

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

ROYAL INTERCO, LLC, *et. al.*,

Debtors.¹

Chapter 11

Case No. 24-12008 (TMH)

(Jointly Administered)

Hearing Date:

May 20, 2025 at 11:00 a.m.

Objection Deadline:

May 9, 2025 at 4:00 p.m.

**DEBTORS' APPLICATION FOR ENTRY OF AN ORDER, PURSUANT
TO SECTIONS 105(a) AND 363(b) OF THE BANKRUPTCY CODE,
AUTHORIZING AND APPROVING (I) THE RETENTION AND
EMPLOYMENT OF NOVO ADVISORS LLC; (II) THE DESIGNATION
OF MICHAEL RAGANO AS CHIEF RESTRUCTURING OFFICER *NUNC
PRO TUNC* TO THE PETITION DATE; AND (III) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession in the above-captioned chapter 11 case (the “Debtors”), hereby file this application (the “Application”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”), authorizing and approving the (i) retention and employment of Novo Advisors LLC (“Novo”) and (ii) the designation of Michael Ragano as Chief Restructuring Officer (“CRO”), pursuant to the terms of the engagement letter attached as **Exhibit B** (the “Engagement Letter”), in each case *nunc pro tunc* to the Petition Date (as defined below), and (iii) granting related relief. In support of this Application, the Debtors submit the Declaration of Michael Ragano (the “Ragano

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal EIN, are as follows: Royal Interco, LLC (7913); Doubletree Paper Mills, L.L.C. (1830); Royal Paper, LLC (9937); and Sun Paper Company, LLC (7899). The Debtors’ mailing address is 711 North 17th Avenue, Phoenix, AZ 85007.

Declaration”), attached hereto as **Exhibit C**. In further support of the Application, the Debtors respectfully state as follows:

BACKGROUND

1. On April 8, 2025 (the “Petition Date”), the Debtors commenced these chapter 11 cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or official committee has been appointed in these chapter 11 cases.

2. The events leading up to the Petition Date and the facts and circumstances supporting the relief requested herein are set forth in the *Declaration of Michael Ragano in Support of First Day Relief* [D.I. 3] (the “First Day Declaration”), incorporated herein by reference.

3. Prior to the Petition Date, the Debtors retained Novo and appointed Michael Ragano as Chief Restructuring Officer to assist and advise the Debtors with their business operations. The Debtors file this Application pursuant to section 363(b) of the Bankruptcy Code and the Jay Alix Protocol.

JURISDICTION AND VENUE

4. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over these chapter 11 cases, the Debtors and their estates and this matter under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

5. Pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors

consent to the entry of a final order with respect to this Application if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

6. Venue of these chapter 11 cases and this Application in this District is proper under 28 U.S.C. §§ 1408 and 1409.

7. The statutory bases for the relief requested herein are sections 105 and 363 the Bankruptcy Code, Bankruptcy Rule 2016, and Local Rule 2016-1.

BASIS TO RETAIN NOVO FOR RESTRUCTURING SERVICES

8. Novo has a wealth of experience in providing restructuring, crisis management, accounting and financial advisory services. Novo was founded in 2012 and many of Novo's employees have more than 30 years of experience in the restructuring industry. Novo currently has 40 professionals and, among other things, has assisted troubled companies with stabilizing their financial condition, analyzing their operations, and developing appropriate business plans to accomplish the necessary restructuring of their operations and finances.

9. In addition to Novo's experience and reputation in the restructuring industry, Novo's professionals have worked closely with the Debtors' management and other advisors. As a result, Novo has the experience, expertise, and knowledge of the Debtors' businesses necessary to provide effective and efficient services in these chapter 11 cases.

10. Michael Ragano is a partner with Novo and has over fifteen years of experience providing restructuring and financial advisory services to companies. Mr. Ragano will continue to work closely with the Debtors' management and professionals throughout the process and is well-qualified to provide services as Chief Restructuring Officer of the Debtors' interests in these chapter 11 cases.

11. As set forth in the Engagement Agreement, Novo has made Mr. Ragano available to serve as CRO to the Debtors. Novo will provide additional personnel, including but not limited to Sandeep Gupta, Dustin Bernstein, Grant Filer, Jack Robinson, and Bettina Meske (the “Additional Personnel”), to assist Mr. Ragano in providing services as set forth in the Engagement Letter. The Debtors submit that the designation of Michael Ragano as CRO and the retention of Novo, are necessary and appropriate, are in the best interest of the Debtors, their estates, and all parties in interests, and should be approved in all respects.

SCOPE OF SERVICES

12. The CRO and the Additional Personnel will perform services to assist the Debtors in their chapter 11 cases. Working collaboratively with the Debtors’ management team, Mr. Ragano and the Additional Personnel will provide the following services:

- a. Review and analyze the Debtors’ business, operations, assets, financial condition, business, plan, strategy, and operating forecasts;
- b. Assist the Debtors and their professionals in their preparation of bankruptcy filings (*e.g.*, schedules of assets and liabilities, the statement of financial affairs, and the monthly operating reports as required by the Office of the United States Trustee (the “U.S. Trustee”));
- c. Produce a 13-week cash budget and operating projection;
- d. Attend meetings with the Debtors, their professionals, and other stakeholders, as required, and participate in court hearings;
- e. Assist in negotiations with, and respond to inquiries from, various stakeholders, including creditors and other parties, as necessary;
- f. Provide expert testimony in support of bankruptcy filings, a plan of reorganization, or a sale transaction under section 363 of the Bankruptcy Code, as necessary and appropriate; and
- g. Assist the Debtors in developing, evaluating, structuring, and negotiating the terms and conditions of a restructuring, plan of reorganization, or sale transaction, including a liquidation analysis and estimation of creditor recoveries.

13. The CRO, specifically, will provide the following services:
 - a. Develop disposition strategies for underperforming assets with management, counsel, and other professionals;
 - b. Identify and implement both short-term and long-term profit improvement, liquidity-generating, and debt reduction initiatives to improve the Debtors' ongoing viability, as described above; and
 - c. Oversee and manage all cash disbursements and any and all financial restructuring initiatives, including, to the extent necessary, any insolvency proceedings and in- or out-of-court activities to monetize assets and reduce creditor obligations.

14. As noted above, Novo and Mr. Ragano have substantial expertise in all of the areas for which they will be retained. Accordingly, the Debtors submit that Novo and Mr. Ragano are well qualified and best suited to perform these services and assist the Debtors in these chapter 11 cases. The Debtors are seeking to retain Morris Nichols Arsht & Tunnell LLP ("Morris Nichols") to act as their bankruptcy counsel and Livingstone Partners LLC ("Livingstone") as their investment banker. Novo will coordinate with Morris Nichols, Livingstone and any other professionals retained by the Debtors so as to prevent any unnecessary duplication of efforts in the course of advising the Debtors.

PROFESSIONAL COMPENSATION

15. As set forth in the Engagement Letter, and subject to this Court's approval, the Debtors have agreed to pay Novo according to the following fee structure (the "Fee and Expense Structure"):

- a. Novo will be paid according to the following hourly fees of professionals:

Partners/Principals	\$775 - \$1,095
Managing Directors/Directors	\$595 - \$775
Senior Consultants/Consultants	\$375 - \$525

Paraprofessionals

\$275

16. Prior to the Petition Date, the Debtors paid Novo a retainer in the aggregate amount of \$100,000 (the “Retainer”). In addition, in the 90 days prior to the Petition Date, Novo received retainers and payments totaling \$1,313,103.00. As of the Petition Date, the balance of the Retainer was \$153,519.71.

17. In addition to compensation for professional services, Novo will be reimbursed for reasonable out-of-pocket expenses. These expenses include, but are not limited to, telephone, overnight mail, messenger, travel, mileage, meals, accommodations, and reasonable fees and expenses of its legal counsel, if any, and other advisors retained by Novo. Novo shall be entitled to receive payment in full of all fees and reimbursements of expenses incurred in connection with the Services (collectively, “Compensation”).

18. Additional terms of Novo’s proposed employment appear in the Engagement Letter and the Proposed Order accompanying this application. In the event of a conflict between the Engagement Letter and any order entered by the Court, the order shall govern.

19. The Debtors submit that the Fee and Expense Structure is reasonable, market-based, and designed to compensate Novo fairly for its work and to cover fixed and routine overhead expenses. The Fee and Expense Structure appropriately reflects the nature of the services to be provided by Novo and the fee structures typically utilized by leading financial advisory firms of similar stature to Novo for comparable engagements, with respect to both in- and out-of-court restructurings. The Fee and Expense Structure is consistent with Novo’s normal and customary billing practices for cases of this size and complexity and that require the level and scope of services outline herein.

20. Novo intends to maintain detailed, contemporaneous time records in one-tenth of an hour increments. If approved by the Court, Novo will be employed as a restructuring officer under § 363 of the Bankruptcy Code, as opposed to a professional under § 327 of the Bankruptcy Code. Novo will accordingly not be required to submit fee applications under §§ 330 and 331 of the Bankruptcy Code. To maintain transparency and to comply with the Office of the United States Trustee's (the "U.S. Trustee") protocol applicable to the retention of personnel under § 363 of the Bankruptcy Code, however, Novo shall file with the Court a report of compensation earned, expenses incurred, and of staffing on the engagement for the previous month (the "Monthly Reports") and provide notice to (a) the U.S. Trustee, J. Caleb Boggs Federal Building, 844 King Street, Room 2207, Wilmington, DE 19801, Attn: Linda J. Casey (linda.casey@usdoj.gov); (b) counsel to the Debtors' proposed debtor-in-possession financing lender, Goldberg Kohn, 55 East Monroe Street, Suite 3300, Chicago, Illinois 60603, Attn: Randall L. Klein, Esq. (randall.klein@goldbergkohn.com), Eva D. Gadzheva, Esq. (eva.gadzheva@goldbergkohn.com), and Prisca Kim, Esq. (prisca.kim@goldbergkohn.com); and (c) counsel to the Committee, Lowenstein Sandler LLP, One Lowenstein Drive, Roseland, New Jersey 07068. Attn: Bruce S. Nathan, Esq. (bnathan@lowenstein.com), Andrew D. Behlmann, Esq. (ABehlmann@lowenstein.com), Colleen M. Restel, Esq. (crestel@lowenstein.com), and Lindsay H. Sklar, Esq. (lsklar@lowenstein.com). The Monthly Reports shall contain summary charts that describe the services provided, identify the compensation earned by any executive officer and Additional Personnel provided, itemize the expenses incurred, and the names of and functions filled by the Additional Personnel assigned to the matter. Time records shall (i) be appended to the reports, (ii) contain detailed time entries describing the task(s) performed, and (iii) be organized by project category. Where personnel are providing services at an hourly rate, the time entries

shall identify the time spent completing each task in 1/10 (0.1) hour increments and the corresponding charge (time multiplied by hourly rate) for each task; where personnel are providing services at a “flat” rate, the time entries shall be kept in hourly increments. Novo’s compensation will be subject to review by the Court in the event an objection is filed within ten (10) days after a Monthly Report is filed. Notwithstanding the foregoing, the Debtors are authorized, but not directed, to pay, in the ordinary course of business, all amounts invoiced by Novo for fees and expenses incurred in connection with Novo’s retention.

21. The Fee and Expense Structure is consistent with and typical of compensation arrangements entered into by Novo and other comparable firms that render similar services. The Debtors believe that the Fee and Expense Structure is reasonable, market-based, and designed to compensate Novo fairly for the services provided to the Debtors.

NOVO’S DISINTERESTEDNESS

22. To the best of the Debtors’ knowledge, and based upon the Ragano Declaration, Novo is not a creditor, an interest holder or an insider of the Debtors, nor does Novo have any direct or indirect relationship to, connection with, or interest in, the Debtors that is materially adverse to the interests of the Debtors or their estates.

23. In connection with the proposed retention, Novo has been provided a list of the Debtors’ creditors and other persons identified as parties-in-interest in the Debtors’ chapter 11 cases. Except as set forth in the Ragano Declaration, to the best of the Debtors’ knowledge, Novo does not have any connections with the Debtors, their creditors or any other party in interest, or their respective attorneys and accountants, the United States Trustee or any person employed in the office of the United States Trustee. Although the retention of Novo is not governed by section

327 of the Bankruptcy Code, the Debtors believe that Novo qualifies as a “disinterested person” as that term is defined in §101(14) of the Bankruptcy Code.

24. Novo will continue to conduct periodic analyses to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new relevant facts or relationships are discovered or arise, Novo will use reasonable efforts to promptly file a supplemental disclosure with the Court.

BASIS FOR RELIEF

25. The Debtors request authority to retain Novo under the terms of the Engagement Agreement pursuant to section 363 of the Bankruptcy Code, which provides in pertinent part that a debtor “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate” 11 U.S.C. § 363(b). Courts interpreting section 363(b) have held that transactions should be approved pursuant to such provision where, as here, they are supported by management’s sound business judgment. *See, e.g., Meyers v. Martin (In re Martin)*, 91 F.2d 389, 395 (3d Cir. 1996) (citing *Fulton State Bank v. Schipper (In re Schipper)*, 933 F.2d 513, 515 (7th Cir. 1991)); *Comm. Of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063 (2d Cir. 1983); *In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991) (noting that the Third Circuit had adopted the “sound business purpose” test for section 363(b)).

26. The retention of corporate officers is proper under section 363 of the Bankruptcy Code. Courts recognize the applicability of section 363(b) of the Bankruptcy Code to the use of estate property to compensate individuals employed outside the ordinary course of business. *See In re First Int’l Services Corp.*, 25 B.R. 66, 69 (Bankr. D. Conn. 1982). Indeed, courts have relied upon section 363(b) as the basis upon which to employ and compensate professionals to serve as officers or other management-level personnel employed by the debtors. *See, e.g., In re Spansion Inc.*, Case No. 0-10690 (KJC) (Bankr. D. Del. Apr. 13, 2009); *In re Verasun Energy Corp.*, Case

No. 08-12687 (PJW) (Bankr. D. Del. Dec. 17, 2008); *In re WorldSpace, Inc.*, Case No. 08-12412 (KJC) (Bankr. D. Del. Nov. 10, 2008); *In re Hines Horticulture, Inc.*, Case No. 08-11922 (KJC) (Bankr. D. Del. October 2, 2008).

27. The Debtors submit that the retention and employment of Novo is a sound exercise of their business judgment pursuant to section 363 of the Bankruptcy Code, as Novo's services are necessary and essential to the Debtors' restructuring efforts. In addition to the specific knowledge Mr. Ragano and Novo have acquired about the Debtors' business, Mr. Ragano and Novo have extensive experience providing restructuring services to distressed companies. Accordingly, the Debtors seek to employ Novo to assist with their restructuring efforts and the prosecution of these chapter 11 cases.

28. Denying the relief requested herein would deprive the Debtors of the assistance of a highly qualified CRO and advisors to the detriment of the Debtors and their estates. Indeed, the Debtors would be forced to engage a new restructuring officer and new restructuring advisors who lack a thorough understanding of the Debtors' business and the restructuring strategy the Debtors implemented prior to the Petition Date. Hiring a new restructuring officer and new restructuring advisors would involve a steep learning curve, significant time, and additional resources. Accordingly, the services provided by Novo and Mr. Ragano are critical to the successful prosecution of these chapter 11 cases, and the Debtors therefore request that the Court approve the retention of Novo and Mr. Ragano pursuant to the Engagement Agreement.

REQUEST FOR WAIVER OF BANKRUPTCY RULE 6004(h)

29. The Debtors respectfully request a waiver of the fourteen (14) day stay of effectiveness imposed by Bankruptcy Rule 6004(h) so that the relief requested herein can take effect immediately upon entry of an order approving this Motion.

30. No prior request for the relief sought in this Motion has been made to this or any other court.

NOTICE

31. Notice of this application has been given to (i) the U.S. Trustee; (ii) the Internal Revenue Service; (iii) the United States Attorney for the District of Delaware; (iv) the Official Committee of Unsecured Creditors; and (v) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter an order granting the relief requested herein and such other and further relief as is just and proper.

Dated: April 25, 2025
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Brianna N. V. Turner

Robert J. Dehney, Sr. (No. 3578)

Matthew O. Talmo (No. 6333)

Scott D. Jones (No. 6672)

Clint M. Carlisle (No. 7313)

Brianna N. V. Turner (No. 7468)

1201 N. Market Street, 16th Floor

Wilmington, Delaware 19801

Telephone: (302) 658-9200

Facsimile: (302) 658-3989

Email: rdehney@morrisnichols.com

mtalmo@morrisnichols.com

sjones@morrisnichols.com

ccarlisle@morrisnichols.com

bturner@morrisnichols.com

*Proposed Counsel to the Debtors and
Debtors in Possession*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

ROYAL INTERCO, LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 25-10674 (TMH)

Jointly Administered

Objection Deadline:

May 9, 2025, at 4:00 p.m. (ET)

Hearing Date:

May 20, 2025, at 11:00 a.m. (ET)

Re: D.I. __

**NOTICE OF DEBTORS' APPLICATION FOR ENTRY OF AN ORDER,
PURSUANT TO SECTIONS 105(a) AND 363(b) OF THE BANKRUPTCY
CODE, AUTHORIZING AND APPROVING (I) THE RETENTION AND
EMPLOYMENT OF NOVO ADVISORS LLC; (II) THE DESIGNATION OF
MICHAEL RAGANO AS CHIEF RESTRUCTURING OFFICER *NUNC PRO TUNC*
TO THE PETITION DATE; AND (III) GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE that, on April [•], 2025, the above-captioned debtors and debtors in possession (the "Debtors") filed the *Debtors' Application for Entry of an Order, Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code, Authorizing and Approving (I) the Retention and Employment of Novo Advisors LLC; (II) the Designation of Michael Ragano as Chief Restructuring Officer Nunc Pro Tunc to the Petition Date; and (III) Granting Related Relief* (the "Application") with the United States Bankruptcy Court for the District of Delaware (the "Court").

PLEASE TAKE FURTHER NOTICE that, objections, if any, to the Application must be (a) in writing; (b) filed with the Clerk of the Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, on or before **May 9, 2025, at 4:00 p.m. (ET)** (the "Objection Deadline"); and (c) served so as to be received on or before the Objection Deadline by proposed counsel to the Debtors, Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, DE 19899-1347, Attn: Robert J. Dehney, Sr., Esq. (rdehney@morrisnichols.com); Matthew O. Talmo, Esq. (mtalmo@morrisnichols.com); and Scott D. Jones, Esq. (sjones@morrisnichols.com).

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal EIN, are as follows: Royal Interco, LLC (7913); Doubletree Paper Mills, L.L.C. (1830); Royal Paper, LLC (9937); and Sun Paper Company, LLC (7899). The Debtors' mailing address is 711 North 17th Avenue, Phoenix, AZ 85007.

PLEASE TAKE FURTHER NOTICE that a hearing on the Application will take place on **May 20, 2025, at 11:00 a.m. (ET)** before the Honorable Thomas M. Horan, Bankruptcy Judge, United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801.

PLEASE TAKE FURTHER NOTICE that only objections made in writing and timely filed and received, in accordance with the procedures above, will be considered by the Court at such hearing.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE APPLICATION WITHOUT FURTHER NOTICE OR HEARING

Dated: April 25, 2025
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Brianna N. V. Turner

Robert J. Dehney, Sr. (No. 3578)

Matthew O. Talmo (No. 6333)

Scott D. Jones (No. 6672)

Clint M. Carlisle (No. 7313)

Brianna N. V. Turner (No. 7468)

1201 N. Market Street, 16th Floor

Wilmington, Delaware 19801

Telephone: (302) 658-9200

Facsimile: (302) 658-3989

Email: rdehney@morrisnichols.com

mtalmo@morrisnichols.com

sjones@morrisnichols.com

ccarlisle@morrisnichols.com

bturner@morrisnichols.com

*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

ROYAL INTERCO, LLC, *et. al.*,

Debtors.¹

Chapter 11

Case No. 24-12008 (TMH)

(Jointly Administered)

**ORDER AUTHORIZING DEBTORS' APPLICATION FOR ENTRY OF
AN ORDER, PURSUANT TO SECTIONS 105(a) AND 363(b) OF THE
BANKRUPTCY CODE, AUTHORIZING AND APPROVING (I) THE
RETENTION AND EMPLOYMENT OF NOVO ADVISORS LLC;
(II) THE DESIGNATION OF MICHAEL RAGANO AS CHIEF
RESTRUCTURING OFFICER *NUNC PRO TUNC* TO THE
PETITION DATE; AND (III) GRANTING RELATED RELIEF**

Upon consideration of the application (the “Application”)² of the debtors and debtors in possession (the “Debtors”), for entry of an order (this “Order”) authorizing and approving (i) the retention and employment of Novo Advisors LLC (“Novo”) and (ii) the designation of Michael Ragano as Chief Restructuring Officer (“CRO”) *nunc pro tunc* to the Petition Date, all as more fully set forth in the Application; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Application is in the best interests of the Debtors, their estates, their

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal EIN, are as follows: Royal Interco, LLC (7913); Doubletree Paper Mills, L.L.C. (1830); Royal Paper, LLC (9937); and Sun Paper Company, LLC (7899). The Debtors’ mailing address is 711 North 17th Avenue, Phoenix, AZ 85007.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Application.

creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Application and opportunity for a hearing on the Application were appropriate under the circumstances and no other notice need be provided; and the Court having reviewed the Application; and a hearing having been held, if necessary, to consider the relief requested in the Application (the "Hearing"); and upon the Ragano Declaration, filed contemporaneously with this Application, and the record of the Hearing, if necessary; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and it appearing that the relief requested in the Application is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED as set forth herein.
2. The Debtors are authorized to engage Novo to provide the Debtors with a CRO and certain Additional Personnel, and to designate Michael Ragano as the Debtors' CRO as set forth in the Application and the Engagement Letter, subject to the following terms, which apply notwithstanding anything in the Application, the Engagement Letter or any exhibit(s) related thereto to the contrary:
 - a. Novo and its affiliates shall not act in any other capacity (for example, and without limitation, as an investment banker, claims agent/claims administrator, or investor/acquirer) in connection with the above-captioned case.
 - b. In the event the Debtors seek to have Novo personnel assume executive officer positions that are different than the position(s) disclosed in the Application, or to materially change the terms of the engagement by either (i) modifying the functions

of personnel, (ii) adding new personnel, or (iii) altering or expanding the scope of the engagement, a motion to modify the retention shall be filed.

- c. No principal, employee or independent contractor of Novo and its affiliates shall serve as a director of the above-captioned Debtors during the pendency of these cases. Novo shall file with the Court a report of compensation earned, expenses incurred, and of staffing on the engagement for the previous month (the “Monthly Reports”) and provide notice to (a) the U.S. Trustee, J. Caleb Boggs Federal Building, 844 King Street, Room 2207, Wilmington, DE 19801, Attn: Linda J. Casey (linda.casey@usdoj.gov); (b) counsel to the Debtors’ proposed debtor-in-possession financing lender, Goldberg Kohn, 55 East Monroe Street, Suite 3300, Chicago, Illinois 60603, Attn: Randall L. Klein, Esq. (randall.klein@goldbergkohn.com), Eva D. Gadzheva, Esq. (eva.gadzheva@goldbergkohn.com), and Prisca Kim, Esq. (prisca.kim@goldbergkohn.com); and (c) counsel to the Committee, Lowenstein Sandler LLP, One Lowenstein Drive, Roseland, New Jersey 07068. Attn: Bruce S. Nathan, Esq. (bnathan@lowenstein.com), Andrew D. Behlmann, Esq. (ABehlmann@lowenstein.com), Colleen M. Restel, Esq. (crestel@lowenstein.com), and Lindsay H. Sklar, Esq. (lsklar@lowenstein.com). The Monthly Reports shall contain summary charts that describe the services provided, identify the compensation earned by any executive officer and Additional Personnel provided, itemize the expenses incurred, and the names of and functions filled by the Additional Personnel assigned to the matter. Time records shall (i) be appended to the reports, (ii) contain detailed time entries describing the task(s)

performed, and (iii) be organized by project category. Where personnel are providing services at an hourly rate, the time entries shall identify the time spent completing each task in 1/10 (0.1) hour increments and the corresponding charge (time multiplied by hourly rate) for each task; where personnel are providing services at a “flat” rate, the time entries shall be kept in hourly increments. Novo’s compensation will be subject to review by the Court in the event an objection is filed within ten (10) days after a Monthly Report is filed. Notwithstanding the foregoing, the Debtors are authorized, but not directed, to pay, in the ordinary course of business, all amounts invoiced by Novo for fees and expenses incurred in connection with Novo’s retention.

- d. Success fees, transaction fees, or other back-end fees shall be approved by the Court at the conclusion of the cases on a reasonableness standard and are not being pre-approved by entry of this Order. No success fee, transaction fee or back-end fee shall be sought upon conversion of the cases, dismissal of the cases for cause, or appointment of a trustee.
- e. The Debtors are permitted to indemnify those persons serving as executive officers on the same terms as provided to the Debtors’ other officers and directors under the corporate bylaws and applicable state law, along with insurance coverage under the Debtors’ D&O policy. There otherwise shall be no indemnification of Novo or its affiliates. Notwithstanding the lack of Debtors’ indemnity for certain employees of Novo who provide services to the Debtors, Novo may require the Debtors to pay for insurance that covers such Novo employees who provide services to the Debtors

but are not officers of the Debtors, and may require the Debtors to provide additional directors' and officers' insurance coverage for the CRO.

f. For a period of three years after the conclusion of the engagement, neither Novo nor any of its affiliates shall make any investments in the Debtors or the reorganized Debtors, if applicable.

g. Novo shall disclose any and all facts that may have a bearing on whether the firm, its affiliates, and/or any individuals working on the engagement hold or represent any interest adverse to the Debtors, their creditors, or other parties in interest. The obligation to disclose identified in this subparagraph is a continuing obligation.

3. Novo shall use its best efforts and will coordinate with the Debtors and their other retained professionals, not to duplicate any of the services provided to the Debtors by any of their retained professionals.

4. To the extent there is any inconsistency between this Order, the Engagement Letter, the Application, and the Ragano Declaration, the terms of this Order shall govern; however, to the extent not inconsistent with this Order, the terms of the Engagement Letter shall continue to be observed by and binding upon the Debtors.

5. The Debtors are authorized to take all reasonable actions necessary to effectuate the relief granted in this Order in accordance with the Application.

6. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

EXHIBIT B

Engagement Letter



200 W Madison Street
Suite 1000
Chicago, IL 60606

January 28, 2025

Via electronic mail

Mr. Steve Schoembs
Chief Executive Officer
steve@royalpaper.us

Re: Retention of Novo Advisors as Chief Restructuring Officer to Royal Paper, LLC, Doubletree Paper Mills, L.L.C. and Sun Paper Company, LLC.

Dear Mr. Schoembs:

This letter confirms that Novo Advisors (“**Novo**” or “**we**” or “**us**”) has been retained by Royal Paper, LLC, (“**Royal Paper**”), Doubletree Paper Mills, L.L.C. (“**Doubletree**”) and Sun Paper Company, LLC (“**Sun Paper**”; and together with Royal Paper and Doubletree, individually and collectively, (“**Client**” or the “**Company**” or “**you**”), to provide certain chief restructuring officer, financial advisory and consulting services (the “**Services**”) described below. This letter of engagement (the “**Engagement**”) and the related Standard Terms and Conditions constitute the engagement contract (the “**Engagement Contract**”) pursuant to which the Services will be provided.

Scope of our services

- **Chief Restructuring Officer and Temporary Employees/Interim Management Services**
 - Novo shall provide the services of Michael Ragano, who will serve as the Company’s Chief Restructuring Officer (CRO), and other personnel such as Temporary Employees of the Company.
 - The Company will agree to engage Michael Ragano of Novo Advisors as Chief Restructuring Officer (CRO) effective **January 24, 2025**. As CRO, Michael Ragano will report directly to the Board of Directors.
 - Mr. Ragano will collaborate closely with the executive management team to develop strategic options to present to the Company’s Board and Lenders.
 - Mr. Ragano helps develop disposition strategies for underperforming assets with management, counsel, and other professionals.
 - Mr. Ragano will work with the Company’s management team to evaluate, hire, and terminate employment, leading to improved and sustained business performance based on his business judgment.
 - Mr. Ragano will work with the management team to identify and implement both short-term and long-term profit improvement, liquidity-generating, and debt reduction initiatives to improve the Company's ongoing viability, as described above.

Confidential

- Mr. Ragano will participate in all Board meetings and meetings with the Company's senior lenders to provide regular updates and seek input/guidance to improve the performance of the Company.
- Mr. Ragano will perform the typical duties of a CRO and work collaboratively with all parties in interest, including but not limited to existing management and employees of the Company, Company advisors, secured creditors, unsecured creditors, administrative creditors, and shareholders.
- Oversee and manage all cash disbursements and any and all financial restructuring initiatives, including, to the extent necessary, any insolvency proceedings and in- or out-of-court activities to monetize assets and reduce creditor obligations.
- **Cash Management, Financial Projections and Performance Improvement**
 - Review and validate or assist in preparing 13-week cash flow forecasts and develop a methodology for monitoring actual weekly performance against the prepared budget.
 - Assist in liquidity management on a day-to-day basis as needed.
 - Assist the Company in developing potential amendments to its credit agreement with the senior lenders.
 - Assist the Company in determining the sizing of additional capital needs.
 - Develop a turnaround/performance improvement plan for the business, including but not limited to:
 - Collaborate with the Company's management to develop an understanding of its operations and seek opportunities to improve the business's operating costs.
 - Evaluate the Company's current inventory position and develop a monetization strategy.
 - Evaluate the Company's current aged accounts receivable and develop a monetization strategy.
 - Assist the Company in its vendor communications to minimize service disruptions and reduce payment pressure on past-due balances.

The Services may be performed by Novo or by any subsidiary of Novo, as Novo shall, in its sole discretion, determine. Novo may also provide Services through its subsidiaries' agents or independent contractors. References herein to Novo and its employees shall be deemed to apply also, unless the context shall otherwise indicate, to employees of each such subsidiary and to any such agents or independent contractors and their employees. The Services, as outlined above, are subject to change as mutually agreed between us.

Novo is engaged by the Company to provide financial advisory, chief restructuring officer, and consulting services only. Accordingly, while we may from time to time suggest options which may be available to you and further give our professional evaluation of these options, the ultimate decision as to which, if any, of these options to implement rests with the Company, its management and its board of directors. Novo and its employees will not make any management decisions for the Company and will not be responsible for communicating information concerning the Company to the public, the Company's shareholders or others.

As part of the Services, Novo may be requested to assist the Company (and its legal or other advisors) in negotiating with the Company's creditors and equity holders and with other interested parties. In the event that we participate in such negotiations, the representations made and the positions advanced will be those of the Company and its management, not Novo or its employees.

The services we will provide in connection with the Engagement will encompass only the Services set forth above, provided that they are consistent with our ethical obligations. With respect to all matters of our

Engagement, we will coordinate closely with the Company as to the nature of the services that we will render and the scope of our engagement.

Our Engagement is to represent the Company and not its individual directors, officers, employees or shareholders. However, we anticipate that in the course of that Engagement, we may provide information or advice to directors, officers or employees in their corporate capacities. Such advice, however, shall not be deemed to create an engagement or other relationship between us and such directors, officers or employees, nor shall such advice in any way create any obligation or duty between us and such directors, officers or employees.

Notwithstanding anything set forth in this section or any other sections or provisions of this Engagement Contract, Novo and the Company agree and acknowledge that Novo may fully, independently, and directly communicate with the NXT Capital, LLC, as Agent for the Company's senior secured lenders ("**Agent**") under that certain Credit Agreement dated as of June 15, 2018 among Company, Agent and the other senior secured lenders party thereto from time to time (as amended, restated, supplemented, refinanced or otherwise modified from time to time, the "**Credit Agreement**"), and Agent's professionals and advisors from time to time as Novo deems appropriate or as requested by Agent, in such manner and with such frequency as Novo deems appropriate, including disclosure of the Company's financial information, assets and liabilities and operational performance. Novo may rely on information provided by Agent and its professionals and advisors to perform the Services hereunder.

To the extent required under the Credit Agreement, (a) Novo agrees to provide all copies of work product and other reports to Agent that are delivered to the Company, and (b) Novo further agrees to provide updates to Agent upon its reasonable request.

Novo agrees to promptly advise Agent of any amendment, suspension, or other modification to, or any termination of, this engagement letter, including any suspension or modification to the scope of tasks or duties hereunder.

Our responsibilities and limitations

We will perform the Services in a professional manner using reasonable skill, care and attention. We will use personnel qualified to perform the particular Services requested by the Company.

We will assume no responsibility and make no representations with respect to the accuracy or completeness of information provided by the Company, but we will notify you if we learn or have reason to believe that any information that you provide to us is incorrect or inaccurate or otherwise should not be relied upon. Moreover, our work cannot provide assurance that matters of significance to the financial information or to the decision making process at the Company will be disclosed. Further, our work is not designed to and is not likely to reveal fraud or misrepresentation by the management of the Company.

Our work does not include the provision of legal advice and should not be construed as such. We make no representations regarding questions of legal interpretation. To the extent that we are requested and we perform due diligence work on tax or tax advisory work that involves the interpretation of tax law, we will report or advise on the basis of our understanding of the proper interpretation of tax legislation, court decisions, regulations and interpretations of the law in existence at the time services are performed, but such information and interpretation should not serve as a substitute for legal or tax advice from licensed or qualified counsel or accountants. Changes in the law and/or its interpretation may take place before our advice is acted upon, or may be retrospective in effect; we accept no responsibility for changes in the law or its interpretation which may occur after the provision of such Services.

Fees and Cash on Account

Fees

Fees in connection with this Engagement will be based upon the time incurred providing the Services, multiplied by our standard hourly rates applicable in the United States range from \$375 to \$995 per hour.

Hourly rates are generally revised periodically; as such, they are subject to change during the course of our Engagement. Note that we do not provide any assurance regarding the outcome of our work and our fees will not be contingent on the results of such work.

In addition to the fees outlined above, Novo will bill for reasonable direct expenses which are likely to be incurred on your behalf during this Engagement. Direct expenses include reasonable and customary out-of-pocket expenses which are billed directly to the engagement such as certain telephone, overnight mail, messenger, travel, mileage, meals, accommodations and other expenses specifically related to the Engagement. Further, if Novo and/or any of its employees are required to testify or provide evidence at or in connection with any judicial or administrative proceeding relating to this matter, Novo will be compensated by you at its regular hourly rates for all time incurred in such proceedings, including time for preparation, travel and court appearances. You will also reimburse Novo for all reasonable allocated and direct expenses (including counsel fees) with respect thereto. The Company shall pay all of Novo's reasonable costs and expenses, including actual attorney's fees, incurred in seeking to enforce the terms of this Engagement.

The Client agrees to promptly notify Novo if the Client or any of its subsidiaries or affiliates extends (or solicits the possible interest in receiving) an offer of employment to a principal or employee of Novo involved in this Engagement and agrees that Novo has earned and is entitled to a cash fee, upon hiring, equal to 150% of the aggregate first year's compensation, including any guaranteed or target bonus and equity award, to be paid to Novo's former principal or employee that the Client or any of its subsidiaries or affiliates hires at any time up to one year subsequent to the date of the final invoice rendered by Novo with respect to this Engagement.

Cash on Account

Initially, the Company has previously funded us the amount of \$100,000 which funds will be held "on account" and as security to be applied to our professional fees, charges and disbursements for the Engagement (the "**Initial Cash on Account**") if such fees, charges and disbursements are not paid in accordance herewith. To the extent that this amount exceeds our fees, charges and disbursements upon the completion of the Engagement, we will refund any unused portion. The Company agrees to increase or supplement the Initial Cash on Account from time to time during the course of the Engagement in such amounts as the Company and we mutually shall agree are reasonably necessary to increase the Initial Cash on Account to a level that will be sufficient to fund Engagement fees, charges, and disbursements to be incurred. In the event we cannot agree on such additional deposits, Novo shall be entitled to discontinue Services until such time as additional sums acceptable to Novo have been deposited.

We will send the Company invoices every week for services rendered and charges and disbursements incurred on the basis discussed above, and in certain circumstances, an invoice may be for estimated fees, charges and disbursements through a date certain. Each invoice constitutes a request for an interim payment against the fee to be determined at the conclusion of our Services. Upon transmittal of the invoice, we may immediately draw upon the Initial Cash on Account (as replenished from time to time) in the amount of the invoice. The Company agrees upon submission of each such invoice to promptly wire the invoice amount

to us as replenishment of the Initial Cash on Account (together with any supplemental amount to which we and the Company mutually agree), without prejudice to the Company's right to advise us of any differences it may have with respect to such invoice. We have the right to apply to any outstanding invoice (including amounts billed prior to the date hereof), up to the remaining balance, if any, of the Initial Cash on Account (as may be supplemented from time to time) at any time subject to (and without prejudice to) the Company's opportunity to review our statements.

Limitation of Liability

Novo personnel serving as employees of the Company will be entitled to the benefit of the most favorable indemnities provided by the Company to its officers and directors, whether under the Company's by-laws, certificate of incorporation, by contract or otherwise.

The Company agrees that it will specifically include and cover Michael Ragano (and any other employee of Novo who, at the request of the Board of Directors of the Company, Novo agrees will serve as an employee or officer of the Company) under the Company's policies for directors' and officers' insurance. The Company agrees to also maintain insurance coverage for Michael Ragano for a period of not less than two (2) years following the date of termination of such employee's services hereunder. In the event that the Company is unable to include Novo employees serving as employees or officers of the Company under the Company's policies, it is agreed that Novo will attempt to purchase a separate directors' and officers' policy providing coverage similar to the coverage provided to the Company's other directors and officers that will cover Novo's employees serving as employees or officers of the Company only and that the cost of the same shall be invoiced to the Company as an out-of-pocket expense.

If Novo is unable to purchase such coverage, then it shall have the right to terminate this letter agreement upon notice to the Company. The provisions of this section are in the nature of contractual obligations and no change in applicable law or the Company's charter, bylaws or other organizational documents or policies shall affect any of Michael Ragano's rights hereunder. The obligations of the parties as reflected herein shall survive the termination of the Engagement.

The parties intend that an independent contractor relationship will be created by this letter agreement. As an independent contractor, Novo will have complete and exclusive charge of the management and operation of its business, including hiring and paying the wages and other compensation of all its employees and agents, and paying all bills, expenses and other charges incurred or payable with respect to the operation of its business.

None of Novo's employees serving as a Temporary Employee, including Michael Ragano in his capacity as CRO of the Company, will be entitled to receive from the Company any salary, bonus, compensation, vacation pay, sick leave, retirement, pension or social security benefits, workers compensation, disability, unemployment insurance benefits or any other Company employee benefits. Novo will be responsible for all employment, withholding, income and other taxes incurred in connection with the operation and conduct of its business (including those related to Michael Ragano, and the Temporary Employees).

Indemnification. The indemnification provision in the attached Standard Terms and Conditions is a material part of the Engagement and Company has had the assistance of legal counsel prior to executing this Engagement Contract.

Terms and Conditions

The attached Standard Terms and Conditions set forth the duties of each party with respect to the Services. The Standard Terms and Conditions are incorporated as though fully set forth herein. Further, this letter and the Standard Terms and Conditions attached comprise the entire Engagement Contract for the provision of the Services to the exclusion of any other express or implied terms, whether expressed orally or in writing, including any conditions, warranties and representations and shall supersede all previous letters of engagement, undertakings, agreements and correspondence regarding the Services.

Other matters

Either of us may request changes to the work we will perform. Changes must be agreed between us in writing and will be subject to reasonable adjustments to fees and timetable, as well as the deposit of additional funds on account. Changes which amount to the provision of significant additional services, rather than adjustments to the services already agreed, must be agreed in writing. Any further work we agree to carry out in connection with your due diligence investigation will be subject to the terms of this engagement.

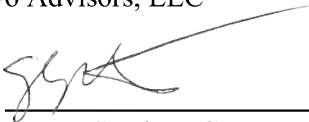
Acknowledgement and Acceptance

Please acknowledge your acceptance of the terms of this Engagement Contract by signing both the confirmation below and the attached Standard Terms and Conditions and returning a copy of each to us at the above address.

If you have any questions, please call Sandeep Gupta (312) 961-6854 or Michael Ragano (847) 772-6376.

Very truly yours,

Novo Advisors, LLC



By: Sandeep Gupta
Managing Partner

Attachment – As stated

Confirmation of Terms of Engagement

We agree to engage Novo Advisors upon the terms set forth in the Engagement Contract which includes the attached Standard Terms and Conditions.


Steve Schoembs (Jan 29, 2025 10:51 MST)

By: Mr. Schoembs

Date: 29/01/2025

Novo Advisors**STANDARD TERMS AND CONDITIONS**

The following are the Standard Terms and Conditions on which we will provide the Services to you set forth within the attached Letter of Engagement between Novo Advisors (“**Novo**” or “**us**” or “**we**”) with Royal Paper, LLC, Doubletree Paper Mills, L.L.C. and Sun Paper Company, LLC (individually and collectively, “**you**”, “**Client**” or “**Company**”) dated January 28, 2025. The Engagement Letter and the Standard Terms and Conditions (collectively, the “Engagement Contract”) form the entire agreement between us relating to the Services and replace and supersede any previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services. The headings and titles in the Engagement Contract are included to make it easier to read but do not form part of the Engagement Contract or otherwise change or limit the provisions to which they apply.

1. Reports and Advice

- 1.1 **Use and purpose of advice and reports** – Any advice given or report issued by us is provided solely for your use and benefit and only in connection with the purpose in respect of which the Services are provided. Unless required by law, you shall not: provide any advice given or report issued by us to any third party; or, refer to us or the Services without our prior written consent, which will not be unreasonably withheld and may require a non-reliance agreement by the third party. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to which any advice or report is disclosed or otherwise made available.

2. Information and Assistance

- 2.1 **Provision of information and assistance** – Our performance of the Services is dependent upon you, providing us with such information and assistance as we may reasonably require from time to time.
- 2.2 **Punctual and accurate information** – You shall use reasonable skill, care and attention to ensure that all information we may reasonably require is provided on a timely basis and is accurate and complete and relevant for the purpose for which it is required. You shall also notify us if you subsequently learn that the information provided is incorrect or inaccurate or otherwise should not be relied upon.
- 2.3 **No assurance on financial data** – While our work may include an analysis of financial and accounting data, the Services will not include an audit, compilation or review of any kind of any financial statements or components thereof. Company management will be responsible for any and all financial information they provide to us during the course of this Engagement, and we will not examine or compile or verify any such financial information. Moreover, the circumstances of the Engagement may cause our advice to be limited in certain respects based upon, among other matters, the extent of sufficient and available data and the opportunity for supporting investigations in the time period. Accordingly, as part of this Engagement, we will not express any opinion or other form of assurance on financial statements of the Company.
- 2.4 **Prospective financial information** - In the event the Services involve prospective financial information, our work will not constitute an examination or compilation, or apply agreed-upon procedures, in accordance with standards established by the American Institute of Certified Public Accountants or otherwise, and we will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of results or events projected or anticipated by the management of the Company.

3. Additional Services

- 3.1 **Responsibility for other parties** – You shall be solely responsible for the work and fees of any other party engaged by you to provide services in connection with the Engagement regardless of whether such party was introduced to you by us. Except as provided in this Engagement Contract, we shall not be responsible for providing or reviewing the advice or services of any such third party, including advice as to legal, regulatory, accounting or taxation matters. Further, we acknowledge that we are not authorized under our Engagement Contract to engage any third party to provide services or advice to you, other than our agents or independent contractors engaged to provide Services, without your written authorization.

4. **Confidentiality**

- 4.1 **Restrictions on confidential information** – Both parties agree that any confidential information received from the other party shall only be used for the purposes of providing or receiving Services under this or any other contract between us. Except as provided below, neither party will disclose the other party's confidential information to any third party without the other party's written consent. Confidential information shall not include information that:

- 4.1.1 is or becomes generally available to the public other than as a result of a breach of an obligation under this Clause 4.1;
- 4.1.2 is acquired from a third party who, to the recipient party's knowledge, owes no obligation of confidence in respect of the information; or
- 4.1.3 is or has been independently developed by the recipient without resort to or use of any confidential information of any other party or any of its affiliates.

- 4.2 **Disclosing confidential information** – Notwithstanding Clause 1.1 or 4.1 above, either party will be entitled to disclose confidential information of the other to a third party to the extent that this is required by valid legal process, provided that (and without breaching any legal or regulatory requirement) where reasonably practicable not less than 2 business days' notice in writing is first given to the other party.

- 4.3 **Citation of engagement** – Without prejudice to Clause 4.1 and Clause 4.2 above, to the extent our engagement is or becomes known to the public through no fault of Novo or its employees or agents, we may cite the performance of the Services to our clients and prospective clients as an indication of our experience, unless you specifically request otherwise in writing.

- 4.4 **Internal quality reviews** – Notwithstanding the above, we may disclose any information referred to in this Clause 4 to any other Novo entity or use it for internal quality reviews, so long as Novo entity agrees to be bound by the restrictions in this Clause 4.

- 4.5 **Maintenance of workpapers** – Notwithstanding the above, we may keep one archival set of our working papers from, as well as any other documents created as a result of, the Engagement, including working papers containing or reflecting confidential information, in accordance with our internal policies.

5. **Termination**

- 5.1 **Termination of Engagement with notice** – Either party may terminate the Engagement Contract for whatever reason upon written notice to the other party. Upon receipt of such notice, we will stop all work immediately. You will be responsible for all fees and expenses incurred by us through the date on which the termination notice is received.

- 5.2 **Continuation of terms** – The terms of the Engagement that by their context are intended to be performed after termination or expiration of this Engagement Contract, including but not limited to, The Fees and Cash on Account and Terms and Conditions sections of the Engagement letter, and Clauses 1.1, 4, 6 and 7 of the Standard Terms and Conditions, are intended to survive such termination or expiration and shall continue to bind all parties.

6. Indemnification and Liability Limitation; Waiver of Jury Trial

- 6.1 **Indemnification** - Company together with its subsidiaries, parent organizations, successors and assigns (collectively the “**Indemnitor**”) agree to indemnify and hold harmless Novo and any of its subsidiaries and affiliates, officers, directors, principals, shareholders, agents, representatives, attorneys, advisors, independent contractors and employees (collectively “**Indemnified Persons**”) from and against any and all claims, liabilities, damages, obligations, costs and expenses (including reasonable attorneys’ fees and expenses and costs of investigation) arising out of or relating to Company’s retention of Novo, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, except to the extent that any such claim, liability, obligation, damage, cost or expense shall have resulted directly and totally from the gross negligence or willful misconduct of any Indemnified Person or Persons. Novo shall promptly notify the Company of any claim for which indemnification may be requested and the Company shall be entitled at its expense to control the defense and settlement thereof with reasonably acceptable counsel, except to the extent that doing so would create a conflict of interest warranting the retention by the Indemnified Persons of their own counsel, the cost of which shall be borne by the Company. No Indemnified Person shall settle any claim without the express written consent of the Company, and the applicable Indemnified Persons shall reasonably cooperate (at the Indemnitor’s expense) with the Company in connection with any defense of such claim and shall consent to any settlement recommended by the Company if the Company pays or arranges for payment of the full amount thereof, and such settlement includes a release of such Indemnified Persons from all liability in respect of such claim. Notwithstanding the foregoing, the Indemnitor shall not be obligated to indemnify an Indemnified Person if a court of competent jurisdiction finds in a final nonappealable decision that such Indemnified Person acted with willful misconduct in the conduct of its obligations hereunder, causing damage to the Indemnitor or to a third party.
- 6.2 **Limitation of liability** - You agree that no Indemnified Person shall have any liability as a result of your retention of Novo, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, other than liabilities that shall or have resulted from the gross negligence or willful misconduct of any Indemnified Person or Persons. Without limiting the generality of the foregoing, in no event shall any Indemnified Person be liable for indirect or punitive damages or other like damages or claims of any kind. Notwithstanding the foregoing, Novo’s total damages with respect to a breach of its obligations under this engagement shall not exceed the total amount of fees paid to Novo hereunder.
- 6.3 **WAIVER OF JURY TRIAL** –TO FACILITATE JUDICIAL RESOLUTION AND SAVE TIME AND EXPENSE, YOU AND NOVO IRREVOCABLY AND UNCONDITIONALLY AGREE NOT TO DEMAND, AND EXPLICITLY WAIVE, A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE SERVICES OR ANY SUCH OTHER MATTER.
7. **Governing Law and Jurisdiction**
- 7.1 **Governing Law and Jurisdiction**-The Engagement Contract shall be governed by and interpreted in accordance with the laws of the State of Illinois, without giving effect to the choice of law provisions thereof. The United States District Court for the Northern District of Illinois and the appropriate Courts of the State of Illinois sitting in the City of Chicago shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Contract and any matter arising from it. The parties submit to the jurisdiction of such Courts and irrevocably waive any right they may have to object to any action being brought in these Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Confirmation of Standard Terms and Conditions

We agree to engage Novo Advisors upon these terms set forth in these Standard Terms and Conditions as outlined above.

By: Steve Schoembs
Steve Schoembs (Jan 29, 2025 10:51 MST)

Steve Schoembs
Chief Executive Officer
Royal Paper, LLC

Date: 29/01/2025

EXHIBIT C

Ragano Declaration

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

ROYAL INTERCO, LLC, *et. al.*,

Debtors.¹

Chapter 11

Case No. 24-12008 (TMH)

(Jointly Administered)

**DECLARATION OF MICHAEL RAGANO IN SUPPORT DEBTORS' APPLICATION
FOR ENTRY OF AN ORDER, PURSUANT TO SECTIONS 105(a) AND 363(b) OF THE
BANKRUPTCY CODE, AUTHORIZING AND APPROVING (I) THE RETENTION
AND EMPLOYMENT OF NOVO ADVISORS LLC; (II) THE DESIGNATION OF
MICHAEL RAGANO AS CHIEF RESTRUCTURING OFFICER *NUNC PRO TUNC* TO
THE PETITION DATE; AND (III) GRANTING RELATED RELIEF**

I, Michael Ragano, declare and state under penalty of perjury as follows:

1. This Declaration is made in support of *Debtors' Application for Entry of an Order, Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code, Authorizing and Approving (I) the Retention and Employment of Novo Advisors LLC; (II) the Designation of Michael Ragano as Chief Restructuring Officer Nunc Pro Tunc to the Petition Date; and (III) Granting Related Relief* (the "Application").²

2. I am familiar with the matters set forth herein and, if called as a witness, I could and would testify as follows. Unless otherwise defined, all terms used in this Declaration share the same meaning as those in the Application.

3. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, information supplied to me by other Novo professionals or learned from

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal EIN, are as follows: Royal Interco, LLC (7913); Doubletree Paper Mills, L.L.C. (1830); Royal Paper, LLC (9937); and Sun Paper Company, LLC (7899). The Debtors' mailing address is 711 North 17th Avenue, Phoenix, AZ 85007.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Application.

my review of other documents. To the extent any information disclosed here requires amendment or modification as additional information becomes available to Novo, a supplemental declaration will be submitted.

4. Novo has a wealth of experience in providing restructuring, crisis management, accounting and financial advisory services. Novo was founded in 2012 and many of Novo's employees have more than 30 years of experience in the restructuring industry. Novo currently has 40 professionals and, among other things, has assisted troubled companies with stabilizing their financial condition, analyzing their operations, and developing appropriate business plans to accomplish the necessary restructuring of their operations and finances.

5. In addition to Novo's experience and reputation in the restructuring industry, Novo's professionals have worked closely with the Debtors' management and other advisors. As a result, Novo has the experience, expertise, and knowledge of the Debtors' businesses necessary to provide effective and efficient services in these chapter 11 cases.

6. I am a partner with Novo and have over fifteen years of experience providing restructuring and financial advisory services to companies. Since approximately January 24, 2025, Novo and I have provided services to the Debtors in connection with their restructuring efforts. I was appointed as CRO to (i) facilitate ongoing operations and financial matters and (ii) oversee and manage all cash disbursements and any and all financial restructuring initiatives, including, to the extent necessary, any insolvency proceedings and in- or out-of-court activities to monetize assets and reduce creditor obligations.

7. In providing prepetition professional services to the Debtors, Novo and I have become familiar with the Debtors and their businesses, including the Debtors' financial affairs, debt structure, operations, and related matters. Having worked closely with the Debtors'

management and their other advisors, Novo and I have developed relevant experience and expertise regarding the Debtors that will assist us in providing effective and efficient services in these chapter 11 cases. Accordingly, I believe that Novo and I are both well-qualified and uniquely able to represent the Debtors in these chapter 11 cases in an efficient and timely manner.

SERVICES TO BE PROVIDED

8. As more fully described in the Application, Order, and Engagement Letter, Novo and I will perform services to assist the Debtors in their chapter 11 cases. Working collaboratively with the Debtors' management team, we will provide the following services:

- a. Review and analyze the Debtors' business, operations, assets, financial condition, business, plan, strategy, and operating forecasts;
- b. Assist the Debtors and their professionals in their preparation of bankruptcy filings (e.g., schedules of assets and liabilities, the statement of financial affairs, and the monthly operating reports as required by the Office of the United States Trustee (the "U.S. Trustee"));
- c. Produce a 13-week cash budget and operating projection;
- d. Attend meetings with the Debtors, their professionals, and other stakeholders, as required, and participate in court hearings;
- e. Assist in negotiations with, and respond to inquiries from, various stakeholders, including creditors and other parties, as necessary;
- f. Provide expert testimony in support of bankruptcy filings, a plan of reorganization, or a sale transaction under section 363 of the Bankruptcy Code, as necessary and appropriate; and
- g. Assist the Debtors in developing, evaluating, structuring, and negotiating the terms and conditions of a restructuring, plan of reorganization, or sale transaction, including a liquidation analysis and estimation of creditor recoveries.

9. The CRO, specifically, will provide the following services:

- a. Develop disposition strategies for underperforming assets with management, counsel, and other professionals;

- b. Identify and implement both short-term and long-term profit improvement, liquidity-generating, and debt reduction initiatives to improve the Debtors' ongoing viability, as described above; and
- c. Oversee and manage all cash disbursements and any and all financial restructuring initiatives, including, to the extent necessary, any insolvency proceedings and in- or out-of-court activities to monetize assets and reduce creditor obligations.

COMPENSATION

10. As set forth in the Engagement Letter, and subject to this Court's approval, the Debtors have agreed to pay Novo according to the following fee structure:

- a. Novo will be paid according to the following hourly fees of professionals:

Partners/Principals	\$775 - \$1,095
Managing Directors/Directors	\$595 - \$775
Senior Consultants/Consultants	\$375 - \$525
Paraprofessionals	\$275

11. Prior to the Petition Date, the Debtors paid Novo a retainer in the aggregate amount of \$100,000 (the "Retainer"). In addition, in the 90 days prior to the Petition Date, Novo received retainers and payments totaling \$1,313,103.00. As of the Petition Date, the balance of the Retainer was \$153,519.71.

12. In addition to compensation for professional services, Novo will be reimbursed for reasonable out-of-pocket expenses. These expenses include, but are not limited to, telephone, overnight mail, messenger, travel, mileage, meals, accommodations, and reasonable fees and expenses of its legal counsel, if any, and other advisors retained by Novo. Novo will be entitled to receive payment in full of all fees and reimbursements of expenses incurred in connection with the Services (collectively, "Compensation").

13. If the Court grants the relief requested herein, Novo will be employed as a restructuring officer under § 363 of the Bankruptcy Code, as opposed to a professional under § 327 of the Bankruptcy Code. Novo will accordingly not be required to submit fee applications under §§ 330 and 331 of the Bankruptcy Code. To maintain transparency and to comply with the Office of the United States Trustee's (the "U.S. Trustee") protocol applicable to the retention of personnel under § 363 of the Bankruptcy Code, however, Novo will file with the Court a report of compensation earned, expenses incurred, and of staffing on the engagement for the previous month (the "Monthly Reports") and provide notice to (a) the U.S. Trustee, J. Caleb Boggs Federal Building, 844 King Street, Room 2207, Wilmington, DE 19801, Attn: Linda J. Casey (linda.casey@usdoj.gov); (b) counsel to the Debtors' proposed debtor-in-possession financing lender, Goldberg Kohn, 55 East Monroe Street, Suite 3300, Chicago, Illinois 60603, Attn: Randall L. Klein, Esq. (randall.klein@goldbergkohn.com), Eva D. Gadzheva, Esq. (eva.gadzheva@goldbergkohn.com), and Prisca Kim, Esq. (prisca.kim@goldbergkohn.com); and (c) counsel to the Committee, Lowenstein Sandler LLP, One Lowenstein Drive, Roseland, New Jersey 07068. Attn: Bruce S. Nathan, Esq. (bnathan@lowenstein.com), Andrew D. Behlmann, Esq. (ABehlmann@lowenstein.com), Colleen M. Restel, Esq. (crestel@lowenstein.com), and Lindsay H. Sklar, Esq. (lsklar@lowenstein.com). The Monthly Reports will contain summary charts that describe the services provided, identify the compensation earned by any executive officer and Additional Personnel provided, itemize the expenses incurred, and the names of and functions filled by the Additional Personnel assigned to the matter. Time records will (i) be appended to the reports, (ii) contain detailed time entries describing the task(s) performed, and (iii) be organized by project category. Where personnel are providing services at an hourly rate, the time entries will identify the time spent completing each task in 1/10 (0.1) hour increments and

the corresponding charge (time multiplied by hourly rate) for each task; where personnel are providing services at a “flat” rate, the time entries will be kept in hourly increments. Novo’s compensation will be subject to review by the Court in the event an objection is filed within ten (10) days after a Monthly Report is filed. Notwithstanding the foregoing, the Debtors are authorized, but not directed, to pay, in the ordinary course of business, all amounts invoiced by Novo for fees and expenses incurred in connection with Novo’s retention.

14. The hourly rates that Novo proposes to charge in these chapter 11 cases are Novo’s hourly rates currently in effect and are similar to the rates Novo generally charges for special situations, restructuring, workout, bankruptcy, insolvency, and comparable matters whether in court or otherwise, regardless of whether a fee application is required, and to rates that comparable advisors would charge to perform work in such matters.

15. I believe that the Fee and Expense Structure is reasonable, market-based, and designed to compensate Novo fairly for its work and to cover fixed and routine overhead expenses. The Fee and Expense Structure appropriately reflects the nature of the services to be provided by Novo and the fee structures typically utilized by leading financial advisory firms of similar stature to Novo for comparable engagements, with respect to both in- and out-of-court restructurings. The Fee and Expense Structure is consistent with Novo’s normal and customary billing practices for cases of this size and complexity and that require the level and scope of services outlined herein.

DISINTERESTEDNESS

16. In connection with the proposed retention of Novo and in compliance with Bankruptcy Rule 2014, Novo reviewed the list of potential parties in interest in these cases (“Interested Parties”), attached as **Schedule 1**, against its corporate records, including of present and former clients. To the best of my knowledge, after due inquiry, Novo does not have any

connection with the parties listed on **Schedule 1**. Additionally, as of the Petition Date, Novo was not owed any fees with respect to any invoices issued to the Debtors before their chapter 11 filings.

17. Accordingly, except as otherwise set forth herein, insofar as I have been able to determine, neither I, Novo, nor any of Novo's personnel holds or represents any interest adverse to the Debtor or its estate, and Novo is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, in that Novo and its professionals and employees who will work on the engagement:

- a. were not creditors, equity holders, or insiders of the Debtors prior to the Petition Date;
- b. other than the officer positions included in this Application, were not, within two years before the Petition Date, a director, officer or employee of the Debtor; and
- c. do not have an interest materially adverse to the interest of the Debtors' estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors.

18. In the ordinary course of its business, Novo and its affiliates and/or personnel may engage or be engaged by counsel or other professionals in unrelated matters who now represent, or who may in the future represent, creditors, equity holders or other Interested Parties.

19. Novo and its affiliates and/or personnel may have current and former clients who have relationships with Interested Parties.

20. Novo and its affiliates and/or personnel may be taxpayers or constituents of governmental bodies that are creditors or vendors of the Debtors or their respective affiliates.

21. Novo has represented, may represent, and in the future will likely represent debtors and in cases unrelated to the Debtor and this case wherein one or more of the law firms representing the members of the Committee or other parties in interest serve as or will serve as professionals to members of those committees.

22. If Novo learns any additional material information, Novo will file and serve a supplemental declaration setting forth the additional information.

23. Novo does not and will not represent any party other than the Debtors in connection with these chapter 11 cases.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on: April 25, 2025

/s/ Michael Ragano
Michael Ragano
Partner
Novo Advisors LLC
200 W Madison Street
Chicago, IL 60606