2,267,950.40
Late Fees:	\$10,212.35
Legal Fees:	-
Other Fees:	-
Total:	\$2,278,162.75*

*The amount due does not include Lessor's residual interest in the Equipment

A handwritten signature in cursive script that reads 'Julia Clark'.

Special Assets Manager
Prime Alliance Bank, Inc.

Wiring Instructions



Please reference lease # and Lessee name
Funds must be received by 3:30 PM MT

EXHIBIT 10

February 1, 2023

To: Thomas Homco, Board Chairman of
Patriot Advanced Environmental Technologies,
CC: Jeffery Prange, Its Chief Executive Officer

Gentlemen,

As a board member of PAET, I am writing to express concerns and request information.

It was my understanding that PAET had sufficient capital and equipment to enable the GLT business to operate successfully moving forward. PAET made these assurances to Great Lakes Tissue Group ("GLTG") and that PAET was bringing \$5M in fresh capital and over \$20M in equipment. Without these assurances, I know that GLTG would not have gone forward with the merger transaction.

To date, I understand that there has been no capital injected into the company other than minimal amounts to cover payroll – if this information is incorrect, please advise me. Also, no new equipment has arrived onsite - its addition was to be key to generating revenue from pulp production and poly conversion into bio-fuels.

Despite direct notice to Jeff Prange, PAET leadership has not engaged in the business, particularly as it relates to obligations to creditors. It seems that PAET has been non-responsive to a number of creditors and the company is in danger of multiple law suits from these creditors.

These two items lead me to request an accounting of what is happening within the company, as I am a board member along with you and others. Who is making decisions? Is Jeff still our CEO? What is the specific financial condition of the company, and what are PAET's plans moving forward?

Additionally I want to offer my thoughts on some accusations that I understand, have been made about GLTG and how the company was run for the past 10 months, where I served as GLT's CEO:

1. The roof: As you will recall, we had many discussions about the roof beginning prior to our acquisition of GLT. \$1.5M was escrowed to go toward roof repairs but somehow it was allocated to the south end of the building while we all knew the urgent problems are in the north. We were given two years to perform our part even though the roof in the north building was rapidly deteriorating. We worked hard over the summer to affect repairs that aligned with our need to have functioning space to make our products and our desire to keep a safe work environment for our associates.
 - We met with a number of vendors suggested by you and quickly discovered that nobody had the time or inclination to take on a project like ours. Poly piled everywhere did not allow any contractor or engineer a chance to evaluate the condition of the building or quote what it would take to recover it.
 - The PE that was recommended by you, visited the site and quickly wrote a letter to the county building inspector suggesting the building be condemned. On July 31st, after finishing our best shipping month, OSHA came in and shut us down.
 - We engaged contractors to shore up danger areas at significant expense to the business.
 - Our team interfaced with all governmental agencies and quickly created a safety plan that would allow us to go back into production after 3 weeks closure.

- You may recall that Great Lakes Tissue Company was subject to a contract entered into by the prior owner which required the Company to sell poly to St. Mary's. We worked diligently to remove over 20 thousand tons of poly materials from the north end of the building, increasing our shipments to St. Mary's and moving the balance to the west warehouse. This was essential to getting a contractor to consider our project.
 - We then engaged Power Construction (Rocky) as our General contractor who contracted a new engineer to develop an engineering plan.
 - The roof finally collapsed due to the weather conditions, and GLT was forced to lay off 50 workers just before Christmas for everyone's safety.
 - While a plan has been proposed to rebuild that area, the closing with PAET passed the decision of how much of the north end to rebuild will now be decided by new management.
2. GLTG management of finances. A forensic review of GLT's bank and accounting records will show that any allegations of mishandling or otherwise, are false. Cash was managed on a daily basis with no negative repercussions.
3. Note that the starting cash position of GLT coming out of the original closing was significantly degraded by the actions of Clarence Roznowski. The closing was expressly conditioned on having \$2 million cash and Clarence remaining the guarantor on all guaranteed loans. At the closing table, he repudiated our contractual agreement and insisted the loans be paid. I hope you will recall that the \$2 million cash was used to pay the notes and we were forced to take a loan from you to cover other costs including the 11th hour requirement for more insurance coverage. Add to that, an additional \$1.5 million was held from the building sale and escrowed for roof repairs. Our first day of operation opened with at least \$4 million less than was expected.

I mention this because our experience over the past 10 months makes it dramatically clear why the infusion of cash and equipment is so critical to make the paper business successful. Also, we engaged an outside forensic auditor and a litigation law firm to research and provide counsel about all of the various claims GLT has against Clarence including tax fraud, and we were almost ready to ignite that lawsuit but for the merger with PAET.

GLT merged with PAET based on PAET's business plan and claimed ability to bring capital to the table in sufficient amount to enable this business to get on a solid foundation to grow with profits. We merged on an "As is / Where Is" basis.

Tom, I am writing to clear the air on some points at least between you and me, but also in the hope we can find a way to support the company. Both the Great Lakes Tissue Group and your business are now part owners of PAET. We would like to see this company succeed. If the plan that was represented to us, for some reason is not being implemented, we need to act for all involved.

If you do not have the information that I am requesting, then please let me know who is currently authorized to act for PAET and I will reach out to that person.

Yours very truly,



Kip Boie
Director of PAET

EXHIBIT 11

From: [Kip Boie](#)
To: [Song Lo](#); [Scott, Mark M.](#)
Cc: [donald swenson](#); [Richard Kranitz](#)
Subject: RE: Great Lakes Tissue Company [IWOV-BN.FID4322580]
Date: Monday, February 13, 2023 7:44:45 AM
Attachments: [image001.png](#)

This message has originated from an **External Email**. Kip Boie <kipboie@outlook.com>:

Hello Mark,

Please see below for news releases including an interview which talks about the company future plans. Please continue reaching out to Mr. Prange and his counsel.

[Cheboygan company has 'ambitious plans' for the future | WPBN \(upnorthlive.com\)](#)

[Great Lakes Tissue Company changes ownership for second time in a year | WPBN \(upnorthlive.com\)](#)x

Kind regards, Kip Boie

From: Song Lo <song@songlolaw.com>
Sent: Friday, February 10, 2023 5:18 PM
To: Scott, Mark M. <mscott@buchalter.com>
Cc: donald swenson <donaldcswenson@icloud.com>; Richard Kranitz <Kranrich@msn.com>
Subject: Re: Great Lakes Tissue Company [IWOV-BN.FID4322580]

Mark,

I am in receipt of your voicemail from today and your email. I do not represent Great Lakes Tissue Company.

Rather, my client is Great Lakes Tissue Group, LLC, the former owner of that company. My client does not have any control or decision-making power relating to the facility or Great Lakes Tissue Company at this time.

Please know that even if Great Lakes Tissue Group wanted give access to Sertent, we cannot. You will want to reach out to Mr. Prange and/or his counsel, Don Swenson, who is copied on this email.

Thank you.



Song Lo
Song Lo Law, LLC
1397 Ashland Avenue, Unit B
St. Paul, MN 55104

Direct: (612) 247-4939
Main: (612) 325-3422
Fax: (612) 223-6226
song@songlolaw.com

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On Feb 10, 2023, at 5:07 PM, Scott, Mark M. <mscott@buchalter.com> wrote:

Ms. Lo

Per my voicemail message to you this afternoon, please call me as soon as possible to discuss the Lease with Sertant and the subject equipment. My clients' attempts to arrange an inspection have been met with silence by the company. Time is of the essence given what we have seen and heard to date.

Mark

Buchalter

Mark M. Scott

Shareholder

T (949) 224-6217

F (949) 224-6227

mscott@buchalter.com

18400 Von Karman Avenue, Suite 800

Irvine, CA 92612-0514

www.buchalter.com | [Bio](#) | [LinkedIn](#)

Notice To Recipient: This e-mail is meant for only the intended recipient of the

EXHIBIT 12

Cheboygan company has 'ambitious plans' for the future

by Josh Korman | Thursday, February 9th 2023



Under its new name, Tissue Depot, the factory will be one of the largest employers in Cheboygan. But there are concerns with all of the turnover and silence about what exactly is happening behind the scenes. [Up/Archive News]

Cheboygan company has 'ambitious plans' for the future

by Josh Kurman · Thursday, February 9th 2023



Under his new name, Tissue Disposit, the factory will be one of the largest employers in Cheboygan. But there are concerns with all of the turnover and silence about what exactly is happening behind the scenes. (UphamLive News)

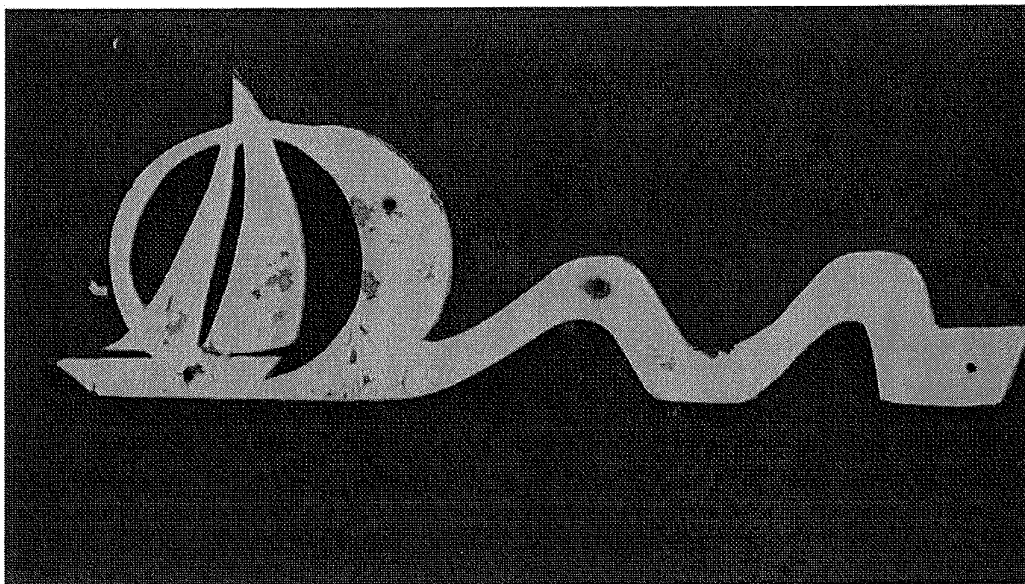
Great Lakes Tissue Company changes ownership for second time in a year

by Josh Kurman | Friday, January 27th 2023



Cheboygan company has 'ambitious plans' for the future

by Josh Kurmap | Thursday, February 9th 2023



Under its new name, Tissuè Dépot, the factory will be one of the largest employers in Cheboygan. But there are concerns with all of the turnover and silence about what exactly is happening behind the scenes. (UpNorthLive News)

EXHIBIT 13

Scott, Mark M.

From: Scott, Mark M.
Sent: Thursday, February 16, 2023 10:09 AM
To: donald swenson
Subject: RE: Great Lakes Tissue Company [IWOV-BN.FID4322580]

Good morning

Please confirm whether the equipment inspection will be permitted or not. I need contact logistics as discussed.

Mark

Buchalter

Mark M. Scott
Shareholder
T (949) 224-6217
F (949) 224-6227
mscott@buchalter.com

18400 Von Karman Avenue, Suite 800
Irvine, CA 92612-0514
www.buchalter.com | [Bio](#) | [LinkedIn](#)

From: Scott, Mark M. <mscott@buchalter.com>
Sent: Tuesday, February 14, 2023 11:22 AM
To: donald swenson <donaldcswenson@icloud.com>
Subject: RE: Great Lakes Tissue Company [IWOV-BN.FID4322580]

Just tried

Buchalter

Mark M. Scott
Shareholder
T (949) 224-6217
F (949) 224-6227
mscott@buchalter.com

18400 Von Karman Avenue, Suite 800
Irvine, CA 92612-0514
www.buchalter.com | [Bio](#) | [LinkedIn](#)

From: donald swenson <donaldcswenson@icloud.com>
Sent: Tuesday, February 14, 2023 11:20 AM
To: Scott, Mark M. <mscott@buchalter.com>
Subject: Re: Great Lakes Tissue Company [IWOV-BN.FID4322580]

This message has originated from an **External Email**. donald swenson <donaldcswenson@icloud.com>:

Mark
Call me at
6128022098

Sent from my iPhone

On Feb 14, 2023, at 1:07 PM, Scott, Mark M. <mscott@buchalter.com> wrote:

Mr. Swenson—please advise as to your availability for a call to discuss an equipment inspection. Alternatively, please provide me with the name and number of a business contact with whom my client and/or its inspection company can speak to set this up.

Mark

Buchalter

Mark M. Scott
Shareholder
T (949) 224-6217
F (949) 224-6227
mscott@buchalter.com

18400 Von Karman Avenue, Suite 800
Irvine, CA 92612-0514
www.buchalter.com | [Bio](#) | [LinkedIn](#)

From: Scott, Mark M. <mscott@buchalter.com>
Sent: Monday, February 13, 2023 3:55 PM
To: donald swenson <donaldcswenson@icloud.com>
Subject: RE: Great Lakes Tissue Company [IWOV-BN.FID4322580]

Thank you. See attached.

Mark

Buchalter

Mark M. Scott
Shareholder
T (949) 224-6217
F (949) 224-6227
mscott@buchalter.com

18400 Von Karman Avenue, Suite 800
Irvine, CA 92612-0514
www.buchalter.com | [Bio](#) | [LinkedIn](#)

From: donald swenson <donaldcswenson@icloud.com>
Sent: Monday, February 13, 2023 2:39 PM
To: Scott, Mark M. <mscott@buchalter.com>
Subject: Re: Great Lakes Tissue Company [IWOV-BN.FID4322580]

This message has originated from an **External Email**. donald swenson <donaldcswenson@icloud.com>:

Call me anytime tomorrow. I need a copy of the lease and unpaid invoices. The letter i received Friday evening was a surprise.

Thanks

Sent from my iPhone

On Feb 13, 2023, at 2:14 PM, Scott, Mark M. <mscott@buchalter.com> wrote:

Mr. Swenson

Please advise as to your earliest availability for a call.

Sertant very much wants to inspect its equipment.

Mark

Buchalter

Mark M. Scott
Shareholder
T (949) 224-6217
F (949) 224-6227
mscott@buchalter.com

18400 Von Karman Avenue, Suite 800
Irvine, CA 92612-0514
www.buchalter.com | [Bio](#) | [LinkedIn](#)

From: Song Lo <song@songlolaw.com>
Sent: Friday, February 10, 2023 3:18 PM
To: Scott, Mark M. <mscott@buchalter.com>
Cc: donald swenson <donaldcswenson@icloud.com>; Richard Kranitz <Kranrich@msn.com>
Subject: Re: Great Lakes Tissue Company [IWOV-BN.FID4322580]

This message has originated from an **External Email**. song@songlolaw.com <song@songlolaw.com>:

Mark,

I am in receipt of your voicemail from today and your email. I do not represent Great Lakes Tissue Company.

Rather, my client is Great Lakes Tissue Group, LLC, the former owner of that company. My client does not have any control or decision-making power relating to the facility or Great Lakes Tissue Company at this time.

Please know that even if Great Lakes Tissue Group wanted give access to Sertent, we cannot. You will want to reach out to Mr. Prange and/or his counsel, Don Swenson, who is copied on this email.

Thank you.
<image001.png>

Song Lo
Song Lo Law, LLC
1397 Ashland Avenue, Unit B
St. Paul, MN 55104

Direct: (612) 247-4939
Main: (612) 325-3422
Fax: (612) 223-6226
song@songlolaw.com

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On Feb 10, 2023, at 5:07 PM, Scott, Mark M.
<mscott@buchalter.com> wrote:

Ms. Lo

Per my voicemail message to you this afternoon, please call me as soon as possible to discuss the Lease with Sertant and the subject equipment. My clients' attempts to arrange an inspection have been met with silence by the company. Time is of the essence given what we have seen and heard to date.

Mark

Buchalter

Mark M. Scott

Shareholder

T (949) 224-6217

F (949) 224-6227

mscott@buchalter.com

18400 Von Karman Avenue, Suite 800

Irvine, CA 92612-0514

www.buchalter.com | [Bio](#) | [LinkedIn](#)

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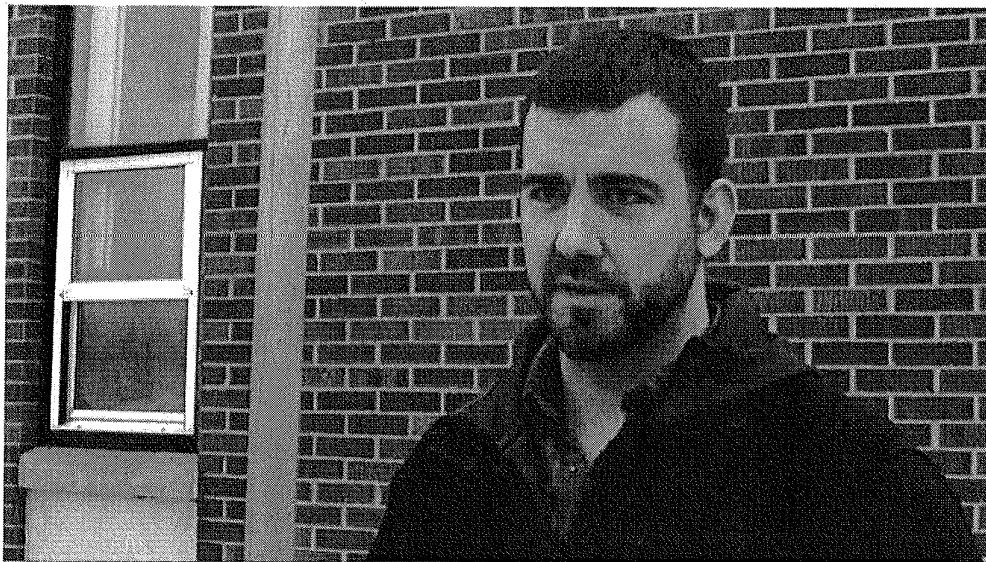
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EXHIBIT 14

by Josh Kurman | Thursday, February 9th 2023



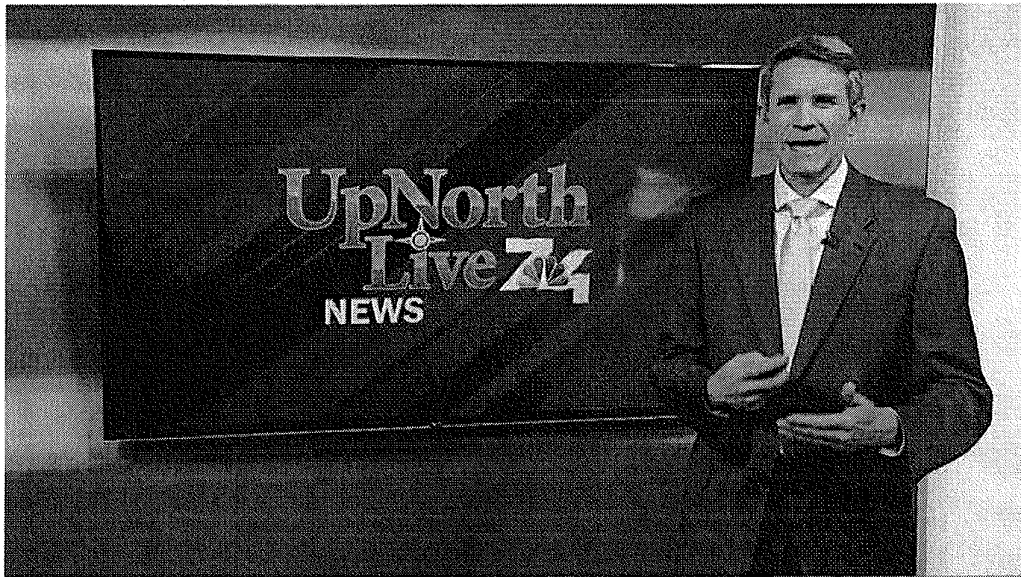
Under its new name, Tissue Depot, the factory will be one of the largest employers in Cheboygan. But there are concerns with all of the turnover and silence about what exactly is happening behind the scenes. (UpstreamLive News)



CHEBOYGAN, Mich., (WPBN/WGTU) -- For the second time in less than a year, the Great Lakes Tissue Company is under new management.

Cheboygan company has 'ambitious plans' for the future

by Josh Kurman | Thursday, February 9th 2023



Under its new name, Tissue Depot, the factory will be one of the largest employers in Cheboygan. But there are concerns with all of the turnover and silence about what exactly is happening behind the scenes. (UpNorthLive News)

EXHIBIT 15



DEAN MACHINERY INTERNATIONAL, INC.

6855 Shiloh Road East
Corporate Point at The Meadows
Alpharetta, Georgia 30005 USA

Telephone (678) 947-8550
Facsimile (678) 947-8554

E-Mail: sales@deanmachinery.com
Website: www.deanmachinery.com

27 September 2022

Prime Alliance Bank, Inc.
1868 South 500 West
Woods Cross, Utah 84087
Attn: Credit Committee

Dear Sir/Madam,

As requested, Dean Machinery International, Inc. is pleased to assign to you the following inspected appraisal report for the equipment and machinery referred to in your email dated 26 September 2022. Our fee for this opinion is US\$ 800.00 and invoiced to *Sertant Capital, LLC*.

A personal inspection of the equipment and machinery was conducted by a representative of Dean Machinery International, Inc. on January 21, 2021 unless otherwise noted. As requested by you, the purpose of this report is to provide you with the following values of the equipment and machinery effective from the date of this report: **Orderly Liquidation Value and Forced Liquidation Value.**

This inspected appraisal report is intended for the use only by the addressee. The intended use of this report is at the determination of the addressee solely. Use of this report by others is not intended by the appraiser, nor is the report intended for any other use unless express written consent is further granted.

This inspected appraisal report sets forth the findings and conclusions which are based upon our investigation of conditions affecting value and which are subject to the Statement of Conditions contained herein. Without reference to the Statement of Conditions, this opinion could be interpreted erroneously.

We appreciate your confidence in Dean Machinery International, Inc. in allowing us to provide this service to you. Should you require further information or clarification, please do not hesitate to contact us.

Respectfully submitted,

For and on the behalf of
DEAN MACHINERY INTERNATIONAL, INC.

Walter W. Dean, CEA
President

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DEAN MACHINERY INTERNATIONAL, INC.

CONTINUATION

SCOPE OF WORK

The scope of Work performed for this appraisal includes research and analysis, but not a personal inspection of the subject assets.

The type and extent of research utilized in developing this opinion of value may include, but is not limited to, the collection of data from the following sources: equipment dealers involved with comparable equipment, new equipment manufacturers, auctioneers, liquidators, equipment brokers, industry and in-house data bases, trade journals and industry publications.

The analysis included application of the appraiser's experience in the purchase, sale and appraisal of the capital goods, as applied to the information developed during the research phase, in order to arrive at valuation conclusions.

The date of value in this assignment is subsequent to emergency declarations regarding the Coronavirus (COVID-19) in March 2020. The scope of this appraisal assignment does not include the measurement of any effect of these events on the value of the subject property. Therefore, the value opinion and other conclusions expressed in this report are subject to the extraordinary assumption that these events have had no effect on the marketability or market value of the subject property. The client and intended users of this appraisal are cautioned that if this extraordinary assumption is incorrect, the value opinion and other conclusions expressed in this report could be significantly different.

DEAN MACHINERY INTERNATIONAL, INC.

CONTINUATION

STATEMENT OF CONDITIONS

- This inspected appraisal report does not constitute and should in no way be interpreted as an offer to buy, market, or sell the appraised equipment by Dean Machinery International, Inc. or its associated companies. Your company, and your associated companies, by acceptance and use of the information contained herein, agree to indemnify Dean Machinery International, Inc., its associated companies, officers, employees and their heirs from any litigation, fines and/or penalties arising from any use or interpretation of this appraisal and the information contained herein.
- All facts and data set forth in this report are based upon an estimate of value only and are true and accurate to the best of the appraiser's knowledge and belief.
- No investigation has been made into the title to the property and all items as listed are assumed to be the property of the subject company.
- No consideration has been given to liens or encumbrances which may be against the property other than those discussed in this report.
- Neither the appraiser nor the officers of Dean Machinery International, Inc. have any present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved unless otherwise stated to the addressee.
- A personal inspection of the equipment and machinery which is the subject of this report has been made unless otherwise stated.
- This opinion has been made in accordance with accepted appraisal practices in accordance with the Association of Machinery and Equipment Appraisers Standards and Procedures of Professional Appraisal Ethics and Practice and the Uniform Standards of Professional Appraisal Practice and reflects the best judgment of the appraiser. When appropriate, new and used equipment dealers have been consulted for comparable prices; and catalogs, trade publications and results of auction sale comparables have also been utilized.
- Information provided by others has been assumed to be correct for the purposes of this report and no responsibility is taken for accuracy of same.
- Since the conclusions of the appraiser are based upon judgments, isolation of any single element as the sole basis of comparison to the whole opinion may be inaccurate.
- The fees for this opinion are not contingent upon the values reported. There have not been any guarantees associated with this fee and no liability can be intimated or assumed in any manner.
- As this report has been purchased by the addressee, we assume that it is to be used by the addressee in determination of value at that point in time. This report should be used with the understanding that neither purchase of the report nor payment of the fee carries with it any guarantees of future tested value, nor does it imply absence of risk regarding possible value change.

DEAN MACHINERY INTERNATIONAL, INC.

CONTINUATION

- Physical condition in most circumstances has been determined by either inspection or based upon information provided by knowledgeable others. It is assumed that there are no hidden or unapparent conditions of the equipment which would render it more or less valuable.
- Other limitations or assumptions, if any, are clearly defined and individually set out at that point relating to the subject.
- No additional opinions of value have been made with regards to such intangibles as patents, rights to manufacture, trademarks, good will, or going concern.
- The basis of this desktop opinion has been chosen by the addressee and should not be interpreted as a recommendation by the appraiser as to what might result in the application of the opinion basis. Probability and/or feasibility derived from the application of the opinion basis is beyond the scope of this report. The addressee of this report, solely, is to determine the probability of occurrence. The desktop opinion is purchased in order to allow an opinion of value under an assumed set of circumstances or scenario, as requested by the addressee and mutually agreed upon with the appraiser.
- NO ANALYSIS, OBSERVATION, INSPECTION OR STUDY OF ANY KIND OR CHARACTER IS MADE AND NO CONSIDERATION IS IN ANY MANNER TAKEN INTO ACCOUNT WITH RESPECT TO THE POTENTIAL OR POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES OR WASTE ON THE PROPERTY OF THE APPRAISED, INCLUDING BUT NOT LIMITED TO EXAMINATION OR INVESTIGATIONS FOR THE PRESENCE OF ANY SUBSTANCE WHICH IS REGULATED BY LAW OR POSES A HAZARD TO HUMAN HEALTH OR THE ENVIRONMENT. CONSIDERATION FOR POSSIBLE ENVIRONMENTAL HAZARDS FROM ANY SOURCE GOES BEYOND THE SCOPE OF THIS DESKTOP OPINION.
- The appraiser is not required to give testimony, be present in court of law, or appear before any commission or board by reason of this report, unless prior arrangements have been made with the appraiser.

DEAN MACHINERY INTERNATIONAL, INC.

CONTINUATION

DEFINITION OF VALUES

- **New Replacement Cost Value** - A professional opinion of the cost expressed in terms of currency, F.O.B. the manufacturer's plant, to purchase a new item of like quality and specifications. If such an item is unavailable, the appraiser has used his or her best judgment in estimating a value as of the effective date of the opinion.
- **Fair Market Value - In Place** - A professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts, as installed for intended utilization, as of the effective date of the report.
- **Fair Market Value** - A professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of the report.
- **Orderly Liquidation Value** - A professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal report. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis "as-is" with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and/or monetary appeal necessary to gain the value indicated.
- **Forced Liquidation Value (Auction)** - A professional opinion of the estimated most probable price expressed in terms of currency which could typically be realized at a properly advertised and conducted public auction sale, held under forced sale conditions and under present day economic trends, as of the effective date of the appraisal report. Conclusions taken into consideration are physical location, difficulty of removal, physical condition, adaptability, specialization, marketability, overall appearance, and psychological appeal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis "as-is" with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the total assets itemized could change the psychological and/or monetary appeal necessary to gain the price indicated.
- **Desktop Opinion of Value** - A professional opinion of the appropriately defined value, expressed in terms of currency to be realized by the sale of assets, in which the opinion is generated from lists and/or other informational materials supplied to the appraiser and evaluated without the benefit of an actual on site inspection. This opinion is not an appraisal and should not be used as an appraisal and is not recommended for use in credit decisions. A desktop opinion should be used to determine the need for an appraisal or the scope of an appraisal.

DEAN MACHINERY INTERNATIONAL, INC.

CONTINUATION

BASIS OF OPINION

For the purpose of this desktop opinion, I have provided you with the following values for the equipment and machinery listed effective from the date of this report.

1. Orderly Liquidation Value
2. Forced Liquidation Value

DEAN MACHINERY INT'L, INC.

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

CONTINUATION

In Plant Support Equipment

	<u>Orderly Liquidation Value</u>	<u>Forced Liquidation Value</u>
1. Babcock & Wilcox Gas Fired 60,000 BTU Boiler Age: 1969 Serial #: M98133M Including all components and ancillary items.	1. 25,200.00	1. 18,900.00
2. Alfa Laval Heat Exchanger Age: 2013 Serial #: 30115 - 70081 Including all components and ancillary items. NB: Not In Production.	1. 3,500.00	1. 2,625.00
3. Alfa Laval CB400-86H Heat Exchanger Age: 2013 Serial #: 42787870 Including all components and ancillary items.	1. 3,500.00	1. 2,625.00
4. Appleton 60" x 72" Core Cutter Age: N/A Serial #: N/A Including all components and ancillary items.	1. 1,500.00	1. 1,125.00
5. Wulftec WLP-150 Automatic Stretch Wrap Machine Age: N/A Serial #: 0700-6317 Including: 58" D Table 8' Head Travel All components and ancillary items.	1. 3,000.00	1. 2,250.00

Note: All Values are in U.S. Dollars

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DEAN MACHINERY INT'L, INC.

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

CONTINUATION

In Plant Support Equipment - cont.

6. Orion SW44-12 Stretch Wrapper
Age: N/A Serial #: 7117540
Including all components and ancillary items.

	Orderly Liquidation Value	Forced Liquidation Value
1.	3,000.00	2,250.00

Poly Re-Claim & Stock Prep Area

7. Black Clawson Poly Re-Claim & Stock Prep System
Age: N/A Serial #: N/A
Including: (1) 16' Black Clawson #3 Hydropulper - S/N: 95-H-P-3692
w/ #4 Drive - (Not In Production)
600 HP Drive
(1) 21' Black Clawson #2 Hydropulper
w/ #4 Drive 600 HP Drive Motor - S/N: N/A
(1) 21' Black Clawson #2 Hydropulper
w/ #4 Drive 600 HP Drive Motor - S/N: N/A
(Dismantled Stored In Warehouse)
91' 630" Tall Midcon High Consistency Rotor
Stainless Steel Tub w/ Steam Ring
60" Shark Rotor w/ 36"H Consistency Mid Feather Rotor
Mid Steel Tub
(1) Common Stock Pump
w/ Reliance 200 HP
w/ (2) Pneumatic Valves
(2) 14" Pneumatic Valves
(1) Single Tank Trash Chest
(2) Vertical Gear Box 50 HP Agitators w/ 6" Trash Pump
(1) 10" Stock Pump
(1) Black Clawson Model 4500 "Select Purge" Rotary Drum Screen
w/ Stainless Steel Drum (1/4" Holes), 25 rpm
(1) Return Water Holding Chest: Rectangular Type w/ Wheel Agitator Pump
w/ Barnes 45 HP Return Water Pump (Submersible)

	Orderly Liquidation Value	Forced Liquidation Value
1.	680,000.00	510,000.00

DEAN MACHINERY ENT'L, INC.

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

CONTINUATION

Poly Re-Claim & Stock Prep Area - cont.

<u>Orderly Liquidation Value</u>	<u>Forced Liquidation Value</u>
<ul style="list-style-type: none"> (1) Poly Dewatering Press w/ Program Control w/ Motorized Stock Feed Belt Conveyor (to No. 3 Pulper) Andritz Sludge Press w/ (2) 25 HP Forward/Reverse Drives & 7"W x 40' L High Density Neoprene Belt (1) Hydraulic Upender (Stock Conveyor) Unit (1) 8' Black Clawson #1 Hydropulper - 1 Ton Capacity w/ Side Wheel Reliance w/ 200 HP Agitator & 75 HP Stock Pump (Not In Production) (1) Return Water Sump Pump, (Lot) Tile Stock Chests (1) Black Clawson Model 80 Course Screen w/ Siemens 60 HP Drive (1) Black Clawson Ultra V UV300 Primary Screen Selectifier Age: 1994 w/ 125 PSI w/ Reliance 100 HP Drive (1) Black Clawson Ultra V UV100 Primary Screen Selectifier Age: 1994 S/N: 94-UV300-7874 w/ 100 HP Drive (1) Black Clawson Mini 50 MS50 Mini Pressure Screen w/ 75 PSI (Tertiary Third Screen) - S/N: 96-MS50-0121 w/ 20 HP Drive S/N: 94-UV100-7695 (1) Black Clawson Liquid Cyclone - S/N: 94-LC12-1795 w/ 75 PSI (2) Dorr-Oliver Slant 72" 120 Degree DSM Screens (2) Bird Johnson 24 Vibrating Screens (1) Secondary Screen Stainless Steel Feed Tank - 8' D x Approx. 12'H w/ Warren 20 HP Secondary Screen Feed Pump (1) Third Screen Stainless Steel Feed Tank - Approx. 6' D x 9' H w/ Gould 4 x 6 Feed Screen Pump 	

DEAN MACHINERY INT'L, INC.

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

CONTINUATION

	<u>Orderly Liquidation Value</u>	<u>Forced Liquidation Value</u>
Poly Re-Claim & Stock Prep Area - cont.		
(1) Acelli Trombellini Stainless Steel Driven Screen Age: 1996 S/N: 96497		
(1) Permutt Dissolved Air Flotation Tile Clarifier Tank w/ Skimmer Paddles (1-1/2 HP Drive)		
(2) Clarifier Water Pumps		
(1) Cement Sludge Chest w/ Sludge Pump 7.1/2 HP		
(1) Custom Made Clarifier - 12,000 Gallon Cap.		
(1) Ahlstrom Tassiter Screw Press (De-Watering) w/ Hawker Siddeley 13 HP Pump & 30 HP Reliance Buffalo Blower		
(1) Hydraulic 40 Yard Capacity Compactor w/ Air Separator & Cyclone		
(2) Beloit 26" Series 2000 Refiners w/ 450 HP Drives		
(1) 18" D Krofta Super Cell Sand Float SASF - 18 Clarifier / Filter for Treating Max. of 450 gpm Waste Water		
(25) Goulds Water & Stock Pumps		
(7) Warren Pumps		
(2) Nash 904 R2 Vacuum Pumps - Test #s 88S0063 & 88S0060 w/ 350 HP & 500 HP Motor		
(2) Nash 904 R1 Vacuum Pumps - Test #s 88S0061 & 88S0060 w/ (2) 200 HP Motors		
(1) Nash CL 3002 Vacuum Pump w/ 450 HP Motor ABB 800XA DCS - Installed 2011		
3" Detroit Air Blower - Age: 2013		
Sebright 4030XS-1-7 HD Stainless Extruder (Poly Dewatering) - Age: 2021, S/N: E210312387 (Not Inspected)		
Sebright SCC-7460-2-6 Stationary Compactor (Poly Dewatering) - Age: 2021, S/N: 210512434REM (Not Inspected)		
Spectech SWC4596102 Trailer - Age: 2014, S/N: 1S9WS4531ES188593 (Not Inspected)		
All components and ancillary items.		

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Note: All Values are in U.S. Dollars

DEAN MACHINERY INT'L, INC.

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

CONTINUATION

Paper Making

	<u>Orderly Liquidation Value</u>	<u>Forced Liquidation Value</u>
8. Beloit / Proctor & Gamble 128" Tissue Paper - Machine # 8 Age: 1960's Serial #: N/A Including: 3,500 FPM Fourdrinier Warren 20 HP Stock Pump (1) Tile Machine Stock Chest & Allis Chalmers 20 HP Chest Agitator (1) Dilution Chest w/ Allis Chalmers 20 HP Chest Agitator & 20 HP Water Pump (1) Magnetic Particle Trap (1) Consistency Regulator (1) Dezurik Stock Flow Control Valve (1) Fan Pump 300 HP (2) Black Clawson 24P Selectifier Screens w/ 20 HP Drives w/ Vee Belt Drives (1) Beloit 140" Pressurized Headbox w/ (2) Rectifier Rolls & Manual Sluice Adjustment (1) Beloit 22.1/8" D x 143.1/2" Face Suction Breast Roll (1) Forming Board, (2) Single Foil Blades, (2) Suction Boxes (1) 24" D x 140" Face Rubber Covered Wire Turning-Couch Roll (#1) (1) Beloit 28" D x 150" Face Rubber Covered Suction Pressure Roll (1) Sulzer Escher Wyss 12" D x 145" Cast Iron Yankee Dryer - Age: 1989 Premiair Ultra Hood (Yankee Dryer Hood), Premiair After Dryer - Age: 2006 (Installed 2012) (1) Manchester Machine Horizontal Track Reel w/ 36" D x 135" Face Reel Drum w/ High Pressure Water Slitting System (1) Reliance Solid State Drive System (1) Jones 3000 450 HP Refiner Spare Press Rolls & Parts GL & V Clean Pec 700 BP-2V Cleaners - Age: 2006, S/N: 06-13578 - w/ Bank of 14 Primary Cleaners & Bank of 5 Secondary Cleaners ABB 800 XA Drive Control System - Age: 2011 All components and ancillary items.	1.	1,350,000.00 1. 1,012,500.00

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Note: All Values are in U.S. Dollars

CONTINUATION

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

DEAN MACHINERY INT'L, INC.

Forced Liquidation Value

Orderly Liquidation Value

Plant Laboratory

9. Lot Of Laboratory Equipment	1.	10,000.00	1.	7,500.00
Age: N/A Serial #: N/A				
Including: Thwing Albert QC-1000 Bench Top Tensile Tester - S/N: 61359				
Fischer Scientific Magnetic Auto Mixer				
EJ Cady DW Caliper Tester				
Blue-M Bench Top Oven - S/N: OV3-10045				
Handy-Brite Brightness Tester - S/N: 30220				
JDC Precision Sample Cutter - S/N: 37038				
Mettler Toledo PL202S Scale - S/N: 1127300595				
Shanghai Pingxuan SHPX Brightness Meter, S/N: 214219 - Age: 2014				
Oakton PM Meter Model 510				
Hach Colormeter Chlorine Gauge				
Lamotte Turbidimeter Model 2020				
Nova Strobe BBX Strobe Light				
Eberbach Test Shaker/Dispensability Tester				
All components and ancillary items.				

Air Handling

10. Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	1.	3,000.00	1.	2,250.00
Age: 1985 Serial #: ARP-1200-8				
Including all components and ancillary items.				
11. Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	1.	1,200.00	1.	900.00
Age: 1985 Serial #: ARP-490886				
Including all components and ancillary items.				
NB: Not In Production.				

Note: All Values are in U.S. Dollars

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CONTINUATION

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

DEAN MACHINERY INT'L, INC.

	Orderly Liquidation Value	Forced Liquidation Value
Air Handling - cont.		
12. Zurn R110W Refrigerated Air Dryer Age: 1978 Serial #: R-9510 Including all components and ancillary items.	1. 1,000.00	1. 750.00
13. Ingersoll Rand R110 Nirvana VSD 150 HP Air Compressor Age: 2014 Serial #: VN1505U13175 Including all components and ancillary items.	1. 19,800.00	1. 14,850.00
Converting Equipment		
14. Knowlton Core Machine Age: N/A Serial #: N/A All components and ancillary items.	1. 13,500.00	1. 10,125.00
15. Perini 200G Core Machine Age: 1997 Serial #: 09056 Including: Model 203G Back Stand - S/N: 09057 Glue Application Unit All components and ancillary items.	1. 18,000.00	1. 13,500.00
16. Perini 716B 106" Toilet Roll Rewinder Age: 1998 Serial #: 09718 Including: Log Diameters: 3.54" to 5.12" (2) Perini 716G Unwind Stands Age: 1998 S/N: 09719, 09718 Rubber to Steel Embossing Rolls Perforation System Two Lane Orbital Log Saw Integrated w/ Rewinder Panelmate Controller Product Conveyors Valley Tissue Packaging Roto-Crimp 8450S Single Roll Wrapper - Age: 2000, S/N: 1308-8450S-00 Interpack Carton Sealer - S/N: TMO94 05 E 002 All components and ancillary items.	1. 200,000.00	1. 150,000.00

Note: All Values are in U.S. Dollars

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CONTINUATION

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

DEANMACHINERY INT'L, INC.

	Orderly Liquidation Value	Forced Liquidation Value
Converting Equipment - cont.		
17. Baosuo YD-PL400C-2900 112" Bathroom Tissue Rewinder Line Age: 2020 Serial #: 19S13005FS Including: Kone Crane - 4 Ton w/Hoist (2) Shaftless Unwind Stands - S/N: 19S13006FS Steel to Rubber Embosser - S/N: 18A91027FS Core Machine - CW100 - Age: 2020, S/N: 18A74008FS Core Loader - S/N: 18A95002FS Tail Sealer - S/N: 19A92014FS Log Accumulator - 160 Buckets - S/N: 19A27010FS 4 Lane Log Saw - S/N: 16A35005FS Valley Tissue 8450-X-9 Single Roll Wrapper - Age: 2020, S/N: 1555-8450-X-9SH-20 Valley Tissue 2000W Case Packer - Age: 2021, S/N: 1591-2000W-21 (Not Inspected) Intertape 2024-4 Case Sealer - Age: N/A, S/N: 1985 All components and ancillary items.	1. 1,130,000.00	1. 1,017,000.00
18. Perini 702G 106" JRT Rewinder Age: 1999 Serial #: 40533 Including: (1) Perini Unwind Stand (Integrated) (1) Great Lakes 104UWS Unwind Stand - Age: 2007, S/N: 00/07 (1) Perini 402G Rubber to Steel Embossing Unit - S/N: 40534 Shear Slitters Perforating Unit Rider Roll Roll Kicker w/ Automated Conveyor Systems 12" W x 15' L Belt Conveyor (1) Parent Roll Rewinder - 55" Diameter Max. All components and ancillary items.	1. 170,000.00	1. 127,500.00

Note: All Values are in U.S. Dollars

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CONTINUATION

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

DEAN MACHINERY INT'L, INC.

Converting Equipment - cont.

	Orderly Liquidation Value	Forced Liquidation Value
19. Perini 702G 106" JRT Rewinder Line Age: 1997 Serial #: 08897 Including: (1) Perini Unwind Stand (Integrated) (1) Perini 311 Unwind Stand Age: 1997 S/N: 09104 (1) Perini 402G Rubber to Steel Embossing Unit - S/N: 08897 Perini 301G Single Belt Conveyor Perini 601G Log Loader - Age: 1999, S/N: 40535 Perini 110G Orbital Log Saw - S/N: 40537 Interpack USA 2024-SB Case Sealer - S/N: TM09405E002 Product Conveyors All components and ancillary items.	1. 200,000.00	1. 150,000.00
20. Hobema 14-H 13" Napkin Folder Age: 1997 Serial #: 446 Including: 500 mm Width Turret Unwind Stand Napkin Type: Luncheon Product: 13" x 11" Single Ply Fold: 1/4 Tension Infeed Embossing: Steel to Paper Folder w/ Bandsaw Cut 2 Lane Discharge Package Count: 250 Controls All components and ancillary items. NB: Not In Production.	1. 10,000.00	1. 7,500.00

Note: All Values are in U.S. Dollars

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CONTINUATION

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

DEAN MACHINERY INT'L, INC.

Lot of Spare Parts		Orderly Liquidation Value	Forced Liquidation Value
21. Lot of Press Rolls, Gears, Valves, Pumps, Motors, Etc. Age: N/A Serial #: N/A Including all components and ancillary items.	1.	375,000.00	1. 281,250.00

Machine Shop

22. Machine Shop Consisting of:	1.	54,000.00	1. 40,500.00
Clausing Colchester 17" Horizontal lathe - S/N: 2312 Bridgeport Series Vertical Drill - S/N: J202453 Hendey Horizontal Lathe 14 x 42 - S/N: 121 Cincinnati Milling Machine - S/N: E506J Cincinnati Bickford Drill - S/N: 122 Boyd & Emmes Radial Engine Horizontal Lathe - S/N: N/A Enerpac Hydraulic Press Grob NS24 Band Saw - S/N: 3508 Clausing Vertical Drill Press - S/N: 104435 Bradford Grinder - S/N: 86 Clausing Vertical Drill Press - S/N: 511876 Abrasive Machine Tool Sander - S/N: N/A Miller Bobcat 225 NT Welding Set Miller Trailblazer 30 Z Welding Set Hobart Mega Arc 300 Welding Set Misc. Hand Tools & Cabinets Ridgid 802 Pipe Threader Wells Metal Band Saw - S/N: 14980 Miller XMT 350 CC/CV Welding Set Modern C6251x1500 Horizontal Lathe - Age: 2003 Lincoln Wirematic 255 Welding Set All components and ancillary items.			

Note: All Values are in U.S. Dollars

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CONTINUATION

Great Lakes Tissue Company
437 South Main Street
Cheboygan, Michigan 49721

DEAN MACHINERY INT'L, INC.

	Orderly Liquidation Value	Forced Liquidation Value
Lift Trucks and Rolling Stock		
23. Caterpillar 99F - S/N: AT81C-00357 - 3,500lbs. Cap.	1.	75,000.00
Caterpillar 99H - S/N: AT81C-00944 - 3,500lbs. Cap.		
Caterpillar V-80 - S/N: 932200-14A		
Caterpillar #11 Roll Grab - S/N: AT8701785 - 7,000 lbs. Cap.		
Caterpillar #12 Roll Grab - S/N: AT8701784 - 7,000 lbs. Cap.		
Genie #1 Scissor lift - S/N: 76192		
Genie #2 Scissor lift - S/N: 65851		
Genie #3 Articulating boom - S/N: Z34N-3953		
Genie AWP - S/N: 3892-1317 - 300 lbs. Cap.		
Halla #11 - S/N: 1449K - 4,400 lbs. Cap.		
Hyster S-150 - S/N: A24D1857P - 16,000lbs. Cap.		
Hyster 50 - S/N: F187V13647F - 4,800 lbs. Cap.		
JCB 506C - S/N: 585635 6,000 lbs. Cap.		
JCB 506C - S/N: JCB5CAJLC61184611 - 6,000 lbs. Cap.		
Kabota SSV65 - S/N: 13738		
Linde #5 Roll Grab - S/N: A111313G00184 - 3,700 lbs. Cap.		
Linde #3 Roll Grab - S/N: A11313G00185 - 3,700 lbs. Cap.		
Linde #24 - S/N: A11319J00224 - 4,500 lbs. Cap.		
Linde #68 - S/N: A11319J00168 - 4,500 lbs. Cap.		
Nissan #8 - S/N: 23108 - 3,500 lbs. Cap.		
Skid Steer L230 - S/N: wbm432589		
Terex All terrain lift - S/N: TH0606B-6256 6,000 lbs.		
Toyota #4 Roll Grab - S/N: 84988 - 4,400 lbs. Cap.		
Toyota #1 - S/N: 77656 - 7,700 lbs. Cap.		
Toyota #30 - S/N: 63678 - 7,250 lbs. Cap.		
Total:	US\$ 1. 4,375,200.00	US\$ 1. 3,450,900.00

NB: This appraisal report does not include office furniture & computers, factory air conditioning/heating /electrical production systems, or real estate.

Note: All Values are in U.S. Dollars

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DEAN MACHINERY INTERNATIONAL, INC.

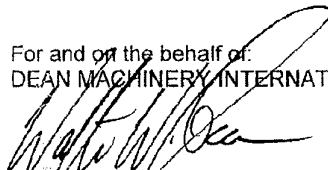
CONTINUATION

APPRAISER CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions, and conclusions. Values rendered are an opinion of the appraiser and are not a guarantee of value.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the Standards and Procedures of Professional Appraisal Ethics and Practice of the Association of Machinery and Equipment Appraisers.
- I have not personally viewed the assets that are the subject of this report since January 21, 2021 unless otherwise noted.
- No one provided significant personal property appraisal assistance to the person signing this certification.
- No pertinent information was withheld or overlooked, and I, the undersigned, further certify that I have not been influenced in any way during the preparation of this appraisal report by any parties having a financial or other interest in this report.

For and on the behalf of:
DEAN MACHINERY INTERNATIONAL, INC.



Walter W. Dean, CEA
President

DEAN MACHINERY INTERNATIONAL, INC.

CONTINUATION

Dean Machinery International, Inc.
6855 Shiloh Road East
Corporate Point at the Meadows
Alpharetta, GA 30005

Does

- Certify -

That on this date given in this certificate, the property of:

Prime Alliance Bank, Inc.
1868 South 500 West
Woods Cross, Utah 84087

Was well and reasonably worth the following on the basis of it's:

<u>Orderly Liquidation Value</u>	<u>Forced Liquidation Value</u>
US\$ 4,375,200.00	US\$ 3,450,900.00

Date: 27 September 2022

By: Walter W. Dean, CEA

DEAN MACHINERY INTERNATIONAL, INC.

CONTINUATION

QUALIFICATIONS

Walter Wilson Dean, CEA
Dean Machinery International, Inc.

EXPERIENCE

Present - January, 1996	President, Dean Machinery International, Inc., Alpharetta, Georgia
December, 1995 - October, 1991	Vice President, Dean Machinery International, Inc., trading as Milthorp USA, Norcross, Georgia
September, 1991 - January, 1989	Vice President, Milthorp Machinery, Inc., Norcross, Georgia
December, 1988 - January, 1988	Sales Manager, Milthorp Machinery, Inc., Norcross, Georgia
December, 1987 - February, 1986	Sales Executive, Milthorp Machinery, Inc., Norcross, Georgia

EDUCATION

August, 1985	M.Ed. Degree, Georgia State University, Atlanta, Georgia
May, 1983	A.B. Degree, Davidson College, Davidson, North Carolina

MEMBERSHIPS

MDNA - Machinery Dealers National Association
AMEA - Association of Machinery & Equipment Appraisers (Certified Appraiser)
ELFA - Equipment Leasing and Finance Association
TMA - Turnaround Management Association

DEAN MACHINERY INTERNATIONAL, INC.

CONTINUATION

Walter Wilson Dean, CEA
Dean Machinery International, Inc.

APPRAISAL AND SALES ASSIGNMENTS

Flexographic Printing Machinery
Rotogravure Printing Machinery
Web Offset Printing Machinery
Sheetfed Offset Printing Machinery
Tissue/Non-Wovens Converting Machinery
Napkin/Towel/Toilet Roll Machinery
Paper Cup/Paper Plate Machinery
Diaper/Feminine Napkin Machinery
Slitter Rewinders
Sheeters
Embossers
Paper Bag/Polybag Machinery
Envelope Machinery
Coating/Laminating/Extrusion Machinery
Paper/Tissue Manufacturing Machinery
Packaging/Bundling/Wrapping Machinery - Tissue and Non-Wovens
Carton and Box Making Machinery/Diecutters
Corrugating Machinery
Business Forms Machinery

APPRAISAL VALUE EXPERIENCE

Replacement Value (New)
Dealer's Selling Value
Fair Market Value
Fair Market Value - In Place
Orderly Liquidation Value
Forced Liquidation Value (Auction)
Desktop Opinions
Useful Life Opinions
Forecasted Future Values
Expert Testimony

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
NORTHERN DIVISION**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v

THE GREAT LAKES TISSUE COMPANY,
a Michigan corporation,

Defendant.

_____/

DAVID L. POWERS (P39110)
Counsel for Plaintiffs
SMITH, MARTIN, POWERS & KNIER, PC
900 Washington Ave.,
P.O. Box 219
Bay City, MI 48707-0219
Tel: (989) 892-3924
dpowers@smpklaw.com

ROBERT S. MCWHORTER (P49215)
Counsel for Plaintiffs
BUCHALTER, A PROFESSIONAL CORPORATION
500 Capitol Mall, Ste. 1900
Sacramento, California 95762
Tel: (916) 899-1099
rmcwhorter@buchalter.com

_____/

PROOF OF SERVICE

PROOF OF SERVICE

I hereby certify that on October 2, 2023, I served the following documents:

1) VERIFIED FIRST AMENDED COMPLAINT FOR CLAIM AND DELIVERY AND FOR DAMAGES

on:

Christopher E. Nyenhuis
Hilger Hammond
200 Lyon St. NW, Suite 410
Grand Rapids, MI 49503
616-458-3600
Fax: 616-284-3067
Email: cnyenhuis@hilgerhammond.com

Thomas Albert Janczewski, I
Timothy M. Hansen
Hansen Reynolds LLC
301 N. Broadway, Suite 400
Milwaukee, WI 53202
414-455-0982
Fax: 414-273-8473
Email: tjanczewski@hansenreynolds.com; thansen@hansenreynolds.com

Via Email.

/s/ Amy Smith
Amy Smith

PREPARED BY:

Robert S. McWhorter
BUCHALTER, APC
500 Capitol Mall, Suite 1900
Sacramento, CA 95814
Tel: 916.945.5170
Email: rmcwhorter@buchalter.com