

## **SETTLEMENT AGREEMENT**

THIS SETTLEMENT AGREEMENT (“the Agreement”) is made and entered into as of the 11th day of February, 2025, by and between Plaintiff North Carolina Department of Commerce; Defendants Blue Ridge Paper Products LLC (“Blue Ridge”) and Evergreen Packaging LLC; and additional parties to the dispute the Town of Canton, North Carolina and Haywood County, North Carolina, each individually at times referred to as a “Party” and referred to collectively as the “Parties.”

### **RECITALS**

WHEREAS, on May 23, 2024, Plaintiff filed a Complaint against Defendants in the General Court of Justice, Superior Court Division, Wake County, North Carolina, Case Number 24cv16335-910 (the “Litigation”), asserting, in relevant part, a claim against Defendants for breach of the Job Maintenance and Capital Development Agreement, Grant No. JMAC 2014-04 (the “JMAC Agreement”); and

WHEREAS, on July 29, 2024, Defendants filed a Partial Motion to Dismiss the Complaint, which was denied by order dated October 21, 2024; and

WHEREAS, Blue Ridge has filed four property tax appeals presently pending before the North Carolina Property Tax Commission (Case Nos. 23 PTC 0216, 24 PTC 0406, 24 PTC 0134, with the fourth appeal not yet assigned a case number) regarding the tax year 2023 and tax year 2024 assessments of real and personal property formerly owned by Blue Ridge and located within the jurisdiction of the County and Canton (the “Property Tax Appeals”); and

WHEREAS, on March 8, 2023, Blue Ridge provided notice to Canton that it was terminating the 1964 WWTP Agreement governing the provision of wastewater services to Canton, effective March 9, 2025, and Blue Ridge and Canton have subsequently disputed their obligations under the 1964 WWTP Agreement.

WHEREAS, the Parties conducted two separate mediated settlement conferences to resolve the Litigation and the Property Tax Appeals, on September 17, 2024 and on January 21, 2025; and

WHEREAS, the Parties consider it desirable to compromise and settle all claims asserted in the Litigation, in the Property Tax Appeals, and concerning the 1964 WWTP Agreement, in the manner and upon the terms and conditions hereinafter set forth, to avoid further risk, expense, inconvenience, unpredictability, and the distraction of burdensome litigation;

NOW THEREFORE, in consideration of the foregoing and the terms and conditions set forth below, the receipt and sufficiency of which is acknowledged, the Parties hereby agree as follows:

#### **AGREEMENT**

1. **Definitions.** The following terms shall have the following meanings for purposes of this Agreement.
  - a. “1964 WWTP Agreement” means the February 28, 1964, indenture between Champion Papers Inc. (the predecessor in interest to Blue Ridge) and Canton.
  - b. “Agreement” means this Settlement Agreement.
  - c. “Canton” means the Town of Canton, North Carolina, including all political subdivisions thereof.
  - d. “County” means Haywood County, North Carolina, including all political subdivisions thereof.
  - e. “Defendants” or “Pactiv” means Blue Ridge Paper Products LLC and Evergreen Packaging LLC, including their predecessors, successors, parents, subsidiaries, affiliates, insurers, joint venturers, agents, trustees, consultants, independent

contractors, attorneys, partners, employees, officers, councilmembers, directors, members, managers, shareholders and assigns.

- f. “Effective Date” means that date on which this Agreement has been fully executed by all Parties hereto, and the Settlement Payments required by Section 2(a) have been made.
- g. “Plaintiff” means the North Carolina Department of Commerce, on behalf of itself, and all departments thereof.
- h. “WWTP” means the wastewater treatment facility located at 175 Main Street, Canton, North Carolina at the Canton Mill site.

2. **Settlement Consideration.** Subject to the provisions hereof, and in consideration of the settlement and dismissal with prejudice of all claims Plaintiff has asserted or could assert against Defendants in the Litigation based on, arising out of, or in any way related to the JMAC Agreement, and in consideration of the withdrawal by Blue Ridge of the Property Tax Appeals and the release of other claims that any Party could assert regarding the WWTP, the Parties on behalf of themselves, and together with their predecessors, successors, parents, subsidiaries, affiliates, departments, political subdivisions, insurers, joint venturers, agents, trustees, consultants, independent contractors, attorneys, partners, employees, officers, councilmembers, directors, members, managers, shareholders and assigns agree to the following:

- a. **Settlement Payments.** Defendants shall pay the total sum of \$6,250,000 (the “Total Cash Payment”) to Plaintiff, Canton, and the County (collectively, the “Recipients”). Within ten (10) business days of the later of (i) the execution of this Agreement by all Parties and (ii) the provision of specific payment instructions to

Defendants by the Recipients, Defendants shall cause payments to be made as follows, which together constitute the Total Cash Payment:

- i. To Plaintiff: \$500,000
- ii. To the County: \$286,778
- iii. To the County: \$2,731,611
- iv. To Canton: \$2,731,611

In no event shall Defendants' payment obligations under this Agreement exceed the Total Cash Payment amount.

**b. Release of Wastewater Treatment Payment Obligations.** By entering into this Agreement, Defendants hereby waive and release any and all causes of action, equitable or legal claims, damages, demands, suits, losses, penalties, liabilities, and remedies of any kind whatsoever, including costs, expenses, interest, and attorney's fees, in law or equity, known or unknown, asserted or unasserted, they have, or may have, against Canton, the County, or any other governmental entity or subdivision, and any of their departments, insurers, consultants, independent contractors, attorneys, partners, employees, officers, officials, councilmembers, and assignors, for any cost of wastewater treatment services that Pactiv has provided since 1964 to Canton and its citizens in the greater Town of Canton area from the WWTP, including any alleged violation of the 1964 WWTP Agreement prior to the transfer of the Canton mill site and the 1964 WWTP Agreement from Blue Ridge to Two Banks Development, LLC on January 10, 2025, as well as any contribution for the

cost of repairs made to the WWTP in the aftermath of Hurricane Helene. Defendants represent and warrant that Pactiv is the sole owner, directly or indirectly, of these claims and that it has not previously sold, assigned or transferred any of these claims to any other person or entity (it being understood that Blue Ridge transferred ownership of the Canton mill site and the 1964 WWTP Agreement to Two Banks Development, LLC, on January 10, 2025, and that therefore any claims under the 1964 WWTP Agreement based on conduct after January 10, 2025 would not be owned by Blue Ridge or any other Pactiv entity).

- c. **Withdrawal/Dismissal of Property Tax Appeals.** Within ten (10) business days following the dismissal of the Litigation as set forth in paragraph 2(d) below, Blue Ridge shall withdraw and/or dismiss with prejudice all 2023 tax year and 2024 tax year property tax appeals related to real and personal property located in Haywood County that were filed to the North Carolina Property Tax Commission by Blue Ridge or any other entity controlled by Pactiv, including the Property Tax Appeals contesting the tax assessments levied by Canton and the County against Blue Ridge's Canton, North Carolina plant sites and all personal property located thereon. Canton and the County acknowledge that all taxes concerning Blue Ridge's Canton, North Carolina plant sites and all personal property located thereon (including any applicable interest and penalties) for 2023 and 2024 have been paid in full, and that no additional amounts are due and owing for those tax years. Blue Ridge represents and warrants that Blue Ridge is the sole entity with authority to challenge the aforementioned personal property and real property tax assessments

and that Blue Ridge is the sole entity with authority to dismiss such real and personal property tax appeals.

- d. **Dismissal of the Litigation.** Within five (5) business days of the Effective Date, Plaintiff shall file a Stipulation of Dismissal with Prejudice (“Stipulation of Dismissal”), dismissing all claims against Defendants asserted in the Litigation with prejudice. Each side shall bear its own costs and attorneys’ fees.
- e. **Covenant Not to Sue.** To the maximum extent permitted by applicable law, Plaintiff, Canton and the County hereby: (i) covenant not to investigate, commence, sue, join in, bring, or in any manner seek, or to cause, encourage, or assist any other person or entity to seek relief for any claim against Pactiv arising out of or related to (a) the JMAC Agreement, including those factual allegations and legal claims asserted or that could have been asserted against Defendants in the Litigation, or (b) wastewater treatment services provided under the 1964 WWTP Agreement or arising out of or related to repairs made to the WWTP following Hurricane Helene; and (ii) affirm and warrant that they have not filed any such action and that they have no knowledge of any intention by any third party to do so. To the maximum extent permitted by applicable law, Defendants hereby: (i) covenant not to investigate, commence, sue, join in, bring, or in any manner seek, or to cause, encourage, or assist any other person or entity to seek relief for any claim against Plaintiff, Canton and the County arising out of or related to (a) the JMAC Agreement, or (b) wastewater treatment services provided under the 1964 WWTP Agreement or arising out of or related to repairs made to the WWTP following Hurricane Helene; and (ii) affirm and warrant that they have not filed any such

action and that they have no knowledge of any intention by any third party to do so.

- f. **Release of Defendants.** In addition to the effect of the Stipulation of Dismissal to be entered in accordance with Paragraph 2(d) above, and in exchange for the consideration set forth herein, the Plaintiff, Canton, and the County, on behalf of themselves and their predecessors, successors, parents, subsidiaries, affiliates, departments, political subdivisions, insurers, joint venturers, agents, trustees, consultants, independent contractors, attorneys, partners, employees, officers, councilmembers, directors, members, managers, shareholders and assigns, hereby release Defendants and their predecessors, successors, parents, subsidiaries, affiliates, departments, insurers, joint venturers, agents, trustees, consultants, independent contractors, attorneys, partners, employees, officers, directors, members, managers, shareholders and assigns from any and all causes of action, equitable or legal claims, damages, demands, suits, losses, penalties, liabilities, and remedies of any kind whatsoever, including costs, expenses, interest, and attorney's fees, in law or equity, known or unknown, asserted or unasserted, against Defendants and their predecessors, successors, parents, subsidiaries, affiliates, departments, insurers, joint venturers, agents, trustees, consultants, independent contractors, attorneys, partners, employees, officers, directors, members, managers, shareholders and assigns, based on, arising out of, or in any way related to (1) the JMAC Agreement, including those factual allegations and legal claims asserted or that could have been asserted against Defendants in the Litigation; and (2) any other claims against the Defendants regarding the Property Tax Appeals, Defendants'

obligations under the 1964 WWTP Agreement, and for further contribution to the costs of running the WWTP (the “Released Claims”). Plaintiff, Canton, and the County represent and warrant that they are the sole owner(s), directly or indirectly, of the Released Claims and that they have not previously sold, assigned or transferred any of the Released Claims to any other person or entity.

- g. **Non-Released Claims.** This Agreement does not release any other claims of the State of North Carolina, including but not limited to environmental-related claims that may be brought by other state agencies.
- h. **Representation and Warranty.** Plaintiff, the County and Canton represent and warrant that as of the date hereof, none of them is currently considering, pursuing or intending to initiate any investigation or claim of any kind in relation to any Pactiv entity, and is not aware of any such claim that any of them could bring.
- 3. **Unknown or Different Facts or Law.** The Parties acknowledge that the Parties may discover facts or law different from, or in addition to, the facts or law the Parties know or believe to exist with respect to the Released Claims. The Parties agree, nonetheless, that this Agreement and the releases contained herein shall be and remain effective in all respects notwithstanding such different or additional facts or law.
- 4. **No Third-Party Beneficiaries.** Except as expressly provided in this Agreement, this Agreement does not create, and shall not be construed as creating, any rights enforceable by any person, partnership, corporation, political body, or other entity that is not a Party to this Agreement.
- 5. **Agreement is Not an Admission or Evidence of Liability.** The Parties understand that this Agreement effectuates a compromise, settlement, and release of disputed claims, and

that neither this Agreement, its recitals, terms or provisions, the negotiations or proceedings connected with this Agreement, nor any other action taken to carry out this Agreement shall be deemed or construed to be an admission by any Party of any kind. Nor shall this Agreement be deemed or construed to be an admission or evidence of any violation of any statute or law or of any liability or wrongdoing by the Parties or of the truth of any of the claims or allegations made in the Litigation.

6. **Agreement is Not a Basis for Jurisdiction.** Except as provided below, neither this Agreement, nor any of its recitals, terms or provisions, nor any of the negotiations or proceedings connected with it, nor any other action taken to carry out this Agreement shall be deemed or construed to subject any Party to the jurisdiction of any court, nor shall it be deemed or construed to waive sovereign or governmental immunity, nor shall it be deemed as consent by any Party to service in any matter or by any means, including service through a statutory agent. Notwithstanding the immediately preceding sentence in this paragraph, the Parties agree that the Superior Court of Wake County, North Carolina shall have jurisdiction over the Parties to enforce the terms of this Agreement. To the extent an action is necessary to enforce the terms of this Agreement, the prevailing Party or Parties shall be entitled to recover its or their attorneys' fees and reasonable litigation expenses from the non-prevailing Party or Parties.
  
7. **Parties' Understanding.** The Parties have carefully read this Agreement, acknowledge having had the opportunity to seek, and in fact have received, legal advice from their attorneys with respect to the advisability of making this Agreement, fully understand this Agreement's final and binding effect, acknowledge that the only promises made to them are those stated herein, and represent that they are entering into this Agreement voluntarily.

8. **Choice of Law.** All terms of this Agreement and the other documents contemplated herein shall be governed by and interpreted according to the substantive laws of the State of North Carolina without regard to its choice of law or conflict of laws principles.
9. **Amendment.** The Parties agree that this Agreement may be modified only by a written instrument executed by the Parties and that no Party will assert any claim against another based on any alleged agreement affecting or relating to the terms of this Agreement not in writing and signed by the Parties.
10. **Binding Effect.** The Parties understand and agree that this Agreement (i) is binding upon and shall inure to the benefit of the Parties and their successors and assigns; and (ii) to the extent signed and delivered by means of e-mail of a .pdf file in counterparts, shall be treated in all manner and respects and for all purposes as an original instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.
11. **No Reliance on Others.** The Parties represent and declare that, in executing this Agreement, they have relied solely upon their own judgment, belief and knowledge, as well as the advice and recommendations of their own independently selected counsel, concerning the nature, extent and duration of their rights and claims, and they have not been influenced to any extent whatsoever in executing the same by any representations or statements made or omitted to be made by the other parties hereto or by any person representing another Party.
12. **Interpretation and Construction.** The Agreement shall not be construed presumptively against any of the Parties and shall be construed as if all Parties jointly prepared the Agreement, and any uncertainty or ambiguity shall not be interpreted against any one Party.

13. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon all persons and entities who claim through the Parties, including but not limited to their respective representatives, agents, employees, directors, officers, shareholders, partners, trustees, insurers, parent and subsidiary corporations, related and affiliated entities, divisions, successors and assigns of each of the Parties.

14. **Notice.** All notices under this Agreement shall be in writing. Each such notice shall be given either by (a) e-mail; (b) hand delivery; (c) registered or certified mail, return receipt requested, postage pre-paid; or (d) UPS or similar overnight courier and, in the case of either (a), (b), (c) or (d) shall be addressed,

if directed to Plaintiff, to:

Daniel P. Mosteller  
Associate Deputy Attorney General  
North Carolina Department of Justice  
114 W. Edenton St.  
Raleigh, NC 27603  
Email: [Dmosteller@ncdoj.com](mailto:Dmosteller@ncdoj.com)

if directed to Defendants, to:

Chandra J. Mitchell  
1900 West Field Court  
Lake Forest, IL 60045  
Email: [Chandra.Mitchell@pactivevergreen.com](mailto:Chandra.Mitchell@pactivevergreen.com)

and

Joshua Hill  
Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, New York 10019-6064  
Email: [jhill@paulweiss.com](mailto:jhill@paulweiss.com)

if directed to the Town of Canton, North Carolina, to:

Lisa Stinnett  
Town Manager  
Town of Canton  
85 Summer Street  
Canton, NC 28716  
Email: [lstinnett@cantonnc.com](mailto:lstinnett@cantonnc.com)

if directed to Haywood County, North Carolina, to:

Bryant Morehead  
County Manager  
Haywood County  
215 N. Main Street  
Waynesville, NC 28786  
Email: [Bryant.Morehead@haywoodcountync.gov](mailto:Bryant.Morehead@haywoodcountync.gov)

or such other address as the Parties may designate, from time to time, by giving notice to all parties hereto in the manner described in this paragraph.

15. **Execution in Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute a single agreement. Signatures transmitted via Electronic Mail shall be considered as valid signatures as of the date hereof.
  
16. **Integrated Agreement.** This Agreement comprises the entire agreement between the Parties and the terms of this Agreement are contractual and are not mere recitals. The Parties further acknowledge that each makes no other representation or warranty upon which the other can rely other than as stated herein.

**[Signature Pages to Follow]**

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective as of the Effective Date.

**North Carolina Department of Commerce**

By: *Laurence E. Lilley, III*

Name: LAURENCE E. LILLEY, III

Title: SECRETARY

Date: 2/12/25

**Blue Ridge Paper Products LLC**

By: Chandra Mitchell

Name: Chandra Mitchell

Title: VP, General Counsel and Secretary

Date: 12 February 2025

**Evergreen Packaging LLC**

By: Chandra Mitchell

Name: Chandra Mitchell

Title: VP, General Counsel and Secretary

Date: 12 February 2025

**Town of Canton, North Carolina**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement effective as of the Effective Date.

**North Carolina Department of Commerce**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Blue Ridge Paper Products LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Evergreen Packaging LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Town of Canton, North Carolina**

By: Lisa Stinnett

Name: Lisa Stinnett

Title: Town Manager

Date: 2/11/25

Haywood County, North Carolina

By: J. Kim Enslay

Name: L. LEVA ENSLEY

Title: CHAIRMAN HAYWOOD COUNTY BOCC

Date: 2-11-2025