



# PURCHASE ORDER

## Columbia Pulp

P.O. NO. 17-0012  
DATE: SEPTEMBER 23, 2017

164 East Main Street  
Dayton, WA 99328  
Phone 509-288-4892

**VENDOR** ANRITZ Inc.  
Pulping and Fiber Division  
5405 Windward Pkwy, Suite 100W  
Alpharetta, GA 30004-3894, USA  
**CONTACT:** J. Brad Cort  
Phone: 678-428-5814

**SHIP TO** Ralph Raymond  
Columbia Pulp  
1403 Highway 261  
Starbuck, WA 99328  
Phone: 253-468-8722

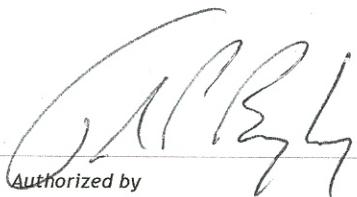
SHIPPING METHOD	SHIPPING TERMS	DELIVERY DATE
Truck	DDP Lyons Ferry, WA	As stated

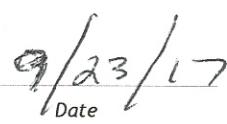
QTY	ITEM #	DESCRIPTION	JOB	UNIT PRICE	LINE TOTAL
2	1	Model 50-1CP pressurized refiners as described in Andritz proposal 2044320 dated September 15, 2017. Less motor.			
2	2	Andritz standard external lubrication system for radial and thrust bearings; incl. water to oil heat exchanger, pump incl. motor and filters; flow switches are mounted on refiner.			
2	3	Seal Water Panel for servicing refiner mechanical seal, including pump, motor, filters pressure switches, pressure regulators, flow indicating switches, flowmeters and alarms.			
		<b>Total price for all of the above</b>			\$826,500
<p>Terms of Delivery: DDP Lyons Ferry Plant site at 1403 State Highway 261, Starbuck, WA. All deliveries are to be coordinated through Ralph Raymond, Pacific Civil and Infrastructure Project Manager (Phone: 253-468-8722, email: rraymond@paccivil.com) No deliveries will be accepted without the prior consent to delivery time and date from Ralph Raymond.</p>					
<p>Terms of Payment - 5% within 30 days of purchase order date 20% upon issuance of 'For Approval' information as outlined under Basic Engineering 30% upon issuance of 'Certified' information as outlined under Basic Engineering 35% upon notification of readiness to ship (partial shipments acceptable) 10% within 30 days of arrival at site</p>					

<p>All Engineering Information must be sent to:  Allnorth Consultants Ltd.  Attention: Erin Branchi, Document Control  Email: ebranchi@allnorth.com  Ph: 250-753-7472  Note - Please quote project number 15NA0050 in the subject line of any e-mail submissions</p>					
<p>Your attention is drawn to the <i>Columbia Pulp, LLC Lyons Ferry Straw Pulp Plant Purchase Order Terms and Conditions</i> attached to this purchase order.  The Lyons Ferry Straw Pulp Plant Project is sales tax exempt in the state of Washington. Columbia's Manufacturer's Sales and Use Tax Exemption Certificate is attached to this purchase order.</p>					

SUBTOTAL	\$826,500
SALES TAX	Non-Taxable
TOTAL	\$826,500

1. Please send two copies of your invoice.
2. Enter this order in accordance with the prices, terms, delivery method, and specifications listed above.
3. Please notify us immediately if you are unable to ship as specified.
4. Send all correspondence to:  
[Name]  
[Street Address]  
[City, ST ZIP Code]  
Phone [phone] Fax [fax]

  
Authorized by

  
Date

**Columbia Pulp, LLC  
Lyons Ferry Straw Pulp Plant  
Purchase Order Terms and Conditions**

August 2, 2017

**SECTION 1 - DEFINITIONS**

Agreement – shall mean this Purchase Order and these Terms and Conditions, all attachments and exhibits and any changes to this agreement approved according to Section 3.

As Sold Proposal – shall mean the Seller’s proposal as attached to the purchase order, if any.

Delivery Point – shall mean Facility Site unloading area located at 1403 State Highway 261, Starbuck Washington, 99359 or, as specified in the Purchase Order.

Delivery Dates – shall mean, collectively, the Drawing and Data Document Delivery Dates and the Equipment Delivery Dates.

Effective Date – shall have the meaning as set forth in Section 9.

Engineering Requisition – shall mean any supplemental requirements or specifications attached to this purchase order and labeled “Engineering Requisition”.

Engineering Specification – shall mean the specification attached to the Purchase Order and any attachments thereto.

Equipment – shall have the meaning as set forth in the Purchase Order or in the As Sold Proposal.

Facility – shall mean the Lyons Ferry Straw Pulp Plant near Starbuck, WA.

Incoterms CIP – shall mean Incoterms 2010, Carriage and Insurance Paid to the Delivery Point.

Notice – shall mean a written correspondence between the Parties. Notices to the Owner shall be presented to:

Columbia Pulp I, LLC  
164 East Main Street  
Dayton, WA 99328

Attention:  
Larry Tantalo  
Phone: 206-940-9527

Email: larry.tantalo@columbiapulp.com

Notices to the Seller shall be presented to the Seller at the address shown under ‘Sold By:’ in the Purchase Order.

Owner – shall mean the Columbia Pulp, LLC, Lyons Ferry Straw Pulp Plant, its successors and assigns (which may include a lessor of premises upon which the Facility is situated, a lender or its trustee, or a guarantor of loans for the construction of the Facility, or who has entered into contract with the issuer of the Construction Contract to acquire the Facility), who has contracted with Owner to provide a Facility for which Owner is entering into this Agreement with Seller to supply the Work covered by this Agreement.

Party(ies) – shall mean individually and/or collectively the Owner and Seller as named Named in the Purchase Order.

Agreement Price – shall have the meaning as set forth in in the Purchase Order.

Remedy - shall mean correction of a Warranty nonconformity or defect by Seller.

Seller – shall mean the party named in the Purchase Order under ‘Sold By’..

Services – shall include start-up and commissioning requirements for the Acceptance Test which shall be billed at Seller’s published rates at the date of this contract.

Subcontractors – shall mean Seller’s suppliers and subcontractors of any tier.

Warranty – shall mean the Mechanical and Performance warranty terms as presented in the Seller’s As Sold Proposal...

Work – shall mean the Equipment and Services for which Owner is entering into this Agreement.

**SECTION 2 - SCOPE OF WORK**

Seller shall furnish, design, fabricate, test, as required, and deliver to the Delivery Point, the goods and services as specified in the Purchase Order and as further detailed in the Engineering Requisition, if attached, (collectively the “Work”).

**SECTION 3 - DOCUMENTS AND ORDER OF PRECEDENCE**

The following list of documents shall be the sole documents that comprise this Agreement and contain all of the terms, conditions and provisions of this Agreement. The documents have been listed in order of precedence in the event of a conflict. Any conflict arising in any single document shall be brought to the other Party’s attention as soon as practical. In the case of a conflict, the conflicting item(s) having the highest order of precedence shall prevail.

Any Change Order to this Agreement as per Section 12,  
The Purchase Order,  
The Engineering Requisition, if attached,  
These Purchase Order Terms and Conditions,  
Seller’s As -Sold Proposal as attached to the Purchase Order  
The Engineering Specification for the Work,

**SECTION 4 – AGREEMENT MILESTONES AND SCHEDULE**

4.1- Drawing and Data Document Schedule  
Drawing and Data Document Delivery Dates shall be as outlined in the As Sold Proposal.

4.2- Equipment Delivery  
Equipment Delivery Dates shall be as stated in the As Sold Proposal.

4.3- Force Majeure:  
Shipment dates are based upon the Seller’s commitment at the date of the As Sold Proposal. The Seller will exercise its best efforts to ship on schedule, but shall not be liable for any damages or losses caused by any delay in delivery caused by strikes, floods, fires, accidents or any legislative, administrative or exclusive law, order, or requisition of the Federal Government or any State or Municipal Government or any subdivision, department or office thereof.

**SECTION 5 - AGREEMENT PRICE**

The price to be paid for the Work the Seller is to perform under this Agreement is as shown on the Purchase Order. Shipping and Halding charges between the FOB point, as shown in the Purchase Order, and the Delivery Point will be as shown on the Purchase Order.

The terms of payments shall be as shown in the purchase order, or if not shown, payment of the net invoice amount in 30 days.

**SECTION 6 - DELIVERY**

Seller shall deliver the Equipment CIP (Incoterms 2010) to the Delivery Point.

6.1 - Importer of Record  
Seller shall be Importer of Record for all goods shipped by it in fulfillment of its obligations under this Agreement.

6.2 - Delivery Point  
The Delivery Point for any shipments will be as shown on the Purchase Order.

The facility address for the Lyons Ferry Straw Pulp Plant is:

Facility Site: 1403 Highway 261  
Starbuck, WA 99359

6.3 - Receiving Hours

Equipment will be received by the Owner during regular working hours at the Delivery Point. Seller shall provide the Owner’s representative with 10 days’ notice prior to major equipment deliveries to ensure the availability of unloading personnel and equipment.

6.4 – Partial Shipments

The Seller will not accept partial shipments made by third parties to the Delivery Point except under the following conditions:

1. The shipment is accompanied by paperwork that clearly identifies the Seller and the component of the Work being shipped.
2. The items(s) being shipped are clearly identified with tags, labels or identifying marks indicating which components of the Work the item(s) are part of.
3. Clear instructions regarding how these components are to be incorporated into the Work including, as appropriate, drawings, lists, installation manuals and/or operating and maintenance manuals.
4. The notice specified in 6.3 above has been given including the origin and shipment method of delivery of the items(s).

**SECTION 7 – INVOICING AND PAYMENT**

7.1 Invoicing

Invoice(s) relative to this Agreement shall be identified with Owner’s identifying Purchase Order number and directed to  
Columbia Pulp, LLC  
164 E. Main Street  
P.O. Box 183  
Dayton, Washington 99328

Or as directed in the purchase order. Invoices without a Purchase Order number clearly identified will be returned without payment to the Seller.

7.2 Payment

Owner shall approve for payment invoices that are accompanied by documentation that demonstrates that the Work for which payment is requested has been completed. Such approval shall not be unreasonably withheld. If the Owner cannot confirm that the work has been completed as specified by evidence from the receiving staff at the site or by the Owner’s engineer(s), the invoice will be returned to the Seller with an explanation of the deficiencies.

In no event will the Owner pay any interest, late fees or any other additional amounts claimed on invoices arriving without the required documentation.

Invoices that have been approved for payment by the Owner and the lender’s construction monitor will be paid by the trustee within two business days of the day-after the trustee’s monthly disbursements.

**SECTION 8 - TERMINATION**

The Owner may cancel this Agreement upon the written notice to the Seller. If this Agreement is terminated by the Owner, the Seller is entitled to reasonable cancellation charges including but not limited to labor expended, materials obtained or expended, reasonable overhead and profit.

**SECTION 9 - EFFECTIVE DATE OF THIS AGREEMENT**

Effective date of this Agreement shall be the shown on the Purchaser Order and ‘P.O. Date’, or as modified by the text of the Purchaser Order or any subsequent change orders.

Equipment and documentation schedules shall be predicated upon the Effective Date of this Agreement.

**SECTION 10 - COMPLETION AND ACCEPTANCE**

Completion and Acceptance of the Work shall be granted to Seller only upon satisfactory completion of the following, all in accordance with the terms of this Agreement. Payments labeled as final payment, retention payment or payment upon startup will be subject to the following conditions:

- a. All Work has been completed;
- b. All deliverables have been provided; Delivery by Seller to Owner of all required drawings and documentation, including instruction manuals and equipment documentation;
- c. Delivery of all installation, operations and maintenance manuals (IOM) which shall be in such detail as will enable the Owner to install, operate, maintain, repair, dismantle, reassemble and adjust all parts of the equipment supplied by Seller;,-
- d. All Equipment (including special tools) has been delivered to Owner; and
- e. The Acceptance Test, as defined in the Purchase Order or Engineering Requisition, if any, is passed by the installed equipment.

The Acceptance Test shall be conducted as follows:

- a. The Owner and the Seller will develop a detailed protocol for the test which states the degree of completion of the Work, the operating conditions under which the testing will be conducted, the procedure for conducting the test, the test duration and the instrumentation required for measuring the results.
- b. The acceptance criteria shall be as outlined in the As Sold Proposal. The guaranteed parameters are as shown in the Purchase Order or the Engineering Requisition.
- c. In order for the performance guarantee to be valid the system will need to be operated as per the guidelines and instructions from the Seller. The quality, temperature etc. of the incoming streams will need to meet the requirements as outlined in the Seller’s proposal.
- d. If the Work fails to achieve the acceptance criteria performance, the Seller will be given 30 days to Remedy the deficiency at its own cost so as to achieve the acceptance criteria. A subsequent Acceptance Test shall then be conducted according to the protocol developed. This procedure will be repeated as long as necessary for the Seller to pass the Acceptance Test, unless the Owner cancels the Acceptance Test procedure as provided below. The Seller will reimburse the Owner for reasonable expenses in conducting any second or subsequent acceptance tests.
- e. Seller may also have the option of either providing a third party to perform the Remedy or make a request of Owner to accommodate such Remedy.

If, after 90 days has elapsed from the commencement of the first Acceptance Test, and Work has not passed an Acceptance Test, the Owner shall have the right to cancel the Acceptance Test procedure and provide such Remedy as the Owner may deem to

be appropriate. Backcharges for the cost of the Remedy in this event shall be paid by the Seller.

If the Seller and the Owner do not agree as to the amount or appropriateness of the backcharges, the dispute will be handled according to the procedure in Section 11.

#### **SECTION 11 - DISPUTE RESOLUTION**

Any dispute between the parties shall be handled in the following manner:

- a. Mediation. In the event that any dispute (“Dispute”) arises between the parties related to this Agreement, the parties agree to submit the Dispute to non-binding mediation upon either party providing the other with written notice describing the Dispute in detail within 3 days after the Dispute is identified. The parties shall cooperate in selecting the mediator, and the mediation shall occur within 30 days of a party providing written notice to the other party of the Dispute. The mediation shall take place in Seattle, Washington.
- b. Arbitration. If mediation does not take place and resolve the Dispute within 30 days after the notice of the Dispute is given, such Dispute shall be submitted to final and binding arbitration pursuant to the Washington version of the Uniform Arbitration Act (RCW 7.04A). The arbitration shall be conducted pursuant to the American Arbitration Association’s Construction Industry Arbitration Rules, and it shall take place in Seattle, Washington. The arbitrator does not have to be an American Arbitration Association arbitrator. The substantially prevailing party in any such arbitration shall be entitled to recover its reasonable costs and attorney fees.

#### **SECTION 12 – CHANGE ORDERS**

Changes to this Agreement shall be in written form and signed by both the Owner and Seller.

#### **SECTION 13 – MECHANICAL WARRANTY**

The Seller will provide a mechanical warranty against defects in manufacture and design as shown in the Purchase Order or as in the As Sold Proposal.

#### **SECTION 14 - SECURITY INTEREST**

Seller hereby grants to Owner a first priority security interest (the “Security Interest”) in all of Owner’s right, title, and interest in and to the Work and related accessories, including but not limited to all parts, drawings, documents, manuals, inventory, appurtenances or materials relating to the construction, furnishing, designing, fabricating or testing such equipment and accessories, identified by this Agreement (the “Collateral”). From time to time at Owner’s request, Seller shall execute and deliver all further instruments and documents and take all further action as may be reasonably necessary to perfect the first priority security interest granted in the Collateral pursuant to this Agreement or to enable the Owner to exercise and enforce its rights and remedies with respect to the aforementioned Collateral. Seller authorizes the Owner or the Owner’s Lender to file a financing statement describing the Owner’s Security Interest in the Collateral

#### **SECTION 15 - ASSIGNMENT AND COOPERATION WITH COMPANY’S LENDER.**

The Owner may assign its rights or delegate its obligations under this Agreement and its Security Interest in the Collateral to any lender (“Lender”) which is financing the Owner’s acquisition of the Collateral as collateral security for the performance of the Owner’s obligations to the Lender upon prior written notice to Seller. Seller shall cooperate with the Owner and the Owner’s Lender in satisfying any reasonable requirements for financing of the Work. Seller shall, upon request, execute in favor of the Owner’s Lender a waiver and right of entry to Supplier’s premises, permitting the Lender party to inspect Collateral and the Work under construction pursuant to this Agreement and enforce Lender’s security interests in the equipment and related accessories to be provided by Seller to the Owner pursuant to this Agreement. Seller shall subordinate Seller’s lien rights in and to the equipment and related accessories to the Security Interest and any security interest of the Owner’s Lender.

#### **SECTION 16 - TECHNICAL ADVISORY SERVICES**

Seller shall make available and provide, upon request of Owner, the services of competent, qualified field personnel to assist Owner in the unloading, installation/erection and commissioning of the Equipment furnished hereunder. Owner will compensate Seller for said services in accordance with Seller’s, and Seller’s subcontractors, published rate sheet in effect as of the Effective Date of this contract...

#### **SECTION 17 - TAXES**

This Agreement is exempt from Washington State Sales Tax. Tax Purchase Exemption Certificate will be provided.

#### **SECTION 18 – APPLICABLE LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

#### **SECTION 19 - AGREEMENT ACCEPTANCE**

This Agreement shall be deemed to be accepted by both parties upon the acceptance of any payment by the Seller by the Owner.

# Used / Rebuilt Refiners

## Columbia Pulp LLC, WA Firm Proposal

Proposal No.: 2044320  
Version No.: R1

Inquiry No.:  
Date: September 15, 2017

Columbia Pulp, LLC  
Attention: Larry Tantalo  
164 E. Main St.  
Dayton, WA 99328  
Phone: 206-940-9527  
E-mail: [larry.tantalo@columbiapulp.com](mailto:larry.tantalo@columbiapulp.com)  
[www.columbiapulp.net](http://www.columbiapulp.net)

Sales Area Manager  
George Reynolds  
Phone: 360-713-3209  
[George.Reynolds@Andritz.com](mailto:George.Reynolds@Andritz.com)

ANRITZ Inc.  
Pulping and Fiber Division  
J. Brad Cort  
5405 Windward Pkwy, Suite 100W  
Alpharetta, GA 30004-3894, USA  
Mobile: 678-428-5814  
E-mail: [brad.cort@andritz.com](mailto:brad.cort@andritz.com)  
[www.andritz.com](http://www.andritz.com)

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## **1. INTRODUCTION**

### **1.1 Executive Summary**

These used refiners are in inventory in the Andritz Brantford, Ontario facility. This proposal outlines the components and procedures that would be used to rebuild these machines to OEM original specifications. The refiners did not come with their original seal water panel, lubrication panel, sole plate or refiner protection system so these components will be provided new.

This proposal includes the design, supply, equipment engineering (including basic engineering and logics) and project management for the two 50-1CP refiners. This proposal excludes the couplings, coupling guards, Gearbox, main motor and VF drive that will be required for this installation. We have provided an optional price for Andritz to attend the Factory Acceptance Test for the refiner DCS (by others -assumed to be in Vancouver). Erection supervision, commissioning and start-up supervision and optimization are also excluded from this quote but highly recommended to insure a quality installation and start-up. These services can be purchased separately at a later date.

These machines come with a full warranty the same as our new machine warranty. These machines do NOT come with a Performance Guarantee. However, it is recommended to complete a pilot plant trial in our Graz Pilot plant with wheat straw to understand the relationship between refiner speed, refiner flow capabilities and product quality.

We look forward to working with the Columbia Pulp /Allnorth/SFT project team to install a world-class non-wood market pulpmill in Washington.

### **1.2 Copyright Protection**

The technical concept presented in this quotation constitutes proprietary information of ANDRITZ, which must be kept secret and must not be passed on to Third Parties except for the purpose of furthering this transaction and after concluding an identical secrecy agreement, and except where absolutely necessary. Disclosure of the information does not constitute the granting of a license.

**2. SCOPE OF SUPPLY AND TECHNICAL SPECIFICATIONS**

**2.1 TWO (2) ANDRITZ Single Disc RefinerS Model 50-1CP**

**TECHNICAL DATA:**

**Refiner Weight:** 50-1CP (pressurized)  
17237 kg (38,000 lbs.)

**Space Required (L, W, H):** 5.5 m x 3.7 m x 3.4 m  
(18' x 12' x 11')

**HP, Maximum:** 8600 @ 1800 rpm  
7100 @ 1500 rpm  
4300 @ 900 rpm

**WK2:** 302 kg-m<sup>2</sup> (7,158 lbs./ft<sup>2</sup>)

**Design Pressure Rating:** 19 Bar (275 psi) maximum steam pressure  
18 Bar (260 psi) maximum operating pressure

**Oil Flows**

<b><u>Bearings:</u></b>	<b><u>Normal</u></b>	<b><u>Trip</u></b>
<b>Feed End: (cylindrical roller)</b>	1.9 l/m 0.5 GPM	0.9 l/m 0.25 GPM
<b>Drive End: (tapered roller)</b>	1.9 l/m 0.5 GPM	0.9 l/m 0.25 GPM
<b>Thrust: (tilting shoe double thrust)</b>	95 l/m 25 GPM (each side)	76 l/m 20 GPM

**Bearing Protection:** RTD's for main and slack side thrust bearing shoe

**Run** 93° C (200° F) normal

**Alarm** 102° C (215° F)

**Trip** 113° C (235° F)

Flow switches for all bearings.

**Oil Temperature:** RTD monitoring, oil return temperatures, radial bearings.

**In** 38° C (100° F) normal

**Out** 60° C (140° F) normal

**Alarm** 82° C (180° F)

**Trip** 91° C (195° F)

**Plate Adjustment System:**

**Type:** Electro-mechanical  
**Motor:** 2.2 Kw (3 HP)  
**Actuation:** 25.4 mm stroke (1 in)  
**Jactuators:** Two Duff-Norton, 32:1 ratio, 76 mm (3") raise, 22700 kg (25 tons)

**Maximum Vibration as Shipped:** 0.0254 mm (1 Mils)  
**Maximum Allowable Vibration:** 0.0762 mm (3 Mils)

**TECHNICAL SPECIFICATION AND SCOPE OF SUPPLY:**

		Supplied by		
		Andritz Supplied Used/Rebuilt FCA Brantford	Andritz Supplied New CIF US Atlantic Port	Customer Supplied
<b>Foundation Kit</b>	Anchor bolts to fix refiner to concrete		X	
<b>Foundation Damper</b>	Rubber dampers for flexible equipment foundations			X
<b>Foundation Calc.</b>	Calculation of the refiner foundation block design considering all static and dynamic loads			X
<b>Refiner Pressure Test</b>	If required			X
<b>Sole Plate Reference: D4504-303</b>	Standard 50-1CP Refiner Sole Plate		X	
<b>Main Frame Reference: D3604-700 D3604-701</b>	Refurbished Main Frame and Top Frame to house the Bearing unit, EM Assembly and Feed End Assembly	X		
<b>Bearing Quill Reference: D1327-707</b>	Including a refurbished shaft, new radial roller element bearing at the feed end a new radial tapered roller bearing at the tail end and a refurbished hydrodynamic thrust bearing	X		
<b>Feed End (FE) Assembly Reference: E3598-701</b>	Complete FE assembly including a refurbished door, casing, disc and disc nut. The FE will include new wear parts such as casing liner, disc air fan seals, disc wear ring, and disc breaker bar. New or refurbished hinge blocks and hardware are also included	X		
<b>Plate Adjustment System Reference: D3827-706</b>	Refurbished Electro-mechanical plate adjustment mechanism	X		
<b>Mechanical Seal Assembly</b>	Refurbished Mechanical Seal, housings and hardware	X		

		Supplied by		
		Andritz Supplied Used/Rebuilt FCA Brantford	Andritz Supplied New CIF US Atlantic Port	Customer Supplied
<b>Reference: D4463-704 D4463-703</b>				
<b>Lube Distribution Reference: D3617-714</b>	Lube oil connections from bearing quill to manifold and frame	X		
<b>Tool Kit</b>	Set of special tools for refiner maintenance	X		
<b>Lube Oil Unit Refiner</b>	ANDRITZ standard external lubrication system for radial and thrust bearings; incl. water to oil heat exchanger, pump incl. motor and filters; flow switches are mounted on refiner		X	
<b>Seal Water Panel</b>	Seal water system for the mechanical seal. Including pump, motor, filters, pressure switches, pressure regulators, flow indicating switches, flow meters and alarms		X	
<b>Machine Wiring</b>	Basic machine wiring	X		
<b>RPS (Refiner Protection System)</b>	Plate Protection System: Axial acceleration sensor to indicate very small gaps or a plate touch.  Vibration Monitoring: Transducer, interface and cable mounted on the refiner for early detection of vibration or unbalance of the refiner rotating unit.		X	
<b>Refiner Plates</b>	One (1) Set of Refiner Plates			X
<b>Hook-Up Piping</b>	Piping material between refiner and its auxiliaries			X
<b>Coupling Guards</b>	Guards for couplings			X
<b>Coupling Refiner to Motor</b>	Gear type coupling with spacer			X
<b>Main Motor</b>	NEMA standard			X
<b>Feeding System</b>	Pressurized feed pipe including removable section to allow refiner swing door to open. Including flange, support, etc.			X
<b>Discharge System</b>	Pressurized discharge pipe including flange, support and valve, etc.			X

**3. SERVICE SPECIFICATION**

**3.1 Checklist of Engineering Services**

Upon order award the following technical documents for the offered scope of supply shall be supplied by ANDRITZ and/or PUR=Purchaser.

Unless otherwise specified Andritz engineering scope is limited to the items listed below.

**I. BASIC ENGINEERING**

The following documents will be issued for Supplier's equipment only.  
The Andritz standard numbering and identification system is applied for all engineering

Document	Supplied by		Remarks
	ANDRITZ	PUR	
Typical unit machine flow sheet	X		
General layout		X	
Dimension drawing for machines and equipment with indicated space requirements for erection and maintenance, static and dynamic foundation loads and foundation bolt arrangement for equipment within scope	X		
Consumption figures for water, compressed air, chemicals and steam within the process limits	X		If applicable
Motor list	X		
Specification for equipment motors and special drive motors	X		If applicable
Variable speed drives specification	X		If applicable
Pump list		X	
Basic instrument list		X	
Unit machine logic diagrams for controls and interlocks	X		
Documentation for control panels/boxes delivered by Andritz (layout, wiring diagrams)	X		
Participation in FAT (Factory Acceptance Test) for DCS			As option
Erection, operation and maintenance instructions ("manuals"), including lists of lubricants, bearings, gear reducers, V-belt drives as well as spare parts (in English).	X		

### 3.2 Project management

These services are the organizational back bone of the order execution. This task manages the entire Andritz order processing team with the target that an order (project) is executed as stipulated in the contract.

Project management covers the following tasks:

- Handover of the contract and all its data to the order processing team, which provides the following skills:
  - Process Engineering (Mechanical, Automation & Technology)
  - Product Management
  - Purchasing & Sourcing
  - Manufacturing
  - Quality Management & Assurance
  - Documentation
  - Dispatch, Packing & Shipping
  - Site services (Erection, Purchaser training, commissioning & start up)
  - Local Andritz organization
  - Finance & Accounting
  - Controlling
  - Legal support
  
- Main interface with the Purchaser

Andritz reserves the right to charge additional costs for project management on projects that extend beyond the originally planned project duration.

**4. FIRM PRICES**

Pos.	EQUIPMENT	USD
2.1	Two (2) Used/Rebuilt ANDRITZ 50-1CP Refiners	
	Two (2) New Refiner Lube Oil Units	
	Two (2) New Refiner Seal Water Units	
	Two (2) foundation Kits	
	One (1) Refiner Protection System and Two (2) acceleration and vibration sensors with cables	
Pos.	SERVICES	USD
3.1	Basic Engineering	
3.2	Project Management	
<b>Total Price; (See Delivery Terms Section 5.3)</b>		<b>\$826,500</b>
Pos.	OPTIONAL SERVICES	USD
	Optional Factory Acceptance Test	\$11,500

#### 4.1 Service Rates

##### TERMS and CONDITIONS for DOMESTIC FIELD SERVICES (2017)

##### Field Service - Rates & Terms

##### Field Service

The Andritz Field Service System provides technical and specialized engineering services to the customer with engineering personnel. These services, which are advisory in capacity, suggest and counsel the user-customer on matters regarding installation, pre-start-up testing, crew operation training, start-up and after start-up survey and evaluation.

<b>Hourly Rate:</b>	\$215.00 USD / Hour
<b>Overtime:</b>	One and one half (1½) times daily hourly rate over eight (8) hours
<b>Saturday:</b>	One and one half (1½) times the daily rate.
<b>Sunday &amp; Holidays:</b>	Two (2) times the daily rate.
<b>Travel Time:</b>	Considered working time. Straight time rates.
<b>Expenses:</b>	Meals are billed at cost or \$46 per day. Other expenses are billed at cost plus a 10% handling fee.
<b>Trip Report:</b>	Trip reports are at \$160 hr.
<b>On-line Safety Training:</b>	On-line safety trainings are at \$160 hr.
<b>Air Travel:</b>	Coach class wherever possible in the USA and Canada. For international flights over 5 hours, upgradeable air-fare will apply.
<b>Meetings:</b>	Standard Rates for on-site meetings and on-site safety orientation.
<b>Standby:</b>	Standby rate will be \$160.00 per hour, up to 8 hours a day, Saturdays & Sundays included. This rate is valid for standby time away from the jobsite (hotel, etc.).

##### Purchase Orders, Invoicing and Payments

- Verbal purchase orders with written confirmation are required for field service.
- Terms: Net 30 days from date of invoice.
- All charges indicated on this information sheet are in US Funds.

##### Limit of Liability:

In no event shall ANDRITZ be liable for special, incidental or consequential damages including, but not limited to loss of use, profits or revenue, losses by reason of plant shutdown or increased expenses of plant operation. The liability of ANDRITZ for other damages shall not exceed the value of the service purchase order.

## **5. FIRM PRICE BASIS**

### **5.1 Currency**

The offered firm prices are quoted for sale in USD.

The USD price is based on the delivery and payment schedule quoted and on today's forward rate for EURO/USD 1.19. If there is any change in this schedule or forward rate, the USD price shall be adjusted accordingly at the date of the contract coming into force. Thus, the price in USD shall be fixed at the time of the contract coming into force and not subject to any further change over the entire duration of the contract

### **5.2 Taxes and duties**

Supplier's prices do not include value added tax, customs or any other taxes, duties, levies and fees in the country of destination.

### **5.3 Terms of delivery and delivery time**

The Used/Rebuilt Refiner equipment shall be delivered FCA Brantford, Ontario, according to INCOTERMS 2010. The scheduled delivery time for the Rebuilt refiners shall be 13-15 weeks. The New Refiner equipment shall be delivered CIF East Coast US Port, according to INCOTERMS 2010. The scheduled delivery time for the new equipment shall be 20 weeks. Delivery time shall start after the pre-conditions (Section 5.10) have been fulfilled for any contract based on this proposal.

### **5.4 Terms of payment**

- 20% of the total price shall be paid within 15 days after issuance of a firm purchase order;
- 30% of the total price shall be paid with issuance of certified drawings, not to exceed 60 days after receipt of firm purchase order;
- 40% of the total price shall be paid with the start of manufacture, not to exceed 120 days after receipt of firm purchase order;
- 10% upon shipment or offer to ship.

In case of delays in effecting payments, Supplier shall be entitled to suspend its works, to extend the time schedule and to charge its additional costs arising out of such suspension. Furthermore, interest, calculated on the pro rata basis, of 102.5% CDI per year will be charged. Supplier shall be entitled to suspend or terminate any contract based on this commercial proposal, if a delay in effecting any due payment exceeds 30 days.

### **5.5 Liabilities**

In no event shall the Supplier be liable to the Purchaser for any loss of use, loss of profit, loss of revenue, loss of production, loss of interest, loss by reason of plant shutdown, the inability to operate any facility at full capacity or increased expense of plant operations, in each case whether foreseeable or not or for any special, incidental, indirect and/or consequential damages of any nature.

The Supplier shall have no liability for hazardous materials, content or contamination of soil or structures deviating from the expected status. Furthermore, the Supplier shall not be held liable for equipment or parts thereof, which is intended to be re-used in the project, but turns out during the project execution that the condition of the equipment or part thereof is deviating from the expected status.

The total aggregate liability of the Supplier arising out of any contract based on this proposal for whatever reasons (including payment of liquidated damages, compensations, remedying of defects, damages, etc.) shall not exceed 10% of the total price.

## 5.6 Mechanical warranty

The Supplier warrants that the equipment within its scope of supply is free from any defects in material and workmanship. This warranty shall commence on start-up and shall have a duration of 12 months; however the warranty shall in no case be longer than 18 months from first main delivery or Supplier's notification of readiness to deliver the first main shipment if the delivery cannot be affected due to reasons not attributable to the Supplier. A shorter warranty period may be stated in the technical proposal.

The Supplier undertakes to remedy any defects in material and workmanship that become apparent within the aforementioned period, at its discretion, either by repair or replacement of the defective items. Any replaced or repaired parts are warranted against defects in material and workmanship for a period of 12 months from the date of repair or replacement, but such repair or replacement does not extend Supplier's warranty on the rest of the equipment. However, all warranty obligations shall expire at the latest 24 months after commencement of the original warranty period.

The Supplier's obligation to remedy defects in material and workmanship shall be conditional on the equipment being operated under conditions as specified by Supplier and serviced by qualified and trained personnel according to the Supplier's operating and maintenance instructions.

The Supplier's obligation does not cover erosion, corrosion, wear and tear; wear parts, repair by third party as well as re-used or overhauled equipment. Further exclusions may be specified in the technical proposal.

The express warranties the Supplier makes in this paragraph are the only warranties it will make.

There are no other warranties, whether statutory, oral, express or implied. In particular there are no implied warranties of merchantability or fitness for a particular purpose.

## 5.7 Force Majeure

"Force Majeure" shall mean all unforeseeable events, beyond the reasonable control of either contractual party which affect the performance of the contract, including, without limitation, acts of God, acts of governmental authority, laws or regulations, strikes, lockouts or other industrial disturbances, terrorism, wars, insurrections, riots, lightning, earthquakes, fires, storms, severe weather, floods, sabotage, delays in transportation, casting failures, lack of available shipping by land, sea or air, lack of loading or unloading facilities, inability to obtain labor or materials from usual sources, serious accidents involving the work of suppliers or sub-suppliers, thefts and explosions.

Either party is entitled to suspend the performance of its respective obligations under the contract if the fulfillment is impeded or unreasonably onerous due to Force Majeure, other than the obligation to make payments due hereunder, and the party affected promptly notifies the other of such delay, then all obligations that are affected by Force Majeure will be suspended or reduced for the period of Force Majeure and for such additional time as is required to resume the performance of its obligations, and the delivery schedule will be adjusted to account for the delay.

If the Supplier cannot supply the equipment or equipment parts to the agreed destination due to "Force Majeure" the Supplier is entitled to deposit all parts of equipment already wholly or partially manufactured in a warehouse of his choice at the Customer's cost and the Customer shall pay the Supplier for such equipment and the value of the work done. The date of delivery and/or the date on which risk is transferred from the Supplier to the Customer will be taken as the date of the warehouse receipt from an authorized warehouse. With the deposit of the equipment in the warehouse payment becomes due.

If the period of suspension or reduction of operations will extend for more than four (4) consecutive months or periods of suspension or reduction total more than six (6) months in any twelve (12) month period, then either Customer or Supplier may terminate the contract by written notice to the other party. No delay or non-performance by either party hereto caused by the occurrence of Force Majeure shall give rise to any claim for damages. Any and all claims and costs incurred prior to the occurrence of the Force Majeure event shall remain in full force and effect and will be set off.

## **5.8 Confidentiality**

The information, which the Supplier submits to the Purchaser in connection with this proposal and any contract based on this proposal, includes Supplier's confidential and proprietary information, both of a technical and commercial nature. The Purchaser agrees not to disclose such information to third parties without the Supplier's prior written consent. The Purchaser further agrees not to permit any third party to fabricate the offered equipment or any parts thereof from Supplier's drawings or to use the drawing other than in connection with this specific proposal. All drawings, documents, etc. remain the intellectual property of the Supplier and may be reclaimed by the Supplier at any time.

## 5.9 Standard Terms and Conditions of Sale

### 1. TERMS APPLICABLE

This quotation or acknowledgement and Andritz's sale of Products and /or provision of Services described in Buyer's purchase order issued in whole or in part in response to this quotation or in response to which this acknowledgement is issued are expressly limited to and expressly made conditional on, Buyer's acceptance of the Terms and Conditions of Sale and/or Service listed below, which are the exclusive terms and conditions upon which the Andritz entity supplying the same ("Seller") will accept a purchase order for the sale of products, equipment, parts and/or the provision of services ("Products" and "Services"). These Terms and Conditions of Sale and/or Service control, supersede and replace any and all other additional and/or different terms and conditions of Buyer, and Seller hereby objects to and rejects all such terms and conditions of Buyer without further notification, except to the extent Seller expressly agrees to such conditions in writing. Seller's commencement of work under the Purchase Order or Buyer's acceptance of delivery of or payment for any Products or Services covered by this Agreement, in whole or in part, shall be deemed Buyer's agreement to the foregoing. The term "this Agreement" as used herein means this quotation or acknowledgment or Buyer's purchase order, together with any attachment thereto, any documents expressly incorporated by reference (but excluding any Buyer terms and conditions attached thereto or incorporated therein by reference), and these Terms and Conditions of Sale and/or Service.

### 2. DELIVERY OR PERFORMANCE

Delivery or performance dates are good faith estimates and do not mean that "time is of the essence." Buyer's failure to promptly make advance or interim payments, supply technical information, drawings and approvals will result in a commensurate delay in delivery or performance. Upon and after delivery, risk of loss or damage to the Products shall be Buyer's. Delivery of the Products hereunder will be made on the terms agreed to by the parties as set forth in this Agreement, according to INCOTERMS 2010.

### 3. WARRANTY

(a) Product Warranty. Seller warrants to Buyer that the Products manufactured by it will be delivered free from defects in material and workmanship. This warranty shall commence upon delivery of the Products and shall expire on the earlier to occur of 12 months from initial operation of the Products and 18 months from delivery thereof (the "Warranty Period"). If during the Warranty Period Buyer discovers a defect in material or workmanship of a Product and gives Seller written notice thereof within 10 days of such discovery, Seller will, at its option, either deliver to Buyer, on the same terms as the original delivery was made, according to INCOTERMS 2010, a replacement part or repair the defect in place. Any repair or replacement part furnished pursuant to this warranty is warranted against defects in material and workmanship for one period of 12 months from completion of such repair or replacement, with no further extension. Seller will have no warranty obligations for the Products under this Paragraph 3(a): (i) if the Products have not been stored, installed, operated and maintained in accordance with generally approved industry practice and with Seller's specific written instructions; (ii) if the Products are used in connection with any mixture or substance or operating condition other than that for which they were designed; (iii) if Buyer fails to give Seller such written 10 day notice; (iv) if the Products are repaired by someone other than Seller or have been intentionally or accidentally damaged; (v) for corrosion, erosion, ordinary wear and tear or in respect of any parts which by their nature are exposed to severe wear and tear or are considered expendable; or (vi) for expenses incurred for work in connection with the removal of the defective articles and reinstallation following repair or replacement.

(b) Services Warranty. Seller warrants to Buyer that the Services performed will be free from defects in workmanship and will conform to any mutually agreed upon specifications. If any failure to meet this warranty appears within 12 months from the date of completion of the Services, on the condition that Seller be promptly notified in writing thereof, Seller as its sole obligation for breach of this warranty will correct the failure by re-performing any defective portion of the Services furnished. Seller does not warrant the

accuracy of, or performance results of, any conclusions or recommendations provided, nor that any desired objective will result from the Service provided and Seller shall not be liable for any loss of use or any production losses whatsoever.

(c) Seller further warrants to Buyer that at delivery, the Products manufactured by it will be free of any liens or encumbrances. If there are any such liens or encumbrances, Seller will cause them to be discharged promptly after notification from Buyer of their existence.

(d) **THE EXPRESS WARRANTIES SELLER MAKES IN THIS PARAGRAPH 3 ARE THE ONLY WARRANTIES IT WILL MAKE. THERE ARE NO OTHER WARRANTIES, WHETHER STATUTORY, ORAL, EXPRESS OR IMPLIED. IN PARTICULAR, THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

(e) The remedies provided in Paragraphs 3(a), 3(b) and 3(c) are Buyer's exclusive remedy for breach of warranty.

(f) With respect to any Product or part thereof not manufactured by Seller, Seller shall pass on to Buyer only those warranties made to Seller by the manufacturer of such Product or part that are capable of being so passed on.

### 4. LIMITATION OF LIABILITY

Notwithstanding any other provision in this Agreement, the following limitations of liability shall apply:

(a) In no event, whether based on contract, tort (including negligence), strict liability or otherwise, shall Seller, its officers, directors, employees, subcontractors, suppliers or affiliated companies be liable for loss of profits, revenue or business opportunity, loss by reason of shutdown of facilities or inability to operate any facility at full capacity, or cost of obtaining other means for performing the functions performed by the Products, loss of future contracts, claims of customers, cost of money or loss of use of capital, in each case whether or not foreseeable, or for any indirect, special, incidental or consequential damages of any nature resulting from, arising out of or connected with the Products, Services, or this Agreement or from the performance or breach hereof.

(b) The aggregate liability of Seller, its officers, directors, employees, subcontractors, suppliers or affiliated companies, for all claims of any kind for any loss, damage, or expense resulting from, arising out of or connected with the Products, Services or this Agreement or from the performance or breach hereof, together with the cost of performing make good obligations to pass performance tests, if applicable, shall in no event exceed the contract price.

(c) The limitations and exclusions of liability set forth in this Paragraph 4 shall take precedence over any other provision of this Agreement and shall apply whether the claim of liability is based on contract, warranty, tort (including negligence), strict liability, indemnity, or otherwise. The remedies provided in this Agreement are Buyer's exclusive remedies.

(d) All liability of Seller, its officers, directors, employees, subcontractors, suppliers or affiliated companies, resulting from, arising out of or connected with the Products, Services or this Agreement or from the performance or breach hereof shall terminate on the third anniversary of the date of this Agreement.

(e) In no event shall Seller be liable for any loss or damage whatsoever arising from its failure to discover or repair latent defects or defects inherent in the design of goods serviced (unless such discovery or repair is normally discoverable by tests expressly specified in the scope of work under this Agreement) or caused by the use of goods by the Buyer against the advice of Seller. If Seller furnishes Buyer with advice or assistance concerning any products or systems that is not required pursuant to this Agreement, the furnishing of such advice or assistance will not subject Seller to any liability whether in contract, indemnity, warranty, tort (including negligence), strict liability or otherwise.

### 5. CHANGES, DELETIONS AND EXTRA WORK.

Seller will not make changes in the Products unless Buyer and Seller have executed a written Change Order for such change. Buyer, without invalidating this Agreement, may make changes by altering, adding to or

deducting from the general scope of the Services by written Change Order. Any such Change Order will include an appropriate adjustment to the contract price and delivery schedule. If the change impairs Seller's ability to satisfy any of its obligations to Buyer, the Change Order will include appropriate modifications to this Agreement. Seller shall be entitled to a Change Order adjusting the contract price, delivery schedule and/or any affected obligations of Seller if after the date of this Agreement a change in applicable law should require a change in the Products or Services or in the event and to the extent that an act or omission of Buyer, or any error or change in Buyer-provided information, affects the Seller's performance hereunder.

#### 6. TAXES

Seller's prices do not include any sales, use, excise or other taxes. In addition to the price specified herein, the amount of any present or future sales, use, excise or other tax applicable to the sale or use of the Products or Services shall be billed to and paid by Buyer unless Buyer provides to Seller a tax-exemption certificate acceptable to the relevant taxing authorities.

#### 7. SECURITY INTEREST

Seller shall retain a purchase money security interest and Buyer hereby grants Seller a lien upon and security interest in the Products until all payments hereunder have been made in full. Buyer acknowledges that Seller may file a financing statement or comparable document as required by applicable law and may take all other action it deems reasonably necessary to perfect and maintain such security interest in Seller and to protect Seller's interest in the Products.

#### 8. SET OFF

Neither Buyer nor any of its affiliates shall have any right to set off claims against Seller or any of its affiliates for amounts owed under this Agreement or otherwise.

#### 9. PATENTS

Unless the Products or any part thereof are designed to Buyer's specifications and provided the Product or any part thereof is not used in any manner other than as specified or approved by Seller in writing, (i) Seller shall defend against claims made in a suit or proceeding brought against Buyer by an unaffiliated third party that any Product infringes a device claim of a United States or Canadian patent issued as of the effective date of this Agreement and limited to the field of the specific Products provided under this Agreement; provided Seller is notified promptly in writing and given the necessary authority, information and assistance for the defense of such claims; (ii) Seller shall satisfy any judgment (after all appeals) for damages entered against Buyer on such claims so long as such damages are not attributable to willful conduct or sanctioned litigation conduct; and (iii) if such judgment enjoins Buyer from using any Product or a part thereof, then Seller will, at its option: (a) obtain for Buyer the right to continue using such Product or part; (b) eliminate the infringement by replacing or modifying all or part of the Products; or (c) take back such Product or part and refund to Buyer all payments on the purchase price that Seller has received for such Product or part. The foregoing states Seller's entire liability for patent infringement by any Product or part thereof.

#### 10. SOFTWARE LICENSE, WARRANTY, FEES

The following Software Terms and Conditions apply to any embedded or separately packaged software produced by Seller and furnished by Seller hereunder:

(a) Seller hereby grants to Buyer a non-exclusive, non-transferable, non-sub-licensable license to the Software, and any modifications made by Seller thereto only in connection with configuration of the Products and operating system for which the Software is ordered hereunder, and for the end-use purpose stated in the related Seller operating documentation. Buyer agrees that neither it nor any third party shall modify, reverse engineer, decompile or reproduce the Software, except Buyer may create a single copy for backup or archival purposes in accordance with the related Seller operating documentation (the "Copy"). Buyer's license to use the Software and the Copy of such Software shall terminate upon any breach of this Agreement by Buyer. All copies of the Software, including the Copy, are the property of Seller, and all copies for which the license is terminated shall be returned to Seller with written confirmation after termination.

(b) Seller warrants that, on the date of shipment of the Software or the Products containing the Software to Buyer: (1) the Software media contain a true and correct copy of the Software and are free from material defects; (2) Seller has the right to grant the license hereunder; and (3) the Software will function substantially in accordance with the related Seller operating documentation.

(c) If within 12 months from the date of delivery of the Software or Products containing the Software, Buyer discovers that the Software is not as warranted above and notifies Seller in writing prior to the end of such 12 month period, and if Seller determines that it cannot or will not correct the nonconformity, Buyer's and Buyer's Seller-authorized transferee's exclusive remedies, at Seller's option, are: (1) replacement of the nonconforming Software; or (2) termination of this license and a refund of a pro rata share of the contract price or license fee paid.

(d) If any infringement claims are made against Buyer arising out of Buyer's use of the Software in a manner specified by Seller, Seller shall: (i) defend against any claim in a suit or proceeding brought by an unaffiliated third party against Buyer that the Software violates a registered copyright or a confidentiality agreement to which Seller was a party, provided that Seller is notified promptly in writing and given the necessary authority, information and assistance for the defense and settlement of such claims (including the sole authority to select counsel and remove the Software or stop accused infringing usage); (ii) Seller shall satisfy a final judgment (after all appeals) for damages entered against Buyer for such claims, so long as such damages are not attributable to willful conduct or sanctioned litigation conduct; and (iii) if such judgment enjoins Buyer from using the Software, Seller may at its option: (a) obtain for Buyer the right to continue using such Software; (b) eliminate the infringement by replacing or modifying the Software, or (c) take back such Software and refund to Buyer all payments on the purchase price that Seller has received. However, Seller's obligations under this Paragraph 10 shall not apply to the extent that the claim or adverse final judgment relates to: (1) Buyer's running of the Software after being notified to discontinue; (2) non-Seller software, products, data or processes; (3) Buyer's alteration of the Software; (4) Buyer's distribution of the Software to, or its use for the benefit of, any third party; or (5) Buyer's acquisition of confidential information (a) through improper means; (b) under circumstances giving rise to a duty to maintain its secrecy or limit its use; or (c) from a third party who owed to the party asserting the claim a duty to maintain the secrecy or limit the use of the confidential information. Buyer will reimburse Seller for any costs or damages that result from actions 1 to 5. In Seller's discretion and at Seller's own expense, with regard to any actual or perceived infringement claim related to the Software, Seller may: (i) procure the right to use the Software, (ii) replace the Software with a functional equivalent, and/or (iii) modify the Software. Under (ii) and (iii) above, Buyer shall immediately stop use of the allegedly infringing Software.

(e) This warranty set forth in subparagraph (c) above shall only apply when: (1) the Software is not modified by anyone other than Seller or its agents authorized in writing; (2) there is no modification in the Products in which the Software is installed by anyone other than Seller or its agents authorized in writing; (3) the Products are in good operating order and installed in a suitable operating environment; (4) the nonconformity is not caused by Buyer or a third party; (5) Buyer promptly notifies Seller in writing, within the period of time set forth in subparagraph (c) above, of the nonconformity; and (6) all fees for the Software due to Seller have been timely paid. **SELLER HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, WITH REGARD TO THE SOFTWARE, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COURSE OF DEALING AND USAGE OF TRADE.**

(f) Buyer and its successors are limited to the remedies specified in this Paragraph 10.

(g) Any subsequent modifications or enhancements to the Software made by Seller are, at Seller's option, subject to a fee.

#### 11. SITE RISKS

(a) Concealed Conditions. The parties acknowledge and agree that increased costs or schedule extensions due to any concealed conditions at the job site shall be to Buyer's account. Buyer shall hold Seller harmless for increased costs and grant any necessary schedule extensions if any concealed or hazardous conditions are found.

(b) Environmental Remediation. Buyer acknowledges that Seller is not an expert in environmental remediation and shall not be directed by change order or otherwise to perform any environmental remediation as part of the Services, including but not limited to asbestos and lead paint removal. If any environmental remediation becomes necessary, Buyer will contract directly with a qualified third party to perform such work.

#### 12. TERMINATION

(a) Buyer may terminate this Agreement upon breach by Seller of a material obligation hereunder and Seller's failure to cure, or to commence a cure of, such breach within a reasonable period of time (but not less than 30 days) following written receipt of notice of the same from Buyer.

(b) Buyer may only terminate this Agreement for Buyer's convenience upon written notice to Seller and upon payment to Seller of Seller's termination charges, which shall be specified to Buyer and shall take into account among other things expenses (direct and indirect) incurred and commitments already made by Seller and an appropriate profit; provided, that in no event shall Seller's termination charges be less than 25% of the contract price.

(c) Seller shall have the right to suspend and/or terminate its obligations under this Agreement if payment is not received within 30 days of due date. In the event of the bankruptcy or insolvency of Buyer or in the event of any bankruptcy or insolvency proceeding brought by or against Buyer, Seller shall be entitled to terminate any order outstanding at any time during the period allowed for filing claims against the estate and shall receive reimbursement for its cancellation charges.

#### 13. CONFIDENTIALITY

Buyer acknowledges that the information that Seller submits to Buyer in connection with this Agreement and the performance hereof includes Seller's confidential and proprietary information, both of a technical and commercial nature. Buyer agrees not to disclose such information to third parties without Seller's prior written consent. Seller grants to Buyer a non-exclusive, royalty-free, perpetual, non-transferrable license to use Seller's confidential and proprietary information for the purpose of the installation, operation, maintenance and repair of the Products that are the subject hereof only. Buyer further agrees not to, and not to permit any third party to, analyze, measure the properties of, or otherwise reverse engineer the Products, fabricate the Products or any parts thereof from Seller's drawings or to use the drawings other than in connection with this Agreement. Buyer will defend and indemnify Seller from any claim, suit or liability based on personal injury (including death) or property damage related to any Product or part thereof which is fabricated by a third party without Seller's prior written consent and from and against related costs, charges and expenses (including attorneys' fees). All copies of Seller's confidential and proprietary information shall remain Seller's property and may be reclaimed by Seller at any time in the event Buyer is in breach of its obligations under this Paragraph 13.

#### 14. END USER

If Buyer is not the end user of the Products sold hereunder (the "End User"), then Buyer will use its best efforts to obtain the End User's written consent to be bound to Seller by the provisions hereof. If Buyer does not obtain such End User's consent, Buyer shall defend and indemnify Seller and Seller's agents, employees, subcontractors and suppliers from any action, liability, cost, loss, or expense for which Seller would not have been liable or from which Seller would have been indemnified if Buyer had obtained such End User's consent.

#### 15. FORCE MAJEURE

(a) Force Majeure Defined. For the purpose of this Agreement "Force Majeure" will mean all events, whether or not foreseeable, beyond the reasonable control of either party which affect the performance of this Agreement, including, without limitation, acts of God, acts or advisories of governmental or quasi-governmental authorities, laws or regulations, strikes,

lockouts or other industrial disturbances, acts of public enemy, wars, insurrections, riots, epidemics, pandemics, outbreaks of infectious disease or other threats to public health, lightning, earthquakes, fires, storms, severe weather, floods, sabotage, delays in transportation, rejection of main forgings and castings, lack of available shipping by land, sea or air, lack of dock lighterage or loading or unloading facilities, inability to obtain labor or materials from usual sources, serious accidents involving the work of suppliers or sub-suppliers, thefts and explosions.

(b) Suspension of Obligations. If either Buyer or Seller is unable to carry out its obligations under this Agreement due to Force Majeure, other than the obligation to make payments due hereunder, and the party affected promptly notifies the other of such delay, then all obligations that are affected by Force Majeure will be suspended or reduced for the period of Force Majeure and for such additional time as is required to resume the performance of its obligations, and the delivery schedule will be adjusted to account for the delay.

(c) Option to Terminate. If the period of suspension or reduction of operations will extend for more than four (4) consecutive months or periods of suspension or reduction total more than 6 months in any 12 month period, then either Buyer or Seller may terminate this Agreement.

(d) Strikes On-Site. Notwithstanding anything herein to the contrary, in the event a strike, lockout, labor, union or other industrial disturbance at Buyer's site affects, delays, disrupts or prevents Seller's performance of this Agreement, Seller shall be entitled to a Change Order containing an appropriate adjustment in the contract price and delivery schedule.

#### 16. INDEMNIFICATION AND INSURANCE

(a) Indemnification. Seller agrees to defend and indemnify Buyer from and against any third-party claim for bodily injury or damage to tangible property ("Loss") arising in connection with the Products or the Services provided by Seller hereunder, but only to the extent such Loss has been caused by the negligence, willful misconduct or other legal fault ("Fault") of Seller. Buyer shall promptly tender the defense of any such third-party claim to Seller. Seller shall be entitled to control the defense and resolution of such claim, provided that Buyer shall be entitled to be represented in the matter by counsel of its choosing at Buyer's sole expense. Where such Loss results from the Fault of both Seller and Buyer or a third party, then Seller's defense and indemnity obligation shall be limited to the proportion of the Loss that Seller's Fault bears to the total Fault.

(b) Insurance. Seller shall maintain commercial general liability insurance with limits of \$2,000,000 per occurrence and in the aggregate covering claims for bodily injury (including death) and physical property damage arising out of the Products or Services. Seller shall also provide workers' compensation insurance or the like as required by the laws of the jurisdiction where the Services will be performed, and owned and non-owned auto liability insurance with limits of \$1,000,000 combined single limit. Seller will provide a Certificate of Insurance certifying the existence of such coverages upon request.

#### 17. SPECIAL CONDITIONS

For installation, repair, or maintenance Services on existing pressure vessels, piping and equipment, the following shall apply:

(a) Unless otherwise agreed and stated in the purchase order, Buyer shall be responsible for: (i) physically disconnecting and isolating vessels and equipment being repaired from existing piping and electrical power before Seller or any of its subcontractors start the Services, and take adequate precautions that re-connection and resumption of use does not take place until the Services are completed, and (ii) emptying the vessels and piping and freeing them from any toxic or harmful substances before the Services begin so that the vessels and piping are safe for Services to begin. Buyer shall maintain the area entirely free of combustible, toxic and asphyxiant substances and provide fire protection service until the Services are completed;

(b) If the Services are on an existing vessel or existing piping, the Buyer is responsible for determining the prior condition of the portion of the vessel or piping not involved in the Services, and its ability to withstand the Services and any tests that may be necessary;

(c) Buyer shall also be responsible for evaluating the effects of prior use of the vessel or piping upon structural adequacy, and the suitability of the vessel or piping for the service intended when the Services are completed;

(d) Seller has no obligation to provide any inspections or tests, and Buyer takes full responsibility for all necessary inspections and tests, including but not limited to, selection of testing personnel, type, location, frequency, and severity of any inspections and tests and all test results at any stage of the Services;

(e) Upon request of Seller, Buyer shall provide Seller with the history of the vessel, a statement of the tests to be performed and a statement of the proposed use of the vessel after completion of the Services, and

(f) If repairs are required: (i) Buyer will provide an Authorized Inspector ("AI") who will determine the scope of the Services to be done; (ii) Seller will provide Buyer with a proposed Quality Control ("QC") package specifying the methods and procedures that Seller will follow in performing the Services specified by the Buyer; (iii) the proposed QC package is subject to approval by the Buyer, and such approval must be provided before Services commence; (iv) after approval of the QC package, the Services shall be done in accordance with the QC package. At the option of the AI, hold points may be established for inspection during the course of the Services; and (v) upon completion of the Services, the AI shall inspect the Services and provide a signed acceptance that they have been completed in accordance with the QC package. Such acceptance by the AI shall establish completion of the Services.

#### 18. GENERAL

(a) Seller represents that any Products or parts thereof manufactured by Seller will be produced in compliance with all applicable federal, state and local laws applicable to their manufacture and in accordance with Seller's engineering standards. Seller shall not be liable for failure of the Products to comply with any other specifications, standards, laws or regulations.

(b) This Agreement shall inure only to the benefit of Buyer and Seller and their respective successors and assigns. Any assignment of this Agreement or any of the rights or obligations hereunder, by either party without the written consent of the other party shall be void.

(c) This Agreement contains the entire and only agreement between the parties with respect to the subject matter hereof and supersedes all prior oral and written understandings between Buyer and Seller concerning the Products, Services and any prior course of dealings or usage of the trade not expressly incorporated herein.

(d) This Agreement may be modified, supplemented or amended only by a writing signed by an authorized representative of Seller. Seller's waiver of any breach by Buyer of any terms of this Agreement must also be in writing and any waiver by Seller or failure by Seller to enforce any of the terms and conditions of this Agreement at any time, shall not affect, limit or waive Seller's right thereafter to enforce and compel strict compliance with every term and condition hereof.

(e) All terms of this Agreement which by their nature should apply after the cancellation, completion or termination of this Agreement shall survive and remain fully enforceable after any cancellation, completion or termination hereof.

(f)(i) *If Seller's office is located in the United States, this Agreement and the performance hereof will be governed by and construed according to the laws of the State of Georgia.*

(ii) *If Seller's office is located in Canada, this Agreement and the performance hereof will be governed by and construed according to the laws of the Province of New Brunswick.*

(g) (i) *In the circumstances of f(i) above, any controversy or claim arising out of or relating to this Agreement, or the breach*

*hereof, or to the Products or the Services provided pursuant hereto, shall be definitively settled by arbitration, to the exclusion of courts of law, administered by the American Arbitration Association ("AAA") in accordance with its Construction Industry Arbitration Rules in force at the time this Agreement is signed and to which the parties declare they will adhere (the "AAA Rules"), and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction over the party against whom enforcement is sought or having jurisdiction over any of such party's assets. The arbitration shall be conducted in Atlanta, Georgia by a panel of three members, one of whom will be appointed by each of Buyer and Seller and the third of whom will be the chairman of the panel and will be appointed by mutual agreement of the two party appointed arbitrators. All arbitrators must be persons who are not employees, agents, or former employees or agents of either party. In the event of failure of the two party appointed arbitrators to agree within 45 days after submission of the dispute to arbitration upon the appointment of the third arbitrator, the third arbitrator will be appointed by the AAA in accordance with the AAA Rules. In the event that either of Buyer or Seller fails to appoint an arbitrator within 30 days after submission of the dispute to arbitration, such arbitrator, as well as the third arbitrator, will be appointed by the AAA in accordance with the AAA Rules.*

(ii) *In the circumstances of f(ii) above, any controversy or claim arising out of or relating to this Agreement, or the breach hereof, or to the Products or the Services provided pursuant hereto, shall be definitively settled under the auspices of the Canadian Commercial Arbitration Centre ("CCAC"), by means of arbitration and to the exclusion of courts of law, in accordance with its General Commercial Arbitration Rules in force at the time the Agreement is signed and to which the parties declare they will adhere (the "CCAC Rules"), and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction over the party against whom enforcement is sought or having jurisdiction over any of such party's assets. The arbitration shall be conducted in Saint John, New Brunswick by a panel of three arbitrators, one of whom will be appointed by each of Buyer and Seller and the third of whom will be the chairman of the arbitral tribunal and will be appointed by mutual agreement of the two party-appointed arbitrators. All arbitrators must be persons who are not employees, agents, or former employees or agents of either party. In the event of failure of the two party-appointed arbitrators to agree within 45 days after submission of the dispute to arbitration upon the appointment of the third arbitrator, the third arbitrator will be appointed by the CCAC in accordance with the CCAC Rules. In the event that either of Buyer or Seller fails to appoint an arbitrator within 30 days after submission of the dispute to arbitration, such arbitrator, as well as the third arbitrator, will be appointed by the CCAC in accordance with the CCAC Rules.*

(h) *In the event this Agreement pertains to the sale of any goods outside the United States or Canada, the parties agree that the United Nations Convention for the International Sale of Goods shall not apply to this Agreement.*

(i) *The parties hereto have required that this Agreement be drawn up in English. Les parties aux présentes ont exigé que la présente convention soit rédigée en anglais.*

### 5.10 Pre-conditions

The Supplier shall commence its works and services – and thus the delivery time will commence – when all of the following conditions precedent have been fulfilled:

- Signature on the contract by the Customer and the Supplier
- Receipt of the down-payment
- Achievement of all necessary approvals by authorities and institutions, including but not limited to any Credit Agency approval or confirmation of credit risk insurance (to the extent required)

### 5.11 Validity of the proposal

This proposal is Firm and valid for 30 days.

Andritz is confident in our equipment and process design in this proposal and trust that this document meets with your approval. We look forward to working with your team to further develop this project and would be pleased to be favored with your order.

Yours sincerely,



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**J. Brad Cort**  
Director, Sales  
Pulping & Fiber Division  
ANDRITZ INC.



# Manufacturer's Sales and Use Tax Exemption Certificate For Manufacturing Machinery and Equipment

### Type of Certificate

Single Use Certificate

A single use certificate must be used each time an exempt item is purchased.

Blanket Certificate

Blanket certificates are valid for as long as the buyer and seller have a recurring business relationship. A "recurring business relationship" means at least one sale transaction within a period of twelve months. RCW 82.08.050 (7)(c).

1. Buyer/User UBI/Revenue Tax Registration No. 603-491-152
2. Name of Buyer/User COLUMBIA PAPER I, LLC
3. Address of Buyer/User 164 E. MAIN  
City DAYTON State WA Zip 99328
4. Name of Seller \_\_\_\_\_

The buyer/user certifies that it is a qualified manufacturer engaged in manufacturing or processing for hire activities and that the items purchased will be used directly in manufacturing or processing for hire operation. **The seller must keep a copy of the certificate for his/her records. Do not attach to the Combined Excise Tax Return.**

House Bill 1347 (Laws of 2011) clarifies those qualified to use the manufacturing machinery and equipment exemption, and updates the definition of "manufacturer," "manufacturing," and "manufacturing operation."

Changes include, but are not limited to:

The state and its departments and institutions, public utilities, and others taxable under public utility tax *are not* eligible for the exemption. Four-year institutions of higher education *are* eligible for the exemption on machinery and equipment used primarily in a technological research and development operation.

To be considered "used directly" in a manufacturing operation or research and development operation, the machinery and equipment must:

- ◆ Act upon or interact with an item of tangible personal property;
- ◆ Convey, transport, handle, or temporarily store an item of tangible personal property at the manufacturing site;
- ◆ Control, guide, measure, verify, align, regulate, or test tangible personal property;
- ◆ Provide physical support for or access to tangible personal property;
- ◆ Produce steam or mechanical power for, or lubricate machinery and equipment;
- ◆ Produce another item of tangible personal property for use in the manufacturing operation or research and development operation;
- ◆ Place tangible personal property in the container, package, or wrapping in which the tangible personal property is normally sold or transported;
- ◆ Be integral to research and development as defined in RCW 82.63.010; or
- ◆ Be for repair and replacement parts or repair and cleaning labor for eligible items.

The sales and use tax exemption does not include:

- ◆ Consumable items;
- ◆ Hand-powered tools;
- ◆ Property with a useful life of less than one year;
- ◆ Building fixtures that are not integral to the manufacturing operation that are permanently affixed to and become a physical part of a building. This includes utility systems for heating, ventilation, air conditioning, communications, plumbing, or electrical.

➤ **This certificate is given with full knowledge of, and subject to, the legally prescribed penalties for fraud and tax evasion.**

Authorized Agent of Buyer/User (please print) LOREN B MONROE  
 Authorized Signature Loren B Monroe Title CONTROLLER  
 Date 8/16/17

For tax assistance or to request this document in an alternate format, visit <http://dor.wa.gov> or call 1-800-647-7706. Teletype (TTY) users may call (360) 705-6718.