HIBBING CITY COUNCIL
Regular Meeting
Wednesday, September 3, 2025
3:00 PM

Councilor Justin Fosso
Councilor John Schweiberger
Councilor James Bayliss
Councilor Jay Hildenbrand
Councilor Jennifer Hoffman Saccoman
Councilor Chris Whitney
Mayor Pete Hyduke

City Administrator Greg Pruszinske
City Clerk-Dep Admin Candie Seppala
Finance Dir - Treasurer Sheena Mulner
City Attorney Andy Borland
Chief of Police Steve Estey
City Engineer Jesse Story

I. CALL TO ORDER:

II. PLEDGE OF ALLEGIANCE:

III. ADDS AND DELETES:

1. DELETE: BIDS & QUOTES #1a

IV. APPROVAL OF THE AGENDA:

V. POLICE YOUTH ACADEMY GRADUATES

VI. APPROVAL OF MINUTES:

1. Approve the Minutes of the Hibbing City Council Meeting of August 20, 2025
2. Approve the Minutes of the Hibbing City Council Workshop of August 20, 2025
3. Approve the Minutes of the Joint Meeting of the Hibbing City Council, Chisholm City Council, and the Chisholm Hibbing Airport Authority of August 25, 2025

VII. CONSENT AGENDA:

1. Approve Accounts Payable dated August 28, 2025, checks #180827-180931 and drafts totaling $2,155,172.34
2. Approve City Payroll for the pay period ending August 22, 2025, in the amount of $568,710.45
3. Declare a 2013 Dodge Caravan and a 2013 Ford Escape as surplus property and authorize them for disposal
4. Approve the facility use agreement with the Mid-Range Sportsman's Club Alliance, Inc. for the operation of Marksmanship Center Range.
5. Approve the facility use agreement with the Hibbing Chisholm Youth Hockey Association for the use of the Hibbing Memorial Arena.

6. Approve the facility use agreement with the Hibbing Figure Skating Club for the use of the Hibbing Memorial Arena.

7. Offer RESOLUTION NO. 25-09-01 accepting the donation of $75,000 from the Hilligoss Family Foundation towards the construction of a new park pavilion near the beach at Carey Lake Recreation Area.

8. Approve the 1-year contract renewal option for SAM Concessions to continue to operate concessions at the Hibbing Memorial Building.

9. Approve the promotion of Nikka Hietala to Firefighter/Paramedic effective September 4, 2025.

10. Approve and authorize the Mayor to sign the 2026 LTD Group Benefit Plan with MetLife.

11. Approve and authorize the Mayor to sign the 2026 MN PFML Group Insurance Benefit Plans with MetLife.

12. Approve the Special Event Permit Application Request of the City of Hibbing to host the Halloween 5k at the Hibbing Memorial Arena on Saturday, October 24, 2025

13. Set the next Hibbing City Council Meeting for Wednesday, September 17, 2025 at 5:00 p.m. in the Hibbing City Hall Council Chamber

14. Set the next Hibbing City Council Workshop Meeting on Wednesday, September 17, 2025 following the Regular Meeting at 5:00 p.m. in the Hibbing City Hall Council Chamber

VIII. PUBLIC FORUM:

IX. PUBLIC HEARING:

1. PUBLIC HEARING ON A PROGRAM FOR A MULTIFAMILY HOUSING DEVELOPMENT AND THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS

a. Offer Resolution 25-09-02 approving the issuance and sale of Multi-Family Housing Revenue Notes (LEE Center) Series 2025

X. COUNCIL REPORTS:

1. Approve RES-25-09-03 SUPPORTING A SITE-SPECIFIC SULFATE STANDARD FOR U.S. STEEL KEETAC and authorize the Mayor to sign the letter to enter into the public comments on behalf of the city

XI. DEPARTMENT AND COMMITTEE REPORTS:

1. <u>City Administrator Greg Pruszinske</u>

a. City Administrator's Report

2. **City Attorney Andy Borland**

XII. BIDS AND QUOTES:

1. ~~**City Clerk-Deputy Administrator Candie Seppala**~~

    a. ~~Placeholder for Computer Quote~~

2. **Chief of Police Steve Estey**

a. **Approve the purchase of (5) Axon Taser Bundles from Axon in the amount of $24,048.**

3. **Superintendent of Wastewater Treatment Plant Dave Hurd**

    a. Approve the purchase of a Rotork Valve replacement from Vessco in the amount of $7,531

4. **Community Development Director Betsy Olivanti**

    a. Approve the amendment request for HKGi LU Plan Agreement for land use plan update in the amount of $12,000

XIII. ADJOURNMENT:

PACKET: 03933 Regular Payments 08/28/2025
VENDOR SET: 01 **** CHECK LISTING ****
BANK : APBNK US BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
000490	A-1 REFRIGERATION, INC							
	I-32362E	COMPRESSOR & LABOR	R	8/28/2025		3,641.00CR	180827	3,641.00
005675	ADVANCED MASONRY RESTORATION INC							
	I-PAY APP#4 6/30/25	PAY APP #4 C HALL BLDG RENOV	R	8/28/2025		268,033.00CR	180828	268,033.00
005252	ADVANTAGE SYSTEMS GROUP							
	I-P 41308	TROUBLE SHOOT WIRELESS/LIBR	R	8/28/2025		277.00CR	180829	277.00
000658	AIRGAS USA, LLC							
	I-9164018113	ACETYLENE	R	8/28/2025		55.74CR	180830	55.74
005479	ARROWHEAD LOCKSMITH SERVICE, LLC							
	I-1083	JUNE/JULY/AUG 25 LOCK SVCS	R	8/28/2025		2,689.45CR	180831	2,689.45
005605	ASCENDANCE TRUCKS CENTRAL, LLC							
	C-XA178005514:01	CR/RENEWED ELECTR POD DRIVER	R	8/28/2025		846.51	180832	
	I-XA178005380:01	RENEWED ELECTRONIC POD DRIVER	R	8/28/2025		1,693.02CR	180832	
	I-XA178005446:01	SERV KIT, BOLSTER SPRING, S	R	8/28/2025		1,714.42CR	180832	
	I-XA178005470:01	DRIVER DOOR POD	R	8/28/2025		507.78CR	180832	
	I-XA178005480:01	THERMOSTAT TEMP REGULATOR	R	8/28/2025		133.73CR	180832	3,202.44
005524	BALLISTIC DEFENSE LLC							
	I-08/18/25	LAW ENF FIREARMS/J WALSTROM	R	8/28/2025		700.00CR	180833	700.00
005038	BAXTER HEALTHCARE CORP							
	I-84341990	SPECTRUM SOFTWARE LICENSE	R	8/28/2025		320.00CR	180834	320.00
000282	BISMARCK MAP CO. (FORMERLY COMMUNITY GIS)							
	I-3211	JUNE 25 HOST MAPPING APPL	R	8/28/2025		600.00CR	180835	
	I-3219	JULY 25 HOST MAPPING APPL	R	8/28/2025		600.00CR	180835	1,200.00
000319	BW DISTRIBUTING							
	I-48288	STREAKPROOF/SHOP SOLV/DAZZLE	R	8/28/2025		382.96CR	180836	382.96
001375	C-H MUFFLER SERVICE							
	I-132947	STAINLESS STEEL FLEX PIPES	R	8/28/2025		327.90CR	180837	327.90
000046	CARQUEST AUTO PARTS							
	C-5077-211410	CORE RTN BATT/#211406	R	8/28/2025		81.00	180838	
	I-5077-211138	LUBE/BRAKE CLEAN	R	8/28/2025		57.74CR	180838	
	I-5077-2112946	OIL/HYD FITTING	R	8/28/2025		21.46CR	180838	
	I-5077-211619	BATTERY GOLD	R	8/28/2025		175.32CR	180838	
	I-5077-211675	CAB AIR/AIR/AIR ELEMENT/FUEL	R	8/28/2025		185.93CR	180838	
	I-5077-211677	ROTT4TR 15W40	R	8/28/2025		341.82CR	180838	
	I-5077-211680	ROTT4TR 15W40	R	8/28/2025		1,139.40CR	180838	
	I-5077-211708	FUEL/WATER SEPARATOR/CAB AIR	R	8/28/2025		131.92CR	180838	
	I-5077-211709	FUEL SPIN ONS/CAB AIR ELEMENT	R	8/28/2025		188.49CR	180838	
	I-5077-211743	DIESEL EXHAUST FLUID	R	8/28/2025		38.56CR	180838	
	I-5077-211746	AIR FILTER HD	R	8/28/2025		61.12CR	180838	
	I-5077-211774	GEAR OIL	R	8/28/2025		195.68CR	180838	
	I-5077-211784	FUEL/ WATER SEPARATOR	R	8/28/2025		412.00CR	180838	

MM 8/28/2025 CK #S 180827-180931

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	I-5077-211833	BATTERIES	R	8/28/2025		175.32CR	180838	
	I-5077-211839	WEIGHT CLAMP	R	8/28/2025		27.98CR	180838	
	I-5077-211886	AIR/FUEL FILTER/OIL FILTER	R	8/28/2025		326.06CR	180838	
	I-5077-211921	HYDRAULIC SPIN ONS	R	8/28/2025		126.14CR	180838	
	I-5077-211922	CABIN AIR/CONV OIL	R	8/28/2025		85.85CR	180838	
	I-5077-211925	ANTI SAIL & CLAMP BRACKETS	R	8/28/2025		111.94CR	180838	
	I-5077-211929	BLK RUBBER FLAP	R	8/28/2025		33.12CR	180838	
	I-5077-212016	ANTI SAIL BRACKET	R	8/28/2025		479.76CR	180838	4,234.61
003604	CENTURY LINK							
	I-6315 AUG 25	ACCT 2182636315 AUG 2025	R	8/28/2025		155.85CR	180839	155.85
001522	COMMISSIONER OF TRANSPORT							
	I-P00019906	MATERIALS & TESTING/23RD ST	R	8/28/2025		467.74CR	180840	
	I-P00020333	MATERIALS & TESTING/23RD ST	R	8/28/2025		467.74CR	180840	935.48
005076	COMPUDYNE, INC. (LEASE)							
	I-39915383	SEPT 25 ZBOOK MOBILE/FD	R	8/28/2025		249.95CR	180841	
	I-39915384	SEPT 25 CONS ACCT	R	8/28/2025		2,089.67CR	180841	
	I-39915385	SEPT 25 TBOOKS/AMB	R	8/28/2025		725.59CR	180841	
	I-39945069	SEPT 25 PROD400 G7 LEASE/LIBR	R	8/28/2025		1,108.80CR	180841	4,174.01
003611	CONSOLIDATED COMMUNICATIONS (FMR HICKORY TECH)							
	I-5070521052/0 AUG25	ACT 507-052-1052/0 AUG 25	R	8/28/2025		9.96CR	180842	9.96
003629	CONWAY SHIELD							
	I-0541036	SHIELD/AH2 MORNING PRIDE	R	8/28/2025		73.68CR	180843	73.68
005753	COOK'S COUNTRY CONNECTION, LLC							
	I-1283	MOBILE ZOO/HBG NNO 2025	R	8/28/2025		600.00CR	180844	600.00
005211	CTC							
	I-21632596	INTERNET/PHONES 8/12-9/11/25	R	8/28/2025		5,225.53CR	180845	5,225.53
001125	D ERVASTI SALES CO							
	I-17658	SWT GRND/MEC AMINE/MARK CHALK	R	8/28/2025		9,826.97CR	180846	9,826.97
001084	DEPUTY REGISTRAR #12							
	I-08/19/25	2025 LIC TAB/TRAILER FT-241	R	8/28/2025		1,790.80CR	180847	1,790.80
002706	DOMINOS PIZZA							
	I-08/15/25	PIZZAS	R	8/28/2025		100.85CR	180848	100.85

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000565	EARL F ANDERSEN, INC							
	I-0140412-IN	KLEEN BREAK SURFACE MOUNT	R	8/28/2025		336.55CR	180849	
	I-0140422-IN	16X9 HIP WHT/RED D/F FIRE NUMB	R	8/28/2025		87.95CR	180849	424.50
005573	ECK DESIGNS, LLC							
	I-2511	ALUMINUM SIGNS	R	8/28/2025		2,500.00CR	180850	2,500.00
000510	ECOLAB PEST ELIMINATION INC							
	I-8874615	QTR 3 2025 ROACH/RODENT/C HALL	R	8/28/2025		133.11CR	180851	
	I-8874618	AUG 25 ROACH/RODENT BUS MUSEUM	R	8/28/2025		171.20CR	180851	
	I-8874619	QTR 3 2025 ROACH/RODENT/LIBR	R	8/28/2025		165.85CR	180851	470.16
000844	EDWARDS OIL							
	I-IN783049	GAL #2BIO DYED FUEL (S) + COLD	R	8/28/2025		714.65CR	180852	
	I-IN783055	250.10 GAL PREM OCT UNLD	R	8/28/2025		898.31CR	180852	
	I-IN783056	333.70 GAL #2 BIO DYED FUEL	R	8/28/2025		1,234.36CR	180852	2,847.32
005694	EHLERS							
	I-102429	TIF REPORTING - 2024 REPORTS	R	8/28/2025		2,962.50CR	180853	2,962.50
005532	EMS MANAGEMENT & CONSULTANTS, INC							
	I-EMS-018244	JULY 25 EMS FEE	R	8/28/2025		7,347.85CR	180854	7,347.85
005534	MARK ETTER							
	I-07/22/25	3 HRS SVC/WWTP	R	8/28/2025		225.00CR	180855	225.00
000848	EXCEL BUSINESS SYSTEMS							
	I-80141	PD CLICKS/LEASE AUG 2025	R	8/28/2025		501.19CR	180856	
	I-80142	ADM/3RD FLR CLKS/LEASE AUG 25	R	8/28/2025		1,267.22CR	180856	
	I-80143	BLDG & HSG CLICKS/LEASE AUG 25	R	8/28/2025		149.14CR	180856	
	I-80144	MEM BLDG CLICKS/LEASE AUG 25	R	8/28/2025		213.40CR	180856	
	I-80145	LIBRARY CLICKS/LEASE AUG 2025	R	8/28/2025		211.99CR	180856	
	I-80146	FIRE DEPT CLICKS/LEASE AUG 25	R	8/28/2025		63.01CR	180856	2,405.95
002922	FIRE SAFETY USA, INC							
	I-204874	THE CLEVELAND STRAPS	R	8/28/2025		130.85CR	180857	130.85
000026	FORD OF HIBBING							
	I-193063	SENSOR/CODES/H13	R	8/28/2025		1,860.99CR	180858	
	I-531162	SCREEN ASY/SEAL/OIL	R	8/28/2025		220.41CR	180858	2,081.40
005752	THE GARLAND COMPANY, INC.							
	I-CI-GUS0251889	SEALANT/FLASHING/ARENA ROOF	R	8/28/2025		241.71CR	180859	241.71

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001021	GRAINGER PARTS							
	I-9594304900	DISINFECTANT	R	8/28/2025		127.68CR	180860	
	I-9600784855	DOOR STOP/MOUNT	R	8/28/2025		68.50CR	180860	196.18
000538	H&L MESABI COMPANY							
	I-44210	CENTER & END BLADES/PLOW BOLT	R	8/28/2025		1,627.08CR	180861	1,627.08
005469	THE HUNTINGTON NATIONAL BANK							
	I-2033844	2025 ANN PMT/TORO GRNDSMSTR	R	8/28/2025		17,882.00CR	180862	17,882.00
005477	ICS CONSULTING, LLC							
	I-12684	C HALL PROF SVCS 6/30/25	R	8/28/2025		17,667.25CR	180863	17,667.25
000488	IMPERIALDADE (FRMLY DALCO)							
	I-4408773	MAP PADS/PREP PAD/FLOOR PAD	R	8/28/2025		412.44CR	180864	
	I-4411085	SURFACE PREP PAD/FLOOR PAD	R	8/28/2025		182.44CR	180864	
	I-4411902	WYPALL L30 WIPE 950CA	R	8/28/2025		147.52CR	180864	742.40
005009	INGRAM LIBRARY SERVICES							
	I-63207777	BOOKS/LABELS/COVERS	R	8/28/2025		203.15CR	180865	
	I-63212037	BOOKS/LABELS/COVERS/JACKETS	R	8/28/2025		811.73CR	180865	
	I-67848866	BOOKS/COVERS/JACKETS	R	8/28/2025		331.98CR	180865	1,346.86
003574	INNOVATIVE OFFICE SOLUTIONS, LLC FRMLY NBP							
	I-IN4902682	CALC RIBBON/NOTARY BOOK	R	8/28/2025		24.87CR	180866	
	I-IN4911582	BATTTERIES/LINER/BNDRS/CLNR	R	8/28/2025		427.88CR	180866	
	I-IN4912590	SHARPIE MARKERS	R	8/28/2025		3.44CR	180866	
	I-IN4912743	STAPLERS	R	8/28/2025		69.97CR	180866	
	I-IN4914170	CALCULATOR	R	8/28/2025		197.78CR	180866	723.94
005751	IRON PINE VETERINARY SERVICES							
	I-777-5590	MALE DOG G VET SERVICES	R	8/28/2025		160.80CR	180867	160.80
000286	IRON RANGE PLUMBING & HEATING							
	I-7592	FILTERS	R	8/28/2025		1,907.84CR	180868	
	I-7811	FILTER	R	8/28/2025		76.56CR	180868	
	I-7929	LAV FAUCET/PARKS	R	8/28/2025		1,037.38CR	180868	3,021.78
001473	IRON RANGE TIRE SERVICE							
	I-36313	315/80R22.5 L GDYR G289	R	8/28/2025		717.89CR	180869	
	I-36314	225/70R 19.5 COOPER WORK	R	8/28/2025		452.50CR	180869	
	I-36334	P255/60R18 EAGLE ENFORCER	R	8/28/2025		204.25CR	180869	
	I-36345	P255/60R18 EAGLE ENFORCER	R	8/28/2025		957.00CR	180869	2,331.64

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000399	IRON RANGE TOURISM BUREAU							
	I-2025.08.02	HELLO RANGE CONTRIBUTOR	R	8/28/2025		5,000.00CR	180870	5,000.00
002694	JJ KELLER AND ASSOCIATES							
	I-9110418167	DVIR NCR BK STK & EQ INSP STK	R	8/28/2025		1,582.87CR	180871	1,582.87
005755	JOHNSON HOMETOWN REALTY							
	I-08/22/25	EARNEST MONEY/DOLENCE PROPERTY	R	8/28/2025		500.00CR	180872	500.00
001402	KGM CONTRACTORS							
	I-PAY APP#5 23RD ST	PAY APP#5/23RD STE 8/25/25	R	8/28/2025		202,066.85CR	180873	202,066.85
005552	KRONOS SAASHR, INC.							
	I-I10080013018	UKG READY ACH RETURNS	R	8/28/2025		55.00CR	180874	55.00
000285	L & L RENTALS INC							
	I-210313	CONCR RAKE/RND BLD DRAIN SPADE	R	8/28/2025		158.60CR	180875	
	I-210405	WHITE PIGMENT/CURE	R	8/28/2025		123.85CR	180875	
	I-210406	SEALER 5 GAL	R	8/28/2025		183.79CR	180875	
	I-210670	3" CORE DRILL BIT	R	8/28/2025		229.50CR	180875	
	I-210777	100 LB PROPANE FILL	R	8/28/2025		176.00CR	180875	871.74
000334	L & M FLEET SUPPLY							
	C-HIB-01-20019549	WRONG SIZE/KICKDOWN DOOR STOP	R	8/28/2025		41.76	180876	
	I-HIB-01-10019042	SAFETY SHOES/HOWIE LAVIGNE	R	8/28/2025		132.99CR	180876	
	I-HIB-01-10019438	VINEGAR/DISH SOAP/SALT	R	8/28/2025		20.84CR	180876	
	I-HIB-01-10019502	CHALK REEL DEWALT	R	8/28/2025		16.14CR	180876	
	I-HIB-01-10019620	EXTENSION CORD	R	8/28/2025		28.49CR	180876	
	I-HIB-01-10020240	FILE 3PK	R	8/28/2025		6.36CR	180876	
	I-HIB-01-10020531	CAPS	R	8/28/2025		5.67CR	180876	
	I-HIB-01-10020941	WASP & HORNET	R	8/28/2025		22.34CR	180876	
	I-HIB-01-10021509	MINERAL SPIRITS/ROLLER/JASCHO	R	8/28/2025		259.72CR	180876	
	I-HIB-02-10016824	STRIPPING PAD/PRIMER SPRAY	R	8/28/2025		20.86CR	180876	
	I-HIB-03-10038423	HITCH PIN/CLASSI/HITCH BALL	R	8/28/2025		50.80CR	180876	
	I-HIB-03-10038720	RATCHET STRAP	R	8/28/2025		18.04CR	180876	
	I-HIB-03-10039005	GRADE 5 BOLTS	R	8/28/2025		2.93CR	180876	
	I-HIB-04-10029654	SAFETY BOOTS/GARY STARK	R	8/28/2025		85.49CR	180876	
	I-HIB-04-10029868	PAD TRIM/NAP SELECT/BRUSH/ROLL	R	8/28/2025		55.88CR	180876	
	I-HIB-04-10029957	WATER/WEED GRS KILL/WASP	R	8/28/2025		82.40CR	180876	
	I-HIB-04-10030970	WATCH BATTERY/KEYLESS ENTRY	R	8/28/2025		12.33CR	180876	
	I-HIB-04-10031724	CHAINSAW CHAIN/POLE SAW	R	8/28/2025		251.74CR	180876	
	I-HIB-04-10031816	BATTERY/BAR & CHAIN/TRIGGER	R	8/28/2025		254.58CR	180876	
	I-HIB-04-10031839	LYSOL WIPES	R	8/28/2025		25.62CR	180876	
	I-HIB-04-10031845	BAR CHAINSAW/X-TREME 4 PATTERN	R	8/28/2025		85.47CR	180876	
	I-HIB-04-10032283	WASP & HORNET KILLER	R	8/28/2025		14.20CR	180876	
	I-HIB-04-10032576	SIMPLE GREEN	R	8/28/2025		13.29CR	180876	
	I-HIB-04-10032866	HITCHPIN/LYNCHPIN	R	8/28/2025		16.20CR	180876	
	I-HIB-04-10032881	TUBE/DISH SOAP	R	8/28/2025		25.61CR	180876	
	I-HIB-04-10033228	PEXTUBE/ADAPTER/ELBOW/VALVE	R	8/28/2025		33.21CR	180876	
	I-HIB-04-10033252	GREASE/NITRILE GLOVES	R	8/28/2025		151.77CR	180876	
	I-HIB-04-10033327	MALE ADAPTER/STRAINER/COUPLING	R	8/28/2025		25.88CR	180876	
	I-HIB-04-10034674	SPRING WATER	R	8/28/2025		29.56CR	180876	

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
	I-HIB-04-10034677	SPRING WATER	R	8/28/2025		25.87CR	180876	
	I-HIB-04-10034693	JASCHO/SCRUB/MR CLEAN/PUTTY	R	8/28/2025		74.46CR	180876	
	I-HIB-04-10034967	7 STRIP OUTLET	R	8/28/2025		18.99CR	180876	
	I-HIB-04-10035318	DIAMOND BLADE/SOIL TEST KIT	R	8/28/2025		103.20CR	180876	
	I-HIB-05-10027430	CHAINSAW CHAIN/BAR/CHAIN	R	8/28/2025		38.92CR	180876	
	I-HIB-06-10013579	DRYLOK LATEX/STENCILS/DOOR STO	R	8/28/2025		120.59CR	180876	
	I-HIB-08-10005568	TRIMMER LINE/ROPE STARTER	R	8/28/2025		37.33CR	180876	
	I-HIB-08-10006136	FLOOR POLY	R	8/28/2025		95.97CR	180876	
	I-HIB-08-10006139	PADLOCK/KEY BLANKS	R	8/28/2025		16.49CR	180876	
	I-HIB-08-40005939	THROTTLE CABLE	R	8/28/2025		34.79CR	180876	2,273.26
VOID	VOID CHECK		V	8/28/2025			180877	**VOID**
000893	LAKE COUNTRY POWER							
	I-0900 AUG 25	ACT 2330900 AUG 25	R	8/28/2025		12.00CR	180878	
	I-1000 AUG 25	ACT 2331000 AUG 25	R	8/28/2025		249.00CR	180878	
	I-1900 AUG 25	ACT 4081900 AUG 25	R	8/28/2025		58.00CR	180878	
	I-3600 AUG 25	ACT 8704803600 AUG 25	R	8/28/2025		12.00CR	180878	
	I-5101 AUG 25	ACT 141665101 AUG 25	R	8/28/2025		66.00CR	180878	
	I-5201 AUG 25	ACT 143315201 AUG 25	R	8/28/2025		50.45CR	180878	
	I-7900 AUG 25	ACT 2207900 AUG 25	R	8/28/2025		19,374.00CR	180878	19,821.45
000166	LAWSON PRODUCTS INC							
	I-9312731402	TUFF TORQ/STEEL WASHERS/NUT	R	8/28/2025		417.91CR	180879	417.91
004117	LEFTY'S TENT AND PARTY RENTAL							
	I-08/15/25	POLE TENT/FR WDO SIDING	R	8/28/2025		1,060.02CR	180880	1,060.02
002687	LHB INC							
	I-250159.00-2	HOWARD ST BLK 400 DEMO 7/25/25	R	8/28/2025		4,245.00CR	180881	
	I-250225.00-1	COBB COOK PLACE SVCS 7/25/25	R	8/28/2025		7,962.21CR	180881	12,207.21
005445	LIFE-ASSIST, INC							
	I-1628010	SODIUM CHLORIDE IV SOLUTION	R	8/28/2025		462.96CR	180882	
	I-1629831	SOFT SENSOR/EAR SENSOR/DISP	R	8/28/2025		727.50CR	180882	1,190.46
005739	LINNEA KINGBIRD-MARTINI							
	I-003	OJIBWE EXH MINEVIEW MURAL	R	8/28/2025		300.00CR	180883	300.00
000207	LVC COMPANIES (J.N. JOHNSON)							
	I-175526	5LB ABC/PRESSURE SEAL/LBS ABC	R	8/28/2025		64.75CR	180884	
	I-176667	RECHARGE/ABC DRY CHEM/O-RING	R	8/28/2025		330.15CR	180884	
	I-176780	HYDRO TEST/RECHARGE/DRY CHEM	R	8/28/2025		69.20CR	180884	464.10

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
002516	MALTON ELECTRIC COMPANY							
	I-MN-R-B003053	US 60HP 1800RPM REPAIR/RETURN	R	8/28/2025		3,500.00CR	180885	3,500.00
002867	MEDIACOM LLC							
	I-3244 AUG 25	ACT 8384923250093244 AUG 25	R	8/28/2025		368.69CR	180886	368.69
003521	MEDICAREBLUE RX							
	I-SEPT 2025	SEPT 2025 BILLING	R	8/28/2025		30,878.20CR	180887	30,878.20
001501	MESABI BITUMINOUS							
	I-PAY APP#2 2025	PAY APP#2 2025 PAVING PROJ	R	8/28/2025		857,748.83CR	180888	857,748.83
000339	METRO SALES INC							
	I-INV2865023	IMC2000 LIBR COPIER AUG 25	R	8/28/2025		128.45CR	180889	
	I-INV2866616	IMC2510 ENG COPIER JULY 25	R	8/28/2025		112.68CR	180889	241.13
003847	MICROMARKETING LLC							
	I-986777	UNCD	R	8/28/2025		33.99CR	180890	
	I-986959	UNCD	R	8/28/2025		25.49CR	180890	
	I-987962	UNCD'S	R	8/28/2025		76.48CR	180890	135.96
000492	MIDWEST TAPE							
	I-507568017	DVD	R	8/28/2025		16.99CR	180891	
	I-507568018	DVD'S	R	8/28/2025		133.43CR	180891	
	I-507603122	DVD	R	8/28/2025		24.74CR	180891	
	I-507603123	DVD'S	R	8/28/2025		76.48CR	180891	
	I-507603125	DVD	R	8/28/2025		26.99CR	180891	278.63
000379	MINNESOTA NORTH COLLEGE							
	I-1292389	NFPA 1001/FIRE/LEA DEROISSART	R	8/28/2025		862.50CR	180892	862.50
005442	MN ASSOCIATION FOR PROPERTY AND EVIDENCE TECH							
	I-00644	MEMBERSHIP RENEW TO 2/1/26	R	8/28/2025		35.00CR	180893	35.00
003173	MN FIRE SERVICE CERTIFICATION BOARD							
	I-14471	FF1 EXAM/L DEROISSART	R	8/28/2025		131.00CR	180894	131.00
000267	MN LIFE INSURANCE COMPANY							
	I-AUG 2025	AUGUST 2025 LIFE INSURANCE	R	8/28/2025		2,183.91CR	180895	2,183.91
000120	MN POLLUTION CONTROL AGENCY`							
	I-10000219152	PETRO BROWN REIMBURS 1 HR	R	8/28/2025		150.00CR	180896	
	I-10000219169	PETRO BROWN REIMBURS 1 HR	R	8/28/2025		150.00CR	180896	300.00

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
005756	MR. ED'S FARM LLC							
	I-07/25/25	2025 SUMMER READING/ANIMALS	R	8/28/2025		300.00CR	180897	300.00
000570	MTI DISTRIBUTING							
	I-1484697-00	BELT/BLADE	R	8/28/2025		153.70CR	180898	
	I-1490259-00	STUD DRIVE/WHEEL/NUT LUG	R	8/28/2025		43.82CR	180898	
	I-1490259-02	NUT LUG	R	8/28/2025		9.83CR	180898	
	I-1490293-00	BEDKNIFE TOURNAMENT CUT	R	8/28/2025		160.28CR	180898	
	I-1490327-00	SPK B SERIES 1IN NPT	R	8/28/2025		1,010.73CR	180898	1,378.36
002710	NAPA SUPPLY OF HIBBING							
	I-505710	BATT/CORE DEPSOIT/BRAKE CLEAN	R	8/28/2025		210.57CR	180899	
	I-506702	ELECTR DISCONNECT PLIERS	R	8/28/2025		25.99CR	180899	236.56
005754	NORTHEAST REGIONAL CORRECTIONS							
	I-00000015	HAY FOR TRAINING	R	8/28/2025		429.50CR	180900	429.50
000414	NTS							
	I-INV5211	FIELD/LAB PROF SVCS/PSB	R	8/28/2025		13,747.25CR	180901	13,747.25
002935	O'REILLY AUTO PARTS							
	I-1824-205273	WIPER BLADES	R	8/28/2025		75.98CR	180902	75.98
003785	PETROCHOICE LUBRICATION SOLS. (FRMR ANDERSON)							
	I-51991582	HUSKY PUMP	R	8/28/2025		1,118.37CR	180903	1,118.37
000491	PORTABLE JOHN SERVICES INC (FORMERLY CARPENTER)							
	I-35228	HBG ON HOWARD HDCP 6/9/25	R	8/28/2025		75.00CR	180904	
	I-35229	HBG ON HOWARD HDCP 6/16/2025	R	8/28/2025		75.00CR	180904	
	I-35230	HBG ON HOWARD HDCP 6/23/25	R	8/28/2025		75.00CR	180904	
	I-35231	HBG ON HOWARD HDCP 6/30/25	R	8/28/2025		75.00CR	180904	
	I-35232	HBG ON HOWARD HDCP 7/7/25	R	8/28/2025		75.00CR	180904	
	I-35233	HBG ON HOWARD HDCP 7/14/25	R	8/28/2025		75.00CR	180904	
	I-35234	HBG ON HOWARD HDCP 7/21/25	R	8/28/2025		75.00CR	180904	
	I-35235	HBG ON HOWARD HDCP 7/28/25	R	8/28/2025		75.00CR	180904	
	I-35439	MINES & PINES 8/15-8/16/25	R	8/28/2025		600.00CR	180904	
	I-38676	MUSIC IN THE PARK 7/24/2025	R	8/28/2025		64.00CR	180904	
	I-38677	MUSIC IN THE PARK 8/7/25	R	8/28/2025		64.00CR	180904	
	I-39136	CAREY LK/DUPONT 7/21-8/17/25	R	8/28/2025		328.00CR	180904	
	I-39137	MINEVIEW ADDN'L 7/21-8/17/25	R	8/28/2025		164.00CR	180904	
	I-39138	MINEVIEW 7/21-8/17/25	R	8/28/2025		164.00CR	180904	
	I-39139	BENNETT PK1 7/21-8/17/25	R	8/28/2025		64.00CR	180904	
	I-39140	MIRACLE FIELD 7/21-8/17/25	R	8/28/2025		100.00CR	180904	
	I-39141	BENNETT PK 2 7/21-8/17/25	R	8/28/2025		64.00CR	180904	
	I-39142	PICKLEBALL CT 7/21-8/17/25	R	8/28/2025		64.00CR	180904	
	I-39143	AL NYBERG FLD 7/21-8/17/25	R	8/28/2025		64.00CR	180904	
	I-39145	VIC PWR SOFTBALL 7/21-8/17/25	R	8/28/2025		228.00CR	180904	
	I-39146	MIRACLE FIELD ADDN'L 7/21-8/17	R	8/28/2025		100.00CR	180904	
	I-39147	WOODLAND PARK 7/21-8/17/25	R	8/28/2025		64.00CR	180904	
	I-39148	DOG PARK 7/21-8/17/25	R	8/28/2025		64.00CR	180904	
	I-39149	MUNI GC 7/21-8/17/25	R	8/28/2025		128.00CR	180904	
	I-39150	VIC PWR COMPLEX 7/21-8/17/25	R	8/28/2025		292.00CR	180904	

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
	I-39151	RECYCLE CTR 7/21-8/17/25	R	8/28/2025		64.00CR	180904	
	I-39152	CEMETERY 7/21-8/17/25	R	8/28/2025		128.00CR	180904	3,408.00
005740	PRECIOUS PAWS HUMANE SOCIETY OF CHISHOLM							
	I-H.2025.07	HIBBING INTAKE CAT FEE (6)	R	8/28/2025		1,500.00CR	180905	1,500.00
005686	PRECISE MRM LLC							
	I-IN200-2007231	ANTENNA MAGNET/UPGRADE UNIT	R	8/28/2025		483.08CR	180906	483.08
000206	PUBLIC UTILITIES COMM							
	I-7/1/25-7/31/25	7/1/25-7/31/25 UTILITIES PMT	R	8/28/2025		43,660.63CR	180907	43,660.63
000559	QUILL CORPORATION							
	I-45220914	TONER/OINTMENT/ACROBALL	R	8/28/2025		271.56CR	180908	
	I-45226730	HM CPL 8.5X11 WHT	R	8/28/2025		89.98CR	180908	361.54
000499	R&R PRODUCTS, INC							
	I-CD3064807	CUP HOOK	R	8/28/2025		37.25CR	180909	37.25
000077	RADKO IRON & SUPPLY INC							
	I-25523/1	CHAINSAW CHAIN/DIAB RECIP	R	8/28/2025		67.97CR	180910	
	I-25557/1	IMPACT SOCKETS	R	8/28/2025		32.98CR	180910	
	I-25692/1	VISE HANDLE	R	8/28/2025		150.00CR	180910	
	I-25699/1	CANTILEVER RACK	R	8/28/2025		5,200.00CR	180910	5,450.95
000102	RANGE GLASS INC							
	I-2457	WINDSHIELD/KIT 08 INT'NL	R	8/28/2025		475.00CR	180911	475.00
003376	RANGE SPORTS							
	I-YZBW2CQMADYM229	PC54 WHT TSHIRTS/CAMP HURRAH	R	8/28/2025		408.00CR	180912	
	I-YZBW2CQMADYM239	AUGUSTA POLOS & JACKET	R	8/28/2025		235.00CR	180912	643.00
003083	RIVARDS TURF & FORAGE INC							
	I-56783	ATHLETIC II 50#	R	8/28/2025		137.64CR	180913	137.64
005244	RMB ENVIRONMENTAL LABORATORIES, INC.							
	I-D078528	INFLUENT & EFFLUENT 8/5/25	R	8/28/2025		148.18CR	180914	
	I-D078667	INFLUENT & EFFLUENT 8/6/25	R	8/28/2025		118.09CR	180914	
	I-D078764	INFLUENT & EFFLUENT 8/7/25	R	8/28/2025		118.09CR	180914	
	I-D078965	INFLUENT & EFFLUENT 8/12/25	R	8/28/2025		148.18CR	180914	
	I-D079080	INFLUENT & EFFLUENT 8/13/25	R	8/28/2025		118.09CR	180914	
	I-D079178	INFLUENT & EFLUENT 8/14/25	R	8/28/2025		14.42CR	180914	665.05

PACKET: 03933 Regular Payments 08/28/2025
VENDOR SET: 01 **** CHECK LISTING ****
BANK : APBNK US BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
000135	ROAD MACHINERY SUPPLIES							
	I-E0162905	FELLING FT24 DROP DECK TRAILER	R	8/28/2025		26,284.48CR	180915	
	I-S3564305	LOCK	R	8/28/2025		204.85CR	180915	26,489.33
005017	SBS BLACKTOP SERVICE, INC.							
	I-956	CAREY LAKE PARKING LOT PAVING	R	8/28/2025		175,300.00CR	180916	
	I-963	BIKE TRAIL REPAIRS	R	8/28/2025		4,300.00CR	180916	179,600.00
004979	SELLMAN BORLAND & SIMON PLLC							
	I-QTR 3 2025	QTR 3 2025 PROSECUTION SVCS	R	8/28/2025		25,000.00CR	180917	25,000.00
001304	SEPPI BROS							
	I-37189-2	24TH ST CITY MIX #1 15%FA	R	8/28/2025		1,054.63CR	180918	1,054.63
001791	SHOPKO OPTICAL (FRMLY VISTA EYES)							
	I-5867 C SCHLIESMAN	SAFETY GLASS/CASSIE SCHLIESMAN	R	8/28/2025		189.95CR	180919	189.95
005471	SIR LINES-A-LOT INC							
	I-PAY APP#1 25 STRIP	PAY APP#1 2025 STRIPING PROJ	R	8/28/2025		28,261.55CR	180920	28,261.55
005725	SPLASH XPRESS CARSH WASH - HIBBING							
	I-00136	GOLD UNLIMITED PLAN JULY 25	R	8/28/2025		217.60CR	180921	217.60
000514	ST LOUIS COUNTY AUDITOR							
	I-00012590	JULY 2025 OBLIGATIONS	R	8/28/2025		6,063.78CR	180922	6,063.78
000366	STREICHERS, INC							
	I-I1776256	TACLITE PRO PANTS/POLOS	R	8/28/2025		176.00CR	180923	
	I-I1776902	PANEL SET/NASPO/OVERT/NAME TAG	R	8/28/2025		1,344.99CR	180923	
	I-I1777232	TACLITE PRO PANTS	R	8/28/2025		108.00CR	180923	
	I-I1777895	TACLITE PRO PANTS	R	8/28/2025		108.00CR	180923	1,736.99
000722	SUPER ONE FOODS - RETAIL ACCOUNTING							
	I-00483487	CHIPS/OREO MINT/TOAST/DELI TRA	R	8/28/2025		31.88CR	180924	
	I-00483488	NATCRYSTAL/FRUIT/BAKERY	R	8/28/2025		63.85CR	180924	95.73
003966	SYMBOL ARTS							
	I-0540110	BADGE/SEAL	R	8/28/2025		710.00CR	180925	710.00
003130	TONER PLANET PACK N SHIP							
	I-389892	UPS GRND/ALERRT/MAXWELL TX	R	8/28/2025		16.87CR	180926	
	I-389902	UPS GRND/EMERGENCY TECH DECON	R	8/28/2025		17.19CR	180926	34.06

PACKET: 03933 Regular Payments 08/28/2025
VENDOR SET: 01 **** CHECK LISTING ****
BANK : APBNK US BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
005727	THE TORO COMPANY - NSN							
	I-412272513	ESSENT 36 SVC 8/1-8/31/25	R	8/28/2025		220.00CR	180927	220.00
004004	UNIQUE PAVING MATERIALS CORPORATION							
	I-89296	15.16 & 15.14 UPM COLD MIX	R	8/28/2025		4,242.00CR	180928	4,242.00
005463	VALVOLINE INSTANT OIL CHANGE							
	I-206374	OIL CHANGE/8100	R	8/28/2025		47.58CR	180929	
	I-206427	OIL CHANGE/6858	R	8/28/2025		65.60CR	180929	
	I-206607	OIL CHANGE/4450	R	8/28/2025		47.58CR	180929	
	I-206650	OIL CHANGE/6857	R	8/28/2025		65.60CR	180929	226.36
005713	WSB LLC							
	I-R-027955-000-7	DAYCARE/ROW/PROF SVCS 7/31/25	R	8/28/2025		382.00CR	180930	382.00
000633	ZIEGLER, INC							
	I-IN002028300	ELEMENT/AS/LUBE/FUEL/PRIM	R	8/28/2025		1,404.64CR	180931	
	I-IN002028379	ELEMENT AS-X/CAT TDTO	R	8/28/2025		643.44CR	180931	2,048.08

* * T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	104	0.00	1,870,449.34	1,870,449.34
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
VOID CHECKS:	1	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	105	0.00	1,870,449.34	1,870,449.34

PACKET: 03933 Regular Payments 08/28/2025

VENDOR SET: 01

BANK : APBNK US BANK

**** CHECK LISTING ****

ERROR LISTING

CHECK #	VENDOR	NAME	PAGE	ERROR MESSAGE	NOTES
180895	01-000267	MN LIFE INSURANCE COMPANY	7	CHECK DATE < PAY DATE	TRAN NO#: I-AUG 2025
180887	01-003521	MEDICAREBLUE RX	7	CHECK DATE < PAY DATE	TRAN NO#: I-SEPT 2025

TOTAL ERRORS: 0 TOTAL WARNINGS: 2

PACKET: 03933 Regular Payments 08/28/2025

VENDOR SET: 01

**** CHECK LISTING ****

BANK : APBNK US BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT

** POSTING PERIOD RECAP **

FUND	PERIOD	AMOUNT
101	8/2025	233,553.59CR
211	8/2025	12,662.62CR
255	8/2025	382.00CR
392	8/2025	2,962.50CR
400	8/2025	503,831.98CR
401	8/2025	950,384.23CR
402	8/2025	110,366.93CR
405	8/2025	8,262.21CR
406	8/2025	500.00CR
418	8/2025	4,245.00CR
431	8/2025	2,689.45CR
602	8/2025	30,302.38CR
603	8/2025	6,357.06CR
610	8/2025	3,595.58CR
612	8/2025	353.81CR
ALL		1,870,449.34CR

8/28/2025 3:01 PM A / P CHECK REGISTER PAGE: 1

PACKET: 03934 Regular Payments 08/28/2025

VENDOR SET: 01 *** DRAFT/OTHER LISTING ***

BANK : SWPBK SWEEP BANK ACCOUNT

VENDOR	NAME / I.D.	DESC	ITEM TYPE	PAID DATE	DISCOUNT	AMOUNT	ITEM NO#	ITEM AMOUNT
005708	AMERIHEALTH ADMINISTRATORS							
	I-7010210412	MEDICAL CLAIMS PAID 8/18/25	D	8/28/2025		113,339.83CR	001770	113,339.83
005708	AMERIHEALTH ADMINISTRATORS							
	I-7010211507	SMITH RX 8/15 & MEDICAL8/25/25	D	8/28/2025		171,383.17CR	001771	171,383.17

* * T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	0	0.00	0.00	0.00
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	2	0.00	284,723.00	284,723.00
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	2	0.00	284,723.00	284,723.00

TOTAL ERRORS: 0 TOTAL WARNINGS: 0

MM 8/28/25 drafts

PACKET: 03934 Regular Payments 08/28/2025
VENDOR SET: 01 *** DRAFT/OTHER LISTING ***
BANK : SWPBK SWEEP BANK ACCOUNT

VENDOR	NAME / I.D.	DESC	ITEM TYPE	PAID DATE	DISCOUNT	AMOUNT	ITEM NO#	ITEM AMOUNT

** POSTING PERIOD RECAP **

FUND	PERIOD	AMOUNT
805	8/2025	284,723.00CR
ALL		284,723.00CR

CITY OF HIBBING (6195543)
401 E 21ST ST
HIBBING, MN 55746-1854
United States
41-6005232

Payroll Recap & Funding
Biweekly Regular 08/29/2025

Pay Date: 08/29/2025

Payroll Overview

Payroll		Biweekly Regular 08/29/2025
Pay Date		08/29/2025
# Employees		200
# Paid Employees		200
# Regular	200	
# Pay Periods		1
Base Compensation Changes		8
New Hires		1

Employee Payments

	#	EE's	$ Amount	
Checks Paid By POD6 | UK	1	1	162.54 D	
Direct Deposits Debited	259	198	339,334.38 D	
Total				339,496.92
(D) POD6 | UKG Payroll Services Admin Debit				-339,496.92
Your Remaining Bank Account Liability				0.00
Vouchers Printed	1			
Vouchers Suppressed	0			

Taxes

	EIN	EE's	$ Amount	
FIT/EE	41-6005232	161	46,738.82	
FICA/ER	41-6005232	141	16,810.40	
FICA/EE	41-6005232	141	16,810.40	
MEDI/ER	41-6005232	200	7,046.19	
MEDI/EE	41-6005232	200	7,046.19	
SIT:MN/EE	8022766	166	21,294.00	
Total				115,746.00
Your Remaining Tax Liability				115,746.00

Vendor Liabilities

	EE's	$ Amount	
AFSCME MN COUNCIL 65	61	~~3,873.36~~C	deducted last payroll
City of Hibbing Insurance	2	190.55D	
EMPOWER	66	9,701.54	
HIBBING POLICE ASSOCIATION	14	140.00D	
Lincoln Financial Group	18	4,155.89	
MADISON NATIONAL LIFE	10	~~342.31~~C	deducted last payroll
MN CHILD SUPPORT PAYMENT CE	2	765.56D	
MN PERA	142	96,473.99	
NATIONWIDE	14	2,040.00	
Total			117,683.20
(D) POD6 | UKG Payroll Services Admin Debit			-1,096.11
(C) Vendor Checks			-4,215.67
Your Remaining Vendor Liability			112,371.42

Total

Total	572,926.12
POD6 | UKG Payroll Services Admin Debit	-340,593.03
Total of Your Responsibility	232,333.09

Total : 568,710.45

Recap

POD6 | UKG Payroll S	Date	Bank Account #	$ Amount
Vendor Payment SPA	08/28/2025	x0087	1,096.11
Empl. Checks SPA	08/28/2025	x0087	162.54
Empl. Dir. Dep. SPA	08/28/2025	x0087	339,334.38
		Total Debits	**340,593.03**

Cash Requirements: x0087	$ Amount
Vendor Payment SPA	1,096.11
Vendor Checks	4,215.67
Tax Payment	115,746.00
Empl. Checks SPA	162.54
Empl. Dir. Dep. SPA	339,334.38
Total	**460,554.70**

General Ledger Summary

	Debit/Exp.	Credit/Liab.
Earning	491,781.47	2,811.70
ER Deduction	56,894.69	1,010.60
ER Tax (Offset)	23,856.59	
ER Deduction (Offset)	1,010.60	56,894.69
Deduction	252.64	57,836.08
Check		162.54
ER Tax		23,856.59
Tax		91,889.41
Direct Deposit		339,334.38
	573,795.99	**573,795.99**

Comparison To Last Pay Period - Gross Wages

PR# 18-25
8/9/25-8/22/25
PAID 8/25/25

SPREADSHEET	$379,421.97	
POLICE	$108,175.78	
PAID ON CALL	$787.00	
Frge	$0.00	
REIM	$584.70	
unif	$0.00	
PRHC	$0.00	
SEVP	$0.00	
Comp buyout	$0.00	
ROUNDING	$0.32	$0.00
	$488,969.77	

EARNINGS	$488,969.77
DEDUCTIONS	$55,884.09
TAXES	$23,856.59
	$568,710.45

Earnings	$488,969.77	
1200	-$1,010.60	
2400	$0.00	
2400EV	$1,163.03	
Coor	$17,866.63	
PFP	$37,821.18	
DC4	$43.85	
PBP	$0.00	
Fica	$16,810.40	
Medi	$7,046.19	DIFFERENCE
	$568,710.45	$0.00

ATTN DEPARTMENT HEADS: PLEASE REMEMBER TO USE THIS FORM WHEN DISPOSING OF, TRANSFERRING TO ANOTHER DEPT. , TRADING IN, JUNKING, SCRAPPING, OR AUCTIONING OFF A FIXED ASSET.

City of Hibbing, Minnesota

Fixed Asset Disposal or Interdepartmental Transfer

Tracking Form

Please seek permission from council and/or city administrator(as appropriate) before disposing of items.

Return this form to Clerk's Office, !Sheena Mulner

Item Description	Serial Number	Date Disposed	Disposal Method (traded in, junked, auctioned, etc.)	***or***	Date Transferred	From Department/User	To Department/User
2013 Ford ECP	1FMCU9GX1DUD41703						
2013 DODGE VAN	2C4RDGCG1DR714230						

Date:__________ Department:______ POLICE DEPARTMENT Signature:__________

C:\Users\jronchetti\Desktop\Fixed Asset Disposal or Transfer FormFixed Asset Disposal or Transfer Form

FACILITIES AGREEMENT
MARKSMANSHIP CENTER RANGE

THIS AGREEMENT, made and entered into effective as of the 1st day of January, 2025, by and between the CITY OF HIBBING, MINNESOTA, a Municipal Corporation under the laws of the State of Minnesota, hereinafter referred to as "City", and MID-RANGE SPORTSMAN'S CLUB ALLIANCE, INC., a Minnesota corporation, hereinafter referred to as the "Club".

WHEREAS, the City desires to retain an independent contractor to operate the Marksmanship Center Range facilities on 160 acres of real property legally described as follows, to-wit:

E 1/2 of SW 1/4,
W 1/2 of SE 1/4,
Section 22, Township 57, Range 21

and,

WHEREAS, Club is experienced in operating the facility and is willing and able to operate the facility.

NOW, THEREFORE, the City and Club agree as follows:

1) TERM. This Agreement shall be for a five (5) year period beginning January 1, 2025, through December 31, 2030, unless terminated by either party as provided for in paragraphs 12 and 15.

2) SERVICES. Club shall have the obligation and the right to operate the Marksmanship Center Range. Club shall be diligent in the operation of the marksmanship facility and to do those things necessary to give the public adequate and proper services. The

facility is not open to the public; however, the Club agrees that the marksmanship facility services provided by this Agreement shall be open and accessible to the public, at such dates and times as shall be determined by the Club, for the purposes for which the marksmanship facility was established.

That the Hibbing Police Department shall have the right to use the facility for target practice free of charge. The Chief of Police shall provide the Club an updated list of active Hibbing Police Department employees. Access cards will be distributed to the Hibbing Police Chief for distribution amongst his squad. The cost of access cards will be paid for by the Hibbing Police Department.

3) CONSIDERATION. The City is unable to provide scheduled service at the Marksmanship Center Range and this Agreement is in consideration of the mutual covenants of the parties and there is no monetary consideration.

That in exchange for said mutual promises and covenants, the Club shall be responsible for all garbage services and utilities to the premises.

4) LICENSES. Club shall be responsible for securing and maintaining in effect, for the duration of this Agreement, all permits and licenses required for performance of the Agreement.

5) COMPLIANCE WITH REGULATIONS. Club agrees to comply with all federal, state, and local laws, and ordinances and amendments

thereto and all applicable rules, regulations (environmental and other), and standards established by any agency of such governmental units that are now or hereinafter promulgated insofar as they relate to Club's performance of the provisions of this Agreement.

6) DISCRIMINATION. Club agrees to comply with all federal, state, and local laws, ordinances, rules, regulations and executive orders pertaining to unlawful discrimination on account of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age.

7) INDEPENDENT CONTRACTOR. Nothing herein contained is intended or should be construed in any manner as creating or establishing the relationship of agents, partners, joint ventures, or associates between the parties hereto.

It is specifically understood and agreed that at all times and for all purposes hereunder, Club is an independent contractor and Club's employees are not employees of the City for any purpose. This Agreement shall not be construed so as to find any employees or agents of Club to be an employee of the City, and neither Club nor the Club's employees and agents shall be entitled to any of the rights, privileges, or benefits of employees of the City, including, but not limited to, workers' compensation, health/death benefits, and indemnification for third-party personal injury and property damage claims. Club shall disclose itself as an independent contractor only.

8) INDEMNIFICATION. Except as may be caused by the sole negligence of the City or its employees, Club shall indemnify and save harmless the City, its employees, and its agents from all claims, actions, demands, and judgments of any kind caused by the sole negligence of Club or its employees or subcontractors.

Club agrees, in order to protect itself and the City under the indemnity provisions set forth above, it will at all times during the term of this Agreement keep in force policies of insurance indicated in paragraph 9 herein.

This provision is not intended to create any cause of action in favor of any third party against Club or the City or to enlarge in any way Club's liability, but it is intended solely to provide for indemnification of the City from liability for damages or injuries to third persons or property arising from Club's or Club's employees' or agents' performance hereunder.

9) INSURANCE. The following insurance must be maintained for the duration of this Agreement. A Certificate of Insurance for each policy must be on file with the City within ten (10) days of execution of this Agreement and prior to commencement of any services under this Agreement. Each certificate must include a ten (10) day notice of cancellation, non-renewal, or material change to all named and additional insureds.

A. Commercial and General Liability Insurance

1. Bodily and Personal - $1,000,000 each person

   Liability Coverage - $1,000,000 Each Occurrence
   No Less than $2,000,000 Aggregate

2. Property Damage - $1,000,000 Each Occurrence
   No Less than $2,000,000 Aggregate

3. Policy shall include at least premises, operations, completed operations, independent contractors and subcontractors, and contractual liability.

4. That all other clubs that may use the premises under the Club's supervision must also have insurance to the same levels as the Club. (They would include but not be limited to the Trap Club, Archery Club, and Pistol Club.) Outside teams that participate in competitions at the club are expected to have insurance coverage in place and it is the Clubs responsibility to regulate the outside teams.

5. The City of Hibbing must be named as an additional insured on all said insurance.

B. Workers' Compensation. Club shall provide working compensation per the statutory requirements should the Club ever choose to have employees or positions.

10) ASSIGNMENT. Club shall not assign this Agreement, nor any of the rights given to it herein, to any person, association, partnership or corporation, without first obtaining the express written consent of the City, and any such assignment entered into without such said prior consent shall be void.

11) MODIFICATIONS. Club shall not alter the land, nor shall it affix any buildings to the real property without consent of the City.

12) TERMINATION BASED ON BREACH. If the Club shall fail to perform any of the covenants or conditions of this Agreement, the City may elect to terminate this Agreement and re-enter and take immediate possession of the premises if the default or deficiency in the Club's performance is not remedied within thirty (30) days after receiving written notice from the City stating the nature of the default or deficiency. Prior to a thirty-day notice, the City will in good faith work with the existing club to correct any deficiencies and defaults the club may have. Notice shall be mailed to the Club as follows:

Mid-Range Sportsman's Club Alliance, Inc.
PO Box 186
Hibbing, MN 55746

13) RIGHT OF ACCESS. Regardless of the Club's operation of the facility, the City shall have the right to access the facility at all times. The Club shall ensure the City has keys and access codes at all times.

The City shall also have the right to access the premises for purposes of testing/exploration of the subject property. The City shall, to the best of its ability, provide notice to the Club if such testing/exploration will occur.

14) SAVING CLAUSE. If a court finds any portion of this Agreement to be contrary to law, invalid, or unenforceable, the remainder of the Agreement will remain in full force and effect.

15) TERMINATION. Either party may cancel this Agreement by giving sixty (60) days written notice of intention to terminate same.

16) AMENDMENT OR MODIFICATION. This instrument may be amended or modified only by an instrument of equal formality, signed only by the duly authorized representatives of the respective parties. The waiver by the City or Club of any breach of any term, covenant, or condition herein contained, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained.

17) BUILDINGS. That any buildings on the premises are the Clubs. If at the end of the term, upon both parties meeting, and cannot come to an agreement on a subsequent contract, both parties need to negotiate the next separation agreement to finalize building and land separation.

18) ONGOING USE. No additional buildings or structures may be constructed on the premises without written permission of the City Council of the City of Hibbing.

19) RENEWAL. The parties shall have the option to renew this agreement under the same terms and conditions provided both parties meet to confer and provide written notice of their intent.

20) ENTIRE AGREEMENT. This Agreement constitutes the entire Agreement between Club and the City and supersedes all prior written or oral agreements for this Agreement. Any term, condition, prior course of dealing, course of performance, usage of trade, understanding,

purchase order, or agreement purporting to modify, vary, supplement, or explain any provision of this Agreement, is null and void and of no effect unless in writing and signed by representatives of the parties authorized to amend this Agreement.

[Remainder of this page left intentionally blank.]

[Signature page to follow.]

IN TESTIMONY WHEREOF, both parties have hereunto caused this Agreement to be executed, all as of the day and year first written above.

CITY OF HIBBING, MINNESOTA	**INDEPENDENT CONTRACTOR** MID-RANGE SPORTSMAN'S CLUB ALLIANCE, INC.
By_____________________________ Pete Hyduke Its Mayor	By_____________________________ Its President
By_____________________________ Candie Seppala Its Clerk	By_____________________________ Its Vice President

FACILITY USE AGREEMENT
HIBBING CHISHOLM YOUTH HOCKEY ASSOCIATION

THIS FACILITY USE AGREEMENT, made and entered into in the City of Hibbing, State of Minnesota, this ___ day of _________, 2025, by and between the City of Hibbing, a Minnesota municipal corporation, whose mailing address is 401 E 21st Street, Hibbing, MN 55746, hereinafter called the "**City of Hibbing"**, and the Hibbing -Chisholm Youth Hockey Association, whose mailing address is PO Box 193, hereinafter called "**Sports Association"**.

WITNESSETH: That City of Hibbing for and in consideration of the covenants and agreements hereinafter mentioned to be kept and performed by Sports Association, hereby allows Sports Association use of the Premises identified as Hibbing Memorial Arena, which is located at 400 East 23rd St, Hibbing, MN 55746, the hockey arena in City of Hibbing property at Hibbing Memorial Building (hereinafter called the **Premises**), under the following terms:

1. **<u>BASIC PAYMENT</u>**. The annual basic payment shall be:
    - Year 1 (October 1, 2025 – March 31, 2026 – $75/ hour plus tax. Sports Association must guarantee a minimum of 200 hours annually from October 2025 through March 2026.
    - Year 2 (October 1, 2026 – March 31, 2027) - $75/hour plus tax. Sports Association must guarantee a minimum of 200 hours annually from October 2026 through March 2027.

    If additional programs or activities are added to usage outside of the dates listed that are not covered in the basic payment, City of Hibbing reserves the right to assess additional charges. All summer ice time will be invoiced at the current market rate of the facility at the time of rentals.

    Invoicing will be made at the end of each month. Payment of invoices will be 30 days from the invoice date. Late fees will incur a $100 per week late charge after the 30 days have passed due.

2. **<u>TERM</u>**. The term for Sports Association to use the Premises shall be a two (2) year period commencing on October 1, 2025 and expiring on March 31, 2027. This agreement must be renewed and/or renegotiated within 30 days of the end of the term, otherwise the agreement with be null and void.

3. **<u>USE OF PREMISES</u>**. Sports Association shall use the Premises solely for hockey practices, games, jamborees, tournaments, and exhibitions.

    a. All Sports Association usage is restricted to the Premises unless approved in writing by City of Hibbing representative in advance.

    b. Any outside food, concessions, merchandise or vendor sales of any type, are prohibited on city property without the prior written approval of the City of Hibbing.

    c. City of Hibbing programs shall have priority of arena usage to Sports Association.

    d. Sports Association acknowledges that City of Hibbing may use and/or rent the Premises when Sports Association is not scheduled to use the Premises. Sports Association acknowledges they do not have exclusive use or control of the Premises.

4. **<u>SIGNAGE AND ADVERTISING</u>**. No sign shall be erected and/or displayed on the Premises by Sports Association without the prior written consent of the City of Hibbing. Provided City of Hibbing's

consent for such signage is given, at Sports Association's sole cost, Sports Association shall erect such sign. Signage or any advertising shall conform to and meet all requirements of the City of Hibbing. Upon vacating the Premises, Sports Association agrees to remove all signs and repair all damage, at Sports Associations expense, caused by the sign and/or its removal.

5. **SECURITY**. Sports Association shall be responsible for the security of their own equipment and occupied area. City of Hibbing is not responsible for damaged or stolen Sports Association equipment. On behalf of itself and its insurer, Sport Association waives any right of subrogation against City of Hibbing and its insurer for any loss or damage to Sports Association's own equipment and property. Sports Association will have access to the Premises only during normal operating hours of the Premises or when the Premises is staffed by a City of Hibbing employee. The Sports Association is responsible for any keys issued to them from the City of Hibbing. Any lost or stolen keys must be reported to the City of Hibbing and Sports Association shall be responsible for any costs related to re-keying.

6. **COMPLIANCE WITH LAWS AND REGULATIONS**. Sports Association shall comply with the rules and regulations of the City of Hibbing and the ordinances and laws of the City of Hibbing and State of Minnesota.

7. **CONDITION OF PREMISES**. City of Hibbing makes no representations or warranties as to the condition of the Premises. Sports Association accepts the Premises in an "As-Is" condition on the date of commencement. The Sports Association and the City of Hibbing acknowledge and agree that all buildings and other facilities located on the occupied Premises will on the date of commencement of the term be in good serviceable condition. Sports Association shall inspect the Premises prior to use and shall not use the Premises if not fit for their intended use. Any unusual or significant hazard shall be reported to the City of Hibbing.

8. **BUILDING SERVICES**. Providing that the Sports Association is not in default under any of the covenants and agreements of the Facility Use Agreement, the City of Hibbing shall furnish the following services:

    a. Janitorial and cleaning services to the common washrooms and common areas.

    b. Property management and maintenance services for the Premises including expenses related to grounds and building maintenance.

    c. Parking spaces for the use, in common, with users of the Premises, City of Hibbing employees, other tenants, and their employees and invitees. The use of such parking spaces shall be gratuitous, and the Sports Association agrees to not unreasonably interfere with the use thereof. No designated parking spaces will be made available to the Sports Association.

    d. City of Hibbing shall provide operational utility costs of the premises.. The city will provide limited quantities of tables and chairs if available for Sports Association events if requested prior to the event. ,All other items for Sports Association events shall be Sports Association's responsibility.

    Rink dividers, boards and nets owned by the City of Hibbing will be provided for Sports Associations' use. Set-up, take down, and storage of said on-ice equipment is the responsibility of Sports Association. All other on-ice equipment will be the responsibility of the Sports Association.

9. **SPORTS ASSOCIATION RESPONSIBILITIES**. It is the Sports Association's responsibility for the following:

a. To keep the Premises clean and sanitary and remove all garbage and other waste in a sanitary manner. If excessive cleanup is required at the Premises due to an event sponsored by the Sports Association, the Sports Association shall be responsible for the cleanup. In the event Sports Association fails to clean up, immediately after scheduled usage, City of Hibbing shall charge Sports Association $125.00 per hour for excessive clean up after the event. This does not include normal and reasonable cleaning due to an event. The City of Hibbing will notify the Sports Association of any infraction before a fee is assessed.

b. To provide City of Hibbing with usage schedules prior to each season. Tentative schedules must be submitted to the City of Hibbing by June 1 each year prior to the start of the season/program with finalized schedules provided by September 1 each year. The City of Hibbing reserves the right to adjust the Sports Association proposed schedules and has final authority over usage and schedules. City of Hibbing shall be notified immediately of any schedule changes during the season.

c. Any damage to City of Hibbing property caused by the Sports Association, its participants, its coaches, its spectators, or its teams competing in an event held by the Sports Association is Sports Association's responsibility to pay for damages or replacement.

d. Sports Association shall provide City of Hibbing a registration report annually. This information shall be provided at the end of each season under this agreement, unless requested earlier.

e. Prior to signing this agreement, the Sports Association shall provide City of Hibbing copies of organization status. (Such as 501(c)(3) certificate, Secretary of State annual report, etc.)

f. Sports Association shall obtain written approval by the City of Hibbing in advance to charge admission or sell merchandise.

g. Sports Association shall abide by USA Hockey & Safe sport standards regarding safety rules to protect participants from injury.

h. Sports Association must provide coverage to supervise all rentals. Coaches or a designated supervisor, at least 18 years of age, must be present for any rental. Tournament managers must be on-site, at all times, for any youth hockey tournament at said Premise. Locker room supervision must comply with USA Hockey standards regarding locker room supervision.

i. Sports Association shall comply with all laws related to background checks of coaches and managers. The City of Hibbing strongly encourages Sports Association to perform background checks for persons all coaches and any league official that will have direct contact with participants to ensure players' safety.

j. Any facility upgrades or modifications to any part of the Premises, or surrounding land, must be approved in writing and agreed upon in advance with the City of Hibbing. Facility upgrades that result in additional operational expenses for the City of Hibbing may increase the Basic Payment to an amount that is mutually agreed upon by the City of Hibbing and Sports Association.

10. **TAXES**. Sports Association shall be responsible for the payment of all sales and use taxes which may be applicable to its use of the Premises.

11. **RIGHTS OF THE CITY OF HIBBING**. In addition to all the remedies which are allowed to the City of Hibbing by law and equity and without limitation on any of them, the City of Hibbing shall have the following rights:

   a. To enter the Premises at all reasonable times for the making of such inspections, repairs, alterations, improvements, or additions of or to the Premises or the building as City of Hibbing, in its sole discretion, may deem necessary or desirable; and for any purpose whatsoever, related to the safety, protection, preservation, or improvement of the Premises or of the building or of City of Hibbing's interest.

   b. At any time or times, City of Hibbing, either voluntarily or pursuant to governmental requirements, may at City of Hibbing's expense, make repairs, alterations, or improvements in or to the Premises or any part thereof, and during such times may temporarily close entrances, doors, corridors, elevators, or other public facilities.

12. **INSURANCE**. From and after the commencement date of this Agreement and throughout the term of this Agreement and any extension thereof, to require Sports Association to:

   a. Sports Association shall secure and keep in force during the term of this Agreement insurance or equivalent coverage from insurance companies authorized to do business in Minnesota for the following:

      i. Commercial General Liability insurance with a minimum of $1,000,000 per occurrence and $2,000,000 aggregate.

      ii. Increases of limits of coverage to be discussed as reasonable and decided upon mutually.

   b. Sports Association shall name the City of Hibbing as an additional insured for Commercial General Liability. Additional insurance coverage shall be primary and non-contributory to any other insurance available to the City of Hibbing.

   c. Sports Association shall provide the City of Hibbing with a Certificate of Insurance evidencing the coverage indicated therein. A 30 days' prior written notice of cancellation of insurance policy or termination of insurance coverage shall be provided to the City of Hibbing.

   d. Sports Association is responsible for insuring their personal property.

   e. Waiver of Subrogation: Sports Association shall obtain from each of its insurers a waiver of subrogation in favor of the City of Hibbing.

13. **INDEMNIFICATION/HOLD HARMLESS**. To the fullest extent permitted by law, Sports Association shall defend, indemnify, and hold harmless the City of Hibbing from and against all claims, actions, damages, losses and expenses, including reasonable attorney fees, arising out of the Sport Association's negligence or Sport Association's failure to perform its obligations under this Facility Use Agreement. Sports Association obligations shall apply to anyone directly or indirectly employed or hired by Sports Association or anyone for whose acts Sports Association may be liable. Sports Association agrees this indemnity obligation shall survive the completion or termination of this Facility Use Agreement.

14. **PARKING.** The Sports Association understands and acknowledges that there will be no designated or reserved parking spaces for its attendees or participants.

15. **ALTERATIONS DURING TERM**. Sports Association shall make no changes to the Premises without the prior written consent of the City of Hibbing.

16. **NO LIENS**. Sports Association shall keep Sports Association's leasehold interest and any improvements which are or to become the property of the City of Hibbing under this Agreement, free and clear of any attachment of judgment lien, mechanics lien, encumbrances, security interest, collateral, or any other lien. Sports Association agrees that no security agreement, whether by way of conditional bill of sale, mortgage, or instrument of similar import, shall be placed upon any improvements on the Premises which is affixed to the real property.

17. **DAMAGE AND DESTRUCTION**. If the Premises shall be partially or totally damaged by fire or other casualty, so as to become completely unusable, this Agreement shall cease and terminate, and both parties shall be relieved from further liability and obligations hereunder. Sports Association shall be responsible for its obligations, including payment, only up to the time of such destruction. Unless the Premises is deemed unusable, Sports Association shall be obligated under this agreement. The Sports Association shall be responsible for repair and restoration of any and all damage caused by Sports Association, its participants, employees, volunteers, assigns, or spectators. The City of Hibbing shall be responsible for normal maintenance of the Premises.

18. **RETURN ON TERMINATION**. Upon termination of this Agreement for any cause, Sports Association shall return the Premises to City of Hibbing in as good or better condition as they are at the date hereof, except reasonable wear and tear. On the expiration date of this Agreement, Sports Association shall surrender all keys to the Premises. The Premises shall be clear of all trash, occupant's furniture, equipment, personal articles, and effects of any kind.

19. **HOLD OVER**. If Sports Association maintains possession of the Premises for any period after the termination of this Agreement ("hold over period"), Sports Association shall pay to City of Hibbing payment(s) during the hold over period at a rate equal to the normal payment rate set forth in the Basic Payment paragraph.

20. **NON-WAIVER**. No failure by City of Hibbing to insist upon the strict performance of any term or condition of this Agreement or to exercise any right or remedy available on a breach thereof, and no acceptance of full or partial payment during the continuance of any such breach shall constitute a waiver of any such breach or of any such term or condition. No term or condition of this Agreement required to be performed by the Sports Association, and no breach thereof, shall be waived, altered, or modified, except by a written instrument executed by City of Hibbing. No waiver of any breach of one term or condition of this Agreement shall affect or alter any other term or condition of this Agreement and each such term or condition shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

21. **RIGHT OF TERMINATION ON DEFAULT**. In the event that Sports Association, within 30 days after mailing of notice of default to Sports Association at the address herein provided, shall fail to cure such default, City of Hibbing shall have the right to immediately terminate this Agreement and City of Hibbing shall have the immediate right of reentry and repossession of all the Premises and all fixtures and improvements located thereon, except for any furnishings not attached to the walls, without any obligation to compensate Sports Association in any manner therefore. In addition, Sports Association will be responsible for the Basic Payment for the remainder of the agreement term.

22. **NONPAYMENT - DEMAND NOT REQUIRED**. The provisions of the section entitled Right of Termination on Default notwithstanding, in order to enforce a forfeiture and termination of this Agreement for nonpayment of rent when due, no demand for rent when due shall be required, any such demand being expressly waived by Sports Association.

23. **FIXTURES AND IMPROVEMENTS AT EXPIRATION OR TERMINATION**. Upon the termination of this Agreement, whether by expiration of its term or by any other cause whether upon default by Sports Association or otherwise, all fixtures and improvements on the Premises shall become

the sole property of the City of Hibbing and Sports Association shall have no right to remove the same, except for any fixtures not attached to the walls that was provided by Sports Association or Sports Association specific naming and logo fixtures, and Sports Association shall have no further right, title, or interest therein.

24. **NON-ASSIGNMENT**. Sports Association shall not sub-let nor assign any portion of the Premises without the prior written consent of the City of Hibbing.

25. **NOTICES AND PAYMENTS**.

    a. Until otherwise notified by City of Hibbing, Sports Association shall pay to City of Hibbing and shall address all notices to City of Hibbing as follows:

        City of Hibbing
        401 East 21st Street
        Hibbing, MN 55746

    b. Until otherwise notified by Sports Association in writing, City of Hibbing shall address all notices to Sports Association as follows:

        Hibbing-Chisholm Youth Hockey Association
        PO Box 193
        Hibbing, MN 55746

26. **ENTIRE AGREEMENT**. This Agreement contains the entire agreement between the parties hereto and shall not be modified in any manner except by an instrument in writing executed by the parties or their respective successors in interest. City of Hibbing has made no representations or warranties with respect to the Premises, except as herein expressly set forth.

27. **PREVIOUS AGREEMENTS.** This agreement supersedes any other previous agreements that have been entered into between the City of Hibbing and Sports Association related to the Premises.

28. **SAVING CLAUSE**. If a court finds any portion of this Agreement to be contrary to law, invalid, or unenforceable, the remainder of the Agreement will remain in full force and effect.

IN WITNESS WHEREOF, Sports Association and City of Hibbing have executed this Facility Use Agreement as of the day, month, and year first shown above.

CITY OF HIBBING

By: ______________________________

Printed Named: Pete Hyduke
Its: Mayor

By: ______________________________

Printed Named: Candie Seppala
Its: Clerk

HIBBING-CHISHOLM
YOUTH HOCKEY ASSOCIATION

By: ___________________________________

Printed Name: _________________________
Its: President

By: ___________________________________

Printed Name: _________________________
Its: Vice President

FACILITY USE AGREEMENT
HIBBING FIGURE SKATING CLUB

THIS FACILITY USE AGREEMENT, made and entered into in the City of Hibbing, State of Minnesota, this 15th day of August, 2025, by and between the City of Hibbing, a Minnesota municipal corporation, whose mailing address is 401 E 21st Street, Hibbing, MN 55746, hereinafter called the "**City of Hibbing**", and the Hibbing Figure Skating Club, whose mailing address is 400 East 23rd St, Hibbing, MN 55746, hereinafter called "**Sports Association**".

WITNESSETH: That City of Hibbing for and in consideration of the covenants and agreements hereinafter mentioned to be kept and performed by Sports Association, hereby allows Sports Association use of the Premises identified as Hibbing Memorial Arena, which is located at 400 East 23rd St, Hibbing, MN 55746, the hockey arena in City of Hibbing property at Hibbing Memorial Building (hereinafter called the **Premises**), under the following terms:

1. **BASIC PAYMENT**. The annual basic payment shall be:

Payment Schedule – Oct 1, 2025 - June 30, 2028

YEAR 1 (2025-26)	Hour Guarantee	Hourly Rate
Winter	205	$ 75.00
Summer	50	$ 165.00

YEAR 2 (2026-27)	Hour Guarantee	Hourly Rate
Winter	205	$ 75.00
Summer	50	$ 165.00

YEAR 3 (2027-28)	Hour Guarantee	Hourly Rate
Winter	205	$ 90.00
Summer	50	$ 190.00

Invoicing will be made at the conclusion of each month. Payment of invoices will be net-30 days from invoicing date. Late fees will incur a $100 per week late charge.

2. **TERM**. The term for the Sports Association to use the Premises shall be a three (3) year period commencing on October 1, 2025, and expiring on June 30, 2028. This agreement must be renewed and/or renegotiated within 30 days of the end of the term, otherwise the agreement with be null and void.

3. **USE OF PREMISES**. Sports Association shall use the Premises solely for on-ice figure skating and activities listed in section 3a.

   a. All Sports Association usage is restricted to the Premises unless approved in writing by City of Hibbing representative in advance. Acceptable activities include the annual skating show, testing sessions, practices, exhibitions, and skating club parties in the arena hallways provided it is during normally staffed arena hours of operation.

b. Sports Association will have access to the use of the figure skating locker room, coaches room, and figure skating storage room.

c. Any outside food and merchandise sales vendors may not set up in any City of Hibbing property without the prior written approval of the City of Hibbing. It is with mutual understanding between the two parties that the Sports Association will have approval to sell flowers and gifts during the annual skating show only and collect proceeds associated with the sales.

d. City of Hibbing programs shall have priority of arena usage to Sports Association.

e. Sports Association acknowledges that City of Hibbing may use the Premises when Sports Association is not scheduled to use the Premises. Sports Association acknowledges they do not have exclusive use or control of the Premises.

4. **SIGNAGE AND ADVERTISING**. No sign shall be erected/displayed and/or sold on the Premises by Sports Association without the prior written consent of the City of Hibbing. Provided City of Hibbing's consent for such signage is given, at Sports Association's sole cost, Sports Association shall erect such sign. Signage or any advertising shall conform to and meet all requirements of the City of Hibbing. Upon vacating the Premises, Sports Association agrees to remove all signs and repair all damage, at Sports Associations expense, caused by the sign and/or its removal.

5. **SECURITY**. Sports Association shall be responsible for security of their own equipment and occupied area. City of Hibbing is not responsible for damaged or stolen Sports Association equipment. On behalf of itself and its insurer, Sport Association waives any right of subrogation against City of Hibbing and its insurer for any loss or damage to Sports Association's own equipment and property. Sports Association will have access to the Premises only during normal operating hours of the Premises or when the Premises is staffed by a City of Hibbing employee. Sports Association is responsible for any keys issued to them from the City of Hibbing. Any lost or stolen keys must be reported to the City of Hibbing and Sports Association shall be responsible for any costs related to re-keying.

6. **COMPLIANCE WITH LAWS AND REGULATIONS**. Sports Association shall comply with the rules and regulations of the City of Hibbing and the ordinances and laws of the City of Hibbing and State of Minnesota.

7. **CONDITION OF PREMISES**. City of Hibbing makes no representations or warranties as to the condition of the Premises. Sports Association accepts the Premises in an "As-Is" condition on the date of commencement. Sports Association and City of Hibbing acknowledge and agree that all buildings and other facilities located on the occupied Premises will on the date of commencement of the term be in good serviceable condition. Sports Association shall inspect the Premises prior to use and shall not use the Premises if not fit for their intended use. Any unusual or significant hazard shall be reported to City of Hibbing.

8. **BUILDING SERVICES**. Providing that Sports Association is not in default under any of the covenants and agreements of the Facility Use Agreement, City of Hibbing shall furnish Sports Association the following services:

   a. Janitorial and cleaning services to the common washrooms and common areas.

   b. Property management and maintenance services for the Premises including expenses related to grounds and building maintenance.

   c. Parking spaces for the use, in common, with users of the Premises, City of Hibbing employees, other tenants, and their employees and invitees. The use of such parking spaces shall be gratuitous, and Sports Association agrees to not unreasonably interfere with the use thereof. No designated parking spaces will be made available to Sports Association.

d. City of Hibbing shall provide operational utility costs of the Premises. The City will provide limited quantities of tables and chairs if available for Sports Association events if requested prior to the events. All equipment used by the Sports Association shall be Sports Association's responsibility.

e. Concession, merchandise and/or vendor sales are prohibited at the Premises, without written approval from the City of Hibbing.

9. **<u>SPORTS ASSOCIATION RESPONSIBILITIES</u>**. It is Sports Association's responsibility for the following:

a. To keep the Premises clean and sanitary and remove all garbage and other waste in a sanitary manner. If excessive cleanup is required at the Premises due to an event sponsored by Sports Association, Sports Association shall be responsible for the cleanup. In the event Sports Association fails to clean up, immediately after scheduled usage, City of Hibbing shall charge Sports Association $100.00 per hour for excessive clean up after the event. This does not include normal and reasonable cleaning due to an event.

b. To provide City of Hibbing with usage schedules, (ice time), which must be approved in writing by City of Hibbing prior to using the arena. Tentative schedules must be submitted to the City of Hibbing at least five (5) months prior to the start of the season/program with finalized schedules provided two (2) months prior to the start. City of Hibbing reserves the right to adjust Sports Association proposed schedules. City of Hibbing shall be notified immediately of any schedule changes during the season.

c. Any damage to City of Hibbing property caused by Sports Association, its participants, its coaches, its spectators, or its teams competing in an event held by Sports Association is Sports Association's responsibility to pay for damages or replacement.

d. Sports Association shall provide City of Hibbing with a registration report annually. This information shall be provided at the end of each season under this agreement, unless requested earlier.

e. Prior to signature of this agreement, Sports Association shall provide City of Hibbing copies of organization status. (Such as 501(c)(3) certificate, Secretary of State annual report, etc.)

f. Sports Association shall obtain written approval by the City of Hibbing in advance to charge admission or sell merchandise. It is with mutual understanding between the two parties that the Sports Association may charge admission and merchandise fees for the annual skating show and collect all proceeds from the sales of such items.

g. Sports Association shall abide by US Figure Skating & Safe sport standards regarding safety rules to protect participants from injury.

h. Sports Association must provide coverage to supervise all rentals. Coaches or a designated supervisor, at least 18 years of age, must be present for any rental. A supervisor must be on-site, at all times, for any rental time at said Premise. Locker room supervision must comply with US Figure Skating standards regarding locker room supervision.

i. Sports Association shall comply with all laws related to background checks of coaches and managers. City of Hibbing strongly encourages Sports Association to perform background checks for persons all coaches and any league official that will have direct contact with participants to ensure player safety.

j. Any facility upgrades or modifications to any part of the Premises, or surrounding land, must be approved in writing and agreed upon in advance with the City of Hibbing. Facility upgrades that result in additional operational expenses for the City of Hibbing may increase the Basic Payment.

k. Sports Association agrees to accept full and exclusive responsibility for the use, operation, maintenance, and replacement of the figure skating training harness provided at Premises. Sports association also assumes all legal and financial liability arising from the use of the training harness including any and all claims, demands, damages, injuries (including bodily or death), or losses that may occur during its use by any participant, coach, staff member or third party. The Sprots association agrees to hold harmless the City of Hibbing from any and all claims, liabilities, actions, or expenses, including legal fees, arising from or related to the training harness, its use, or any failure to maintain or replace it as required.

10. **TAXES**. Sports Association shall be responsible for all sales and use taxes which may be applicable to its use and operation of the Premises.

11. **RIGHTS OF THE CITY OF HIBBING**. In addition to all the remedies which are allowed to the City of Hibbing by law and equity and without limitation on any of them, City of Hibbing shall have the following rights:

a. To enter the Premises at all reasonable times for the making of such inspections, repairs, alterations, improvements, or additions of or to the Premises or the building as City of Hibbing, in its sole discretion, may deem necessary or desirable; and for any purpose whatsoever, related to the safety, protection, preservation, or improvement of the Premises or of the building or of City of Hibbing's interest.

b. At any time or times, City of Hibbing, either voluntarily or pursuant to governmental requirements, may at City of Hibbing's expense, make repairs, alterations, or improvements in or to the Premises or any part thereof, and during such times may temporarily close entrances, doors, corridors, elevators, or other public facilities.

12. **INSURANCE**. From and after the commencement date of this Agreement and throughout the term of this Agreement and any extension thereof, to require Sports Association to:

a. Sports Association shall secure and keep in force during the term of this Agreement insurance or equivalent coverage from insurance companies authorized to do business in Minnesota for the following:

i. Commercial General Liability insurance with a minimum of $1,000,000 per occurrence and $2,000,000 aggregate.

ii. Increases of limits of coverage to be discussed as reasonable and decided upon mutually.

b. Sports Association shall name the City of Hibbing as an additional insured for Commercial General Liability. Additional insured coverage shall be primary and non-contributory to any other insurance available to the City of Hibbing.

c. Sports Association shall provide City of Hibbing with a Certificate of Insurance evidencing the coverage indicated therein. A 30 days' prior written notice of cancellation of insurance policy or termination of insurance coverage shall be provided to the City of Hibbing.

d. Sports Association is responsible to insure their personal property.

e. Waiver of Subrogation: Sports Association shall obtain from each of its insurers a waiver of subrogation in favor of the City of Hibbing.

13. **INDEMNIFICATION/HOLD HARMLESS**. To the fullest extent permitted by law, Sports Association shall defend, indemnify, and hold harmless the City of Hibbing from and against all claims, actions, damages, losses and expenses, including reasonable attorney fees, arising out of the Sport Association's negligence or Sport Association's failure to perform its obligations under this Facility Use Agreement. Sports Association obligations shall apply to anyone directly or indirectly employed or hired by Sports Association or anyone for whose acts Sports Association may be liable. Sports Association agrees this indemnity obligation shall survive the completion or termination of this Facility Use Agreement.

14. **PARKING.** The Sports Association understands and acknowledges that there will be no designated or reserved parking spaces for its attendees or participants.

15. **ALTERATIONS DURING TERM**. Sports Association shall make no changes to the Premises without the prior written consent of the City of Hibbing.

16. **NO LIENS**. Sports Association shall keep Sports Association's leasehold interest and any improvements which are or to become the property of the City of Hibbing under this Agreement, free and clear of any attachment of judgment lien, mechanics lien, encumbrances, security interest, collateral, or any other lien. Sports Association agrees that no security agreement, whether by way of conditional bill of sale, mortgage, or instrument of similar import, shall be placed upon any improvements on the Premises which is affixed to the real property.

17. **DAMAGE AND DESTRUCTION**. If the Premises shall be partially or totally damaged by fire or other casualty, so as to become completely unusable, this Agreement shall cease and terminate and both parties shall be relieved from further liability and obligations hereunder. Sports Association shall be responsible for its obligations, including payment, only up to the time of such destruction. Unless the Premises is deemed unusable, Sports Association shall be obligated under this agreement. The Sports Association shall be responsible for repair and restoration of any and all damage caused by Sports Association, its participants, employees, volunteers, assigns, or spectators. The City of Hibbing shall be responsible for normal maintenance of the Premises.

18. **RETURN ON TERMINATION**. Upon termination of this Agreement for any cause, Sports Association shall return the Premises to City of Hibbing in as good or better condition as they are at the date hereof, except reasonable wear and tear. On the expiration date of this Agreement, Sports Association shall surrender all keys to the Premises. The Premises shall be clear of all trash, occupant's furniture, equipment, personal articles, and effects of any kind.

19. **HOLD OVER**. If Sports Association maintains possession of the Premises for any period after the termination of this Agreement ("hold over period"), Sports Association shall pay to City of Hibbing payment(s) during the hold over period at a rate equal to the normal payment rate set forth in the Basic Payment paragraph.

20. **NON-WAIVER**. No failure by City of Hibbing to insist upon the strict performance of any term or condition of this Agreement or to exercise any right or remedy available on a breach thereof, and no acceptance of full or partial payment during the continuance of any such breach shall constitute a waiver of any such breach or of any such term or condition. No term or condition of this Agreement required

to be performed by the Sports Association, and no breach thereof, shall be waived, altered, or modified, except by a written instrument executed by City of Hibbing. No waiver of any breach of one term or condition of this Agreement shall affect or alter any other term or condition of this Agreement and each such term or condition shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

21. **RIGHT OF TERMINATION ON DEFAULT**. In the event that Sports Association, within 30 days after mailing of notice of default to Sports Association at the address herein provided, shall fail to cure such default, City of Hibbing shall have the right to immediately terminate this Agreement and City of Hibbing shall have the immediate right of reentry and repossession of all the Premises and all fixtures and improvements located thereon, except for any furnishings not attached to the walls, without any obligation to compensate Sports Association in any manner therefore. In addition, Sports Association will be responsible for the Basic Payment for the remainder of the agreement term.

22. **NONPAYMENT - DEMAND NOT REQUIRED**. The provisions of the section entitled Right of Termination on Default notwithstanding, in order to enforce a forfeiture and termination of this Agreement for nonpayment of rent when due, no demand for rent when due shall be required, any such demand being expressly waived by Sports Association.

23. **FIXTURES AND IMPROVEMENTS AT EXPIRATION OR TERMINATION**. Upon the termination of this Agreement, whether by expiration of its term or by any other cause whether upon default by Sports Association or otherwise, all fixtures and improvements on the Premises shall become the sole property of the City of Hibbing and Sports Association shall have no right to remove the same, except for any fixtures not attached to the walls that was provided by Sports Association or Sports Association specific naming and logo fixtures, and Sports Association shall have no further right, title, or interest therein.

24. **NON-ASSIGNMENT**. Sports Association shall not sub-let nor assign any portion of the Premises without the prior written consent of the City of Hibbing.

25. **NOTICES AND PAYMENTS**.

    a. Until otherwise notified by City of Hibbing, Sports Association shall pay to City of Hibbing and shall address all notices to City of Hibbing as follows:

        City of Hibbing
        401 East 21st Street
        Hibbing, MN 55746

    b. Until otherwise notified by Sports Association in writing, City of Hibbing shall address all notices to Sports Association as follows:

        Hibbing Figure Skating Club
        400 East 23rd Street
        Hibbing, MN 55746

26. **ENTIRE AGREEMENT**. This Agreement contains the entire agreement between the parties hereto and shall not be modified in any manner except by an instrument in writing executed by the parties or their respective successors in interest. City of Hibbing has made no representations or warranties with respect to the Premises, except as herein expressly set forth.

27. **PREVIOUS AGREEMENTS.** This agreement supersedes any other previous agreements that have been entered into between the City of Hibbing and Sports Association related to the Premises.

28. **<u>SAVING CLAUSE</u>**. If a court finds any portion of this Agreement to be contrary to law, invalid, or unenforceable, the remainder of the Agreement will remain in full force and effect.

IN WITNESS WHEREOF, Sports Association and City of Hibbing have executed this Facility Use Agreement as of the day, month, and year first above shown.

CITY OF HIBBING	HIBBING FIGURE SKATING CLUB
By: ______________________________	By: ___________________________________
Printed Named: Pete Hyduke__________ Its: Mayor	Printed Name: _________________________ Its: President
By: ___________________________________	By: ___________________________________
Printed Name: _Candie Seppala___________ Its: Clerk	Printed Name: __________________________ Its: Vice President

Model: Steelworx Hip Shelter w/ Vented Top, 16' x 32'
Model # HP-1632-SW-VT

Manufacturing Mission: To provide all prefabricated components and installation instructions for a 16' wide by 32' long (measured from eave to eave) free standing bolt together, tubular steel constructed shelter kit.

Design Criteria: Structure shall be designed to meet site specific snow and wind load design criteria using most current applicable building codes. All structural members are ASTM A-500 U.S. grade B steel. Welded connection plates shall be ASTM A-36 hot rolled steel. All fabrication performed to latest AISC standards by AWS Certified welders. All framing connections are done using A325 grade bolts within concealed access openings from above and will later be concealed by the roofing. All roof framing shall be flush against the roof decking to eliminate the possibility of bird nesting.

Tubular Steel Columns and Beams: Standard column dimension shall be 5" x 5" x 3/16" tubular steel welded to 5/8" base plates for surface mounting. Main support beams are 7" x 5" x 3/16" and purlins are 6" x 3" x 1/8". Steel sizes are preliminary and may change due to ongoing review and final engineering.

Roofing: 24 Ga. pre-cut steel Multi-Rib panels with Kynar 500 finish in a variety of colors with white underside. Standard roof slope is a 4/12 pitch with a eave height of 8'-0". Attached to structural framing with exposed self tapping screws painted to match roof color. Matching 24 Ga. trim included.

Frame Finish: All steel framework will receive a corrosion protective TGIC Polyester powder coat, electro-statically applied and cured at 400°F. A large selection of standard colors are available.

Foundation: All columns need to be anchored to concrete footings. Columns can be surface mounted to footings with anchor bolts at or below finish slab elevation. Anchor bolts and bracing templates are included. Optional base plate covers are available at an additional cost.

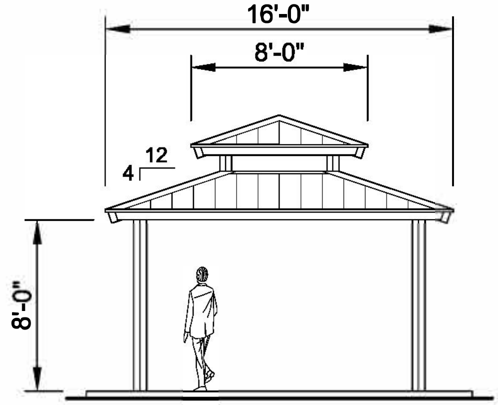
Hardware: All structural hardware and roofing fasteners shall be provided.

Warranty: 10 years against manufacturer defects.

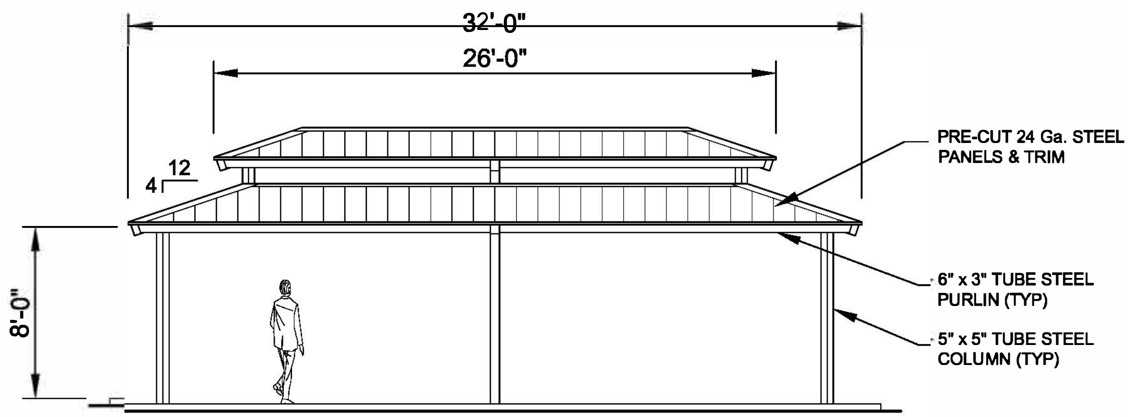
Not Included: Concrete work of any kind, unloading of product and installation.

Additional Options: Refer to catalog or www.coverworx.com for available options and upgrades.

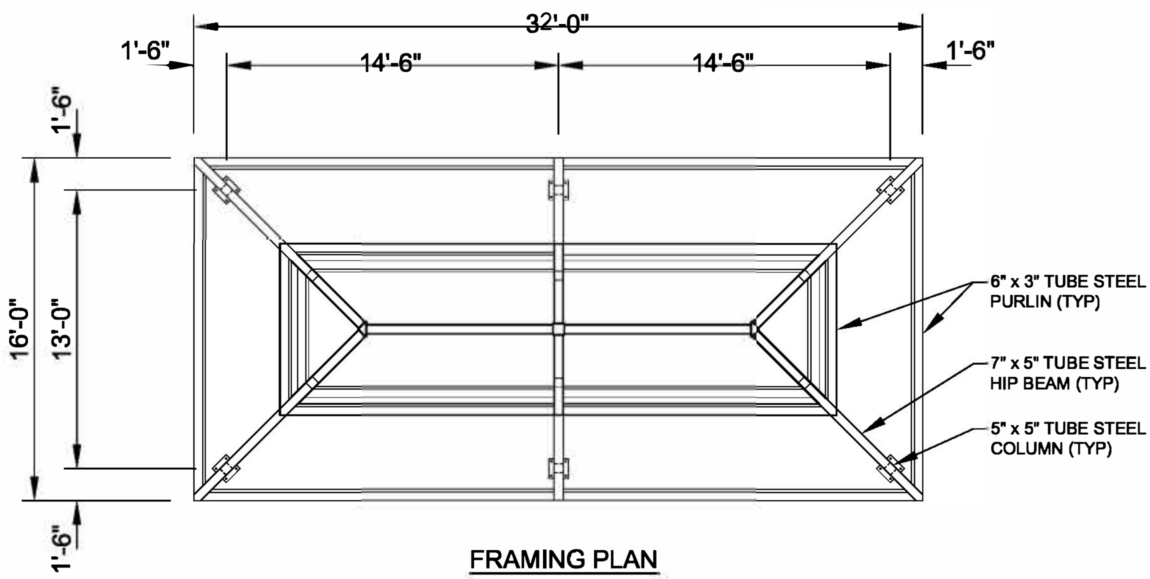
11800 East 9 Mile Road
Warren, MI 48089
Office: (586) 486-1088
Fax: (586) 754-9130
Toll Free: (800) 657-6118
Email: info@coverworx.net
www.Coverworx.com



SIDE ELEVATION
SCALE: NTS



FRONT ELEVATION
SCALE: NTS



FRAMING PLAN
SCALE: NTS

COVERWORX
Recreational Architecture
A Division of Ross & Barr Inc.

11800 East 9 Mile Road
Warren, MI 48089
Office: (586) 486-1088
Fax: (586) 754-9130
Toll Free: (800) 657-6118
Email: info@coverworx.net
www.Coverworx.com

Steelworx Hip Shelter w/ Vented Top - 16' x 32'

Model: HP-1632-SW-VT

DESIGN SPECIFICATIONS

CONCESSIONS AGREEMENT

THE HIBBING MEMORIAL ARENA

THIS AGREEMENT, made and entered into as of the 1st day of October, 2024, by and between the CITY OF HIBBING, MINNESOTA, a Municipal Corporation under the law of the State of Minnesota, hereinafter referred to as "City", and SAM Concessions Inc., a Minnesota corporation, 2401 East 10th Avenue, Hibbing, Minnesota, hereinafter referred to as "Concessionaire".

WHEREAS, the City desires to retain an independent contractor to operate the concessions at the Hibbing Memorial Arena; and,

WHEREAS, Concessionaire is experienced in operating concessions and is willing and able to operate the concessions at the Hibbing Memorial Arena.

NOW, THEREFORE, the City and Concessionaire agree as follows:

1) <u>TERM</u>. This Agreement shall be for a one (1) year period beginning October 1, 2024, to September 30, 2025, unless terminated by either party as provided for in paragraph 15.

2) <u>SERVICES</u>. Concessionaire shall have the obligation and the right to sell all concessions, being confections, carbonated beverages, ice cream, and food items, at the Hibbing Memorial Arena. Said right does not include vending machines. The City is free to stock vending machines with what it sees fits. Concessionaire shall also have the non-exclusive right to sell non-intoxicating malt

beverages at the Hibbing Memorial Building. At no time shall there be sold on the premises by Concessionaire, or with their knowledge, acquiescence or consent, any articles the sale of which may be prohibited by law. The sale of any and all such confections, carbonated beverages, ice cream, food items and non-intoxicating malt beverages must be pre-approved by the Director of City Services or any other City officer or official so designated by the Hibbing City Council. No confections sold by Concessionaire shall be sold or attempted to be sold if said product is beyond its expiration date. The Concessionaire shall be diligent in the operation of the concession business on said premises and do those things necessary to give the public adequate and proper concession services. Concessionaire agrees that the concession services provided by this Agreement shall be open and accessible to the public during a minimum schedule of operating hours, and that the hours of operation shall be determined by Concessionaire and the Director of City Services. The scope of the events covered by this Agreement shall include all youth hockey, school district activities, figure skating, circus, boxing events, and basketball events at the Memorial Building. It does not include items not specifically addressed above or rentals of the Memorial Building. Concessionaire shall meet no less than monthly with the Director of City Services to review operations and related matters. Concessionaire shall (a) order all stock and commodities and supplies and (b) hire and pay concession staff, including all applicable Federal and State Tax withholdings.

Concessionaire specifically provides that there shall be no complimentary food or beverages for referees, score keepers, announcers, and arena personnel.

3) COMPENSATION. Concessionaire shall pay the City of Hibbing 15% of gross sales on all sales made by Concessionaire regardless of the kind and nature of the sale. Concessionaire shall provide a written report of gross sales to the City monthly and pay the percentage compensation to the City of Hibbing within 14 days of the end of each month. Concessionaire shall establish a value system to each item sold such that it may be tracked. Sales and type or itemized report must tie out at the end of each night. The "tie out" shall be part of the report supplied to the City each month upon payment to the City being made.

4) PENALTY. Should Concessionaire fail to make payment as set forth in the Agreement, issue NSF funds for said payments, and or fail to provide the documentation supporting said payment, the Concessionaire shall pay a penalty to the City of 10% of the amount owed to the City for the month in question for the 1st five days passed the due date. Said amount will increase by an additional 10% for every five days thereafter that Concessionaire fails to pay and provide adequate supporting documentation of the same.

5) EQUIPMENT, STORAGE AND SERVICES. Within the concession area, all concession equipment as of October 1, 2024, is owned by the City with the exception of the ice cream cooler, 2 coffee machines, and 2 cheese machines which are owned by the Concessionaire or its shareholders. Any equipment brought in by Concessionaire after October 1, 2024, shall continue to be owned by Concessionaire.

City represents and agrees that the concession area shall be locked and secured at all times and the Director of City Services shall have a key for emergency purposes only. A daily inventory shall be conducted by the Concessionaire and any product missing on a continual basis outside concession hours shall be deducted from any compensation paid to the City. If any compensation is deducted, Concessionaire shall supply all daily inventory reports to the Director of City Services.

The Concessionaire shall be subject to inspections of the concession stand, product, and financials at any time by the Director of City Services or that parties' agent at any time.

6) LICENSES. Concessionaire shall be responsible for securing and maintaining in effect, for the duration of this Agreement, all permits and licenses required for performance of the Agreement, and the City shall have no obligation financially or otherwise with respect to said licenses.

7) COMPLIANCE WITH REGULATIONS. Concessionaire agrees to comply with all federal, state, and local laws, and ordinances and amendments thereto and all applicable rules, regulations, and standards established by any agency of such governmental units that are now or hereinafter promulgated insofar as they relate to Concessionaire's performance of the provisions of this Agreement.

8) DISCRIMINATION. Concessionaire agrees to comply with all federal, state, and local laws, ordinances, rules, regulations and executive orders pertaining to unlawful discrimination on account of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age.

9) MODIFICATIONS OR IMPROVEMENTS. Concessionaire shall not make any modifications or improvements to the premises without the prior consent and approval of the Director of City Services.

10) UTILITIES. It is understood and agreed, that the City shall furnish all utilities necessary, without cost to Concessionaire, to operate the City's concession areas.

10) CLEAN UP. It will be the Concessionaire's obligation to clean the concession stand prior to the expiration of this Agreement to the satisfaction of the Director of City Services.

11) INDEPENDENT CONTRACTOR. Nothing herein contained is intended or should be construed in any manner as creating or

establishing the relationship of agents, partners, joint ventures, or associates between the parties hereto.

It is specifically understood and agreed that at all times and for all purposes hereunder, Concessionaire is an independent contractor and Concessionaire's employees are not employees of the City for any purpose. This Agreement shall not be construed so as to find Concessionaire or any employee or agent of Concessionaire to be an employee of the City, and neither Concessionaire nor Concessionaire's employees and agents shall be entitled to any of the rights, privileges, or benefits of employees of the City, including, but not limited to, workers' compensation, health/death benefits, and indemnification for third-party personal injury and property damage claims.

Concessionaire may not present themselves, actually or impliedly, as employees of the City and shall disclose themselves as an independent contractor only.

12) <u>INDEMNIFICATION</u>. Except as may be caused by the sole negligence of the City or its employees, Concessionaire shall indemnify and save harmless the City, its employees, and its agents from all claims, actions, demands, and judgments of any kind caused by the sole negligence of Concessionaire or their employees or subcontractors.

Concessionaire agrees, in order to protect themselves and the City under the indemnity provisions set forth above, they will at all times during the term of this Agreement keep in force policies of insurance indicated in paragraph 12 herein.

This provision is not intended to create any cause of action in favor of any third party against Concessionaire or the City or to enlarge in any way Concessionaire's liability, but it is intended solely to provide for indemnification of the City from liability for damages or injuries to third persons or property arising from Concessionaire's or Concessionaire's agents' performance hereunder.

13) INSURANCE. The following insurance must be maintained for the duration of this Agreement. A Certificate of Insurance for each policy must be on file with the Director of City Services within ten (10) days of execution of this Agreement and prior to commencement of any services under this Agreement. Each certificate must include a ten (10) day notice of cancellation, non-renewal, or material change to all named and additional insureds.

A. Commercial and General Liability Insurance
Bodily and Personal - $400,000 each person and
$500,000 for any year thereafter

Liability Coverage - $1,200,000 Each occurrence
No less than $1,200,000 Aggregate
through October 2024
$1,500,000 for each occurrence
and no less than $1,500,000
Aggregate thereafter

Property Damage - $400,000 Each occurrence
No less than $1,200,000 Aggregate through October 31, 2024, and no less than $1,500,000 Aggregate thereafter

Policy shall include at least premises, operations, completed operations, independent contractors and subcontractors, and contractual liability.

City of Hibbing must be named additional insured.

B. Workers' Compensation. Per statutory requirements.

14) ASSIGNMENT. Concessionaire shall not assign this Agreement, nor any of the rights given to them herein, to any person, association, partnership or corporation, without first obtaining the express written consent of the City, and any such assignment entered into without such said prior consent shall be void.

15) TERMINATION. Either party may cancel this Agreement by giving sixty (60) days written notice of intention to terminate same.

16) AMENDMENT OR MODIFICATION. This instrument may be amended or modified only by an instrument of equal formality, signed only by the duly authorized representatives of the respective parties. The waiver by the City or Concessionaire of any breach of any term, covenant, or condition herein contained, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained.

17) RENEWAL. The parties shall have the option to renew this Agreement for one additional year (October 1, 2025, to September 30, 2026) under the same terms as noted above, except for the modifications in insurance as set forth in paragraph 13, provided Concessionaire provides written Notice of its intent to renew by May 1, 2025, and the City confirms in writing by July 1, 2025 that it wishes to renew as well. Said Notice from Concessionaire shall be provided to the City Administrator in writing.

18) ENTIRE AGREEMENT. This Agreement, including any exhibits or attachments, constitutes the entire Agreement between Concessionaire and the City and supersedes all prior written or oral agreements for this Agreement. Any term, condition, prior course of dealing, course of performance, usage of trade, understanding, purchase order, or agreement purporting to modify, vary, supplement, or explain any provision of this Agreement, is null and void and of no effect unless in writing and signed by representatives of the parties authorized to amend this Agreement.

[Remainder of this page left blank intentionally.]
[See next page for signatures.]

IN TESTIMONY WHEREOF, both parties have hereunto caused this Agreement to be executed, all as of the day and year first above written.

CITY OF HIBBING, MINNESOTA	CONCESSIONAIRE
By____________________	____________________
Pete Hyduke	By____________________
Its Mayor	Its____________________
By____________________	____________________
Candie Seppala	By____________________
Its Clerk	Its____________________

Metropolitan Life Insurance Company
200 Park Avenue, New York, New York

APPLICATION FOR GROUP INSURANCE

The applicant named below is applying for Group Insurance to provide coverage for the class(es) of persons specified below.

APPLICANT DATA

1. Full legal name of Applicant: City Of Hibbing (the "Policyholder")
2. Address: 401 E 21St St City Hibbing State MN Zip 55746

EFFECTIVE DATE

The effective date of the applied for group insurance will be 01/01/2026, subject to MetLife's acceptance of this application and the applicant's payment of the Premium due on or before such date.

SITUS

Group Policy forms will be issued for delivery in and governed by the laws of **MINNESOTA**.

COVERAGE DATA

Employees / Members	Dependents
Long Term Disability	

PREMIUM DATA

Premiums will be paid: ☒ Monthly ☐ Quarterly ☐ Annually ☐ Other ______

Attached is an advance payment of: $ 0

AGREEMENT

The Applicant signing below agrees to accept the terms and provisions of all Group Policy forms issued pursuant to this application; including all Exhibits, amendments and endorsements, if any.

Fraud Warning. Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Signature of Applicant's Authorized Representative

Signed at: City Hibbing, State MN Date: 09/03/2025

Name of Authorized Representative Pete Hyduke

Title of Authorized Representative Mayor

Applicant's Signature ______

Signature of Licensed MetLife Agent or Resident Agent as required by law

Agent's State License No. 4048801

Date: 08/26/2025

Name of Agent: Gavin Milow

Agent's Signature Gavin Milow

Group, Voluntary & Worksite Benefits
Metropolitan Life Insurance Company
200 Park Avenue
New York, NY 10166

MetLife

Statement of Responsibility

MetLife will be responsible to the group policyholder for the performance of its administrative obligations under the group policy(ies), this agreement and any other written agreement between MetLife and the group policyholder. If MetLife uses a third party in connection with any of MetLife's administrative obligations, MetLife will remain responsible to the group policyholder for the performance by the third party of those administrative obligations. The third party will work under the control and direction of MetLife and MetLife will be solely responsible for the acts, errors and omissions of the third party.

The group policyholder will be responsible to MetLife for the performance of its administrative obligations under the group policy(ies), this agreement and any other written agreement between MetLife and the group policyholder. If the group policyholder uses a third party in connection with any of the group policyholder's administrative obligations, the group policyholder will remain responsible to MetLife for the performance by the third party of those administrative obligations. The third party will work under the control and the direction of the group policyholder and the group policyholder will be solely responsible for the acts, errors and omissions of the third party.

To be completed by Policyholder:

Pete Hyduke
(Name of Authorized Representative)

Mayor
(Title of Authorized Representative)

(Signature of Policyholder Authorized Representative)

City Of Hibbing
(Group Policyholder Name)

Signed at:

Hibbing
(City)

MN
(State)

09/03/2025
Date(MM/DD/YYYY)

To be completed by Metropolitan Life Insurance Company:

Crystal McElroy

Crystal McElroy
Vice President
Group Benefits Contracts & Compliance

8/26/2025
Date(MM/DD/YYYY)

Coverage(s) Applying For	MN PFML ☒

IMPORTANT ITEMS TO NOTE

- The Paid Family and Medical Leave benefits will have a separate bill and payment address from your other MetLife benefits.
- The billing statement will be in a Self Bill format.
- MetLife will send out one package annually for the Paid Family and Medical Leave benefits which will include the invoice information and instructions on how to remit payment.
- A Policy will be provided once the implementation has been completed along with informational materials which will be emailed directly to you. MetLife will also send a poster (Notice of Compliance) that you can display in your office for the employees to view as well.

CUSTOMER INFORMATION

All the information provided below must match the information that was filed with the state's employment department.

Legal Name of Company:	**City of Hibbing**
Doing Business As (dba):	
Physical Address:	**401 E 21st Street, Hibbing, MN 55746**
Employer Tax ID Number (TIN):	**41-600-5232**
Nature of Business:	**Municipality**

CUSTOMER EXECUTIVE CONTACT

The person who has business authorization to act on behalf of the employer.

First and Last Name:	**Pete Hyduke**
Contact Email Address:	**angelakleffman@hibbingmn.gov**
Phone Number:	**218-312-1574**
Will they need MetLink Access?	**No**

PRIMARY CONTACT/BENEFIT ADMINISTRATOR ☐ Same as Above

The person who will be the day-to-day contact.

First and Last Name:	Angela Kleffman
Contact Email Address:	angelakleffman@hibbingmn.gov
Phone Number:	218-312-1574
Billing Address (if different from the one provided above):	
Will they need MetLink Access?	Yes

ADDITIONAL METLINK USERS

Please provide contact information for any additional individuals who will need MetLink access.

First and Last Name:	Sheena Mulner
Contact Email Address:	sheenamulner@hibbingmn.gov

First and Last Name:	Cassie Tomasetti
Contact Email Address:	cassietomasetti@hibbingmn.gov

TAX REPORTING INFORMATION

MetLife will align the issuance of W2s/1099s in accordance with MetLife policy unless federal guidance is available. MetLife, its agents, and representative may not give legal, tax or accounting advice. You should confer with your qualified legal, tax and accounting advisors as appropriate. Regardless of selection, Quarterly Tax Reports will also be provided.

Coverage Type:

☒ Paid Family and Medical Leave (Full PFML)

☐ Paid Family Leave Only (PFL)

☐ Paid Medical Leave Only (PML)

Paid Family Leave (PFL) coverage – IRS Form 1099-MISC will be issued by MetLife for PFL benefits paid.

- PFL plan is 100% taxable
- FICA is not applicable

Paid Medical Leave (PML) coverage – Select one of the below:

- Customer will issue W-2s: ☐
- MetLife will issue W-2s: ☒

You will receive an Employer W2 report annually if MetLife issues the W2's.

Note: The benefits must be taxable, or MetLife's system will not produce a W2

Are there any individuals being covered that are FICA exempt or partially FICA exempt? ☒ Yes ☐ No

If you have both FICA exempt and non-FICA exempt employees, additional class structure may be required for your FICA exempt employees. Please identify all FICA exempt employees on your enrollment listing (census) and their exemption status (Social Security and/or Medicare)

Please check all that apply: ☒ Social Security Exempt ☐ Medicare Exempt ☐ Social Security & Medicare Exempt

Please explain why your employees are exempt from FICA (Social Security and/or Medicare):

☒ Municipality ☐ Schools ☐ Religious Organization ☐ Other:

Do the FICA exemptions described above apply to all covered employees? ☐ **Yes** ☒ **No** ☐ **N/A**

ADDITIONAL LOCATIONS

<u>Any additional locations where the name differs from the Legal Name need to be included. Any additional locations that have a separate Tax ID will also need to be included. Please note that differing Tax ID numbers will automatically appear on separate billing statements.</u>

Entry 1:

Legal Name: ____

Address: ____

Federal Employer Tax ID Number (FEIN): ______________________________

Designation Type: ☐ Subsidiary: Will this location require a separate bill? ☐ Yes ☐ No

Primary Contact: (*If different from the Day-to-Day Contact*): ______________________

Contact Email Address: ____________________________________

Entry 2:

Legal Name: ____

Address: ____

Federal Employer Tax ID Number (FEIN): ______________________________

Designation Type: ☐ Subsidiary: Will this location require a separate bill? ☐ Yes ☐ No

Primary Contact: (*If different from the Day-to-Day Contact*): ______________________

Contact Email Address: ____________________________________

Entry 3:

Legal Name: ____

Address: ____

Federal Employer Tax ID Number (FEIN): ____

Designation Type: ☐ Subsidiary: Will this location require a separate bill? ☐ Yes ☐ No

Primary Contact: (*If different from the Day-to-Day Contact*): ______________________________

Contact Email Address:____

Entry 4:

Legal Name: ____

Address: ____

Federal Employer Tax ID Number (FEIN): ____

Designation Type: ☐ Subsidiary: Will this location require a separate bill? ☐ Yes ☐ No

Primary Contact: (*If different from the Day-to-Day Contact*): ______________________________

Contact Email Address:____

Entry 5

Legal Name: ____

Address: ____

Federal Employer Tax ID Number (FEIN): ____

Designation Type: ☐ Subsidiary: Will this location require a separate bill? ☐ Yes ☐ No

Primary Contact: (*If different from the Day to Day Contact*): ______________________________

Contact Email Address:____

STATE SPECIFIC INFORMATION

Should PFML and FMLA be taken at the same time when applicable? ☒ Yes ☐ No

Please note: If you do not provide MetLife a response, we will assume they should run concurrently.

Minnesota PFML

Effective Date:	1/1/2026
Policy Anniversary Date:	**01/01/2027**
Total # of Eligible Employees:	**173**

Contributions:

Is the PML a Contributory Plan? ☒ Yes ☐ No

- If Contributory, provide the split breakdown: _____ %ER _____ %EE **(*note: ER and EE contribution must equal 100%)**

If any portion of the premium is being paid by the employee, select the following:

- Contributions are collected on a pre-tax basis: ☒
- Contributions are collected on a post-tax basis: ☐

- Minnesota allows employers to choose in what increments claimants take their intermittent leave in between 1 minute and 1 calendar day. In what increment would you like employees to take intermittent leave in? 15 minutes

- Minnesota allows employers to be reimbursed benefits due to a claimant under salary continuation (100% wage replacement), disability, parental/child bonding, caregiver leave. Would you like to be reimbursed for payments you make to claimants that are payable under PFML? ☒ Yes ☐ No
  - If yes, would you like to be reimbursed for Salary Continuation - 100% wage replacement? ☐ Yes ☐ No ☒ N/A
  - If yes, would you like to be reimbursed for disability payments? ☐ Yes ☐ No ☐ N/A
    - If yes, what duration will you continue to pay wages for what you will need to be reimbursed for? _____
  - If yes, would you like to be reimbursed for parental/child bonding? ☐ Yes ☐ No ☐ N/A
    - If yes, what duration will you continue to pay wages for what you will need to be reimbursed for? _____
  - If yes, would you like to be reimbursed for sick leave? ☐ Yes ☐ No ☐ N/A
    - If yes, what duration will you continue to pay wages for what you will need to be reimbursed for? _____
  - If yes, would you like to be reimbursed for caregiver leave? ☐ Yes ☐ No ☐ N/A
    - If yes, what duration will you continue to pay wages for what you will need to be reimbursed for? _____

Additional Notes: Click or tap here to enter text.

CUSTOMER AUTHORIZATIONS

This section is to be completed by the individual authorized by the company to sign the Application for Group Insurance in order to confirm that the company has requested or undertaken with respect to the implementation of MetLife insurance and/or service program(s). Please read carefully and complete by checking all boxes that apply.

☒ By checking this box and signing below, I certify that I received a copy of the Intermediary Compensation Notice Privacy Notice

☒ By checking this box and signing below, I certify that the Gramm-Leach-Bliley Privacy Notice (Included below) has been distributed to all affected employees. Intermediary Compensation Notice

Signature of Executive Contact or Benefit Administrator	*Date*

MetLife

U.S. Business Intermediary and Producer Compensation Notice

Metropolitan Life Insurance Company, Metropolitan Tower Life Insurance Company, MetLife Consumer Services, Inc. and Metropolitan General Insurance Company (collectively herein called “MetLife”), enters into arrangements concerning the sale, servicing and/or renewal of MetLife group insurance and certain other group-related insurance and non-insurance products (“Products”) with brokers, agents, consultants, third party administrators, general agents, associations, and other parties that may participate in the sale, servicing and/or renewal of such products (each an “Intermediary”). MetLife may pay your Intermediary compensation, which may include, among other things, base compensation, supplemental compensation and/or a service fee. MetLife may pay compensation for the sale, servicing and/or renewal of products, or remit compensation to an Intermediary on your behalf. Your Intermediary may also be owned by, controlled by or affiliated with another person or party, which may also be an Intermediary and who may also perform marketing and/or administration services in connection with your products and be paid compensation by MetLife.

Base compensation, which may vary from case to case and may change if you renew your products with MetLife, may be payable to your Intermediary as a percentage of premium or a fixed dollar amount. MetLife may also pay your Intermediary compensation that is based upon your Intermediary placing and/or retaining a certain volume of business (number of products sold or dollar value of premium) with MetLife. In addition, supplemental compensation may be payable to your Intermediary for eligible Products. Under MetLife’s current supplemental compensation plan (SCP), the amount payable as supplemental compensation may range from 0% to 9% of premium or fees. The supplemental compensation percentage may be based on one or more of: (1) the number of products sold through your Intermediary during a one-year period, or other defined period; (2) the amount of eligible new or renewal premium or fees with respect to products sold through your Intermediary during a one-year period; (3) the persistency percentage of products inforce through your Intermediary during a one-year period; (4) the block growth of the products inforce through your Intermediary during a one-year period; (5) eligible new or renewal premium or fees growth during a one-year period; or (6) a flat amount, fixed percentage or sliding scale of the premium or fees for products as set by MetLife. The supplemental compensation percentage will be set by MetLife based on the achievement of the outlined qualification criteria and it may not be changed until the following SCP plan year. As such, the supplemental compensation percentage may vary from year to year, but will not exceed 9% under the current supplemental compensation plan.

The cost of supplemental compensation is not directly charged to the price of our products except as an allocation of overhead expense, which is applied to all eligible group insurance products, whether or not supplemental compensation is paid in relation to a particular sale or renewal. As a result, your rates will not differ by whether or not your Intermediary receives supplemental compensation. If your Intermediary collects the premium or fees from you in relation to your products, your Intermediary may earn a return on such amounts. Additionally, MetLife may have a variety of other relationships with your Intermediary or its affiliates, or with other parties, that involve the payment of compensation and benefits that may or may not be related to your relationship with MetLife (e.g., insurance and employee benefits exchanges, enrollment firms and platforms, sales contests, consulting agreements, participation in an insurer panel, or reinsurance arrangements).

More information about the eligibility criteria, limitations, payment calculations and other terms and conditions under MetLife’s base compensation and supplemental compensation plans can be found on MetLife’s Website at www.metlife.com/business-and-brokers/broker-resources/broker-compensation. Questions regarding Intermediary compensation can be directed to ask4met@metlifeservice.com, or if you would like to speak to someone about Intermediary compensation, please call (800) ASK 4MET. In addition to the compensation paid to an Intermediary, MetLife may also pay compensation to your representative. Compensation paid to your representative is for participating in the sale, servicing, and/or renewal of products, and the compensation paid may vary based on a number of factors including the type of product(s) and volume of business sold. If you are the person or entity to be charged under an insurance policy or annuity contract, you may request additional information about the compensation your representative expects to receive as a result of the sale or concerning compensation for any alternative quotes presented, by contacting your representative or calling (866) 796-1800.

Non-U.S. Coverage

When providing you with information concerning an eligible group insurance policy issued or proposed to your affiliate or subsidiary outside the United States by a MetLife affiliate or by other locally licensed insurers that are members of the MAXIS Global Benefits Network (MAXIS GBN), New York insurance law requires the person providing the information to be licensed as an insurance broker. In this capacity, the information provided to you will only be on behalf of such insurers and not on behalf of MetLife or any other insurer that is not a member of MAXIS GBN. Please note that while MetLife is a member of MAXISGBN and is licensed to transact insurance business in New York, the other MAXIS GBN member insurers are not licensed or authorized to do business in New York. The group insurance policies they issue are for coverage outside the United States and are governed by the laws of the country they were issued in. These policies have not been approved by the New York Superintendent of Financial Services, are not subject to all of the laws of New York, and are not protected by the New York State Guaranty Fund.

L0824042390[exp1025][All States][DC,GU,MP,PR,VI]

Metropolitan Life Insurance Company
Metropolitan Tower Life Insurance Company
SafeGuard Health Plans, Inc.
Delaware American Life Insurance Company
MetLife Health Plans, Inc.
SafeHealth Life Insurance Company

Our Privacy Notice

We know that you buy our products and services because you trust us. This notice explains how we protect your privacy and treat your personal information. It applies to current and former customers. "Personal information" as used here means anything we know about you personally.

1.Plan Sponsors and Group Insurance Contract Holders

This privacy notice is for individuals who apply for or obtain our products and services under an employee benefit plan, group insurance or annuity contract, or as an executive benefit. In this notice, "you" refers to these individuals.

2.Protecting Your Information

We take important steps to protect your personal information. We treat it as confidential. We tell our employees to take care in handling it. We limit access to those who need it to perform their jobs. Our outside service providers must also protect it, and use it only to meet our business needs. We also take steps to protect our systems from unauthorized access. We comply with all laws that apply to us.

3.Collecting Your Information

We typically collect your name, address, age, and other relevant information. We may also collect information about any business you have with us, our affiliates, or other companies. Our affiliates include life, car, and home insurers. They also include a legal plans company and a securities broker-dealer. In the future, we may also have affiliates in other businesses.

4.How We Get Your Information

We get your personal information mostly from you. We may also use outside sources to help ensure our records are correct and complete. These sources may include consumer reporting agencies, employers, other financial institutions, adult relatives, and others. These sources may give us reports or share what they know with others. We don't control the accuracy of information outside sources give us. If you want to make any changes to information we receive from others about you, you must contact those sources.

We may ask for medical information. The Authorization that you sign when you request insurance permits these sources to tell us about you. We may also, at our expense:

- Ask for a medical exam
- Ask for blood and urine tests
- Ask health care providers to give us health data, including information about alcohol or drug abuse

We may also ask a consumer reporting agency for a "consumer report" about you (or anyone else to be insured). Consumer reports may tell us about a lot of things, including information about:

- Reputation
- Work and work history
- Driving record
- Hobbies and dangerous activities
- Finances

The information may be kept by the consumer reporting agency and later given to others as permitted by law. The agency will give you a copy of the report it provides to us, if you ask the agency and can provide adequate identification. If you write to us and we have asked for a consumer report about you, we will tell you so and give you the name, address and phone number of the consumer reporting agency.

Another source of information is MIB Group, Inc. ("MIB"). It is a non-profit association of life insurance companies. We and our reinsurers may give MIB health or other information about you. If you apply for life or health coverage from another member of MIB, or claim benefits from another member company, MIB will give that company any information that it has about you. If you contact MIB, it will tell you what it knows about you. You have the right to ask MIB to correct its information about you. You may do so by writing to MIB, Inc., 50 Braintree Hill, Suite 400, Braintree, MA 02184-8734, by calling MIB at (866) 692-6901, or by contacting MIB at www.mib.com.

5.Using Your Information

We collect your personal information to help us decide if you're eligible for our products or services. We may also need it to verify identities to help deter fraud, money laundering, or other crimes. How we use this information depends on what products and services you have or want from us. It also depends on what laws apply to those products and services. For example, we may also use your information to:

- administer your products and services
- perform business research
- market new products to you
- comply with applicable laws
- process claims and other transactions
- confirm or correct your information
- help us run our business

6.Sharing Your Information With Others

We may share your personal information with others with your consent, by agreement, or as permitted or required by law. We may share your personal information without your consent if permitted or required by law. For example, we may share your information with businesses hired to carry out services for us. We may also share it with our affiliated or unaffiliated business partners through joint marketing agreements. In those situations, we share your information to jointly offer you products and services or have others offer you products and services we endorse or sponsor. Before sharing your information with any affiliate or joint marketing partner for their own marketing purposes, however, we will first notify you and give you an opportunity to opt out.

Other reasons we may share your information include:

- doing what a court, law enforcement, or government agency requires us to do (for example, complying with search warrants or subpoenas)
- telling another company what we know about you if we are selling or merging any part of our business
- giving information to a governmental agency so it can decide if you are eligible for public benefits
- giving your information to someone with a legal interest in your assets (for example, a creditor with a lien on your account)
- giving your information to your health care provider
- having a peer review organization evaluate your information, if you have health coverage with us
- those listed in our "Using Your Information" section above

7.HIPAA

We will not share your health information with any other company – even one of our affiliates – for their own marketing purposes. The Health Insurance Portability and Accountability Act ("HIPAA") protects your information if you request or purchase dental, vision, long-term care and/or medical insurance from us. HIPAA limits our ability to use and disclose the information that we obtain as a result of your request or purchase of insurance. Information about your rights under HIPAA will be provided to you with any dental, vision, long-term care or medical coverage issued to you.

You may obtain a copy of our HIPAA Privacy Notice by visiting our website at www.MetLife.com. For additional information about your rights under HIPAA; or to have a HIPAA Privacy Notice mailed to you, contact us at HIPAAprivacyAmericasUS@metlife.com, or call us at telephone number (212) 578-0299.

8.Accessing and Correcting Your Information

You may ask us for a copy of the personal information we have about you. Generally, we will provide it as long as it is reasonably locatable and retrievable. You must make your request in writing listing the account or policy numbers with the information you want to access. For legal reasons, we may not show you privileged information relating to a claim or lawsuit, unless required by law.

If you tell us that what we know about you is incorrect, we will review it. If we agree, we will update our records. Otherwise, you may dispute our findings in writing, and we will include your statement whenever we give your disputed information to anyone outside MetLife.

9.Questions

We want you to understand how we protect your privacy. If you have any questions or want more information about this notice, please contact us. When you write, include your name, address, and policy or account number.

Send privacy questions to:

MetLife Privacy Office P. O. Box 489 Warwick, RI 02887-9954 privacy@metlife.com

We may revise this privacy notice. If we make any material changes, we will notify you as required by law. We provide this privacy notice to you on behalf of the MetLife companies listed at the top of the first page.

April 23, 2025

Metropolitan Life Insurance

Minnesota Paid Family and Medical Leave (MN PFML) Illustration
Proposal for insured and/or self-funded coverage to support the MN PFML benefit plan.

Prospective Employer Name: **City of Hibbing**

Employer Contact Name: Angela Kleffman

Employer Contact Phone Number: 218-312-1574 Email: angelakleffman@hibbingmn.gov

This quote is valid for 90 days from date of proposal.

MN PFML is a mandated benefit plan for employers with workers in Minnesota. Under the Minnesota Paid Leave Law, Minn. Stat. §§ 268B.001, *et seq.*, employers can elect to offer a private plan for benefit coverage in lieu of using the state plan and receive an exemption from contributing to the state fund. This proposal reflects MetLife's intent to provide insured and/or self-funded coverage to the employer named above effective 1/1/2026, to help meet the coverage requirements under the MN PFML law and any applicable rules and/or regulations promulgated thereunder (collectively, the "Act") as it meets all the minimum requirements for coverage set forth in the Act. **It is your responsibility to obtain and maintain state approval of a private plan in accordance with the Act. MetLife's provision of coverage per this proposal is contingent on your receipt and maintenance of private plan approval before the effective date of the plan.**

MetLife offers a wide variety of products to meet our customers' varying needs. In order for MetLife to issue MN PFML coverage, coverage must be accompanied with one other insured MetLife product. If you have STD, it must be with MetLife along with the PFML coverage. If you do not offer STD, then you do not need to purchase STD coverage from MetLife.

Number of MN Covered Workers: 173

Per $100 of Covered Wages	Insured Rate[2] / Self Insured Fee	Covered Monthly Payroll	Illustrative Premium/Fee – Monthly	Illustrative Premium/Fee - Annual
MN PFML (PFL and PML)	$0.79	$1,111,444	$8,780	$105,365

Rate and Premium based on census data dated 04/23/2025.

Minnesota has established employee contribution caps based on their earned wages up to the Social Security wage cap which is subject to change annually. Employers may fund all or a portion of the MN PFML premium/fee due to MetLife in support of the private plan.

- Broker Commissions included in the rate: net

It will be the employer's responsibility, regardless of size, to cover any additional funds to support the MN PFML insurance premium/self-insured fee for MetLife's coverage.[3]

1. MN PFML pricing is based on packaged MetLife coverage as described in this illustration. If the package coverage is not in force on or before January 1, 2026, the PFML quote will be rescinded.
2. This quote is contingent on MetLife receiving state approval of its form and/or rate filing. MetLife's illustrative premiums/fee based on census and experience at time of quote and the current applicable law and regulations. The rate is subject to change only if there are material changes to: (1) updated census or experience information provided prior to the proposed effective date or (2) applicable law or regulations. Worker maximum contribution rates are subject to change annually.
3. Private plan premiums/fee can be different than the contributions associated with the state's program and may include commissions. All MN PFML customers are required to contribute to the MetLife private plan premium/fees regardless of their size.

After signing this illustration, MetLife will provide you with proof of your intent to purchase insured or self-funded coverage supporting your MN PFML private plan application with the state. If insured, MetLife's MN PFML policy will be issued with an effective date of January 1, 2026, or later pending the state's implementation timeline, with the first renewal effective January 1, 2027.

Sign: ______________________________ Title: ________________________

Print Name: ________________________ Date: ________________________

Like most insurance policies, insurance policies offered by MetLife and its affiliates contain certain exclusions, exceptions, waiting periods, reductions, limitations, and terms for keeping them in force. Please contact MetLife or your plan administrator for complete details.

No benefits under MN PFML are payable for: (1) a period of leave occurring before the employee's insurance takes effect or commencing after the employee's insurance ends; (2) more than one qualifying reason for any one segment of time; (3) any portion of a typical workweek that occurs before the effective data of a benefit account; that the applicant fails or refuses to provide information on an issue of ineligibility required under the Act; or for which the applicant worked for pay; (4) any portion of a week in which the applicant is receiving or has received compensation for loss of wages equal to or in excess of the applicant's weekly MN PFML benefit amount under the workers' compensation law of Minnesota or any other state or similar federal law, except for pending workers' compensation claims; (5) any week the applicant is receiving, has received, or will receive separation pay, severance pay, bonus pay, or any other payments paid by an employer because of, upon, or after separation from employment; (6) any week the applicant is receiving, has received, or has filed for primary Social Security disability benefits, except under certain circumstances described in the Act; (7) any week the applicant is a seasonal employee as defined in the Act.

The MN PFML policy is conditionally renewable and shall automatically renew on each Policy Anniversary with continued payment of premium. The Policyholder or MetLife may cancel the policy by giving written notice as stated in the policy. Other limitations or exclusions to the coverage may apply. Please review the Certificate of Insurance/Policy for specific details or contact your benefits administrator with any questions. A more complete description of the benefits provisions, conditions, limitations, and exclusions will be included in the Certificate of Insurance/Policy. If any discrepancies exist between this information and the legal plan documents, the legal plan documents will govern.

The information presented in this proposal is not legal advice and should not be relied upon or construed as legal advice. It is not permissible for MetLife, its employees or agents to give legal advice. The information in this proposal is for general informational purposes only and does not purport to be complete or to cover every situation. You must consult with your own legal advisors to determine how these laws will affect you.

MetLife's insured policy will align with the following summary of MN PFML provisions under § 19.268B.10 Substitution of a Private Plan.
Please note, private plans can offer equal or better benefit plans than the state minimums described below.

Private plans

Subd. 2. Private plan requirements; family and medical benefit program. The commissioner, in consultation with the commissioner of commerce, must approve an application for private provision of the benefit program if the commissioner determines:
(1) all of the employees of the employer are to be covered under the provisions of the employer plan;
(2) eligibility requirements for benefits and leave are no more restrictive than as provided under this chapter;
(3) the weekly benefits payable under the private plan for any week are at least equal to the weekly benefit amount payable under this chapter;
(4) the total number of weeks for which benefits are payable under the private plan is at least equal to the total number of weeks for which benefits would have been payable under this chapter;
(5) no greater amount is required to be paid by employees toward the cost of benefits under the employer plan than by this chapter;
(6) wage replacement benefits are stated in the plan separately and distinctly from other benefits;
(7) the private plan will provide benefits and leave for the employee's serious health condition or medical care related to pregnancy, the family member's serious health condition, bonding with a child, qualifying exigency, and/or safety leave event, for which benefits are payable, and leave provided, under this law;
(8) the private plan will impose no additional condition or restriction on the use of medical benefits beyond those explicitly authorized by this chapter or regulations promulgated pursuant to this chapter;
(9) the private plan will allow any employee covered under the private plan who is eligible to receive medical benefits under this chapter to receive medical benefits under the employer plan; and
(10) coverage will continue under the private plan while an employee remains employed by the employer.

Subd. 6. Private plan requirements; weekly benefit determination. For purposes of determining the family and medical benefit amount and duration under a private plan, the weekly benefit amount and duration shall be based on the employee's typical work week and wages earned with the employer at the time of an application for benefits. If an employer does not have complete base period wage detail information, the employer may accept an employee's certification of wage credits, based on the employee's records.

Subd. 7. Use of private insurance products. Nothing in this section prohibits an employer from meeting the requirements of a private plan through a private insurance product. If the employer plan involves a private insurance product, that insurance product must be approved by the commissioner of commerce and be issued by an insurance company authorized to transact insurance in this state.

Subd. 8. An employer with an approved private plan is responsible for a private plan approval and oversight fee equal to $250 for employers with fewer than 50 employees, $500 for employers with 50 to 499 employees, and $1,000 for employers with 500 or more employees. The employer must pay this fee
(1) upon initial application for private plan approval, and
(2) any time the employer applies to amend the private plan. The commissioner must review and report on the adequacy of this fee to cover private plan administrative costs annually beginning January 1, 2027, as part of the annual report established in section 268B.25.

Subd. 9. Plan duration. A private plan under this section must be in effect for a period of at least one year and, thereafter, continuously unless the commissioner finds that the employer has given notice of withdrawal from the plan in a manner specified by the commissioner in this section or rule. The plan may be withdrawn by the employer within 30 days of the effective date of any law increasing the benefit amounts or within 30 days of the date of any change in the rate of premiums. If the plan is not withdrawn, it must be administered to provide the increased benefit amount or change in the rate of the employee's premium on the date of the increase or change.

Subd. 10. Employer reimbursement. If an employer meeting the requirements of a private plan through an insurance product under subdivision 6 has made advance payments of benefits due under this chapter or has made payments to an employee in like manner as wages during any period of family or medical leave for which the employee is entitled to the benefits provided by this chapter, the employer is entitled to be reimbursed by the carrier or third party administrator out of any benefits due or to become due for the family or medical leave, if the claim for reimbursement is filed with the carrier prior to payment of the benefits by the carrier.

Subd. 11. Appeals.
(a) An employer may appeal any adverse action regarding that employer's application for private provision of the medical benefit or family benefit program, in a manner specified by the commissioner.
(b) An employee covered under a private plan has the same right to appeal to the state under section 268B.04, subdivision 7, as any other employee. An employee covered under a private plan has the right to request reconsideration of a decision under a private plan made by an insurer, private plan administrator, or employer prior to exercising appeal rights under section 268B.04.

Subd. 12. Employees no longer covered.
(a) An employee is no longer covered by an approved private plan if a leave under this chapter occurs after the employment relationship with the private plan employer ends, or if the commissioner revokes the approval of the private plan.
(b) An employee no longer covered by an approved private plan is, if otherwise eligible, immediately entitled to benefits under this chapter to

the same extent as though there had been no approval of the private plan.

Subd. 13. Posting of notice regarding private plan. An employer with a private plan must provide a notice prepared by or approved by the commissioner regarding the private plan consistent with section 268B.26.

Group Benefits
Metropolitan Life Insurance Company
Metropolitan Tower Life Insurance Company

Statement of Responsibility

MetLife will be responsible to the group policyholder (and/or participating employer, if applicable) for the performance of its administrative obligations under the group policy(ies), this agreement and any other written agreement between MetLife and the group policyholder (and/or participating employer). If MetLife uses a third party in connection with any of MetLife's administrative obligations, MetLife will remain responsible to the group policyholder (and/or participating employer) for the performance by the third party of those administrative obligations. The third party will work under the control and direction of MetLife and MetLife will be solely responsible for the acts, errors and omissions of the third party.

The group policyholder (and/or participating employer, if applicable) will be responsible to MetLife for the performance of its administrative obligations under the group policy(ies), this agreement and any other written agreement between MetLife and the group policyholder (and/or participating employer). If the group policyholder (and/or participating employer) uses a third party in connection with any of the group policyholder's (and/or participating employer's) administrative obligations, the group policyholder (and/or participating employer,) will remain responsible to MetLife for the performance by the third party of those administrative obligations. The third party will work under the control and the direction of the group policyholder (and/or participating employer) and the group policyholder (and/or participating employer) will be solely responsible for the acts, errors and omissions of the third party.

To be completed by Policyholder (and/or Participating Employer):

Pete Hyduke, Maor
(Print Name and Title of Authorized Representative)

City of Hibbing
(Group Policyholder (and/or Participating Employer) Name)

(Signature)

09/03/2025
Date (MM/DD/YYYY)

Signed at:

Hibbing
(City)

MN
(State)

To be completed by MetLife:

Crystal McElroy

Crystal McElroy
Vice President
Group Benefits

Date (MM/DD/YYYY)

SoR MLIC/MTL
Version(2/25) Group Benefits

MetLife

Metropolitan Life Insurance Company
200 Park Avenue, New York, New York

APPLICATION FOR GROUP INSURANCE

The applicant named below is applying for Group Insurance to provide coverage for the class(es) of persons specified below.

APPLICANT DATA

1. Full legal name of Applicant: City of Hibbing (the "Policyholder")
2. Address: 401 East 21st Street City Hibbing State MN Zip 55746

EFFECTIVE DATE

The effective date of the applied for group insurance will be 01/01/2026, subject to MetLife's acceptance of this application and the applicant's payment of the Premium due on or before such date.

SITUS

Group Policy forms will be issued for delivery in and governed by the laws of Minnesota.

COVERAGE DATA

Employees / Members	Dependents
Paid Family and Medical Leave Insurance (PFML)	N/A

PREMIUM DATA

Premiums will be paid: ☒ Monthly ☐ Quarterly ☐ Annually ☐ Other:__________

Attached is an advance payment of: $__________.

AGREEMENT

The Applicant signing below agrees to accept the terms and provisions of all Group Policy forms issued pursuant to this application; including all Exhibits, amendments and endorsements, if any.

Fraud Warning. Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

____
(Signature of Applicant's Authorized Representative)

Pete Hyduke, Mayor
(Print Name and Title of Authorized Representative)

Signed at: Hibbing (City) MN (State)

Date: 09/03/2025

Gavin Milow
(Signature of Licensed MetLife Agent or Resident Agent as required by law)

40488016
(Agent's State License No.)

Gavin Milow
(Print Name of Agent)

City of Hibbing

SPECIAL EVENT Permit Application

☑ **All applications for Special Events** to be held within the City of Hibbing shall be reviewed by the City departments that will be involved during the operation of the Event. Prior to review, all application information must be completed. After Department Review, the applications will be submitted to the City Council for final approval.

☑ **Deadlines: Applications must be submitted 60 days prior to the event.**

☑ RETURN APPLICATION to the City Hall Council Office
DATE RECEIVED BY COUNCIL OFFICE: ______________________

Name/Description of Event:	Halloween 5K
Date of Event:	Saturday, October 24
Location of Event:	start/finish @ Memorial Building
Organizer:	Heather Matvey
Organizer Contact Information:	Home Phone: Work Phone: Cell Phone: (218)969-7382

☑ **Department Review.** If applicable and where noted in the application form, the event organizer will also need to contact City department heads

DEPARTMENT		CONTACT #
Hibbing Police Dept.	**Police Chief Steve Estey**	**218-262-0285**
Fire Department	**Fire Marshal Rossi Gangl**	**218-421-3942**
Sanitation Dept.	**John Sporer/John Yuretich**	**218-362-5991**
Public Works Dept.	**John Sporer/John Yuretich**	**218-362-5991**
City Services	**Nick Arola**	**218-362-5951**

City of Hibbing

SPECIAL EVENT PERMIT APPLICATION

☐ **Applications MUST BE FILLED OUT COMPLETELY & ALL NECESSARY REQUIREMENTS ATTACHED**

LOCATION OF EVENT: Memorial Building & two loops through town

TITLE, PURPOSE, AND BRIEF DESCRIPTION OF EVENT:

To bring community members of all ages together, whiel creating a positive buss for the city. Participants will run or walk 3.1 miles through a holiday-themed route and then kids will have a chance to run through a shorter course collecting candy and Halloween goodies. A short award ceremony to follow.

Date of Event: October 25

Refer media or citizen inquires to:
Heather Matvey Telephone: 218-969-7382

APPLICANT AUTHORIZATION:

Attach a written communication from the organization(s) in whose name the event will be advertised which authorizes you, the applicant, to apply for this special event permit on its or their behalf.

Applicants Name & Title: Heather Matvey, Event Coordinator

Address: Hibbing Memorial Building

Mailing Address: 400 E 23rd St

Affiliation: Hibbing Parks & Rec

Telephone: (day) (218-)969-7382 (evening) ____________________

EVENT PRINCIPALS:

On the next sheet, please list names, addresses, and telephone numbers of all the principals involved in any way in the proposed special event. Include professional event organizers, event promoters, financial underwriters, commercial sponsors, charitable agencies for whose benefit the event is being produced, the organizations in whose name the event is being advertised, and all other administratively, financially, or organizationally involved as principals in the production of the proposed special event. Make additional copies of the next sheet as needed to include all the principals involved in the proposed special event.

Name: Heather Matvey	
Organization/Business/Agency/Affiliation: Hibbing Parks & Rec	
Mailing Address: 400 E 23rd St Hibbing	
Daytime Phone: (218)969-7382 Evening Phone: Other:	
Title and Functional Responsibility with Regard to the Event: Event Coordination: advertising, marketing, registration, set-up, event execution (timing, communication, awards) and clean-up. Collaboration with other city entities.	
Will this person have authority to cancel or greatly modify event plans?	☒Yes ☐No
Will this person be present at the event area or areas and in charge of the event at all times	☒Yes ☐No

Name:	
Organization/Business/Agency/Affiliation:	
Mailing Address:	
Daytime Phone: Evening Phone: Other:	
Title and Functional Responsibility with Regard to the Event:	
Will this person have authority to cancel or greatly modify event plans?	☐Yes ☐No
Will this person be present at the event area or areas and in charge of the event at all times	☐Yes ☐No

Name:	
Organization/Business/Agency/Affiliation:	
Mailing Address:	
Daytime Phone: Evening Phone: Other:	
Title and Functional Responsibility with Regard to the Event:	
Will this person have authority to cancel or greatly modify event plans?	☐Yes ☐No
Will this person be present at the event area or areas and in charge of the event at all times	☐Yes ☐No

REQUESTED EVENT COMPONENTS:

REQUESTED DAY AND DATE (*first choice*):
Saturday, October 25th

Alternate days and dates:

- ______________________________________
- ______________________________________
- ______________________________________

REQUESTED HOURS OF OPERATION:
From: 7:00 AM a.m. / p.m. To 12:00 PM a.m. / p.m.

SET UP beginning Day and Date

****Indicate the time at which any unit of an event will begin to assemble at such area**

Day: ____________________________ Time: ______________________a.m. / p.m.

Describe the number and type of animals to be used in the Event ☒ Not Applicable

**If the event is a Circus, Carnival, Menagerie, or Like Exhibition: The license fee payable to the City of Hibbing is $60.00 for the first day and $12.00 for each additional day.

☐ If applicable, license fee to be included when submitting the application

See City Code Chapter 6, Section 6.23 for additional information.

Attach a Draft of the Entry Form for Participants / Spectators ☐ Attached

Anticipated number of Participants: 200 Spectators: 100

****INSURANCE**

☐ Attach to this application either an Insurance policy or a certificate of insurance including the policy number, amount, and the provision that the City of Hibbing is included as an additional insured.

SANITATION:
☐ Attach your “Plan for Clean-Up / Material Preservation”. ☐ Include number, type and location of trash containers to be provided for the event. ☐ Indicate who and how many will be responsible for emptying and cleaning up around containers <u>during</u> the event. ☐ Indicate who and how many will be responsible for cleaning up after animals if they are used in the event. ☐ Indicate who and how many will be responsible for cleaning up the event after the event. ☐ Described the number, type and location of portable toilets to be provided for the event (or permanent toilets to be used for the event). ☐ Include any other plan you have for ensuring post-event cleanliness and material preservation of city facilities, equipment, premises and streets.
MAP (Noting the following items):
Check off below items that apply to your event. *Indicate these items on attached separate maps.* Use, where necessary, a to-scale drawing.
☐ If a route is involved, the beginning area, the route (indicate directions with arrows), and the finished area;
☐ If a route is involved, the places where buses or trains need to be considered;
☐ If a route is involved, it will expedite approval of your event if you attach separate maps giving two or three alternate routes;
☐ **Indicate if Roads and/or Sidewalks will be Closed** The applicant will be required to explain how motorists and business owners and residents will be notified in advance of the event.
☐ Barricades, cones, safety, portable parking signs (note location - *provided by Public Works*)
☐ If a relay is involved, indicate hand-off points;
☐ Entertainment or stage locations (grandstand operators should provide you with a to-scale drawing;
☐ Alcoholic beverage concession areas; ***location must be specified***
☐ Non-alcoholic concession areas;
☐ Food concession areas;
☐ General merchandise concession areas;
☐ Portable toilet facilities (indicate number);
☐ First aid facilities;
☐ Event participant and/or spectator parking areas;
☐ Event organizers command post;
☐ Fireworks or pyrotechnics site; (***Must contact Fire Marshal***)
☐ Vehicle fuel handling site;
☐ Cooking areas;
☐ Tables, enclosures, etc.;

☐ Temporary or permanent structures constructed for the event;	
☐ Site of electrical wiring to be installed for the event;	
☐ Trash containers (indicate number): ________	
☐ Other. Please describe:	
AVAILABILITY OF FOOD, BEVERAGES AND/OR ENTERTAINMENT	
ENTERTAINMENT:	If there will be music, sound amplification or any other noise impact, please describe, including the intended hours of the music, sound or noise. Music will be played at the start/finish line (9:30-11:30am)
	If a casino party, a dance or live entertainment is a part of your event, please describe:
	Please describe all of the activities of your event for which a license is required, for example, a cabaret license, a caterer's license, a general merchandise concession license, peddler or transient merchant license, etc. (*attach to this application all required licenses)*
ALCOHOL:	Alcoholic Beverages to be served? ☐ Yes ☒ No Temporary Liquor License Applied For? BEER ☐ *Yes* ☐ *No* COMMUNITY FESTIVAL LICENSE ☐ *Yes* ☐ *No* TEMPORARY ON SALE ☐ *Yes* ☐ *No* Organization Applying for License for Alcoholic Beverages:
	Describe what system will be used to ensure that alcoholic beverages will be consumed only by those persons 21 years and older.
	Describe how, where, when and by whom the alcoholic beverages will be served.
	List of people who will be selling the alcohol: Have they attended server training? ☐ Yes ☐ No

FOOD:	Food and/or non-alcoholic beverages to be served? ☒ Yes ☐ No
	Describe sanitation measures, food handling procedures and the nature of the food (such as pre-packaged foods, hot dogs, pre-mixed sodas, unpeeled fruit, raw meats, vegetables, fish or peeled and cut fruits).
	A health permit may be required from either the State of MN or St. Louis County. ☐ Attach a copy of your health permit to this application.
	If you intend to <u>cook</u> food in the event area, describe your area layout, including fuel or If electrical sources to be used.

SECURITY AND SAFETY PROCEDURES:
The Hibbing Police Department will determine the minimum number of private security guards and police officers required to adequately staff your event. If the prescribed number of private security guards is not provided or proves inadequate, the Hibbing Police Department maintains the right to shut down any or all components of the event and/or to provide additional police services that may be billed directly to the host organization.
Describe your proposed procedures for set-up operation, internal security and crowd control. The police Department will be made aware and they will be on site directing traffic and ensuring safety.
If the event is to occur at night, describe how you are going to light the event area in order to increase the safety of participants and spectators coming to and leaving the event.
If your event includes vehicles or animals, describe the minimum and maximum speeds of the event and the minimum and maximum intervals of space to be maintained between units.
☐ Attach to this application a copy of your building permit (or permits) if you are installing any electrical wiring on a temporary or permanent basis and/or if you are building any temporary or permanent structures such as bleachers, scaffolding, a grandstand, reviewing stands, stages or platforms.

☐ Attach a copy of your fire department permit or permits to this application if you will use parade floats; an open flame; fireworks or pyrotechnics; vehicle fuels; cooking facilities; enclosures (and tables within those enclosures), tents, air-supported structures, canopies, or any fabric shelters.

Give names, address and phone numbers of the agency or agencies which will provide first aid staff and equipment. Attach additional sheets if necessary.

Name of Agency: Hibbing Fire Department
Name of Representative: ____________________
Address: ____________________
Phone Numbers: ____________________

Indicate medical services that will provided for the event.

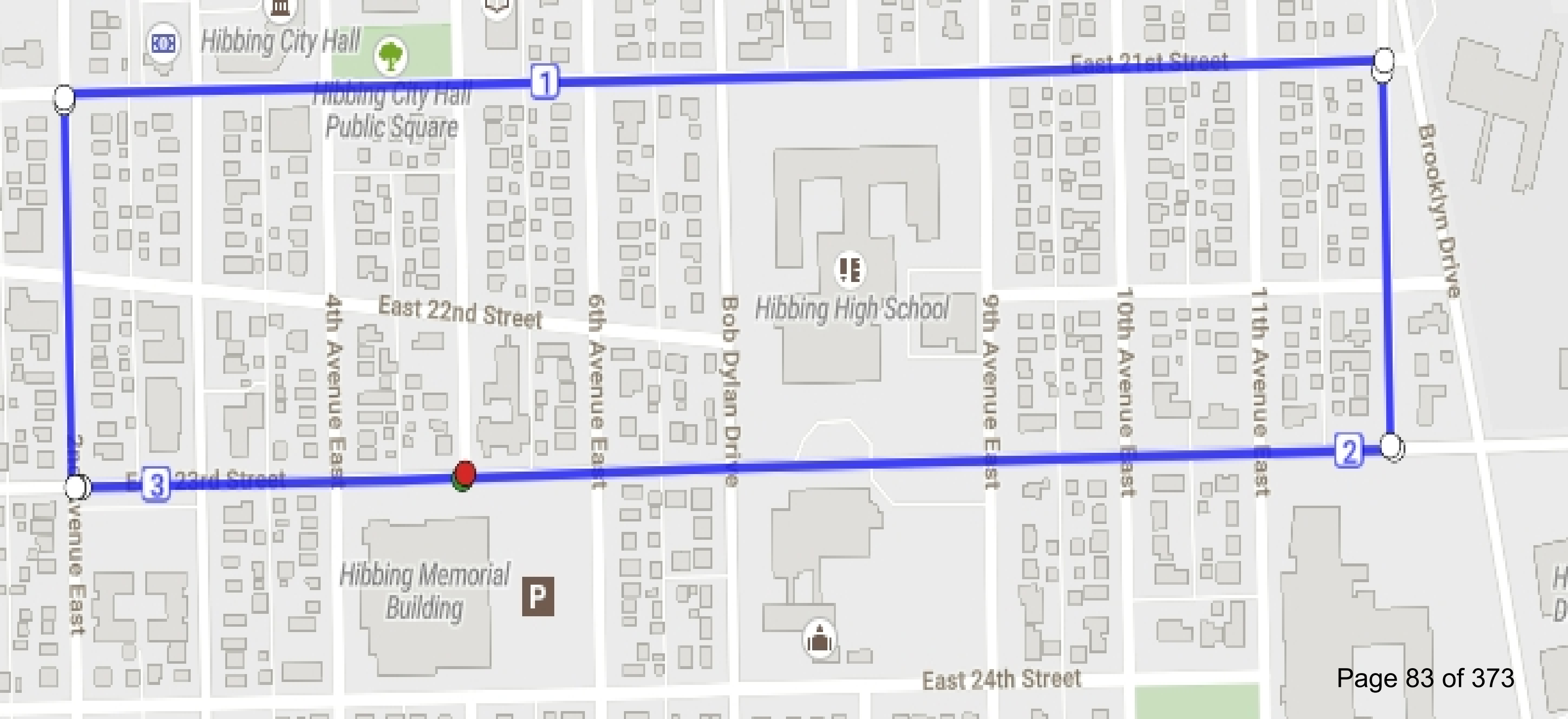
Medical Service	How Provided:
☒ Ambulance	
☐ Doctors	
☐ Nurses	
☒ Paramedics	

HIBBING FIRE DEPARTMENT REQUIREMENTS

In accordance with Minnesota State Fire Code Section 403.1 the Fire Marshal shall evaluate the need for requiring fire personnel to be in attendance of a public assembly for the following reasons: keep diligent watch for fires, obstruction to means of egress and other hazards and shall take prompt measures for remediation of hazards. The Hibbing Fire Marshal maintains the right to require fire service personnel to staff special events that are construed as a potential hazard to the public safety. These additional services may be billed directly to the host.

In accordance with Minnesota State Fire Code Section 403.2; for an indoor special permit public assembly, the Fire Marshal shall receive a floor plan with dimensions of the floor, seating, and exit widths. A total number of participants shall be submitted in order to evaluate the occupancy load and safe egress out of the building. The Fire Marshal shall assign an occupancy load for the event which shall be adhered to. All event floor plan layouts must be approved by the Fire Marshal and all special permit public events are subject to inspection by the Fire Marshal the day of the event. The Fire Marshal and/or designee reserves the right, under MN State Fire code, to stop and/or remedy any unsafe actions up to and including the cancelling of the event.

VENDORS OR CONCESSIONAIRES:
Describe what vendors or concessionaires you will allow in conjunction with the event and the purpose or purposes of these concessions.
Describe how you intend to regulate, monitor and control the type, number and quality of vendors/concessionaires who you may permit to operate in conjunction with the event.
MITIGATION OF THE IMPACT ON OTHERS:
Describe how you intend to mitigate the impact of the special event on businesses, churches, neighbors, motorists, mass transit users and others. Attach additional sheets, if necessary entitled "Mitigation of the Impact of Others."
OTHER PERTINENT INFORMATION:
Clean-up/Material Preservation: Registration, start, and finish line will all be located at the Hibbing Memorial Building and will utilize on-site trash receptacles. No extra trash containers will be necessary. Event volunteers will be responsible for maintaining a clean event space. No portable toilets will be necessary - Memorial Building facilities will be available to race participants and spectators. Food handeling: refreshments will be served to race participants (bottled water, pre-packaged granola bars, bananas, etc). Individually wrapped candy will also be served to the kids in the fun run portion.


Hibbing City Hall
Hibbing City Hall Public Square
East 21st Street
1
East 22nd Street
4th Avenue East
6th Avenue East
Bob Dylan Drive
Hibbing High School
9th Avenue East
10th Avenue East
11th Avenue East
Brooklyn Drive
2
3
Hibbing Memorial Building
P
East 24th Street

RESOLUTION NO. _______

RESOLUTION APPROVING THE ISSUANCE AND SALE OF MULTI-FAMILY HOUSING REVENUE NOTES (LEE CENTER) SERIES 2025

BE IT RESOLVED, by the City Council of the City of Hibbing, Minnesota, as follows:

Section 1. Definitions. The terms used in this Resolution, unless the context, use, or the rules of grammar indicate another or differing meaning or intent, are assigned the meanings below:

a. Act: Minnesota Statutes, Chapters 462C and 474A, as amended.

b. Arbitrage Certificate: the Arbitrage and Tax Certificate between the Issuer and the Borrower.

c. Authorized Officers: the Mayor, the Vice Mayor and the City Administrator of the Issuer, or the deputy of any of them, individually or in the number and combination required by Bond Counsel.

d. Bond Counsel: the law firm of Fryberger, Buchanan, Smith & Frederick, P.A. (and with respect to matters pertaining to the federal tax exemption of the Notes, Burke Burns & Pinelli, Ltd., Chicago, Illinois) or any other firm of nationally recognized bond counsel.

e. Borrower: LC Canopy, LLC, an Illinois limited liability company.

f. Borrower Loan Agreement: the Borrower Loan Agreement to be entered into between the Issuer and the Borrower relating to the Series A/B Notes.

g. City Council: the City Council of the Issuer.

h. Code: the Internal Revenue Code of 1986, as amended.

i. Fiscal Agent: Zions Bancorporation, National Association, as Fiscal Agent.

j. Funding Lender: Citibank, N.A., a national banking association.

k. Funding Loan Agreement: the Funding Loan Agreement to be entered into among the Issuer, the Funding Lender and the Fiscal Agent relating to the Series A/B Notes.

l. Governmental Subordinate Note: the Governmental Promissory Note (Seller Loan) from the Issuer to the Subordinate Lender.

m. Housing Program: the Multifamily Housing Development Program for the Project.

n. Issuer: the City of Hibbing, Minnesota, a municipal corporation and political subdivision of the State of Minnesota.

o. Issuer Documents: the Borrower Loan Agreement, the Funding Loan Agreement, the Subordinate Loan Agreement, the Regulatory Agreement, the Arbitrage Certificate, the Housing Program and the Notes.

p. Notes: the Series A Note, the Series B Note and the Governmental Subordinate Note, collectively.

q. Project: acquisition, rehabilitating and equipping of a 95-unit multifamily affordable senior housing development located at 3220 8th Avenue East in Hibbing, Minnesota, commonly referred to as LEE Center.

r. Regulatory Agreement: the Regulatory Agreement to be entered into by and among the Issuer, the Fiscal Agent and the Borrower.

s. Series A Note: the Issuer's Multi-Family Housing Revenue Note (LEE Center Project), Series 2025A.

t. Series A/B Notes: the Series A Note and the Series B Note, collectively.

u. Series B Note: the Issuer's Multi-Family Housing Revenue Note (LEE Center Project), Series 2025B.

v. Subordinate Lender: LC WFE Root, LLC, an Illinois limited liability company, as the seller of the Project to the Borrower

w. Subordinate Loan Agreement: the Subordinate Loan Agreement and Assignment among the Subordinate Lender, the Issuer and the Borrower.

Section 2. Summary of the Issuer Documents. Bond Counsel has provided the following information relating to the Issuer Documents:

a. The Borrower Loan Agreement provides the terms on which the Issuer lends the proceeds of the Series A/B Notes to the Borrower, and the Borrower agrees to repay the loan of the proceeds of the Series A/B Notes in specified amounts and at specified times in the amounts necessary to pay in full when due the principal of, premium, if any, and interest on the Series A/B Notes. In the Borrower Loan Agreement the Borrower additionally agrees to pay the Issuer's administrative fee.

b. In the Funding Loan Agreement, the Issuer pledges and grants a security interest to the Funding Lender in all of its right, title and interest in the Borrower Loan Agreement and the corresponding notes of the Borrower to the Issuer related to the Series A/B Notes (except for certain rights to fees, reimbursement of certain costs and expenses and for indemnification) as security for the Series A/B Notes.

c. The Subordinate Loan Agreement provides the terms on which the Issuer issues the Governmental Subordinate Note to the Subordinate Lender to fund a portion of the cost of acquiring the Project by the Borrower from the Subordinate Lender, the deemed proceeds of which are loaned to the Borrower, the Borrower agrees to repay the deemed loan of the proceeds thereof in specified amounts and at specified times in the amounts necessary to pay in full when due the principal of, premium, if any, and interest on the Governmental Subordinate Note, and the Issuer pledges and grants a security interest to the Subordinate Lender in all of its right, title and interest in the corresponding note of the Borrower to the Issuer related to the Governmental Subordinate Note (except for certain rights to fees, reimbursement of certain costs and expenses and for indemnification) as security for the Governmental Subordinate Note.

d. In the Regulatory Agreement and the Arbitrage Certificate, the Borrower and the Issuer agree to comply with the restrictions contained therein to comply with the Code and the Act in order to preserve the federal income tax exemption of interest on the Notes.

Section 3. Recitals. The Issuer makes the following statements of fact:

a. Bond Counsel has advised the Issuer that under the Act, the Issuer is authorized and empowered to issue revenue obligations to finance multifamily residential projects such as the Project.

b. Representatives of the Borrower have requested that the Issuer issue the Notes pursuant to the Act to finance a portion of the costs of the acquisition, renovation and equipping of the Project, pay a portion of the costs of issuing the Notes, fund reserves and/or for related purposes.

c. The Issuer Documents have been submitted to this City Council and are on file in the office of the City Administrator.

d. The Issuer has received allocation of issuing authority for the Notes from the State of Minnesota in the amount of $16,230,000.

e. On the date hereof, a public hearing (the "Public Hearing") was held by the Issuer with respect to the Project, the Housing Program and the proposed issuance of the Notes, at which hearing all interested persons were given an opportunity to appear and be heard in accordance with the Code; and notice of the Public Hearing was published in the Mesabi Tribune, a newspaper circulating generally in the City of Hibbing, Minnesota, at least ten (10) days prior to the date of the Public Hearing. The Issuer submitted the Housing Program to the Arrowhead Regional Development Commission (the "Commission"), which is the regional development commission for Saint Louis County, Minnesota, in which the Issuer and the Project are located, pursuant to Section 462C.04 of the Act. Any comments received from the Commission were presented to the Issuer in accordance with said Section and the Housing Program approved hereby is consistent with any such comments and does not contain any material changes from the Housing Program submitted to the Commission other than any changes in the financial aspects of the Notes.

Section 4. The Notes. In order to provide the financing for the Project, the Issuer authorizes the issuance of the Notes that are tax-exempt in the maximum aggregate principal amount of$16,230,000 and bearing interest not in excess of 12% per annum, other than in case of default. The Borrower is authorized to approve the final maturity schedule, payment and prepayment provisions and interest rate or rates on the Notes within the parameters set forth below.

The Series A/B Notes shall be designated and in the form prescribed in the Funding Loan Agreement and shall be dated, mature in the years and amounts, be subject to redemption/prepayment prior to maturity and bear interest at rates to be specified in the Funding Loan Agreement, and have such other details and provisions as therein specified, including covenants, rights, obligations, duties and agreements of the Issuer, the Borrower and the Funding Lender.

The Governmental Subordinate Note shall be designated and in the form prescribed in the Subordinate Loan Agreement and shall be dated, mature in the years and amounts, be subject to redemption/prepayment prior to maturity, bear interest at rates to be specified in the Subordinate Loan Agreement and in the Governmental Subordinate Note, and have such other details and provisions as therein specified, including covenants, rights, obligations, duties and agreements of the Issuer, the Borrower and the Subordinate Lender.

The Series A/B Notes shall be issued and sold by the Issuer directly to the Funding Lender in a transaction exempt from registration under the Securities Act of 1933, as amended. The Governmental Subordinate Note shall be issued and sold by the Issuer directly to the Subordinate Lender in a transaction exempt from registration under the Securities Act of 1933, as amended. There is no disclosure document being prepared in connection with any of the Notes.

Section 5. Approval and Execution of Issuer Documents and Certificates.

a. The Issuer Documents and the form of the Notes are approved in substantially the forms presented to the City Council on file in the office of the City Administrator.

b. The Authorized Officers are authorized and directed to execute, acknowledge and deliver the Issuer Documents and the Notes with such changes, insertions and omissions therein as Bond Counsel approves, such execution to be conclusive evidence of approval of such documents in accordance with the terms hereof.

c. The Authorized Officers are authorized and directed to execute and/or deliver all other documents, certificates and affidavits which may be required under the terms of the Issuer Documents or the Notes or by Bond Counsel, and to take such other action as may be recommended by Bond Counsel for the performance of the duties imposed thereby to carry out the purposes thereof.

d. The officers of the Issuer, attorneys and other agents or employees of the Issuer are authorized to do all acts and things required of them by or in connection with this Resolution, the aforementioned documents, and the Notes for the full, punctual and complete performance of all the terms, covenants and agreements contained in the Notes, the aforementioned documents and this Resolution.

e. In the event that for any reason one or more of the Authorized Officers are unable to carry out the execution of any of the documents or other acts provided herein, any other officer of the Issuer or member of its City Council as in the opinion of Bond Counsel, are authorized to act in that capacity and undertake such execution or acts on behalf of the Issuer, shall without further act or authorization do all things and execute all instruments (including the Notes) and documents required to be done or executed by such officers, with full force and effect, which executions or acts shall be valid and binding on the Issuer.

Section 6. Covenants; Limitations.

a. The Notes are special, limited revenue obligations of the Issuer, the proceeds of which will be disbursed, in the case of the Series A/B Notes, pursuant to the Funding Loan Agreement and the Borrower Loan Agreement. The principal, premium and interest on the Series A/B Notes shall be payable solely from the proceeds of such Notes and from revenues derived from the Borrower Loan Agreement and the other sources set forth in the Funding Loan Agreement. The principal, premium and interest on the Governmental Subordinate Note shall be derived from amounts derived pursuant to the corresponding Borrower note to the Issuer, a subordinate mortgage from the Borrower to the Issuer and otherwise as provided in the Subordinate Loan Agreement.

b. The Notes are not payable from or charged upon any funds of the Issuer other than as provided in Section 6.a above. The Issuer is not subject to any liability on the Notes, except to the extent payable from the sources specified in the respective underlying Issuer Documents. No holder of the Notes ever has the right to force any exercise of the taxing power of the Issuer to pay the principal of or interest on Notes or to enforce payment of the Notes against any property of the Issuer.

c. The Notes are not a debt of the Issuer within the meaning of any constitutional or statutory limitation or an indebtedness, a pecuniary liability, a moral or general obligation or a loan of the credit of the Issuer or a charge, lien or encumbrance, legal or equitable, against the Issuer's property, general credit or taxing powers.

d. No provision, covenant or agreement contained in any document related to the Notes, and no obligation therein or herein imposed upon the Issuer or the breach thereof, shall constitute or give rise to any pecuniary liability of the Issuer or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants and representations set forth in such documents, the Issuer has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the sources referenced above which are to be applied to the payment of the Notes.

e. No covenant, stipulation, obligation or agreement herein contained or contained in the documents related to the Notes shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Issuer, or any officer, agent or employee of the Issuer in that person's individual capacity, and neither the Issuer nor any officer or employee executing the Notes shall be liable personally on the Notes or be subject to any personal liability or accountability by reason of the issuance thereof.

f. Except as herein otherwise expressly provided, nothing in this Resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the Issuer, the Borrower or any owner of the Notes issued under the provisions of this Resolution, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, this Resolution, the aforementioned documents and all of their provisions being intended to be and being for the sole and exclusive benefit of the Issuer, the Company and any owner from time to time of the Notes issued under the provisions of this Resolution.

Section 7. TEFRA Approval. This Resolution shall constitute the approval of the Notes by the City Council of the Issuer, an applicable representative of the Issuer, pursuant to Section 147(f) of the Code.

Section 8. Severability. In case any one or more of the provisions of this Resolution, or of the aforementioned documents, or of the Notes issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution, or of the aforementioned documents, or of the Notes, but this Resolution, the aforementioned documents, and the Notes shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

Section 9. Effectiveness. This Resolution shall become effective immediately upon passage, and all resolutions of the Issuer in conflict herewith are hereby repealed to the extent of the conflict.

Adopted: September 3, 2025.

____

Mayor

ATTEST:

____

City Administrator

EXTRACT OF MINUTES OF A REGULAR MEETING OF THE
CITY COUNCIL OF THE
CITY OF HIBBING, MINNESOTA

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Hibbing, Minnesota, was duly called and held on the 3rd day of September,2025, at _______.m.

The following Council Members were present: ________________________________

and the following Council Members were absent: __________________________________

MOTION: Council Member moved to adopt Resolution No. _______, entitled "Resolution Approving the Issuance and Sale of Multi-Family Housing Revenue Notes (LEE Center Project) Series 2025

SECOND: Council Member ________

RESULT: On a roll call vote the motion was carried.

Ayes: _______________
Nays: ________
Not Voting: _________
Absent: ___________________

MULTIFAMILY HOUSING DEVELOPMENT PROGRAM

City of Hibbing, Minnesota
(LEE Center Apartments)

I. GENERAL DESCRIPTION OF THIS PROGRAM

LC Canopy, LLC, an Illinois limited liability company (the "Company"), an affiliate of Stone Beam Development LLC, an Illinois limited liability company intends to undertake the acquisition, preservation, equipping, and rehabilitation of an approximately 77,500 square-foot, 95-unit, senior affordable multifamily housing development (this "Program" or the "Project"). The Project will consist of the number of units, at the rents and with the sizes shown on Table I below (the "Rental Housing").

TABLE I			
Unit Type	**# of Units**	**Square Footage**	**Monthly Rent Range**
1 bedroom	90	552	$1,145
2 bedroom	5	768	1,360

All units receive rent subsidy via a Section 8 HAP contract. Rents include management, maintenance, heat, hot water, cold water and sewer, trash, property taxes and parking. Rents do not include internet, telephone or cable television service. Each unit will have a range and refrigerator. Washers and dryers are provided in a common laundry room. The total development cost is estimated to be $28,446,901 which includes an estimated total construction cost of $8,138,021.

II. GEOGRAPHIC LOCATION TO WHICH THIS PROGRAM WILL BE LIMITED

The Project will be located at 3220 8th Avenue East, Hibbing, Minnesota 55746, in the jurisdiction of the City of Hibbing, Minnesota (the "Issuer").

III. ESTIMATED AMOUNTS AND TIMING OF THE SALE OF REVENUE OBLIGATIONS REQUIRED TO FINANCE THIS PROGRAM

A. *Amount of Revenue Obligations*. The Company has proposed that the Issuer issue revenue obligations in one or more series in an estimated total amount of not to exceed $16,230,000 (the "Notes") and loan the proceeds to the Company to finance this Program pursuant to the authority of Minnesota Statutes, Chapter 462C, as the same may be amended from time to time (the "Act"), and Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"). The final maturity date of the Notes shall not be more than 40 years, and the interest rate is not expected to exceed 12% per annum.

B. *Timing of the Sale of the Revenue Obligations*. A purchaser for the Notes has been identified, subject to approval by the Issuer. Closing on the financing transaction is expected to be on or about October 2025.

C. *Funding of Appropriate Reserves*. It is expected that no debt service reserve fund will be funded from the proceeds of the Notes.

1. *Interest Reserve*. During construction, the Company will make monthly interest payments on the Notes from an interest reserve funded from the proceeds of the Notes.

2. *Replacement Reserve*. The Company will be required to fund a replacement reserve within an annual amount not less than $300 per unit.

3. *Operating Reserve*. The Company will be required to fund an operating reserve in an amount not less than six months and may be reduced to four months after the credit period of the projected Project operating expenses including debt service and replacement reserve contributions.

D. *Payment of Costs of Issuance*. Proceeds of the Notes, along with the Company's equity will be used to provide funds for payment of costs of issuance. Not more than two percent of the proceeds of the Notes will be allocated to payment of costs of issuance.

E. *Bond Allocation*. The Issuer has received an allocation of up to $16,230,000 of bond issuance authority from the State of Minnesota Department of Finance, pursuant to Minnesota Statutes, Chapter 474A, for the Notes.

IV. METHODS FOR MONITORING THE IMPLEMENTATION OF THIS PROGRAM

The Company and the Issuer will enter into a Regulatory Agreement which set out the federal and state law tests for occupancy and rent restrictions for this Program which are required as a result of the issuance of the Notes. This Program will be monitored by the Company or its agent. The Company will employ the services of a professional management agent that will oversee the day to day operations of the Rental Housing or will do so itself. The Company or its agent will require all applicants to the Rental Housing which are intended to be "qualifying tenants" as required by the Code and applicable Minnesota Statutes, to comply with household income certification procedures. Income limits and rents are described in Section V, paragraphs C, D and E below. The Company will provide a certification annually to the United States Treasury Department, and to the Issuer, certifying that the Company is complying with the income limitations set forth in the Regulatory Agreement.

V. ANALYSIS OF HOW THIS PROGRAM WILL MEET THE NEEDS OF LOW AND MODERATE INCOME FAMILIES

A. *Additional Support for Program*. The need for the Rental Housing and for the assistance to be provided hereunder is found to exist by virtue of the Issuer's discussions with private developers and the Issuer's recent experience in attempting to promote or encourage the development in the jurisdiction of the Issuer of multifamily rental housing for low- and moderate-income persons and families by private enterprise. The Issuer believes that the Rental Housing will help meet the identified needs under this Program. The Rental Housing is an appropriate land use for its location within the jurisdiction of the Issuer.

B. *Need for this Program*.

1. This Program is in furtherance of the Issuer's prior and current findings and determinations that:

   a. the preservation of the quality of life in the jurisdiction of the Issuer is in part dependent upon the maintenance and provision of adequate, decent, safe, sanitary and affordable housing stock;

   b. accomplishing the goals of this Program is a public purpose and will benefit the residents within the jurisdiction of the Issuer;

   c. the need exists within the jurisdiction of the Issuer to provide in a timely fashion additional affordable rental housing to and for the benefit of persons of low and moderate income residing and expected to reside within the jurisdiction of the Issuer;

   d. there exists or are expected to exist within the jurisdiction of the Issuer persons and families who are and will be able to benefit from and are in need of this Program;

   e. this Program is necessary in view of the limited resources that may be available to such persons relative to the expenses involved in accomplishing the type of objectives outlined in this Program in the absence of one or more of the forms of assistance described herein or otherwise available pursuant to the Act;

   f. the Issuer has found and hereby reaffirms the determination that such forms of assistance are often necessary for the benefit of such persons, families and goals;

   g. the successful implementation of the objectives of the kind described in this Program has been found to provide impetus for the development of other housing in the jurisdiction of the Issuer, as well as the general development of the Issuer by other persons who are not beneficiaries of such governmentally sponsored or assisted activities; and

   h. there exists a need for multifamily rental housing to provide rental housing opportunities for persons of low and moderate income which is not being filled by private enterprise alone due to a variety of factors, including the fact that the cost of new construction of multi-family rental units for low and moderate income persons may in many cases prove economically unfeasible, given prevailing area rental levels, and that therefore appropriate levels of public assistance may be helpful and necessary in bridging the gap.

C. *Affordability.* The Rental Housing will be subject to federal and state statutory requirements which will assure affordability to low- and moderate-income families residing in the Rental Housing. These requirements will be set forth in the Regulatory Agreement. The restrictions on income limits and rent for the Rental Housing are as follows:

1. Section 142(d) of the Code and Minnesota Statutes, Section 469.1761, Subdivision 3. At least 40% of the Rental Units must be occupied by persons or families whose income is 60% or less of area median gross income.

2. Section 474A.047 of Minnesota Statutes. The maximum rent for at least 20% of the Rental Units must not exceed the area fair market rents, as established by the Federal Department of Housing and Urban Development ("HUD") from time to time.

D. *Applicable Limitations on Gross Income*. In order to issue the Notes as tax-exempt obligations under Section 142(d) of the Code and to comply with the requirements of Minnesota Statutes, Section 462C.05, Subdivision 2, the Company will agree to the income limits described in Section V.C.1. The Company reasonably expects that the income limits based on 2025 criteria for 40% of the units comprising the Rental Housing which are set aside for low-income tenants will not be more than the following:

TABLE II	
INCOME RESTRICTIONS – ADJUSTED FOR FAMILY SIZE	
Family Size	**60% of Median Income**
1	$42,300
2	$48,300
3	$54,360
4	$60,360
5	$65,220
6	$70,020

E. For purposes of Minnesota Statutes, Section 474A.047, rental rates of units in a residential rental project for which project-based federal assistance payments are made are deemed to be within the rent limitations of Minnesota Statutes, Section 474A.047.

LC Canopy, LLC
Estimated Sources and Uses

SOURCES

Bond Amount	$	16,000,000.00
Equity	$	8,358,000.00
Deferred Developer Fee	$	1,244,000.00
Interim Income	$	2,935,000.00
Total	**$**	**28,537,000.00**

USES

Land & Building	$	13,440,000.00
Construction	$	6,680,000.00
Architect and engineering	$	2,365,000.00
legal, professional, financing	$	5,412,000.00
Reserves	$	640,000.00
Total	**$**	**28,537,000.00**

BORROWER LOAN AGREEMENT

Between

CITY OF HIBBING, MINNESOTA,

as Governmental Lender,

and

LC CANOPY, LLC,

as Borrower

Dated as of [Month] 1, 2025

Relating to:

$[Loan Amount]

Funding Loan originated by CITIBANK, N.A., as Funding Lender

The interest of the Governmental Lender in this Borrower Loan Agreement (except for certain rights described herein) has been pledged and assigned to Citibank, N.A., as funding lender (the "Funding Lender"), under that certain Funding Loan Agreement, of even date herewith, by and among the City of Hibbing, Minnesota (the "Governmental Lender"), Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"), and the Funding Lender, under which the Funding Lender is originating a loan to the Governmental Lender to fund the Borrower Loan made under this Borrower Loan Agreement.

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BORROWER LOAN AGREEMENT

THIS BORROWER LOAN AGREEMENT (this "Borrower Loan Agreement") is entered into as of the first day of [Month], 2025, between CITY OF HIBBING, MINNESOTA, a municipal corporation and political subdivision organized and existing under the laws of the State of Minnesota (together with its successors and assigns, the "Governmental Lender") and LC CANOPY, LLC, an Illinois limited liability company (together with its successors and assigns, the "Borrower").

WITNESSETH:

RECITALS

WHEREAS, the Act (as defined below) authorizes the Governmental Lender (a) to make loans to any person to provide financing for multifamily housing developments located within the City of Hibbing, Minnesota(the "Sponsoring Political Subdivision"), and intended to be occupied in part or in whole by persons of low and moderate income; (b) to borrow funds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with any such borrowing by the Governmental Lender; and (c) to pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the repayment of any such borrowing by the Governmental Lender; and

WHEREAS, the Borrower has applied to the Governmental Lender for a loan (the "Borrower Loan"), for the acquisition, construction, rehabilitation, development, equipping and/or operation of a 95-unit multifamily residential project located in the City of Hibbing, Saint Louis County, Minnesota, known as LEE Center (the "Project"); and

WHEREAS, the Borrower's repayment obligations under this Borrower Loan Agreement are evidenced by the Borrower Notes, as defined herein; and

WHEREAS, the Borrower has requested the Governmental Lender to enter into that certain Funding Loan Agreement, of even date herewith (the "Funding Loan Agreement"), among the Governmental Lender, Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent") and Citibank, N.A. (the "Funding Lender"), under which the Funding Lender will make a loan (the "Funding Loan") to the Governmental Lender, the proceeds of which will be loaned under this Borrower Loan Agreement to the Borrower to finance the acquisition, construction, rehabilitation, development, equipping and/or operation of the Project; and;

WHEREAS, the Borrower Loan is secured by, among other things, that certain Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (as amended, restated and/or supplemented from time to time, the "Security Instrument"), of even date herewith and assigned to the Funding Lender to secure the Funding Loan, encumbering the Project, and will be advanced to Borrower pursuant to this Borrower Loan Agreement, the Funding Loan Agreement and the Construction Funding Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1. Specific Definitions. For all purposes of this Borrower Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Security Instrument or, if not defined in the Security Instrument, in the Funding Loan Agreement.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP.

(c) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(d) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(e) Unless otherwise specified, (i) all references to sections and schedules are to those in this Borrower Loan Agreement, (ii) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Borrower Loan Agreement as a whole and not to any particular provision, (iii) all definitions are equally applicable to the singular and plural forms of the terms defined and (iv) the word "including" means "including but not limited to."

Section 1.2. Definitions. The following terms, when used in this Borrower Loan Agreement (including when used in the above recitals), shall have the following meanings:

"Act" shall mean Minnesota Statutes 462C and 474A, as amended.

"Act of Bankruptcy" shall mean the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; provided that, in the case of an involuntary proceeding, such proceeding is not dismissed within ninety (90) days after the commencement thereof.

"ADA" shall have the meaning set forth in Section 4.1.38 hereof.

"Additional Borrower Payments" shall mean the payments payable pursuant to Section 2.5 hereof (Additional Borrower Payments), Section 2.6 hereof (Overdue Payments; Payments in Default), and Section 5.14 hereof (Expenses), Section 5.2 (Taxes and Other Charges), Section 5.11 (Governmental Lender's and Funding Lender's Fees), Section 3.3.3 (Borrower Loan in Balance) of the Construction Funding Agreement; and Section 10 (Prepayments) of the Borrower Notes.

"Agreement of Environmental Indemnification" shall mean the Agreement of Environmental Indemnification, of even date herewith, executed by the Borrower and Guarantor for the benefit of the Beneficiary Parties (as defined therein) and any lawful holder, owner or pledgee of the Borrower Notes from time to time.

"Appraisal" shall mean an appraisal of the Project and Improvements, which appraisal shall be (i) performed by a qualified appraiser licensed in the State selected by Funding Lender, and (ii) satisfactory to Funding Lender (including, without limitation, as adjusted pursuant to any internal review thereof by Funding Lender) in all respects.

"Approved Developer Fee Schedule" shall have the meaning set forth in the Construction Funding Agreement.

"Architect" shall mean any licensed architect, space planner or design professional that Borrower may engage from time to time, with the approval of Funding Lender, to design any portion of the Improvements, including the preparation of the Plans and Specifications.

"Architect's Agreement" shall mean any agreement that Borrower and any Architect from time to time may execute pursuant to which Borrower engages such Architect to design any portion of the Improvements, including the preparation of the Plans and Specifications, as approved by Funding Lender.

"Authorized Borrower Representative" shall mean a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Governmental Lender, the Funding Lender, the Fiscal Agent, and the Servicer and containing the specimen signature of such person and signed on behalf of the Borrower by its Borrower Controlling Entity which certificate may designate one or more alternates.

"Bankruptcy Code" shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

"Bankruptcy Event" shall have the meaning given to that term in the Security Instrument.

"Bankruptcy Proceeding" shall have the meaning set forth in Section 4.1.8 hereof.

"Beneficiary Parties" shall mean, collectively, the Funding Lender and the Governmental Lender.

"Borrower" shall have the meaning set forth in the first paragraph to this Borrower Loan Agreement.

"Borrower Affiliate" shall mean, as to the Borrower, its managing member or the Guarantor, (i) any entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of Borrower, its managing member or the Guarantor, (ii) any corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by the Borrower, its managing member or the Guarantor, (iii) any partner, shareholder or, if a limited liability company, member of Borrower, its managing member or the Guarantor, or (iv) any other person that is related (to the third degree of consanguinity) by blood or marriage to the Borrower, its managing member or the Guarantor (to the extent any of the Borrower, its managing member or the Guarantor is a natural person).

"Borrower Controlling Entity" shall mean, if the Borrower is a partnership, any general partner or managing partner of the Borrower, or if the Borrower is a limited liability company, the manager or managing member of the Borrower, or if the Borrower is a not for profit corporation, the shareholders thereof.

"Borrower Deferred Equity" shall have the meaning set forth in the Construction Funding Agreement.

"Borrower Initial Equity" shall have the meaning set forth in the Construction Funding Agreement.

"Borrower Loan" shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to this Borrower Loan Agreement, in the maximum principal amount of the Borrower Loan Amount, as evidenced by the Borrower Notes.

"Borrower Loan Agreement" shall mean this Borrower Loan Agreement.

"Borrower Loan Amount" shall mean $[Loan Amount], the original aggregate maximum principal amount of the Borrower Notes.

"Borrower Loan Documents" shall mean this Borrower Loan Agreement, the Construction Funding Agreement, the Borrower Notes, the Security Instrument, the Agreement of Environmental Indemnification, the Guaranty, the Replacement Reserve Agreement, the Contingency Draw Down Agreement, the Continuing Disclosure Agreement and all other documents or agreements evidencing or relating to the Borrower Loan.

"Borrower Loan Payment Date" shall mean (i) the date upon which regularly scheduled Borrower Loan Payments are due pursuant to the Borrower Notes, or (ii) any other date on which one of both of the Borrower Notes are prepaid or paid, whether at the scheduled maturity or upon the acceleration of the maturity thereof.

"Borrower Loan Payments" shall mean the monthly loan payments payable pursuant to the Borrower Notes.

"Borrower Loan Proceeds" shall mean proceeds of the Borrower Loan, to be disbursed in accordance with Section 2.10 of this Borrower Loan Agreement, Section 7.7 of the Funding Loan Agreement, and the Construction Funding Agreement.

"Borrower Notes" shall mean, collectively, the Series A Borrower Note, the Series B Borrower Note, and "Borrower Note" shall mean one of such Notes.

"Borrower Payment Obligations" shall mean all payment obligations of the Borrower under the Borrower Loan Documents, including, but not limited to, the Borrower Loan Payments and the Additional Borrower Payments.

"Business Day" shall mean any day other than (i) a Saturday or Sunday, or (ii) a day on which federally insured depository institutions in New York, New York, or the city where the Fiscal Agent is located, are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

"Calendar Month" shall mean each of the twelve (12) calendar months of the year.

"CC&R's" shall mean any covenants, conditions, restrictions, maintenance agreements or reciprocal easement agreements affecting the Project or the Mortgaged Property.

"City" shall mean the City of Hibbing, Minnesota.

"Closing Date" shall mean [Closing Date], 2025.

"Code" shall mean the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Collateral" shall mean, collectively, all collateral described in (i) this Borrower Loan Agreement (including, without limitation, all property in which the Governmental Lender and/or the Funding Lender is granted a security interest pursuant to any provision of this Borrower Loan Agreement), (ii) the Security Instrument, or (iii) any other Security Document, which Collateral shall include the Project, all of which collateral (exclusive of the Unassigned Rights) is pledged and assigned to Funding Lender under the Funding Loan Agreement to secure the Funding Loan.

"Completion" shall have the meaning set forth in Section 5.25.

"Completion Date" shall have the meaning set forth in the Construction Funding Agreement.

"Computation Date" shall have the meaning ascribed thereto in Section 1.148 3(e) of the Regulations.

"Condemnation" shall mean any action or proceeding or notice relating to any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Project, whether direct or indirect.

"Conditions to Conversion" shall have the meaning set forth in the Construction Funding Agreement.

"Construction Consultant" shall mean a third-party architect or engineer selected and retained by Funding Lender, at the cost and expense of Borrower, to monitor the progress of construction and/or rehabilitation of the Project and to inspect the Improvements to confirm compliance with this Borrower Loan Agreement.

"Construction Contract" shall mean any agreement that Borrower and any Contractor from time to time may execute pursuant to which Borrower engages the Contractor to rehabilitate any portion of the Improvements, as approved by Funding Lender.

"Construction Funding Agreement" shall mean that certain Construction Funding Agreement of even date herewith, between the Funding Lender, as agent for the Governmental Lender, and Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender (or the Servicer on its behalf), as agent of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during rehabilitation, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

"Construction Schedule" shall mean a schedule of construction or rehabilitation progress with the anticipated commencement and completion dates of each phase of construction or rehabilitation, as the case may be, and the anticipated date and amounts of each Disbursement for the same, as approved by Funding Lender, as assignee of the Governmental Lender.

"Contingency Draw-Down Agreement" shall mean the Contingency Draw-Down Agreement of even date herewith, among the Funding Lender, the Fiscal Agent, and the Borrower relating to possible conversion of a portion of the Funding Loan from a draw down loan to a fully funded loan.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement of even date herewith, between the Borrower and the Funding Lender, pursuant to which the Borrower agrees to provide certain information with respect to the Project, the Borrower and the Funding Loan subsequent to the Closing Date, as amended, supplemented or restated from time to time.

"Contractor" shall mean any licensed general contractor or subcontractor that Borrower may directly engage from time to time, with the approval of Funding Lender, to construct and/or rehabilitate any portion of the Improvements.

"Contractual Obligation" shall mean, for any Person, any debt or equity security issued by that Person, and any indenture, mortgage, deed of trust, contract, undertaking, instrument or agreement (written or oral) to which such Person is a party or by which it is bound, or to which it or any of its assets is subject.

"Conversion" shall mean Funding Lender's determination that the Conditions to Conversion have been satisfied in accordance with the provisions of this Borrower Loan Agreement and the Construction Funding Agreement.

"Conversion Date" shall mean the date to be designated by Funding Lender once the Conditions to Conversion have been satisfied, the determination of the Permanent Period Amount has been made and any loan balancing payments in accordance with Section 3.3 hereof and the Construction Funding Agreement have been made. The Conversion Date must occur no later than the Outside Conversion Date.

"Cost Breakdown" shall mean the schedule of costs for the Improvements, as set forth in the Construction Funding Agreement, as the same may be amended from time to time with Funding Lender's consent.

"Costs of Funding" shall mean the Governmental Lender's Closing Fee and the fees, costs, expenses and other charges incurred in connection with the funding of the Borrower Loan and the Funding Loan, the negotiation and preparation of this Borrower Loan Agreement and each of the other Borrower Loan Documents and Funding Loan Documents and shall include, but shall not be limited to, the following: (i) counsel fees (including but not limited to Tax Counsel, counsel to the Governmental Lender, Borrower's counsel, and Funding Lender's counsel); (ii) financial advisor fees incurred in connection with the closing of the Borrower Loan and the Funding Loan; (iii) certifying and authenticating agent fees and expenses related to funding of the Funding Loan; (iv) any recording fees; (v) any additional fees charged by the Governmental Lender; (vi) Fiscal Agent Fees; and (vii) costs incurred in connection with any required public notices generally and costs of any public hearing related to the Funding Loan and the financing of the Project with the proceeds thereof.

"Costs of Funding Deposit" shall mean the amount required to be deposited by the Borrower with the Title Company and/or the Fiscal Agent to pay Costs of Funding in connection with the closing of the Borrower Loan and the Funding Loan on the Closing Date.

"Cost of Improvements" shall mean the costs for the Improvements, as set forth on the Cost Breakdown.

"County" shall mean Saint Louis County, Minnesota.

"Date of Disbursement" shall mean the date of a Disbursement.

"Day" or "Days" shall mean calendar days unless expressly stated to be Business Days.

“Debt” shall mean, as to any Person, any of such Person’s liabilities, including all indebtedness (whether recourse or nonrecourse, short term or long term, direct or contingent), all committed and unfunded liabilities, and all unfunded liabilities, that would appear upon a balance sheet of such Person prepared in accordance with GAAP.

“Default Rate” shall have the meaning given to that term in the Borrower Notes.

“Determination of Taxability” shall mean (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum concerning the Governmental Lender Notes issued by the National Office of the Internal Revenue Service in which Governmental Lender and Borrower were afforded the opportunity to participate, (iii) a determination by any court of competent jurisdiction, (iv) the enactment of legislation or (v) receipt by the Funding Lender, at the request of the Governmental Lender, the Borrower or the Funding Lender, of an opinion of Tax Counsel, in each case to the effect that the interest on the Governmental Lender Notes is includable in gross income for federal income tax purposes of any holder or any former holder of all or a portion of the Governmental Lender Notes, other than a holder who is a “substantial user” of the Project or a “related person” (as such terms are defined in Section 147(a) of the Code); provided, however, that no such Determination of Taxability under clause (i) or (iii) shall be deemed to have occurred if the Governmental Lender (at the sole expense of the Borrower), the Funding Lender (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, (b) abandonment of such appeal by the Governmental Lender or the Borrower, as the case may be, or (c) one year from the date of initial determination.

“Developer Fee” shall have the meaning set forth in the Construction Funding Agreement.

“Disbursement” shall mean a disbursement of Borrower Loan Proceeds and Other Borrower Moneys pursuant to this Borrower Loan Agreement.

“Engineer” shall mean any licensed civil, structural, mechanical, electrical, soils, environmental or other engineer that Borrower may engage from time to time, with the approval of Funding Lender, to perform any engineering services with respect to any portion of the Improvements.

“Engineer’s Contract” shall mean any agreement that Borrower and any Engineer from time to time may execute pursuant to which Borrower engages such Engineer to perform any engineering services with respect to any portion of the Improvements, as approved by Funding Lender.

“Equipment” shall have the meaning given to the term “Personalty” in the Security Instrument.

“Equity Contributions” shall mean the equity to be contributed by the Equity Investor to Borrower, in accordance with and subject to the terms of the Operating Agreement.

“Equity Investor” shall mean Wincopin Circle LLLP, a Maryland limited liability partnership, as the investor member of the Borrower, and its successors and assigns.

“ERISA” shall mean the Employment Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” shall mean all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code.

"Event of Default" shall mean any Event of Default set forth in Section 8.1 of this Borrower Loan Agreement. An Event of Default shall "exist" if a Potential Default shall have occurred and be continuing beyond any applicable notice or cure period.

"Excess Revenues" shall have the meaning ascribed thereto in Section 2.2(e) hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Expenses of the Project" shall mean, for any period, the current expenses, paid or accrued, for the operation, maintenance and current repair of the Project, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs and expenses properly designated as capital expenditures (e.g. repairs which would not be payable from amounts on deposit in a repair and replacement fund held pursuant to the Borrower Loan Documents), a management fee (however characterized) not to exceed the Underwritten Management Fee, costs of billings and collections, costs of insurance, and costs of audits. Expenses of the Project shall not include any payments, however characterized, on account of any subordinate financing in respect of the Project or other indebtedness, allowance for depreciation, amortization or other non-cash items, gains and losses or prepaid expenses not customarily prepaid.

"Fair Market Value" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is an interest in any commingled investment fund in which the Governmental Lender and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by U.S. Treasury Regulations, the term "investment" will include a hedge.

"Fiscal Agent" shall mean Zions Bancorporation, National Association, a national banking association, in its capacity as Fiscal Agent to the Governmental Lender, its successors and assigns.

"Fiscal Agent Fees" shall have the meaning set forth in the Funding Loan Agreement. "Force Majeure" shall have the meaning given to that term in the Construction Funding Agreement.

"Funding Lender" shall mean Citibank, N.A., a national banking association, in its capacity as lender under the Funding Loan.

"Funding Loan" shall mean the Funding Loan in the original maximum principal amount of [Loan Amount] made by Funding Lender to Governmental Lender under the Funding Loan Agreement, the proceeds of which are used by the Governmental Lender to make the Borrower Loan.

"Funding Loan Agreement" shall mean the Funding Loan Agreement, of even date herewith, among the Governmental Lender, the Fiscal Agent, and the Funding Lender, as it may from time to time be supplemented, modified or amended by one or more amendments or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

"Funding Loan Documents" shall have the meaning given to that term in the Funding Loan Agreement.

"GAAP" shall mean generally accepted accounting principles as in effect on the date of the application thereof and consistently applied throughout the periods covered by the applicable financial statements.

"Governmental Authority" shall mean (i) any governmental municipality or political subdivision thereof, (ii) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (iii) any court, administrative tribunal or public utility, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise), now or hereafter in existence.

"Governmental Lender" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"Governmental Lender Notes" shall mean collectively the Series A Governmental Lender Note, the Series B Governmental Lender Note, and "Governmental Lender Note" means one of such Governmental Lender Notes.

"Governmental Lender's Closing Fee" shall mean the Governmental Lender's issuance fee payable by the Fiscal Agent to the Governmental Lender on or before the Closing Date in the amount of $[50,000] from amounts in the Closing Costs Fund.

"Gross Income" shall mean all receipts, revenues, income and other moneys received or collected by or on behalf of Borrower and derived from the ownership or operation of the Project, if any, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Project. Gross Income shall not include loan proceeds, equity or capital contributions, casualty or condemnation proceeds or tenant security deposits being held by Borrower in accordance with applicable law.

"Gross Proceeds" shall mean, without duplication, the aggregate of:

(a) the net amount (after payment of all expenses of originating the Funding Loan) of Funding Loan proceeds received by the Governmental Lender as a result of the origination of the Funding Loan;

(b) all amounts received by the Governmental Lender as a result of the investment of the Funding Loan proceeds;

(c) any amounts held in any fund or account to the extent that the Governmental Lender reasonably expects to use the amounts in such fund to pay any portion of the Funding Loan; and

(d) any securities or obligations pledged by the Governmental Lender or by the Borrower as security for the payment of any portion of the Funding Loan.

"Guarantor" shall mean Stone Beam Development LLC, an Illinois limited liability company, Joseph Walsh, an individual, Kent Frayn, an individual, and Scott Frayn, an individual or any other person or entity which may hereafter become a guarantor of any of the Borrower's obligations under the Borrower Loan.

"Guaranty" shall mean, collectively, (i) the Completion and Repayment Guaranty, of even date herewith, by Guarantor for the benefit of the Beneficiary Parties (as defined therein), and (ii) the Exceptions to Non-Recourse Guaranty, of even date herewith, by Guarantor for the benefit of the Beneficiary Parties (as defined therein).

"Improvements" shall mean the 95-unit multifamily residential project to be rehabilitated upon the Land and known or to be known as LEE Center, and all other buildings, structures, fixtures, wiring, systems, equipment and other improvements and personal property to be constructed, rehabilitated and/or installed at or on the Land in accordance with the Cost Breakdown and the Plans and Specifications.

"Indemnified Party" shall have the meaning set forth in Section 5.15 hereof.

"Installment Computation Date" shall mean any Computation Date other than the first Computation Date or the final Computation Date.

"Interest Rate" shall mean with respect to a Borrower Note the rate of interest accruing on such Borrower Note.

"Interim Phase Amount" shall mean $[Loan Amount].

"Land" shall mean the real property described on Exhibit A to the Security Instrument.

"Late Charge" shall mean the amount due and payable as a late charge on overdue payments under the Borrower Note, as provided in Section 7 of each Borrower Note and Section 2.5 hereof.

"Legal Action" shall mean an action, suit, investigation, inquiry, proceeding or arbitration at law or in equity or before or by any foreign or domestic court, arbitrator or other Governmental Authority.

"Legal Requirements" shall mean statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting all or part of the Project or any property (including the Project) or the construction, rehabilitation, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project, including any that may (i) require repairs, modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof.

"Liabilities" shall have the meaning set forth in Section 5.15 hereof.

"Licenses" shall have the meaning set forth in Section 4.1.22 hereof.

"Lien" shall mean any interest, or claim thereof, in the Project securing an obligation owed to, or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, deed to secure debt, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project.

"Management Agreement" shall mean the Management Agreement between the Borrower and the Manager, pursuant to which the Manager is to manage the Project, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"Manager" shall mean the management company to be employed by the Borrower and approved by the Funding Lender in accordance with the terms of the Security Instrument, this Borrower Loan Agreement or any of the other Borrower Loan Documents.

"Managing Member" shall mean, collectively, (i) LC Trunk, LLC, an Illinois limited liability company, and/or (ii) any other Person that the members of the Borrower, with the prior written approval of the Funding Lender (or as otherwise permitted with the Funding Lender's approval pursuant to the Borrower Loan Documents) and in accordance with the terms of the Operating Agreement, selected to be a managing member of the Borrower.

"Material Adverse Change" shall mean any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of this Borrower Loan Agreement or any other Borrower Loan Document; (b) is or could reasonably be expected to be material and adverse to the business, properties, assets, financial condition, results of operations or prospects of the Borrower, Managing Member, Guarantor or the Mortgaged Property; (c) could reasonably be expected to impair materially the ability of the Borrower, Managing Member or Guarantor to duly and punctually pay or perform any of their respective obligations under any of the Borrower Loan Documents to which they are a party; or (d) impairs materially or could reasonably be expected to impair materially any rights of or benefits available to the Governmental Lender under this Borrower Loan Agreement or any other Borrower Loan Document, including, without limitation, the ability of Governmental Lender or, upon the assignment of the Borrower Loan to it, of the Funding Lender, to the extent permitted, to enforce its legal remedies pursuant to this Borrower Loan Agreement or any other Borrower Loan Document.

"Moody's" shall mean Moody's Ratings, or its successor.

"Mortgaged Property" shall have the meaning given to that term in the Security Instrument.

"Net Operating Income" shall mean: (i) the Gross Income, less (ii) the Expenses of the Project.

"Nonpurpose Investment" shall mean any investment property (as defined in Section 148(b) of the Code) that is acquired with the Gross Proceeds of the Funding Loan and which is not acquired to carry out the governmental purpose of the Funding Loan.

"Ongoing Governmental Lender Fee" shall be not applicable, as there is no scheduled ongoing fee of the Governmental Lender.

"Operating Agreement" shall mean that certain First Amended and Restated Operating Agreement] of the Borrower dated as of [Month], 2025, as the same may be amended, restated or modified in accordance with its terms.

"Other Borrower Moneys" shall mean monies of Borrower other than Borrower Loan Proceeds and includes, but is not limited to, the Subordinate Debt, Net Operating Income, the Borrower's Equity

Contributions and any other funds contributed by or loaned to the Borrower for application to the Costs of the Improvements or other costs associated with the Project.

"Other Charges" shall mean all maintenance charges, impositions other than Taxes, and any other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Project, now or hereafter levied or assessed or imposed against the Project or any part thereof.

"Outside Conversion Date" shall have the meaning set forth in the Construction Funding Agreement.

"Patriot Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

"Patriot Act Offense" shall have the meaning set forth in Section 4.1.48 hereof.

"Permanent Period" shall mean the period of time from the Conversion Date to the Maturity Date (as defined in the Funding Loan Agreement).

"Permanent Period Amount" shall mean the principal amount of the Borrower Loan following the calculation provided for in the Construction Funding Agreement.

"Permitted Encumbrances" shall have the meaning given to that term in the Security Instrument.

"Permitted Lease" shall mean a lease and occupancy agreement pursuant to the form approved by Funding Lender, to a residential tenant in compliance with the Legal Requirements, providing for an initial term of not less than six (6) months nor more than two (2) years.

"Person" shall mean a natural person, a partnership, a joint venture, an unincorporated association, a limited liability company, a corporation, a trust, any other legal entity, or any Governmental Authority.

"Plan" shall mean (i) an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions and (ii) which is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

"Plans and Specifications" shall mean the plans and specifications for the construction and/or rehabilitation, as the case may be, of the Project approved by Funding Lender.

"Potential Default" shall mean the occurrence of an event which, under this Borrower Loan Agreement or any other Borrower Loan Document, would, but for the giving of notice or passage of time, or both, be an Event of Default.

"Prepayment Premium" shall mean any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Note (including any prepayment premium as set forth in the related Borrower Note).

"Project" shall mean the Mortgaged Property (as defined in the Security Instrument) and Improvements thereon owned by the Borrower and encumbered by the Security Instrument, together with all rights pertaining to such real property and Improvements, as more particularly described in the Granting Clauses of the Security Instrument and referred to therein as the "Mortgaged Property."

“Project Agreements and Licenses” shall mean any and all Construction Contracts, Engineer’s Contracts and Management Agreements, and all other rights, licenses, permits, franchises, authorizations, approvals and agreements relating to use, occupancy, operation or leasing of the Project or the Mortgaged Property.

“Provided Information” shall have the meaning set forth in Section 9.1.1 (a) hereof.

“Qualified Project Costs” shall mean costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all costs of the acquisition and construction or rehabilitation of the Project; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by a Borrower Affiliate or persons or entities treated as related to the Borrower within the meaning of Sections 1504, 267 and 707 of the Code (whether as general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out of pocket costs incurred by such Borrower Affiliate, person or entity in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by such Borrower Affiliate, person or entity, and (C) any overhead expenses incurred by such Borrower Affiliate, person or entity which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Borrower Affiliate, person or entity due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the date of a declaration of “official intent” to reimburse costs paid with respect to the Project (within the meaning of §1.150-2 of the United States Treasury Regulations) or the date of issue of the Governmental Lender Note, and (iv) if the costs of the acquisition and construction or rehabilitation were previously paid and are to be reimbursed with proceeds of the Governmental Lender Note such costs were (A) costs of issuance of the Governmental Lender Note, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or rehabilitation and construction of the Project that do not exceed twenty percent (20%) of the issue price of the Governmental Lender Note (as defined in United States Treasury Regulations §1.148-1), or (C) capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid); provided, however, that (w) Costs of Funding shall not be deemed to be Qualified Project Costs; (x) fees, charges or profits (including, without limitation, developer fees) payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code) shall not be deemed to be Qualified Project Costs; (y) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk and are allocable to the construction or rehabilitation period of the Project shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Funding Loan; and (z) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of credit fees payable to a “related person” to the Borrower) shall not constitute Qualified Project Costs.

"Rebate Amount" shall mean, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Funding Loan.

"Rebate Analyst" shall mean the rebate analyst selected by the Borrower prior to the Closing Date and acceptable to the Governmental Lender and the Funding Lender.

"Rebate Analyst's Fee" shall mean the fee of the Rebate Analyst payable by the Borrower to the Rebate Analyst.

"Rebate Fund" shall mean the Rebate Fund held by the Fiscal Agent created pursuant to the Funding Loan Agreement.

"Related Documents" shall mean, collectively, any agreement or other document to which the Borrower is a party or which binds the Project (other than the Borrower Loan Documents) granting a security interest (including each agreement that is the subject of any Borrower Loan Document), the Operating Agreement, and any other agreement, instrument or other document (not constituting a Borrower Loan Document) relating to or executed by the Borrower in connection with the transactions contemplated by this Borrower Loan Agreement.

"Replacement Reserve Agreement" shall mean any Replacement Reserve Agreement between the Borrower and the Funding Lender, as the same may be amended, restated or supplemented from time to time.

"Replacement Reserve Fund Requirement" shall mean Borrower's funding obligations from time to time under the Replacement Reserve Agreement.

"Retainage" shall have the meaning set forth in the Construction Funding Agreement.

"Review Fee" shall mean the $3,000 fee payable to Funding Lender in connection with the review of requests from the Borrower in connection with events requiring the consent and/or approval of the Funding Lender, including, but not limited to, subordinate financings and easements.

"Secondary Market Disclosure Document" shall have the meaning set forth in Section 9.1.2 hereof.

"Secondary Market Transaction" shall have the meaning set forth in Section 9.1.1 hereof.

"Securities" shall have the meaning set forth in Section 9.1.1 hereof.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Security Documents" shall mean the Security Instrument, the Replacement Reserve Agreement, the Collateral Agreements, the Collateral Assignments (as such terms are defined in the Security Agreement), this Borrower Loan Agreement, the Agreement of Environmental Indemnification, and such other security instruments that Funding Lender may reasonably request.

"Security Instrument" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"Series A Borrower Note" shall mean that certain Multifamily Note](Tranche B) dated as of the Closing Date in the original maximum principal amount of $[Series A Loan Amount] made by Borrower and payable to Governmental Lender, as endorsed and assigned to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

"Series A Governmental Lender Note" shall mean that certain Multi-Family Housing Revenue Note (LEE Center) Series 2025A dated the Closing Date in the original maximum principal amount of $[Series A Loan Amount], made by the Governmental Lender and payable to the Funding Lender, as it may be amended, supplemented, or replaced from time to time.

"Series B Borrower Note" shall mean that certain Multifamily Note (Tranche B) dated as of the Closing Date in the original maximum principal amount of $[Series B Loan Amount] made by Borrower and payable to Governmental Lender, as endorsed and assigned to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

"Series B Governmental Lender Note" shall mean that certain Multi-Family Housing Revenue Note (LEE Center) Series 2025B dated the Closing Date in the original maximum principal amount of $[Series B Loan Amount] made by the Governmental Lender and payable to the Funding Lender, as it may be amended, supplemented, or replaced from time to time.

"Servicer" shall mean the Servicer contracting with or appointed by the Funding Lender to service the Borrower Loan. The initial Servicer shall be Citibank, N.A.

"Servicing Agreement" shall mean any servicing agreement or master servicing agreement, between the Servicer and the Funding Lender relating to the servicing of the Borrower Loan and any amendments thereto or any replacement thereof.

"S&P" shall mean S&P Global Ratings, a division of S&P Global Inc., and its successors.

"State" shall mean the State in which the Project is located.

"Subordinate Debt" shall mean the Tax Exempt Seller Note and the Taxable Seller Note.

"Subordinate Lender" shall mean LC WFE Root, LLC, an Illinois limited liability company.

"Subordinate Loan Documents" shall mean, collectively, all instruments, agreements and other documents evidencing, securing or otherwise relating to the Subordinate Debt or executed and delivered by Borrower, Governmental Lender and/or Subordinate Lender in connection with the Subordinate Debt.

"Substantial Completion Date" shall have the meaning set forth in the Construction Funding Agreement.

"Substantially Complete" or "Substantially Completed" shall have the meaning set forth in the Construction Funding Agreement.

"Taxable Seller Note" shall mean the $______ Promissory Note (Seller Loan) dated the Closing Date from the Borrower to the Subordinate Lender.

"Tax Counsel" shall have the meaning set forth in the Funding Loan Agreement.

"Tax Exempt Seller Note" shall mean the $______ Promissory Note (Seller Loan) dated the Closing Date from the Governmental Lender to the Subordinate Lender, together with the $______ Promissory Note (Seller Loan) dated the Closing Date from the Borrower to the Governmental Lender.

"Taxes" shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project.

"Term" shall mean the term of this Borrower Loan Agreement pursuant to Section 10.14.

"Title Company" shall mean Commercial Partners Title, a division of Fidelity National Title Insurance Company, or another title insurance company reasonably acceptable to and Funding Lender.

"Title Insurance Policy" shall mean the mortgagee title insurance policy, in form acceptable to the Funding Lender, issued with respect to the Mortgaged Property and insuring the lien of the Security Instrument.

"Transfer" shall have the meaning given to that term in the Security Instrument.

"UCC" shall mean the Uniform Commercial Code as in effect in the State.

"Unassigned Rights" shall have the meaning given to that term in the Funding Loan Agreement.

"Underwritten Management Fee" shall have the meaning set forth in the Construction Funding Agreement.

"Unit" shall mean a residential apartment unit within the Improvements.

"Written Consent" and "Written Notice" shall mean a written consent or notice signed by an Authorized Borrower Representative or an authorized representative of the Governmental Lender, the Funding Lender or the Fiscal Agent as appropriate.

ARTICLE II

GENERAL

Section 2.1. Origination of Borrower Loan. In order to provide funds for the purposes provided herein, the Governmental Lender agrees that it will, in accordance with the Act, enter into the Funding Loan Agreement and accept the Funding Loan from the Funding Lender. The proceeds of the Funding Loan shall be advanced by the Funding Lender to the Fiscal Agent, and then from the Fiscal Agent to the Borrower in accordance with the terms of the Construction Funding Agreement, the Funding Loan Agreement, and this Borrower Loan Agreement.

The Governmental Lender hereby appoints the Funding Lender as its agent with full authority and power to act on its behalf (other than with respect to the Unassigned Rights) to disburse the Borrower Loan to the Fiscal Agent (which shall disburse any amounts so received to the Borrower) for the account of the Governmental Lender, to take certain actions and exercise certain remedies with respect to the Borrower Loan, and for the other purposes set forth in this Borrower Loan Agreement and to do all other acts necessary or incidental to the performance and execution thereof. This appointment is coupled with an interest and is irrevocable except as expressly set forth herein. Accordingly, references to the rights of the Funding Lender to take actions under this Borrower Loan Agreement shall refer to Funding Lender in its role as agent of the Governmental Lender. The Funding Lender may, in its discretion, designate Servicer to fulfill the rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to this Section 2.1. Notwithstanding the foregoing, disbursements of the Borrower Loan shall be made from the Project Fund held under the Funding Loan Agreement by the Fiscal Agent.

Section 2.2. Security for the Funding Loan.

(a) As security for the Funding Loan, the Governmental Lender has pledged and assigned to the Funding Lender under and pursuant to the Funding Loan Agreement (a) the Borrower Notes and all of its right, title and interest in and to this Borrower Loan Agreement and the Borrower Loan Documents (except for the Unassigned Rights) and all revenues and receipts therefrom and the security therefor (including the Security Instrument) and (b) the amounts on deposit from time to time in any and all funds established under the Funding Loan Agreement. All revenues and assets pledged and assigned thereby shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Borrower Notes, which shall be delivered to the Funding Lender. The Borrower hereby acknowledges and consents to such assignment to the Funding Lender.

(b) With respect to the Unassigned Rights, subject to the limitations set forth in this Section 2.2, the Governmental Lender may:

(i) Tax Covenants. Seek specific performance of, and enforce, the tax covenants of the Funding Loan Agreement, the Regulatory Agreement, the Tax Certificates and this Borrower Loan Agreement, seek injunctive relief against acts which may be in violation of any of the tax covenants, and enforce the Borrower's obligation to pay amounts for credit to the Rebate Fund;

(ii) Regulatory Agreement. Seek specific performance of the obligations of the Borrower or any other owner of the Project under the Regulatory Agreement and injunctive relief against acts which may be in violation of the Regulatory Agreement or otherwise in accordance with the provisions of the Regulatory Agreement; provided, however, that the Governmental Lender may enforce any right it may have under the Regulatory Agreement for monetary damages only against Excess Revenues (defined below), if any, of the Borrower, unless Funding Lender otherwise specifically consents in writing to the use of other funds; and

(iii) Reserved Rights. Take whatever action at law or in equity which appears necessary or desirable to enforce the other Unassigned Rights, provided, however, that the Governmental Lender or any person under its control may only enforce any right it may have for monetary damages against Excess Revenues, if any, of the Borrower, unless Funding Lender otherwise specifically consents in writing to the enforcement against other funds of the Borrower.

(c) In no event shall the Governmental Lender, except at the express written direction of the Funding Lender:

(i) prosecute its action to a lien on the Project; or

(ii) take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Borrower Loan or of causing the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or

(iii) interfere with the exercise by Funding Lender or Servicer of any of their rights under the Borrower Loan Documents upon the occurrence of an event of default by the Borrower under the Borrower Loan Documents or the Funding Loan Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Borrower Loan or the Funding Loan.

(d) The Governmental Lender shall provide Written Notice to the Funding Lender and the Servicer immediately upon taking any action at law or in equity to exercise any remedy or direct any proceeding under the Borrower Loan Documents or the Funding Loan Documents.

(e) As used in this Section 2.2, the term "Excess Revenues" means, for any period, the net cash flow of the Borrower available for distribution to shareholders, members or partners (as the case may be) for such period, after the payment of all interest expense, the amortization of all principal of all indebtedness coming due during such period (whether by maturity, mandatory sinking fund payment, acceleration or otherwise), with respect to the Project, the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Borrower Loan or the Funding Loan, the payment of all operating, overhead, ownership and other expenditures of the Borrower directly or indirectly in connection with the Project (whether any such expenditures are current, capital or extraordinary expenditures), and the setting aside of all reserves for taxes, insurance, water and sewer charges or other similar impositions, capital expenditures, repairs and replacements and all other amounts which the Borrower is required to set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

Section 2.3. Loan; Borrower Notes; Conditions to Closing.

(a) The Funding Loan shall be funded directly to the Fiscal Agent by the Funding Lender for disbursement to the Borrower pursuant to the Construction Funding Agreement, in one or more installments not to exceed the Borrower Loan Amount in accordance with the disbursement procedures set forth in the Construction Funding Agreement and the Funding Loan Agreement. Upon funding of each installment of the Funding Loan, the Governmental Lender shall be deemed to have made the Borrower Loan to the Borrower in a like principal amount. The Borrower Loan advances, and Funding Loan advances shall be allocated first to the Series A Borrower Note and the Series A Governmental Lender Note, then to the Series B Borrower Note and the Series B Governmental Lender Note. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Notes. The proceeds of the Borrower Loan shall be used by the Borrower to pay costs of the acquisition, construction, rehabilitation, development, equipping and/or operation of the Project. The Borrower hereby accepts the Borrower Loan and acknowledges that the Governmental Lender shall cause the Funding Lender to fund the Borrower Loan in the manner set forth herein, in the Construction Funding Agreement and in the Funding Loan Agreement. The Governmental Lender acknowledges that the Borrower Loan shall be funded by the Funding Lender to the Fiscal Agent for the account of the Governmental Lender.

Proceeds of the Borrower Loan will be deposited in the Note Proceeds Account of the Project Fund held by the Fiscal Agent under the Funding Loan Agreement on the Closing Date, and the Funding Lender shall fund all or a portion of the Borrower Loan to the Fiscal Agent for further disbursement to the Borrower upon receipt from the Borrower of a Written Requisition in accordance with the terms of the Funding Loan Agreement and the Construction Funding Agreement. Notwithstanding the foregoing, on the Closing Date, amounts deposited in the Note Proceeds Account of the Project Fund may be disbursed pursuant to a closing memorandum or similar instrument executed by the Borrower and approved in writing by the Funding Lender.

(b) The Borrower hereby accepts the Borrower Loan. As evidence of its obligation to repay the Borrower Loan, simultaneously with the delivery of this Borrower Loan Agreement to the Governmental Lender, the Borrower hereby agrees to execute and deliver the Borrower Notes. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Notes.

(c) Closing of the Borrower Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Governmental Lender and the Funding Lender, each in its own sole discretion of each of the conditions precedent to closing set forth in this Borrower Loan Agreement, in the Construction Funding Agreement and in the Funding Loan Agreement, including but not limited to the following:

(i) evidence of proper recordation of the Security Instrument, an assignment of the Security Instrument from the Governmental Lender to the Funding Lender, the Regulatory Agreement, and each of the other documents specified for recording in instructions delivered to the Title Company by counsel to the Funding Lender (or that such documents have been delivered to an authorized agent of the Title Company for recordation under binding recording instructions from Funding Lender's counsel or such other counsel as may be acceptable to the Funding Lender);

(ii) delivery into escrow with the Fiscal Agent or Title Company (or separate escrow company, if applicable) of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit and the Borrower Initial Equity, all as specified in written instructions delivered to the Title Company by counsel to the Funding Lender (or such other counsel as may be acceptable to the Funding Lender) and as specified in a closing memorandum of the Funding Lender; and

(iii) payment of all fees payable in connection with the closing of the Borrower Loan including the Governmental Lender's Closing Fee and the initial fees and expenses of the Fiscal Agent.

In addition, closing of the Borrower Loan shall be subject to the delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender and the Funding Lender, dated the Closing Date, in form and substance acceptable to the Funding Lender, regarding the due execution by the Borrower of, and the enforceability against the Borrower of, the Borrower Loan Documents.

Section 2.4. Borrower Loan Payments.

(a) The Borrower shall make Borrower Loan Payments in accordance with the Borrower Notes. Through and including the Conversion Date, each Borrower Loan Payment made by the Borrower shall be made in funds immediately available to the Servicer by 11:00 a.m., New York City time, on the Borrower Loan Payment Date or, if there is no Servicer, to the Fiscal Agent, by 2:00 p.m., New York City time, on the Borrower Loan Payment Date. Following the Conversion Date, each Borrower Loan Payment made by the Borrower shall be made in funds immediately available to the Servicer by 2:00 p.m., New York City time, on the date that is two (2) Business Days prior to the Borrower Loan Payment Date. Each such payment shall be made to the Fiscal Agent or the Servicer, as applicable, by deposit to such account as the Fiscal Agent or Servicer, as applicable, may designate by Written Notice to the Borrower. If payments are to be made to the Fiscal Agent, such payments shall be deposited into the Funding Loan Payment Fund established under the Funding Loan Agreement. Whenever any Borrower Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. In addition, the Borrower shall make Borrower Loan Payments in accordance with the Borrower Notes in the amounts and at the times necessary to make all payments due and payable on the Governmental Lender Notes. All payments made by the Borrower hereunder or by the Borrower under the other Borrower Loan Documents, shall be made irrespective of, and without any deduction for, any set-offs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

(b) Unless there is no Servicer, payments of principal and interest on the Borrower Notes shall be paid to the Servicer and the Servicer shall then remit such funds to the Fiscal Agent. If there is no Servicer, payments of principal and interest on the Borrower Notes shall be paid directly to Fiscal Agent.

Section 2.5. Additional Borrower Payments.

(a) The Borrower shall pay the following amounts:

(i) to the Fiscal Agent, the Rebate Amount then due, if any, to be deposited in the Rebate Fund as specified in Section 5.35 hereof and the Rebate Analyst's Fee and any other costs incurred to calculate such Rebate Amount (to the extent such costs are not included in the Borrower Loan Payment);

(ii) to the Governmental Lender, any Ongoing Governmental Lender Fee and, on demand, all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Governmental Lender incurred by the Governmental Lender at any time in connection with the Borrower Loan Documents, the Funding Loan Documents or the Project, including, without limitation, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Borrower Loan Documents or the Funding Loan Documents or any other documents relating to the Project or the Borrower Loan or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit;

(iii) to the Fiscal Agent, the Fiscal Agent Fees;

(iv) all Costs of Funding and fees, charges and expenses, including agent and counsel fees incurred in connection with the origination of the Borrower Loan and the Funding Loan, as and when the same become due;

(v) to the Funding Lender, on demand, all charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Funding Lender incurred by the Funding Lender at any time in connection with the Borrower Loan, the Funding Loan or the Project, including, without limitation, any Review Fee, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Borrower Loan Documents or the Funding Loan Documents or any other documents relating to the Project or the Borrower Loan or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit;

(vi) any Late Charge due and payable under the terms of the Borrower Note and Section 2.6 hereof; provided, however, that all payments made pursuant to this subsection (vi) shall be made to the Servicer, and if there is no Servicer, such payments shall be made to the Funding Lender; and

(vii) to the entity entitled thereto, when due and payable, all taxes and assessments levied by public agencies on the Project.

(b) The Borrower shall pay to the party entitled thereto as expressly set forth in this Borrower Loan Agreement or the other Borrower Loan Documents or Funding Loan Documents:

(i) all expenses incurred in connection with the enforcement of any rights under this Borrower Loan Agreement or any other Borrower Loan Document, the Regulatory Agreement, or any Funding Loan Document by the Governmental Lender, the Fiscal Agent, the Funding Lender or the Servicer;

(ii) all other payments of whatever nature that the Borrower has agreed to pay or assume under the provisions of this Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document; and

(iii) all expenses, costs and fees relating to inspections of the Project required by the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer or the Construction Consultant, in accordance with the Borrower Loan Documents or the Funding Loan Documents or to reimburse such parties for such expenses, costs and fees.

Section 2.6. Overdue Payments; Payments in Default. If any Borrower Payment Obligation is not paid by or on behalf of the Borrower when due, the Borrower shall pay to the Servicer, a Late Charge in the amount and to the extent set forth in the Borrower Notes, if any.

Section 2.7. Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds. The Borrower acknowledges as follows: (a) calculation of all interest payments shall be made by the Funding Lender; (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Servicer or if there is no Servicer, the Funding Lender in accordance with the Security Instrument; and (c) deposits with respect to any replacement reserve funds required by the Funding Lender shall be calculated by the Servicer in accordance with the Replacement Reserve Agreement. In the event and to the extent that the Servicer or the Funding Lender, pursuant to the terms hereof, shall determine at any time that there exists a deficiency in amounts previously owed but not paid with respect to deposits to such replacement reserve fund, such deficiency shall be immediately due and payable hereunder following Written Notice to the Borrower.

Section 2.8. Grant of Security Interest; Application of Funds. To the extent not inconsistent with the Security Instrument and as security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms, conditions and provisions of the Borrower Loan Documents, the Borrower hereby pledges and assigns to the Funding Lender, and grants to the Funding Lender, a security interest in, all the Borrower's right, title and interest in and to all payments to or moneys held in the funds and accounts created and held by the Funding Lender or the Servicer for the Project. This Borrower Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default hereunder, the Funding Lender, the Fiscal Agent and the Servicer shall apply or cause to be applied any sums held by the Funding Lender, the Fiscal Agent and the Servicer with respect to the Project in any manner and in any order determined by Funding Lender, in Funding Lender's sole and absolute discretion.

Section 2.9. Marshalling; Payments Set Aside. The Governmental Lender, the Fiscal Agent and Funding Lender shall be under no obligation to marshal any assets in favor of Borrower or any other Person or against or in payment of any or all of the proceeds. To the extent that Borrower makes a payment or payments or transfers any assets to the Fiscal Agent, Governmental Lender or Funding Lender, or the Governmental Lender or Funding Lender enforces its liens, and such payment or payments or transfers, or the proceeds of such enforcement or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party in connection with any insolvency proceeding, or otherwise, then: (i) any and all obligations owed to the Fiscal Agent, Governmental Lender or Funding Lender and any and all remedies available to the Fiscal Agent, Governmental Lender or Funding Lender under the terms of the Borrower Loan Documents and the Funding Loan Documents or in law or equity against Borrower, Guarantor or Managing Member and/or any of their properties shall be automatically revived and reinstated to the extent (and only to the extent) of any recovery permitted under clause (ii) below; and (ii) the Fiscal Agent, Governmental Lender and Funding Lender shall be entitled to recover (and shall be entitled to file a proof of claim to obtain such recovery in any applicable bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding) either: (x) the amount of payments or the value of the transfer or (y) if the transfer has been undone and the assets returned in whole or in part, the value of the consideration paid to or received by Borrower for the initial asset transfer, plus in each case any deferred interest from the date of the disgorgement to the date of distribution to the Fiscal Agent, Governmental Lender or Funding Lender in any bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding, and any costs and expenses due and owing, including, without limitation, any reasonable attorneys' fees incurred by the Fiscal Agent, Governmental Lender or Funding Lender in connection with the exercise by the Fiscal Agent, Governmental Lender or Funding Lender of its rights under this Section 2.9.

Section 2.10. Borrower Loan Disbursements. The Borrower Loan shall be disbursed by the Funding Lender, as agent for the Governmental Lender, pursuant to the Construction Funding Agreement by depositing Funding Loan proceeds with the Fiscal Agent under the Funding Loan Agreement. Amounts held by the Fiscal Agent shall be disbursed to or for the benefit of the Borrower as provided in the Funding Loan Agreement.

ARTICLE III

CONVERSION

Section 3.1. Conversion Date and Extension of Outside Conversion Date. Borrower shall satisfy each of the Conditions to Conversion and cause the Conversion Date to occur on or before the Outside Conversion Date, as further provided in the Construction Funding Agreement. The failure to satisfy each of the Conditions to Conversion on or before the Outside Conversion Date shall constitute an Event of Default under the Borrower Loan Documents.

Section 3.2. Notice From Funding Lender; Funding Lender's Calculation Final.

(a) Following satisfaction of all of the Conditions to Conversion, Funding Lender shall deliver Written Notice to Borrower, Governmental Lender and Fiscal Agent of: (i) the Conversion Date, (ii) the amount of the Permanent Period Amount, (iii) any required prepayment of the Borrower Notes (as described below in Section 3.3) and (iv) any amendments to the amortization schedule, as applicable.

(b) Funding Lender's calculation of the Permanent Period Amount and any amendments to the amortization of the Borrower Loan shall be, in the absence of manifest error, conclusive and binding on all parties.

Section 3.3. Mandatory Prepayment of the Borrower Loan.

(a) As further provided in the Construction Funding Agreement and subject to the provisions of the Borrower Notes, if and to the extent the Permanent Period Amount is less than the Interim Phase Amount, Funding Lender may in its sole discretion require Borrower to make a partial prepayment of the Borrower Loan in an amount equal to the difference between the Interim Phase Amount and the Permanent Period Amount, provided, however, that if the Permanent Period Amount is less than the Minimum Permanent Period Amount (as defined in the Construction Funding Agreement), then Funding Lender may in its sole discretion require Borrower to prepay the Borrower Loan in full.

(b) Any prepayment in full or in part of the Borrower Loan required pursuant to Section 3.3(a) above shall be subject to a prepayment premium under certain circumstances as more particularly set forth in the Borrower Notes.

Section 3.4. Release of Remaining Loan Proceeds. If and to the extent that the Permanent Period Amount is greater than the principal amount of the Borrower Loan which has previously been disbursed to Borrower, Funding Lender shall deliver Written Notice thereof to Borrower on or before the Conversion Date. Within ten (10) business days after delivery of such notice, but in no event later than the Outside Conversion Date, Funding Lender shall disburse Borrower Loan proceeds to the Fiscal Agent for disbursements to Borrower so that the aggregate principal amount of the Borrower Loan disbursed equals the Permanent Period Amount. Any Borrower Loan proceeds previously disbursed to the Borrower in excess of the Permanent Period Amount shall be paid by Borrower to Fiscal Agent for deposit with Funding Lender.

Section 3.5. No Amendment. Nothing contained in this Article III shall be construed to amend, modify, alter, change or supersede the terms and provisions of the Borrower Notes, Security Instrument, the Construction Funding Agreement or any other Borrower Loan Document and, if there shall exist a conflict between the terms and provisions of this Article III and those of the Borrower Notes, Security Instrument, the Construction Funding Agreement or other Borrower Loan Documents, then the terms and provisions of the Borrower Note, Security Instrument, the Construction Funding Agreement and other Borrower Loan Documents shall control, provided, however, that in the event of a conflict between the terms and provisions of this Article III and those of the Borrower's loan application with the Funding Lender, the terms and provisions of this Article III shall control.

Section 3.6. Determinations by Funding Lender. In any instance where the consent or approval of Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Funding Lender under this Article III, including in connection with the Construction Funding Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Funding Lender (or its designated representative), at its sole and exclusive option and in its sole and absolute discretion.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1. Borrower Representations. To induce the Governmental Lender to execute this Borrower Loan Agreement and to induce Funding Lender to make Disbursements, Borrower represents and warrants for the benefit of the Governmental Lender, Funding Lender and the Servicer, that the representations and warranties set forth in this Section 4.1 are complete and accurate as of the Closing Date and, subject to Section 4.2, shall survive the making of the Borrower Loan and will be complete and accurate, and deemed remade, except as otherwise noted through notice to Funding Lender and approved by Funding Lender, as of the date of each Disbursement, as of the original Outside Conversion Date, as of the date of any extension thereof and as of the Conversion Date in accordance with the terms and conditions of the Borrower Notes.

Section 4.1.1 Organization; Special Purpose. The Borrower is in good standing under the laws of the State (and under the laws of the state in which the Borrower was formed if the Borrower was not formed under the laws of the State), has full legal right, power and authority to enter into the Borrower Loan Documents to which it is a party, and to carry out and consummate all transactions contemplated by the Borrower Loan Documents to which it is a party, and by proper corporate, limited partnership or limited liability company action, as appropriate has duly authorized the execution, delivery and performance of the

Borrower Loan Documents to which it is a party. The Person(s) of the Borrower executing the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party are fully authorized to execute the same. The Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower. The sole business of the Borrower is the ownership, management and operation of the Project.

Section 4.1.2 Proceedings; Enforceability. Assuming due execution and delivery by the other parties thereto, the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

Section 4.1.3 No Conflicts. The execution and delivery of the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Operating Agreement of the Borrower, or to the best knowledge of the Borrower and with respect to the Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, (other than the lien of the Regulatory Agreement, the Security Instrument and the Permitted Encumbrances (as defined therein)), which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, or the financial condition, assets, properties or operations of the Borrower.

Section 4.1.4 Litigation; Adverse Facts. There is no Legal Action, nor is there a basis known to Borrower for any Legal Action, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower, the Managing Member or the Guarantor, or their respective assets, properties or operations which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Borrower Loan Documents or the Funding Loan Documents, upon the ability of each of Borrower, Managing Member and Guarantor to perform their respective obligations under the Borrower Loan Documents, the Funding Loan Documents and the Related Documents to which it is a party, or upon the financial condition, assets (including the Project), properties or operations of the Borrower, the Managing Member or the Guarantor. None of the Borrower, Managing Member or Guarantor is in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, the ability of each of Borrower, Managing Member and Guarantor to perform their respective obligations under the Borrower Loan Documents, the Funding Loan Documents and the Related Documents to which it is a party, or the financial condition, assets, properties or operations of the Borrower, Managing Member or Guarantor. None of Borrower, Managing Member or Guarantor are (a) in violation of any applicable law, which violation materially and adversely affects or may materially and adversely affect the business, operations, assets (including the Project), condition (financial or otherwise) or prospects of Borrower, Managing Member or Guarantor, as applicable; (b) subject to, or in default with respect to, any other Legal Requirement that would have a material adverse effect on the business, operations, assets (including the Project), condition (financial or otherwise) or prospects of Borrower, Managing Member or Guarantor, as applicable; or (c) in default with respect to any agreement to which Borrower, Managing Member or Guarantor, as applicable, are a party or by which they are bound, which default would have a material adverse effect on the business, operations, assets (including the Project), condition (financial or otherwise) or prospects of Borrower, Managing Member or Guarantor, as applicable; and (d) there is no Legal Action pending or, to the knowledge of Borrower, threatened against or affecting Borrower, Managing Member or Guarantor questioning the validity or the enforceability of this Borrower Loan Agreement or any of the other Borrower Loan Documents or the Funding Loan Documents or of any of the Related Documents. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

Section 4.1.5 Agreements; Consents; Approvals. Except as contemplated by the Borrower Loan Documents and the Funding Loan Documents, the Borrower is not a party to any agreement or instrument or subject to any restriction that would materially adversely affect the Borrower, the Project, or the Borrower's business, properties, operations or financial condition or business prospects, except the Permitted Encumbrances. To the best of the Borrower's knowledge, the Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Encumbrance or any other material agreement or instrument to which it is a party or by which it or the Project is bound.

No consent or approval of any trustee or holder of any indebtedness of the Borrower, and to the best knowledge of the Borrower and only with respect to the Borrower, no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except no representation is made with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Borrower Loan Documents or the Funding Loan Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

Section 4.1.6 Title. The Borrower shall have marketable title to the Project, free and clear of all Liens except the Permitted Encumbrances. The Security Instrument, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (i) a valid, perfected first priority lien on the fee (or leasehold, if applicable) interest in the Project and (ii) perfected security interests in and to, and perfected collateral assignments of, all personalty included in the Project (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. To the Borrower's knowledge, there are no delinquent real property taxes or assessments, including water and sewer charges, with respect to the Project, nor are there any claims for payment for work, labor or materials affecting the Project which are or may become a Lien prior to, or of equal priority with, the Liens created by the Borrower Loan Documents and the Funding Loan Documents.

Section 4.1.7 Survey. To the best knowledge of the Borrower, the survey for the Project delivered to the Governmental Lender and the Funding Lender does not fail to reflect any material matter affecting the Project or the title thereto.

Section 4.1.8 No Bankruptcy Filing. The Borrower is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property (a "Bankruptcy Proceeding"), and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it. As of the Closing Date, the Borrower has the ability to pay its debts as they become due.

Section 4.1.9 Full and Accurate Disclosure. No statement of fact made by the Borrower in any Borrower Loan Document or any Funding Loan Document contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein in light of the circumstances in which they were made, not misleading. There is no material fact or circumstance presently known to the Borrower that has not been disclosed to the Governmental Lender and the Funding Lender which materially and adversely affects the Project or the business, operations or financial condition or business prospects of the Borrower or the Borrower's ability to meet its obligations under this Borrower Loan Agreement and the other Borrower Loan Documents and Funding Loan Documents to which it is a party in a timely manner.

Section 4.1.10 No Plan Assets. The Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3 101.

Section 4.1.11 Compliance. The Borrower, the Project and the use thereof will comply, to the extent required, in all material respects with all applicable Legal Requirements. The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which would materially adversely affect the financial condition or business prospects or the business of the Borrower. There has not been committed by the Borrower or any Borrower Affiliate involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof or any moneys paid in performance of the Borrower's obligations under any Borrower Loan Document or any Funding Loan Documents.

Section 4.1.12 Contracts. All service, maintenance or repair contracts affecting the Project have been entered into at arm's length (except for such contracts between the Borrower and its affiliates or the affiliates of the Borrower Controlling Entity of the Borrower) in the ordinary course of the Borrower's business and provide for the payment of fees in amounts and upon terms comparable to existing market rates.

Section 4.1.13 Financial Information. All financial data, including any statements of cash flow and income and operating expense, that have been delivered to the Governmental Lender or the Funding Lender in respect of the Project by or on behalf of the Borrower, to the best knowledge of the Borrower, (i) are accurate and complete in all material respects, (ii) accurately represent the financial condition of the Project as of the date of such reports, and (iii) to the extent prepared by an independent certified public accounting firm, have been prepared in accordance with GAAP consistently applied throughout the periods covered, except as disclosed therein. Other than pursuant to or permitted by the Borrower Loan Documents or the Funding Loan Documents or the Borrower organizational documents, the Borrower has no contingent liabilities, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of the Borrower from that set forth in said financial statements.

Section 4.1.14 Condemnation. No Condemnation or other proceeding has been commenced or, to the Borrower's knowledge, is contemplated, threatened or pending with respect to all or part of the Project or for the relocation of roadways providing access to the Project.

Section 4.1.15 Federal Reserve Regulations. No part of the proceeds of the Borrower Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Borrower Loan Document or Funding Loan Document.

Section 4.1.16 Utilities and Public Access. To the best of the Borrower's knowledge, the Project is or will be served by water, sewer, sanitary sewer and storm drain facilities adequate to service it for its intended uses. All public utilities necessary or convenient to the full use and enjoyment of the Project are or will be located in the public right-of-way abutting the Project, and all such utilities are or will be connected so as to serve the Project without passing over other property absent a valid easement. All roads necessary for the use of the Project for its current purpose have been or will be completed and dedicated to public use and accepted by all Governmental Authorities. Except for Permitted Encumbrances, the Project does not share ingress and egress through an easement or private road or share on-site or off-site recreational facilities and amenities that are not located on the Project and under the exclusive control of the Borrower, or where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement under which (i) access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (ii) the number of parties sharing such easement and/or recreational facilities and amenities must be specified, (iii) the Borrower's responsibilities and share of expenses are specified, and (iv) the failure to pay any maintenance fee with respect to an easement will not result in a loss of usage of the easement.

Section 4.1.17 Not a Foreign Person. The Borrower is not a "foreign person" within the meaning of §1445(f)(3) of the Code.

Section 4.1.18 Separate Lots. Each parcel comprising the Land is a separate tax lot and is not a portion of any other tax lot that is not a part of the Land.

Section 4.1.19 Assessments. There are no pending or, to the Borrower's best knowledge, proposed special or other assessments for public improvements or otherwise affecting the Project, or any contemplated improvements to the Project that may result in such special or other assessments.

Section 4.1.20 Enforceability. The Borrower Loan Documents and the Funding Loan Documents are not subject to, and the Borrower has not asserted, any right of rescission, set-off, counterclaim or defense, including the defense of usury.

Section 4.1.21 Insurance. The Borrower has obtained the insurance required by the Security Instrument and has delivered to the Servicer copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth in this Borrower Loan Agreement, if applicable, and the Security Instrument.

Section 4.1.22 Use of Property; Licenses. The Project will be used exclusively as a multifamily residential rental project and other appurtenant and related uses, which use is consistent with the zoning classification for the Project. All certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use or legal, nonconforming use, as applicable, occupancy and operation of the Project (collectively, the "Licenses") required at this time for the construction or rehabilitation, as appropriate, and equipping of the Project have been obtained. To the Borrower's knowledge, all Licenses obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Licenses required for the future use and occupancy of the Project and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course following the Completion Date. To the Borrower's knowledge, no Licenses will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure sale under the Security Instrument or deed in lieu of foreclosure thereunder. The Project does not violate any density or building setback requirements of the applicable zoning law except to the extent, if any, shown on the survey. No proceedings are, to the best of the Borrower's knowledge, pending or threatened that would result in a change of the zoning of the Project.

Section 4.1.23 Flood Zone. [At Closing], no structure within the Mortgaged Property lies or is located in an identifiable or designated Special Flood Hazard Area. [Subsequent to Closing], if the Mortgaged Property is determined to be in a Special Flood Hazard Area, Borrower will obtain appropriate flood insurance as required under the National Flood Insurance Act of 1968, Flood Disaster Protection Act of 1973, or the National Flood Insurance Reform Act of 1994 as amended or as required by the Servicer pursuant to its underwriting guidelines.

Section 4.1.24 Physical Condition. The Project, including all Improvements, parking facilities, systems, fixtures, Equipment and landscaping, are or, after completion of the construction, rehabilitation and/or repairs, as appropriate, will be in good and habitable condition in all material respects and in good order and repair in all material respects (reasonable wear and tear excepted). The Borrower has not received notice from any insurance company or bonding company of any defect or inadequacy in the Project, or any part thereof, which would adversely affect its insurability or cause the imposition of extraordinary premiums or charges thereon or any termination of any policy of insurance or bond. The physical configuration of the Project is not in material violation of the ADA, if required under applicable law.

Section 4.1.25 Encroachments. All of the Improvements included in determining the appraised value of the Project will lie wholly within the boundaries and building restriction lines of the Project, and no improvement on an adjoining property encroaches upon the Project, and no easement or other encumbrance upon the Project encroaches upon any of the Improvements, so as to affect the value or marketability of the Project, except those insured against by the Title Insurance Policy or disclosed in the survey of the Project as approved by the Servicer.

Section 4.1.26 State Law Requirements. The Borrower hereby represents, covenants and agrees to comply with the provisions of all applicable state laws relating to the Borrower Loan, the Funding Loan and the Project.

Section 4.1.27 Filing and Recording Taxes. All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Project to the Borrower have been paid or will be paid on the Closing Date. All mortgage, mortgage recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Borrower Loan Documents and the Funding Loan Documents have been or will be paid.

Section 4.1.28 Investment Company Act. The Borrower is not (i) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; or (ii) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 4.1.29 Fraudulent Transfer. The Borrower has not accepted the Borrower Loan or entered into any Borrower Loan Document or Funding Loan Document with the actual intent to hinder, delay or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Borrower Loan Documents and the Funding Loan Documents. Giving effect to the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, the fair saleable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents, exceed the Borrower's total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower's assets is and will, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents, be greater than the Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower's assets do not and, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

Section 4.1.30 Ownership of the Borrower. Except as set forth in the Operating Agreement of the Borrower, the Borrower has no obligation to any Person to purchase, repurchase or issue any ownership interest in the Borrower.

Section 4.1.31 Environmental Matters. To the best of Borrower's knowledge, except as may be disclosed in the environmental reports reflected on the exhibit to the Agreement of Environmental Indemnification between Borrower and Funding Lender, the Project is not in violation of any Legal Requirement pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or clean-up, and will comply with covenants and requirements relating to environmental hazards as set forth in the Security Instrument. The Borrower will execute and deliver the Agreement of Environmental Indemnification on the Closing Date.

Section 4.1.32 Name; Principal Place of Business. Unless prior Written Notice is given to the Funding Lender, the Borrower does not use and will not use any trade name, and has not done and will not do business under any name other than its actual name set forth herein. The principal place of business of the Borrower is its primary address for notices as set forth in Section 10.1 hereof, and the Borrower has no other place of business, other than the Project and such principal place of business.

Section 4.1.33 Subordinated Debt. There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than Permitted Encumbrances and the permitted indebtedness described in Section 6.7 hereof, except an unsecured deferred developer fee not to exceed the amount permitted by Funding Lender as determined on the Closing Date and unsecured, subordinate partner loans to the Borrower permitted or required under the terms of the Operating Agreement.

Section 4.1.34 Filing of Taxes. The Borrower has filed (or has obtained effective extensions for filing) all federal, state and local tax returns required to be filed and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments, if any, payable by the Borrower.

Section 4.1.35 General Tax. All representations, warranties and certifications of the Borrower set forth in the Regulatory Agreement and the Tax Certificates are incorporated by reference herein and the Borrower will comply with such as if set forth herein.

Section 4.1.36 Approval of the Borrower Loan Documents and Funding Loan Documents. By its execution and delivery of this Borrower Loan Agreement, the Borrower approves the form and substance of the Borrower Loan Documents and the Funding Loan Documents, and agrees to carry out the responsibilities and duties specified in the Borrower Loan Documents and the Funding Loan Documents to be carried out by the Borrower. The Borrower acknowledges that (a) it understands the nature and structure of the transactions relating to the financing of the Project, (b) it is familiar with the provisions of all of the Borrower Loan Documents and the Funding Loan Documents and other documents and instruments relating to the financing, (c) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (d) it has not relied on the Governmental Lender, the Funding Lender or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents or otherwise relied on the Governmental Lender, the Funding Lender or the Servicer in any manner.

Section 4.1.37 Funding Loan Agreement. The Borrower has read and accepts and agrees that it is bound by the Funding Loan Agreement and the Funding Loan Documents.

Section 4.1.38 Americans with Disabilities Act. The Project, as designed, will conform in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, including, but not limited to, the Americans with Disabilities Act of 1990 ("ADA"), to the extent required (as evidenced by an architect's certificate to such effect).

Section 4.1.39 Requirements of Act, Code and Regulations. The Project satisfies all requirements of the Act, the Code and the Regulations applicable to the Project.

Section 4.1.40 Regulatory Agreement. The Project is, as of the date of origination of the Funding Loan, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable; and the Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code and the Regulations, and pursuant to leases which comply with all applicable laws.

Section 4.1.41 Intention to Hold Project. The Borrower intends to hold the Project for its own account and has no current plans, and has not entered into any agreement, to sell the Project or any part of it (except for the rights granted in the Operating Agreement); and the Borrower intends to occupy the Project or cause the Project to be occupied and to operate it or cause it to be operated at all times during the term of this Borrower Loan Agreement in compliance with the terms of this Borrower Loan Agreement and the Regulatory Agreement and does not know of any reason why the Project will not be so used by it in the absence of circumstances not now anticipated by it or totally beyond its control.

Section 4.1.42 Concerning Managing Member.

(a) The Managing Member is a limited liability company duly organized and validly existing under the laws of the State of Illinois. The Managing Member has all requisite power and authority, rights and franchises to enter into and perform its obligations under the Borrower Loan Documents and the Funding Loan Documents to be executed by the Managing Member for its own account and on behalf of Borrower, as managing member of Borrower, under this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents.

(b) Managing Member has made all filings (including, without limitation, all required filings related to the use of fictitious business names) and is in good standing in the State and in each other jurisdiction in which the character of the property it owns or the nature of the business it transacts makes such filings necessary or where the failure to make such filings could have a material adverse effect on the business, operations, assets, condition (financial or otherwise) or prospects of Managing Member.

(c) Managing Member is duly authorized to do business in the State.

(d) The execution, delivery and performance by Borrower of the Borrower Loan Documents and the Funding Loan Documents have been duly authorized by all necessary action of Managing Member on behalf of Borrower, and by all necessary action on behalf of Managing Member.

(e) The execution, delivery and performance by Managing Member, on behalf of Borrower, of the Borrower Loan Documents and the Funding Loan Documents will not violate (i) Managing Member's organizational documents; (ii) any other Legal Requirement affecting Managing Member or any of its properties; or (iii) any agreement to which Managing Member is bound or to which it is a party; and will not result in or require the creation (except as provided in or contemplated by this Borrower Loan Agreement) of any Lien upon any of such properties, any of the Collateral or any of the property or funds pledged or delivered to Funding Lender pursuant to the Security Documents.

Section 4.1.43 Government and Private Approvals. All governmental or regulatory orders, consents, permits, authorizations and approvals required for the construction, rehabilitation, use, occupancy and operation of the Improvements, that may be granted or denied in the discretion of any Governmental Authority, have been obtained and are in full force and effect (or, in the case of any of the foregoing that Borrower is not required to have as of the Closing Date, will be obtained), and will be maintained in full force and effect at all times during the construction or rehabilitation of the Improvements. All such orders, consents, permits, authorizations and approvals that may not be denied in the discretion of any Governmental Authority shall be obtained prior to the commencement of any work for which such orders, consents, permits, authorizations or approvals are required, and, once obtained, such orders, consents, permits, authorizations and approvals will be maintained in full force and effect at all times during the construction or rehabilitation of the Improvements. Except as set forth in the preceding two sentences, no additional governmental or regulatory actions, filings or registrations with respect to the Improvements, and no approvals, authorizations or consents of any trustee or holder of any indebtedness or obligation of Borrower, are required for the due execution, delivery and performance by Borrower or Managing Member of any of the Borrower Loan Documents or the Funding Loan Documents or the Related Documents executed by Borrower or Managing Member, as applicable. All required zoning approvals have been obtained, and the zoning of the Land for the Project is not conditional upon the happening of any further event.

Section 4.1.44 Concerning Guarantor. The Borrower Loan Documents and the Funding Loan Documents to which the Guarantor is a party or a signatory executed simultaneously with this Borrower Loan Agreement have been duly executed and delivered by Guarantor and are legally valid and binding obligations of Guarantor, enforceable against Guarantor in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

Section 4.1.45 No Material Defaults. Except as previously disclosed to Funding Lender in writing, there exists no material violation of or material default by Borrower under, and, to the best knowledge of Borrower, no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default with respect to: (i) the terms of any instrument evidencing, securing or guaranteeing any indebtedness secured by the Project or any portion or interest thereof or therein; (ii) any lease or other agreement affecting the Project or to which Borrower is a party; (iii) any license, permit, statute, ordinance, law, judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority, or any determination or award of any arbitrator to which Borrower or the Project may be bound; or (iv) any mortgage, instrument, agreement or document by which Borrower or any of its respective properties is bound; in the case of any of the foregoing: (1) which involves any Borrower Loan Document or Funding Loan Document; (2) which involves the Project and is not adequately covered by insurance; (3) that might materially and adversely affect the ability of Borrower, Managing Member or Guarantor or to perform any of its respective obligations under any of the Borrower Loan Documents or the Funding Loan Documents or any other material instrument, agreement or document to which it is a party; or (4) which might adversely affect the priority of the Liens created by this Borrower Loan Agreement or any of the Borrower Loan Documents or the Funding Loan Documents.

Section 4.1.46 Payment of Taxes. Except as previously disclosed to Funding Lender in writing: (i) all tax returns and reports of Borrower, Managing Member and Guarantor required to be filed have been timely filed, and all taxes, assessments, fees and other governmental charges upon Borrower, Managing Member and Guarantor, and upon their respective properties, assets, income and franchises, which are due and payable have been paid when due and payable; and (ii) Borrower knows of no proposed tax assessment against it or against Managing Member or Guarantor that would be material to the condition (financial or otherwise) of Borrower, Managing Member or Guarantor, and neither Borrower nor Managing Member have contracted with any Governmental Authority in connection with such taxes.

Section 4.1.47 Rights to Project Agreements and Licenses. Borrower is the legal and beneficial owner of all rights in and to the Plans and Specifications and all existing Project Agreements and Licenses, and will be the legal and beneficial owner of all rights in and to all future Project Agreements and Licenses. Borrower's interest in the Plans and Specifications and all Project Agreements and Licenses is not subject to any present claim (other than under the Borrower Loan Documents and the Funding Loan Documents or as otherwise approved by Funding Lender in its sole discretion), set-off or deduction other than in the ordinary course of business.

Section 4.1.48 Patriot Act Compliance. Borrower is not now, nor has ever been (i) listed on any Government Lists (as defined below), (ii) a person who has been determined by a Governmental Authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, (iii) indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any Patriot Act Offense, or (iv) under investigation by any Governmental Authority for alleged criminal activity. For purposes hereof, the term "Patriot Act Offense" shall mean any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) Bank Representative Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. "Patriot Act Offense" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense. For purposes hereof, the term "Government Lists" shall mean (1) the Specially Designated Nationals and Blocked Persons Lists maintained by the Office of Foreign Assets Control ("OFAC"), (2) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Funding Lender notified Borrower in writing is now included in "Government Lists", or (3) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other Governmental Authority or pursuant to any Executive Order of the President of the United States of America that Funding Lender notified Borrower in writing is now included in "Government Lists".

Section 4.1.49 Rent Schedule. Borrower has prepared a prospective Unit absorption and rent collection schedule with respect to the Project substantially in the form attached as an exhibit to the Construction Funding Agreement, which schedule takes into account, among other relevant factors (i) a schedule of minimum monthly rentals for the Units, and (ii) any and all concessions including free rent periods, and on the basis of such schedule, Borrower believes it will collect rents with respect to the Project in amounts greater than or equal to debt service on the Series A Borrower Note.

Section 4.1.50 Other Documents. Each of the representations and warranties of Borrower or Managing Member contained in any of the other Borrower Loan Documents or the Funding Loan Documents or Related Documents is true and correct in all material respects (or, in the case of representations or warranties contained in any of the other Borrower Loan Documents or Funding Loan Documents or Related Documents that speak as of a particular date, were true and correct in all material respects as of such date). All of such representations and warranties are incorporated herein for the benefit of Funding Lender.

Section 4.1.51 Subordinate Loan Documents. The Subordinate Loan Documents are in full force and effect and the Borrower has paid all commitment fees and other amounts due and payable to the Subordinate Lender(s) thereunder. There exists no material violation of or material default by the Borrower under, and no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default under the Subordinate Loan Documents.

Section 4.1.52 Representations under Act. The Borrower makes the following representations to the Governmental Lender relating to qualifications for financing of the Project under the Act:

(a) The rehabilitation of the Project to be financed with proceeds of the Bonds includes the improvement of an existing multifamily housing development to improve the basic livability of the housing or to restore it to a decent, safe, and sanitary condition. The improvements do not include the construction or improvement of any recreational facilities, routine or minor repairs or maintenance, or cosmetic improvements unless coupled with the cure of substantial accumulation of deferred maintenance or other permitted improvements.

(b) The cost of rehabilitation is estimated to equal at least $1,000 per dwelling unit or 20% of the appraised value of the original building and site, whichever is less.

(c) The Project is designed for rental primarily to elderly or disabled persons, and accordingly the affordability limitations and conditions set forth in subdivision 2 of Section 462-C.05 are not applicable. Notwithstanding the foregoing, the Project meets such affordability limitations and conditions.

In addition, the Project is designed for rental primarily to elderly or disabled persons for purposes of Minnesota Statutes, Section 462C.05, subdivision 5.

Section 4.2. Survival of Representations and Covenants. All of the representations and warranties in Section 4.1 hereof and elsewhere in the Borrower Loan Documents (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing and (ii) shall be deemed to have been relied upon by the Governmental Lender and the Servicer notwithstanding any investigation heretofore or hereafter made by the Governmental Lender or the Servicer or on its or their behalf, provided, however, that the representations, warranties and covenants set forth in Section 4.1.31 hereof shall survive in perpetuity and shall not be subject to the exculpation provisions of Section 11.1 hereof.

ARTICLE V

AFFIRMATIVE COVENANTS

During the term of this Borrower Loan Agreement, the Borrower hereby covenants and agrees with the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer that:

Section 5.1. Existence. The Borrower shall (i) do or cause to be done all things commercially reasonably necessary to preserve, renew and keep in full force and effect its existence and its material rights, and franchises, (ii) continue to engage in the business presently conducted by it, (iii) obtain and maintain all material Licenses, and (iv) qualify to do business and remain in good standing under the laws of the State.

Section 5.2. Taxes and Other Charges. The Borrower shall pay all Taxes and Other Charges as the same become due and payable and prior to their becoming delinquent in accordance with the Security Instrument, except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Security Instrument.

The Borrower covenants to pay all Taxes and Other Charges of any type or character charged to the Funding Lender affecting the amount available to the Funding Lender from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including Taxes and Other Charges assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Funding Lender and taxes based upon or measured by the net income of the Funding Lender; provided, however, that the Borrower shall have the right to protest any such Taxes or Other Charges and to require the Funding Lender, at the Borrower's expense, to protest and contest any such Taxes or Other Charges levied upon them and that the Borrower shall have the right to withhold payment of any such Taxes or Other Charges pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Funding Lender. This obligation shall remain valid and in effect notwithstanding repayment of the Borrower Loan hereunder or termination of this Borrower Loan Agreement.

Section 5.3. Repairs; Maintenance and Compliance; Physical Condition. The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear excepted) as set forth in the Security Instrument and shall not remove, demolish or materially alter the Improvements or Equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business), except as provided in the Security Instrument.

Section 5.4. Litigation. The Borrower shall give prompt Written Notice to the Governmental Lender, the Funding Lender and the Servicer of any litigation, governmental proceedings or claims or investigations regarding an alleged actual violation of a Legal Requirement pending or, to the Borrower's knowledge, threatened against the Borrower which might materially adversely affect the Borrower's condition (financial or otherwise) or business or the Project.

Section 5.5. Performance of Other Agreements. The Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any agreement or instrument affecting or pertaining to the Project.

Section 5.6. Notices. The Borrower shall promptly advise the Governmental Lender, the Funding Lender and the Servicer of (i) any Material Adverse Change in the Borrower's financial condition, assets, properties or operations other than general changes in the real estate market, (ii) any fact or circumstance affecting the Borrower or the Project that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any of the other Borrower Loan Document to which it is a party in a timely manner, or (iii) the occurrence of any Potential Default or Event of Default of which the Borrower has knowledge. If the Borrower becomes subject to federal or state securities law filing requirements, the Borrower shall cause to be delivered to the Governmental Lender, the Funding Lender and the Servicer any Securities and Exchange Commission or other public filings, if any, of the Borrower within two (2) Business Days of such filing.

Section 5.7. Cooperate in Legal Proceedings. The Borrower shall cooperate fully with the Governmental Lender, the Funding Lender and the Servicer with respect to, and permit the Governmental Lender, the Funding Lender and the Servicer at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of the Governmental Lender, the Funding Lender and/or the Servicer under any Borrower Loan Document or Funding Loan Document.

Section 5.8. Further Assurances. The Borrower shall, at the Borrower's sole cost and expense (except as provided in Section 9.1 hereof), (i) furnish to the Servicer and the Funding Lender all instruments, documents, boundary surveys, footing or foundation surveys (to the extent that Borrower's construction or renovation of the Project alters any existing building foundations or footprints), certificates, plans and specifications, appraisals, title and other insurance reports and agreements relating to the Project, reasonably requested by the Servicer or the Funding Lender for the better and more efficient carrying out of the intents and purposes of the Borrower Loan Documents and the Funding Loan Documents; (ii) execute and deliver to the Servicer and the Funding Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Borrower Loan, as the Servicer and the Funding Lender may reasonably require from time to time; (iii) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Borrower Loan Documents and the Funding Loan Documents, as the Servicer or the Funding Lender shall reasonably require from time to time; provided, however, with respect to clauses (i)-(iii) above, the Borrower shall not be required to do anything that has the effect of (A) changing the essential economic terms of the Borrower Loan or (B) imposing upon the Borrower greater personal liability under the Borrower Loan Documents and the Funding Loan Documents; and (iv) upon the Servicer's or the Funding Lender's request therefor given from time to time after the occurrence of any Potential Default or Event of Default for so long as such Potential Default or Event of Default, as applicable, is continuing pay for (a) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower and (b) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer or the Funding Lender in each of the locations reasonably designated by the Servicer or the Funding Lender.

Section 5.9. Delivery of Financial Information. After written notice to the Borrower of a Secondary Market Disclosure Document, the Borrower shall, concurrently with any delivery to the Funding Lender or the Servicer of the Provided Information, deliver copies of all financial information required under Article IX.

Section 5.10. Environmental Matters. So long as the Borrower owns or is in possession of the Project, the Borrower shall (a) keep the Project in compliance with all Hazardous Materials Laws (as defined in the Security Instrument), (b) promptly notify the Funding Lender and the Servicer if the Borrower shall become aware that any Hazardous Materials (as defined in the Security Instrument) are on or near the Project in violation of Hazardous Materials Laws, and (c) commence and thereafter diligently prosecute to completion all remedial work necessary with respect to the Project required under any Hazardous Material

Laws, in each case as set forth in the Security Instrument or the Agreement of Environmental Indemnification.

Section 5.11. Governmental Lender's, Fiscal Agent's and Funding Lender's Fees. The Borrower covenants to pay the reasonable fees and expenses of the Governmental Lender (including any Ongoing Governmental Lender Fee), the Fiscal Agent (including the Fiscal Agent Fees) and the Funding Lender or any agents, attorneys, accountants, consultants selected by the Governmental Lender, the Fiscal Agent or the Funding Lender to act on its respective behalf in connection with this Borrower Loan Agreement and the other Borrower Loan Documents, the Regulatory Agreement and the Funding Loan Documents and any and all reasonable expenses incurred in connection with the making of the Borrower Loan or in connection with any litigation which may at any time be instituted involving the Borrower Loan, this Borrower Loan Agreement, the other Borrower Loan Documents, the Regulatory Agreement and the Funding Loan Documents or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing. This obligation shall remain valid and in effect notwithstanding repayment of the Borrower Loan hereunder or termination of this Borrower Loan Agreement.

Section 5.12. Estoppel Statement. The Borrower shall furnish to the Funding Lender or the Servicer for the benefit of the Funding Lender or the Servicer within ten (10) days after request by the Funding Lender and the Servicer, with a statement, duly acknowledged and certified, setting forth, as applicable, with respect to each Borrower Note, (i) the unpaid principal of the Borrower Note, (ii) the applicable Interest Rate, (iii) the date installments of interest and/or principal were last paid, (iv) any offsets or defenses to the payment of the Borrower Payment Obligations, and (v) that the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars of such modification, and no Event of Default exists thereunder or specify any Event of Default that does exist thereunder. The Borrower shall use commercially reasonable efforts to furnish to the Funding Lender or the Servicer, within 30 days of a request by the Funding Lender or Servicer, tenant estoppel certificates from each commercial tenant, if any, at the Project in form and substance reasonably satisfactory to the Funding Lender and the Servicer; provided that the Funding Lender and the Servicer shall not make such requests more frequently than twice in any year.

Section 5.13. Defense of Actions. The Borrower shall appear in and defend any action or proceeding purporting to affect the security for this Borrower Loan Agreement hereunder or under the Borrower Loan Documents and the Funding Loan Documents, and shall pay, in the manner required by Section 2.4 hereof, all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which Funding Lender may appear. If the Borrower fails to perform any of the covenants or agreements contained in this Borrower Loan Agreement or any other Borrower Loan Document, or if any action or proceeding is commenced that is not diligently defended by the Borrower which affects the Funding Lender's interest in the Project or any part thereof, including eminent domain, code enforcement or proceedings of any nature whatsoever under any Federal or state law, whether now existing or hereafter enacted or amended, then the Funding Lender may make such appearances, disburse such sums and take such action as the Funding Lender deems necessary or appropriate to protect its interests. Such actions include disbursement of attorneys' fees, entry upon the Project to make repairs or take other action to protect the security of the Project, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of Funding Lender appears to be prior or superior to the Borrower Loan Documents or the Funding Loan Documents. The Funding Lender shall have no obligation to do any of the above. The Funding Lender may take any such action without notice to or demand upon the Borrower. No such action shall release the Borrower from any obligation under this Borrower Loan Agreement or any of the other Borrower Loan Documents or Funding Loan Documents. In the event (i) that the Security Instrument is foreclosed in whole or in part or that any Borrower Loan Document is put into the hands of an attorney for collection, suit, action or foreclosure, or (ii) of the foreclosure of any mortgage, deed of trust or deed to secure debt prior to or subsequent to the Security Instrument or any Borrower Loan Document in which proceeding the Funding Lender is made a party or (iii) of the bankruptcy of the Borrower or an assignment by the Borrower for the benefit of its creditors, the Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including actual attorneys' fees in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, which shall be due and payable together with all required service or use taxes.

Section 5.14. Expenses. The Borrower shall pay all reasonable expenses incurred by the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer (except as provided in Section 9.1 hereof) in connection with the Borrower Loan and the Funding Loan, including reasonable fees and expenses of the Governmental Lender's, the Fiscal Agent's, the Funding Lender's and the Servicer's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of Borrower Loan Documents and the Funding Loan Documents. The Borrower shall pay or cause to be paid all expenses of the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer (except as provided in Section 9.1 hereof) in connection with the issuance or administration of the Borrower Loan and the Funding Loan, including audit costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrower shall, upon request, promptly reimburse the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer for all reasonable amounts expended, advanced or incurred by the Governmental Lender, the Funding Lender and the Servicer to collect the Borrower Notes, or to enforce the rights of the Governmental Lender, the Funding Lender and the Servicer under this Borrower Loan Agreement or any other Borrower Loan Document, or to defend or assert the rights and claims of the Governmental Lender, the Funding Lender and the Servicer under the Borrower Loan Documents and the Funding Loan Documents arising out of an Event of Default or with respect to the Project (by litigation or other proceedings) arising out of an Event of Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be reasonably incurred by the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the Date of Disbursement until the date of reimbursement to the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer, all of which shall constitute part of the Borrower Loan and the Funding Loan and shall be secured by the Borrower Loan Documents and the Funding Loan Documents. The obligations and liabilities of the Borrower under this Section 5.14 shall survive the Term of this Borrower Loan Agreement and the exercise by the Governmental Lender, the Fiscal Agent, the Funding Lender or the Servicer, as the case may be, of any of its rights or remedies under the Borrower Loan Documents and the Funding Loan Documents, including the acquisition of the Project by foreclosure or a conveyance in lieu of foreclosure. Notwithstanding the foregoing, the Borrower shall not be obligated to pay amounts incurred as a result of the gross negligence or willful misconduct of any other party, and any obligations of the Borrower to pay for environmental inspections or audits will be governed by Section 18(i) of the Security Instrument.

Section 5.15. Indemnity. In addition to its other obligations hereunder, and in addition to any and all rights of reimbursement, indemnification, subrogation and other rights of the Governmental Lender, the Fiscal Agent or the Funding Lender pursuant hereto and under law or equity, to the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Governmental Lender, the Fiscal Agent, the Funding Lender, the Servicer, the Beneficiary Parties, Citigroup, Inc. and each of their respective officers, directors, employees, attorneys and agents (each an "Indemnified Party"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) (hereinafter, the "Liabilities") to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(a) The Borrower Loan Documents and the Funding Loan Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the sale, transfer or resale of the Borrower Loan or the Funding Loan, except with respect to any Secondary Market Disclosure Document (other than any Borrower's obligations under Article IX);

(b) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Borrower Loan, the Funding Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction, installation or rehabilitation of, the Project or any part thereof;

(c) Any lien (other than a Permitted Encumbrance) or charge upon payments by the Borrower to the Governmental Lender or the Funding Lender hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and Other Charges imposed on the Governmental Lender or the Funding Lender in respect of any portion of the Project;

(d) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof during the period in which the Borrower is in possession or control of the Project;

(e) The enforcement of, or any action taken by the Governmental Lender or the Funding Lender related to remedies under, this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents;

(f) [Reserved];

(g) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower made in the course of Borrower applying for the Borrower Loan or the Funding Loan or contained in any of the Borrower Loan Documents or Funding Loan Documents to which the Borrower is a party;

(h) Any Determination of Taxability;

(i) Any breach (or alleged breach) by Borrower of any representation, warranty or covenant made in or pursuant to this Borrower Loan Agreement or in connection with any written or oral representation, presentation, report, appraisal or other information given or delivered by Borrower, Managing Member, Guarantor or Borrower Affiliates to Governmental Lender, the Funding Lender, Servicer or any other Person in connection with Borrower's application for the Borrower Loan and the Funding Loan (including, without limitation, any breach or alleged breach by Borrower of any agreement with respect to the provision of any substitute credit enhancement);

(j) any failure (or alleged failure) by Borrower, the Funding Lender or Governmental Lender to comply with applicable federal and state laws and regulations pertaining to the making of the Borrower Loan and the Funding Loan;

(k) the Project, or the condition, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation, construction or rehabilitation of, the Project or any part thereof; or

(l) the use of the proceeds of the Borrower Loan and the Funding Loan,

except in the case of the foregoing indemnification of the Governmental Lender, the Funding Lender or the Servicer or any related Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party. Notwithstanding anything herein to the contrary, the Borrower's indemnification obligations to the parties specified in Section 9.1.4 hereof with respect to any securitization or Secondary Market Transaction described in Article IX hereof shall be limited to the indemnity set forth in Section 9.1.4 hereof. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Borrower Loan Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 5.15 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Governmental Lender and the Funding Lender have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The rights of any persons to indemnity hereunder shall survive the final payment or defeasance of the Borrower Loan and the Funding Loan and in the case of the Servicer, any resignation or removal. The provisions of this Section 5.15 shall survive the termination of this Borrower Loan Agreement.

Section 5.16. No Warranty of Condition or Suitability by the Governmental Lender or Funding Lender. Neither the Governmental Lender nor the Funding Lender makes any warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Borrower's purposes or needs.

Section 5.17. Right of Access to the Project. The Borrower agrees that the Governmental Lender, the Funding Lender, the Servicer and the Construction Consultant, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but no obligation at all reasonable times during business hours and upon reasonable prior written notice and subject to the rights of residential tenants, to enter onto the Land (a) to examine, test and inspect the Project without material interference or prejudice to the Borrower's operations and (b) to perform such work in and about the Project made necessary by reason of the Borrower's default under any of the provisions of this Borrower Loan Agreement. The Governmental Lender, the Funding Lender, the Servicer, and their duly authorized agents, attorneys, accountants and representatives shall also be permitted, without any obligation to do so, at all reasonable times and upon reasonable prior written notice during business hours, to examine the books and records of the Borrower with respect to the Project.

Section 5.18. Notice of Default. The Borrower will provide the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer as soon as possible, and in any event not later than five (5)

Business Days after the occurrence of any Event of Default with a statement of an Authorized Borrower Representative describing the details of such Event of Default and any curative action Borrower proposes to take.

Section 5.19. Covenant with Governmental Lender and Funding Lender. The Borrower agrees that this Borrower Loan Agreement is executed and delivered in part to induce the purchase by others of the Governmental Lender Notes and, accordingly, all covenants and agreements of the Borrower contained in this Borrower Loan Agreement are hereby declared to be for the benefit of the Governmental Lender, the Funding Lender and any lawful owner, holder or pledgee of the Borrower Notes or the Governmental Lender Notes from time to time.

Section 5.20. Obligation of the Borrower to Construct or Rehabilitate the Project. The Borrower shall proceed with reasonable dispatch to construct or rehabilitate, as appropriate, and equip the Project. If the proceeds of the Borrower Loan, together with the Other Borrower Moneys, available to be disbursed to the Borrower are not sufficient to pay the costs of such construction or rehabilitation, as appropriate, and equipping, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Funding Lender or the Servicer in respect of any such costs or to any diminution or abatement in the repayment of the Borrower Loan. The Governmental Lender and the Funding Lender shall not be liable to the Borrower or any other person if for any reason the Project is not completed or if the proceeds of the Borrower Loan are insufficient to pay all costs of the Project. The Governmental Lender and the Funding Lender do not make any representation or warranty, either express or implied, that moneys, if any, which will be made available to the Borrower will be sufficient to complete the Project, and the Governmental Lender and the Funding Lender shall not be liable to the Borrower or any other person if for any reason the Project is not completed.

Section 5.21. Maintenance of Insurance. Borrower will maintain the insurance required by the Security Instrument.

Section 5.22. Information; Statements and Reports. Borrower shall furnish or cause to be furnished to Funding Lender:

(a) Financial Statements; Rent Rolls. In the manner and to the extent required under the Security Instrument, such financial statements, expenses statements, rent rolls, reports and other financial documents and information as required by the Security Instrument and the other Borrower Loan Documents and Funding Loan Documents, in the form and within the time periods required therein;

(b) Managing Member. As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of Managing Member, copies of the financial statements of Managing Member as of such date, prepared in substantially the form previously delivered to the Governmental Lender and Funding Lender and in a manner consistent therewith, or in such form (which may include a form prepared in accordance with GAAP) as Funding Lender may reasonably request;

(c) Leasing Reports. Prior to the Conversion Date, on a monthly basis (and in any event within fifteen (15) days after the end of each Calendar Month), a report of all efforts made by Borrower, if any, to lease all or any portion of the Project during such Calendar Month and on a cumulative basis since Project inception, which report shall be prepared and delivered by Borrower, shall be in form and substance satisfactory to Funding Lender, and shall, if requested by Funding Lender, be supported by copies of letters of intent, leases or occupancy agreements, as applicable;

(d) Audit Reports. Promptly upon receipt thereof, copies of all reports, if any, submitted to Borrower by independent public accountants in connection with each annual, interim or special audit of the financial statements of Borrower made by such accountants, including the comment letter submitted by such accountants to management in connection with their annual audit;

(e) Notices; Certificates or Communications. Immediately upon giving or receipt thereof, copies of any notices, certificates or other communications delivered at the Project or to Borrower or Managing Member naming Governmental Lender or Funding Lender as addressee or which could reasonably be deemed to affect the structural integrity of the Project or the ability of Borrower to perform its obligations under the Borrower Loan Documents and the Funding Loan Documents;

(f) Certification of Non-Foreign Status. Promptly upon request of Funding Lender from time to time, a Certification of Non-Foreign Status, executed on or after the date of such request by Funding Lender;

(g) Compliance Certificates. Together with each of the documents required pursuant to Section 5.22(a) hereof submitted by or on behalf of Borrower, a statement, in form and substance satisfactory to Funding Lender and certified by an Authorized Borrower Representative, to the effect that Borrower is in compliance with all covenants, terms and conditions applicable to Borrower, under or pursuant to the Borrower Loan Documents and the Funding Loan Documents and under or pursuant to any other Debt owing by Borrower to any Person, and disclosing any noncompliance therewith, and any Event of Default or Potential Default, and describing the status of Borrower's actions to correct such noncompliance, Event of Default or Potential Default, as applicable; and

(h) Other Items and Information. Such other information concerning the assets, business, financial condition, operations, property, prospects and results of operations of Borrower, Managing Member, Guarantor or the Project, as Funding Lender or Governmental Lender reasonably requests from time to time.

Section 5.23. Additional Notices. Borrower will, promptly after becoming aware thereof, give notice to Funding Lender and the Governmental Lender of:

(a) any Lien affecting the Project, or any part thereof, other than Liens expressly permitted under this Borrower Loan Agreement;

(b) any Legal Action which is instituted by or against Borrower, Managing Member or Guarantor, or any Legal Action which is threatened against Borrower, Managing Member or Guarantor which, in any case, if adversely determined, could have a material adverse effect upon the business, operations, properties, prospects, assets, management, ownership or condition (financial or otherwise) of Borrower, Managing Member, Guarantor or the Project;

(c) any Legal Action which constitutes an Event of Default or a Potential Default or a default under any other Contractual Obligation to which Borrower, Managing Member or Guarantor is a party or by or to which Borrower, Managing Member or Guarantor, or any of their respective properties or assets, may be bound or subject, which default would have a material adverse effect on the business, operations, assets (including the Project), condition (financial or otherwise) or prospects of Borrower, Managing Member or Guarantor, as applicable;

(d) any default, alleged default or potential default on the part of Borrower under any of the CC&R's (together with a copy of each notice of default, alleged default or potential default received from any other party thereto);

(e) any notice of default, alleged default or potential default on the part of Borrower received from any tenant or occupant of the Project under or relating to its lease or occupancy agreement (together with a copy of any such notice), if, in the aggregate, notices from at least fifteen percent (15%) of the tenants at the Project have been received by Borrower with respect to, or alleging, the same default, alleged default or potential default;

(f) any change or contemplated change in (i) the location of Borrower's or Managing Member's executive headquarters or principal place of business; (ii) the legal, trade, or fictitious business names used by Borrower or Managing Member; or (iii) the nature of the trade or business of Borrower; and

(g) any default, alleged default or potential default on the part of any general or limited partner (including, without limitation, Managing Member and the Equity Investor) under the Operating Agreement.

Section 5.24. Compliance with Other Agreements; Legal Requirements.

(a) Borrower shall timely perform and comply with, and shall cause Managing Member to timely perform and comply with the covenants, agreements, obligations and restrictions imposed on them under the Operating Agreement, and Borrower shall not do or permit to be done anything to impair any such party's rights or interests under any of the foregoing.

(b) Borrower will comply and, to the extent it is able, will require others to comply with, all Legal Requirements of all Governmental Authorities having jurisdiction over the Project or construction and/or rehabilitation of the Improvements, and will furnish Funding Lender with reports of any official searches for or notices of violation of any requirements established by such Governmental Authorities. Borrower will comply and, to the extent it is able, will require others to comply, with applicable CC&R's and all restrictive covenants and all obligations created by private contracts and leases which affect ownership, construction, rehabilitation, equipping, fixturing, use or operation of the Project, and all other agreements requiring a certain percentage of the Units to be rented to persons of low or moderate income. The Improvements, when completed, shall comply with all applicable building, zoning and other Legal Requirements, and will not violate any restrictions of record against the Project or the terms of any other lease of all or any portion of the Project. Funding Lender shall at all times have the right to audit, at Borrower's expense, Borrower's compliance with any agreement requiring a certain percentage of the Units to be rented to persons of low or moderate income, and Borrower shall supply all such information with respect thereto as Funding Lender may request and otherwise cooperate with Funding Lender in any such audit; provided, however, the prior to the occurrence of an Event of Default, Borrower shall have no obligation to bear the expense of more than one (1) audit every 3 years. Without limiting the generality of the foregoing, Borrower shall properly obtain, comply with and keep in effect (and promptly deliver copies to Funding Lender of) all permits, licenses and approvals which are required to be obtained from Governmental Authorities in order to construct, occupy, operate, market and lease the Project.

Section 5.25. Completion and Maintenance of Project. Borrower shall cause the construction or rehabilitation, as the case may be, of the Improvements, to be prosecuted with diligence and continuity and completed substantially in accordance with the Plans and Specifications, and in accordance with the Construction Funding Agreement, free and clear of any liens or claims for liens (but without prejudice to Borrower's rights of contest under Section 10.16 hereof) ("Completion") on or before the Completion Date. Borrower shall thereafter maintain the Project as a residential apartment complex in good order and condition, ordinary wear and tear excepted. A maintenance program shall be in place at all times to assure the continuation of first class maintenance.

Section 5.26. Fixtures. Borrower shall deliver to Funding Lender, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which Borrower or any other Person claims title to any materials, fixtures or articles incorporated into the Improvements.

Section 5.27. Income from Project. Borrower shall first apply all Gross Income to Expenses of the Project, including all amounts then required to be paid under the Borrower Loan Documents and the Funding Loan Documents and the funding of all sums necessary to meet the Replacement Reserve Fund Requirement, before using or applying such Gross Income for any other purpose. Prior to the Conversion Date, Borrower shall not make or permit any distributions or other payments of Net Operating Income to its partners, shareholders or members, as applicable, in each case, without the prior Written Consent of Funding Lender; provided that, prior to the Conversion Date, Borrower may pay the Investor Services Fee (as defined in the Operating Agreement) payable to the Equity Investor from Net Operating Income in accordance with the Operating Agreement.

Section 5.28. Leases and Occupancy Agreements.

(a) Lease Approval.

(i) Borrower may enter into residential leases of space within the Improvements (and amendments to such leases) in the ordinary course of business with bona fide third party tenants without Funding Lender's prior Written Consent if:

(A) The lease is a Permitted Lease;

(B) Borrower, acting in good faith following the exercise of due diligence, has determined that the tenant meets requirements imposed under any applicable CC&R and is financially capable of performing all of its obligations under the lease; and

(C) The lease conforms to the Rent Schedule attached as an exhibit to the Construction Funding Agreement and reflects an arm's-length transaction, subject to the requirement that the Borrower comply with any applicable CC&R.

(ii) If any Event of Default has occurred and is continuing, Funding Lender may make written demand on Borrower to submit all future leases for Funding Lender's approval prior to execution. Borrower shall comply with any such demand by Funding Lender.

(iii) No approval of any lease by Funding Lender shall be for any purpose other than to protect Funding Lender's security for the Borrower Loan and to preserve Funding Lender's rights under the Borrower Loan Documents and the Funding Loan Documents. No approval by Funding Lender shall result in a waiver of any default of Borrower. In no event shall any approval by Funding Lender of a lease be a representation of any kind with regard to the lease or its enforceability, or the financial capacity of any tenant or guarantor.

(b) Landlord's Obligations. Borrower shall perform all obligations required to be performed by it as landlord under any lease affecting any part of the Project or any space within the Improvements.

(c) Leasing and Marketing Agreements. Except as may be contemplated in the Management Agreement with Borrower's Manager, Borrower shall not without the approval of Funding Lender enter into any leasing or marketing agreement and Funding Lender reserves the right to approve the qualifications of any marketing or leasing agent.

Section 5.29. Project Agreements and Licenses. To the extent not heretofore delivered to Funding Lender, Borrower will furnish to Funding Lender, as soon as available, true and correct copies of all Project Agreements and Licenses and the Plans and Specifications, together with assignments thereof to Funding Lender and consents to such assignments where required by Funding Lender, all in form and substance acceptable to Funding Lender. Neither Borrower nor Managing Member has assigned or granted, or will assign or grant, a security interest in any of the Project Agreements and Licenses, other than to Funding Lender.

Section 5.30. Payment of Debt Payments. In addition to its obligations under the Borrower Notes, Borrower will (i) duly and punctually pay or cause to be paid all principal of and interest on any Debt of Borrower as and when the same become due on or before the due date; (ii) comply with and perform all conditions, terms and obligations of other instruments or agreements evidencing or securing such Debt; (iii) promptly inform Funding Lender of any default, or anticipated default, under any such note, agreement, instrument; and (iv) forward to Funding Lender a copy of any notice of default or notice of any event that might result in default under any such note, agreement, instrument, including Liens encumbering the Project, or any portion thereof, which have been subordinated to the Security Instrument (regardless of whether or not permitted under this Borrower Loan Agreement).

Section 5.31. ERISA. Borrower will comply, and will cause each of its ERISA Affiliates to comply, in all respects with the provisions of ERISA, to the extent applicable.

Section 5.32. Patriot Act Compliance. Borrower shall use its good faith and commercially reasonable efforts to comply with the Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction over Borrower and/or the Project, including those relating to money laundering and terrorism. Funding Lender shall have the right to audit Borrower's compliance with the Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction over Borrower and/or the Project, including those relating to money laundering and terrorism. In the event that Borrower fails to comply with the Patriot Act or any such requirements of Governmental Authorities, then Funding Lender may, at its option, cause Borrower to comply therewith and any and all costs and expenses incurred by Funding Lender in connection therewith shall be secured by the Security Instrument and shall be immediately due and payable.

Borrower covenants that it shall comply with all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect. Without limiting the foregoing, Borrower shall not take any action, or permit any action to be taken, that would cause Borrower's representations and warranties in Section 4.1.48 and this Section 5.32 to become untrue or inaccurate at any time during the term of the Funding Loan. Upon any Beneficiary Party's request from time to time during the term of the Funding Loan, Borrower shall certify in writing to such Beneficiary Party that Borrower's representations, warranties and obligations under Section 4.1.48 and this Section 5.32 remain true and correct and have not been breached, and in addition, upon request of any Beneficiary Party, Borrower covenants to provide all information required to satisfy obligations under all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, during the term of the Funding Loan. Borrower shall immediately notify the Funding Lender in writing of (a) Borrower's actual knowledge that any of such representations, warranties or covenants are no longer true and have been breached, (b) Borrower has a reasonable basis to believe that they may no longer be true and have been breached or (c) Borrower becomes the subject of an investigation by Governmental Authorities related to money laundering, anti-terrorism, trade embargos and economic sanctions. Borrower shall also reimburse Funding Lender for any expense incurred by Funding Lender in evaluating the effect of an investigation by Governmental Authorities on the Funding Loan and Funding Lender's interest in the collateral for the Funding Loan, in obtaining necessary license from Governmental Authorities as may be necessary for Funding Lender to enforce its rights under the Funding Loan Documents, and in complying with all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect applicable to Funding

Lender as a result of the existence of such an event and for any penalties or fines imposed upon Funding Lender as a result thereof.

Section 5.33. Funds from Equity Investor. Borrower shall cause the Equity Investor to fund all installments of the Equity Contributions in the amounts and at the times subject and according to the terms, of the Operating Agreement.

Section 5.34. Tax Covenants. The Borrower further represents, warrants and covenants as follows:

(a) General. The Borrower shall not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the exclusion of interest on the Governmental Lender Notes from gross income (as defined in Section 61 of the Code), for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof and that the Borrower will take such action or actions, including amendment of this Borrower Loan Agreement, the Security Instrument and the Regulatory Agreement, as may be necessary, in the opinion of Tax Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service applicable to the Governmental Lender Notes, the Funding Loan or affecting the Project. Capitalized terms used in this Section 5.34 shall have the respective meanings assigned to them in the Regulatory Agreement or, if not defined therein, in the Funding Loan Agreement. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that, prior to the final maturity of the Governmental Lender Notes, unless it has received and filed with the Governmental Lender and the Funding Lender a Tax Counsel No Adverse Effect Opinion (other than with respect to interest on any portion of the Governmental Lender Notes for a period during which such portion of the Governmental Lender Notes is held by a "substantial user" of any facility financed with the proceeds of the Governmental Lender Notes or a "related person," as such terms are used in Section 147(a) of the Code), the Borrower will comply with this Section 5.34.

(b) Use of Proceeds. The use of the net proceeds of the Funding Loan at all times will satisfy the following requirements:

(i) Limitation on Net Proceeds. At least 95% of the net proceeds of the Funding Loan (within the meaning of the Code) actually expended shall be used to pay Qualified Project Costs that are costs of a "qualified residential rental project" (within the meaning of Sections 142(a)(7) and 142(d) of the Code) and property that is "functionally related and subordinate" thereto (within the meaning of Sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) of the Regulations).

(ii) Limit on Costs of Funding. The proceeds of the Funding Loan will be expended for the purposes set forth in this Borrower Loan Agreement and in the Funding Loan Agreement and no portion thereof in excess of two percent of the proceeds of the Funding Loan, within the meaning of Section 147(g) of the Code, will be expended to pay Costs of Funding of the Funding Loan.

(iii) Prohibited Facilities. The Borrower shall not use or permit the use of any proceeds of the Funding Loan or any income from the investment thereof to provide any airplane, skybox, or other private luxury box, health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(iv) Limitation on Land. Less than 25 percent of the net proceeds of the Funding Loan actually expended will be used, directly or indirectly, for the acquisition of land or an interest therein, nor will any portion of the net proceeds of the Funding Loan be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

(v) Limitation on Existing Facilities. No portion of the net proceeds of the Funding Loan will be used for the acquisition of any existing property or an interest therein unless (A) the first use of such property is pursuant to such acquisition or (B) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15 percent of the cost of acquiring such building financed with the proceeds of the Funding Loan (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term "rehabilitation expenditures" shall have the meaning set forth in Section 147(d)(3) of the Code.

(vi) Accuracy of Information. The information furnished by the Borrower and used by the Governmental Lender in preparing its certifications with respect to Section 148 of the Code and the Borrower's information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of origination of the Funding Loan.

(vii) Limitation of Project Expenditures. The acquisition, rehabilitation and equipping of the Project were not commenced (within the meaning of Section 144(a) of the Code) prior to the 60th day preceding the adoption of the resolution of the Governmental Lender with respect to the Project on January 25, 2025 and no obligation for which reimbursement will be sought from proceeds of the Funding Loan relating to the acquisition, rehabilitation or equipping of the Project was paid or incurred prior to 60 days prior to such date, except for permissible "preliminary expenditures", which include architectural, engineering surveying, soil testing, reimbursement bond issuance and similar costs incurred prior to the commencement of construction, rehabilitation or acquisition of the Project.

(viii) Qualified Costs. The Borrower hereby represents, covenants and warrants that the proceeds of the Funding Loan shall be used or deemed used exclusively to pay costs which are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code and that for the greatest number of buildings the proceeds of the Funding Loan shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Funding Loan for the purpose of complying with Section 42(h)(4)(B) of the Code; provided however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Funding Lender nor the Governmental Lender shall have any obligation to enforce this statement nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the holders or payees of the Funding Loan and the Borrower Notes for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or event of default under this Borrower Loan Agreement or the Funding Loan Agreement.

(c) Limitation on Maturity. The average maturity of the Governmental Lender Notes does not exceed 120 percent of the average reasonably expected economic life of the Project to be financed by the Funding Loan, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the Net Proceeds of the Funding Loan.

For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (A) the Closing Date for the Funding Loan or (B) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of property.

(d) No Arbitrage. The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Funding Loan or of any amounts expected to be used to pay the principal thereof or the interest thereon which, if taken or omitted, respectively, would cause the Governmental Lender Notes to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. Except as provided in the Funding Loan Agreement and this Borrower Loan Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under this Borrower Loan Agreement or the Borrower Notes relating to the Funding Loan, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of the Funding Loan, unless the Borrower has obtained in each case a Tax Counsel No Adverse Effect Opinion with respect to such action, a copy of which shall be provided to the Governmental Lender and the Funding Lender. The Borrower shall not, at any time prior to the final maturity of the Funding Loan, invest or cause any Gross Proceeds to be invested in any investment (or to use Gross Proceeds to replace money so invested), if, as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Funding Loan to the Maturity Date (as defined in the Funding Loan Agreement), except as permitted by Section 148 of the Code and Regulations thereunder or as provided in the Regulatory Agreement. The Borrower further covenants and agrees that it will comply with all applicable requirements of said Section 148 and the rules and Regulations thereunder relating to the Funding Loan and the interest thereon, including the employment of a Rebate Analyst acceptable to the Governmental Lender and Funding Lender at all times from and after the Closing Date for the calculation of rebatable amounts to the United States Treasury Department. The Borrower agrees that it will cause the Rebate Analyst to calculate the rebatable amounts not later than forty-five days after the fifth anniversary of the Closing Date and each five years thereafter and not later than forty-five days after the final Computation Date and agrees that the Borrower will pay all costs associated therewith. The Borrower agrees to provide evidence of the employment of the Rebate Analyst satisfactory to the Governmental Lender and Funding Lender.

(e) No Federal Guarantee. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the Borrower shall not take or omit to take any action which would cause the Governmental Lender Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(f) Representations. The Borrower has supplied or caused to be supplied to Tax Counsel all documents, instruments and written information requested by Tax Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Tax Counsel, which have been reasonably relied upon by Tax Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Governmental Lender Notes for federal income tax purposes, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein in order to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information which Tax Counsel has not requested.

(g) Qualified Residential Rental Project. The Borrower hereby covenants and agrees that the Project will be operated as a "qualified residential rental project" within the meaning of Section 142(d) of the Code, on a continuous basis during the longer of the Qualified Project Period (as defined in the

Regulatory Agreement) or any period during which any portion of the Governmental Lender Notes remains outstanding, to the end that the interest on the Governmental Lender Notes shall be excluded from gross income for federal income tax purposes. The Borrower hereby covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(h) Information Reporting Requirements. The Borrower will comply with the information reporting requirements of Section 149(e)(2) of the Code requiring certain information regarding the Governmental Lender Notes to be filed with the Internal Revenue Service within prescribed time limits.

(i) Funding Loan Not a Hedge Bond. The Borrower covenants and agrees that not more than 50% of the proceeds of the Funding Loan will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Borrower reasonably expects that at least 85% of the spendable proceeds of the Funding Loan will be used to carry out the governmental purposes of the Funding Loan within the three-year period beginning on the Closing Date.

(j) Termination of Restrictions. Although the parties hereto recognize that, subject to the provisions of the Regulatory Agreement, the provisions of this Borrower Loan Agreement shall terminate in accordance with Section 10.14 hereof, the parties hereto recognize that pursuant to the Regulatory Agreement, certain requirements, including the requirements incorporated by reference in this Section, may continue in effect beyond the term hereof.

(k) Public Approval. The Borrower covenants and agrees that the proceeds of the Funding Loan will not be used in a manner that deviates in any substantial degree from the Project described in the written notice of a public hearing regarding the Funding Loan.

(l) 40/60 Test Election. The Borrower and the Governmental Lender hereby elect to apply the requirements of Section 142(d)(1)(B) to the Project. The Borrower hereby represents, covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(m) Modification of Tax Covenants. Subsequent to the origination of the Funding Loan and prior to its payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Funding Loan Agreement), this Section 5.34 hereof may not be amended, changed, modified, altered or terminated except as permitted herein and by the Funding Loan Agreement and with the Written Consent of the Governmental Lender and the Funding Lender. Anything contained in this Borrower Loan Agreement or the Funding Loan Agreement to the contrary notwithstanding, the Governmental Lender, the Funding Lender, the Fiscal Agent and the Borrower hereby agree to amend this Borrower Loan Agreement and, if appropriate, the Funding Loan Agreement and the Regulatory Agreement, to the extent required, in the opinion of Tax Counsel, in order for interest on the Governmental Lender Notes to remain excludable from gross income for federal income tax purposes. The party requesting such amendment, which may include the Funding Lender, shall notify the other parties to this Borrower Loan Agreement of the proposed amendment and send a copy of such requested amendment to Tax Counsel. After review of such proposed amendment, Tax Counsel shall render to the Funding Lender and the Governmental Lender an opinion as to the effect of such proposed amendment upon the includability of interest on the Governmental Lender Notes in the gross income of the recipient thereof for federal income tax purposes. The Borrower shall pay all necessary fees and expenses incurred with respect to such amendment. The Borrower, the Governmental Lender and, where applicable, the Funding Lender per written instructions from the Governmental Lender shall execute, deliver and, if applicable, the Borrower shall file of record, any and all documents and instruments, including without limitation, an amendment to the Regulatory Agreement, with a file-stamped copy to the Funding Lender, necessary to effectuate the intent of this Section 5.34, and the Borrower and the Governmental Lender hereby appoint the Funding Lender as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved by and upon instruction of Tax Counsel) if either the Borrower or the Governmental Lender defaults in the performance of its obligation under this Section 5.34; provided, however, that the Funding Lender shall take no action under this Section 5.34 without first notifying the Borrower or the Governmental Lender, as is applicable, of its intention to take such action and providing the Borrower or the Governmental Lender, as is applicable, a reasonable opportunity to comply with the requirements of this Section 5.34.

The Borrower irrevocably authorizes and directs the Fiscal Agent, Funding Lender and any other agent designated by the Governmental Lender to make payment of such amounts from funds of the Borrower, if any, held by the Fiscal Agent, Funding Lender, or any agent of the Governmental Lender or the Funding Lender. The Borrower further covenants and agrees that, pursuant to the requirements of Treasury Regulation Section 1.148-1(b), it (or any related person contemplated by such regulations) will not purchase interests in the Funding Loan in an amount related to the amount of the Borrower Loan.

(n) Compliance with Tax Certificates and Regulatory Agreement. The Borrower shall comply with the provisions of the Tax Certificates and the Regulatory Agreement.

Section 5.35. Payment of Rebate.

(a) Arbitrage Rebate. The Borrower agrees to take all steps necessary to compute and pay any rebatable arbitrage relating to the Funding Loan or the Governmental Lender Notes in accordance with Section 148(f) of the Code including:

(i) Delivery of Documents and Money on Computation Dates. The Borrower will deliver to the Fiscal Agent, with a copy to the Funding Lender, within 55 days after each Computation Date:

(A) a statement, signed by the Borrower, stating the Rebate Amount as of such Computation Date;

(B) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less the future value of any "previous rebate payments" made to the United States (as that term is used in Section 1.148-3(f)(1) of the Regulations), or (2) if such Computation Date is the final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount as of such final Computation Date, less the future value of any "previous rebate payments" made to the United States (as that term is used in Section 1.148-3(f)(1) of the Regulations); and

(C) an Internal Revenue Service Form 8038-T properly signed and completed as of such Computation Date.

(ii) Correction of Underpayments. If the Borrower shall discover or be notified as of any date that any payment paid to the United States Treasury pursuant to this Section 5.35 of an amount described in Section 5.35(a)(i)(A) or (B) above shall have failed to satisfy any requirement of Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Borrower, the Governmental Lender or the Funding Lender), the Borrower shall (1) pay to the

Fiscal Agent (for deposit to the Rebate Fund) and cause the Fiscal Agent to pay to the United States Treasury from the Rebate Fund the underpayment of the Rebate Amount, together with any penalty and/or interest due, as specified in Section 1.148-3(h) of the Regulations, within 175 days after any discovery or notice and (2) deliver to the Fiscal Agent an Internal Revenue Service Form 8038-T completed as of such date. If such underpayment of the Rebate Amount, together with any penalty and/or interest due, is not paid to the United States Treasury in the amount and manner and by the time specified in the Regulations, the Borrower shall take such steps as are necessary to prevent the Governmental Lender Notes from becoming an arbitrage bond within the meaning of Section 148 of the Code.

(iii) Records. The Borrower shall retain all of its accounting records relating to the funds established under this Borrower Loan Agreement and all calculations made in preparing the statements described in this Section 5.35 for at least six years after the later of the final maturity of the Governmental Lender Notes or the date the Funding Loan is retired in full.

(iv) Costs. The Borrower agrees to pay all of the fees and expenses of a nationally recognized Tax Counsel, the Rebate Analyst, if any, a certified public accountant and any other necessary consultant employed by the Borrower or the Funding Lender in connection with computing the Rebate Amount.

(v) No Diversion of Rebatable Arbitrage. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Funding Loan which is not purchased at Fair Market Value or includes terms that the Borrower would not have included if the Funding Loan were not subject to Section 148(f) of the Code.

(vi) Modification of Requirements. If at any time during the term of this Borrower Loan Agreement, the Governmental Lender, the Funding Lender or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section 5.35, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein a Tax Counsel No Adverse Effect Opinion with respect to such action.

(b) Rebate Fund. The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

(c) Within 15 days after each receipt or transfer of funds to the Rebate Fund, the Fiscal Agent shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund.

(d) All payments to the United States of America pursuant to this Section 5.35 shall be made by the Fiscal Agent for the account and in the name of the Governmental Lender and shall be paid through the United States Mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Fiscal Agent by the Borrower or the Rebate Analyst as set forth in this Section 5.35).

(e) The Borrower shall preserve all statements, forms and explanations received delivered pursuant this Section 5.35 and all records of transactions in the Rebate Fund until six years after the retirement of the Funding Loan.

(f) Moneys and securities held in the Rebate Fund shall not be deemed funds of the Fiscal Agent, the Funding Lender or of the Governmental Lender and are not pledged or otherwise subject to any security interest in favor of the Funding Lender to secure the Funding Loan or any other obligations.

(g) Notwithstanding anything to the contrary in this Borrower Loan Agreement, no payment shall be made to the United States if the Borrower shall furnish to the Governmental Lender and the Funding Lender an opinion of Tax Counsel to the effect that such payment is not required under Section 148(d) and (f) of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Governmental Lender Notes. In such event, the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide a Tax Counsel No Adverse Effect Opinion to the Governmental Lender, the Fiscal Agent and the Funding Lender with respect to such withdrawal.

(h) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 5.35 need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on a Tax Counsel No Adverse Effect Opinion, a copy of which shall be provided to the Funding Lender.

Section 5.36. Covenants under Funding Loan Agreement. The Borrower will fully and faithfully perform all the duties and obligations which the Governmental Lender has covenanted and agreed in the Funding Loan Agreement to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Funding Loan Agreement to perform. The foregoing will not apply to any duty or undertaking of the Governmental Lender which by its nature cannot be delegated or assigned.

Section 5.37. Continuing Disclosure Agreement. The Borrower and the Funding Lender shall enter into the Continuing Disclosure Agreement to provide for the continuing disclosure of information about the Funding Loan, the Borrower and other matters as specifically provided for in such agreement.

ARTICLE VI

NEGATIVE COVENANTS

Borrower hereby covenants and agrees as follows, which covenants shall remain in effect so long as any Borrower Payment Obligation or other obligation of Borrower under any of the other Borrower Loan Documents or the Funding Loan Documents remains outstanding or unperformed. Borrower covenants and agrees that it will not, directly or indirectly:

Section 6.1. Management Agreement. Without first obtaining the Funding Lender's prior Written Consent, enter into the Management Agreement, and thereafter the Borrower shall not, without the Funding Lender's prior Written Consent (which consent shall not be unreasonably withheld, conditioned or delayed) and subject to the Regulatory Agreement: (i) surrender, terminate or cancel the Management Agreement or otherwise replace the Manager or enter into any other management agreement; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; (iv) otherwise modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect any of its rights and remedies under, the Management Agreement; or (v) suffer or permit the occurrence and continuance of a default beyond any applicable cure period under the Management Agreement (or any successor management agreement) if such default permits the Manager to terminate the Management Agreement (or such successor management agreement), provided, however, that the Funding Lender's prior Written Consent shall not be required for any extension or renewal of the Management Agreement on the same terms and conditions.

Section 6.2. Dissolution. Dissolve or liquidate, in whole or in part, merge with or consolidate into another Person.

Section 6.3. Change in Business or Operation of Property. Enter into any line of business other than the ownership and operation of the Project, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business and activities incidental or related thereto or otherwise cease to operate the Project as a multi-family property or terminate such business for any reason whatsoever (other than temporary cessation in connection with construction or rehabilitation, as appropriate, of the Project).

Section 6.4. Debt Cancellation. Cancel or otherwise forgive or release any claim or debt owed to the Borrower by a Person, except for adequate consideration or in the ordinary course of the Borrower's business in its reasonable judgment.

Section 6.5. Assets. Purchase or own any real property or personal property incidental thereto other than the Project.

Section 6.6. Transfers. Make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Security Instrument, nor transfer any material License required for the operation of the Project.

Section 6.7. Debt. Other than as expressly approved in writing by the Funding Lender, create, incur or assume any indebtedness for borrowed money (including subordinate debt) whether unsecured or secured by all or any portion of the Project or interest therein or in the Borrower or any partner thereof (including subordinate debt) other than (i) the Borrower Payment Obligations, (ii) the Subordinate Debt, (iii) secured indebtedness incurred pursuant to or permitted by the Borrower Loan Documents and the Funding Loan Documents, (iv) trade payables incurred in the ordinary course of business, (iv) any deferred payment of Developer Fee, (v) guaranty obligations owed to the Borrower pursuant to the Operating Agreement or related documents, and (v) unsecured subordinate member loans to the Borrower permitted or required under the Operating Agreement.

Section 6.8. Assignment of Rights. Without the Funding Lender's prior Written Consent, attempt to assign the Borrower's rights or interest under any Borrower Loan Document or Funding Loan Document in contravention of any Borrower Loan Document or Funding Loan Document.

Section 6.9. Principal Place of Business. Change its principal place of business without providing 30 days' prior Written Notice of the change to the Funding Lender, the Governmental Lender, the Fiscal Agent and the Servicer.

Section 6.10. Operating Agreement. Without the Funding Lender's prior Written Consent (which consent shall not be unreasonably withheld, conditioned or delayed) surrender, terminate, cancel, modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect, any of its rights or remedies under the Operating Agreement; provided, however, the consent of Funding Lender is not required for an amendment of the Operating Agreement resulting solely from the "Permitted Transfer" of membership interests of Borrower as defined in and permitted by the Security Instrument.

Section 6.11. ERISA. Maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of the Borrower to, maintain, sponsor, contribute to or become obligated to contribute to, any Plan, or permit the assets of the Borrower to become "plan assets," whether by operation of law or under regulations promulgated under ERISA, to the extent applicable.

Section 6.12. No Hedging Arrangements. Without the prior Written Consent of the Funding Lender or unless otherwise required by this Borrower Loan Agreement, the Borrower will not enter into or guarantee, provide security for or otherwise undertake any form of contractual obligation with respect to any interest rate swap, interest rate cap or other arrangement that has the effect of an interest rate swap or interest rate cap or that otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

Section 6.13. Loans and Investments; Distributions; Related Party Payments.

(a) Without the prior Written Consent of Funding Lender in each instance, Borrower shall not (i) lend money, make investments, or extend credit, other than in the ordinary course of its business as presently conducted; or (ii) repurchase, redeem or otherwise acquire any interest in Borrower, any Borrower Affiliate or any other Person owning an interest, directly or indirectly, in Borrower, or make any distribution, in cash or in kind, in respect of interests in Borrower, any Borrower Affiliate or any other Person owning an interest, directly or indirectly, in Borrower (except to the extent permitted by Section 5.27 hereof and subject to the limitations set forth in the Security Instrument).

(b) Disbursements for fees and expenses of any Borrower Affiliate and developer fees (however characterized) will only be paid to the extent that such fee or expense bears a proportionate relationship to the percentage of completion of the construction or rehabilitation, as the case may be, of the Improvements, as determined by the Construction Consultant, and only after deducting the applicable Retainage. Except as otherwise permitted by the Funding Lender, no Disbursements for the Developer Fee or any "deferred developer fees" shall be made prior to the Conversion Date other than in accordance with the Approved Developer Fee Schedule.

Section 6.14. Amendment of Related Documents or CC&R's. Without the prior Written Consent of Funding Lender (which consent shall not be unreasonably withheld) in each instance, except as provided herein or in the Construction Funding Agreement, Borrower shall not enter into or consent to any amendment, termination, modification, or other alteration of any of the Related Documents or any of the CC&R's (including, without limitation, those contained in this Borrower Loan Agreement, any Architect's Agreement or Engineer's Contract, any Construction Contract, and any Management Agreement, but excluding the Operating Agreement, which is covered by Section 6.10), or any assignment, transfer, pledge or hypothecation of any of its rights thereunder, if any.

Section 6.15. Personal Property. Borrower shall not install materials, personal property, equipment or fixtures subject to any security agreement or other agreement or contract wherein the right is reserved to any Person other than Borrower to remove or repossess any such materials, equipment or fixtures, or whereby title to any of the same is not completely vested in Borrower at the time of installation, without Funding Lender's prior Written Consent; provided, however, that this Section 6.15 shall not apply to laundry equipment or other equipment that is owned by a third-party vendor and commercial tenants.

Section 6.16. Fiscal Year. Without Funding Lender's Written Consent, which shall not be unreasonably withheld, neither Borrower nor Managing Member shall change the times of commencement or termination of its fiscal year or other accounting periods, or change its methods of accounting, other than to conform to GAAP.

Section 6.17. Publicity. Neither Borrower nor Managing Member shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify Funding Lender or any of its affiliates as the source of the financing provided for herein, without the prior written approval of Funding Lender in each instance (provided that nothing herein shall prevent Borrower or Managing Member from identifying Funding Lender or its affiliates as the source of such financing to the extent that Borrower or Managing Member are required to do so by disclosure requirements applicable to publicly held companies). Borrower and Managing Member agree that no sign shall be posted on the Project in connection with the construction or rehabilitation of the Improvements unless such sign identifies Citigroup and its affiliates as the source of the financing provided for herein or Funding Lender consents to not being identified on any such sign.

Section 6.18. Subordinate Loan Documents. Without Funding Lender's prior written consent, Borrower will not surrender, terminate, cancel, modify, change, supplement, alter, amend, waive, release, assign, transfer, pledge or hypothecate any of its rights or remedies under the Subordinate Loan Documents.

ARTICLE VII

RESERVED

ARTICLE VIII

DEFAULTS

Section 8.1. Events of Default. Each of the following events shall constitute an "Event of Default" under this Borrower Loan Agreement:

(a) failure by the Borrower to pay any Borrower Loan Payment in the manner and on the date such payment is due in accordance with the terms and provisions of one or both of the Borrower Notes, or the failure by the Borrower to pay any Additional Borrower Payment on the date such payment is due in accordance with the terms and provisions of one or both of the Borrower Notes, the Security Instrument, this Borrower Loan Agreement or any other Borrower Loan Document;

(b) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsection (a) above or elsewhere in this Section 8.1) required to be paid by the Borrower under this Borrower Loan Agreement, one or both of the Borrower Notes, the Security Instrument or any of the other Borrower Loan Documents or Funding Loan Documents, including a failure to repay any amounts that have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings, which default remains uncured for a period of five (5) days after Written Notice thereof shall have been given to the Borrower;

(c) an Event of Default, as defined by a Borrower Note, the Security Instrument or any other Borrower Loan Document, occurs (or to the extent an "Event of Default" is not defined in any other Borrower Loan Document, any default or breach by the Borrower or any Guarantor of its obligations, covenants, representations or warranties under such Borrower Loan Document occurs and any applicable notice and/or cure period has expired);

(d) any representation or warranty made by any of the Borrower, the Guarantor or the Managing Member in any Borrower Loan Document or Funding Loan Document to which it is a party, or in any report, certificate, financial statement or other instrument, agreement or document furnished by the Borrower, the Guarantor or the Managing Member in connection with any Borrower Loan Document or Funding Loan Document, shall be false or misleading in any material respect as of the Closing Date;

(e) the Borrower shall make a general assignment for the benefit of creditors, or shall generally not be paying its debts as they become due;

(f) the Borrower Controlling Entity shall make a general assignment for the benefit of creditors, shall generally not be paying its debts as they become due, or an Act of Bankruptcy with respect to the Borrower Controlling Entity shall occur, unless in all cases the Borrower Controlling Entity is replaced with a substitute Borrower Controlling Entity that satisfies the requirements of Section 21 of the Security Instrument; which, in the case of a non-profit Borrower Controlling Entity, may be replaced within sixty (60) days of such event with another non-profit Borrower Controlling Entity acceptable to the Funding Lender, in which case no Event of Default shall be deemed to have occurred;

(g) any portion of Borrower Deferred Equity to be made by Equity Investor and required for (i) completion of the construction or rehabilitation, as the case may be, of the Improvements, (ii) the satisfaction of the Conditions of Conversion or (iii) the operation of the Improvements, is not received in accordance with the Operating Agreement after the expiration of all applicable notice and cure periods and is not offset by additional funds as provided in the Operating Agreement and as approved by Funding Lender;;

(h) the failure by Borrower or any ERISA Affiliate of Borrower to comply in all respects with ERISA, or the occurrence of any other event (with respect to the failure of Borrower or any ERISA Affiliate to pay any amount required to be paid under ERISA or with respect to the termination of, or withdrawal of Borrower or any ERISA Affiliate from, any employee benefit or welfare plan subject to ERISA) the effect of which is to impose upon Borrower (after giving effect to the tax consequences thereof) for the payment of any amount in excess of Fifty Thousand Dollars ($50,000);

(i) a Bankruptcy Event shall occur with respect to Borrower, any Managing Member or Guarantor, or there shall be a change in the assets, liabilities or financial position of any such Person which has a material adverse effect upon the ability of such Person to perform such Person's obligations under this Borrower Loan Agreement, any other Borrower Loan Document or any Related Document, provided that any such Bankruptcy Event with respect to a Guarantor shall not constitute an Event of Default: (i) if such Bankruptcy Event occurs on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such Bankruptcy Event occurs prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(j) all or any part of the property of Borrower is attached, levied upon or otherwise seized by legal process, and such attachment, levy or seizure is not quashed, stayed or released: (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, within ten (10) days of the date thereof or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, within thirty (30) days of the date thereof;

(k) subject to Section 10.16 hereof, Borrower fails to pay when due any monetary obligation (other than pursuant to this Borrower Loan Agreement) to any Person in excess of $100,000, and such failure continues beyond the expiration of any applicable cure or grace periods unless Borrower shall be contesting the validity of such obligation in good faith by appropriate proceedings and in a manner reasonably acceptable to the Funding Lender;

(l) any material litigation or proceeding is commenced before any Governmental Authority against or affecting Borrower, any Managing Member or Guarantor, or property of Borrower, any Managing Member or Guarantor, or any part thereof, and such litigation or proceeding is not defended diligently and in good faith by Borrower, any Managing Member or Guarantor, as applicable, provided that any such material litigation or proceeding against a Guarantor shall not constitute an Event of Default: (i) if such material litigation is commenced on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such material litigation or proceeding is commenced prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(m) a final un-appealable and uninsured judgment or decree for monetary damages in excess of $100,000 or a monetary fine or penalty in excess of $100,000 (not subject to appeal or as to which the time for appeal has expired) and that has a material adverse effect on the ability of the Borrower, Managing Member or Guarantor to perform its obligations under the Borrower Loan Documents is entered against Borrower, any Managing Member or Guarantor by any Governmental Authority, and such judgment, decree, fine or penalty is not paid and discharged, bonded over or stayed (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, within ten (10) days after entry thereof or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, within thirty (30) days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment, fine or penalty) , provided that any such judgment, decree, fine or penalty against a Guarantor shall not constitute an Event of Default: (i) if such judgment, decree, fine or penalty is entered on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such judgment, decree, fine or penalty is entered prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(n)a final, un-appealable and uninsured money judgment or judgments, in favor of any Person other than a Governmental Authority, in the aggregate sum of $10,000 or more and that has a material adverse effect on the ability of the Borrower, Managing Member or Guarantor to perform its obligations under the Borrower Loan Documents shall be rendered against Borrower, any Managing Member or Guarantor, or against any of their respective assets, that is not paid, superseded or stayed (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, within ten (10) days after entry thereof or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, within thirty (30) days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment); or any levy of execution, writ or warrant of attachment, or similar process, is entered or filed against Borrower, any Managing Member or Guarantor, or against any of their respective assets (that is likely to have a material adverse effect upon the ability of Borrower, any Managing Member or Guarantor to perform their respective obligations under this Borrower Loan Agreement, any other Borrower Loan Document or any Related Document), and such judgment, writ, warrant or process shall remain unsatisfied, unsettled, unvacated, unhanded and unstayed (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, for a period of ten (10) days or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, for a period of thirty (30) days, or in any event later than five (5) Business Days prior to the date of any proposed sale thereunder, provided that any such judgment, levy, writ, warrant, attachment or similar process against a Guarantor shall not constitute an Event of Default: (i) if such judgment, levy, writ, warrant, attachment or similar process is entered on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such judgment, levy, writ, warrant, attachment or similar process is entered prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(o) the inability of Borrower to satisfy any condition for the receipt of a Disbursement hereunder (other than an Event of Default specifically addressed in this Section 8.1) and failure to resolve the situation to the satisfaction of Funding Lender for a period in excess of thirty (30) days after Written Notice from Funding Lender , subject to Force Majeure;

(p) the construction or rehabilitation of the Improvements is abandoned or halted prior to completion for any period of thirty (30) consecutive days, subject to Force Majeure;

(q) Borrower shall fail to keep in force and effect any material permit, license, consent or approval required under this Borrower Loan Agreement, or any Governmental Authority with jurisdiction over the Mortgaged Property or the Project orders or requires that construction or rehabilitation of the Improvements be stopped, in whole or in part, or that any required approval, license or permit be withdrawn or suspended, and the order, requirement, withdrawal or suspension remains in effect for a period of thirty (30) days, subject to Force Majeure;

(r) failure by the Borrower to Substantially Complete the construction or rehabilitation, as the case may be, of the Improvements in accordance with this Borrower Loan Agreement on or prior to the Substantial Completion Date, subject to Force Majeure;

(s) failure by Borrower to complete the construction or rehabilitation, as the case may be, of the Improvements in accordance with this Borrower Loan Agreement on or prior to the Completion Date, subject to Force Majeure;

(t) failure by Borrower to satisfy the Conditions to Conversion on or before the Outside Conversion Date; or

(u) failure by any Subordinate Lender to disburse the proceeds of its Subordinate Loan in approximately such amounts and at approximately such times as set forth in the Cost Breakdown and in the Subordinate Loan Documents;

(v) an "Event of Default" or "Default" (as defined in the applicable agreement) shall occur under any of the Subordinate Loan Documents, after the expiration of all applicable notice and cure periods; or

(w) any failure by the Borrower to perform or comply with any of its obligations under this Borrower Loan Agreement (other than those specified in this Section 8.1), as and when required, which continues for a period of thirty (30) days after written notice of such failure by Funding Lender or the Servicer on its behalf to the Borrower; provided, however, if such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such failure within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such failure, such additional period not to exceed ninety (90) days. However, no such notice or grace period shall apply to the extent such failure could, in the Funding Lender's judgment, absent immediate exercise by the Funding Lender of a right or remedy under this Borrower Loan

Agreement, result in harm to the Funding Lender, impairment of the Borrower Notes or this Borrower Loan Agreement or any security given under any other Borrower Loan Document.

Section 8.2. Remedies.

Section 8.2.1 Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in paragraph (e), (f) or (i) of Section 8.1) and at any time and from time to time thereafter, as long as such Event of Default continues to exist, in addition to any other rights or remedies available to the Governmental Lender pursuant to the Borrower Loan Documents or at law or in equity, the Funding Lender may, take such action, without notice or demand, as the Funding Lender deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Borrower Payment Obligations to be immediately due and payable (including, without limitation, the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Borrower Notes to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations in any manner and in any order determined by Funding Lender, in Funding Lender's sole and absolute discretion; and upon any Event of Default described in paragraph (e), (f) or (i) of Section 8.1, the Borrower Payment Obligations shall become immediately due and payable, without notice or demand, and the Borrower hereby expressly waives any such notice or demand, anything contained in any Borrower Loan Document to the contrary notwithstanding. Notwithstanding anything herein to the contrary, enforcement of remedies hereunder and under the Funding Loan Agreement shall be controlled by the Funding Lender.

Section 8.2.2 Remedies Cumulative. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to the Funding Lender against the Borrower under the Borrower Loan Documents or at law or in equity may be exercised by the Funding Lender, at any time and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Borrower Loan Documents. Any such actions taken by the Funding Lender shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Funding Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Funding Lender permitted by law, equity or contract or as set forth in the Borrower Loan Documents. Without limiting the generality of the foregoing, the Borrower agrees that if an Event of Default is continuing, all Liens and other rights, remedies or privileges provided to the Funding Lender shall remain in full force and effect until it has exhausted all of its remedies, the Security Instrument has been foreclosed, the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations have been paid in full. To the extent permitted by applicable law, nothing contained in any Borrower Loan Document shall be construed as requiring the Funding Lender to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Funding Lender may seek satisfaction out of the entire Project or any part thereof, in its absolute discretion.

All notices of default or otherwise to be given by the Funding Lender or the Governmental Lender to the Borrower under this Article VIII shall be simultaneously given to the Equity Investor. Notwithstanding any provision herein to the contrary, the Governmental Lender and the Funding Lender agree that any cure of any default made or tendered by the Equity Investor shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 8.2.3 Delay. No delay or omission to exercise any remedy, right, power accruing upon an Event of Default, or the granting of any indulgence or compromise by the Funding Lender shall impair any such remedy, right or power hereunder or be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Potential Default or Event of Default shall not be construed to be a waiver of any subsequent Potential Default or Event of Default or to impair any remedy, right or power consequent thereon. Notwithstanding any other provision of this Borrower Loan Agreement, the Funding Lender reserves the right to seek a deficiency judgment or preserve a deficiency claim, in connection with the foreclosure of the Security Instrument to the extent necessary to foreclose on the Project, the Rents, the funds or any other collateral.

Section 8.2.4 Set Off; Waiver of Set Off. Upon the occurrence of an Event of Default, Funding Lender may, at any time and from time to time, without notice to Borrower or any other Person (any such notice being expressly waived), set off and appropriate and apply (against and on account of any obligations and liabilities of Borrower to Funding Lender arising under or connected with this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents, irrespective of whether or not Funding Lender shall have made any demand therefor, and although such obligations and liabilities may be contingent or unmatured), and Borrower hereby grants to Funding Lender, as security for the Borrower Payment Obligations, a security interest in, any and all deposits (general or special, including but not limited to Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Debt at any time held or owing by Funding Lender to or for the credit or the account of Borrower.

Section 8.2.5 Assumption of Obligations. In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Borrower Loan Agreement, the Borrower Notes, the Regulatory Agreement, and any other Borrower Loan Documents and Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

Section 8.2.6 Accounts Receivable. Upon the occurrence of an Event of Default, Funding Lender shall have the right, to the extent permitted by law, to impound and take possession of books, records, notes and other documents evidencing Borrower's accounts, accounts receivable and other claims for payment of money, arising in connection with the Project, and to make direct collections on such accounts, accounts receivable and claims for the benefit of Funding Lender.

Section 8.2.7 Defaults under Other Documents. Funding Lender shall have the right to cure any default under any of the Related Documents and the Subordinate Loan Documents, but shall have no obligation to do so.

Section 8.2.8 Abatement of Disbursements. Notwithstanding any provision to the contrary herein or any of the other Borrower Loan Documents or the Funding Loan Documents, Funding Lender's obligation to make further Disbursements shall abate (i) during the continuance of any Potential Default, (ii) after any disclosure to Funding Lender of any fact or circumstance that, absent such disclosure, would cause any representation or warranty of Borrower to fail to be true and correct in all material respects, unless and until Funding Lender elects to permit further Disbursements notwithstanding such event or circumstance; and (iii) upon the occurrence of any Event of Default.

Section 8.2.9 Completion of Improvements. Upon the occurrence of any Event of Default, Funding Lender shall have the right to cause an independent contractor selected by Funding Lender to enter into possession of the Project and to perform any and all work and labor necessary for the completion of the Project substantially in accordance with the Plans and Specifications, if any, and to perform Borrower's obligations under this Borrower Loan Agreement. All sums expended by Funding Lender for such purposes shall be deemed to have been disbursed to and borrowed by Borrower and shall be secured by the Security Documents.

Section 8.2.10 Right to Directly Enforce. Notwithstanding any other provision hereof to the contrary, the Funding Lender shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Governmental Lender, provided that only the Governmental Lender may enforce the Unassigned Rights. In the event that any of the provisions set forth in this Section 8.2.10 are inconsistent with the covenants, terms and conditions of the Security Instrument, the covenants, terms and conditions of the Security Instrument shall prevail.

Section 8.2.11 Power of Attorney. Effective upon the occurrence of an Event of Default, and continuing until and unless such Event of Default is cured or waived, Borrower hereby constitutes and appoints Funding Lender, or an independent contractor selected by Funding Lender, as its true and lawful attorney-in-fact with full power of substitution, for the purposes of completion of the Project and performance of Borrower's obligations under this Borrower Loan Agreement in the name of Borrower, and hereby empowers said attorney-in-fact to do any or all of the following upon the occurrence and continuation of an Event of Default (it being understood and agreed that said power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked until full payment and performance of all obligations under this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents):

(a) to use any of the funds of Borrower or Managing Member, including any balance of the Borrower Loan, as applicable, and any funds which may be held by Funding Lender for Borrower (including all funds in all deposit accounts in which Borrower has granted to Funding Lender a security interest), for the purpose of effecting completion of the construction or rehabilitation, as the case may be, of the Improvements, in the manner called for by the Plans and Specifications;

(b) to make such additions, changes and corrections in the Plans and Specifications as shall be necessary or desirable to complete the Project in substantially the manner contemplated by the Plans and Specifications;

(c) to employ any contractors, subcontractors, agents, architects and inspectors required for said purposes;

(d) to employ attorneys to defend against attempts to interfere with the exercise of power granted hereby;

(e) to pay, settle or compromise all existing bills and claims which are or may be liens against the Project or the Improvements, or may be necessary or desirable for the completion of the construction or rehabilitation, as the case may be, of the Improvements, or clearance of objections to or encumbrances on title;

(f) to execute all applications and certificates in the name of Borrower, which may be required by any other construction contract;

(g) to prosecute and defend all actions or proceedings in connection with the Project and to take such action, require such performance and do any and every other act as is deemed necessary with respect to the completion of the construction or rehabilitation, as the case may be, of the Improvements, which Borrower might do on its own behalf;

(h) to let new or additional contracts to the extent not prohibited by their existing contracts;

(i) to employ watchmen and erect security fences to protect the Project from injury; and

(j) to take such action and require such performance as it deems necessary under any of the bonds or insurance policies to be furnished hereunder, to make settlements and compromises with the sureties or insurers thereunder, and in connection therewith to execute instruments of release and satisfaction.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default, rights and remedies may be pursued pursuant to the terms of the Borrower Loan Documents and the Funding Loan Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Funding Lender assignees or designees become the owner of the Project and assume the obligations identified above, and the Borrower Notes, the Borrower Loan and the other Borrower Loan Documents and Funding Loan Documents remain outstanding.

ARTICLE IX

SPECIAL PROVISIONS

Section 9.1. Sale of Note and Secondary Market Transaction.

Section 9.1.1 Cooperation. Subject to the restrictions of Section 2.4 of the Funding Loan Agreement, at the Funding Lender's or the Servicer's request (to the extent not already required to be provided by the Borrower under this Borrower Loan Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Funding Lender or the Servicer customarily adheres or which may be reasonably required in the marketplace or by the Funding Lender or the Servicer in connection with one or more sales or assignments of all or a portion of the Governmental Lender Notes and the Funding Loan or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Governmental Lender Notes and the Funding Loan (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided that the Borrower shall not incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information or any opinion required in connection therewith, and all such costs shall be paid by the Funding Lender or the Servicer, and shall not materially modify Borrower's rights or obligations. Without limiting the generality of the foregoing, the Borrower shall, so long as the Borrower Loan is still outstanding:

(a) (i) provide such financial and other information with respect to the Borrower Loan, and with respect to the Project, the Borrower, the Manager, the contractor of the Project or the Borrower Controlling Entity, (ii) provide financial statements, audited, if available, relating to the Project with customary disclaimers for any forward looking statements or lack of audit, and (iii), at the expense of the Funding Lender or the Servicer, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports and other due diligence investigations of the Project, as may be reasonably requested from time to time by the Funding Lender or the Servicer or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Funding Lender or the Servicer pursuant to this paragraph (a) being called the "Provided Information"), together, if customary, with appropriate verification of and/or consents (including, without limitation, auditor consents) to include or incorporate by reference the Provided Information in an offering document or otherwise provide the Provided Information to investors and potential investors or opinions of counsel of independent attorneys acceptable to the Funding Lender or the Servicer and the Rating Agencies;

(b) make such representations and warranties as of the closing date of any Secondary Market Transaction with respect to the Project, the Borrower, the Borrower Loan Documents and the Funding Loan Documents reasonably acceptable to the Funding Lender or the Servicer, consistent with the facts covered by such representations and warranties as they exist on the date thereof; and

(c) execute such amendments to the Borrower Loan Documents and the Funding Loan Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the material economic terms of the Borrower Loan Documents and the Funding Loan Documents and is not otherwise adverse to the Borrower or any member of the Borrower in its reasonable discretion.

Section 9.1.2 Use of Information. The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a "Secondary Market Disclosure Document"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall cooperate, subject to Section 9.1.1(c) hereof, with the Funding Lender and the Servicer in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrower and the Project necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information.

Section 9.1.3 Borrower Obligations Regarding Secondary Market Disclosure Documents. In connection with a Secondary Market Disclosure Document, the Borrower shall provide, or in the case of a Borrower-engaged third party such as the Manager, cause it to provide, information reasonably requested by the Funding Lender pertaining to the Borrower, the Project or such third party (and portions of any other sections reasonably requested by the Funding Lender pertaining to the Borrower, the Project or the third party). The Borrower shall, if requested by the Funding Lender and the Servicer, certify in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, the Project or the Manager, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project or the Manager) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such parties. Furthermore, the Borrower hereby indemnifies the Funding Lender, the Governmental Lender and the Servicer for any Liabilities to which any such parties may become subject to the extent such Liabilities arise out of or are based upon the use of the Provided Information in a Secondary Market Disclosure Document, unless caused by the gross negligence or willful misconduct of such party seeking indemnification.

Section 9.1.4 Borrower Indemnity Regarding Filings. In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify Funding Lender, the Governmental Lender and the underwriter group for any securities (the "Underwriter Group") for any Liabilities to which Funding Lender, the Servicer, the Governmental Lender or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Funding Lender, the Servicer, the Governmental Lender, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Funding Lender, the Servicer, the Governmental Lender or the Underwriter Group in connection with defending or investigating the Liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties.

Section 9.1.5 Indemnification Procedure. Promptly after receipt by an indemnified party under Sections 9.1.3 and 9.1.4 hereof of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by Written Notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party under this Section 9.1.5, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior Written Consent of the Borrower.

Section 9.1.6 Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 9.1.4 hereof is for any reason held to be unenforceable by an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 9.1.4 hereof, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Borrower Loan Document or Funding Loan Document (a "notice") shall be deemed to be given and made when delivered by hand, by recognized overnight delivery service, confirmed facsimile transmission (provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day), or five (5) calendar days after deposited in the United States mail, registered or certified, postage prepaid, with return receipt requested, addressed as provided in Section 11.1 of the Funding Loan Agreement.

Section 10.2. Brokers and Financial Advisors. The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Borrower Loan, other than those disclosed to the Funding Lender and whose fees shall be paid by the

Borrower pursuant to separate agreements. The Borrower and the Funding Lender shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 10.2 shall survive the expiration and termination of this Borrower Loan Agreement and the repayment of the Borrower Payment Obligations.

Section 10.3. Survival. This Borrower Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Governmental Lender of the Borrower Loan and the execution and delivery to the Governmental Lender of the Borrower Note and the assignment of the Borrower Note to the Funding Lender, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. All the Borrower's covenants and agreements in this Borrower Loan Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the Governmental Lender, the Funding Lender and the Servicer.

Section 10.4. Preferences. To the extent the Borrower makes a payment to the Governmental Lender, the Fiscal Agent or the Servicer, or the Governmental Lender, the Fiscal Agent or the Servicer receives proceeds of any collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Governmental Lender or the Servicer. In furtherance of the preceding sentence, the Governmental Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by the Borrower to any portion of the Borrower Payment Obligations.

Section 10.5. Waiver of Notice. The Borrower shall not be entitled to any notices of any nature whatsoever from the Funding Lender, the Fiscal Agent or the Servicer except with respect to matters for which this Borrower Loan Agreement or any other Borrower Loan Document specifically and expressly provides for the giving of notice by the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, with respect to any matter for which no Borrower Loan Document specifically and expressly provides for the giving of notice by the Funding Lender, the Fiscal Agent or the Servicer to the Borrower.

Section 10.6. Offsets, Counterclaims and Defenses. The Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Funding Lender, the Fiscal Agent or the Servicer with respect to a Borrower Loan Payment. Any assignee of Funding Lender's or Fiscal Agent's interest in and to the Borrower Loan Documents or the Funding Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Borrower Loan Documents or the Funding Loan Documents which the Borrower may otherwise have against any assignor of such documents, and no such unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrower in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrower.

Section 10.7. Publicity. The Funding Lender and the Servicer (and any affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials describing the Funding Lender's or the Servicer's participation in the making of the Borrower Loan or the Borrower

Loan's inclusion in any Secondary Market Transaction effectuated by the Funding Lender or the Servicer or one of its or their affiliates. All news releases, publicity or advertising by the Borrower or Borrower Affiliates through any media intended to reach the general public, which refers to the Borrower Loan Documents or the Funding Loan Documents, the Borrower Loan, the Funding Lender or the Servicer in a Secondary Market Transaction, shall be subject to the prior Written Consent of the Funding Lender or the Servicer, as applicable.

Section 10.8. Construction of Documents. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Borrower Loan Documents and the Funding Loan Documents and that the Borrower Loan Documents and the Funding Loan Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 10.9. No Third Party Beneficiaries. The Borrower Loan Documents and the Funding Loan Documents are solely for the benefit of the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer and the Borrower and, with respect to Sections 9.1.3 and 9.1.4 hereof, the Underwriter Group, and nothing contained in any Borrower Loan Document shall be deemed to confer upon anyone other than the Governmental Lender, the Fiscal Agent, the Funding Lender, the Servicer, and the Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 10.10. Assignment. The Borrower Loan, the Security Instrument, the Borrower Loan Documents and the Funding Loan Documents and all Funding Lender's rights, title, obligations and interests therein may be assigned by the Funding Lender, at any time in its sole discretion, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise. Upon such assignment, all references to Funding Lender in this Borrower Loan Agreement and in any Borrower Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Funding Lender. Borrower shall accord full recognition to any such assignment, and all rights and remedies of Funding Lender in connection with the interest so assigned shall be as fully enforceable by such assignee as they were by Funding Lender before such assignment. In connection with any proposed assignment, Funding Lender may disclose to the proposed assignee any information that Borrower has delivered, or caused to be delivered, to Funding Lender with reference to Borrower, Managing Member, Guarantor or any Borrower Affiliate, or the Project, including information that Borrower is required to deliver to Funding Lender pursuant to this Borrower Loan Agreement, provided that such proposed assignee agrees to treat such information as confidential. `The Borrower may not assign its rights, interests or obligations under this Borrower Loan Agreement or under any of the Borrower Loan Documents or Funding Loan Documents, or Borrower's interest in any moneys to be disbursed or advanced hereunder, except only as may be expressly permitted hereby.

Section 10.11. [Intentionally Omitted].

Section 10.12. Governmental Lender, Funding Lender and Servicer Not in Control; No Partnership. None of the covenants or other provisions contained in this Borrower Loan Agreement shall, or shall be deemed to, give the Governmental Lender, the Fiscal Agent, the Funding Lender or the Servicer the right or power to exercise control over the affairs or management of the Borrower, the power of the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer being limited to the rights to exercise the remedies referred to in the Borrower Loan Documents and the Funding Loan Documents. The relationship between the Borrower and the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Borrower Loan Documents or the Funding Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Governmental Lender, the Fiscal Agent, the Funding Lender or the Servicer or to create an equity interest in the Project in the Governmental Lender, the Fiscal Agent, the Funding Lender or the Servicer. Neither the Governmental Lender, the Fiscal Agent, the Funding Lender nor the Servicer undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Borrower Loan, except as expressly provided in the Borrower Loan Documents or the Funding Loan Documents; and notwithstanding any other provision of the Borrower Loan Documents and the Funding Loan Documents: (1) the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members, or partners and the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer do not intend to ever assume such status; (2) the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (3) the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower, the Borrower Controlling Entities or its stockholders, members, or partners. The Governmental Lender, the Fiscal Agent, the Funding Lender, the Servicer and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Governmental Lender, the Fiscal Agent, the Funding Lender, the Servicer and the Borrower, or to create an equity interest in the Project in the Funding Lender, Governmental Lender, Fiscal Agent, or the Servicer, or any sharing of liabilities, losses, costs or expenses.

Section 10.13. Release. The Borrower hereby acknowledges that it is executing this Borrower Loan Agreement and each of the Borrower Loan Documents and the Funding Loan Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 10.14. Term of Borrower Loan Agreement. This Borrower Loan Agreement shall be in full force and effect until all payment obligations of the Borrower hereunder have been paid in full and the Borrower Loan and the Funding Loan have been retired or the payment thereof has been provided for; except that on and after payment in full of both Borrower Notes, this Borrower Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrower under Sections 5.11 (Governmental Lender's and Funding Lender's Fees), 5.14 (Expenses), 5.15 (Indemnity), 9.1.3, 9.1.4, 9.1.5, 9.1.6 and 10.15 (Reimbursement of Expenses) hereof, as well as under Section 5.7 of the Construction Funding Agreement, shall survive the termination of this Borrower Loan Agreement.

Section 10.15. Reimbursement of Expenses. If, upon or after the occurrence of any Event of Default or Potential Default, the Governmental Lender, the Fiscal Agent, the Funding Lender or the Servicer shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will on demand therefor reimburse the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer for fees of such attorneys and such other expenses so incurred.

The Borrower's obligation to pay the amounts required to be paid under this Section 10.15 shall be subordinate to its obligations to make payments under the Borrower Note.

Section 10.16. Permitted Contests. Notwithstanding anything to the contrary contained in this Borrower Loan Agreement, Borrower shall have the right to contest or object in good faith to any claim, demand, levy or assessment (other than in respect of Debt or Contractual Obligations of Borrower under any Borrower Loan Document or Related Document) by appropriate legal proceedings that are not prejudicial to Funding Lender's or Governmental Lender's rights, but this shall not be deemed or construed as in any way relieving, modifying or providing any extension of time with respect to Borrower's covenant to pay and comply with any such claim, demand, levy or assessment, unless Borrower shall have given prior Written Notice to the Governmental Lender and the Funding Lender of Borrower's intent to so contest or object thereto, and unless (i) Borrower has, in the Governmental Lender's and the Funding Lender's judgment, a reasonable basis for such contest, (ii) Borrower pays when due any portion of the claim, demand, levy or assessment to which Borrower does not object, (iii) Borrower demonstrates to Funding Lender's satisfaction that such legal proceedings shall conclusively operate to prevent enforcement prior to final determination of such proceedings, (iv) Borrower furnishes such bond, surety, undertaking or other security in connection therewith as required by law, or as requested by and satisfactory to Funding Lender, to stay such proceeding, which bond, surety, undertaking or other security shall be issued by a bonding company, insurer or surety company reasonably satisfactory to Funding Lender and shall be sufficient to cause the claim, demand, levy or assessment to be insured against by the Title Company or removed as a lien against the Project, (v) Borrower at all times prosecutes the contest with due diligence, and (vi) Borrower pays, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by Borrower, the amount so determined to be due and owing by Borrower. In the event that Borrower does not make, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by Borrower, any payment required to be made pursuant to clause (vi) of the preceding sentence, an Event of Default shall have occurred, and Funding Lender may draw or realize upon any bond or other security delivered to Funding Lender in connection with the contest by Borrower, in order to make such payment.

Section 10.17. Funding Lender Approval of Instruments and Parties. All proceedings taken in accordance with transactions provided for herein, and all surveys, appraisals and documents required or contemplated by this Borrower Loan Agreement and the persons responsible for the execution and preparation thereof, shall be satisfactory to and subject to approval by Funding Lender. Funding Lender's approval of any matter in connection with the Project shall be for the sole purpose of protecting the security and rights of Funding Lender. No such approval shall result in a waiver of any default of Borrower. In no event shall Funding Lender's approval be a representation of any kind with regard to the matter being approved.

Section 10.18. Funding Lender Determination of Facts. Funding Lender shall at all times be free to establish independently, to its reasonable satisfaction, the existence or nonexistence of any fact or facts, the existence or nonexistence of which is a condition of this Borrower Loan Agreement.

Section 10.19. Calendar Months. With respect to any payment or obligation that is due or required to be performed within a specified number of Calendar Months after a specified date, such payment or obligation shall become due on the day in the last of such specified number of Calendar Months that corresponds numerically to the date so specified; provided, however, that with respect to any obligation as to which such specified date is the 29th, 30th or 31st day of any Calendar Month: if the Calendar Month in which such payment or obligation would otherwise become due does not have a numerically corresponding date, such obligation shall become due on the first day of the next succeeding Calendar Month.

Section 10.20. Determinations by Lender. Except to the extent expressly set forth in this Borrower Loan Agreement to the contrary, in any instance where the consent or approval of the Governmental Lender and the Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by the Governmental Lender and the Funding Lender under this Borrower Loan Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Governmental Lender and the Funding Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

Section 10.21. Governing Law. This Borrower Loan Agreement shall be governed by and enforced in accordance with the laws of the State, without giving effect to the choice of law principles of the State that would require the application of the laws of a jurisdiction other than the State.

Section 10.22. Consent to Jurisdiction and Venue. Borrower agrees that any controversy arising under or in relation to this Borrower Loan Agreement shall be litigated exclusively in the State. The state and federal courts and authorities with jurisdiction in the State shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Borrower Loan Agreement. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Beneficiary Parties' right to bring any suit, action or proceeding relating to matters arising under this Borrower Loan Agreement against Borrower or any of Borrower's assets in any court of any other jurisdiction.

Section 10.23. Successors and Assigns. This Borrower Loan Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a "person" or "persons" shall be deemed to include individuals and entities.

Section 10.24. Severability. The invalidity, illegality or unenforceability of any provision of this Borrower Loan Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

Section 10.25. Entire Agreement; Amendment and Waiver. This Borrower Loan Agreement contains the complete and entire understanding of the parties with respect to the matters covered. This Borrower Loan Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Borrower Loan Agreement shall be considered as a general waiver. Without limiting the generality of the foregoing, no Disbursement shall constitute a waiver of any conditions to the Governmental Lender's or the Funding Lender's obligation to make further Disbursements nor, in the event Borrower is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the Governmental Lender or the Funding Lender from thereafter declaring such inability to constitute a Potential Default or Event of Default under this Borrower Loan Agreement.

Section 10.26. Counterparts. This Borrower Loan Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

Section 10.27. Captions. The captions of the sections of this Borrower Loan Agreement are for convenience only and shall be disregarded in construing this Borrower Loan Agreement.

Section 10.28. Servicer. Borrower hereby acknowledges and agrees that, pursuant to the terms of Section 39 of the Security Instrument: (a) from time to time, the Governmental Lender or the Funding Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under the Borrower Note, this Borrower Loan Agreement or the other Borrower Loan Documents, and to otherwise service the Borrower Loan and (b) unless Borrower receives Written Notice from the Governmental Lender or the Funding Lender to the contrary, any action or right which shall or may be taken or exercised by the Governmental Lender or the Funding Lender may be taken or exercised by such servicer with the same force and effect.

Section 10.29. Beneficiary Parties as Third Party Beneficiary. Each of the Beneficiary Parties shall be a third party beneficiary of this Borrower Loan Agreement for all purposes.

Section 10.30. Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE BENEFICIARY PARTIES (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS BORROWER LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

Section 10.31. Time of the Essence. Time is of the essence with respect to this Borrower Loan Agreement.

Section 10.32. Modifications. Modifications (if any) to this Borrower Loan Agreement ("Modifications") are set forth on Exhibit A attached to this Borrower Loan Agreement. In the event of a Transfer under the terms of the Security Instrument, some or all of the Modifications to this Borrower Loan Agreement may be modified or rendered void by the Governmental Lender or the Funding Lender at its option by notice to Borrower or such transferee.

Section 10.36. Reference Date. This Borrower Loan Agreement is dated for reference purposes only as of the first day of [Month], 2025, and will not be effective and binding on the parties hereto unless and until the Closing Date (as defined herein) occurs.

ARTICLE XI

LIMITATIONS ON LIABILITY

Section 11.1. Limitation on Liability. Notwithstanding anything to the contrary herein, the liability of the Borrower hereunder and under the other Borrower Loan Documents and the Funding Loan Documents shall be limited to the extent set forth in the Borrower Notes.

Section 11.2. Limitation on Liability of Governmental Lender. The Governmental Lender shall not be obligated to pay the principal (or prepayment price) of or interest on the Funding Loan, except from moneys and assets received by the Fiscal Agent or Funding Lender on behalf of the Governmental Lender pursuant to the assignment by Governmental Lender to Funding Lender of this Borrower Loan Agreement. Neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, nor the faith and credit of the Governmental Lender is pledged to the payment of the principal (or prepayment price) of or interest on the Funding Loan. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Borrower Loan Agreement, the Funding Loan or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Borrower Loan Agreement.

The Borrower hereby acknowledges that the Governmental Lender's sole source of moneys to repay the Funding Loan will be provided by the payments made by the Borrower pursuant to this Borrower

Loan Agreement, together with investment income on certain funds and accounts held by the Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or prepayment price) of and interest on the Funding Loan as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Funding Lender or the Servicer, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or prepayment price) of or interest on the Funding Loan, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Funding Lender, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Funding Lender, the Governmental Lender or any such third party, as the case may be, therefor.

Section 11.3. Waiver of Personal Liability. No member, officer, agent or employee of the Governmental Lender or any director, officer, agent or employee of the Governmental Lender shall be individually or personally liable for the payment of any principal (or prepayment price) of or interest on the Funding Loan or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Borrower Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Borrower Loan Agreement.

Section 11.4. Limitation on Liability of Funding Lender's Officers, Employees, Etc.

(a) Borrower assumes all risks of the acts or omissions of the Governmental Lender, the Fiscal Agent and the Funding Lender, other than those acts or omissions that are the result of willful misconduct or gross negligence of the Governmental Lender or the Funding Lender; provided, however, this assumption is not intended to, and shall not, preclude Borrower from pursuing such rights and remedies as it may have against the Governmental Lender, the Fiscal Agent and the Funding Lender at law or under any other agreement. None of Governmental Lender, the Fiscal Agent and the Funding Lender, or the other Beneficiary Parties or their respective officers, directors, employees or agents shall be liable or responsible for (i) any acts or omissions of the Governmental Lender, the Fiscal Agent and the Funding Lender; or (ii) the validity, sufficiency or genuineness of any documents, or endorsements, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged. In furtherance and not in limitation of the foregoing, the Governmental Lender, the Fiscal Agent and the Funding Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, unless acceptance in light of such notice or information constitutes gross negligence or willful misconduct on the part of the Governmental Lender, the Fiscal Agent and the Funding Lender.

(b) None of the Governmental Lender, the Fiscal Agent, the Funding Lender, the other Beneficiary Parties or any of their respective officers, directors, employees or agents shall be liable to any contractor, subcontractor, supplier, laborer, architect, engineer or any other party for services performed or materials supplied in connection with the Project. The Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable for any debts or claims accruing in favor of any such parties against Borrower or others or against the Project. The Borrower is not and shall not be an agent of the Governmental Lender, the Fiscal Agent and the Funding Lender for any purpose. Neither the Governmental Lender, the Fiscal Agent nor the Funding Lender is a joint venture partner with Borrower in any manner whatsoever. Prior to default by Borrower under this Borrower Loan Agreement and the exercise of remedies granted herein, the Governmental Lender, the Fiscal Agent and the Funding Lender shall not be deemed to be in privity of contract with any contractor or provider of services to the Project, nor shall any payment of funds directly to a contractor, subcontractor or provider of services be deemed to create any third party beneficiary status or recognition of same by the Governmental Lender, the Fiscal Agent and the Funding Lender. Approvals granted by the Governmental Lender and the Funding Lender for any matters covered under this Borrower Loan Agreement shall be narrowly construed to cover only the parties and facts identified in any written approval or, if not in writing, such approvals shall be solely for the benefit of Borrower.

(c) Any obligation or liability whatsoever of the Governmental Lender, the Fiscal Agent and the Funding Lender that may arise at any time under this Borrower Loan Agreement or any other Borrower Loan Document shall be satisfied, if at all, out of the Funding Lender's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Governmental Lender's, the Fiscal Agent's or the Funding Lender's shareholders (if any), directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

Section 11.5. Delivery of Reports, Etc. The delivery of reports, information and documents to the Governmental Lender, the Fiscal Agent and the Funding Lender as provided herein is for informational purposes only and the Governmental Lender's, the Fiscal Agent's and the Funding Lender's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Governmental Lender, the Fiscal Agent and the Funding Lender shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Borrower Loan Agreement against the Governmental Lender, the Fiscal Agent and the Funding Lender.

Section 11.6. Electronic Transactions. The transactions described in this Borrower Loan Agreement may be conducted and the related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Notwithstanding the foregoing, original executed versions of each of the Funding Loan Documents shall be delivered to the Funding Lender in connection with the closing of the transactions described herein.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Borrower Loan Agreement by its respective authorized representative as of the date first set forth above.

BORROWER:

LC CANOPY, LLC
an Illinois limited liability company

By: LC Trunk, LLC,
an Illinois limited liability company
its managing member

By: Stone Beam Development LLC,
an Illinois limited liability company,
its manager

By: ___________________________
Joseph Walsh, manager

GOVERNMENTAL LENDER:

CITY OF HIBBING, MINNESOTA

By: ____________________________________
Name: __________________________________
Title: ___________________________________

Agreed to and Acknowledged by:

FUNDING LENDER:

CITIBANK, N.A.

By: ______________________________________
Name: ____________________________________
Title: _____________________________________
Deal ID No. [________]

Exhibit A

Modifications

FUNDING LOAN AGREEMENT

among

CITIBANK, N.A.,
as Funding Lender

and

CITY OF HIBBING, MINNESOTA,
as Governmental Lender

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Fiscal Agent

Dated as of [Month] 1, 2025

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ARTICLE XII
MISCELLANEOUS

FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of [Month] 1, 2025 (this "Funding Loan Agreement"), is entered into by CITIBANK, N.A., (together with any successor hereunder, the "Funding Lender"), the CITY OF HIBBING, MINNESOTA, a municipal corporation and political subdivision organized and existing under the laws of the State of Minnesota (together with its successors and assigns, the "Governmental Lender"), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION (together with any successor or assign, the "Fiscal Agent").

RECITALS

WHEREAS, the Governmental Lender is authorized pursuant to and in accordance with the provisions of Minnesota Statutes 462C and 474A, as amended (the "Act"): (a) to make loans to any person to provide financing for rental residential developments located within the jurisdiction of the Governmental Lender and intended to be occupied in part by persons of low and moderate income; (b) to incur indebtedness for the purpose of obtaining moneys to make such loans and provide such financing, to establish any required reserve funds and to pay administrative costs and other costs incurred in connection with the incurrence of such indebtedness of the Governmental Lender; and (c) to pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the payment of the principal of, prepayment premium, if any, on and interest on such indebtedness of the Governmental Lender; and

WHEREAS, LC Canopy, LLC, an Illinois limited liability company (the "Borrower"), has requested the Governmental Lender to enter into this Funding Loan Agreement under which the Funding Lender (i) will advance funds (the "Funding Loan") to or for the account of the Governmental Lender, and (ii) apply the proceeds of the Funding Loan to make a loan (the "Borrower Loan") to the Borrower to finance the acquisition, rehabilitation and equipping of a multifamily rental housing development located in the City of Hibbing, Minnesota, known as LEE Center (the "Project"); and

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender and the Borrower will enter into a Borrower Loan Agreement of even date herewith (as it may be supplemented or amended, the "Borrower Loan Agreement"), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount which, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Funding Loan and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Multifamily Note Series A (the "Series A Borrower Note") and its Multifamily Note Series B (the "Series B Borrower Note", and together with the Series A Borrower Note, the "Borrower Notes") and the obligations of the Borrower under the Borrower Notes will be secured by a lien on and security interest in the Project pursuant to a Multifamily Mortgage Assignment of Rents, Security Agreement and Fixture Filing of even date herewith (the "Security Instrument"), made by the Borrower in favor of the Governmental Lender, as assigned to the Funding Lender to secure the performance by the Governmental Lender of its obligations under the Funding Loan; and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender its Multi-Family Housing Revenue Note (LEE Center Project) Series 2025A (the "Series A Governmental Lender Note"), its Multi-Family Housing Revenue Note (LEE Center) Series 2025B (the "Series B Governmental

Lender Note" and together with the Series A Governmental Lender Note, the "Governmental Lender Notes" and each a "Governmental Lender Note"), each dated as of the Closing Date (defined below), collectively evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan as provided in this Funding Loan Agreement, all things necessary to make this Funding Loan Agreement the valid, binding and legal limited obligation of the Governmental Lender, have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Notes, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1. Definitions. For all purposes of this Funding Loan Agreement, except as otherwise expressly provided or unless the context otherwise clearly requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Borrower Loan Agreement.

(b) The terms "herein, "hereof" and "hereunder" and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP.

(e) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) References to the Governmental Lender Notes as "tax exempt" or to the "tax exempt status" of the Governmental Lender Notes are to the exclusion of interest on the Governmental Lender Notes (other than any portion of the Governmental Lender Notes held by a "substantial user" of the Project or a "related person" within the meaning of Section 147 of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

(h) The following terms have the meanings set forth below:

"Additional Borrower Payments" shall have the meaning given such term in the Borrower Loan Agreement.

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

“Approved Transferee” means (1) a “qualified institutional buyer” (“QIB”) as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”) that is a financial institution or commercial bank having capital and surplus of $5,000,000,000 or more, (2) an affiliate of the Funding Lender, (3) a trust or custodial arrangement established by the Funding Lender or one of its affiliates or any state or local government or any agency or entity which is a political subdivision of a federal, state or local government (a “Governmental Entity”), in each case (i) the beneficial interests in which will be owned only by QIBs or (ii) the beneficial interests in which will be rated in the “BBB” category or higher without regard to modifier (or the equivalent investment grade category) by at least one nationally recognized rating agency, or (4) a Governmental Entity.

“Authorized Amount” shall mean $[Loan Amount], the maximum principal amount of the Funding Loan under this Funding Loan Agreement.

“Authorized Governmental Lender Representative” shall mean the Mayor or City Administrator of the Governmental Lender, or such other person at the time designated to act on behalf of the Governmental Lender as evidenced by a written certificate furnished to the Funding Lender and the Borrower containing the specimen signature of such person and signed on behalf of the Governmental Lender by an Authorized Governmental Lender Representative. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Governmental Lender Representative.

“Borrower” shall mean LC Canopy, LLC, an Illinois limited liability company.

“Borrower Equity Account” means the Borrower Equity Account of the Project Fund established under Section 7.3.

“Borrower Loan” shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement in the aggregate principal amount of the Borrower Loan Amount, as evidenced by the Borrower Notes.

“Borrower Loan Agreement” shall mean the Borrower Loan Agreement, of even date herewith, between the Governmental Lender and the Borrower, as supplemented, amended or replaced from time to time in accordance with its terms.

“Borrower Loan Agreement Default” shall mean any event of default set forth in 8.1 of the Borrower Loan Agreement. A Borrower Loan Agreement Default shall “exist” if a Borrower Loan Agreement Default shall have occurred and be continuing beyond any applicable cure period.

“Borrower Loan Amount” shall mean the amount of $[Loan Amount].

“Borrower Loan Documents” shall have the meaning given such term in the Borrower Loan Agreement.

“Borrower Notes” shall mean the “Borrower Notes” as defined in the Borrower Loan Agreement.

“Business Day” shall mean any day other than (i) a Saturday or a Sunday, or (ii) a day on which federally insured depository institutions in New York, New York or the city where the Fiscal Agent is located are authorized or obligated by law, regulation, governmental decree or executive order to be closed. Unless specifically referred to herein as a "Business Day," all references to "day" or "days" shall be to calendar days.

"Closing Costs Fund" shall mean the fund of that name established under Section 7.3(d) hereof.

"Closing Date" shall mean [CLOSING DATE], the date that initial Funding Loan proceeds are disbursed hereunder.

"Code" shall mean the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Conditions to Conversion" shall have the meaning given such term in the Construction Funding Agreement.

"Construction Funding Agreement" means that certain Construction Funding Agreement of even date herewith, between the Funding Lender, as agent for the Governmental Lender, and Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender (or the Servicer on its behalf), as agent of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

"Contingency Draw-Down Agreement" means the Contingency Draw-Down Agreement of even date herewith among the Funding Lender, the Fiscal Agent and the Borrower relating to possible conversion of the Funding Loan from a draw down loan to a fully funded loan.

"Control" shall mean, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

"Conversion Date" shall have the meaning ascribed to such term in the Borrower Loan Agreement.

"Default" shall mean the occurrence of an event, which, under any Funding Loan Document, would, but for the giving of notice or passage of time, or both, be an event of default under the applicable Funding Loan Document or a Borrower Loan Agreement Default.

"Draw-Down Notice" shall mean a notice described in Section 1.01 of the Contingency Draw-Down Agreement regarding the conversion of the Funding Loan from a draw down loan to a fully funded loan.

"Event of Default" shall have the meaning ascribed thereto in Section 9.1 hereof.

"Fiscal Agent" shall mean Zions Bancorporation, National Association, as fiscal agent hereunder, and any successor fiscal agent or co-fiscal agent appointed under this Funding Loan Agreement.

"Fiscal Agent Fees" shall mean the ongoing compensation and expenses payable to the Fiscal Agent as follows:

(i) the (i) acceptance fee of the Fiscal Agent in the amount of $3,000 for the Series A Governmental Lender Note and $3,000 for the Series B Governmental Lender Note, payable on the Closing Date, and (ii) annual fee of the Fiscal Agent in the amount of $3,000 for the Series A Governmental Lender Note until the Conversion Date, $1,500 for the Series A Governmental Lender Note after the Conversion Date, and $3,000 for the Series B Governmental Lender Note, payable in advance on the Closing Date and, annually thereafter, in advance and in an equal amount for each Governmental Lender Note by the Borrower upon receipt of an invoice therefor from the Fiscal Agent, so long the applicable Governmental Lender Note is outstanding;

(ii) the reasonable fees and charges of the Fiscal Agent for necessary extraordinary services rendered by it and/or reimbursement for extraordinary expenses incurred by it under this Funding Loan Agreement as and when the same become due, including reasonable fees and expenses of legal counsel and internal default administrators (including fees prior to litigation, at trial or for appellate proceedings); provided, however, that the Fiscal Agent shall not be required to undertake any such extraordinary services unless provision for payment of extraordinary expenses satisfactory to the Fiscal Agent shall have been made; and

(iii) for purposes of the Borrower Loan Agreement, indemnification of the Fiscal Agent by the Borrower.

"Fitch" shall mean Fitch, Inc.

"Funding Lender" shall mean Citibank N.A., a national banking association, and any successor under this Funding Loan Agreement and the Borrower Loan Documents.

"Funding Loan" shall mean the loan made to the Governmental Lender under this Funding Loan Agreement.

"Funding Loan Agreement" shall mean this Funding Loan Agreement, of even date herewith, by and among the Funding Lender, the Fiscal Agent and the Governmental Lender, as it may from time to time be supplemented, modified or amended by one or more amendments or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

"Funding Loan Documents" shall mean (i) this Funding Loan Agreement, (ii) the Borrower Loan Agreement, (iii) the Regulatory Agreement, (iv) the Tax Certificates, (v) the Borrower Loan Documents, (vi) all other documents evidencing, securing, governing or otherwise pertaining to the Funding Loan, and (vii) all amendments, modifications, renewals and substitutions of any of the foregoing.

"Governmental Lender" shall mean the City of Hibbing, Minnesota.

"Governmental Lender Notes" shall mean the Series A Governmental Lender Note and the Series B Governmental Lender Note and "Governmental Lender Note" shall mean one of such Governmental Lender Notes.

"Highest Rating Category" shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody's in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax exempt municipal debt established by S&P is "A 1+" for debt with a term of one year or less and "AAA" for a term greater than one year, with corresponding ratings by Moody's of "MIG 1" (for fixed rate) or "VMIG 1" (for variable rate) for three months or less and "Aaa" for greater than three months. If at any time (i) both S&P and Moody's rate a Permitted Investment and (ii) one of those ratings is below the Highest Rating Category, then such Permitted Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, a Permitted Investment rated "AAA" by S&P and "Aa3" by Moody's is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Permitted Investment will be deemed to be rated below the Highest Rating Category. For example, a Permitted Investment rated "AAA" by S&P and "A1" by Moody's is not rated in the Highest Rating Category.

"Maturity Date" shall mean shall mean with respect to the Series A Governmental Lender Note, October 1, 2058, with respect to the Series B Governmental Lender Note, October 1, 2058.

"Maximum Rate" shall mean the lesser of (i) 12% per annum and (ii) the maximum interest rate that may be paid on the Funding Loan under State law.

"Minimum Beneficial Ownership Amount" shall mean an amount no less than fifteen percent (15%) of the outstanding principal amount of the Funding Loan.

"Moody's" shall mean Moody's Ratings, or its successor.

"Negative Arbitrage Account" means the Negative Arbitrage Account of the Project Fund established under Section 7.3, as otherwise described in the Contingency Draw-Down Agreement.

"Negative Arbitrage Deposit" has the meaning set forth in the Contingency Draw-Down Agreement.

"Noteowner" or "owner of the Governmental Lender Notes" means the owner, or as applicable, collectively the owners, of the Governmental Lender Notes as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.4(e) hereof.

"Note Proceeds Account" means the Note Proceeds Account of the Project Fund established under Section 7.3.

"Ongoing Governmental Lender Fee" shall be not applicable, as there is no scheduled ongoing fee of the Governmental Lender..

"Opinion of Counsel" shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Funding Lender and the Governmental Lender with experience in the matters to be covered in the opinion; provided that whenever an Opinion of Counsel is required to address the exclusion of interest on the Governmental Lender Notes from gross income for purposes of federal income taxation, such opinion shall be provided by Tax Counsel.

"Permitted Investments" shall mean, to the extent authorized by law for investment of any moneys held under this Funding Loan Agreement:

(a) Direct obligations of the United States of America including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America ("Government Obligations").

(b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of

America, or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.

(c) Demand deposits or time deposits with, or certificates of deposit issued by, the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than $50,000,000 and maturing in less than 365 days; provided that the Fiscal Agent or such other institution has been rated at least "VMIG-1"/"A-1+" by Moody's/S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency.

(d) Bonds (including tax-exempt bonds), bills, notes or other obligations of or secured by Fannie Mae, Freddie Mac, the Federal Home Loan Bank or the Federal Farm Credit Bank.

(e) Money market funds rated AAA by S&P which are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended, which may be administered by the Fiscal Agent or its affiliates.

(f) Collateralized Investment Agreements or Repurchase Agreements with financial institutions rated in the "A" category or higher without regard to qualifiers, by at least one Rating Agency. The agreement must be continually collateralized with obligations specified in paragraphs (a), (b) and/or (d) above, eligible for wire through the Federal Reserve Bank System or the DTC/PTC as applicable, and at a level of at least 103% of the amount on deposit and valued no less than daily. The collateral must be held by a third party custodian and be free and clear of all liens and claims of third parties. Securities must be valued daily, marked-to-market at current market price plus accrued interest. If the market value of the securities is found to be below the required level, the provider must restore the market value of the securities to the required level within one (1) business day. Permitted collateral must be delivered to and held in a segregated account by the Fiscal Agent or a custodian (the "Collateral Agent"), and the Collateral Agent cannot be the provider. The collateral must be delivered to the Collateral Agent before/simultaneous with payment (perfection by possession of certificated securities). Acceptable collateral must be free and clear of all liens and claims of third parties and shall be registered in the name of the Collateral Agent for the benefit of the Governmental Lender and Fiscal Agent. The agreement shall state that the Collateral Agent has a valid and perfected first priority security interest in the securities, any substituted securities and all proceeds thereof.

(g) Any other investment authorized by the laws of the State, if such investment is approved in advance in writing by the Funding Lender in its sole discretion.

Permitted Investments shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment or any agreement with a maturity profile greater than the date(s) on which funds representing the corpus of the investment may be needed under the Funding Loan Documents. This exception (1) shall not apply to Permitted Investments listed in paragraph (g).

(2) Any obligation bearing interest at an inverse floating rate.

(3) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(4) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

"Person" shall mean any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"Pledged Revenues" shall mean the amounts pledged under this Funding Loan Agreement to the payment of the principal of, prepayment premium, if any, and interest on the Funding Loan and the Governmental Lender Notes, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the Governmental Lender is entitled (other than amounts received by the Governmental Lender with respect to the Unassigned Rights) derived from or in connection with the Project and the Funding Loan Documents, including all Borrower Loan Payments due under the Borrower Loan Agreement and the Borrower Notes, payments with respect to the Borrower Loan Payments and all amounts obtained through the exercise of the remedies provided in the Funding Loan Documents and all receipts credited under the provisions of this Funding Loan Agreement against said amounts payable, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon (except any amounts on deposit in the Expense Fund, Rebate Fund and Closing Costs Fund).

"Prepayment Premium" shall mean (i) any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Notes (including any Prepayment Premium as set forth in the Borrower Notes) and (ii) any premium payable on the Governmental Lender Notes pursuant to this Funding Loan Agreement.

"Project" shall have the meaning given to that term in the Borrower Loan Agreement.

"Rating Agency" shall mean any one and each of S&P, Moody's and Fitch then rating the Permitted Investments or any other nationally recognized statistical rating agency then rating the Permitted Investments, which has been approved by the Funding Lender.

"Regulations" shall mean with respect to the Code, the relevant U.S. Treasury regulations and proposed regulations thereunder or any relevant successor provision to such regulations and proposed regulations.

"Regulatory Agreement" shall mean that certain Regulatory Agreement, dated as of the date hereof, by and among the Governmental Lender, the Fiscal Agent and the Borrower, as hereafter amended or modified.

"Remaining Funding Loan Proceeds Account" means the Remaining Funding Loan Proceeds Account of the Project Fund established under Section 7.3, as otherwise described in the Contingency Draw-Down Agreement.

"Required Transferee Representations" shall mean the representations in substantially the form attached to this Funding Loan Agreement as Exhibit B.

"Resolution" shall mean the resolution of the Governmental Lender authorizing the Funding Loan and the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party.

“Responsible Officer” shall mean any officer within the Corporate Trust Services department (or any successor group) of the Fiscal Agent, including any vice president, assistant vice president, trust officer or any other officer or assistant officer of the Fiscal Agent customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, who is responsible for the administration of this Funding Loan Agreement.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Security” shall mean the security for the performance by the Governmental Lender of its obligations under the Governmental Lender Note and this Funding Loan Agreement as more fully set forth in Article IV hereof.

“Security Instrument” shall mean the Multifamily Mortgage Assignment of Rents, Security Agreement and Fixture Filing (as amended, restated and/or supplemented from time to time) of even date herewith, made by the Borrower in favor of the Governmental Lender, as assigned to the Funding Lender to secure the performance by the Governmental Lender of its obligations under the Funding Loan.

“Series A Borrower Note” shall mean that certain Multifamily Note (Fixed Rate) dated as of the Closing Date in the original maximum principal amount of $[Series A Loan Amount]] made by the Borrower and payable to the Governmental Lender, as endorsed and assigned to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

“Series A Governmental Lender Note” shall mean that certain Multi-Family Housing Revenue Note (LEE Center Project) Series 2025A , dated the Closing Date in the original maximum principal amount of $[Series A Loan Amount], made by the Governmental Lender and payable to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

“Series B Borrower Note” shall mean that certain Multifamily Note (Variable Rate) dated as of the Closing Date in the original maximum principal amount of [Series B Loan Amount] made by the Borrower and payable to the Governmental Lender, as endorsed and assigned to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

“Series B Governmental Lender Note” shall mean that certain Multi-Family Housing Revenue Note (LEE Center Project) Series 2025B , dated the Closing Date in the original maximum principal amount of $[Series B Loan Amount], made by the Governmental Lender and payable to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

“Servicer” shall mean any Servicer appointed by the Funding Lender to perform certain servicing functions with respect to the Funding Loan and on the Borrower Loan pursuant to a separate servicing agreement to be entered into between the Funding Lender and the Servicer. Initially the Servicer shall be the Funding Lender pursuant to this Funding Loan Agreement.

“Servicing Agreement” shall mean any servicing agreement entered into between the Funding Lender and a Servicer with respect to the servicing of the Funding Loan and/or the Borrower Loan.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., and its successors.

“State” shall mean the State of Minnesota.

"Tax Certificates" shall mean the Arbitrage and Tax Certificate, dated the Closing Date, executed and delivered by the Governmental Lender and the Borrower, together with the Project Certificate, dated the Closing Date, executed and delivered by the Borrower.

"Tax Counsel" shall mean Burke Burns & Pinelli, Ltd., with respect to the exclusion of interest on the Governmental Lender Notes from the federal gross income of the owners thereof, and Fryberger, Buchanan, Smith & Frederick, P.A., with respect to the validity of the Governmental Lender Notes under Minnesota law, or any other attorney or firm of attorneys designated by the Governmental Lender and approved by the Funding Lender having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

"Tax Counsel Approving Opinion" shall mean an opinion of Tax Counsel substantially to the effect that the Governmental Lender Notes constitute a valid and binding obligations of the Governmental Lender and that, under existing statutes, regulations published rulings and judicial decisions, the interest on the Governmental Lender Notes is excludable from gross income for federal income tax purposes (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

"Tax Counsel No Adverse Effect Opinion" shall mean an opinion of Tax Counsel to the effect that the taking of the action specified therein will not impair the exclusion of interest on the Governmental Lender Note from gross income for purposes of federal income taxation (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

"UCC" shall mean the Uniform Commercial Code as in effect in the State.

"Unassigned Rights" shall mean the Governmental Lender's rights to reimbursement and payment of its fees, costs and expenses and the Rebate Amount under Section 2.5 of the Borrower Loan Agreement, its rights of access under Section 5.17 thereof, its rights to indemnification under Section 5.15 thereof, its rights to attorneys' fees under Sections 5.11 and 5.14 thereof, its rights to receive notices, reports and other statements and its rights to consent to certain matters, as provided in this Funding Loan Agreement and the Borrower Loan Agreement.

"Written Certificate," "Written Certification," "Written Consent," "Written Direction," "Written Notice," "Written Order," "Written Registration," "Written Request," and "Written Requisition" shall mean a written certificate, direction, notice, order or requisition signed by an Authorized Borrower Representative, an Authorized Governmental Lender Representative or an authorized representative of the Funding Lender and delivered to the Funding Lender, the Servicer, the Fiscal Agent or such other Person as required under the Funding Loan Documents.

"Yield" shall mean yield as defined in Section 148(h) of the Code and any regulations promulgated thereunder.

Section 1.2. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.3. Date of Funding Loan Agreement. The date of this Funding Loan Agreement is intended as and for a date for the convenient identification of this Funding Loan Agreement and is not intended to indicate that this Funding Loan Agreement was executed and delivered on said date.

Section 1.4. Designation of Time for Performance. Except as otherwise expressly provided herein, any reference in this Funding Loan Agreement to the time of day shall mean the time of day in the city where the Funding Lender maintains its place of business for the performance of its obligations under this Funding Loan Agreement.

Section 1.5. Interpretation. The parties hereto acknowledge that each of them and their respective counsel have participated in the drafting and revision of this Funding Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Funding Loan Agreement or any amendment or supplement or exhibit hereto.

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTE

Section 2.1. Terms.

(a) Principal Amount. The total principal amount of the Funding Loan is hereby expressly limited to the Authorized Amount.

(b) Draw-Down Funding. The Funding Loan is originated on a draw-down basis. The proceeds of the Funding Loan shall be advanced by the Funding Lender directly to the Fiscal Agent (pursuant to the wiring instructions delivered by the Fiscal Agent to the Funding Lender) for the account of the Governmental Lender for disbursement to the Borrower as and when needed to make each advance in accordance with the disbursement provisions of the Borrower Loan Agreement and the Construction Funding Agreement. Upon each advance of principal under the Borrower Loan Agreement, a like amount of the Funding Loan shall be deemed concurrently and simultaneously advanced under this Funding Loan Agreement and Construction Funding Agreement, including the initial advance on the Closing Date of $______[at least $51,000] from the Series A Governmental Lender Note and $[___] from the Series B Governmental Lender Note. Borrower Loan advances and Funding Loan advances shall be allocated first to the Series A Borrower Note and the Series A Governmental Lender Note and, once the foregoing Notes have been fully funded, then to the Series B Borrower Note and the Series B Governmental Lender Note; provided, however, the Series A Governmental Lender Note and the corresponding Series A Borrower Note will be fully-funded on the Closing Date. Thereafter, all subsequent advances shall be from the Series B Borrower Note and the Series B Governmental Lender Note. Notwithstanding anything in this Funding Loan Agreement to the contrary, no additional amounts of the Funding Loan may be drawn down and funded hereunder after the 36th month after the Closing Date; provided, however, that upon the delivery of a Tax Counsel No Adverse Effect Opinion to the Governmental Lender, Fiscal Agent and the Funding Lender such date may be changed to a later date as specified in such Tax Counsel No Adverse Effect Opinion. The Governmental Lender has reviewed and approved the form of Contingency Draw-Down Agreement and consents to the terms thereof and agrees to take all actions reasonably required of the Governmental Lender in connection with the conversion of the Funding Loan to a fully drawn loan pursuant to the provisions of the Contingency Draw-Down Agreement in the event a Draw-Down Notice is filed by the Funding Lender or the Borrower.

(c) Origination Date; Maturity. The Funding Loan shall be originated on the Closing Date and shall mature on the Maturity Date at which time the entire principal amount of the Funding Loan, to the extent not previously paid, and all accrued and unpaid interest, shall be due and payable.

(d) Principal. The outstanding principal amount of the Governmental Lender Notes and of the Funding Loan as of any given date shall be the total amount advanced by the Funding Lender to the Fiscal Agent to or for the account of the Governmental Lender to fund corresponding advances with respect to the related Borrower Notes under the Borrower Loan Agreement and the Construction Funding Agreement as proceeds of the Borrower Loan, less any payments of principal of the Governmental Lender Notes previously received upon payment of corresponding principal amounts under the related Borrower Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of each Governmental Lender Note and interest thereon shall be payable on the basis specified in this paragraph (d) and in paragraphs (e) and (f) of this Section 2.1.

The Fiscal Agent shall keep a record of all principal advances and principal repayments made under each Governmental Lender Note and shall upon written request provide the Governmental Lender and the Funding Lender with a statement of the outstanding principal balance of the Governmental Lender Notes and the Funding Loan.

(e) Interest. Interest shall be paid on the outstanding principal amount of each Governmental Lender Note at the rate or rates set forth in the related Borrower Note and otherwise as set forth in the Borrower Loan Agreement.

(f) Corresponding Payments. The payment or prepayment of principal, interest and premium, if any, due on each Governmental Lender Note shall be identical with and shall be made on the same dates, terms and conditions, as the principal, interest, premiums, late payment fees and other amounts due on the related Borrower Note. Any payment or prepayment made by the Borrower of principal, interest, premium, if any, due on the Borrower Note shall be deemed to be like payments or prepayments of principal, interest and premium, if any, due on the Funding Loan and the Governmental Lender Note.

(g) Usury. The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Lender Notes and all agreements made in the Governmental Lender Notes, this Funding Loan Agreement and the Funding Loan Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Funding Lender shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Governmental Lender Notes, this Funding Loan Agreement and all other Funding Loan Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Governmental Lender intends and agrees that (i) interest shall be computed upon the assumption that payments under the Borrower Loan Agreement and other Funding Loan Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Funding Loan.

Section 2.2. Form of Governmental Lender Notes. As evidence of its obligation to repay the Funding Loan, simultaneously with the delivery of this Funding Loan Agreement to the Funding Lender, the Governmental Lender hereby agrees to execute and deliver the Governmental Lender Notes. The Series A Governmental Lender Note shall be substantially in the form set forth in Exhibit A-1 attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement. The Series B Governmental Lender Note shall be substantially in the form set forth in Exhibit A-2 attached hereto with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement.

In connection with Conversion, the Funding Lender shall have the right to exchange the then existing Series A Governmental Lender Note on or after the Conversion Date for a new Series A Governmental Lender Note with a dated date of the Conversion Date and in a stated principal amount equal to the Permanent Period Amount (as defined in the Construction Funding Agreement) of the Borrower Loan.

Section 2.3. Execution and Delivery of Governmental Lender Notes. The Governmental Lender Notes shall be executed on behalf of the Governmental Lender by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Administrator under the official seal, or a facsimile of the official seal, of the City of Hibbing, Minnesota, or otherwise as provided in the Resolution. The manual or facsimile signatures of individuals who were the proper officers of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of the Governmental Lender Notes or shall not have held such offices at the date of the Governmental Lender Notes.

Following execution by the Governmental Lender, the Governmental Lender Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Funding Loan Agreement unless and until a certificate of authentication on such Governmental Lender Note substantially in the form contained on Exhibit A attached hereto shall have been duly executed by the Fiscal Agent. The certificate of authentication appearing on the Governmental Lender Note shall be deemed to have been duly executed by the Fiscal Agent if manually signed by an authorized officer or employee of the Fiscal Agent. Such authentication certificate of the Fiscal Agent shall be conclusive evidence that the Governmental Lender Note so registered or authenticated has been duly executed, registered, or authenticated and delivered.

Section 2.4. Required Transferee Representations; Participations; Sale and Assignment.

(a) The Funding Lender shall deliver to the Governmental Lender the Required Transferee Representations in substantially the form attached hereto as Exhibit B on the Closing Date.

(b) The Funding Lender shall have the right to sell (i) the Governmental Lender Notes and the Funding Loan or (ii) any portion of or a participation interest in the Governmental Lender Notes and the Funding Loan, to the extent permitted by Section 2.4(c) below, provided that such sale shall be only to Approved Transferees that execute and deliver to the Funding Lender, with a copy to the Governmental Lender and the Fiscal Agent, the Required Transferee Representations provided, however, that no Required Transferee Representations shall be required to be delivered by transferees or beneficial interest holders described in clauses (3) or (4) of the definition of "Approved Transferee."

(c) 'Notwithstanding the other provisions of this Section 2.4, no beneficial ownership interest in the Governmental Lender Note and Funding Loan shall be sold in an amount that is less than the Minimum Beneficial Ownership Amount provided, however, that beneficial ownership interests in the Governmental Lender Notes and Funding Loan described in clause (3) of the definition of "Approved Transferee" may be sold in any amount without regard to the Minimum Beneficial Ownership Amount.

(d) No service charge shall be made for any sale or assignment of any portion of the Governmental Lender Notes, but the Governmental Lender may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such sale or assignment. Such sums shall be paid in every instance by the purchaser or assignee of the Funding Loan or portion thereof.

(e) The Governmental Lender Notes shall be in fully-registered form transferable to subsequent holders only on the registration books which shall be maintained by the Fiscal Agent for such purpose and which shall be open to inspection by the Governmental Lender and the Funding Lender. The Governmental Lender Notes shall not be transferred through the services of the Depository Trust Company or any other third party registrar.

(f) The parties agree that no rating shall be sought from a rating agency with respect to the Funding Loan or the Governmental Lender Notes.

ARTICLE III

PREPAYMENT

Section 3.1. Prepayment of a Governmental Lender Note from Prepayment under the Related Borrower Note. Each Governmental Lender Note is subject to voluntary and mandatory prepayment as follows:

(a) Each Governmental Lender Note shall be subject to voluntary prepayment in full or in part by the Governmental Lender, from funds of the Governmental Lender received by the Governmental Lender or the Fiscal Agent, as provided in the Borrower Loan Agreement, to the extent and in the manner and on any date that the related Borrower Note is subject to voluntary prepayment as set forth therein, at a prepayment price equal to the principal balance of the Borrower Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Borrower Note, plus any Additional Borrower Payments due and payable under the Borrower Loan Agreement through the date of prepayment.

The Borrower shall not have the right to voluntarily prepay all or any portion of the Borrower Note, thereby causing the Governmental Lender Note to be prepaid, except as specifically permitted in the Borrower Note, without the prior written consent of Funding Lender, which may be withheld in Funding Lender’s sole and absolute discretion.

(b) Each Governmental Lender Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the related Borrower Note at the direction of the Funding Lender in accordance with the terms of the related Borrower Note at a prepayment price equal to the outstanding principal balance of the related Borrower Note prepaid, plus accrued interest plus any other amounts payable under the related Borrower Note or the Borrower Loan Agreement.

Section 3.2. Notice of Prepayment. Notice of prepayment of the Governmental Lender Note shall be deemed given to the extent that notice of prepayment of the related Borrower Note is timely and properly given to Funding Lender and the Fiscal Agent in accordance with the terms of the related Borrower Note and the Borrower Loan Agreement, and no separate notice of prepayment of the Governmental Lender Note is required to be given.

ARTICLE IV

SECURITY

Section 4.1. Security for the Funding Loan. To secure the payment of the Funding Loan and each Governmental Lender Note, to declare the terms and conditions on which the Funding Loan and the Governmental Lender Note are secured, and in consideration of the terms and provisions of this Funding Loan Agreement and of the funding of the Funding Loan by the Funding Lender, the Governmental Lender does hereby grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Funding Lender (except as limited herein), a lien on and security interest in the following described property (excepting, however, in each case, the Unassigned Rights) (said property, rights and privileges being herein collectively called, the "Security"):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan Agreement and the related Borrower Note, including, without limitation, all rents, revenues and receipts derived by the Governmental Lender from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, Borrower Loan Payments and Additional Borrower Payments derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Agreement; provided that the pledge and assignment made under this Funding Loan Agreement shall not impair or diminish the obligations of the Governmental Lender under the provisions of the Borrower Loan Agreement;

(b) All right, title and interest of the Governmental Lender in, to and under, together with all rights, remedies, privileges and options pertaining to, the Funding Loan Documents, and all other payments, revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Funding Loan Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held by the Fiscal Agent under this Funding Loan Agreement and any amounts held at any time in the Remaining Funding Loan Proceeds Account, any Negative Arbitrage Deposit and any other amounts held under the Contingency Draw-Down Agreement (other than any amounts held in the Expense Fund, the Rebate Fund and the Closing Cost Fund), subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Funding Loan Agreement as additional security by the Governmental Lender or anyone on its part or with its consent, or which pursuant to any of the provisions hereof or of the Borrower Loan Agreement may come into the possession or control of the Fiscal Agent or the Funding Lender or a receiver appointed pursuant to this Funding Loan Agreement; and the Fiscal Agent or the Funding Lender is hereby authorized to receive any and all such property as and for additional security for the Funding Loan and each Governmental Lender Note and to hold and apply all such property subject to the terms hereof.

The pledge and assignment of and the security interest granted in the Security pursuant to this Section 4.1 for the payment of the principal of, premium, if any, and interest on each Governmental Lender Note, in accordance with its terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of each Governmental Lender Note by the Governmental Lender. The Security so pledged and then or thereafter received by the Fiscal Agent or the Funding Lender shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

Section 4.2. Delivery of Security. To provide security for the payment of the Funding Loan and each Governmental Lender Note, the Governmental Lender has pledged and assigned to secure payment of the Funding Loan and the Governmental Lender Notes its right, title and interest in the Security to the Funding Lender. In connection with such pledge, assignment, transfer and conveyance, the Governmental Lender shall deliver to the Funding Lender the following documents or instruments promptly following their execution and, to the extent applicable, their recording or filing:

(a) Each Borrower Note endorsed without recourse to the Funding Lender by the Governmental Lender;

(b) The originally executed Borrower Loan Agreement and Regulatory Agreement;

(c) The originally executed Security Instrument and all other Borrower Loan Documents existing at the time of delivery of the Borrower Notes and an assignment for security of the Security Instrument from the Governmental Lender to the Funding Lender, in recordable form;

(d) Uniform Commercial Code financing statements or other chattel security documents giving notice of the Funding Lender's status as an assignee of the Governmental Lender's security interest in any personal property forming part of the Project, in form suitable for filing; and

(e) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement.

The Governmental Lender shall deliver and deposit with the Funding Lender such additional documents, financing statements, and instruments as the Funding Lender may reasonably require from time to time for the better perfecting and assuring to the Funding Lender of its lien and security interest in and to the Security including, at the request of the Funding Lender, any amounts held under the Contingency Draw-Down Agreement, at the expense of the Borrower.

ARTICLE V

LIMITED LIABILITY

Section 5.1. Source of Payment of Funding Loan and Other Obligations. The Funding Loan is a limited obligation of the Governmental Lender, payable solely from the Pledged Revenues and other funds and moneys and Security pledged and assigned hereunder. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein, and none of the Funding Loan or the Governmental Lender Notes or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan, the Governmental Lender Notes, or hereunder, shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

Section 5.2. Exempt from Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future officer, director, employee or agent of the Governmental Lender in his individual capacity, and neither the officers, directors, employees or agents of the Governmental Lender executing the Governmental Lender Notes or this Funding Loan Agreement shall be liable personally on the Governmental Lender Notes or under this Funding Loan Agreement or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Notes or the execution of this Funding Loan Agreement.

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1. Conditions Precedent to Closing. Closing of the Funding Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Funding Lender in its sole discretion of each of the conditions precedent to closing set forth in this Funding Loan Agreement (other than the requirements in clauses (g) and (h) of this section as applicable to deliverables to the Governmental Lender, or the requirements in clauses (e) and (i) below, each of which may only be waived by the Governmental Lender), including but not limited to the following:

(a) Receipt by the Funding Lender of the original Governmental Lender Notes, authenticated by the Fiscal Agent;

(b) Receipt by the Funding Lender of the original executed Borrower Notes, endorsed without recourse to the Funding Lender by the Governmental Lender;

(c) Receipt by the Funding Lender of executed counterpart copies of this Funding Loan Agreement, the Borrower Loan Agreement, the Construction Funding Agreement, the Regulatory Agreement, the Tax Certificates and the Security Instrument;

(d) A certified copy of the Resolution;

(e) The Required Transferee Representations from the Funding Lender;

(f) Delivery into escrow or to the Fiscal Agent, as appropriate, of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit, in accordance with Section 2.3(c)(ii) of the Borrower Loan Agreement;

(g) Receipt by the Governmental Lender and the Funding Lender of a Tax Counsel Approving Opinion;

(h) Receipt by the Funding Lender and the Governmental Lender of an Opinion of Counsel from Tax Counsel to the effect that the Governmental Lender Notes are exempt from registration under the Securities Act of 1933, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(i) Delivery of an Opinion of Counsel to the Borrower addressed to the Governmental Lender and the Funding Lender to the effect that the Borrower Loan Documents and the Regulatory Agreement are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender; and

(j) Receipt by the Funding Lender and the Governmental Lender of any other documents or opinions that the Funding Lender, the Governmental Lender or Tax Counsel may require in connection with the closing.

ARTICLE VII

FUNDS AND ACCOUNTS

Section 7.1. Authorization to Create Funds and Accounts. Except as provided in Section 7.3 hereof, No funds or accounts shall be established in connection with the Funding Loan at the time of closing and origination of the Funding Loan. The Funding Lender, the Fiscal Agent (as directed by the Funding Lender) and the Servicer, if any, and any designee of the Funding Lender or the Servicer, are authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents and/or the Borrower Loan Documents.

Section 7.2. Investment of Funds. Amounts held in any funds or accounts created under this Funding Loan Agreement shall be invested in Permitted Investments at the direction of the Borrower, subject in all cases to the restrictions of Section 8.7 hereof and of the Tax Certificates.

Section 7.3. Establishment of Funds. There are established with the Fiscal Agent the following funds and accounts:

(a) The Funding Loan Payment Fund;

(b) The Project Fund, and within the Project Fund a Note Proceeds Account, a Capitalized Interest Account[], a Borrower Equity Account, a Remaining Funding Loan Proceeds Account and a Negative Arbitrage Account;

(c) The Expense Fund;

(d) The Closing Costs Fund; and

(e) The Rebate Fund.

All money required to be deposited with or paid to the Fiscal Agent for the account of any of the funds or accounts created by this Funding Loan Agreement shall be held by the Fiscal Agent for the benefit of the Funding Lender, and except for money held in the Expense Fund, Rebate Fund and Closing Costs Fund, shall, while held by the Fiscal Agent, constitute part of the Pledged Revenues and be subject to the lien hereof.

All money to be deposited with or paid to the Fiscal Agent shall be wired to the Fiscal Agent pursuant to the wiring instructions delivered by the Fiscal Agent to the Borrower or the Funding Lender, as the case may be. The Fiscal Agent shall provide Written Notice of any change to such wiring instructions to the Funding Lender and the Borrower no less than five (5) Business Days prior to the next payment date for which such revised instructions will be applicable.

Section 7.4. Funding Loan Payment Fund. The Governmental Lender and the Borrower shall have no interest in the Funding Loan Payment Fund or the moneys therein, which shall always be

Commented [ML1]: We likely don't need separate A and B Accounts as these will likely be one issue for tax purposes Determination will be finalized later.

Commented [ML2]: Will there be a Capitalized Interest Account? Funded from Note Proceeds?

maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

The Fiscal Agent shall deposit into the Funding Loan Payment Fund any amounts received from the Borrower as payments of principal of, premium, if any, or interest on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, including any Pledged Revenues not required to be deposited to the Expense Fund or not otherwise specifically directed in writing to be deposited into other funds created by this Funding Loan Agreement.

The Fiscal Agent shall apply all amounts on deposit in the Funding Loan Payment Fund in the following order of priority:

First, to pay or provide for the payment of the interest then due on the Funding Loan;

Second, to pay or provide for the payment or the prepayment of principal (and premium, if any) on the Funding Loan, provided moneys have been transferred or deposited into the Funding Loan Payment Fund for such purpose; and

Third, to pay or provide for the payment of the Funding Loan on the Maturity Date.

Section 7.5. Expense Fund. The Fiscal Agent shall deposit in the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender and the Fiscal Agent, as and when the same become due. In that regard, moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay: (a) any Ongoing Governmental Lender Fee; (b) the Fiscal Agent Fee due pursuant to subpart (i) of the definition of "Fiscal Agent Fees" herein; (c) upon receipt, to the Fiscal Agent, any amounts due to the Fiscal Agent which have not been paid, other than amounts paid in accordance with clause (b) hereof; and (d) upon receipt, to, or at the direction of, the Governmental Lender, any amounts owing the Governmental Lender by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (a) hereof.

In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two Business Days to the Fiscal Agent of the amount of such deficiency.

Written notice of any deficiency, which results in the Governmental Lender not receiving the any Ongoing Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the Governmental Lender (with a copy to the Borrower and the Funding Lender) within 10 days of the respective due date.

Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent.

The initial Governmental Lender Fee shall be paid to the Governmental Lender on the Closing Date. Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit a written invoice to the Borrower for payment of any Ongoing Governmental Lender Fee not later than 30 days prior to the due date for payment of such Ongoing

Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

Section 7.6. Closing Costs Fund. On the Closing Date, the Borrower shall deposit or cause to be deposited with the Fiscal Agent, for deposit in the Closing Costs Fund, an amount equal to $________ to pay Costs of Funding. Amounts in the Closing Costs Fund shall be disbursed by the Fiscal Agent to pay Costs of Funding on the Closing Date or as soon as practicable thereafter as set forth in a closing memorandum prepared by the Funding Lender and approved by the Governmental Lender, pursuant to a Written Requisition in the form attached hereto as Exhibit D. Any interest earnings on amounts on deposit in the Closing Costs Fund shall remain in the Closing Costs Fund. Any moneys remaining in the Closing Costs Fund (including investment proceeds) after the earlier of: (a) the payment of all costs of issuance as certified in writing to the Fiscal Agent by the Borrower; or (b) a period of six (6) months after the Closing Date, shall be paid to or at the direction of the Borrower and the Closing Costs Fund shall be closed.

Section 7.7. Project Fund.

(a) All proceeds of the Funding Loan provided by the Funding Lender shall be deposited to the Note Proceeds Account [or Capitalized Interest Account] of the Project Fund and disbursed as herein provided; provided, however, that any proceeds of the Funding Loan funded pursuant to the Contingency Draw-Down Agreement shall be deposited to the Remaining Funding Loan Proceeds Account of the Project Fund and disbursed as herein provided. The Fiscal Agent shall disburse moneys in the Project Fund for the rehabilitation, construction, improvement and equipping of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as further provided herein.

Not less than 95% of the moneys deposited in and credited to the Note Proceeds Account and Remaining Funding Loan Proceeds Account of the Project Fund representing the proceeds of the Funding Loan, including investment income thereon, will be expended for Qualified Project Costs (the "95% Requirement"). The amounts on deposit in the Note Proceeds Account and Remaining Funding Loan Proceeds Account of the Project Fund shall not be applied to the payment of Closing Costs.

Before any payment shall be made from the Project Fund, the Regulatory Agreement shall have been executed and submitted to a title company for recordation in the official records of Saint Louis County, Minnesota, and there shall be filed with the Fiscal Agent a Written Requisition of the Borrower substantially in the form attached hereto as Exhibit C and approved by the Funding Lender pursuant to the terms, conditions and provisions of the Construction Funding Agreement. Notwithstanding the foregoing, on the Closing Date, the Borrower may deliver to the Fiscal Agent a closing memorandum or similar instrument executed by Borrower in lieu of a Written Requisition and directing the disbursement of funds from the Project Fund.

In addition to the above, in connection with a Written Requisition:

(i) Only the signature of an authorized officer of the Funding Lender shall be required on a Written Requisition during any period in which a default by the Borrower has occurred and is then continuing under the Borrower Loan (Written Notice of which default has been given in writing by an authorized officer of the Funding Lender to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a default).

(ii) The Fiscal Agent shall disburse amounts in the Project Fund for the payment of interest due on the Governmental Lender Notes upon receipt from the Funding Lender of a statement detailing the amount due (and without any need for a Written Requisition signed by the

Funding Lender or any approval by an Authorized Representative of the Borrower) so long as the amounts to be disbursed do not exceed $_________ in the aggregate.

(iii) The Fiscal Agent may conclusively rely on all Written Requisitions, the execution of the Written Requisitions by the Authorized Borrower Representative and the approval of all Written Requisitions by the Funding Lender, as required by this Section, as conditions of payment from the Project Fund, which Written Requisitions constitute, as to the Fiscal Agent, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. These documents shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Funding Lender and the agents and representatives thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to inspect the Project or the rehabilitation or construction work or to make any independent investigation with respect to the matters set forth in any Written Requisition or other statements, orders, certifications and approvals received by the Fiscal Agent. The Fiscal Agent is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, rehabilitation, construction, equipping, improvement and installation of the Project.

(b) Upon receipt of each Written Requisition submitted by the Borrower and approved in writing by the Funding Lender, the Fiscal Agent shall promptly, but in any case within three Business Days, make payment from the appropriate Account within the Project Fund in accordance with such Written Requisition. The Fiscal Agent shall have no duty to determine whether any requested disbursement from the Project Fund complies with the terms, conditions and provisions of the Funding Loan Documents, constitutes payment of Qualified Project Costs or complies with the 95% Requirement. The approval in writing of a Written Requisition by the Funding Lender shall be deemed a certification and, insofar as the Fiscal Agent and the Governmental Lender are concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Funding Loan Documents applicable to such disbursement have been fully satisfied or waived and the Written Requisition from the Borrower shall, insofar as the Fiscal Agent and the Governmental Lender, as applicable, are concerned, constitute conclusive evidence that the costs described in the Written Requisition constitute Qualified Project Costs or other permitted Project costs.

The Fiscal Agent shall provide Written Notice to the Borrower, the Funding Lender and the Governmental Lender if there are not sufficient funds available to or on deposit with the Fiscal Agent to make the disbursements as and when required by this Section 7.7(b). Except as provided in the next sentence, all such payments shall be made by check or draft payable, or by wire transfer, either: (i) directly to the person, firm or corporation to be paid; (ii) to the Borrower and such person, firm or corporation; or (iii) upon receipt by the Funding Lender of evidence that the Borrower has previously paid such amount and Written Direction to the Fiscal Agent as to such as evidenced by the Funding Lender's approval of the Written Requisition, to the Borrower. Upon the occurrence of an Event of Default of the Borrower of which the Fiscal Agent has knowledge as provided herein, which is continuing under the Funding Loan Documents, with the Written Consent of the Funding Lender, the Fiscal Agent may apply amounts on deposit in the Project Fund to the payment of principal of and interest on the Funding Loan. If a Written Requisition signed by the Authorized Borrower Representative and countersigned by an authorized officer of the Funding Lender is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three Business Days following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

(c) [Moneys on deposit in the Capitalized Interest Account of the Project Fund, together with investment earnings thereon, which shall be retained therein, shall be transferred to the Funding Loan Payment Fund and applied pursuant to Section 7.4 on each Borrower Loan Payment Date to the extent necessary to enable the Fiscal Agent to pay interest due on the Funding Loan on such date; provided that, upon receipt of a Written Direction of the Borrower, moneys on deposit in the Capitalized Interest Account of the Project Fund shall be transferred to the Servicer on the date when due under the Borrower Note in an amount as set forth in such Written Direction which amount shall represent the Borrower Loan Payment due at such time. Upon the request of the Fiscal Agent, the Servicer shall provide the Fiscal Agent with a schedule of the Borrower Loan Payment Dates and corresponding Borrower Loan Payment amounts. The transfer of moneys from the Capitalized Interest Account of the Project Fund to the Funding Loan Payment Fund or the Servicer as set forth above shall occur automatically without the need for a Written Requisition of the Borrower, or consent of the Funding Lender. After the Closing Date, the Borrower, with the written consent of the Funding Lender, may deposit additional funds into the Capitalized Interest Account. ,

Notwithstanding the foregoing, investment earnings on deposit in the Capitalized Interest Account may, at the direction of the Borrower and with the consent of the Funding Lender, be transferred to the Note Proceeds Account of the Project Fund (only to the extent such amounts in the Capitalized Interest Account were derived from the investment of proceeds of the Notes) or otherwise to the Borrower Equity Account of the Project Fund, in each case to be disbursed on the terms and conditions provided therein.]

(d) Moneys deposited to the Negative Arbitrage Account of the Project Fund pursuant to the Contingency Draw-Down Agreement, together with investment earnings thereon, which shall be retained therein, shall be transferred to the Funding Loan Payment Fund and applied pursuant to Section 7.4 on each Borrower Loan Payment Date to the extent necessary to enable the Fiscal Agent to pay interest due on the Funding Loan on such date. The transfer of moneys from the Negative Arbitrage Account of the Project Fund to the Funding Loan Payment Fund shall occur automatically without the need for a Written Requisition of the Borrower, or consent of the Funding Lender.

(e) Amounts shall be deposited into the Borrower Equity Account on or after the Closing Date by transfer of Borrower equity to the Fiscal Agent for deposit therein. Amounts on deposit in the Borrower Equity Account of the Project Fund shall be disbursed from time to time by the Fiscal Agent to pay designated amounts as set forth in and upon receipt of a Written Requisition of the Borrower substantially in the form attached hereto as Exhibit C signed by an Authorized Borrower Representative and the Funding Lender. Any funds remaining on deposit in the Borrower Equity Account of the Project Fund following the completion of the Project shall be applied as set forth in the written instructions of the Borrower and Funding Lender. Any amounts remaining on deposit in the Borrower Equity Account of the Project Fund on the Conversion Date shall be paid by the Fiscal Agent to the Borrower.

(f) Prior to any mandatory prepayment of the Funding Loan pursuant to the terms hereof, any amounts then remaining in the Project Fund shall, at the written direction of the Funding Lender, be transferred to the Funding Loan Payment Fund to be applied to the prepayment of the Funding Loan pursuant hereto.

Section 7.8. Rebate Fund. The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto pursuant to Section 5.35 of the Borrower Loan Agreement.

Section 7.9. Investments.

(a) Amounts on deposit in the Project Fund shall be invested in Permitted Investments directed in writing by the Borrower. Borrower has directed that, in the absence of investment instructions from the Borrower, monies shall be invested in Morgan Stanley Institutional Liquidity Government MAYXX (the "Fund"). The Borrower acknowledges receipt of a prospectus for the Fund which, among other things, describes the fees and expenses paid by the Fund, including fees paid to the Fiscal Agent for servicing the Fund (which affect the return on investment). The Borrower acknowledges that the Fund is not an FDIC-insured bank deposit, is not an obligation of or guaranteed by the Fiscal Agent or its affiliates, and may involve investment risk, including loss of principal. Investment Income earned on amounts on deposit in each account of the Project Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Project Fund.

(b) Amounts on deposit in the Funding Loan Payment Fund, Expense Fund, Rebate Fund and Closing Costs Fund shall be invested in Permitted Investments directed in writing by the Borrower. Investment income earned on amounts on deposit in each account of the Funding Loan Payment Fund, Expense Fund, Rebate Fund and Closing Costs Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Funding Loan Payment Fund, Expense Fund, Rebate Fund and Closing Costs Fund.

Notwithstanding anything herein to the contrary, investment earnings on deposit in the Funding Loan Payment Fund, Expense Fund and Closing Costs Fund may, at the direction of the Borrower and with the consent of the Funding Lender, be transferred to the Note Proceeds Account of the Project Fund (only to the extent such amounts were derived from the investment of proceeds of the Notes) or otherwise to the Borrower Equity Account of the Project Fund, in each case to be disbursed on the terms and conditions provided therein.

The Fiscal Agent may make any and all investments permitted under this Funding Loan Agreement through its own trust or banking department or any affiliate and may pay said department reasonable, customary fees for placing such investments. The Fiscal Agent and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Permitted Investments under this Funding Loan Agreement. The Fiscal Agent shall not be liable for any losses from investments made by the Fiscal Agent in accordance with this Funding Loan Agreement.

The Governmental Lender, the Funding Lender and the Borrower (by its execution of the Borrower Loan Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Governmental Lender or the Funding Lender the right to receive brokerage confirmations of security transactions as they occur, the Governmental Lender and the Funding Lender will not receive such confirmations to the extent permitted by law. The Fiscal Agent shall furnish the Borrower, the Funding Lender and the Governmental Lender (to the extent requested by such parties) periodic cash transaction statements which shall include detail for all investment transactions, if any, made by the Fiscal Agent hereunder.

Commented [ML3]: Joe Walsh would like to confirm that monthly statements should and will be available on our portal.

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.1. General Representations. The Governmental Lender makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Governmental Lender is a municipal corporation and political subdivision organized and existing under the laws of the State of Minnesota, has the power and authority to (i) enter into the Funding Loan Documents to which it is a party and the transactions contemplated thereby, (ii) incur the limited obligation represented by the Governmental Lender Notes and the Funding Loan and apply the proceeds of such obligation or loan to finance the Project and (iii) carry out its other obligations under this Funding Loan Agreement and the Governmental Lender Notes, and by proper action has duly authorized the Governmental Lender's execution and delivery of, and its performance under, such Funding Loan Documents and all other agreements and instruments relating thereto.

(b) The Governmental Lender is not in default under or in violation of, and the execution and delivery of the Funding Loan Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict or constitute a default under or a violation of, (i) the Act, (ii) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (iii) to its knowledge, the provisions of any agreements and instruments to which the Governmental Lender is a party, a default under or violation of which would prevent it from entering into this Funding Loan Agreement, executing and delivering the Governmental Lender Notes, financing the Project, executing and delivering the other Funding Loan Documents to which it is a party or consummating the transactions contemplated thereby, and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the Governmental Lender is making no representations as to the necessity of registering the Borrower Note pursuant to any securities laws or complying with any other requirements of securities laws).

(c) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Governmental Lender, threatened against the Governmental Lender with respect to (i) the organization and existence of the Governmental Lender, (ii) its authority to execute or deliver the Funding Loan Documents to which it is a party, (iii) the validity or enforceability of any such Funding Loan Documents or the transactions contemplated thereby, (iv) the title of any officer of the Governmental Lender who executed such Funding Loan Documents or (v) any authority or proceedings relating to the execution and delivery of such Funding Loan Documents on behalf of the Governmental Lender, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(d) The revenues and receipts to be derived from the Borrower Loan Agreement, the Borrower Note and this Funding Loan Agreement have not been pledged previously by the Governmental Lender to secure any of its notes or bonds other than the Funding Loan as evidenced by the Governmental Lender Notes.

(e) The Minnesota Management and Budget has provided an allocation of the State's 2025 private activity bond volume cap under section 146 of the Code to the Governmental Lender for the Governmental Lender Notes, the Governmental Lender has timely made any required carry forward election with respect to such allocation. The Governmental Lender hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Governmental Lender Notes; and, in connection therewith, has directed Tax Counsel to include the information on Form 8038 filed for the Governmental Lender Notes that is required by section 3.03 of said Notice, to the extent Tax Counsel deems applicable.

THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE FUNDING LOAN OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

Section 8.2. No Encumbrance on Security. The Governmental Lender will not knowingly create or knowingly permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on a parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

Section 8.3. Repayment of Funding Loan. Subject to the provisions of Articles III and V hereof, the Governmental Lender will duly and punctually repay, or cause to be repaid, the Funding Loan, as evidenced by the Governmental Lender Notes, as and when the same shall become due, all in accordance with the terms of the Governmental Lender Notes and this Funding Loan Agreement.

Section 8.4. Servicer. The Funding Lender may appoint a Servicer to service and administer the Funding Loan and/or the Borrower Loan on behalf of the Funding Lender and the Fiscal Agent, including, without limitation the fulfillment of rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to Section 2.1 of the Borrower Loan Agreement.

Section 8.5. Borrower Loan Agreement Performance.

(a) The Funding Lender, the Fiscal Agent and the Servicer, if any, on behalf of the Governmental Lender, may (but shall not be required or obligated) perform and observe any agreement or covenant of the Governmental Lender under the Borrower Loan Agreement, all to the end that the Governmental Lender's rights under the Borrower Loan Agreement may be unimpaired and free from default.

(b) The Governmental Lender will promptly notify or cause to be notified the Borrower, the Fiscal Agent, the Servicer, if any, and the Funding Lender in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Governmental Lender has received written notice or otherwise has knowledge of such event.

Section 8.6. Maintenance of Records; Inspection of Records.

(a) The Fiscal Agent shall keep and maintain adequate records pertaining to any funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the Governmental Lender Note and interests therein. The Fiscal Agent shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Funding Loan, subject to the inspection of the Funding Lender and the Governmental Lender and their representatives at all reasonable times and upon reasonable prior notice.

(b) The Governmental Lender and the Funding Lender will at any and all times, upon the reasonable request of the Servicer, if any, the Borrower, the Fiscal Agent, the Governmental Lender or the Funding Lender, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Governmental Lender or the Funding Lender, as appropriate, relating to the Project and the Funding Loan, if any, and to make copies thereof.

Section 8.7. Tax Covenants. The Governmental Lender covenants to and for the benefit of the Fiscal Agent and the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other instrument, it will (subject to the limited liability provisions hereof):

(a) Require the Borrower to execute the Regulatory Agreement as a condition of funding the Borrower Loan;

(b) Not knowingly take or cause to be taken any action or actions, or knowingly fail to take any action or actions, which would cause the interest payable on the Governmental Lender Note to be includable in gross income for federal income tax purposes;

(c) Whenever and so often as requested by Funding Lender, the Governmental Lender (at the sole cost and expense of the Borrower) shall do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Governmental Lender on the Governmental Lender Note will be excluded from the gross income of the Noteowner, for federal income tax purposes, pursuant to Section 103 of the Code, except in the event where any owner of the Governmental Lender Note or a portion thereof is a "substantial user" of the facilities financed with the Funding Loan or a "related person" within the meaning of Section 147(a) of the Code;

(d) Not knowingly take any action or, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificates, knowingly permit or suffer any action to be taken if the result of the same would be to cause the Governmental Lender Note to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations;

(e) Require the Borrower to agree, solely by causing the Borrower to execute and deliver the Borrower Loan Agreement, not to commit any act and not to make any use of the proceeds of the Funding Loan, or any other moneys which may be deemed to be proceeds of the Funding Loan pursuant to the Code, which would cause the Governmental Lender Note to be an "arbitrage bond" within the meaning of Sections 103(b) and 148 the Code, and to comply with the requirements of the Code throughout the term of the Funding Loan; and

(f) Require the Borrower, solely by causing the Borrower to execute and deliver the Borrower Loan Agreement, to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code.

In furtherance of the covenants in this Section 8.7, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificates (to the extent that the Governmental Lender is a party), which are by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full. In the event of any conflict between this Funding Loan Agreement and the Tax Certificates, the requirements of the Tax Certificates shall control.

For purposes of this Section 8.7 the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's knowledge and control and no acts, omissions or directions of the Borrower, the Fiscal Agent, the Funding Lender or any other Persons shall be attributed to the Governmental Lender.

In complying with the foregoing covenants, the Governmental Lender may rely from time to time on a Tax Counsel No Adverse Effect Opinion or other appropriate opinion of Tax Counsel.

Section 8.8. Performance by the Borrower. Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may perform any such agreement or covenant if no Borrower Loan Agreement Default or Potential Default under the Borrower Loan Agreement exists.

ARTICLE IX

DEFAULT; REMEDIES

Section 9.1. Events of Default. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Funding Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or Governmental Authority):

(a) A default in the payment of any interest on a Governmental Lender Note when such interest becomes due and payable; or

(b) A default in the payment of principal of, or premium on, a Governmental Lender Note when such principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for mandatory prepayment or otherwise; or

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 11.1 hereof, to the Governmental Lender and the Borrower by the Funding Lender or the Servicer, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Funding Loan Agreement; provided that, so long as the Governmental Lender has commenced to cure such failure to observe or perform within the thirty (30) day cure period and the subject matter of the default is not capable of cure within said thirty (30) day period and the Governmental Lender is diligently pursuing such cure to the Funding Lender's satisfaction, with the Funding Lender's Written Direction or Written Consent, then the Governmental Lender shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended in writing by the Funding Lender) within which to cure such default; or

(d) A default in the payment of any Additional Borrower Payments; or

(e) Any other "Default" or "Event of Default" (as defined in the applicable agreement) under any of the other Funding Loan Documents (taking into account any applicable grace periods therein).

Section 9.2. Acceleration of Maturity; Rescission and Annulment.

(a) Subject to the provisions of Section 9.9 hereof, upon the occurrence of an Event of Default under Section 9.1 hereof, then and in every such case, the Funding Lender may declare the principal of the Funding Loan and the Governmental Lender Note and the interest accrued to be immediately due and payable, by notice to the Governmental Lender and the Borrower and upon any such declaration, all principal of and Prepayment Premium, if any, and interest on the Funding Loan and the Governmental Lender Note shall become immediately due and payable.

(b) At any time after a declaration of acceleration has been made pursuant to subsection (a) of this Section, the Funding Lender may by Written Notice to the Governmental Lender, rescind and annul such declaration and its consequences if:

(i) There has been deposited with the Funding Lender a sum sufficient to pay (1) all overdue installments of interest on the Funding Loan, (2) the principal of and Prepayment Premium on the Funding Loan that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Funding Loan, (3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Funding Loan, and (4) all sums paid or advanced by the Funding Lender and the reasonable compensation, expenses, disbursements and advances of the Funding Lender, its agents and counsel (but only to the extent not duplicative with subclauses (1) and (3) above); and

(ii) All Events of Default, other than the non payment of the principal of the Funding Loan which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.9 hereof.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that the Funding Lender shall pursue no remedies against the Borrower or the Project if no Borrower Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Borrower Loan Agreement Default.

Section 9.3. Additional Remedies; Funding Lender Enforcement.

(a) Upon the occurrence of an Event of Default, the Funding Lender may, subject to the provisions of this Section 9.3 and Section 9.9 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Funding Lender hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender may proceed forthwith to protect and enforce its rights and this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender, in its sole discretion, shall deem expedient. Funding Lender shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the Uniform Commercial Code applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(i) to take possession of the Security or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Security;

(ii) to become mortgagee of record for the Borrower Loan including, without limitation, completing the assignment of the Security Instrument by the Governmental Lender to the Funding Lender as anticipated by this Funding Loan Agreement, and recording the same in the real estate records of the jurisdiction in which the Project is located, without further act or consent of the Governmental Lender, and to service and administer the same for its own account;

(iii) to service and administer the Funding Loan as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the

Borrower Loan Documents and the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

(iv) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Governmental Lender Note, this Funding Loan Agreement or the other Funding Loan Documents, or the Borrower Loan Documents, or in and of the execution of any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender may elect.

(c) Whether or not an Event of Default has occurred, the Funding Lender, in its sole discretion, shall have the sole right to waive or forbear any term, condition, covenant or agreement of the Security Instrument, the Borrower Loan Agreement, the Borrower Note or any other Borrower Loan Documents or Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax exempt status of the interest on the Governmental Lender Note, and provided that the Governmental Lender may enforce specific performance with respect to the Unassigned Rights; provided, however, that any such forbearance by the Funding Lender in the exercise of its remedies under the Funding Loan Documents shall not be construed as a waiver by the Funding Lender of any Conditions to Conversion.

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after the Borrower and the Funding Lender receive Written Notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make payments owed pursuant to Sections 2.5, 5.14 or 5.15 of the Borrower Loan Agreement for fees, expenses or indemnification, the Funding Lender shall have the right to exercise all its rights and remedies thereunder (subject to the last paragraph of Section 9.14 hereof).

Section 9.4. Application of Money Collected. Any money collected by the Funding Lender pursuant to this Article and any other sums then held by the Funding Lender as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any amounts due to the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer and the Rebate Analyst;

(b) Second: To the payment of the whole amount of the Funding Loan, as evidenced by the Governmental Lender Note, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Funding Loan) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Funding Loan; provided, however, that partial interests in any portion of the Funding Loan shall be paid in such order of priority as may be prescribed by Written Direction of the Funding Lender in its sole and absolute discretion; and

(c) Third: The payment of the remainder, if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

If and to the extent this Section 9.4 conflicts with the provisions of the Servicing Agreement, if any, the provisions of the Servicing Agreement shall control. Capitalized terms used in this Section 9.4 but not otherwise defined in this Funding Loan Agreement shall have the meanings given such terms in the Servicing Agreement.

Section 9.5. Remedies Vested in Funding Lender. All rights of action and claims under this Funding Loan Agreement or the Governmental Lender Note may be prosecuted and enforced by the Funding Lender without the possession of the Governmental Lender Note or the production thereof in any proceeding relating thereto.

Section 9.6. Restoration of Positions. If Funding Lender shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender, then and in every such case the Governmental Lender and the Funding Lender shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender and the Funding Lender shall continue as though no such proceeding had been instituted.

Section 9.7. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Funding Lender is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.8. Delay or Omission Not Waiver. No delay or omission of the Funding Lender to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender may be exercised from time to time, and as often as may be deemed expedient, by Funding Lender. No waiver of any default or Event of Default pursuant to Section 9.9 hereof shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 9.9. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Funding Lender, the Funding Lender may, subject to Section 9.6 hereof, by Written Notice to the Governmental Lender and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due the Governmental Lender pursuant to or under the Unassigned Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 9.10. Remedies Under Borrower Loan Agreement or Borrower Note. As set forth in this Section 9.10 but subject to Section 9.9 hereof, the Funding Lender shall have the right, in its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Note, whether or not the Governmental Lender Note has been accelerated or declared due and payable by reason of an Event of Default.

Section 9.11. Waiver of Appraisement and Other Laws.

(a) To the extent permitted by law, the Governmental Lender will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisement, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Governmental Lender, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Security marshaled upon any enforcement hereof.

(b) If any law now in effect prohibiting the waiver referred to in Section 9.11(a) shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 9.11.

Section 9.12. Suits to Protect the Security. The Funding Lender shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any Governmental Authority enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender.

Section 9.13. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 9.14. Assumption of Obligations. In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under the Borrower Loan Agreement, the Borrower Note, the Regulatory Agreement and any other Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents.

Section 9.15. Cure by Equity Investor. Notwithstanding any provision herein to the contrary, the Governmental Lender and the Funding Lender agree that any cure of any default made or tendered by the Equity Investor shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

ARTICLE X

AMENDMENT; AMENDMENT OF FUNDING LOAN AGREEMENT AND OTHER DOCUMENTS

Section 10.1. Amendment of Funding Loan Agreement. Any of the terms of this Funding Loan Agreement and the Governmental Lender Notes may be amended or waived only by an instrument signed by the Funding Lender, the Fiscal Agent and the Governmental Lender; provided, however, no such amendment which materially affects the rights, duties, obligations or other interests of the Borrower shall be made without the consent of the Borrower and, provided further, that if the Borrower is in default under any Funding Loan Document, no Borrower consent shall be required unless such amendment has a material adverse effect on the rights, duties, obligations or other interests of the Borrower. All of the terms of this Funding Loan Agreement shall be binding upon the successors and assigns of and all persons claiming under or through the Governmental Lender or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Funding Lender.

Section 10.2. Amendments Require Funding Lender Consent. The Governmental Lender shall not consent to any amendment, change or modification of the Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document without the prior Written Consent of the Funding Lender.

Section 10.3. Consents and Opinions. No amendment to this Funding Loan Agreement or any other Funding Loan Document entered into under this Article X or any amendment, change or modification otherwise permitted under this Article X shall become effective unless and until (i) the Funding Lender shall have approved the same in writing in its sole discretion and (ii) the Funding Lender shall have received, at the expense of the Borrower, a Tax Counsel No Adverse Effect Opinion and an Opinion of Counsel to the effect that any such proposed amendment is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE XI

THE FISCAL AGENT

Section 11.1 Appointment of Fiscal Agent; Acceptance. The Governmental Lender hereby appoints Zions Bancorporation, National Association, as Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

Section 11.2 Certain Duties and Responsibilities of Fiscal Agent.

(a) The Fiscal Agent undertakes to perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement, and no implied covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent.

(b) If an event of default exists hereunder or under any Borrower Loan Document, the Fiscal Agent shall exercise such of the rights and powers vested in it by this Funding Loan Agreement, and subject to Section 11.2(c)(iii) hereof, use the same degree of care and skill in its exercise, as a prudent corporate trust officer would exercise or use under the circumstances in the conduct of corporate trust business.

(c) No provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, in each case, as finally adjudicated by a court of law, except that:

(i) This subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts;

(iii) The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Funding Lender relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any trust or power conferred upon the Fiscal Agent under this Funding Loan Agreement; and

(iv) No provision of this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it in its sole discretion.

Subject to its rights to indemnification pursuant to Section 11.4 hereof, the Fiscal Agent is directed to enter into the Borrower Loan Documents to which it is a party and other related documents, solely in its capacity as Fiscal Agent.

(d) Whether or not therein expressly so provided, every provision of this Funding Loan Agreement and the other Funding Loan Documents relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section.

(e) The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Funding Loan Agreement.

(f) The permissive rights of the Fiscal Agent to do things enumerated in this Funding Loan Agreement shall not be construed as a duty.

(g) The rights of the Fiscal Agent and limitations of liability enumerated herein and in Section 11.4 shall extend to actions taken or omitted in its role as a party to the Borrower Loan Agreement and the other Funding Loan Documents.

Section 11.3 Notice of Defaults. Upon the occurrence of any default hereunder or under any Borrower Loan Document and provided that a Responsible Officer of the Fiscal Agent is aware of or has received Written Notice of the existence of such default, promptly, and in any event within 15 days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender, in the manner and at the addresses for notices set forth in Section 12.1 hereof, notice of such default hereunder known to the Fiscal Agent pursuant to Section 11.4(g) hereof, unless such default shall have been cured or waived.

Section 11.4 Certain Rights of Fiscal Agent. Except as otherwise provided in Section 11.1 hereof:

(a) The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any request or direction of the Governmental Lender mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Governmental Lender Representative;

(c) Whenever in the administration of this Funding Loan Agreement or any Borrower Loan Document the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Written Certificate of the Governmental Lender, the Funding Lender, the Servicer or the Borrower, as appropriate;

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement or any Borrower Loan Document at the request or direction of the Funding Lender, pursuant to this Funding Loan Agreement, unless the Funding Lender shall have offered to the Fiscal Agent in writing security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own negligence or willful misconduct;

(e) The Fiscal Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document but the Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Fiscal Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours;

(f) The Fiscal Agent may execute any of its powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal Agent may act upon the advice of counsel of its choice concerning all matters hereof and the Fiscal Agent shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith reliance upon said advice; and

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any default hereunder or under any Borrower Loan Document except for failure by the Borrower to make payments of principal, interest, premium, if any, or Governmental Lender Fee when due, unless a Responsible Officer of the Fiscal Agent shall be specifically notified by a Written Notice of such default by the Governmental Lender, the Servicer or the Funding Lender, and all notices or other instruments required by this Funding Loan Agreement or under any Borrower Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to a Responsible Officer of the Fiscal Agent at the Office of the Fiscal Agent, and in the absence of such Written Notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid.

Section 11.5 Not Responsible for Recitals. The recitals contained herein and in the Governmental Lender Notes shall be taken as the statements of the Governmental Lender, and the Fiscal Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the Pledged Revenues, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Funding Loan.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the funding of the Funding Loan.

The Fiscal Agent shall not be required to monitor the financial condition of the Borrower or the physical condition of the Project. Unless otherwise expressly provided, the Fiscal Agent shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements reports, notices, certificates and documents solely for the benefit of, and review by, the Funding Lender and such other parties to whom the Fiscal Agent may provide such information pursuant to this Funding Loan Agreement.

The Fiscal Agent makes no representations as to and shall have no responsibility for the sufficiency of the insurance required under any of the Borrower Loan Documents.

Section 11.6 May Hold Funding Loan. The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of the Funding Loan and may otherwise deal with the Governmental Lender, the Funding Lender and the Borrower with the same rights it would have if it were not Fiscal Agent.

Section 11.7 Moneys Held in Trust. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

Section 11.8 Compensation and Reimbursement. Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Fiscal Agent as provided in this Funding Loan Agreement or the Borrower Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any provision of this Funding Loan Agreement (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Fiscal Agent's negligence or willful misconduct, both as finally adjudicated by a court of law.

When the Fiscal Agent incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

(a) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.

(b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.

(c) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Funding Loan or the Borrower Loan or the release of this Funding Loan Agreement.

Section 11.9 Fiscal Agent Required; Eligibility. Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State approved in writing by the Governmental Lender and either: (a) have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition; (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital surplus of at least $50,000,000 as set forth in its most recent published annual report of condition, or have at least $500,000,000 of trust assets under management and have a combined capital surplus of at least $2,000,000 as set forth in its most recent published annual report of condition; or (c) be otherwise acceptable to the Funding Lender and the Governmental Lender in their sole and absolute discretion.

Section 11.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) The Fiscal Agent may resign at any time by giving 60 days' Written Notice thereof to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 45 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(c) The Fiscal Agent may be removed at any time with 30 days' notice by: (i) the Governmental Lender, with the Written Consent of the Funding Lender; (ii) the Borrower (unless the Borrower is in default under any of the Borrower Loan Documents), with the Written Consent of the Funding Lender and the Governmental Lender; or (iii) the Funding Lender by Written Notice delivered to the Fiscal Agent, the Governmental Lender and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender. In case all or substantially all of the Pledged Revenues and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with Written Notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Funding Lender and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(e) The retiring Fiscal Agent shall cause Written Notice of each resignation and each removal of the Fiscal Agent and each appointment of a successor Fiscal Agent to be provided to the Funding Lender. Each notice shall include the name of the successor Fiscal Agent and the address of the office of the successor Fiscal Agent.

Section 11.11 Acceptance of Appointment by Successor.

(a) Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to the Governmental Lender and to the retiring Fiscal Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Fiscal Agent shall become effective and such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Fiscal Agent; notwithstanding the foregoing, on request of the Governmental Lender or the successor Fiscal Agent, such retiring Fiscal Agent shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Fiscal Agent upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Fiscal Agent, and shall duly assign, transfer and deliver to such successor Fiscal Agent all property and money held by such retiring Fiscal Agent hereunder. Upon request of any such successor Fiscal Agent, the Governmental Lender shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such estates, properties, rights, powers and trusts.

(b) No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance such successor Fiscal Agent shall be qualified and eligible under this Article XI, to the extent operative.

Section 11.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Fiscal Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation shall be otherwise qualified and eligible under this Article XI, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause Written Notice of such succession to be delivered to the Governmental Lender and Funding Lender within 30 days of such succession.

Section 11.13 Appointment of Co-Fiscal Agent. It is the purpose of this Funding Loan Agreement that there shall be no violation of any laws of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such jurisdiction. It is recognized that in case of litigation under this Funding Loan Agreement, the Borrower Loan Agreement, any other Borrower Loan Document or the Regulatory Agreement, and in particular in case of the enforcement of any of them on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Fiscal Agent or hold title to the properties, in trust, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent appoint an additional individual or institution as a separate or co-fiscal agent. The following provisions of this Section 11.13 are adopted to these ends.

The Fiscal Agent is hereby authorized to appoint an additional individual or institution as a separate or co-fiscal agent hereunder, upon Written Notice to the Governmental Lender, the Funding Lender and the Borrower, and with the consent of the Governmental Lender and the Funding Lender, but without the necessity of further authorization or consent, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement, any Borrower Loan Document, the Regulatory Agreement or the Borrower Loan Agreement to be exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be exercisable by and vest in such separate or co-fiscal agent but only to the extent necessary to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-fiscal agent shall run to and be enforceable by either of them.

Should any instrument in writing from the Governmental Lender be required by the separate fiscal agent or co-fiscal agent appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request of the Fiscal Agent, be executed, acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate fiscal agent or co-fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a successor to such separate fiscal agent or co-fiscal agent.

Section 11.14 Loan Servicing. The Governmental Lender and the Fiscal Agent acknowledge that the Funding Lender shall have the right to appoint a Servicer to service and administer the Borrower Loan as set forth in a Servicing Agreement. The Governmental Lender and the Fiscal Agent shall not be responsible for monitoring the performance of any Servicer or for any acts or omissions of such Servicer. The Funding Lender may, in its sole discretion, terminate or replace the Servicer.

Section 11.15 No Recourse Against Officers or Employees of Fiscal Agent. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Funding Loan Agreement or any other Funding Loan Document shall be had against any officer or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other Funding Loan Documents are solely corporate in nature.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Notices. All notices, demands, requests and other communications required or permitted to be given by any provision of this Funding Loan Agreement shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier, telegraph, telex, telecopier or facsimile transmission, air or other courier, or hand delivery to the party to be notified addressed as follows:

If to the Governmental Lender:	City of Hibbing, Minnesota 401 East 21st Street Hibbing, Minnesota 55746 Attention: Finance Director Email: SheenaMulner@hibbingmn.gov
If to Borrower:	LC Canopy, LLC c/o Stone Beam Development, LLC 534 S. La Grange Road La Grange, Illinois 60525 Attention: Joseph Walsh E-mail: joe@stonebeam.com
and with a copy to:	Applegate & Thorne-Thomsen

	425 South Financial Place Chicago, Illinois 60605 Attention: Nick Brunick E-mail: nbrunick@att-law.com
and a copy to:	Wincopin Circle LLLP c/o Enterprise Community Partners Asset Management, Inc. 1100 Broken Land Parkway, Ste. 700 Columbia, Maryland 21044 Attention: General Counsel Email: legal@enterprisecommunity.com
If to the Funding Lender	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, New York 10013 Attention: Transaction and Asset Management Group Re: LEE Center Deal ID# [________] Facsimile: (212) 723-8209
And to:	Citibank,N.A. Transaction and Asset Management Group/Post Closing Citi Community Capital 3800 Citibank Center Tampa, Florida 33610 Re: LEE Center Deal ID# [________]
And if prior to the Conversion Date:	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, New York 10013 Attention: Account Specialist Re: LEE Center Deal ID# [________ Facsimile: (212) 723-8209
Following the Conversion Date, with a copy to:	Citibank, N.A. c/o Berkadia Commercial Servicing Department 323 Norristown Road, Suite 300 Ambler, Pennsylvania 19002 Attention: Client Relations Manager Re: LEE Center Deal ID # [_________] Facsimile: (215) 328-0305

And a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street, 17th Floor New York, New York 10013 Attention: General Counsel's Office Re: LEE Center Deal ID # [_________] Facsimile: (646) 291-5754
If to the Fiscal Agent:	Zions Bancorporation, National Association 111 W. Washington St., Suite 1860 Chicago, Illinois 60602 Attention: Robert Cafarelli, Vice President E-mail: Robert.cafarelli@zionsbancorp.com

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Funding Loan Agreement: (i) three Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other telecommunication device, provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Funding Loan Agreement shall constitute a legal, valid and binding execution thereof by such Person.

Any party to this Funding Loan Agreement may change such party's address for the purpose of notice, demands, requests and communications required or permitted under this Funding Loan Agreement by providing written notice of such change of address to all of the parties by written notice as provided herein.

Section 12.2. Term of Funding Loan Agreement. This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Funding Loan has been retired or the payment thereof has been provided for; except that on and after payment in full of the Governmental Lender Note, this Funding Loan Agreement shall be terminated, without further action by the parties hereto.

Section 12.3. Successors and Assigns. All covenants and agreements in this Funding Loan Agreement by the Governmental Lender shall bind its successors and assigns, whether so expressed or not.

Section 12.4. Legal Holidays. In any case in which the date of payment of any amount due hereunder or the date on which any other act is to be performed pursuant to this Funding Loan Agreement shall be a day that is not a Business Day, then payment of such amount or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for prepayment or the date fixed for such act, and no additional interest shall accrue for the period from and after such date and prior to the date of payment.

Section 12.5. Governing Law. This Funding Loan Agreement shall be governed by and shall be enforceable in accordance with the laws of the State.

Section 12.6. Severability. If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Governmental Lender Note or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Governmental Lender or the Funding Lender only to the full extent permitted by law.

Section 12.7. Execution in Several Counterparts. This Funding Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 12.8. Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Borrower Loan Agreement, any obligations of the Borrower under this Funding Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the case may be, and the provisions of Section 11.1 of the Borrower Loan Agreement are by this reference incorporated herein.

Section 12.9. Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER, THE FUNDING LENDER AND THE FISCAL AGENT (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS FUNDING LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

Section 12.10. Electronic Transactions. The transactions described in this Funding Loan Agreement may be conducted and the related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Notwithstanding the foregoing, original executed versions of each of the Funding Loan Documents shall be delivered to the Funding Lender in connection with the closing of the transactions described herein.

Section 12.11. Patriot Act Notice. The Fiscal Agent hereby notifies the Governmental Lender that to help the government fight the funding of terrorism and money laundering activities pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Governmental Lender, which information includes the name and address of the Governmental Lender and other information that will allow the Fiscal Agent to identify the Governmental Lender in accordance with the Patriot Act. The Governmental Lender hereby agrees that it shall promptly provide such information upon request by the Fiscal Agent.

Section 12.12. Reference Date. This Funding Loan Agreement is dated for reference purposes only as of the first day of [Month], 2025.

IN WITNESS WHEREOF, the Funding Lender, the Fiscal Agent and the Governmental Lender have caused this Funding Loan Agreement to be duly executed by their respective representatives as of the date first written above.

CITIBANK, N.A.

By: ________________________________
Name: ________________________________
Title: ________________________________

CITY OF HIBBING, MINNESOTA

By: ________________________________
Name: ________________________________
Title: ________________________________

ZIONS BANCORPORATION, NATIONAL ASSOCIATION

By: ________________________________
Name: ________________________________
Title: ________________________________

EXHIBIT A

FORM OF SERIES A GOVERNMENTAL LENDER NOTE

THIS GOVERNMENTAL LENDER NOTE MAY BE OWNED ONLY BY AN "APPROVED TRANSFEREE" (AS SUCH TERM IS DEFINED IN THE FUNDING LOAN AGREEMENT REFERENCED BELOW), AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS GOVERNMENTAL LENDER NOTE: (A) REPRESENTS THAT IT IS AN APPROVED TRANSFEREE, AND (B) ACKNOWLEDGES THAT IT MAY ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE OR ANY INTEREST HEREIN TO ANOTHER APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

CITY OF HIBBING, MINNESOTA

MULTI-FAMILY HOUSING REVENUE NOTE
(LEE CENTER PROJECT)

SERIES 2025A
DATED [CLOSING DATE]

$**[SERIES A LOAN AMOUNT]**

FOR VALUE RECEIVED, the undersigned City of Hibbing, Minnesota ("Obligor") promises to pay to the order of CITIBANK, N.A. ("Holder") the maximum principal sum of __________ DOLLARS ($[SERIES A LOAN AMOUNT]), on October 1, 2058, or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of [Month] 1, 2025 (the "Funding Loan Agreement"), among Obligor, Zions Bancorporation, National Association, as Fiscal Agent (the "Fiscal Agent"), and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of this Governmental Lender Note so paid.

Obligor shall pay to the Holder on or before each date on which interest on the Funding Loan is payable interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on this Governmental Lender Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

The Funding Loan and this Governmental Lender Note are pass-through obligations relating to a loan (the "Borrower Loan") made by Obligor from proceeds of the Funding Loan to LC Canopy, LLC, an Illinois limited liability company, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of [Month] 1, 2025 (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower. The portion of the Borrower Loan related to this Governmental Lender Note is evidenced by the Series A Borrower Note (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the

Series A Borrower Note for complete payment and prepayment terms of the Series A Borrower Note, payments on which are passed-through under this Governmental Lender Note.

This Governmental Lender Note is a limited obligation of the Obligor, payable solely from the Pledged Revenues and the Security pledged and assigned under the Funding Loan Agreement. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or the Governmental Lender Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan or this Governmental Lender Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement; and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity, and those respecting limitations on liability in Article V of the Funding Loan Agreement.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement but solely from the Pledged Revenues, the Security, or amounts provided by the Borrower.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Note by its authorized representative as of the date first set forth above.

OBLIGOR:

CITY OF HIBBING, MINNESOTA

____
Mayor

ATTEST:

____
City Administrator

CERTIFICATE OF AUTHENTICATION

This is to certify that this Governmental Note is the Series 2025A Governmental Note referred to in the within mentioned Funding Loan Agreement.

Date of Authentication: [Month] ___, 2025

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Fiscal Agent

By:____________________________________
Authorized Officer, Zions Bank Division

EXHIBIT A-2

FORM OF SERIES B GOVERNMENTAL LENDER NOTE

THIS GOVERNMENTAL LENDER NOTE MAY BE OWNED ONLY BY AN "APPROVED TRANSFEREE" (AS SUCH TERM IS DEFINED IN THE FUNDING LOAN AGREEMENT REFERENCED BELOW), AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS GOVERNMENTAL LENDER NOTE: (A) REPRESENTS THAT IT IS AN APPROVED TRANSFEREE, AND (B) ACKNOWLEDGES THAT IT MAY ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE OR ANY INTEREST HEREIN TO ANOTHER APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

CITY OF HIBBING, MINNESOTA

MULTI-FAMILY HOUSING REVENUE NOTE

(LEE CENTER PROJECT)

SERIES 2025B

DATED [**CLOSING DATE**]

$**[SERIES B LOAN AMOUNT]**

FOR VALUE RECEIVED, the undersigned CITY OF HIBBING, MINNESOTA ("Obligor") promises to pay to the order of CITIBANK, N.A. ("Holder") the maximum principal sum of __________ DOLLARS ($[SERIES B LOAN AMOUNT]), on October 1, 2058, or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of [Month] 1, 2025 (the "Funding Loan Agreement"), between Obligor and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of this Governmental Lender Note so paid.

Obligor shall pay to the Holder on or before each date on which interest on the Funding Loan is payable interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on this Governmental Lender Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

The Funding Loan and this Governmental Lender Note are pass-through obligations relating to a loan (the "Borrower Loan") made by Obligor from proceeds of the Funding Loan to LC Canopy, LLC, an Illinois limited liability company, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of [Month] 1, 2025 (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower. The portion of the Borrower Loan related to this Governmental Lender Note is evidenced by the Series B Borrower Note (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the Series B Borrower Note for complete payment and prepayment terms of the Series B Borrower Note, payments on which are passed-through under this Governmental Lender Note.

This Governmental Lender Note is a limited obligation of the Obligor, payable solely from the Pledged Revenues and the Security pledged and assigned under the Funding Loan Agreement. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or the Governmental Lender Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan or this Governmental Lender Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement; and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity, and those respecting limitations on liability in Article V of the Funding Loan Agreement.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement but solely from the Pledged Revenues, the Security, or amounts provided by the Borrower.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Note by its authorized representative as of the date first set forth above.

OBLIGOR:

CITY OF HIBBING, MINNESOTA

____
Mayor

ATTEST:

____
City Administrator

CERTIFICATE OF AUTHENTICATION

This is to certify that this Governmental Note is the Series 2025B Governmental Note referred to in the within mentioned Funding Loan Agreement.

Date of Authentication: [Month] ___, 2025

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Fiscal Agent

By:___________________________________
Authorized Officer, Zions Bank Division

EXHIBIT B

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS

[________________, 20__]

The undersigned, as holder (the "Holder") of a loan (the "Funding Loan") in the maximum amount of $__________ from CITIBANK, N.A. ("Funding Lender") to City of Hibbing, Minnesota ("Governmental Lender") pursuant to a Funding Loan Agreement dated as of [Month] 1, 2025 (the "Funding Loan Agreement") among the Funding Lender, Zions Bancorporation, National Association, as Fiscal Agent, and the Governmental Lender (the "Funding Loan") evidenced by the Multi-Family Housing Revenue Note (LEE Center Project) Series 2025____the "Governmental Lender Note"), or an interest therein, hereby represents to the Governmental Lender and the Fiscal Agent that:

1. The Holder has sufficient knowledge and experience in financial and business matters with respect to the evaluation of residential real estate developments such as the Project to be able to evaluate the risk and merits of the investment represented by the Funding Loan. The Holder is able to bear the economic risks of such investment.

2. The Holder acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Holder has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Governmental Lender, the Project [the use of proceeds of the Funding Loan and the Funding Loan and the security therefor so that, as a reasonable investor, the Holder has been able to make its decision to [extend/purchase] the Funding Loan or an interest therein] In entering into this transaction, the Holder acknowledges that it has not relied upon any representations or opinions of the Governmental Lender relating to the legal consequences to the Funding Lender or other aspects of its making the Funding Loan and acquiring the Governmental Lender Note, nor has it looked to or expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Funding Loan Agreement and the Borrower Loan Agreement, or the adequacy of the funds pledged to the Funding Lender to secure repayment of the Governmental Lender Note.

3. The Holder is an Approved Transferee (as defined in the Funding Loan Agreement).

4. The Holder acknowledges that it is purchasing [an interest in] the Governmental Lender Note for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Governmental Lender Note and the Funding Loan; provided, however, that the Holder may sell or transfer the Governmental Lender Note and the Funding Loan as provided in Section 2.4 of the Funding Loan Agreement.

5. In the event any placement memorandum to be provided to any subsequent buyer or beneficial owner of such portion of the Funding Loan will disclose information with respect to the Governmental Lender other than its name, location and type of political subdivision and general information with respect to the Funding Loan and Borrower Loan and related documents, the Holder will provide the Governmental Lender with a draft of such placement memorandum and the Governmental Lender shall

have the right to approve any description of the Governmental Lender therein (which approval shall not be unreasonably withheld).

6. The Holder understands that the Funding Loan is a limited obligation of the Governmental Lender; payable solely from funds and moneys pledged and assigned under the Funding Loan Agreement, and that the liabilities and obligations of the Governmental Lender with respect to the Funding Loan are expressly limited as set forth in the Funding Loan Agreement and related documents.

7. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Funding Loan Agreement.

[Remainder of page intentionally left blank.]

[Signature Page to Required Transferee Representations]

[ ], as Holder

By
Name
Its

EXHIBIT C

FORM OF WRITTEN REQUISITION
(Project Fund)

Draw #________

Zions Bancorporation, National Association, as Fiscal Agent
Chicago, Illinois

Re: City of Hibbing, Minnesota Multi-Family Housing Revenue Note (LEE Center Project) Series 2025A and B

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of [Month] 1, 2025 (the "Funding Loan Agreement") among Citibank, N.A. (the "Funding Lender"), the City of Hibbing, Minnesota (the "Governmental Lender") and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent") pursuant to which the above-referenced note (the "Governmental Lender Note") was issued. Capitalized terms not defined herein shall have the meanings assigned thereto in the Funding Loan Agreement.

1. You are requested to disburse funds in the amount of $[________] from the [Note Proceeds] [Borrower Equity] Account of the Project Fund [as Draw #_____] pursuant to Section 7.7 of the Funding Loan Agreement in the amount(s) and to the person(s) as follows:

[Insert grid (see below) summarizing all funds, including amount, source and payee, which are being requisitioned from the Fiscal Agent pursuant to this requisition.]

Amount	Funding Source	Payable To

2. The undersigned certifies that:

(i) the obligation stated on this Requisition has been incurred in, or in relation to, the acquisition, rehabilitation, construction or equipping of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(ii) this Requisition contains no items representing any Closing Costs or any other amount constituting an issuance cost under Section 147(g) of the Code and payment of the costs referenced herein will not violate any representation, warranty or covenant of the Borrower in the Borrower Loan Agreement, the Regulatory Agreement or the Tax Certificates; [Not required for draws from Borrower Equity Account]

(iii) not less than 95% of the sum of: (a) the amounts requisitioned by this Requisition to be funded from the Note Proceeds Account of the Project Fund plus (b) all amounts previously disbursed from the Note Proceeds Account of the Project Fund have been or will be applied by the Borrower to pay Qualified Project Costs (as defined in the Borrower Loan Agreement); [Not required for draws from Borrower Equity Account]

(iv) the Borrower acknowledges that fees, charges or profits (including, without limitation, developer fees) payable to the Borrower or a "related person" (within the meaning of Section 144(a)(3) of the Code) are not deemed to be Qualified Project Costs;

(v) as of the date hereof, no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Funding Loan Agreement or under the Borrower Loan Agreement;

(vi) The Borrower will provide a copy of each payee's Form W-9 or Form W-8, as applicable (unless previously provided). The Borrower further acknowledges that the Fiscal Agent cannot process such disbursement request until the Fiscal Agent is in receipt of a valid Form W-9 or Form W-8, as applicable, in accordance with Internal Revenue Service regulations and the Foreign Account Tax Compliance Act

(vii) With respect to this requested disbursement, the Borrowers (i) certify that they have reviewed any wire instructions set forth in this written disbursement direction to confirm such wire instructions are accurate, (ii) each agree to indemnify and hold harmless the Fiscal Agent from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees and expenses resulting directly or indirectly as a result of making the disbursement requested, and (iii) each agree they will not seek recourse from the Fiscal Agent as a result of losses incurred by it for making the disbursement in accordance with this disbursement direction

Dated: ______________, 20___

LC CANOPY, LLC
an Illinois limited liability company

By: LC Trunk, LLC,
an Illinois limited liability company
its managing member

By: Stone Beam Development LLC,
an Illinois limited liability company,
its manager

By: __________________________
Joseph Walsh, manager

Approved by Funding Lender:

CITIBANK, N.A.

By: ______________________________

Title: ____________________________

Date: ____________________________

EXHIBIT D

CLOSING COSTS REQUISITION

Zions Bancorporation, National Association, as Fiscal Agent
Chicago, Illinois

Re: City of Hibbing, Minnesota Multi-Family Housing Revenue Note (LEE Center Project) Series 2025A and B

The undersigned, an Authorized Representative of LC Canopy, LLC, an Illinois limited liability company (the "Borrower"), hereby certifies to you that he/she is authorized and empowered to submit this requisition to you and that attached hereto as Schedule "A" is a schedule of issuance costs incurred in connection with the closing of the funding loan evidenced by the above described Governmental Lender Note (the "Governmental Lender Note"), including the names and addresses of the payees and the specific amounts payable to each such payee, and that to the best of the undersigned's information and belief, such amounts are true and correct.

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of [Month] 1, 2025 (the "Funding Loan Agreement") among Citibank, N.A. (the "Funding Lender"), the City of Hibbing, Minnesota (the "Governmental Lender") and Zions Bancorporation, National Association, as Fiscal Agent, pursuant to which the Governmental Lender Note was issued and delivered. You are hereby instructed to withdraw from the Closing Costs Fund created under the Funding Loan Agreement the amounts shown across from each payee listed on Schedule "A" hereto and pay such amounts to each such payee by wire transfer or by such other means as is acceptable to you and any such payee.

Very truly yours,

LC CANOPY, LLC
an Illinois limited liability company

By: LC Trunk, LLC,
an Illinois limited liability company
its managing member

By: Stone Beam Development LLC,
an Illinois limited liability company,
its manager

By: ____________________________
Joseph Walsh, manager

Approved by Funding Lender:

CITIBANK, N.A.

By: ______________________________

Title: ____________________________

Date: ____________________________

SCHEDULE "A"

Note: $[LOAN AMOUNT] [NOTE CAPTION]
Payee:
Amount:
Method of Payment:
Description of Expense:

GOVERNMENTAL PROMISSORY NOTE
(Seller Loan)

[Month] __, 2025

FOR VALUE RECEIVED, the undersigned CITY OF HIBBING, MINNESOTA, a municipal corporation and political subdivision of the State of Minnesota (the "**Issuer**"), hereby promises to pay to the order of LC WFE Root, LLC, an Illinois limited liability company (the "**Subordinate Lender**"), as security for, or such other address as Subordinate Lender may from time to time direct, in lawful money of the United States, the principal sum of ______ Million ________ Thousand and No/100 Dollars ($________.00).

This Governmental Promissory Note is issued pursuant to the Subordinate Loan Agreement and Assignment dated as of [Month] 1, 2025 (the "**Subordinate Loan Agreement**") among the Issuer, the Subordinate Lender and LC CANOPY, LLC, an Illinois limited liability company (the "**Borrower**").

1. **Interest Rate**.

Interest on the outstanding principal balance hereof shall accrue at ____ percent (____%)] interest, until all amounts due hereunder have been paid in full. Interest shall be payable solely and only from the sources specified below. Interest shall be payable upon the Maturity Date as defined in Section 2 below and shall compound annually on [Month] 1 of each year, commencing [Month] 1, 2026..

2. **Payments.**

The principal amount of this Governmental Promissory Note (the "**Note**"), together with accrued, unpaid and compounded interest thereon, shall be paid upon the earlier to occur (the "**Maturity Date**") (as such Maturity Date may be accelerated as provided herein) of [(i) December 31, 2065] or (ii) the sale or transfer of the Property (defined below) to an entity which is not an affiliate of LC CANOPY, LLC, an Illinois limited liability company (the "**Borrower**"). Payments of outstanding principal and accrued interest shall be made from time to time solely from amounts received from Borrower pursuant to Borrower's Promissory Note (Seller Loan) (the "**Borrower Note**") payable to the Issuer, and assigned to Subordinate Lender. The Borrower Note is payable from Cash Flow, as defined in the First Amended and Restated Operating Agreement of Borrower (the "Operating Agreement"), pursuant to Exhibit A-4 of the Operating Agreement, and the remaining unpaid principal balance and any unpaid accrued interest of this Note will be due and payable on the Maturity Date. All outstanding principal of this Note together with accrued, but unpaid, interest thereon, will be due and payable on the Maturity Date. Borrower has covenanted not to amend the Operating Agreement in a manner that would adversely affect Cash Flow payments on the Borrower Note without Lender's prior written consent.

3. **<u>Prepayments.</u>**

This Note shall be prepaid on the date and in the amount that the Borrower Note is prepaid, without any prepayment premium or penalty.

4. **<u>Collateral Security.</u>**

The Borrower Note is secured by a Junior Mortgage, Assignment of Rents and Security Agreement of even date herewith (the "**Mortgage**"), which Mortgage has been executed by Borrower in favor of Issuer, and assigned by Issuer to Subordinate Lender, which Mortgage encumbers that certain property located in Hibbing, Minnesota known as LEE Center, and which is legally described on <u>Exhibit A</u> to the Mortgage (the "**Property**"). The Borrower Note, this Note, the Subordinate Loan Agreement and the Mortgage, collectively, are hereby referred to as the "**Loan Documents**."

5. **<u>Default; Acceleration.</u>**

(a) <u>Default</u>. At the election of Subordinate Lender and in connection with an acceleration of the Borrower Note, the principal sum remaining unpaid hereon, along with any accrued but unpaid interest, if any, shall become immediately due and payable at the place of payment aforesaid in case of (i) any default in the payment of principal when due in accordance with the terms hereof and the continuation thereof for ten (10) days after written notice to the Issuer and Borrower from Lender, or when a default shall occur and continue for thirty (30) days after written notice to the Issuer and Borrower from Subordinate Lender in the performance of any other agreement contained in this Note or the Borrower Note. There shall be no default for construction or rehabilitation delays beyond the reasonable control of Borrower, provided that such delays do not exceed one hundred twenty (120) days, or such longer period of time as may be specified in the Loan Documents.

(b) <u>Waiver</u>. Issuer waives presentment, protest and demand, notice of protest of demand and of dishonor and non-payment of this Note, and expressly agrees that this Note, or any payments hereunder, may be extended from time to time without in any way affecting the liability of Issuer. Subordinate Lender shall not by any act or omission be deemed to have waived any rights or remedies Lender may have hereunder, unless such waiver is in writing and signed by Subordinate Lender, and then only to the extent specifically set forth therein. A waiver by Lender of one event shall not be construed as containing or as a bar to or waiver of such right or remedy on a subsequent event.

6. **<u>Intentionally Deleted.</u>**

7. **<u>Miscellaneous.</u>**

(a) <u>Notices</u>. All notices, demands, consents, requests or other communications that are either required or contemplated in connection with this Note shall be in writing, and shall be deemed given to the intended recipient thereof at the addresses and as provided in Section 9.1 of the Subordinate Loan Agreement.

(b) **<u>Rights or Remedies Cumulative</u>**. The rights or remedies of Subordinate Lender as provided in this Note shall be cumulative and concurrent, and may be pursued singularly, successively or together. The failure to exercise any such right or remedy shall in no event be construed as (i) a waiver of the rights to the later exercise thereof, or (ii) the release thereof.

(c) **<u>Severability</u>**. If any term, covenant or provision contained in this Note, or the application thereof to any person or circumstance, shall be determined to be void, invalid, illegal or unenforceable to any extent or shall otherwise operate to invalidate this Note, in whole or part, then such term, covenant or provision only shall be deemed not contained in this Note; the remainder of this Note shall remain operative an in full force and effect shall be enforced to the greatest extent permitted by law as if such clause or provision had never been contained herein or therein; and the application of such term, covenant or provision to other persons or circumstances shall not be affected, impaired or restricted thereby.

(d) **<u>Governing Law</u>**. This Note shall be construed in accordance with, and governed by, the laws of the State of Minnesota.

Notwithstanding anything apparently to the contrary in the Loan Documents, the enforcement of Lender's rights thereunder shall be subject to, limited by and conducted in accordance with the provisions of Minnesota Statutes Section 559.17 and 576.25, as applicable, and as the same may be amended and replaced from time to time.

Issuer waives all right of homestead exemption in the Mortgage Property.

(e) **<u>Captions</u>**. The captions or headings at the beginning of any paragraph or portion of any paragraph in this Note are for the convenience of Issuer and Subordinate Lender and for purpose of reference only and shall not limit or otherwise alter the meaning of the provisions of this Note.

(f) **<u>Subsequent Holders</u>**. Upon any endorsement, assignment or other transfer of this Note by Lender or by operation of law, the term " Subordinate Lender" as used herein shall mean the endorsee, assignee, other transferee or successor to Subordinate Lender then becoming the holder of this Note.

(g) **<u>Subsequent Obligors</u>**. This Note and all provisions hereof shall be binding on all persons claiming under or through Borrower. The terms "Issuer" and "Borrower " as used herein, shall include the respective successors, assigns, legal and personal representatives, executors, administrators, devisees, legatees and heirs of Borrower or, as applicable, Issuer.

8. **<u>Nonrecourse Obligation; Limited Liability of Issuer</u>**. This Note is a limited obligation of the Issuer, payable solely from the amounts payable by the Borrower under the Borrower Note and the Mortgage. None of the Issuer, the State of Minnesota, or any political subdivision thereof (except the Issuer, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on this Note or for the

performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein, and this Note shall not be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future officer, director, employee or agent of the Issuer in his or her individual capacity, and neither the officers, directors, employees or agents of the Issuer executing this Note shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance of this Note.

9. **Investor Member Consent for Modification**. Notwithstanding anything to the contrary herein, this Note may not be modified, amended, transferred or assigned without the prior written consent of the Investor Member (as defined in the Operating Agreement). Further, neither this Note, nor any interest therein may be assigned to a third party without the prior written consent of the Investor Member

10. **Standstill.** Notwithstanding the foregoing, until the end of the later of (i) the Compliance Period (as such term is defined in the Operating Agreement), or (ii) the date on which the Investor Member, or its affiliates, is no longer a member of Borrower (the "Standstill Period"), Subordinate Lender will not commence foreclosure proceedings with respect to the Property under this Note, the Borrower Note or the Mortgage or exercise any other rights or remedies it may have under this Note, the Borrower Note or the Mortgage, including, but not limited to, accelerating this Note and the Borrower Note, collecting rents, appoint (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder. Lender waives no rights or remedies it may have under this Note and the Borrower Note or the Mortgage, but merely agrees not to enforce those rights or remedies until the end of the Standstill Period.

11. **Investor Member Right to Cure.**

(a) Prior to exercising any remedies under this Note or the Mortgage, Subordinate Lender shall give Issuer, Borrower and the Investor Member simultaneous written notice of any default. Notwithstanding anything to the contrary in this Note or the Mortgage and in addition to any other cure provisions contained therein, the Investor Member (or an affiliate thereof) shall have the right, but not the obligation, to cure any defaults of Issuer hereunder and of the Borrower under the Borrower Note, and Subordinate Lender agrees to accept cures tendered by the Investor Member (or an affiliate thereof) on behalf of Borrower within the cure periods described herein. In the event of a monetary Event of Default under the Loan Documents, Investor Member (or an affiliate thereof), shall have the right (but not the obligation) to cure the default within 30 days after receipt of such notice prior to exercise of any remedies available to Subordinate Lender under the Loan Documents.

(b) If a non-monetary Event of Default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Subordinate Lender shall give Issuer and Borrower and the Investor Member simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Issuer shall have such period to effect a cure prior to the exercise of remedies by Subordinate Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Borrower or Investor Member (or an affiliate thereof) (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Issuer, Borrower and Investor Member (or an affiliate thereof) shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Subordinate Lender.

12. Costs and Enforcement. Issuer agrees to pay to Lender, but solely from amounts payable by Borrower, on demand all costs and expenses incurred by Subordinate Lender in seeking to collect this Note or to enforce any of Subordinate Lender's rights and remedies under the Loan Documents, including court costs and reasonable attorneys' fees and expenses actually incurred, whether or not suite is filed hereon, or whether in connection with arbitration, bankruptcy, insolvency or appeal.

IN WITNESS WHEREOF, Issuer has executed this Note as of the date set forth above.

ISSUER:

CITY OF HIBBING, MINNESOTA

By: __________________________
Mayor

SUBORDINATE LOAN AGREEMENT AND ASSIGNMENT

By and among

CITY OF HIBBING, MINNESOTA
as Issuer

and

LC CANOPY, LLC
as Borrower

and

LC WFE ROOT, LLC
as Subordinate Lender

Relating to:

$_________

CITY OF HIBBING, MINNESOTA
SUBORDINATE MULTI-FAMILY HOUSING REVENUE NOTE
(LEE CENTER- SELLER LOAN)

Dated as of [Month] 1, 2025

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SUBORDINATE LOAN AGREEMENT AND ASSIGNMENT

This **SUBORDINATE LOAN AGREEMENT AND ASSIGNMENT** (this "**Subordinate Loan Agreement**") is made and entered into as of the [Month] 1, 2025, among the **CITY OF HIBBING, MINNESOTA** (the "**Issuer**"), a municipal corporation and political subdivision duly created and existing under and by virtue of the laws of the State of Minnesota (the "**State**"), **LC CANOPY, LLC**, an Illinois limited liability company (the "**Borrower**") and **LC WFE ROOT, LLC**, an Illinois limited liability company (the "**Subordinate Lender**").

RECITALS:

WHEREAS, the Issuer is authorized and empowered by Minnesota Statutes, Chapter 462C and 474A, as amended (the "**Act**"), to finance costs of acquisition, construction, renovation and equipping of affordable rental residential housing developments within the jurisdiction of the Issuer by issuing its revenue bonds or notes; and

WHEREAS, the Borrower has requested that the Issuer issue and deliver its Subordinate Multi-Family Housing Revenue Note (LEE Center - Seller Loan) in the original aggregate principal amount of $___________ (the "**Subordinate Governmental Note**") a form of which is attached hereto as **Exhibit A**, directly to the Subordinate Lender in order to finance a portion of the costs of the acquisition by the Borrower of a 95-unit multifamily rental housing development to be occupied by senior individuals and families of low or moderate income and related personal property and equipment, and located in the jurisdiction of the Issuer (collectively, the "**Project**"); and

WHEREAS, the Borrower will execute and deliver to the Issuer a Subordinate Borrower Note, dated [Month __], 2025 (the "**Subordinate Borrower Note**"), a form of which is attached hereto as **Exhibit C**, and has further agreed to secure its obligations under this Subordinate Loan Agreement and the Subordinate Borrower Note by a Mortgage and Security Agreement of even date herewith from the Borrower to the Issuer (the "**Subordinate Mortgage**") pursuant to which the Borrower will grant a subordinate mortgage lien on the Project to the Issuer; and

WHEREAS, pursuant to Section 5.6 below and separate assignments by the Issuer, the Issuer will assign to the Subordinate Lender all of its right, title and interest in and to this Subordinate Loan Agreement, the Subordinate Borrower Note and the Subordinate Mortgage (except for the Issuer's Reserved Rights, as defined therein).

NOW, THEREFORE, in consideration of the mutual agreements hereinafter contained, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions.

Unless the context otherwise requires, defined terms in the Recitals and elsewhere herein, and in any agreement supplemental hereto, shall have the meanings herein specified below, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

"Authorized Borrower Representative" means any person at the time designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Subordinate Lender, containing the specimen signature of such person and signed on behalf of the Borrower. Such certificate may designate an alternate or alternates.

"Authorizing Resolution" means the resolution of the Issuer adopted by the City Council of the Issuer on September 3, 2025, authorizing the issuance and sale of the Subordinate Issuer Documents, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

"Bond Year" means any twelve-month period ending on the anniversary of the Closing Date; except as provided in the Tax Certificates.

"Borrower" means LC Canopy, LLC, an Illinois limited liability company, its successors and assigns.

"Cash Flow" shall have the meaning set forth in Section 2.01 and Exhibit A-4 of the Operating Agreement.

"Certificate" means a certification in writing required or permitted of Borrower by the provisions of the Subordinate Loan Agreement or the other Subordinate Borrower Loan Documents, signed and delivered to the Subordinate Lender or other proper person or persons. If and to the extent required by the provisions of hereof, each Certificate shall include the statements provided for in Section 1.02.

"City Council" means the City Council of the Issuer.

"Closing Date" means [Month] ___, 2025, the date of issuance and initial delivery to the Subordinate Lender of the Subordinate Governmental Note as provided in Section 3.01 hereof.

"Code" means the Internal Revenue Code of 1986, as amended and Treasury Regulations promulgated thereunder.

"Computation Date" means the end of the fifth Bond Year, every fifth anniversary thereafter, and the date on which all principal of and interest on the Subordinate Governmental Note are finally paid.

"Default" means default in the performance or observance of any of the covenants, agreements or conditions on the part of the Borrower contained in the Subordinate Borrower Loan Documents.

"Event of Default" means an Event of Default described in Section 8.1 hereof, which has not been cured.

"Fiscal Agent" means Zions Bancorporation, National Association.

"Issuer" means the City of Hibbing, Minnesota, a municipal corporation and political subdivision of the State.

"Issuer Fee" means $50,000, which applies to the Senior Governmental Notes and the Subordinate Governmental Note, collectively.

"Land" means the Land described in Exhibit A to the Subordinate Mortgage, as amended from time to time, constituting the site on which the Project Buildings are located.

"Maturity Date" means the earlier of (i) [December 1, 2065] or (ii) an acceleration of the payment, in full, of the then-outstanding principal of the Subordinate Governmental Note plus the unpaid interest thereon pursuant to the terms of this Subordinate Loan Agreement, the Subordinate Governmental Note, the Subordinate Mortgage, or any other document relating to the Subordinate Borrower Loan.

"Mortgaged Property" means the Mortgaged Property as defined in the Subordinate Mortgage.

"Outstanding" when used as of any particular time with reference to the Subordinate Governmental Note, means the then outstanding principal balance of the Subordinate Governmental Note theretofore executed and delivered under the Authorizing Resolution, but excepting any Subordinate Governmental Note in lieu of or in substitution for which another Subordinate Governmental Note shall have been executed and delivered pursuant to the terms of the Authorizing Resolution.

"Operating Agreement" means the First Amended and Restated Operating Agreement of the Borrower, dated [Month] __, 2025, as may be amended and supplemented from time to time.

"Person" means any natural person, corporation, joint venture, cooperative, partnership, trust or unincorporated organization, government or governmental body or agency, political subdivision or other legal entity, as in the context may be appropriate.

"Project" means the Project described in Section 1.2 hereof

"Project Buildings" means the buildings located at the site of the Project which will be acquired and owned by the Borrower.

"Project Facilities" means the Project Buildings and the Land.

"Rebate Amount" means, with respect to a Rebate Payment Date, the amount which would be required to be paid as rebate with respect to Subordinate Governmental Note under Section 148(f) on the Code if the Subordinate Governmental Note were finally paid on the related Computation Date as provided in the Tax Certificates.

"Rebate Payment Date" means each date on which any Rebate Amount then due is paid to the United States of America pursuant to Section 148(f) of the Code as provided in the Tax Certificates.

"Redeem" or "redemption" means and includes "prepay" or "prepayment" as the case may be.

"Registrar" means, initially, the Subordinate Lender, or any other "Registrar" selected by the Issuer, the Borrower and the new "Registrar."

"Regulatory Agreement" means the Regulatory Agreement, dated as of [Month] 1, 2025, among the Issuer, the Fiscal Agent and the Borrower.

"Senior Borrower Notes" means, collectively, the Borrower's Multifamily Note Series A (relating to the Series A Governmental Note) and its Multifamily Note Series B (relating to the Series B Governmental Note), each dated the Closing Date, evidencing the Senior Loan.

"Senior Governmental Notes" means collectively, the Series A Governmental Note and the Series B Governmental Note.

"Senior Loan" means the loan of the proceeds of the Senior Governmental Notes to the Borrower, as evidenced by the Senior Borrower Notes.

"Senior Loan Documents" means all instruments and documents evidencing or securing the Senior Loan.

"Series A Governmental Note" shall mean that certain Multi-Family Housing Revenue Note (LEE Center Project) Series 2025A, in the original principal amount of $_______ made by the Issuer and payable to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

"Series B Governmental Note" shall mean that certain Multi-Family Housing Revenue Note (LEE Center Project) Series 2025B, in the original maximum principal amount of $______ made by the Issuer and payable to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

"State" means the State of Minnesota.

"Subordinate Borrower Documents" means this Subordinate Loan Agreement, the Subordinate Borrower Note and the Subordinate Mortgage.

"Subordinate Borrower Note" means that promissory note from the Borrower to the Issuer securing the Borrower's payment obligations under the Subordinate Borrower Loan in the form attached hereto as **Exhibit C**.

"Subordinate Governmental Note" means the Issuer's Subordinate Multi-Family Housing Revenue Note (LEE Center- Seller Loan) in the original principal amount of $___________ in the form attached hereto as **Exhibit A**.

"Subordinate Holder" means the person or persons in whose name the Subordinate Governmental Note shall be registered and, initially, is the Subordinate Lender

"Subordinate Issuer Documents" means this Subordinate Loan Agreement, the Subordinate Governmental Note and the Regulatory Agreement.

"Subordinate Lender" means LC WFE Root, LLC, and any successors or assigns, as seller of the Project Facilities to the Borrower.

"Subordinate Borrower Loan" means the loan from the Issuer to the Borrower made pursuant to this Subordinate Loan Agreement.

"Subordinate Loan Agreement" means this Subordinate Loan Agreement.

"Subordinate Borrower Loan Documents" means the Subordinate Issuer Documents and the Subordinate Borrower Documents.

"Subordinate Borrower Loan Repayments" means the payments made or to be made by the Borrower pursuant to Section 5.01 hereof.

"Subordinate Mortgage" means the Junior Mortgage, Assignment of Rents and Security Agreement (LEE Center - Seller Loan), dated as of [Month] 1, 2025, from the Borrower to the Issuer, as amended or supplemented from time to time.

"Tax Certificates" means, collectively, the Arbitrage and Tax Certificate, dated the Closing Date, executed and delivered by the Issuer and the Borrower, together with the Project Certificate, dated the Closing Date, executed and delivered by the Borrower.

Section 1.2. Description of Project.

The term "Project" refers to the acquisition, renovation and equipping of a 95-unit multifamily rental housing facility project to be occupied by senior individuals and families of low, middle or moderate income, and related personal property and equipment, and located in the City of Hibbing, Saint Louis County, Minnesota, which are owned by the Borrower.

Section 1.3. Additional Provisions as to Interpretation.

All references herein to "Articles", "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Subordinate Loan Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Subordinate Loan Agreement as a whole and not any particular Article, Section or subdivision hereof.

Any terms defined in any other Subordinate Borrower Documents or Subordinate Issuer Documents but not defined herein shall have the same meaning herein unless the context hereof clearly requires otherwise.

ARTICLE 2
REPRESENTATIONS

Section 2.1. Representations by the Issuer.

The Issuer makes the following representations as the basis for its undertakings herein:

(a) The Issuer is a municipal corporation and political subdivision duly created and existing by virtue of the laws of the State and is authorized to issue the Subordinate Governmental Note to finance a portion of the costs of acquiring the Project pursuant to the Act.

(b) In authorizing the Project, the Issuer's purpose is to promote the public welfare by continuing to provide rental residential housing developments within the meaning of the Act and assisting persons within the State to obtain decent, safe and sanitary housing at rentals they can afford; and facilitating the development of rental housing opportunities for residents of the Issuer.

(c) A public hearing on the proposal to finance the Project and the "Housing Program" of the Issuer (as defined in the Authorizing Resolution) was called and held on September ___, 2025, at which time all persons who appeared were given an opportunity to express their views with respect to the proposal to undertake and finance the Project and said Housing Program.

(d) The Issuer has duly authorized the execution and delivery of the Subordinate Issuer Documents.

(d) The issuance and sale of the Subordinate Governmental Note and the execution, delivery and performance of the Subordinate Issuer Documents by the Issuer have been duly authorized by resolutions of the City Council, including the Authorizing Resolution, duly adopted at a meeting of the City Council by a vote of the requisite majority of its members.

(e) To the actual knowledge of the Issuer officials, there is no litigation pending or, without inquiry, threatened questioning the authority of the Issuer to issue the Subordinate Governmental Note, the authority of the Issuer to execute and deliver the Subordinate Issuer Documents, the tax-exempt status of interest on the Subordinate Governmental Note, or the authority of any member of the City Council or other officer or employee of the Issuer to hold office or take part in any of the transactions contemplated hereby.

Section 2.2. Representations, Warranties and Covenants of the Borrower.

The Borrower represents, warrants and covenants as follows:

(a) The Borrower is a limited liability company duly created under the laws of the State of Illinois, is in good standing and duly authorized to conduct its business in the State of Minnesota and all other states where its activities require such authorization, has power to enter into the Subordinate Borrower Documents and to use the Project for the purpose set forth in this Agreement and by proper company action has authorized the execution and delivery of the Subordinate Borrower Documents.

(b) The execution and delivery of the Subordinate Borrower Documents, the consummation of the transactions contemplated thereby, and the fulfillment of the terms and conditions thereof do not and will not conflict with or result in a breach of any of the terms or conditions of the Borrower's Operating Agreement and other organizational documents, any restriction or any agreement or instrument to which the Borrower is now a party or by which it is bound or to which any property of the Borrower is subject, and do not and will not constitute a default under any of the foregoing or a violation of any order, decree, statute, rule or regulation of any court or of any state or federal regulatory body having jurisdiction over the Borrower or its properties, including the Project, and do not and will not result in the creation or imposition of any lien, charge or encumbrance of any nature upon any of the property or assets of the Borrower contrary to the terms of any instrument or agreement to which the Borrower is a party or by which it is bound.

(c) The design and plan of the Project comprise a residential rental development as contemplated by the Act, specifically a senior housing development pursuant to the requirements set forth in the Act; and subject to the other provisions of this Agreement, it is presently intended and reasonably expected that the Borrower will operate the Project Buildings on the Land throughout the term of this Agreement in the normal conduct of the Borrower's business;

(d) The Subordinate Governmental Note is issued within the exemption provided under Section 142(d) of the Code with respect to qualified residential rental projects; and "substantially all" of the proceeds of the Subordinate Governmental Note will be used for expenditures chargeable to the capital account of the Project;

(e) There is public access to the Project; and, as of the date hereof, and to the Borrower's knowledge, the use of the Project as designed and proposed to be operated complies, in all material respects, with all presently applicable development, pollution control, water conservation and other laws, regulations, rules and ordinances of the federal government and the State and the respective agencies thereof and the political subdivisions in which the Project is located. All necessary and material approvals of and licenses, permits, consents and franchises from federal, state, county, municipal or other governmental authorities having jurisdiction over the Project have been, or will be, obtained to acquire, rehabilitate, install, and operate the Project and the Borrower has obtained all necessary approvals to enter into, execute and perform its obligations under the Subordinate Borrower Documents.

(f) The proceeds of the Subordinate Governmental Note and the Senior Loan, together , with any other funds to be contributed to the Project by the Borrower, loaned to the Borrower or otherwise in accordance with this Agreement will be sufficient to pay the cost of acquiring, rehabilitating and equipping the Project, and all costs and expenses incidental thereto, and the proceeds of the Subordinate Governmental Note will be used only for the purposes contemplated hereby and allowable under the Act.

(g) There are no actions, suits, or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any property of the Borrower in any court or before any federal, state, municipal or other governmental agency, which, if decided adversely to the Borrower would have a material adverse effect upon the Borrower or upon the business or properties of the Borrower; and the Borrower is not in default with respect to any order of any court or governmental agency.

(h) The Borrower is not in default in the payment of the principal of or interest on any indebtedness for borrowed money nor in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been issued.

(i) The Borrower has filed all federal and state income tax returns which, to the knowledge of the officers of the Borrower, are required to be filed and has paid all taxes shown on said returns and all assessments and governmental charges received by the Borrower to the extent that they have become due.

(j) To the Borrower's knowledge, no public official of the Issuer has a conflict of interest arising from this Agreement nor will any public official either directly or indirectly benefit financially from this Agreement.

ARTICLE 3
ISSUANCE OF SUBORDINATE GOVERNMENTAL NOTE; LOAN OF PROCEEDS

Section 3.1. Issuance of Subordinate Governmental Note by Issuer; Registration, Transfer and Cancellation of Subordinate Governmental Note.

The Issuer will issue the Subordinate Governmental Note as provided in the Act and the Authorizing Resolution and will deliver the Subordinate Governmental Note to the Subordinate Lender to evidence the obligation to pay a portion of the purchase price of the Project. The Subordinate Lender will receive the Subordinate Governmental Note on the Closing Date, upon satisfaction of the terms and conditions set forth in Section 3.3 (the "**Closing**"). The proceeds of the Subordinate Governmental Note are considered to be loaned to the Borrower as provided in Section 3.2 of this Subordinate Loan Agreement.

The Issuer will issue the Subordinate Governmental Note in the authorized original aggregate principal amount of $_________, consisting of a single fully registered Subordinate Governmental Note, numbered R-1, of even date herewith, substantially in the form and containing the terms and provisions set forth in **Exhibit A** hereto. The Subordinate Governmental Note matures on the Maturity Date and will bear interest at the rates set forth in the Subordinate Governmental Note, accruing from the Closing Date set forth in the Subordinate Governmental Note, and will be repaid in accordance with the Subordinate Governmental Note.

The Subordinate Governmental Note shall be fully registered as to principal and interest in the manner and with any additional designation as the Registrar deems necessary for the purpose of identifying the registered owner thereof. The Subordinate Governmental Note shall be transferable only on the registration books of the Registrar. The Registrar shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner of the Subordinate Governmental Note and any transfers of the Subordinate Governmental Note as provided herein. The Subordinate Governmental Note shall initially be registered to the Subordinate Lender. Notwithstanding anything contained in this Subordinate Loan Agreement or the Subordinate Governmental Note to the contrary, the

Subordinate Governmental Note may be transferred in whole, but not in part, upon delivery to the Issuer and the Borrower by the transferee of an executed certificate in the form attached hereto as **Exhibit B**. This Subordinate Governmental Note has not been, and will not be, registered under any federal or state securities laws, must be held for investment purposes only, and may be transferred only if an exemption from registration is available. In connection with any sale, assignment or transfer of the Subordinate Governmental Note, the Subordinate Lender shall give notice of such sale, assignment or transfer to the Borrower, and the Issuer and the Registrar shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Subordinate Governmental Note.

A Subordinate Governmental Note which has been surrendered for cancellation shall be cancelled and destroyed by the Registrar and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the Issuer, the Borrower and the holder of the Subordinate Governmental Note and, upon written request therefor, to the Borrower. Any Subordinate Governmental Note so cancelled may be retained by the Registrar for such period of time as the Registrar may determine and shall be destroyed by the Registrar at the end of such period. A Subordinate Governmental Note so cancelled shall thereafter no longer be considered outstanding for any purpose of the Subordinate Governmental Note Registrar Agreement or this Subordinate Loan Agreement.

Section 3.2. Loan of Proceeds.

The Subordinate Governmental Note shall reflect a loan from the Subordinate Lender to the Issuer on the terms set forth therein and herein. The Issuer hereby lends to the Borrower the entire gross proceeds of the Subordinate Governmental Note, which loan is evidenced by the Issuer's direct delivery of the Subordinate Governmental Note to the Subordinate Lender, on the Borrower's behalf, and by the Borrower's direct delivery of the Subordinate Borrower Note to the Issuer, which the Issuer has assigned to the Subordinate Lender. The obligation of the Borrower to repay the Subordinate Borrower Loan, together with interest thereon shall become effective immediately upon the Issuer's delivery of the Subordinate Governmental Note to the Subordinate Lender and shall be evidenced by and be repayable as set forth in the Subordinate Borrower Note.

Section 3.3. Conditions to the Closing.

The obligation of the Subordinate Lender to take delivery of, and the Issuer to deliver, the Subordinate Governmental Note under Section 3.01 is conditioned upon delivery to the Subordinate Lender and the Issuer on the Closing Date of the following:

(a) Opinions of Fryberger, Buchanan, Smith & Frederick, P.A., as Bond Counsel and of Burke, Burns & Pinelli, as special tax counsel, with respect to the Subordinate Governmental Note, and an opinion of counsel to the Borrower, each in form and substance satisfactory to the Issuer and the Subordinate Lender;

(b) Certified copy of the Authorizing Resolution;

(c) The executed Subordinate Borrower Loan Documents;

(d) The Tax Certificates and the Regulatory Agreement;

(e) An executed Subordinate Lender Investor Letter in the form attached hereto as **Exhibit B**.

(g) Financing statements under the Uniform Commercial Code of the State, as the Subordinate Lender may deem necessary or desirable in order to perfect the security interests granted by the Issuer and the Borrower to secure the Subordinate Governmental Note, and completed requests for information, dated on or before the Closing Date, as to effective financing statements filed in all filing offices in which the financing statements shall have been filed;

(h) A pro forma title insurance policy or marked-up title commitment insuring the Subordinate Lender's interest under the Subordinate Mortgage, in form and substance satisfactory to the Subordinate Lender; and

(i) All other documents or certificates the Subordinate Lender may reasonably request relating to the existence and good standing of the Borrower, the legal authority for and the due execution and validity of the Subordinate Governmental Note, the Authorizing Resolution, this Subordinate Loan Agreement and the other Subordinate Borrower Loan Documents, and the tax-exempt status of interest on the Subordinate Governmental Note for Federal income tax purposes and all other relevant matters, all in form and substance satisfactory to the Subordinate Lender.

ARTICLE 4
ACQUISITION OF THE PROJECT;
APPLICATION OF PROCEEDS

Section 4.1. Agreement to Acquire the Project.

On the Closing Date the Borrower will acquire from the Subordinate Lender a fee interest in and to the Project Facilities. The Subordinate Governmental Note will be delivered to the Subordinate Lender to evidence the obligation to pay a portion of the purchase price of the Project.

Section 4.2. Borrower Required to Provide Funds in Event Subordinate Governmental Note Proceeds Insufficient.

The Issuer and the Subordinate Lender make no warranty, either express or implied, that the moneys which under the terms hereof will be available for payment of costs of the acquisition of the Project will be sufficient to pay such costs. The Borrower agrees that it shall pay or cause to be paid all costs of the acquisition of the Project and that to the extent such costs of the Project exceed the available amount of Subordinate Governmental Note proceeds, that it shall not be entitled to any reimbursement therefor from the Issuer or the Subordinate Lender, nor shall it be entitled to any diminution in or postponement of payments to be made under any provision hereof.

ARTICLE 5
LOAN REPAYMENTS AND OTHER PAYMENTS; ASSIGNMENT

Section 5.1. Repayment of Loan.

(a) The Issuer covenants and agrees to repay the Subordinate Governmental Note in accordance with its terms, but such payment shall be made solely and only from payments made by the Borrower to the Issuer (or directly to the Subordinate Lender) under the Subordinate Borrower Note or the other Subordinate Borrower Documents

(b) The Borrower covenants and agrees to repay the Subordinate Borrower Loan, together with interest, in Subordinate Borrower Loan Repayments which shall be made at times and in amounts sufficient to pay, in full and when due, all principal and interest on the Subordinate Governmental Note (whether due upon maturity, redemption, mandatory prepayment or acceleration), as described in the Subordinate Governmental Note. Such payments by the Borrower under this Section shall be made directly by the Borrower to the Subordinate Lender in such coin or currency of the United States of America as may be legal tender for the payment of public and private debts. The Borrower shall furnish to the Issuer, if the Issuer so requests, the advice of transmittal of such payments at the time of transmittal of payment. All payments under this Section 5.01 shall be Subordinate Borrower Loan Repayments.

(c) The Borrower covenants and agrees to pay the Subordinate Borrower Loan Repayments due hereunder solely from Cash Flow (except for the Subordinate Borrower Loan Repayment that is the payment due on the Maturity Date, and any prepayment, which shall be payable from any funds of the Borrower). Except for the Subordinate Borrower Loan Repayment due on the Maturity Date, and any prepayment, the obligation to make Subordinate Borrower Loan Repayments is subject to the availability of Cash Flow to pay such Subordinate Borrower Loan Repayments in the priority reflected in Exhibit A-4 of the Operating Agreement,, and it shall not be an event of default under this Subordinate Loan Agreement to the extent that failure to make a Subordinate Borrower Loan Repayment is due to such lack of Cash Flow. Subject to the preceding sentence, in the event the Borrower shall fail to make any Subordinate Borrower Loan Repayment as required by this Section, the payment not made shall continue as an obligation of the Borrower until the amount not paid shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, which interest shall also constitute an obligation of the Borrower. Any unpaid interest on the Subordinate Borrower Note and the Subordinate Governmental Note shall compound annually as provided in the Subordinate Borrower Note. The Borrower shall deliver written notice to the Issuer and the Registrar upon payment in full and satisfaction of the Subordinate Borrower Loan and all Borrower obligations under the Subordinate Loan Agreement evidenced by the Subordinate Borrower Note.

Section 5.2. Additional Payments.

In addition to the Subordinate Borrower Loan Repayments, the Borrower shall pay to, or at the direction of, the Issuer or the Subordinate Lender, when due and at the times requested by the Issuer or the Subordinate Lender, as applicable, amounts sufficient to pay in full all reasonable out-of-pocket expenses and costs of the Issuer and the Subordinate Lender incurred in connection with the collection of the Subordinate Borrower Loan, including: (i) any costs incurred in connection with the purchase, transfer, registration, exchange, or redemption of the Subordinate Governmental Note; (ii) the fees and other costs incurred for services of such engineers, architects, attorneys, management consultants, accountants, and other consultants as are employed by the Issuer or the Subordinate Lender to make examinations or reports, provide services, or render opinions required or permitted by this Subordinate Loan Agreement; (iii) all costs reasonably incurred by the Issuer or the Subordinate Lender in the enforcement of the Subordinate Governmental Note, the Subordinate Borrower Note or this Subordinate Loan Agreement; (iv) all Rebate Amounts, and (vi) any fees or expenses of the Registrar.

Section 5.3. No Set-Off; Borrower's Obligations Unconditional.

The obligation of the Borrower to make the payments and to perform and observe the other agreements on its part contained herein, in the other Subordinate Borrower Loan Documents and in the Subordinate Borrower Note shall be absolute and unconditional. So long as any principal of the Subordinate Governmental Note or the Subordinate Borrower Note is outstanding, the Borrower will pay without abatement, diminution or deduction (whether for taxes or otherwise) all Subordinate Borrower Loan Repayments required to be paid hereunder, regardless of any cause or circumstance whatsoever including, without limiting the generality of the foregoing: any defense, setoff, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Subordinate Lender or any other holder of the Subordinate Governmental Note or any other person; any failure of the Issuer to perform any covenant or agreement contained herein or in any other agreement between the Issuer or any Subordinate Governmental Noteholder and the Borrower; any indebtedness or liability at any time owing to the Borrower by the Issuer, the Subordinate Lender or any other Subordinate Governmental Noteholder or any other person; any acts or circumstances that may constitute failure of consideration; damage to or condemnation of the Project Facilities; eviction by paramount title; commercial frustration of purpose; bankruptcy or insolvency of the Issuer, or the Subordinate Lender; enforcement of any of the other Subordinate Borrower Loan Documents; any change in the tax or other laws of the United States of America or of any State or any political subdivision of either, or any failure of the Issuer or the Subordinate Lender to perform and observe any agreement, whether express or implied, or any duty, liability or obligation, arising out of or connected with this Subordinate Loan Agreement, the other Subordinate Borrower Loan Documents or the Authorizing Resolution.

Section 5.4. Option to Prepay Loan.

The Borrower shall have the option to prepay the Subordinate Borrower Loan and cause to be redeemed the Subordinate Borrower Note and, thereby, the Subordinate Governmental Note, in whole or in part, at any time. Any partial prepayment of the Subordinate Borrower Note and the Subordinate Governmental Note shall reduce the outstanding principal balance of the Subordinate Borrower Note and the Subordinate Governmental Note in, if applicable, the inverse order of the principal installments unpaid thereon. Any such partial prepayment shall be applied first to accrued and compounded interest and finally to installments of principal in, if applicable, the inverse order of their maturity, if applicable.

In the event the Borrower elects to prepay the Subordinate Borrower Loan, the Borrower shall cause to be given in the name of the Issuer due notice of redemption or prepayment of the Subordinate Borrower Note and the Subordinate Governmental Note as required by the provisions thereof, and shall pay the redemption price, if any, when due to the Subordinate Lender. The Issuer hereby authorizes the Borrower to give all required notices of prepayment of the Subordinate Governmental Note.

Section 5.5. Tax-Exempt Status of Interest on the Subordinate Governmental Note.

It is the intention of the parties hereto that the interest paid on the Subordinate Governmental Note will not be included in the gross income of the recipients of said interest by reason of Section 103 and related Sections of the Code. In order to confirm and carry out such intention:

(a) The Borrower shall (i) on the Closing Date, provide such Certificates of the Authorized Borrower Representative, Opinions of Counsel, and other evidence as may be necessary or reasonably requested by the Issuer, the Subordinate Lender or any Subordinate Holder to establish the exemption of interest on the Subordinate Governmental Note under Section 103 and related Sections and the absence of arbitrage expectation under Section 148 of the Code, and (ii) file such information and statements, acting alone or with the Issuer, with the Internal Revenue Service, as may be required from the Borrower or the Issuer to establish or preserve such exemption or as may be required by Section 103 and related Sections of the Code, regulations thereunder and related provisions of law or regulation.

Commented [ML1]: Note to Jolyn-- nothing should be required here except for items to be provided at closing, although Borrower does need to make annual filings with IRS as provided in Regulatory Agreement

(b) If the Subordinate Lender shall be given notice of a proposed deficiency by the Internal Revenue Service, or if a responsible officer of the Subordinate Lender shall have actual knowledge of a proposed ruling by the Internal Revenue Service to the effect that interest on the Subordinate Governmental Note is includable in the gross income of the Subordinate Holder (other than the Subordinate Holder being a "substantial user" of the Project or a "related person" thereto), the Subordinate Lender shall give notice to the Borrower of such proposed deficiency or ruling as promptly as possible and permit the Borrower, to the extent reasonably possible, to participate in contesting any such proposed deficiency or ruling. Any expenses incurred by the Borrower or by any Subordinate Holder at the request of the Borrower in connection with such contest shall be paid by the Borrower. Notwithstanding the foregoing, the Subordinate Holder shall have the right to control all proceedings before the Internal Revenue Service and any judicial proceedings relating to taxability of interest on the Subordinate Governmental Note received by the Subordinate Holder, including the compromise of claims in such proceedings and abandonment of rights to appeal.

(c) The Borrower hereby acknowledges and confirms its obligations under Section 148 of the Code as described in the Tax Certificates. If the Borrower shall fail to pay the full amount of any Rebate Amount required to be paid by the Borrower when such payment is due, the Subordinate Lender may make payment to the United States, and such payment shall be an advance under Section 8.5 of this Subordinate Loan Agreement. In construing the Borrower's obligations hereunder, all terms used in this paragraph (d) shall have the meanings provided in said Section 148 and regulations thereunder. The Borrower agrees to make all required rebate payments to the United States, as and when required.

Section 5.6. Assignment by Issuer to Subordinate Lender.

(a) In order to secure the due and punctual payment of the Subordinate Governmental Note and all other sums due the Subordinate Lender under the Subordinate Borrower Documents, the Issuer does hereby pledge and assign to the Subordinate Lender and grant to the Subordinate Lender a security interest in all of the Issuer's right, title, and interest in and to the Subordinate Borrower Documents, including, but not limited to, the Issuer's right to receive Subordinate Borrower Loan Repayments, except the Issuer's rights under Sections 5.2, 7.1, 7.2, 8.4, 9.9 and 9.11 hereof (collectively the "**Issuer's Reserved Rights**").

(b) The Issuer hereby represents and warrants to the Subordinate Lender that the Issuer's right, title and interest in the Subordinate Borrower Documents including without limitation the Subordinate Borrower Loan Repayments are free and clear of any lien, security interest or other encumbrance other than that arising under hereunder.

(c) The Issuer hereby authorizes the Subordinate Lender to exercise, whether or not a default exists under the Subordinate Governmental Note or an Event of Default has occurred under the Subordinate Borrower Documents, either in the Issuer's name or the Subordinate Lender's name, any and all rights or remedies available to the Issuer under the Subordinate Borrower Documents except for the Issuer's Reserved Rights. The Issuer agrees, on request of the Subordinate Lender, to execute and deliver to the Subordinate Lender such other documents or instruments as shall be deemed necessary or appropriate by the Subordinate Lender at any time to confirm or perfect the security interest hereby granted. The Issuer hereby appoints the Subordinate Lender its attorney-in-fact to execute on behalf of the Issuer, and in its name, any and all such assignments, financing statements or other documents or instruments which the Subordinate Lender may deem necessary or appropriate to perfect, protect or enforce the security interest in the Subordinate Borrower Documents hereby granted.

(d) The Issuer will not:

(i) exercise or attempt to exercise any remedies under the Subordinate Borrower Documents except for the Issuer's Reserved Rights or terminate, modify or accept a surrender of the same, or by affirmative act, consent to the creation or existence of any security interest or other lien in the Subordinate Borrower Documents to secure payment of any other indebtedness; or

(ii) receive or collect or permit the receipt or collection of any payments, receipts, rentals, profits or other moneys under the Subordinate Borrower Documents (except as allowed under the Issuer's Reserved Rights) or assign, transfer or hypothecate (other than to the Subordinate Lender hereunder) any of the same then due or to accrue in the future.

(e) The Issuer expressly covenants and agrees that the Subordinate Lender shall be entitled to receive all payments under the Subordinate Borrower Documents (except any payments due the Issuer under the Issuer's Reserved Rights), and hereby authorizes and directs the Borrower to make such payments directly to the Subordinate Lender. The Subordinate Lender covenants and agrees that all payments received by the Subordinate Lender pursuant to the Subordinate Borrower Documents shall be applied to the payment of principal, interest, prepayment premiums, if any, and all other amounts due and payable under the Subordinate Governmental Note.

(f) If an Event of Default shall occur and be continuing after the expiration of any applicable cure periods, subject to subsection (i) below, the Subordinate Lender may (1) exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute, and (2) without prior notice of any kind declare the principal of and interest accrued and any prepayment premium under the Subordinate Governmental Note immediately due and payable.

(g) If an Event of Default shall occur and be continuing after the expiration of any applicable cure periods, the Subordinate Lender may exercise any rights and remedies and options of a secured party under the Uniform Commercial Code as adopted in the State of Minnesota and any and all rights available to it under the Subordinate Borrower Documents.

(h) Notwithstanding anything to the contrary contained in the Subordinate Borrower Documents, the Subordinate Lender shall not seek or attempt to exercise any remedy under the Subordinate Borrower Documents, at law or in equity (including, without limitation foreclosing on its collateral in the Project or seeking to obtain a deed-in-lieu of foreclosure), without in each case satisfying the provisions of this subsection (i). With respect to any payment default on the Subordinate Governmental Note, the Subordinate Lender shall have the right, but not the obligation, to cure such payment default within 30 days of delivery of the notice of default to the Borrower by the Subordinate Lender. Upon the seizure and/or liquidation of any Project of the Borrower in satisfaction of the Subordinate Governmental Note, such sums received shall be paid to the Subordinate Lender, after payment of all reasonable costs and expenses of the liquidation. Nothing in this subsection (i) shall prevent the Subordinate Lender from making protective advances (i.e., sums advanced for the purpose of payment of real estate taxes, maintenance costs, insurance premiums, or other items reasonably necessary to protect the Project from forfeiture, casualty, loss or waste) or to cure payment defaults unilaterally and, in exchange, have preferential rights to repayment of the amounts advanced or made.

(i) The Subordinate Mortgage and the Subordinate Borrower Note have been directly assigned by the Issuer to the Subordinate Lender to reflect the assignment made by this Section 5.6.

ARTICLE 6
USE OF FACILITIES

Section 6.1. Use of Project Facilities.

The Borrower will use the Project Facilities only in furtherance of its lawful purposes and will use and operate the Project Facilities, to the extent financed by the proceeds of the Subordinate Governmental Note, only as authorized project under the Act and as permitted under the Code.

The Borrower will not knowingly use or knowingly permit any person to use the Project Facilities for any use or purpose in violation of the laws of the United States or the State, and agrees to comply with all material requirements of applicable laws, regulations and statutes of the State or other governmental authority having jurisdiction over the Project Facilities. The Borrower shall have the right to contest by appropriate legal proceedings, without cost or expense to the Issuer, the validity of any law, ordinance, order, rule, regulation or requirement of the nature herein referred to.

Section 6.2. Maintenance and Possession of Project Facilities by Borrower; Operating Expenses; Ownership of Project Facilities.

The Borrower agrees that so long as the Subordinate Governmental Note is outstanding, the Borrower will keep the Project Facilities in good repair and good operating condition at its own cost, ordinary depreciation excepted, making such repairs and replacements as are reasonably necessary. The Borrower will pay or cause to be paid all expenses arising from the operation and maintenance of the Project Facilities. The Borrower shall at all times use the Project Facilities only in furtherance of its lawful corporate purposes; provided, however, that so long as the exemption from taxation of interest on the Subordinate Governmental Note is not adversely affected, nothing herein contained shall be construed (i) to prevent it from ceasing to operate any portion of the Project Facilities, if in its reasonable judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by its governing body) it is advisable not to operate the same, or (ii) to obligate it to retain, preserve, repair, renew or replace any portion of the Project Facilities, leases, rights, privileges or licenses no longer used or, in the judgment of its governing body, useful in the conduct of its business.

Section 6.3. Liens.

The Borrower will pay or cause to be paid all utility charges and other charges arising from its operations at the Project Facilities which, if unpaid, would become a lien on the Project Facilities and will not permit any lien or encumbrance to be established or to remain unsatisfied against (a) the Mortgaged Property, except as permitted by the Subordinate Mortgage or Section 6.8 hereof, and (b) the Project Facilities, other than the Mortgaged Property. The Borrower may in good faith contest any such lien filed or established against the Project Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom.

Section 6.4. Taxes and Other Governmental Charges.

The Borrower will pay, as the same respectively become due and before penalty attaches, any taxes, license fees and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the operation of the Project Facilities. The Borrower may, at its expense in good faith contest any such taxes, assessments, license fees and other governmental charges by appropriate proceedings and, in the event of any such contest, may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom if funds sufficient to satisfy the contested amount have been deposited in an escrow account satisfactory to the Subordinate Lender.

Section 6.5. Insurance.

So long as the Subordinate Governmental Note is Outstanding, the Borrower agrees at all times to keep the Mortgaged Property insured as required by the Subordinate Mortgage, and so long as the Senior Loan is outstanding, the Senior Loan Documents.

Section 6.6. Damage; Destruction or Condemnation: Application of Insurance and Award Proceeds.

In the event of damage to or destruction of the Project Facilities from any cause whatsoever or any taking of the Project Facilities, or any part thereof, whether directly or indirectly or temporarily or permanently, in or by condemnation or other eminent domain proceedings, except for any award or payment made for relocation benefits (hereinafter called a "**Taking**"), the Borrower agrees to repair or replace all Project Facilities and apply any insurance proceeds or proceeds of any Taking as required by the Subordinate Mortgage, subject, however, to the requirements of the Senior Loan Documents.

Section 6.7. Senior Loan Refinancing.

The Subordinate Lender shall not unreasonably withhold consent and agrees to subordinate to a refinancing of the Senior Loan with a new permanent mortgage loan if (i) the new loan is on commercially reasonable terms and (ii) will not exceed in principal amount the balance due on the Senior Loan plus (a) reasonable financing costs, (b) reasonable repairs and improvements to the Project, and (c) any other purposes approved by the Subordinate Lender. The Borrower shall submit to the Subordinate Lender no later than one (1) month prior to the maturity date of the Senior Loan a loan commitment letter for the proposed refinancing and draft loan documents for the Subordinate Lender's review. The Subordinate Lender shall not unreasonably withhold consent to the refinancing loan, the loan commitment letter, and the loan documents (and will execute a commercially reasonable subordination agreement for the refinancing Subordinate Lender's benefit) if (i) the loan and the loan documents (including any subordination agreement) satisfy the requirements set forth in the preceding sentence, (ii) the loan documents shall provide for the use of insurance proceeds for restoration in the event of casualty loss under certain reasonable conditions established by the refinancing senior lender, and (iii) the loan documents shall allow the Subordinate Lender reasonable rights to notice and opportunity to cure defaults by the Borrower.

Section 6.8. Cancellation of Subordinate Borrower Note.

The Issuer shall cancel the Subordinate Borrower Note upon cancellation of the Subordinate Governmental Note by the holder thereof.

ARTICLE 7
SPECIAL COVENANTS

Section 7.1. No Warranty of Condition or Suitability; Indemnification.

(a) The Issuer does not make any warranty, either express or implied, as to the design or capacity of the Project Facilities, as to the suitability for operation of the Project Facilities or as to the condition of the Project Facilities or that the Project Facilities will be suitable for the Borrower's purposes or needs. The Borrower releases the Issuer from, agrees that the Issuer shall not be liable for, and agrees to hold the Issuer, its Board and respective officers and employees of the Issuer, harmless against, any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities or the use thereof, except such loss, damage or injury as results from the gross negligence or willful misconduct of the Issuer.

(b) The Borrower and its managing member will indemnify, defend and hold harmless the Issuer and its City Council members, officers, commissioners, employees and agents (the "**Indemnified Parties**") from and against any and all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct, operation or management of, or from, any work or thing done on the Project during the term of this Agreement, including, without limitation, (i) any condition of the Project; (ii) any breach or default on the part of the Borrower in the performance of any of its obligations under this Agreement; (iii) any act of negligence of the Borrower or of any of its agents, contractors, servants, employees or licensees or (iv) any act of negligence of any assignee or lessee of the Borrower, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Borrower. The Borrower shall indemnify and save the Subordinate Lender and the Indemnified Parties harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Subordinate Lender or the Indemnified Parties, the Borrower shall defend them or either of them in any such action or proceeding, except such indemnification, defense and hold harmless provision shall not apply with respect to losses, claims, damages or liabilities arising out of the Indemnified Parties' or Subordinate Lender's gross negligence or willful misconduct.

(c) The Borrower and its managing member agree to indemnify, defend and hold harmless the Indemnified Parties against any and all losses, claims, damages or liability to which the Indemnified Parties may become subject under any law in connection with the issuance and sale of the Subordinate Governmental Note, the carrying out of the transactions contemplated by this Agreement or the Subordinate Governmental Note, the conduct of any activity in connection with the Project, including claims for which the Indemnified Parties may be or may be claimed to be liable, and to reimburse the Indemnified Parties for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the Indemnified Parties in connection with investigating any such losses, claims, damages or liabilities, or in connection with defending any actions relating thereto, and as a result of the Issuer's compliance with an audit, random or otherwise, by the Internal Revenue Service in connection with the Project or the Subordinate Governmental Note, except such indemnification, defense and hold harmless provision shall not apply with respect to losses, claims, damages or liabilities arising out of the Indemnified Parties' or Subordinate Lender's gross negligence or willful misconduct. The Indemnified Parties agree, at the request and expense of the Borrower, to cooperate in the making of any investigation in defense of any such claim and promptly to assert any or all of the rights and privileges and defenses identified in writing by the Borrower which may be available to the Indemnified Parties. These provisions shall survive payment of the Subordinate Governmental Note and termination of this Agreement.

(d) Promptly upon written notice received from the Borrower from any Indemnified Party or parties of any claim or the commencement of any action or proceeding specified in the preceding paragraph, the Borrower will at the request of such Indemnified Party or parties, assume the investigation and defense of such action or proceeding including the employment of counsel satisfactory to such Indemnified Parties and the payment of the fees and disbursements of such counsel. In the event that any Indemnified Party or parties shall determine, in the exercise of their reasonable judgment, that there exists a conflict of interest by reason of having a common counsel with the Borrower or with any other Indemnified Party, or if the Borrower elects not to defend the action with respect to any or all Indemnified Parties, then each such Indemnified Party may employ separate counsel satisfactory to the Borrower to represent or defend it in any such action or proceeding in which it may become involved or is named as defendant and the Borrower will pay as incurred the fees and disbursements of such counsel. The Borrower also agrees to notify all Indemnified Parties promptly of the assertion against it or any of its officers, directors, partners, employees or agents, as the case may be, of any claim or the commencement of any action or proceeding arising from any act or omission of the Borrower or any of its agents, servants or employees in connection with this Agreement or the Project.

(e) If the Issuer incurs any expense or suffers any losses, claims or damages or incurs any liabilities in connection with the transaction contemplated by this Agreement, the Borrower and its managing member will indemnify, defend and hold harmless the Issuer from the same and will reimburse the Issuer for any reasonable legal or other expenses incurred by the Issuer in relation thereof. The Borrower shall also reimburse the Issuer for all other costs and expenses, including without limitation, reasonable attorneys' fees paid or incurred by the Issuer in connection with: (i) the discussion, negotiation, preparation, approval, execution and delivery of this Agreement and the documents and instruments related thereto; (ii) any amendments or modifications thereto and any document, instrument or agreement related thereto and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modification; and (iii) the enforcement by the Issuer during the term of this Agreement or thereafter of any of the rights or remedies of the Issuer under this Agreement or any document, instrument or agreement related thereto, including, without limitation, costs and expenses of collection in the event of default, whether or not suit is filed with respect thereto.

Section 7.2. Books and Records; Inspection and Examination: Notice of Defaults.

The Borrower will keep accurate books of record and account in which true and complete entries will be made in accordance with generally accepted accounting principles consistently applied and upon request of the Subordinate Lender or the Issuer will give any representative of the Subordinate Lender or the Issuer access upon reasonable notice during normal business hours to, and permit such representative to examine, copy or make extracts from, any and all books, records and documents in its possession, to inspect any of its properties and to discuss its affairs, finances and accounts with any of its officers, all at such times and as often as it may reasonably be requested.

Section 7.3. Further Assurances, Financing Statements, Maintenance of Lien.

At the request of the Issuer or the Subordinate Lender, the Borrower shall execute any financing statement or other instrument which is or may be required to carry out the intent of the parties as expressed in this Subordinate Loan Agreement, the Authorizing Resolution, or the other Subordinate Borrower Loan Documents. The Borrower shall pay the costof all financing statements, including any financing statement of the Issuer, under the Uniform Commercial Code, or similar instruments, deemed necessary by the Subordinate Lender to perfect and continue the security interest of the Subordinate Lender in the personal property included in the Mortgaged Property and in this Subordinate Loan Agreement (except for the Issuer's rights under Sections 5.2, 7.1, 8.4, 9.9 and 9.10 hereof), including any financing statements or continuation statements which the Issuer is required to file. The Subordinate Lender is expressly authorized to file a financing statement naming the Issuer as debtor and describing the collateral as the Issuer's interest in this Subordinate Loan Agreement and the Subordinate Borrower Note.

Section 7.4. Assignments.

The Borrower consents to the pledge and assignment of the Subordinate Borrower Note, the Subordinate Borrower Loan Repayments and other interests of the Issuer in the Borrower Documents by the Issuer to the Subordinate Lender as provided in Section 5.6 hereof. The interests and obligations of the Borrower under this Subordinate Loan Agreement are non-assignable, unless consented to in writing by the Issuer and the Subordinate Lender.

Section 7.5. Observance of Authorizing Resolution Covenants and Terms.

The Borrower will not do, in any manner, anything which will cause or permit to occur any violation of any provision of the Authorizing Resolution, but will faithfully observe and perform, and will do all things necessary so that the Issuer may observe and perform, all the conditions, covenants and requirements of the Authorizing Resolution. The Issuer agrees that it will observe and perform all obligations imposed upon it by the Subordinate Borrower Loan Documents; provided that the Issuer has no obligation to use its own funds to perform or cause performance of any such obligations, and provided further that no covenant, representation or undertaking shall ever give rise to any liability of the Issuer, or its officers, agents or employees or constitute a charge against their general credit or taxing powers.

Section 7.6. General Tax Representations, Warranties and Covenants of Borrower.

The Borrower makes the following representations, understanding, after such consultation with such legal counsel as deemed appropriate, that the exclusion from gross income of interest on the Subordinate Governmental Note for federal income tax purposes is dependent on the accuracy and truthfulness of such representations:

(a) The Borrower will fulfill all continuing conditions specified in Section 142 of the Code and Section 1.103-8(b) of the Regulations applicable thereunder, to qualify the Subordinate

Governmental Note under Section 142(d) and the Project as a "qualified residential rental project" thereunder.

(b) The Borrower will not use (or permit to be used) the Project or use or invest (or permit to be used or invested) the proceeds of the Subordinate Governmental Note or any other sums treated as "bond proceeds" under Section 148 of the Code and applicable federal income tax regulations, including "investment proceeds," "sinking funds" and "replacement proceeds," in such a manner as to cause the Subordinate Governmental Note to be classified "arbitrage bonds" under Section 148 of the Code or "federally guaranteed obligations" under Section 149(b) of the Code.

(c) At least 95% of the net proceeds of the Senior Governmental Notes and the Subordinate Governmental Note will be used to finance costs properly chargeable to the capital account of a qualified residential rental project within the meaning of Section 142(d) of the Code and functionally related and subordinate property thereto.

(d) The Borrower has not permitted and will not permit any obligation or obligations other than the Senior Governmental Notes and the Subordinate Governmental Note to be issued within the meaning of Section 103(b) of the Code so as to cause such obligations to become part of the same "issue" as the Senior Governmental Notes and the Subordinate Governmental Note if the result thereof would impair the tax-exempt status of the Subordinate Governmental Note.

(e) No portion of the proceeds of the Subordinate Governmental Note will be used to provide any airplane, skybox, or other private luxury box, health club facility, facility primarily used for gambling or liquor store.

(f) No portion of the proceeds of the Subordinate Governmental Note will be used to acquire (i) property to be leased to the government of the United States of America or to any department, agency or instrumentality of the government of the United States of America, (ii) any property not part of the residential rental housing portion of the Facility, or (iii) any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboard and ice-skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility or racetrack.

(g) No portion of the proceeds of the Subordinate Governmental Note (including investment earnings thereon) shall be used (directly or indirectly) for the acquisition of land (or an interest therein) to be used for farming purposes, and less than twenty-five percent (25%) of the proceeds of the Subordinate Governmental Note (including investment earnings thereon) shall be used (directly or indirectly) for the acquisition of land to be used for purposes other than farming purposes.

(h) The Borrower understands that the Code imposes a penalty for failure to file with the Secretary of the Treasury an annual certification of compliance with low income occupancy requirements, and if the requirements for a "qualified residential rental project" are not met, does not allow a deduction for interest paid on the Subordinate Governmental Note which accrues during the period beginning on the first day of the taxable year in which the Project ceases to meet such requirements and ending on the date the Project again meets such requirements.

Commented [ML2]: Language not contradictory. First part applies to land for farming purposes. Second part applies to land for non-farming purposes.

Commented [ML3]: Joe We could add Zions as a party here, but it seems unnecessary as there is really nothing for them to do here, and I assume they would have to charge an extra fee to be looped in here. As for the annual certification filed with the IRS, that is required by the Regulatory Agreement and Zions is already a party to that. On a side note, I would be a bit surprised if Zions is filing that with the IRS for you as you have all the information and you guys are required to file it

(i) The average weighted maturity of the Senior Governmental Notes and the Subordinate Governmental Note does not and will not exceed 120% of the average reasonably expected remaining economic life of the Project within the meaning of Section 147(b) of the Code.

Commented [ML4]: Bond Counsel will calculate along with the same test for the Senio Notes. (Citi will help)

(j) The Borrower shall provide on the Closing Date all information required to satisfy the informational requirements set forth in Section 149(e) of the Code, including the information necessary to complete IRS Form 8038.

(k) The Borrower will not permit more than 2% of the aggregate proceeds of the Subordinate Governmental Note and the Senior Borrower Notes to be expended (or to be used to reimburse any person for an expenditure) to pay Costs of Issuance as provided by Section 147(g) of the Code.

(l) Neither the Borrower nor any "related person" under Section 147 of the Code will enter into any arrangement, formal or informal, for the Borrower or such "related person" under Section 147 of the Code to purchase the Subordinate Governmental Note.

(m) The Borrower will not otherwise use proceeds of the Subordinate Governmental Note, including earnings thereon, or take, or permit or cause to be taken, any action that would adversely affect the exclusion from gross income of the interest on the Subordinate Governmental Note, nor otherwise omit to take or cause to be taken any action necessary to maintain such exclusion from gross income; and, if it should take or permit, or omit to take or cause to be taken, as appropriate, any such action, the Borrower shall take all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

(n) The Borrower will comply with the requirements and conditions of the Tax Certificates and the Regulatory Agreement.

Section 7.7. General Tax Representations, Warranties and Covenants of Issuer.

The Issuer covenants to and for the benefit of the Subordinate Lender that, notwithstanding any other provisions of the Subordinate Governmental Note or of any other instrument, it will (subject to the limited liability provisions hereof):

(a) Not knowingly take or cause to be taken any action or actions, or knowingly fail to take any action or actions, which would cause the interest payable on the Subordinate Governmental Note to be includable in gross income for federal income tax purposes;

(b) Whenever and so often as requested by Subordinate Lender, the Issuer (at the sole cost and expense of the Borrower) shall do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Issuer on the Subordinate Governmental Note will be excluded from the gross income of the Subordinate Lender, for federal income tax purposes, pursuant to Section 103 of the Code, except in the event where any owner of the Subordinate Governmental Note or a portion thereof is a "substantial user" of the facilities financed with this Note or a "related person" within the meaning of Section 147(a) of the Code; and

(c) Not knowingly take any action or, solely in reliance upon the covenants and representations of the Borrower in the Subordinate Borrower Note, in the Regulatory Agreement and in the Tax Certificates, knowingly permit or suffer any action to be taken if the result of the same would be to cause the Subordinate Governmental Note to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section, the Issuer and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificates (to the extent that the Issuer is a party), which are by this reference incorporated into this Note and made a part of this Note as if set forth in the Subordinate Governmental Note in full. In the event of any conflict between this Agreement and the Tax Certificates, the requirements of the Tax Certificates shall control.

For purposes of this Section, the Issuer's compliance shall be based solely on matters within the Issuer's knowledge and control and no acts, omissions or directions of the Borrower, the Subordinate Lender or any other Persons shall be attributed to the Issuer.

ARTICLE 8
EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default.

The following shall be "Events of Default" under this Subordinate Loan Agreement and the term "Event of Default" shall mean, whenever used in this Subordinate Loan Agreement, any one or more of the following events after applicable notice and cure periods:

(a) If the Borrower fails to pay any amount due under the Subordinate Borrower Note or any Subordinate Borrower Loan Repayment required to be paid under the Subordinate Governmental Note and Section 5.1 hereof within ten (10) days of the due date (including any repayment of principal of the Subordinate Governmental Note due by way of acceleration, call for redemption of the Subordinate Borrower Note and the Subordinate Governmental Note or otherwise), provided that failure to pay a Subordinate Borrower Loan Repayment because of an insufficiency of Cash Flow shall not constitute an Event of Default except for the final Subordinate Borrower Loan Repayment on the Maturity Date; or

(b) If the Borrower shall default in the due and punctual performance of any of the other covenants, conditions, agreements and provisions contained in the Subordinate Borrower Note or this Subordinate Loan Agreement, and such default shall continue for thirty (30) days after written notice thereof has been furnished to the Borrower from the Subordinate Lender; provided, however, that if such default cannot be cured within 30 days, it shall not constitute a default hereunder if the Borrower provides to the Subordinate Lender a proposed method and schedule of curing such default, initiates action to cure such default within such 30 days, diligently pursues such action until such default is cured and provides the Subordinate Lender with progress reports relating thereto at such intervals as may be reasonably requested by the Subordinate Lender; or

(c) If an "Event of Default" or default shall occur and is continuing after the expiration of any applicable grace period under any other Subordinate Borrower Loan Documents; or

(d) If the Borrower shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator for it or for any of its property, (ii) admit in writing its inability to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent, or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under such law; or

(e) If there is filed against the Borrower any involuntary petition seeking liquidation or reorganization of the Borrower or appointing a receiver, trustee or liquidator of the Borrower or of all or a substantial part of the assets thereof, and such petition shall not be dismissed or vacated within ninety (90) days thereafter; or

(f) Any statement, representation, warranty or certification made by the Borrower under any of the Subordinate Borrower Loan Documents shall be incorrect or misleading in any material respect when made.

(g) Notwithstanding anything to the contrary contained in the Subordinate Borrower Loan Documents, Subordinate Lender hereby acknowledges and agrees that the investor member of the Borrower (the "**Investor Member**") has the right to cure any and all Defaults; (ii) prior to Subordinate Lender exercising any remedies under the Subordinate Borrower Loan Documents, the Investor Member will be provided notice of any and all Defaults and an opportunity to cure any such Defaults within thirty (30) days of receiving such notice from Subordinate Lender; and (iii) Subordinate Lender will accept any such cure made by the Investor Member of a Default as if such cure was made by Borrower on its own behalf.

Notwithstanding anything in this Subordinate Loan Agreement to the contrary, the Subordinate Lender agrees that any cure made or tendered by the Borrower's Investor Member shall be deemed a cure by the Borrower, and treated as if tendered by the Borrower.

Section 8.2. Remedies on Default.

Whenever any Event of Default shall have happened and be subsisting, any one or more of the following steps may be taken:

(a) After ten (10) days written notice to the Borrower of the proposed action and provided that the Event of Default has not been duly cured, the Subordinate Lender may declare the unpaid principal of and interest on the Subordinate Borrower Note and the Subordinate Governmental Note, and all or any amounts of Subordinate Borrower Loan Repayments thereafter to become due and payable under Section 5.1 hereof for the remainder of the term of this Subordinate Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable, together with any additional payments due under Sections 5.2, 5.15, 7.1, 8.4, 8.5 or otherwise under this Subordinate Loan Agreement.

(b) The Subordinate Lender may take whatever action at law or in equity that appears necessary or desirable to enforce this Subordinate Loan Agreement or any of the other Subordinate Borrower Loan Documents in accordance with the provisions hereof or thereof.

Any amounts collected by the Subordinate Lender or any other Subordinate Holder pursuant to action taken under the foregoing paragraphs shall be applied first to advances and expenses of the Subordinate Lender or other Subordinate Holder, then to payment of the Subordinate Governmental Note (interest first, and then principal), and any excess to the Borrower.

Whenever any Default shall occur, the Subordinate Lender or any other Subordinate Holder (or the Issuer with respect to Sections 5.2, 7.1, 8.4 or 9.9 hereof) may take whatever action at law or in equity, including all of the remedies available under the Uniform Commercial Code, which may appear necessary or desirable to collect any payments then due and thereafter to become due hereunder or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Subordinate Loan Agreement.

Section 8.3. Remedies Cumulative, Delay Not to Constitute Waiver.

No remedy conferred upon or reserved to the Issuer, the Subordinate Lender, any other Subordinate Holder or a receiver by this Subordinate Loan Agreement or by the other Subordinate Borrower Loan Documents is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Subordinate Loan Agreement or the other Subordinate Borrower Loan Documents or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power, and any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Subordinate Lender, any other Subordinate Holder or a receiver to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any agreement contained in this Subordinate Loan Agreement or the other Subordinate Borrower Loan Documents should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to a particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses.

In the event the Borrower should default under any of the provisions of this Subordinate Loan Agreement or other Subordinate Borrower Loan Documents, and the Issuer or the Subordinate Lender should employ attorneys or incur other expenses for the collection of payments due or to become due hereunder or thereunder or the enforcement of performance or observance or any obligation or agreement on the part of the Borrower contained herein or therein, the Borrower agrees that it will on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred. The Borrower also agrees to pay all costs of the Subordinate Lender to appear in and defend any action or proceeding purporting to affect the rights or powers of the Subordinate Lender under this Subordinate Loan Agreement or the other Subordinate Borrower Loan Documents, including the cost of reasonable attorney's fees.

Section 8.5. Advances.

In the event the Borrower shall fail to pay any Subordinate Borrower Loan Repayments under Section 5.01 hereof, or to do any other thing or make any other payment required to be done or made by any other provision of this Subordinate Loan Agreement or the other Subordinate

Borrower Loan Documents, the Subordinate Lender or any other Subordinate Holder, in its own discretion, may do or cause to be done any such thing or make or cause to be made any such payment at the expense or as an advance for the account of the Borrower, and the Borrower shall pay to the Subordinate Lender or any other Subordinate Holder, as the case may be, upon demand, all necessary costs and expenses so incurred and advances so made, with interest at the lesser of (i) 4% per annum above the then current interest rate on the Subordinate Governmental Note or (ii) the maximum rate permitted by law. Any such advance shall be entitled to priority of payment from any funds thereafter received from the Borrower.

ARTICLE 9
MISCELLANEOUS

Section 9.1. Notices.

All notices, certificates or other communications hereunder shall be deemed sufficiently given when delivered or when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to the Issuer:

City of Hibbing, Minnesota
401 East 21st Street
Hibbing, Minnesota 55746
Attention: Finance Director
Email: SheenaMulner@hibbingmn.gov

If to Borrower:

LC Canopy, LLC
c/o Stone Beam Development, LLC
534 S. La Grange Road
La Grange, Illinois 60525
Attention: Joseph Walsh
E-mail: joe@stonebeam.com

with a copy to:

Applegate & Thorne-Thomsen
425 South Financial Place
Chicago, Illinois 60605
Attention: Nick Brunick
E-mail: nbrunick@att-law.com

and a copy to:

Wincopin Circle LLLP
c/o Enterprise Community Asset Management, Inc.

70 Corporate Center
11100 Broken Land Parkway, Ste 700
Columbia, Maryland 21044

	Attention: Asset Management Email: legal@enterprisecommunity.com
If to the Subordinate Lender	LC WFE Root, LLC c/o Stone Beam Development, LLC 534 S. La Grange Road La Grange, Illinois 60525 Attention: Joseph Walsh E-mail: joe@stonebeam.com
and with a copy to:	Applegate & Thorne-Thomsen 425 South Financial Place Chicago, Illinois 60605 Attention: Nick Brunick E-mail: nbrunick@att-law.com

The Borrower, the Issuer and the Subordinate Lender may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 9.2. Binding Effect.

This Subordinate Loan Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, subject to the limitation that any obligation of the Issuer created by or arising out of this Subordinate Loan Agreement shall not be a general debt of the Issuer but shall be payable solely out of the proceeds derived from this Subordinate Loan Agreement or the other Subordinate Borrower Loan Documents.

Section 9.3. Counterparts.

This Subordinate Loan Agreement may be signed in any number of counterparts. Complete sets of counterparts shall be lodged with the Issuer, the Borrower and the Subordinate Lender.

Section 9.4. Reserved.

Section 9.5. Due Dates.

Should any payment on the Subordinate Governmental Note become due and payable upon a day that is not a business day, such payment shall be made on the next succeeding business day.

Section 9.6. Captions.

The captions or headings in this Subordinate Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Subordinate Loan Agreement.

Section 9.7. Term of Agreement.

Except as otherwise provided herein, the provisions of this Subordinate Loan Agreement shall remain in full force and effect from the date of execution hereof until such time as the Subordinate Borrower Note and the Subordinate Governmental Note are not outstanding.

Section 9.8. Severability.

Any provision of this Subordinate Loan Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.9. Limitation of Issuer's Liability.

It is understood and agreed by the Borrower and the Subordinate Lender that no covenant, provision or agreement contained in this Subordinate Loan Agreement or the Subordinate Governmental Note, or any obligation herein or therein imposed upon the Issuer or the breach thereof, shall give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers; the Subordinate Governmental Note constitutes a special obligation of the Issuer, payable solely from the revenues pledged to the payment thereof pursuant to this Subordinate Loan Agreement, and does not now and shall never constitute an indebtedness or a loan of the credit of the Issuer, the State or any political subdivision thereof or a charge against the general credit or taxing powers thereof within the meaning of any constitutional or statutory provision whatsoever. It is further understood and agreed by the Borrower and the Subordinate Lender that the Issuer has no obligation to use due diligence regarding the financial or legal status, or any representations, of the Borrower or the Subordinate Lender. It is further understood and agreed by the Borrower and the Subordinate Lender that the Issuer shall not incur any pecuniary liability hereunder and shall not be liable for any expenses related hereto, all of which the Borrower agrees to pay. Notwithstanding the provisions of the immediately preceding sentence, if the Issuer incurs any expense, or suffers any losses, claims or damages or incurs any liabilities relating to this Subordinate Loan Agreement, including without limitation, expenses of an audit by the Internal Revenue Service, the Borrower will indemnify and hold harmless the Issuer from the same and will reimburse the Issuer for any legal or other expenses incurred by the Issuer in relation thereto, and this covenant to indemnify, hold harmless and reimburse the Issuer shall survive delivery of and payment for the Subordinate Governmental Note.

Section 9.10. Limited Recourse.

Notwithstanding any provision or obligation to the contrary set forth in this Subordinate Loan Agreement, (1) the liability of the Borrower and any member, trustee, director, officer, employee, or agent thereof (collectively, "**Borrower Parties**") under this Subordinate Loan Agreement or the Subordinate Mortgage shall be limited to the property subject to the Subordinate Mortgage or to such other security as may from time to time be given or have been given for payment of the Borrower's obligations under this Subordinate Loan Agreement and Subordinate Governmental Note, and any judgment rendered against the Borrower Parties under this

Subordinate Loan Agreement or the Subordinate Mortgage, the Subordinate Borrower Note and the Subordinate Governmental Note shall be limited to the property subject to the Subordinate Mortgage and any other security so given for satisfaction thereof; and (2) no deficiency or other personal judgment nor any order or decree of specific performance shall be sought or rendered against the Borrower Parties, their successors, transferees or assigns, in any action or proceeding arising out of the Subordinate Mortgage, this Subordinate Loan Agreement, the Subordinate Borrower Note, the Subordinate Governmental Note, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that nothing in this Subordinate Loan Agreement, the Subordinate Mortgage, the Subordinate Borrower Note or the Subordinate Governmental Note shall limit the Issuer's or Subordinate Lender's ability to exercise any right or remedy that it may have with respect to any property pledged or granted to the Issuer or the Subordinate Lender, or both of them, or to exercise any right against the Borrower Parties or any other person or entity on account of any damage caused by fraud or intentional misrepresentation by the Borrower or any intentional damage of the property subject to the Subordinate Mortgage. Furthermore, the Borrower shall be fully liable for the misapplication of (1) proceeds paid prior to any foreclosure under any and all insurance policies, under which the Subordinate Lender and/or the Issuer is named as insured, by reason of damage, loss or destruction to any portion of the property subject to the Subordinate Mortgage, to the full extent of such misapplied proceeds and awards, (2) proceeds or awards resulting from the condemnation, or other taking in lieu of condemnation, prior to any foreclosure of the property subject to the Subordinate Mortgage, to the full extent of such misapplied proceeds and awards, (3) rents, issues, profits and revenues received or applicable to a period subsequent to receipt of written notice of the occurrence of a Default under this Subordinate Loan Agreement, the Subordinate Mortgage and the Subordinate Governmental Note but prior to foreclosure, and (4) proceeds from the sale of all or any part of the property subject to the Subordinate Mortgage and any other proceeds that, under the terms hereof, should have been paid to the Issuer or the Subordinate Lender. Furthermore, the Borrower shall be fully liable for the breach of the Borrower's covenants contained in Sections 5.2, 7.1, 8.4 and 9.9 of this Subordinate Loan Agreement; provided, however in no event shall the Borrower or any Borrower Parties be personally liable for payment of the principal of, premium, if any, or interest on the Subordinate Borrower Note or the Subordinate Governmental Note. The limit on the Borrower's liability set forth in this paragraph shall not, however, be construed, and is not intended in any way, to constitute a release, in whole or in part, of the Borrower's obligations under this Subordinate Loan Agreement or a release, in whole or in part, or an impairment of the lien and security interest of the Subordinate Mortgage, this Subordinate Loan Agreement, the Subordinate Borrower Note and the Subordinate Governmental Note upon the properties described therein, or to preclude the Issuer or the Subordinate Lender from foreclosing the Subordinate Mortgage in case of any default or enforcing any other right of the Issuer or the Subordinate Lender, or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under the Subordinate Mortgage, this Subordinate Loan Agreement, the Subordinate Borrower Note and the Subordinate Governmental Note.

Section 9.11. Audit Expenses.

The Borrower agrees to pay any reasonable costs incurred by the Issuer as a result of the Issuer's compliance with an audit, random or otherwise, by the Internal Revenue Service, the Minnesota Department of Revenue, the Minnesota Office of the State Auditor or any other governmental agency with respect to the Senior Notes, the Subordinate Governmental Note, or the Project.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SIGNATURE PAGE TO
SUBORDINATE LOAN AGREEMENT
(LEE Center)

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Subordinate Loan Agreement to be executed by their duly authorized officers.

ISSUER:

CITY OF HIBBING, MINNESOTA

By:_______________________________________
Mayor

(SEAL)

ATTEST:

By:________________________________
City Administrator

SIGNATURE PAGE TO
SUBORDINATE LOAN AGREEMENT
(LEE Center)

BORROWER:

LC CANOPY, LLC
an Illinois limited liability company

By: LC Trunk, LLC,
an Illinois limited liability company
its managing member

By: Stone Beam Development, LLC,
an Illinois limited liability company,
its manager

By: ________________________
Joseph Walsh, manager

SIGNATURE PAGE TO
SUBORDINATE LOAN AGREEMENT
(LEE Center)

SUBRODINATE LENDER:

LC WFE ROOT, LLC
an Illinois limited liability company

By: Stone Beam Development, LLC,
an Illinois limited liability company,
its manager

By: ________________________
Joseph Walsh, manager

EXHIBIT A

FORM OF SUBORDINATE GOVERNMENTAL NOTE

EXHIBIT B

FORM OF SUBORDINATE LENDER INVESTOR LETTER

This is to certify that LC WFE Root, LLC, an Illinois limited liability company and any successors or assigns (the "Subordinate Lender"), or its designee, has purchased the City of Hibbing, Minnesota Subordinate Multi-Family Housing Revenue Note (LEE Center- Seller Loan) dated [Month] __, 2025 (the "Subordinate Governmental Note") from the City of Hibbing, Minnesota (the "Issuer"), the proceeds of which will be loaned to LC Canopy, LLC, an Illinois limited liability company (the "Borrower"). The Subordinate Lender acknowledges that the Subordinate Governmental Note is being issued to evidence a private direct purchase and not as part of publicly offered sale, and that the Issuer will not make a filing with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access repository. Any capitalized terms not otherwise defined herein shall have the meaning set forth in the Subordinate Loan Agreement, dated as of [Month] 1, 2025 between the Issuer and the Borrower (the "Subordinate Loan Agreement").

We are aware that the purchase of the Subordinate Governmental Note involves various risks, that the Subordinate Governmental Note is not a general obligation of the Issuer and that the repayment of the Subordinate Governmental Note is secured solely from the funds received from the Borrower from sources described in the Subordinate Loan Agreement and the Subordinate Governmental Note (the "Subordinate Governmental Note Security").

We have made such independent investigation of the Subordinate Governmental Note Security as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances. In making our lending decision, we have relied upon the accuracy of information which has been provided to us by the Borrower.

The undersigned is an "accredited investor" as that term is defined in Rule 501 of Regulation D under the Securities Act or a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities Act.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of the Subordinate Governmental Note and can bear the economic risk of the Subordinate Governmental Note.

The Subordinate Lender has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Borrower in connection with the Subordinate Governmental Note and no inference should be drawn that the Subordinate Lender, in the acceptance of said Subordinate Governmental Note, is relying on the Issuer or any other party as to any such matters.

We acknowledge that we are purchasing the Subordinate Governmental Note for our own account and not with a view to resell. We understand that the Subordinate Governmental Note is issued in a single denomination equal to the aggregate principal amount of the Subordinate Borrower Loan.

We are not acting as a broker or other intermediary and are purchasing the Subordinate Governmental Note with our own capital and for our own account and not with a present view to a resale or other distribution to the public.

This Certificate is furnished by us as Subordinate Lender based solely on our knowledge on the day hereof and is solely for the benefit of the Issuer and may not be relied upon by, or published or communicated to, any other person without our express written consent. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention.

DATED: [Month] ____, 2025.

LC WFE ROOT, LLC
an Illinois limited liability company

By: Stone Beam Development, LLC,
an Illinois limited liability company,
its manager

By: ________________________
Joseph Walsh, manager

EXHIBIT C

FORM OF BORROWER'S SUBORDINATE PROMISSORY NOTE

At a Regular Meeting of the Hibbing City Council held on Wednesday, September 3, 2025, at 5:00 p.m. in the Hibbing City Hall Council Chamber, Councilor [INSERT NAME] offered the following Resolution and moved its adoption:

STATE OF MINNESOTA
ST. LOUIS COUNTY
CITY OF HIBBING

RESOLUTION NO. 25-09-XX

RESOLUTION SUPPORTING A SITE-SPECIFIC SULFATE STANDARD FOR U.S. STEEL KEETAC

WHEREAS, the City of Hibbing recognizes the economic and social importance of mining to Hibbing and the Iron Range; and

WHEREAS, Hibbing Taconite (HibTac) has reduced operations and laid off 255 workers, which according to the University of Minnesota Duluth's Bureau of Business and Economic Research (BBER) will result in approximately 315 additional indirect and induced job losses in Hibbing and the surrounding area; and

WHEREAS, Hibbing already experiences a poverty rate of 14.2%—34.9% higher than the statewide rate—with 16.2% of children living in poverty, making further job losses particularly harmful to local families and schools; and

WHEREAS, Keetac is the remaining major mining facility within Hibbing's city footprint that continues to operate at full capacity, providing stability and employment that are critical to the community's economy; and

WHEREAS, the UMD BBER study shows that ferrous mining supports nearly 9,000 jobs in the Arrowhead Region, with more than 4,900 indirect and induced jobs created beyond direct mining employment, meaning job losses at Keetac would cascade across the regional economy; and

WHEREAS, Minnesota's sulfate standard is outdated, based on limited data from the 1950s and 1970s, and has not been modernized to reflect current science; and

WHEREAS, the Minnesota Pollution Control Agency has granted municipalities multi-discharger variances from the sulfate standard while denying such relief to industrial facilities like Keetac, creating uneven and unfair regulatory treatment;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Hibbing, Minnesota, that the City urges the Minnesota Pollution Control Agency to grant a site-specific sulfate standard or variance to U.S. Steel Keetac, and to measure compliance at a central discharge point where feasible.

BE IT FURTHER RESOLVED that the City of Hibbing supports renewed rulemaking to modernize the sulfate standard based on peer-reviewed science, and calls for full economic analysis that accounts for indirect and induced job losses, reduced tax revenues, and impacts on local schools and statewide trust funds if Keetac were curtailed.

The motion to adopt the foregoing Resolution was duly supported by Councilor [INSERT NAME], and upon being put to a vote, carried as follows:

FOR ADOPTION:

AGAINST:

ABSTAINED:

ABSENT:

Passed and adopted this 20th day of August, 2025.

CITY OF HIBBING

Pete Hyduke, Mayor	Candie Seppala, City Clerk/Dep. Admin

September 3, 2025

Commissioner Katrina Kessler
Minnesota Pollution Control Agency
520 Lafayette Road North
St. Paul, MN 55155

RE: Comments on Draft Wastewater Permits and Preliminary Denial of Sulfate Variance Request for U.S. Steel Keetac Facility

Dear Commissioner Kessler:

On behalf of the City of Hibbing, we submit these comments regarding the draft wastewater permits and the preliminary denial of U.S. Steel Keetac's variance request from the sulfate water quality standard.

First, Hibbing is a rural community already facing economic stress. 14.2% of our residents live below the poverty line, compared to 9.3% statewide, and poverty among children under 18 reaches 16.2%—well above Minnesota's average. In such a context, every job lost multiplies hardship across families, schools, and city services.

The recent layoff of 255 people at Hibbing Taconite (HibTac) demonstrates this risk. According to the University of Minnesota Duluth's Bureau of Business and Economic Research (BBER) report titled *Economic Impact of Ferrous and Nonferrous Mining* from June of 2020, every mining job supports 1.25 additional jobs through indirect and induced effects. This means HibTac's 255 direct job losses likely result in another 315 lost jobs in businesses, services, and households across the community. For a city our size, this scale of job loss is devastating—shrinking our tax base, depressing local business revenues, and pushing more residents into poverty.

These impacts are not just statistics—they represent the lived reality for Hibbing families. And they underscore why it is vital to avoid further economic shocks from additional mining curtailments.

In this context, Keetac takes on even greater importance. Keetac is the remaining major mining facility within Hibbing's city footprint that continues to operate at full capacity. By contrast, HibTac—long another cornerstone of our community—is currently running at reduced capacity, as noted above, and has already seen significant workforce reductions.

Keetac's full operation is therefore essential to preventing further economic decline in Hibbing. If Keetac were forced to curtail operations because of an outdated and unachievable sulfate standard, our city would face another round of job losses and ripple effects across the economy—compounding the hardships already caused by HibTac's layoffs.

The UMD BBER study shows that in 2019, ferrous mining supported nearly 9,000 jobs in the Arrowhead Region, including more than 4,900 indirect and induced positions beyond the mines themselves. These multipliers prove that job losses at one mine quickly cascade across the entire economy—harming schools, hospitals, restaurants, retail, construction, and municipal revenues.

We agree with the broader Iron Range municipal concerns outlined by RAMS. The sulfate standard was originally based on limited and outdated field notes and has not been meaningfully updated since the 1970s. MPCA's 2011–2018 rulemaking process revealed scientific inconsistencies, and the Legislature ultimately barred enforcement of the current

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standard. Yet, instead of modernizing it, MPCA is applying it unevenly—granting municipalities multi-discharger variances while denying industrial employers like Keetac.

That brings us to our request for MPCA action. The City of Hibbing respectfully requests that MPCA: 1) Grant Keetac a site-specific sulfate standard; 2) Allow compliance to be measured at a central discharge point, if technically feasible; 3) Renew sulfate rulemaking in collaboration with the Legislature and EPA, updating the standard based on modern peer-reviewed science that accounts for all factors affecting wild rice (water levels, sediment, vegetation, predation); and 4) Include complete economic analysis that fully captures community-wide impacts—including induced and indirect job losses, declining tax revenues for cities and schools, and reductions in statewide trust funds if Keetac is curtailed.

For Hibbing, this is not an abstract regulatory question. It is a matter of whether our families can keep working, whether our schools and city can maintain funding, and whether an already struggling community can avoid further decline. HibTac's reduced operations and layoffs have already created significant hardship. We cannot afford for Keetac—the remaining major mining facility in Hibbing operating at full capacity—to face the same fate.

The City of Hibbing supports reasonable regulation that balances environmental protection with economic survival. Denying Keetac's variance risks disproportionate harm to Hibbing and northeastern Minnesota, without achieving meaningful environmental gains.

We urge MPCA to reconsider its preliminary denial and approve Keetac's variance request.

Respectfully submitted,

Mayor Pete Hyduke
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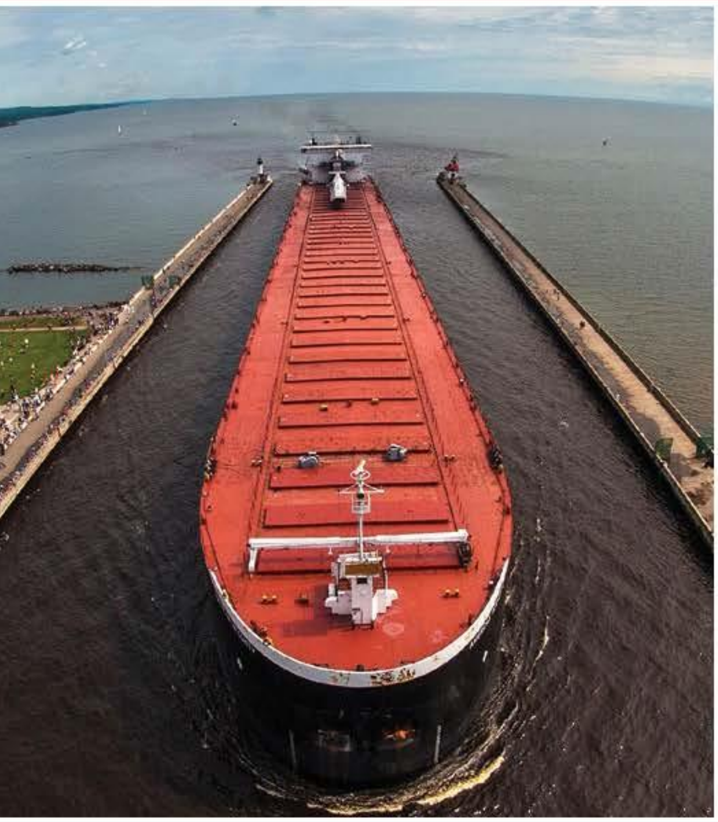
ECONOMIC IMPACT OF FERROUS AND NONFERROUS MINING

on Minnesota and the Arrowhead Region including Douglas County, Wisconsin

June 3, 2020



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The Bureau of Business and Economic Research extends a thank you to industry representatives from ArcelorMittal Minorca; Hibbing Taconite Company; Keewatin Taconite; Mesabi Nugget Delaware, LLC; Mining Resources, LLC; Minntac; Northshore Mining; United Taconite, LLC; PolyMet Mining, Inc.; Teck American, Inc.; Twin Metals, LLC; Vermillion Gold, Inc.; and others for their willingness to provide information. The BBER also thanks representatives from the Minnesota Department of Revenue for their assistance with fact-finding and background information.

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DISCLAIMER –The Bureau of Business and Economic Research (BBER) at the University of Minnesota Duluth's (UMD) Labovitz School was contacted by the Iron Mining Association (IMA) and Mining Minnesota as an unbiased research entity. Publication and dissemination of this report, or any of its data, is not an endorsement by the BBER/UMD of the IMA/Mining Minnesota or their projects. The BBER was asked to supply an economic impact analysis only. This analysis does not consider the social or environmental impacts of the project and should not be viewed as a cost benefit analysis or environmental impact assessment.

Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth

Executive Summary

The northeast region of Minnesota, often referred to as the Iron Range, has a history of iron ore mining dating back to the 1880s. While the focus of mining to date has been iron deposits (known as ferrous mining), the ores also contain a variety of base and precious metals including copper and nickel. Minnesota currently has six operating taconite plants, all located on the Mesabi Range. In addition, a number of companies are pursuing copper-nickel mining in the same area.

The UMD Labovitz School of Business and Economics' research bureau, the Bureau of Business and Economic Research (BBER), was contacted by the Iron Mining Association of Minnesota and Mining Minnesota to study and estimate the economic impacts of construction and operations for ferrous and nonferrous mining on Minnesota and the Arrowhead Region including Douglas County, Wisconsin.

The objectives of the study include:

- To study the recent economic trends of the ferrous and nonferrous mining industries and describe the size of the mining industry relative to the economic base of the study area.
- To model the economic impacts of the ferrous and nonferrous mining industry, including the current and projected impacts of the industry's operations and projected capital expenditures.
- To report on Minnesota mining-related taxes paid by the mining industry.
- To report on the business confidence of mining-related firms in the study area.

According to 2018 data from the Quarterly Census of Employment and Wages (QCEW), the mining industry grew by 37% between 2009 and 2018, adding 1,138 jobs. This growth rate was significantly higher than any of the other top 20 industries in the Arrowhead Region. Relative to the size of the area's economy, mining also employs a significant number of workers. In the past ten years, the industry has seen a significant growth in production and GDP levels, with much of that growth during the most recent three-year period. In 2018, the mining industry directly contributed more than $2.0 billion to the economy of the Arrowhead Region.

To estimate the current and projected economic impacts of the ferrous and nonferrous mining industry, the research team developed a survey that asked representatives from each of the mines in the study area to estimate the current and projected number of employees, wages/benefits, annual operation expenditures, and investment projections at their location. Of the 13 existing and planned mine locations in the study area (eight ferrous and five nonferrous), 12 mines participated in the survey, for a 92% response rate.

According to company expectations, the number of employees at the ferrous mines is not expected to increase, but annual operating expenses are expected to increase at a rate of 1% annually.

In 2019, there were 46 people directly employed by the nonferrous mining companies within the study area and operating expenses for the industry were more than $63 million. By the year 2024, one of the four nonferrous mines is expected to be operational, and an additional one to two will have proposed mine projects in environmental review. By that time, the nonferrous mines are expecting to have employed 436 workers, an increase of roughly 950% over the 2019 baseline. Similarly, by 2024, operating expenses are projected to quadruple in size in comparison to the baseline year. The nonferrous mines predict sizable construction and capital projects as they become operational, with construction spending expected to peak in 2022.

According to the results of modeling, in 2019 ferrous mining contributed nearly 8,800 jobs in the Arrowhead Region. Nearly 4,000 of those were employed directly in the mining industry, while an additional 4,960 were created in other parts of the regional economy through indirect and induced effects. The employment multiplier of 2.25 suggests that for every individual job created within the mining industry an additional 1.25 jobs were created in other industries within the region. It is projected that in 2024 the ferrous mining industry will support more than 8,350 jobs in the Arrowhead Region and contribute nearly $790 million in labor income (wages), $1.5 billion in value added, and $3.29 billion in output to the region's economy.

In 2019, 46 jobs were supported directly by nonferrous mining and 71 additional jobs were indirectly supported by the nonferrous mining industry in the region for a total employment effect of 117 jobs in 2019 (2.55 multiplier). In total, the nonferrous mining industry added more than $10 million in labor income, $62 million in value added spending, and more than $77 million in output to the Arrowhead Region's economy in 2019. By 2024, it is projected that the nonferrous mining industry could contribute $45 million in labor income, $210 million in value added, and $307 million in output to the study area's economy.

Economic impacts from ferrous and nonferrous mining are even greater when using the state of Minnesota as the study area, as the initial round of spending from the mines' operations has a larger ripple effect in a larger study area.

For example, when the mines purchase goods and services from companies that are located beyond the Arrowhead Region but within the state, those purchases are included in the economic impacts for the state.

In 2019, ferrous and nonferrous mining combined contributed more than 11,600 jobs, $1.0 billion labor income, $2.1 billion in value added spending, and more than $4.0 billion to the state's economy. By 2024, the ferrous and nonferrous mining industry combined is expected to support roughly 11,200 jobs, $1.1 billion in labor income, and $4.1 billion in output statewide.

Impacts from the mines' capital and construction spending are projected to peak in 2022. In that year alone, construction and capital spending on the part of the ferrous and nonferrous mines is expected to add more than 12,000 jobs, $815 million in labor income, $776 million in value added spending, and $1.5 billion in total output to the state of Minnesota.

In addition, Minnesota's iron mines paid $158.7 million in production tax, occupation tax, sales and use tax, income tax, various Ad Valorem and property taxes and royalties and rentals on state minerals in 2018. Nearly $53 million of that total went directly to fund the state's education system, $7 million to university-related expenses and $46 million to public schools.

Finally, a survey of mining-related businesses found that businesses that depend upon and support the mining industry tend to have higher-than-average wages than the average for the state. In addition, nearly 40% of occupations at mining-related firms required only a high school diploma as a final degree completed. Surveyed businesses were very positive about recent business performance but cautious about the future. The most common reason given for factors limiting companies' ability to increase business activity included lack of demand, competition, and uncertainty about the performance of the mining industry.

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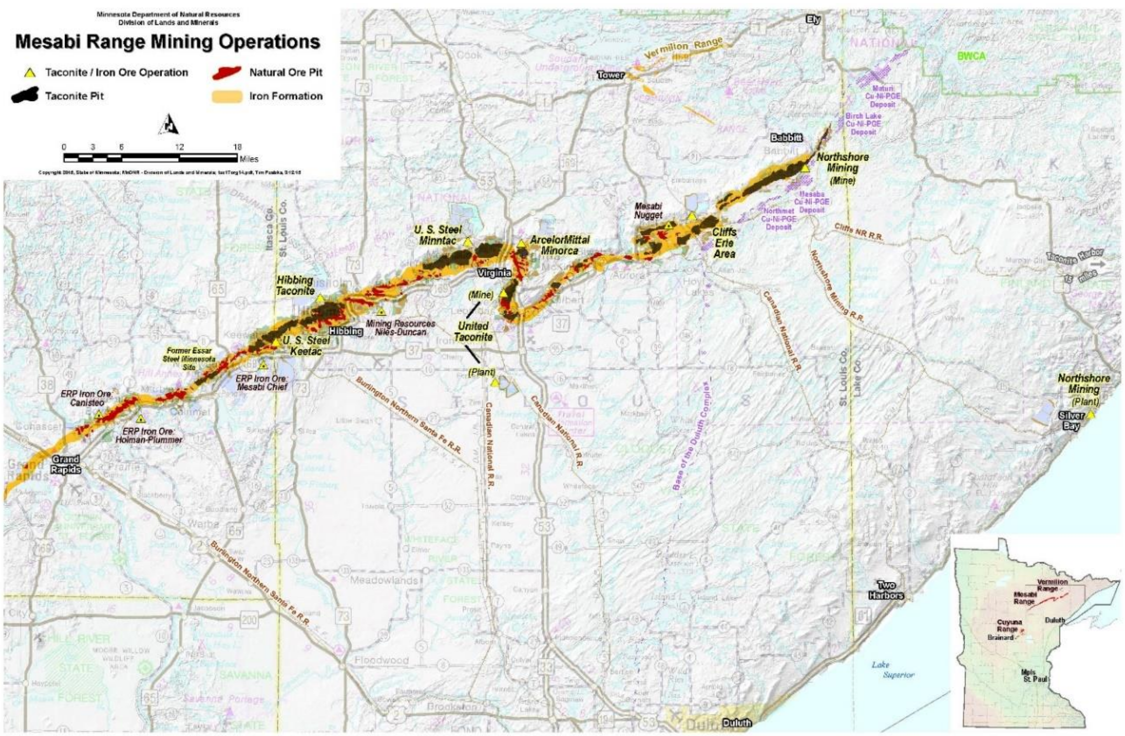
Economic Impact of Ferrous and Nonferrous Mining on Minnesota and the Arrowhead Region with Douglas County, Wisconsin

I. Project Description

The northeast region of Minnesota, often referred to as the "Iron Range," has a history of iron ore mining dating back to the 1880s. While the focus of mining to date has been iron deposits (known as ferrous mining), the ores also contain a variety of base and precious metals including copper, nickel, platinum, palladium, cobalt, and gold.[1] Minnesota currently has six operating taconite plants, all located on the Mesabi Range. In addition, a number of companies are pursuing copper-nickel mining in the same area.[2] The locations of current mines are shown in Figure 1.

The mining industry is an integral part of the state's economy, especially in Northern Minnesota. According to Minnesota's Department of Employment and Economic Development (DEED), the industry paid more than $500 million in wages to nearly 6,000 workers in 2018; nearly all of those workers were employed in Minnesota's Arrowhead Region.

Figure 1. Location of Mines on the Iron Range in the Arrowhead Region



SOURCE: IRON MINING ASSOCIATION OF MINNESOTA

[1] https://www.leg.state.mn.us/lrl/guides/guides?issue=coppernickel
[2] https://www.dnr.state.mn.us/education/geology/digging/mining.html

The UMD Labovitz School of Business and Economics' research bureau, the Bureau of Business and Economic Research (BBER), was contacted by the Iron Mining Association of Minnesota and Mining Minnesota to study and estimate the economic impacts[3] of construction and operations for ferrous and nonferrous mining on Minnesota and the Arrowhead Region including Douglas County, Wisconsin. The BBER completed a similar study in 2012.

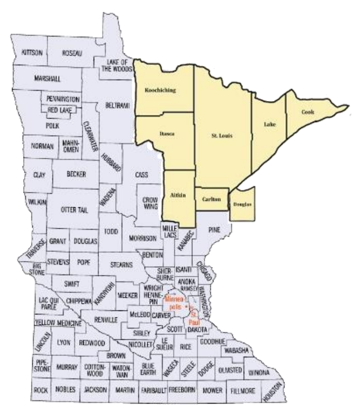
The objectives of the study are:

- To study the recent economic trends of the ferrous and nonferrous mining industries and describe the size of the mining industry relative to the economic base of the study area.
- To model the economic impacts of the ferrous and nonferrous mining industry, including the current and projected impacts of the industry's operations and projected capital expenditures.
- To report on Minnesota mining-related taxes paid by the mining industry.
- To report on the business confidence of mining-related firms in the study area.

Study Area

There are two geographic scopes for this economic impact analysis. The first study area is the Arrowhead Region of Minnesota— Aitkin, Cook, Itasca, Koochiching, Lake, St. Louis, and Carlton Counties along with Douglas County in Wisconsin. The second study area includes the state of Minnesota. The figures below and on the following page provide insight on the regional economy of both study areas as background information for the results of the report.

Figure 2. Counties of Minnesota's Arrowhead Region and Douglas County, Wisconsin

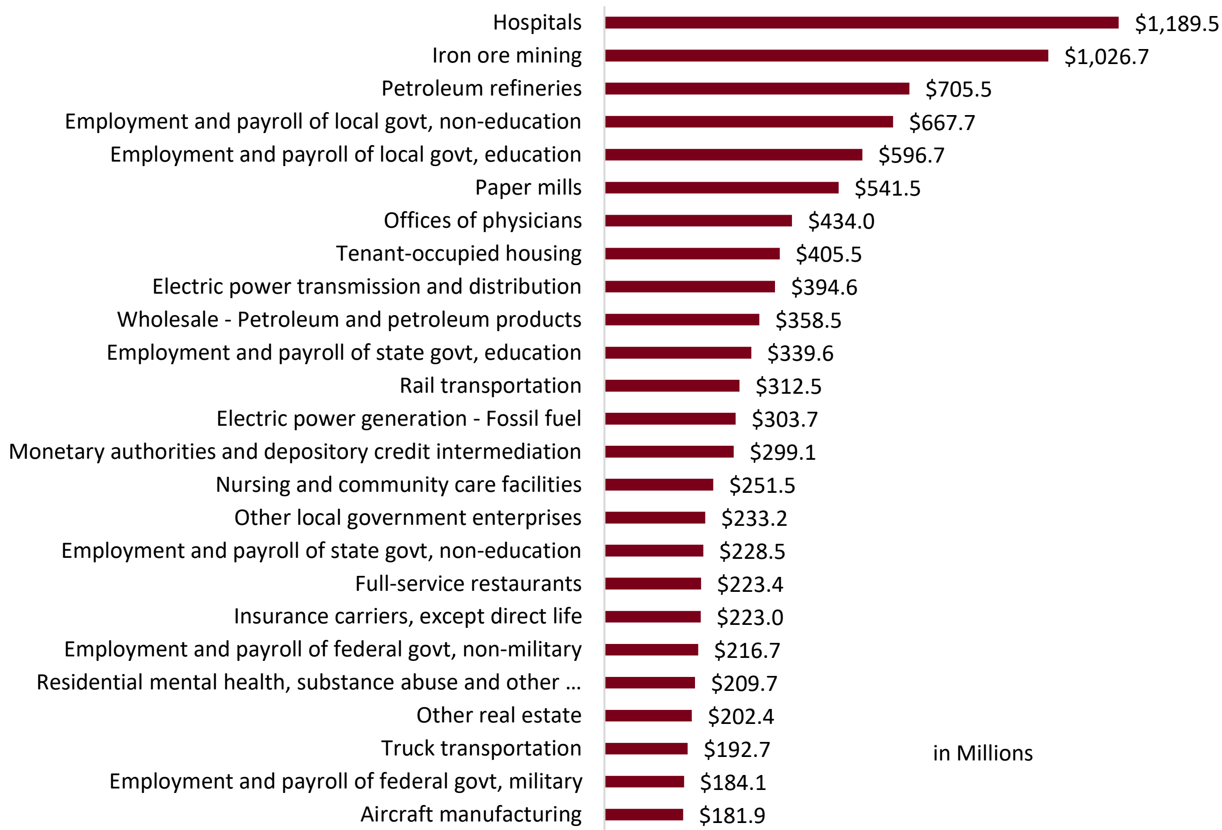


SOURCE:WIKIPEDIA

[3] For a full list of definitions, please see Appendix A.

Figure 3 provides the top 25 industries in the Arrowhead/Douglas County study area ranked by value added. The figure shows the amount of value added each industry directly contributes to the gross regional product of the study area.[4] The graph includes a mix of public and not-for-profit industries. The iron ore mining industry was the second largest contributor to value added in the study area's economy, and the largest contributor among the private industries. In 2018, iron ore mining contributed over $1 billion in value added to the study area, behind hospitals at nearly $1.2 billion. The third largest contributing industry was petroleum refineries, which contributed $705 million to the study area's GRP in 2018.

Figure 3. Top 25 Industries in Study Area by Value Added on the Arrowhead Region (2018)



Source: IMPLAN

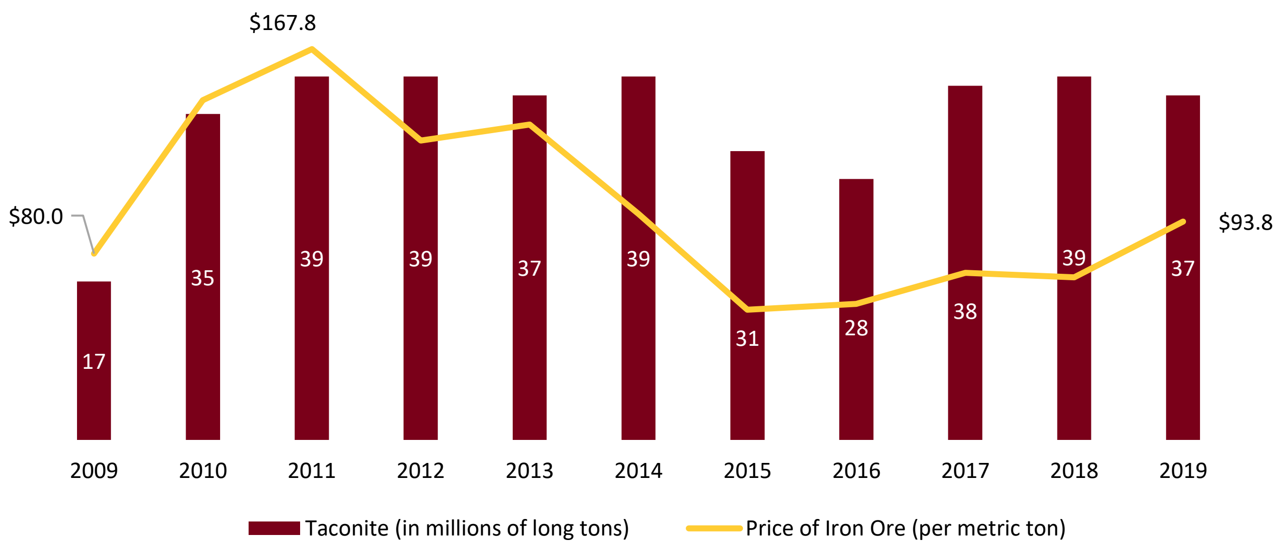
[4] Values shown reflect each industry's direct contribution and do not include indirect or induced effects.

II. Ferrous and Nonferrous Mining Industry Trends

This chapter examines recent economic trends of the ferrous and nonferrous mining industry, including the industry's contribution to gross regional product (GRP), taconite production estimates, and iron ore prices.

Figure 4 shows the taconite production estimates compared to the price of iron ore[5] (measured by U.S. dollars per metric ton).[6] Production values are for all operational taconite mines in the state of Minnesota, which include ArcelorMittal Minorca, Hibbing Taconite, Northshore Mining, U.S. Steel–Keewatin Taconite, U.S. Steel–Minntac, and United Taconite. The price of iron ore represents the average annual commodity price as estimated by Index Mundi.

Figure 4. Production Estimates of Taconite on the Arrowhead Region



SOURCE: MINNESOTA MINING TAX GUIDE, INDEX MUNDI

The graph shows that the mining sector went from producing roughly 17 million long tons in 2009 to nearly 40 million in 2019. However, most of the growth in production happened immediately following the Great Recession and coincided with significant increases in the price of iron ore. In the two years following the Great Recession, the price of iron ore doubled (from $80 to $168 per metric ton) then fell to less than $60 per metric ton in 2015, before gradually recovering to $93.8 per metric ton in 2019.

Since 2010, taconite production levels have been stable, with the exception of a two-year dip in 2015-2016. The decrease in production between 2015 and 2016 was due partially to the decrease in the price of iron ore but also to illegal steel dumping by China. In response, the U.S. Commerce Department imposed duties on Chinese and Mexican structural steel in 2019 after determining that producers in both countries had dumped

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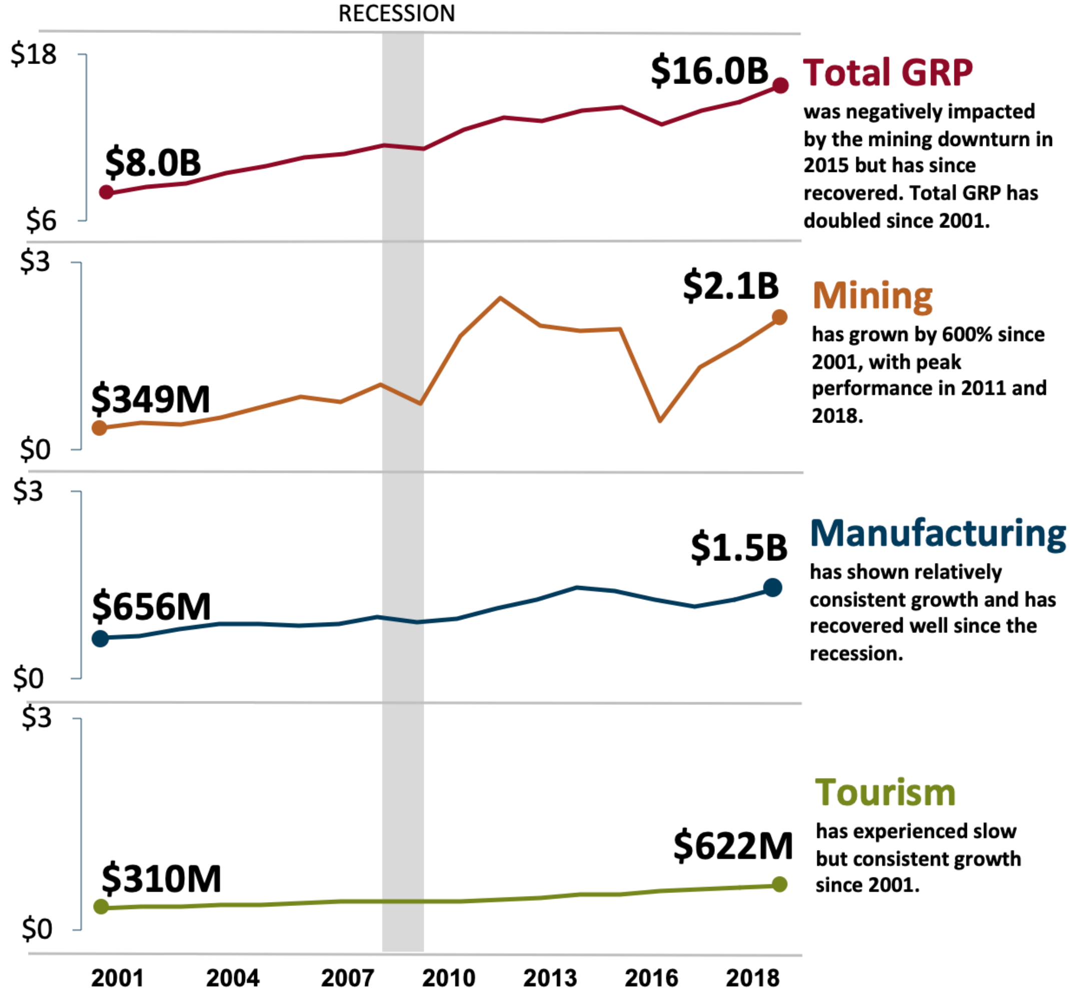
[5] In Minnesota, nearly all high-grade iron ore has been mined, but advancements in technology have made usage of taconite feasible. Taconite is a low-grade iron ore that can be processed into hard, marble-sized pellets that are melted in blast furnaces and blown with oxygen to make steel.
[6] The price of iron ore is measured in metric tons, and taconite production is measured in long tons. A metric ton is 2,205 pounds, whereas a long ton is 2,240 pounds.

fabricated structural steel on the U.S. market at prices below fair market value.[7] After 2016, the price of iron ore remained low, but taconite production rebounded to pre-2015 production.

Figure 5. Comparison of Duluth-Superior MSA GRP to Local Industries' GRPs



Source: BEA, Storytelling with Data, BBER

Figure 5 shows total GRP growth for the Duluth-Superior MSA[8] from 2001-2018 along with the GRP contribution of three local industries of mining (both ferrous and nonferrous), manufacturing, and tourism. The longer time period allows us to see the impacts of the Great Recession on the economy of the region and each of the three industries. These three industries were selected as they are all relatively similar in size and

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[7] Beech, Eric and David Lawder, "U.S. imposes duties on structural steel from China, Mexico" Reuters https://www.reuters.com/article/us-usa-trade-steel/us-imposes-duties-on-structural-steel-from-china-mexico-idUSKCN1VP2R7

[8] GRP for the MSA is shown rather than for the eight-county study area as GRP estimates are not available by county. The Duluth/Superior MSA is comprised of St. Louis and Carlton Counties in Minnesota and Douglas County in Wisconsin. However, based on IMPLAN estimates for GRP in 2018, the GRP for the Duluth-Superior MSA represented nearly 90% of the GRP for the eight-county study area.

have both economic and cultural significance to the Arrowhead Region. Each graph inside the figure has its own vertical axis, while all graphs share a horizontal axis. This allows us to compare fluctuations in industry trends with trends in the broader economy.

As shown in the figure, the total GRP of the Duluth-Superior MSA has doubled since 2001, from $8 billion to $16 billion (200% growth). Of the industries shown, mining experienced the largest amount of growth over the past two decades. In 2001, the mining industry's contribution to the region's GRP was roughly $349 million. By 2018 that value had increased to $2.1 billion, a growth rate of roughly 600%. The mining industry's contribution to GRP peaked in 2011 at $2.4 billion, but it has been able to recover well after a decline in output in 2015. Notably, the mining sector represents 13% of the total GRP in the MSA, the largest percentage of the three sectors shown in the figure.

By comparison, the manufacturing industry saw consistent but relatively slower growth during the same time period. In 2001, the manufacturing industry contributed roughly $656 million to the region's GRP, and in 2018, it produced roughly $1.5 billion in output, a 228% increase. Of the three industries shown, the tourism industry experienced the slowest level of growth during the time period consistently, increasing from $310 million in 2001 to $622 million in 2018.

The Great Recession, which strongly affected the global economy, is shown in Figure 5 as a vertical bar. Total GRP, mining, and manufacturing all declined during the Great Recession but were able to recover. The mining industry went on to increase production rapidly with a peak in 2011, contributing roughly $2.4 billion to the region's GRP. Meanwhile, the tourism industry maintained stable but slow growth during the recession and subsequent several years.

Finally, Table 1 shows the percentage change in employment between 2009 and 2018 and location quotients for the 20 economic super sectors that are defined by the North American Industry Classification System (NAICS). The 20 super sectors (or sectors) are the main categories identified by NAICS. They are then broken down into sub-sectors and then industries. The percentage change in employment measures the growth in each sector's employment between 2009 and 2018. A location quotient is used as a way to quantify a region's industrial specialization relative to a larger geographic area (e.g. the respective state or nation). In this case, the table compares the level of employment in Minnesota's Arrowhead Region in 2018 to the state of Minnesota as a whole. A location quotient of 1.0 means that the specialization of the industry in the Arrowhead Region is equal to the state's. A location quotient greater than 1.0 suggests that the Arrowhead Region has a higher concentration in that industry than the state. And a location quotient less than 1.0 indicates that the Arrowhead Region has a lower concentration in that industry than the state.

Table 1. Percentage Change in Employment on the Arrowhead Region (2009-2018) and Location Quotient by Super Sector

NAICS Sector	***% Change in Employment (2009-2018)***	***Employment Location Quotient*****
Mining	37%	14.28
Utilities	-6%	2.27
Public administration	6%	1.65
Arts, entertainment, and recreation	3%	1.42
Health care and social assistance	8%	1.39
Accommodation and food services	7%	1.30
Retail trade	1%	1.17
Other services	20%	1.15
Educational services	4%	1.05
Construction	12%	1.04
Real estate and rental and leasing	14%	0.75
Transportation and warehousing	15%	0.74
Finance and insurance	-9%	0.63
Agriculture, forestry, fishing and hunting	0%	0.55
Manufacturing	1%	0.54
Information***	-19%	0.54
Waste management and remediation services	-7%	0.52
Professional, scientific, and technical services	12%	0.52
Wholesale trade	-1%	0.46
Management of companies and enterprises	-19%	0.18
Total, all industries	5%	

* Northeast Minnesota considers seven counties including Cook, Lake, St. Louis, Koochiching, Itasca, Aitkin, and Carlton.
**Location Quotient = (NE MN Sector Employment / NE MN Total Employment) / (MN Sector Employment / MN Total Employment).
*** Information sector data for 2009 was unavailable, so percentage change in employment for that sector is 2013-2018, the first year in which data was available for the sector.

SOURCE: QWEC

As shown in Table 1, the mining sector has a location quotient of 14.28, considerably larger than all of the other sector's location quotients. This demonstrates that mining has a higher concentration in northeastern Minnesota than in the State of Minnesota, and that within Northeast Minnesota mining is the dominant sector relative to the size of the local economy. Also, according to 2018 quarterly census of employment and wages, the mining sector grew by 37% between 2009 and 2018, adding 1,138 jobs. This growth rate was significantly higher than any of the other top 20 sectors in the region.

As shown in this chapter, Minnesota's Arrowhead Region is heavily dependent on the mining sector. Relative to the size of the region's economy, mining employs a significant number of workers and has shown significant employment growth. The industry also saw significant growth in production and GDP levels over the past ten years, with much of that growth during the most recent three-year period. In 2018, the mining sector contributed more than $2.0 billion to the region's economy.

III. Economic Impacts

The second objective of the research project is the modeling of the economic impacts of the ferrous and nonferrous mining industry, including the current and projected impacts of the industry's operations and projected construction and capital expenditures. This chapter includes a description of inputs used for modeling and the estimated economic impacts of the ferrous and nonferrous mining industries, shown in terms of employment, labor income, value added, and output. The research team used IMPLAN software version 3.1 to estimate economic impacts. All operational scenarios were modeled using IMPLAN's 2018 dataset, the most recent data available. All operations and capital expenditures were modeled in the year of the incurred expenses. All results are adjusted for inflation, so dollar amounts reflect the year in which the activities were modeled.

Inputs Used for Modeling

Inputs required for modeling included the current and projected number of employees, employee compensation, proprietor income, and industry sales for both the ferrous and nonferrous mining industries. These inputs were used to create a baseline model for mining operations. Further models were built to estimate the predicted impact over the next five years and the additional impact of proposed capital and construction investment over the next five years (2020-2024).

The research team developed a survey that asked representatives from each of the study area mines to estimate the current and projected number of employees, wages/benefits, annual operation expenditures, and investment estimates at their location. The survey was distributed to 11 representatives at 13 existing and planned mine locations. Of the 13 mine locations in the study area (eight ferrous and five nonferrous), 12 mines participated in the survey, for a 92% response rate. Table 2 shows the mines that participated in the survey.

Table 2. Participating Ferrous and Nonferrous Mines

	Participating Mines	*Owner*	*Mine Location in MN*	*Headquarters*
Ferrous	ArcelorMittal Minorca	ArcelorMittal USA	Virginia	Chicago, IL
	Hibbing Taconite Company*	ArcelorMittal USA	Hibbing	Chicago, IL
	Keewatin Taconite	U.S. Steel Corp.	Keewatin	Pittsburgh, PA
	Mesabi Nugget Delaware, LLC**	Steel Dynamics, Inc.†	Aurora	Fort Wayne, IN
	Mining Resources, LLC	Steel Dynamics, Inc.†	Chisholm	Fort Wayne, IN
	Minntac	U.S. Steel Corp.	Mountain Iron	Pittsburgh, PA
	Northshore Mining	Cleveland Cliffs, Inc.	Silver Bay	Cleveland, OH
	United Taconite, LLC	Cleveland Cliffs, Inc.	Eveleth	Cleveland, OH
Nonferrous	PolyMet Mining, Inc.	PolyMet Mining Corp.	Hoyt Lakes	St. Paul, MN
	Teck American, Inc.	Teck Resources Limited	Babbitt	Spokane, WA
	Twin Metals, LLC	Antofagasta, PLC	Ely	St. Paul, MN
	Vermillion Gold, Inc.	Vermillion Gold, Inc.	Vermillion Greenstone Belt	Minneapolis, MN

*According to the Mining Tax Guide 2019, Hibbing Taconite Company is owned by ArcelorMittal USA (62.3%), Cleveland Cliffs, Inc. (23%), and U.S. Steel (14.7%).
**Mesabi Nugget Delaware, LLC is owned by Steel Dynamics, Inc. (81%) and Kobe Steel, Ltd (19%).
†Mesabi Nugget Delaware, LLC and Mining Resources, LLC, both owned by Steel Dynamics, Inc., are not currently operational.
SOURCE BBER MINING IMPACT SURVEY

The data provided by the mines' representatives was used to model the current and projected operation impacts as well as impacts from proposed construction and capital investment. The research team assumed that each company provided good-faith estimates. In instances where data was not provided by the client and the mines, the research team relied on IMPLAN estimates and secondary data sources[9] as inputs.

Table 3 shows the estimated number of employees, wages and benefits, and annual operating expenses for each year for the ferrous mines that participated in the survey. These values are based on the previous year's employment and spending as well as the companies' projected operation activity for the next five years.

Table 3. Inputs Used in Modeling Ferrous Mining Impacts (Total Effects) on the Arrowhead Region (2019-2024), Millions of Dollars

	# of Employees	*Wages/Benefits*	*Annual Operating Budget*
Current (2019 Baseline)	3,982	$543.4	$2,294.8
2020 (Projected)	3,982	$548.7	$2,296.4
2021	3,982	$554.1	$2,297.9
2022	3,982	$559.7	$2,299.4
2023	3,982	$565.4	$2,301.0
2024	3,982	$571.3	$2,302.6

SOURCE: BBER MINING IMPACT SURVEY

According to company expectations, the number of employees is not expected to increase, but wages and benefits are expected to grow by roughly 1% annually, from $543 million in 2019 to over $570 million in 2024. Annual operating expenses are expected to increase at a rate of 1% annually as well.

Table 4 shows the same estimates for the nonferrous mines that participated in the survey. In 2019, there were 46 people employed by the nonferrous mining industry within the study area and operating expenses for the industry were more than $63 million. By the year 2024, one of the four non-ferrous mines are expected to be operational, and an additional one to two more will have proposed mine projects in the environmental review phase. By that time, employment is expected to grow to more than 400 employees, an increase of 800% over the baseline. Similarly, by 2024, operating expenses are projected to quadruple in size in comparison to the baseline year.

Table 4. Inputs Used in Modeling Nonferrous Mining Impacts (Total effects) on the Arrowhead Region (2019-2024), Millions of Dollars

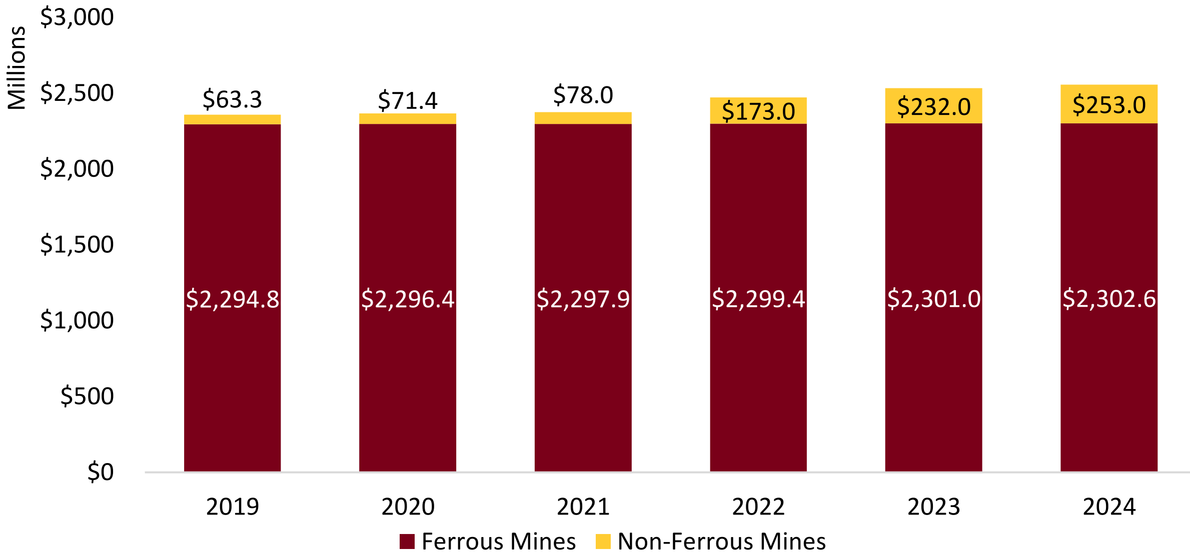
	# of Employees	*Wages/Benefits*	*Annual Operating Expenses*
Current (2019 Baseline)	46	$8.5	$63.3
2020 (Projected)	47	$9.3	$71.4
2021	76	$10.4	$78.0
2022	133	$16.7	$173.0
2023	336	$34.4	$232.0
2024	436	$38.7	$253.0

SOURCE: BBER MINING IMPACT SURVEY

[9] Secondary data sources included company 10-K reports in which some companies included predicted capital expenditures.

Figure 6 below shows the current and projected annual operating expenses for both the ferrous and nonferrous mines in the study area. The purpose of the figure is to compare the size and anticipated growth for both types of mines in the study area over the coming years. In 2019, the eight ferrous mines had operating expenses of nearly $2.3 billion combined. Meanwhile, the four nonferrous mines had combined operating budgets of roughly $63 million. Based on the survey data received, there is expected growth for both the ferrous and nonferrous mining industries within the study area. However, the nonferrous mines are anticipating growth of nearly 400%, compared with 5% for the ferrous mines. Therefore, by 2024, nonferrous mines in the study area estimate that they could see operating expenses of roughly $253 million or nearly 10% of the region's mining industry overall.

Figure 6. Ferrous and Nonferrous Annual Operating Budget (2019-2024), Millions of Dollars

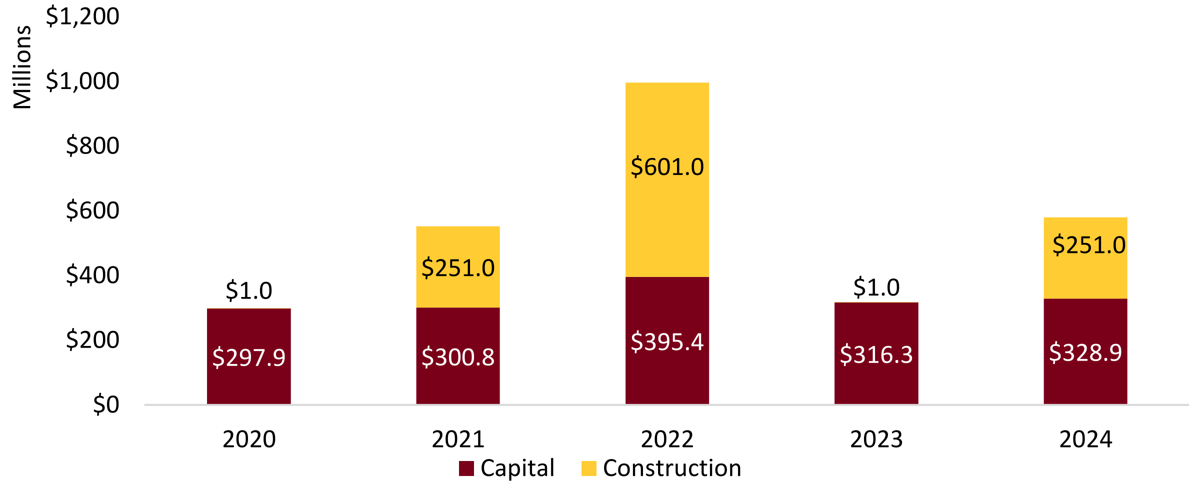


SOURCE: BBER MINING IMPACT SURVEY

Figure 7 on the following page illustrates the breakout of capital and construction expenditures for the ferrous and nonferrous mines.[10] The data was self-reported by each mining company and aggregated by year. The year 2022 is projected to be the peak spending year with $996 million projected ($601 million in construction spending and $395 million in other capital expenditures). Over the five-year span of 2020-2024, construction spending is projected to total $1.11 billion overall, and other capital expenditures are projected to total $1.64 billion, resulting in $2.74 billion of investments overall. The nonferrous mines in particular are predicting sizable construction and capital projects as the mines become operational.

[10] Capital and construction spending was aggregated for all ferrous and nonferrous mines to preserve confidentiality of individual mines' responses.

Figure 7: Proposed Ferrous and Nonferrous Capital and Construction Spending (2020-2024), Millions of Dollars



Source: BBER Mining Impact Survey

Table 5 shows the IMPLAN sectors used in modeling the current and projected operations of the ferrous and nonferrous mines in the study area. The two sectors included iron ore mining and copper, nickel, lead, and zinc mining.

Table 5. Sectors Used in Modeling Ferrous and Nonferrous Mining Operations in the Arrowhead Region (2019-2024)

Sector
Iron ore mining
Copper, nickel, lead, and zinc mining

Source: IMPLAN

Table 6 below shows the IMPLAN sectors used in modeling all capital and construction expenditures for the ferrous and nonferrous mines in the study area.

Table 6. Sectors Used in Modeling Capital and Construction Expenditures in the Arrowhead Region (2020-2024)

Sector
Construction of other new nonresidential structures
Maintenance and repair construction of nonresidential structures
Construction machinery manufacturing
Mining machinery and equipment manufacturing
Industrial process variable instruments manufacturing
Wholesale - Machinery, equipment, and supplies
Wholesale - Grocery and related product wholesalers
Wholesale - Petroleum and petroleum products
Retail - Gasoline stores
Retail - Clothing and clothing accessories stores
Retail - General merchandise stores

Source: IMPLAN

In cases where the mine provided a description of the capital spending, the research team selected the IMPLAN sector that most closely aligned with the description and then distributed the specified spending amount based on IMPLAN margins.[11] In cases where there was no specific description of the item, the research team distributed funds to the mining machinery and manufacturing sector, again using IMPLAN margins. All construction spending was attributed to the sector of construction of other new nonresidential structures. Capital and construction spending was modeled for ferrous and nonferrous mines combined with the proposed construction spending and modeled by year for years 2020 through 2024.

Ferrous Mining Impacts

Arrowhead Region and Douglas County, Wisconsin

This section provides the direct, indirect, and induced economic impacts[12] for the ferrous mining industry on the Arrowhead Region and Douglas County, Wisconsin.[13] Results first highlight the baseline impacts of the industry's operations. Baseline results are based on the industry's annual sales and production estimates for the most recent year available (2019). Next, the results show projected operational impacts based on estimates provided by the mines, looking forward over the next five years (2020-2024). For all projected impacts, a range of estimates (i.e. sensitivity analysis) is provided to show the possible range of impacts that could occur given the uncertainty surrounding the projections.

Table 7 shows the detailed economic impacts of the ferrous mines in the study area for the most recent year (2019). Each row in the table shows the direct, indirect, induced, and total effects of the mining operations. The columns in the table represent employment,[14] labor income, value added, and output. All results are shown in 2019 dollars.

Table 7. Economic Impacts from Ferrous Mining Operations on the Arrowhead Region (2019), Millions of Dollars

Impact Type	*Employment*	*Labor Income*	*Value Added*	*Output*
Direct Effect	3,982	$537.1	$1,190.7	$2,294.8
Indirect Effect	1,637	$104.8	$251.0	$623.7
Induced Effect	3,323	$138.8	$253.0	$467.5
Total Effect	8,942	$780.7	$1,694.7	$3,386.0
Multiplier	2.25	1.45	1.42	1.48

*Totals may not sum due to rounding

SOURCE: IMPLAN

The first row of Table 7, labeled direct effects, represents the employment and spending coming from the mines themselves on wages, equipment, and supplies. These estimates are based on the estimates from the BBER Mining Impact Survey. Indirect effects measure increased inter-industry spending on the part of regional businesses and suppliers as a result of the mines' direct spending. Induced effects reflect an increase

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[11] Margins allow for business and consumer expenditures to be traced though retail, wholesale, and transportation industries back to the industries that manufactured the product, allowing the appropriate allocation to the producing industries (IMPLAN, 2020).
[12] For data sources and assumptions used in accepting IMPLAN's input-output model, please see Appendix B.
[13] When describing the results of modeling, the eight-county study area is referred to throughout the report simply as the Arrowhead Region.
[14] Employment is measured in terms of headcount, not full-time equivalent.

in household spending by mining employees as well as the employees of businesses that support the mines. Total effects are the sum of direct, indirect, and induced. The last row in the table is the impact multiplier associated with each effect and is calculated by dividing the total effect by the direct effect. A multiplier indicates how much additional spending is added to the study area's economy for each dollar generated by the direct spending of the industry.

According to the results of modeling, nearly 4,000 jobs were directly supported by the mining industry in 2019. Employment estimates are in terms of jobs, not in terms of full-time equivalent employees. In addition to the 4,000 direct jobs, an additional 1,637 jobs were created in other industries as a result of the mines' operational spending, and more than 3,300 jobs were created as a result of mining employees' spending on goods and services. The employment multiplier of 2.25 suggests that for every individual job created within the mining industry, an additional 1.25 jobs were created elsewhere in the economy. In total, the ferrous mining industry supported over 8,900 jobs in 2019 through the direct, indirect, and induced spending.

The second column, labor income, is an estimate of all employee compensation, including wages, benefits, and proprietor income. The mining industry pays roughly $537 million in wages and benefits to its employees, generating an additional $243 million in income to individuals employed by businesses supported by the mining industry (through indirect and induced impacts). The value added column represents the contribution to the GDP made by an individual producer, industry, or sector. In 2019, mining had a total effect of nearly $1.7 billion in value added to the local economy through direct, indirect, and induced effects. The last column, output, is the value of all local production required to sustain activities. In 2019, it is estimated that operational spending (roughly $2.3 billion in the study area) led to a total output impact of roughly $3.4 billion in the study area.

Table 8 shows the total effects of the ferrous mining industry on the region in terms of employment, labor income, value added, and output from 2019 to 2024. The total effects represent the sum of the direct, indirect, and induced effects.

Table 8. Projected Economic Impacts (Total Effects) from Ferrous Mining Operations on the Arrowhead Region (2019-2024), Millions of Dollars

Impact Year	*Employment*	*Labor Income*	*Value Added*	*Output*
2019 (Baseline)	8,942	$780.7	$1,694.7	$3,386.0
2020	8,809	$781.3	$1,659.2	$3,365.1
2021	8,684	$782.4	$1,625.8	$3,345.5
2022	8,566	$783.9	$1,594.5	$3,327.1
2023	8,455	$785.8	$1,565.2	$3,309.8
2024	8,351	$788.2	$1,537.8	$3,293.6

SOURCE: IMPLAN

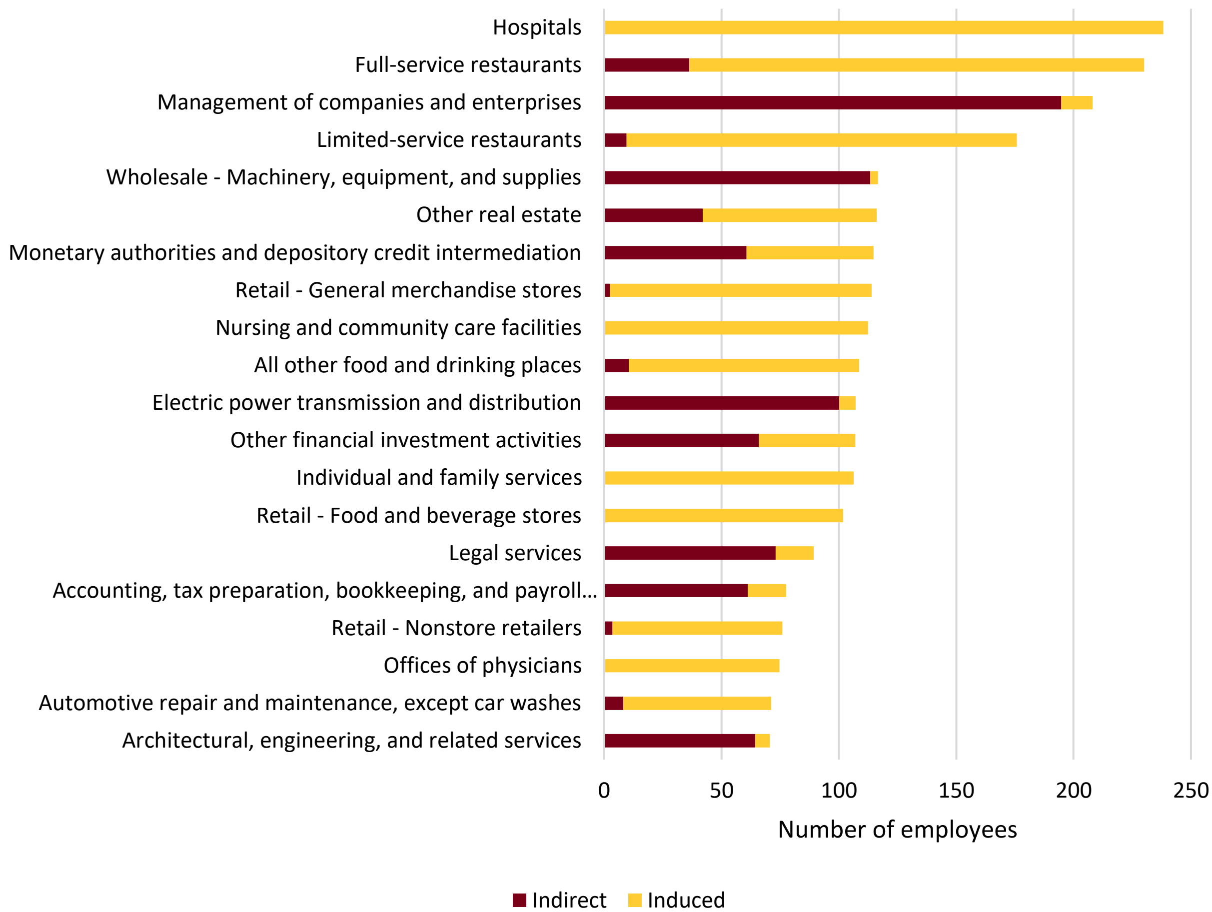
In 2019, ferrous mining resulted in more than 8,900 jobs, $780 million in labor income, nearly $1.7 billion in value added, and nearly $3.4 billion in output to the eight-county study area. Over the next five years, total employment effects of ferrous mining operations are projected to decrease slightly,[15] while labor income will increase by 0.9% and value added by 9.3%. It is projected that in 2024 the ferrous mining industry will support 8,351 jobsin the study area (through direct, indirect, and induced effects), contributing nearly $800

[15] In its projections, the IMPLAN database assumes increases in worker productivity, and therefore predicts a small reduction in the number of workers required for every unit of output. This is why, for all models, projected employment is slightly lower than in the baseline.

million in labor income (wages) to the region, $1.5 billion in value added, and $3.33 billion in output.

Figure 8 shows the estimated employment impacts in the top twenty most impacted industries as measured by number of employees. Only indirect and induced impacts are shown in the chart as all direct effects are felt only within the iron mining industry. Heavily impacted industries include hospitals (n=238), full-service restaurants (n=230), management of companies and enterprises (n=208) and limited-service restaurants (n=176). Industries that are affected by ferrous mining's indirect effects (through business to business spending) include management of companies and enterprises, monetary authorities and depository credit intermediation, and machinery, equipment, and supplies wholesale industries. Industries affected by the induced effects (from employee household spending) include hospitals, full and limited service restaurants, real estate, and general retail industries.

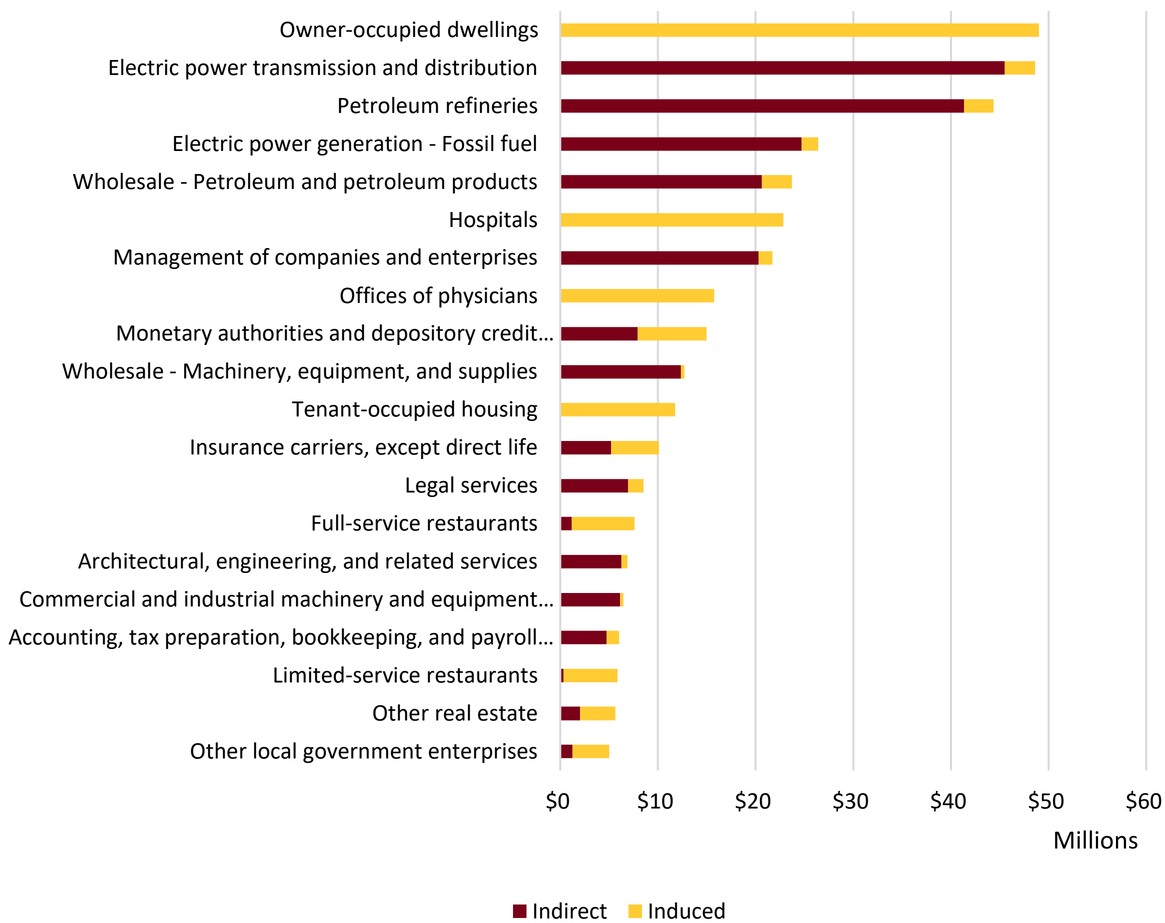
Figure 8. Top 20 Industries Impacted by Ferrous Mining Operations on the Arrowhead Region, by Employment (2019)



SOURCE: IMPLAN

Figure 9 shows the top 20 industries impacted by the ferrous mining industry in terms of value-added spending within the study area. Owner-occupied dwellings is a sector that is unique to IMPLAN's accounting model and represents the amount homeowners would pay if they rented rather than owned their homes. Industries impacted by indirect effects include electric power transmission and distribution, petroleum refineries, petroleum and petroleum products wholesale, management of companies and enterprises, and more. The induced effects of value added to the economy from the ferrous mining operations are seen in many industries including owner occupied dwellings, hospitals, offices of physicians, and tenant-occupied housing. In fact, the region's hospitals benefitted from more than $22 million in value added spending from mining's induced effects (i.e. household spending).

Figure 9. Top 20 Industries Impacted by Ferrous Mining Operations on the Arrowhead Region, by Value Added (2019), Millions of Dollars



Source: IMPLAN

The research team used survey responses provided by representatives of the participating mines as inputs in IMPLAN to model the projected economic impacts of the mining industry on the study area. Due to the uncertainty surrounding the projected impacts, the research team created a sensitivity analysis to depict how varying levels of operations could impact the results. The research team modeled 100% (full impacts), 75% (partial), and 50% (half) impacts for the ferrous and nonferrous mines.

Table 9 shows the results of the sensitivity analysis. By 2024, it is projected that the ferrous mining industry could contribute $788 million in labor income, $1.54 billion in value added, and $3.29 billion in output to the economy at the full impact level. By comparison, a 75% impact would result in nearly $600 million in labor income, $1.15 billion in value added, and nearly $2.5 billion in output to the economy. A 50% impact would result in $394 million in labor income, $769 million in value added spending, and $1.65 billion in output.

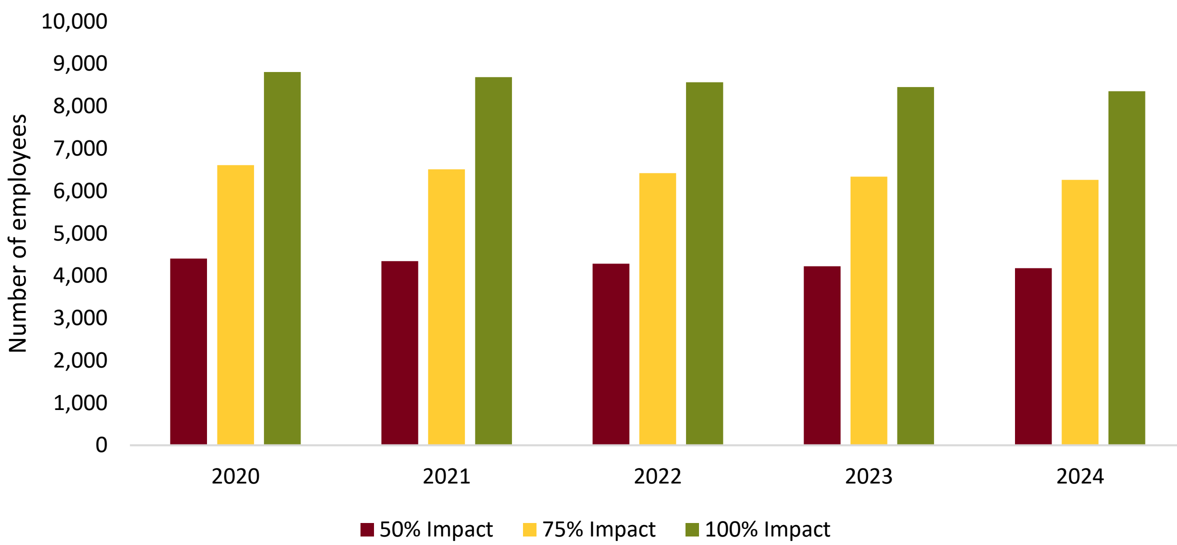
Table 9. Projected Ferrous Mining Sensitivity Analysis on the Arrowhead Region (2024), Millions of Dollars

Total Effect Level	*Employment*	*Labor Income*	*Value Added*	*Output*
100%	8,351	$788.2	$1,537.8	$3,293.6
75%	6,263	$591.1	$1,153.3	$2,470.2
50%	4,175	$394.1	$768.9	$1,646.8

SOURCE: IMPLAN

Figure 10 below visually depicts the results of the sensitivity analysis on projected employment for the years 2020 through 2024. In 2020, the ferrous mining industry operations are projected to have a full impact of 8,809 jobs within the study area. By comparison, a 75% impact would result in 6,607 jobs to the economy and a 50% impact would result in 4,405 jobs. In five years, the projected impact of ferrous mining operations on employment within the study area is 8,351 jobs for the full impact, 6,263 jobs for a 75% impact, and 4,175 jobs for a 50% impact.

Figure 10. Ferrous Mining Sensitivity Analysis of Projected Employment on the Arrowhead Region



SOURCE: IMPLAN

State of Minnesota

This section provides the direct, indirect, and induced economic impacts for the ferrous mining industry on the state of Minnesota. Results first highlight the baseline (2019) impacts of the industry's operations. Next, the results show projected operational impacts based on estimates provided by the mines, looking forward over the next five years (2020-2024). For all projected impacts, a range of estimates (i.e. sensitivity analysis) show the possible range of impacts that could occur given the uncertainty surrounding the projections.

Table 10 shows the detailed economic impacts of the ferrous mines in the study area for the most recent year (2019). All results are shown in the dollar amount that they occur. As shown in the table, the direct effects from ferrous mining are nearly identical when modeled statewide as compared to the study area of the Arrowhead Region and Douglas County, Wisconsin. However, indirect and induced effects are larger than those for the eight-county study area, since the initial round of spending from the mines' operations has a larger ripple effect when using a larger study area. For example, when mines purchase goods and services from companies that are located beyond the Arrowhead Region but within the state, those purchases would be included in the effects shown in Table 10. In total, ferrous mines contributed more than 11,000 jobs, $1.0 billion in labor income, over $2.0 billion in value added, and $3.9 billion in output to the state's economy in 2019. Also, the jobs multiplier for ferrous mining at the state level is 2.88, meaning that, for every job added in the mining industry, another 1.88 jobs are created elsewhere in the state, in other related industries.

Table 10. Economic Impacts from Ferrous Mining Operations on the State of Minnesota (2019), Millions of Dollars

Impact Type	*Employment*	*Labor Income*	*Value Added*	*Output*
Direct Effect	3,982	$537.1	$1,190.7	$2,294.8
Indirect Effect	2,640	$247.3	$428.9	$888.8
Induced Effect	4,841	$259.1	$433.9	$756.6
Total Effect	11,464	$1,043.5	$2,053.5	$3,940.2
Multiplier	2.88	1.94	1.72	1.72

*Totals may not sum due to rounding

SOURCE: IMPLAN

Table 11 shows the total effects from ferrous mining operations for each year in the study (2019-2024). The total employment effects from ferrous mining are expected to see a slight decline over the six-year period from 11,464 jobs in 2019 to 10,357 jobs in 2024. Total effects from labor income, value added, and output on the state's economy are expected to see slight growth over the time period.

Table 11. Projected Economic Impacts (Total Effects) from Ferrous Mining Operations on the State of Minnesota (2019-2024), Millions of Dollars

Year	*Employment*	*Labor Income*	*Value Added*	*Output*
2019 (Baseline)	11,464	$1,043.5	$2,053.5	$3,940.2
2020	11,215	$1,035.6	$2,006.4	$3,900.8
2021	10,981	$1,028.5	$1,962.1	$3,863.5
2022	10,761	$1,022.4	$1,920.3	$3,828.4
2023	10,553	$1,017.0	$1,881.1	$3,795.3
2024	10,357	$1,012.4	$1,844.4	$3,764.2

SOURCE: IMPLAN

Table 12 below shows the results of the sensitivity analysis. By 2024, it is projected that ferrous mines could contribute over $1.0 billion in labor income, $1.84 billion in value added, and nearly $3.76 billion in output to the state's economy at the full impact level. By comparison, a 50% impact would result in roughly $506 million in labor income, $922 million in value added spending, and $1.88 billion in output.

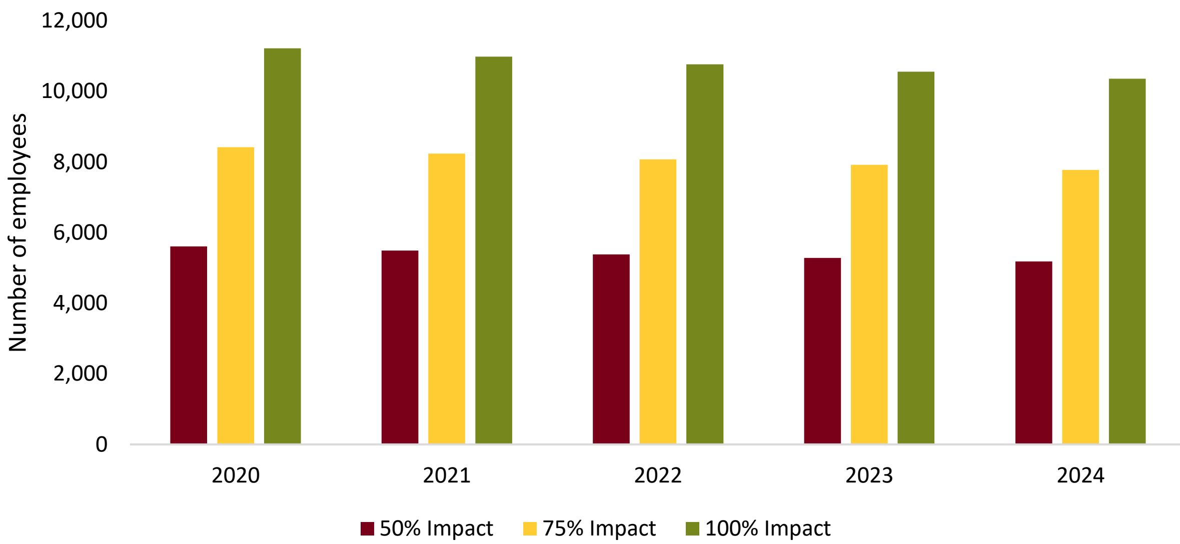
Table 12. Projected Ferrous Mining Sensitivity Analysis for the State of Minnesota (2024), Millions of Dollars

Total Effects Level	*Employment*	*Labor Income*	*Value Added*	*Output*
100%	10,357	$1,012.4	$1,844.4	$3,764.2
75%	7,768	$759.3	$1,383.3	$2,823.1
50%	5,179	$506.2	$922.2	$1,882.1

SOURCE: IMPLAN

Figure 11 below shows the results of the sensitivity analysis for employment for each year included in the analysis. The anticipated operations for the ferrous mining industry are expected to be relatively steady over the coming years, and that is reflected in the results of the sensitivity analysis. The true employment impacts of the ferrous mining industry on the state's economy are likely to fall somewhere between the maroon (50%) and green bars (100%).

Figure 11. Ferrous Mining Sensitivity Analysis of Projected Employment on the State of Minnesota



SOURCE: IMPLAN

Nonferrous Mining Impacts

Arrowhead Region and Douglas County, Wisconsin

This section provides the direct, indirect, and induced economic impacts for the nonferrous mining industry on the Arrowhead Region and Douglas County, Wisconsin. Results first highlight the baseline (2019) impacts of the industry's operations. Next, the results show projected operational impacts over the next five years (2020-2024). For all projected impacts, a range of estimates (i.e. sensitivity analysis) is provided to show the possible range of impacts that could occur, given the uncertainty surrounding the projections.

Table 13 shows the detailed economic impacts of the nonferrous mining industry in terms of employment, labor income, value added, and output. Results are based on 2019 operations estimates and are shown in 2019 dollars.

Table 13. Economic Impacts from Nonferrous Mines Operations on the Arrowhead Region (2019), Millions of Dollars

Impact Type	*Employment*	*Labor Income*	*Value Added*	*Output*
Direct Effect	46	$6.8	$54.9	$63.2
Indirect Effect	28	$1.6	$3.9	$8.2
Induced Effect	43	$1.8	$3.3	$6.1
Total Effect	117	$10.2	$62.0	$77.5
Multiplier	2.55	1.50	1.13	1.23

*Totals may not sum due to rounding

SOURCE: IMPLAN

In 2019, 46 jobs were supported directly by nonferrous mining, and 71 additional jobs were indirectly supported by the nonferrous mining industry in the region for a total employment effect of 117 jobs in 2019 (2.55 multiplier). In total, the nonferrous mining industry added more than $10 million in labor income, $62 million in value added spending, and more than $77 million in output to the study area's economy in 2019.

Table 14 shows the total effect of the nonferrous mining industry on the region in terms of employment, labor income, value added, and output from 2019 to 2024. Over the next five years, employment is expected to increase by almost 500%, and value added is anticipated to increase by over 200% to just over $210 million. Total output is expected to grow to more than $300 million by 2024.

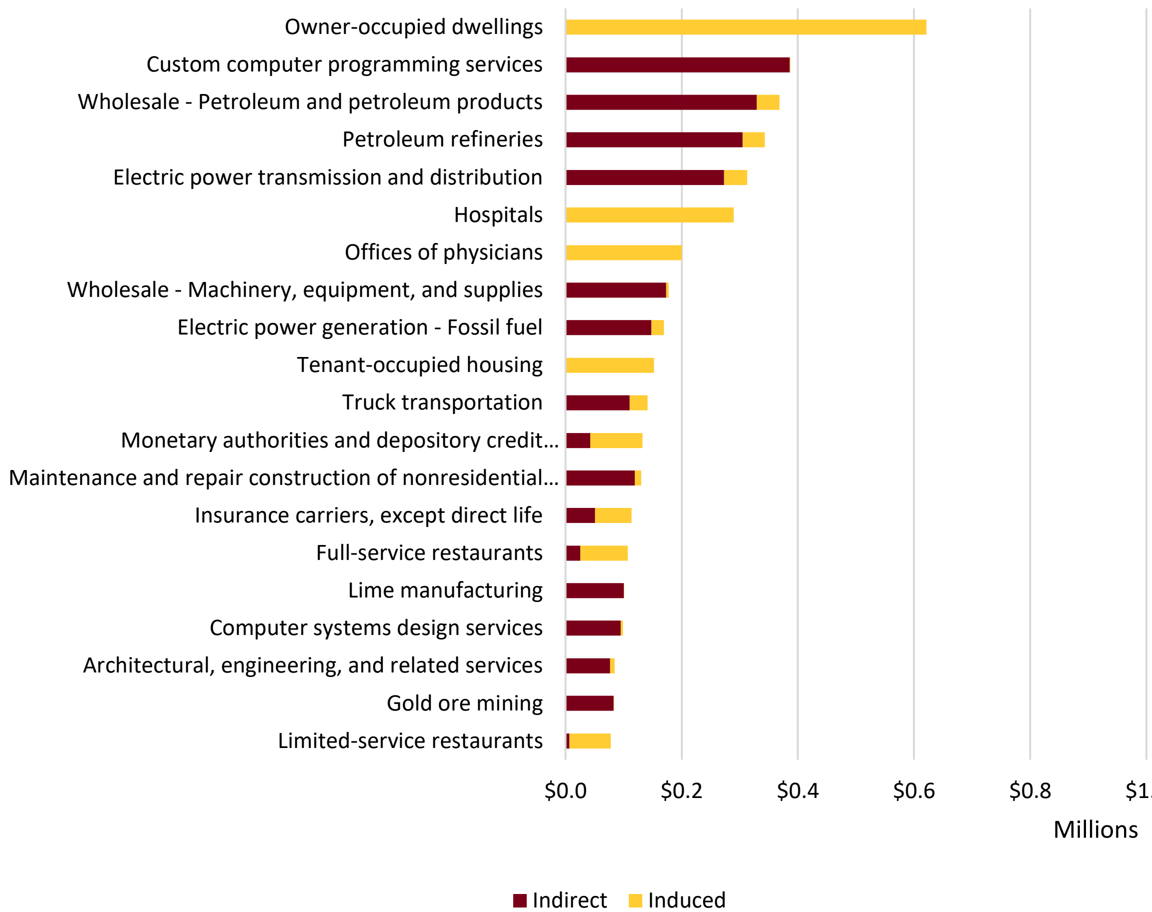
Table 14. Projected Economic Impacts (Total Effects) from Nonferrous Mining Operations on the Arrowhead Region (2019-2024), Millions of Dollars

Year	*Employment*	*Labor Income*	*Value Added*	*Output*
2019 (Baseline)	117	$10.2	$62.0	$77.5
2020	123	$11.1	$66.9	$86.9
2021	164	$13.8	$72.4	$95.7
2022	290	$22.7	$145.6	$206.8
2023	598	$44.8	$204.3	$285.0
2024	698	$45.0	$210.6	$307.4

SOURCE: IMPLAN

Figure 12, on the following page, shows the top 20 industries impacted by nonferrous mining operations in 2019. Only indirect and induced impacts are shown in the chart as all direct effects are felt only within the nonferrous mining industry. After owner-occupied dwellings, the most impacted industries in the study area are custom computer programming services ($387,000 in value added impacts), wholesale – petroleum and petroleum products ($369,000), and petroleum refineries ($343,000).

Figure 12. Top 20 Industries Impacted by Nonferrous Mining Operations, by Value Added (2019), Millions of Dollars on the Arrowhead Region



Source: IMPLAN

Table 15 below shows the results of the sensitivity analysis. By 2024, it is projected that the nonferrous mining industry could contribute almost $45 million in labor income, $211 million in value added, and $307 million in output to the economy at the full impact level. By comparison, a 75% impact would result in over $34 million in labor income, $158 million in value added, and $231 million in output to the economy. Additionally, a 50% impact would result in roughly $23 million in labor income, $105 million in value added spending, and $154 million in output.

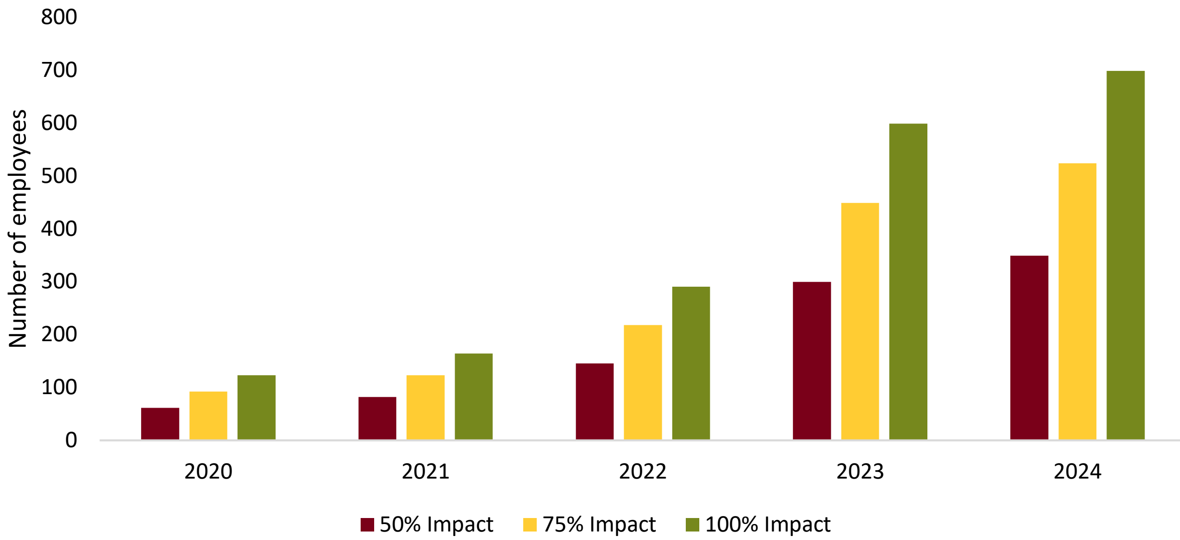
Table 15. Projected Nonferrous Mining Sensitivity Analysis on the Arrowhead Region (2024), Millions of Dollars

Total Effects Level	*Employment*	*Labor Income*	*Value Added*	*Output*
100%	698	$45.0	$210.6	$307.4
75%	524	$33.7	$158.0	$230.6
50%	349	$22.5	$105.3	$153.7

Source: IMPLAN

Figure 13 below shows the sensitivity analysis of projected employment within the study area as a result of the nonferrous mines for the years 2020 through 2024. In 2020, the full impact of nonferrous mining operations on employment is projected to be 123 jobs within the study area. By comparison, a 50% impact would result in 62 jobs, and a 75% impact would result in 92 jobs to the economy. In five years, the projected impact of nonferrous mining operations on employment within the study area is anticipated to be 698 jobs for the full impact, 349 jobs for a 50% impact, and 524 jobs for a 75% impact.

Figure 13. Nonferrous Mining Sensitivity Analysis of Projected Employment on the Arrowhead Region



SOURCE: IMPLAN

State of Minnesota

Table 16 on the next page shows the economic impacts from nonferrous mining on the state of Minnesota. As shown in the table, the direct effects from nonferrous mining are nearly identical when modeled statewide as compared to the study area. However, indirect and induced effects are quite a bit larger since the initial round of spending from the mines' operations has a larger ripple effect when using a larger study area. For example, if the mines are purchasing goods and services from companies that are located beyond the Arrowhead Region and Douglas County, Wisconsin, but within the state, those purchases would be included in the effects shown in Table 16. In total, nonferrous mining operations contributed nearly 174 jobs, $15.6 million in labor income, $64.7 million in value added, [16] and $89.2 million in output to the state's economy in 2019.

[16] Value added is a measure of the impacting industry's contribution to the local community; it includes wages, rents, interest, and proprietor income (i.e. profits). In most cases, value added is larger when modeled in a larger study area. However, it is possible for value added to be smaller if one of the components is negative. In this case, proprietor income was negative for the nonferrous mining industry for the state. For this reason, the value added direct effects shown in Table 16 are actually smaller than those for the Arrowhead Region.

Table 16. Economic Impacts from Nonferrous Mining Operations on the State of Minnesota (2019), Millions of Dollars

Impact Type	*Employment*	*Labor Income*	*Value Added*	*Output*
Direct Effect	46	$6.8	$50.1	$63.2
Indirect Effect	56	$5.0	$8.1	$14.7
Induced Effect	72	$3.9	$6.5	$11.3
Total Effect	174	$15.6	$64.7	$89.2
Multiplier	3.79	2.30	1.29	1.41

*Totals may not sum due to rounding

SOURCE: IMPLAN

Table 17 shows the total effects from nonferrous mining operations for each year in the study (2019-2024). The surveyed mines predict growth over the coming years, and the economic effects reflect that growth. The total employment effects from nonferrous mining, for example, are expected to grow from 174 jobs in 2019 to more than 877 jobs in 2024. Similarly, total output is expected to increase from $89.2 million in 2019 to almost than $350 million in 2024.

Table 17. Projected Economic Impacts (Total Effects) from Nonferrous Mining Operations on the State of Minnesota (2019-2024), Millions of Dollars

Year	*Employment*	*Labor Income*	*Value Added*	*Output*
2019 (Baseline)	174	$15.6	$64.7	$89.2
2020	184	$16.9	$69.8	$99.5
2021	228	$20.1	$75.7	$109.2
2022	420	$35.4	$151.7	$234.1
2023	774	$62.5	$214.2	$322.9
2024	877	$63.2	$220.7	$346.4

SOURCE: IMPLAN

Table 18 below shows the results of the sensitivity analysis. By 2024, it is projected that the nonferrous mining industry could contribute over $63.0 million in labor income, $220.7 million in value added, and $346 million in output to the state's economy at the full impact level. By comparison, a 50% impact would result in roughly $32 million in labor income, $110 million in value added spending, and $173 million in output.

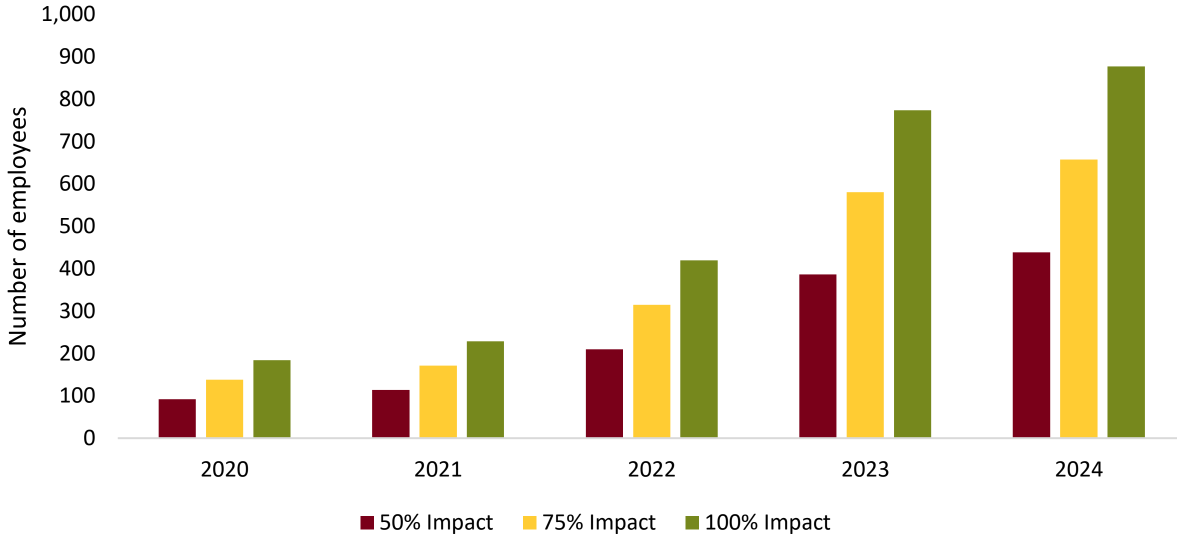
Table 18. Projected Nonferrous Mining Sensitivity Analysis on the State of Minnesota (2024), Millions of Dollars

Total Effects Level	*Employment*	*Labor Income*	*Value Added*	*Output*
100%	877	$63.2	$220.7	$346.4
75%	658	$47.4	$165.5	$259.8
50%	438	$31.6	$110.4	$173.2

SOURCE: IMPLAN

Figure 14 on the next page shows the results of the sensitivity analysis on employment (2020-2024) for the state of Minnesota. The results show not only the predicted growth based on surveyed mines' projections (green bars) but also what employment would be if true impacts were 75% (gold) or 50% (maroon) of the companies' projections. Even by conservative estimates (i.e. 50% level), it is estimated that the nonferrous mines will contribute roughly 430 new jobs to the state's economy by 2024.

Figure 14. Nonferrous Mining Sensitivity Analysis of Projected Employment on the State of Minnesota



SOURCE: IMPLAN

Ferrous and Nonferrous Mining Impacts

Arrowhead Region and Douglas County, Wisconsin

This section provides the direct, indirect, and induced economic impacts for the combined ferrous and nonferrous mining industry on the Arrowhead Region and Douglas County, Wisconsin. Results first highlight the baseline impacts of the industry's operations, followed by projected operational impacts for the next five years (2020-2024). For all projected impacts, a range of estimates (i.e. sensitivity analysis) is provided to show the possible range of impacts that could occur, given the uncertainty surrounding the projections. Finally, this section also includes projected impacts for capital and construction spending in the coming years.

Table 19 shows the combined impacts of the ferrous and nonferrous industry for the baseline (2019) year. As shown in the table, the ferrous and nonferrous industry combined added more than 9,000 jobs, nearly $791 million in labor income, over $1.75 billion in value added spending, and over $3.46 billion in output to the Arrowhead Region in 2019. The industry had an employment multiplier of 2.25, meaning that for every one job created directly by the industry, another 1.25 jobs were added in other parts of the economy.

Table 19. Economic Impacts from Ferrous and Nonferrous Mining Operations on the Arrowhead Region (2019), Millions of Dollars

Impact Type	*Employment*	*Labor Income*	*Value Added*	*Output*
Direct Effect	4,028	$543.9	$1,245.6	$2,358.1
Indirect Effect	1,665	$106.5	$254.8	$631.9
Induced Effect	3,367	$140.6	$256.3	$473.6
Total Effect	9,060	$790.9	$1,756.7	$3,463.6
Multiplier	2.25	1.45	1.41	1.47

*Totals may not sum due to rounding

SOURCE: IMPLAN

Table 20 shows the projected impacts over the coming five years. Employment effects from ferrous and nonferrous mining are projected to be relatively stable from 2019-2024, as are the projected value added effects. Total output and labor income effects are projected to increase slightly over the period, with output predicted to exceed $3.6 billion by 2024.

Table 20. Projected Economic Impacts (Total Effects) from Ferrous and Nonferrous Mining Operations on the Arrowhead Region (2020-2024), Millions of Dollars

Year	*Employment*	*Labor Income*	*Value Added*	*Output*
2019 (Baseline)	9,060	$790.9	$1,756.7	$3,463.6
2020	8,932	$792.4	$1,726.0	$3,452.1
2021	8,848	$796.2	$1,698.1	$3,441.2
2022	8,857	$806.6	$1,740.0	$3,533.8
2023	9,054	$830.6	$1,769.4	$3,594.8
2024	9,049	$833.2	$1,748.4	$3,601.1

SOURCE: IMPLAN

Table 21 shows the sensitivity analysis for ferrous and nonferrous mining. Three levels of impacts (100%, 75%, and 50%) are provided to show the possible range of impacts that could occur given the uncertainty surrounding the mine's projections.

Table 21. Projected Ferrous and Nonferrous Mining Sensitivity Analysis on the Arrowhead Region (2024), Millions of Dollars

Total Effects Level	*Employment*	*Labor Income*	*Value Added*	*Output*
100%	9,049	$833.2	$1,748.4	$3,601.1
75%	6,787	$624.9	$1,311.3	$2,700.8
50%	4,524	$416.6	$874.2	$1,800.5

SOURCE: IMPLAN

Further models were developed to estimate the predicted economic impacts of proposed capital and construction investment over the next five years. These results are shown in Table 22 on the following page. The year 2022 is projected to be the highest level of investment and, therefore, have the highest economic impacts. In that year alone, construction and capital spending on the part of the ferrous and nonferrous mines is expected to add roughly 11,500 jobs to the study area, more than $640 million in labor income, $545 million in value added spending, and $1.24 billion in total output.[17] Over the course of the five-year period, it is predicted that the combined capital and construction spending for the ferrous and nonferrous mines will contribute more than $1.2 billion in labor income, $1.1 billion in value added spending, and $2.4 billion in total output. It is important to note that the employment effects from the construction and capital spending are temporary and will only be felt in the study area for the year in question. Therefore, employment cannot be summed.

[17] In most cases, value added is larger than labor income. However, it is possible for value added to be smaller than labor income. This can occur if "other property type income" (OPTI) is negative. Negative OPTI means that the sector spent more than in brought in as revenues (i.e., ran a deficit) that year. This was the case for the construction of other nonresidential structures sector in the study area in 2018, which is the reason why labor income effects are larger than value added in 2020, 2021, and 2023.

Table 22. Projected Economic Impacts (Total Effects) from Ferrous and Nonferrous Capital and Construction Expenditures on the Arrowhead Region (2020-2024), Millions of Dollars

Year	*Employment*	*Labor Income*	*Value Added*	*Output*
2020	194	$11.8	$22.0	$42.6
2021	4,990	$276.8	$241.0	$540.8
2022	11,487	$643.7	$544.6	$1,237.3
2023	189	$11.9	$22.3	$43.6
2024	4,713	$268.1	$233.9	$529.3
Total	--	$1,212.3	$1,063.8	$2,393.7

SOURCE: IMPLAN

Table 23 shows the sensitivity analysis for the capital and construction impacts for the year 2022. If the nonferrous mines' projections are accurate, impacts from the proposed construction projects could reach nearly 11,500 jobs, $644 million in labor income, and over $1.2 billion in output in 2022. By comparison, a 75% impact would result in over 8,600 jobs and $928 million in output to the economy, while a 50% impact would result in roughly 5,700 jobs and $619 million in output. The impacts shown, however, represent the peak year for spending, and impacts would be temporary, ending once the construction project is complete.

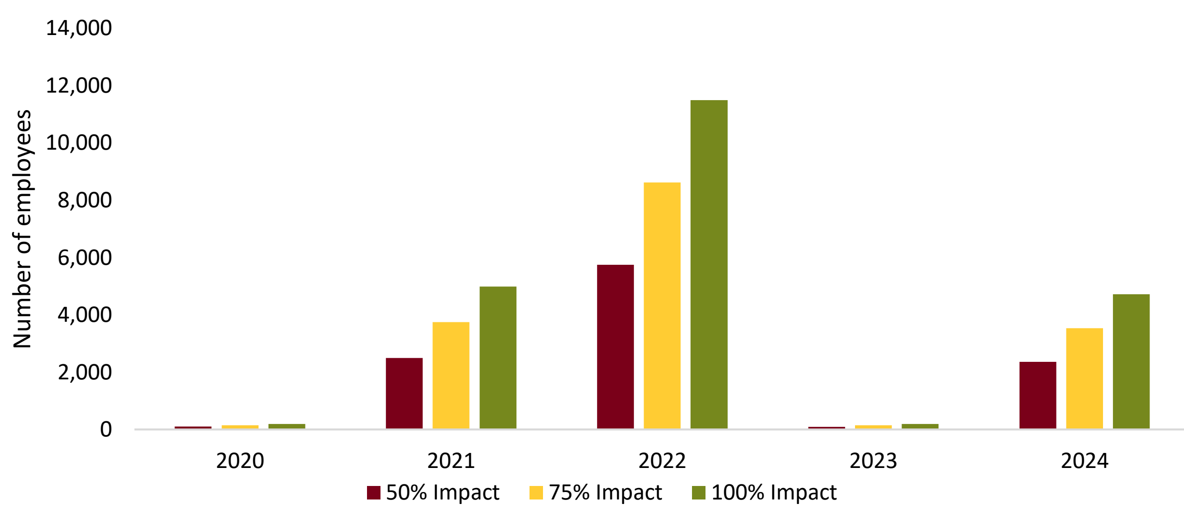
Table 23. Projected Construction and Capital Expenditure Sensitivity Analysis on the Arrowhead Region (2022), Millions of Dollars

Total Effects Level	*Employment*	*Labor Income*	*Value Added*	*Output*
100%	11,487	$643.7	$544.6	$1,237.3
75%	8,615	$482.8	$408.5	$928.0
50%	5,743	$321.9	$272.3	$618.7

SOURCE: IMPLAN

Figure 15 shows further details of the sensitivity analysis. In the figure, the full employment impacts, along with the 75% and 50% levels are shown for each year.

Figure 15. Capital Expenditure and Construction Spending's Sensitivity Analysis of Projected Employment on the Arrowhead Region



SOURCE: IMPLAN

Table 24 depicts the 25 most impacted sectors by mining capital and construction expenditures forecasted for 2022 (the peak year for spending). Construction of other new nonresidential structures, owner-occupied dwellings, and hospitals are the three most impacted industries. These industries could see $212 million, $40 million, and $18 million of value added spending respectively as a result of capital and construction spending from ferrous and nonferrous mines. Impacts to the construction of other new nonresidential structures industry would be due to direct spending on the part of the mines, while most of the other top impacted industries would see large indirect and induced effects from increased wages and inter-industry spending.

Table 24. Top 25 Industries Impacted by Ferrous and Nonferrous Mining Capital and Construction Expenditures on the Arrowhead Region (2022), Millions of Dollars

Sector	*Direct*	*Indirect*	*Induced*	*Total*
Construction of other new nonresidential structures	$211.8	$0.0	$0.0	$211.8
Owner-occupied dwellings	$0.0	$0.0	$39.5	$39.5
Hospitals	$0.0	$0.0	$18.4	$18.4
Retail - Building material and supplies stores	$0.0	$13.5	$1.3	$14.8
Wholesale - Petroleum and petroleum products	$4.4	$6.2	$2.5	$13.0
Offices of physicians	$0.0	$0.0	$12.6	$12.6
Architectural, engineering, and related services	$0.0	$9.4	$0.5	$9.9
Tenant-occupied housing	$0.0	$0.0	$9.2	$9.2
Truck transportation	$0.0	$7.0	$1.9	$8.9
Wholesale - Machinery, equipment, and supplies	$4.3	$4.2	$0.3	$8.8
Monetary authorities and depository credit intermediation	$0.0	$2.5	$5.7	$8.2
Petroleum refineries	$0.0	$5.5	$2.4	$7.9
Full-service restaurants	$0.0	$0.5	$5.1	$5.6
Wholesale - Other durable goods merchant wholesalers	$0.0	$4.9	$0.6	$5.5
Other real estate	$0.0	$2.4	$2.9	$5.2
Mining machinery and equipment manufacturing	$5.1	$0.0	$0.0	$5.1
Retail - General merchandise stores	$0.6	$0.4	$3.9	$4.9
Limited-service restaurants	$0.0	$0.1	$4.4	$4.5
Insurance carriers, except direct life	$0.0	$0.5	$3.9	$4.4
Automotive repair and maintenance, except car washes	$0.0	$1.2	$3.1	$4.3
Ready-mix concrete manufacturing	$0.0	$3.9	$0.1	$4.0
Nursing and community care facilities	$0.0	$0.0	$3.8	$3.8
Electric power transmission and distribution	$0.0	$1.3	$2.5	$3.8
Retail - Food and beverage stores	$0.0	$0.0	$3.7	$3.7
Other local government enterprises	$0.0	$0.7	$3.0	$3.7

Source: IMPLAN

State of Minnesota

This section provides the direct, indirect, and induced economic impacts for the combined ferrous and nonferrous mining industry on the state of Minnesota. Table 25 on the following page shows the combined economic impacts of the ferrous and nonferrous industry for baseline (2019) year. As shown in the table, the ferrous and nonferrous industry combined added over 11,600 jobs, almost $1.1 billion in labor income, more than $2.1 billion in value added spending, and over $4.0 billion in output to the state's economy in 2019. The industry had an employment multiplier of 2.89, meaning that for every one job created directly by the industry, another 1.89 jobs were added in other parts of the economy.

Table 25. Economic Impact Modelling for Combined Mining Operations on the State of Minnesota (2019 Baseline), in Millions of Dollars

Impact Type	*Employment*	*Labor Income*	*Value Added*	*Output*
Direct Effect	4,028	$543.9	$1,240.8	$2,358.1
Indirect Effect	2,697	$252.3	$437.1	$903.5
Induced Effect	4,914	$263.0	$440.4	$767.9
Total Effect	11,638	$1,059.1	$2,118.3	$4,029.4
Multiplier	2.89	1.95	1.71	1.71

*Totals may not sum due to rounding

SOURCE: IMPLAN

Table 26 shows the total effects of the ferrous and nonferrous mines for the years 2019-2024. Total effects are expected to remain stable over the period, while employment effects will reach almost 11,250 by 2024.

Table 26. Total Projected Economic Impacts (Total Effects) from Combined Mining Operations on the State of Minnesota (2019-2024), in Millions of Dollars

Year	*Employment*	*Labor Income*	*Value Added*	*Output*
2019 (Baseline)	11,638	$1,059.1	$2,118.3	$4,029.4
2020	11,399	$1,052.5	$2,076.2	$4,000.3
2021	11,210	$1,048.7	$2,037.7	$3,972.7
2022	11,180	$1,057.8	$2,072.1	$4,062.4
2023	11,327	$1,079.5	$2,095.3	$4,118.2
2024	11,234	$1,075.7	$2,065.1	$4,110.6

SOURCE: IMPLAN

Table 27 outlines the economic impacts that capital expenditure and construction projects will have on the state of Minnesota in terms of employment, labor income, value added, and output (total economic impacts) for the years 2020-2024. The wide range in estimated outputs comes from the wide range of construction and capital expenditure estimates reported by the mining companies. The most impactful year is 2022 with an estimated $1.55 billion of total economic impact and 12,018 jobs. The $1.55 billion of impact on the state of Minnesota in the year 2021 is $308.7 million larger than the impacts specific to the Arrowhead Region.

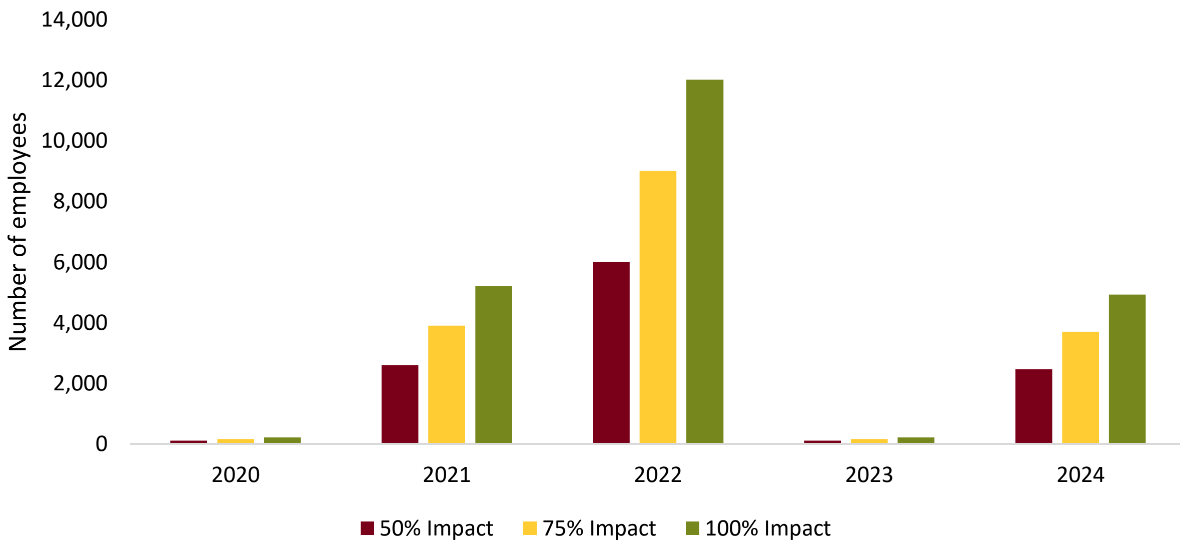
Table 27. Total Projected Impacts (Total Effects) from Capital Expenditure and Construction on the State of Minnesota (2020-2024), in Millions of Dollars

Year	*Employment*	*Labor Income*	*Value Added*	*Output*
2020	212	$15.5	$26.2	$46.8
2021	5,209	$349.7	$338.5	$667.2
2022	12,018	$815.5	$776.4	$1,546.0
2023	213	$16.2	$27.4	$49.9
2024	213	$16.5	$27.8	$50.6
Total		$1,213.4	$1,196.1	$2,360.4

SOURCE: IMPLAN

Finally, Figure 16 shows the sensitivity analysis for the employment impacts from capital and construction spending for the ferrous and nonferrous mines. Employment is expected to peak in 2022, with moderate activity predicted for 2021 and 2024 and very little occurring in 2020 or 2023. In 2022, employment could reach more than 12,000 jobs due to large construction spending. However, these impacts would be temporary and would cease to be felt after the construction was completed. Even at 50% level (maroon), employment in 2021 could reach more than 6,000 statewide as a result of mining construction projects and capital spending.

Figure 16. Capital Expenditure and Construction Spending's Sensitivity Analysis of Projected Employment on the State of Minnesota



SOURCE: IMPLAN

IV. Tax Impacts

The third objective of the study is to describe Minnesota mining-related taxes paid by the mining industry. In order to interpret tax tables in this report, readers should note that taxes are distributed between the State of Minnesota's General Fund, local units of government, and education. Taxes employed by the government come in the forms of production taxes, occupation taxes, state and county taxes, and other various taxes.

Ferrous Mining Tax Impacts

During 2018 (calendar year) Minnesota's iron mines paid $158.7 million in production tax, occupation tax, sales and use tax, income tax, various Ad Valorem and property taxes and royalties and rentals on state minerals.

The 2018 taconite production tax of more than $103 million is payable the following year. As we note below, and in order to reconcile totals for subsequent tax impacts, readers must note that $113.3 million in production, sales and use, income and various Ad Valorem taxes were accrued in 2018. These taxes are spread between the State of Minnesota's General Fund, local units of government and schools. Approximately $8.7 million of this was support to local school districts. (See Table 28.) A further detail on interpreting the occupation tax is to note that the occupation tax is split according to 10% for the University of Minnesota, 40% to elementary and secondary education, and 50% to the State of Minnesota's General Fund. A further breakdown of this $79 million is found in Appendix C.

Table 28. Minnesota's Iron Mines Direct Support for the State of Minnesota, 2019

Tax	***Mining Industry Contribution***
Taconite Production Tax**	$103,789,847
Occupation Tax*	$19,082,000
Sales and Use Tax	$8,664,249
Various Ad Valorem and Property taxes	$890,644
Royalties and Rentals on State Iron Ore	
School Trust Lands	$15,276,000
University Trust Lands	$4,411,000
Tax Forfeit	$6,177,000
Other state accounts	$371,000
Total	$158,661,740

*All taxes are according to the Department of Revenue's *Minnesota Mining Tax Guide, 2019* (based on 2018 production year).
**Production and other taxes: $113.3 million in production, sales and use, and various Ad Valorem and property taxes were paid in 2018. Approximately $19.7 million of the $113.3 million was used to support the local school districts.

SOURCE: MN DEPARTMENT OF REVENUE, MN DNR

Table 29 shows Minnesota's iron mining industry's support for the state's education. During 2018, iron mining paid nearly $53 million towards education, with over $7 million on university-related expenses and almost $46 million on public schooling.

Table 29. Minnesota's Iron Mining Industry Support for Education, 2018, in Millions

Account	*School*	*University*	*Total Education*
School district component of production tax*	$19.7		$19.7
State iron ore royalties and rent**	$18.3	$5.3	$23.6
Occupation tax***	$7.6	$1.9	$9.5
Totals	$45.7	$7.2	$52.9

*School district component of production tax is according to the Department of Revenue's *Minnesota Mining Tax Guide*, 2019.
**School trust and university royalties are from Department of Natural Resources Mineral receipts by account for calendar year 2011. Iron ore and taconite income is 97% of the state's total mineral receipts.
*** Occupation tax is according to the Department of Revenue's *Minnesota Mining Tax Guide, November 2011*. Total tax is $12,617,000 of which 40% went to elementary and secondary education and 10% went to the University of Minnesota.

SOURCE: MN DEPARTMENT OF REVENUE, MN DNR

Table 30 shows royalties and rental receipts to the state from ferrous mining as reported from the Department of Natural Resources mineral receipts by account for calendar years 2017 and 2018. Royalties and rental receipts are payments by the mining companies for the use of the state's non-renewable mineral resources.

Table 30. Minnesota Ferrous Mineral Royalties and Rentals Receipts, 2017 and 2018, in Millions of Dollars

Account	*2017 Iron-Ore Taconite*	*2018 Iron Ore Taconite*
School trust fund	$12.3	$15.3
School trust fund (minerals mgmt)	$2.4	$3.0
University trust fund	$0.3	$4.4
University trust fund (minerals mgmt)	$0.0	$0.9
Tax forfeit	$3.8	$6.2
Tax forfeit (minerals mgmt)	$0.8	$1.2
Advanced royalty account	$0.2	$0.2
Totals	$19.8	$31.2

SOURCE: MN DEPARTMENT OF REVENUE

Nonferrous Mining Tax Impacts

In order to estimate nonferrous tax impacts on Minnesota, the BBER followed the Minnesota DNR's mineral receipts by account for 2017 and 2018. A more detailed table on the royalties and rental receipts can be found in Appendix C. Compared to ferrous mining, nonferrous mining contributes much less to the state. Table 31 shows that the nonferrous sector contributed over $1.64 million in 2017 and almost $1.97 million in 2018.

Table 31. Minnesota Nonferrous Mineral Royalties and Rentals Receipts, 2017 and 2018, in Thousands of Dollars

Account	*2017 Nonferrous Metallic Minerals*	*2018 Nonferrous Metallic Minerals*
School trust fund	$528.2	$592.7
School trust fund (minerals mgmt)	$105.7	$118.5
Tax forfeit	$602.3	$719.7
Tax forfeit (minerals mgmt)	$120.5	$143.9
Consolidated conservation	$238.1	$302.0
Consolidated conservation (minerals mgmt)	$47.6	$60.4
Other land classes	$1.7	$32.2
Other land classes (minerals mgmt)	$0.3	$0.3
Totals	$1,644.4	$1,969.7

SOURCE: MN DEPARTMENT OF REVENUE, MN DNR

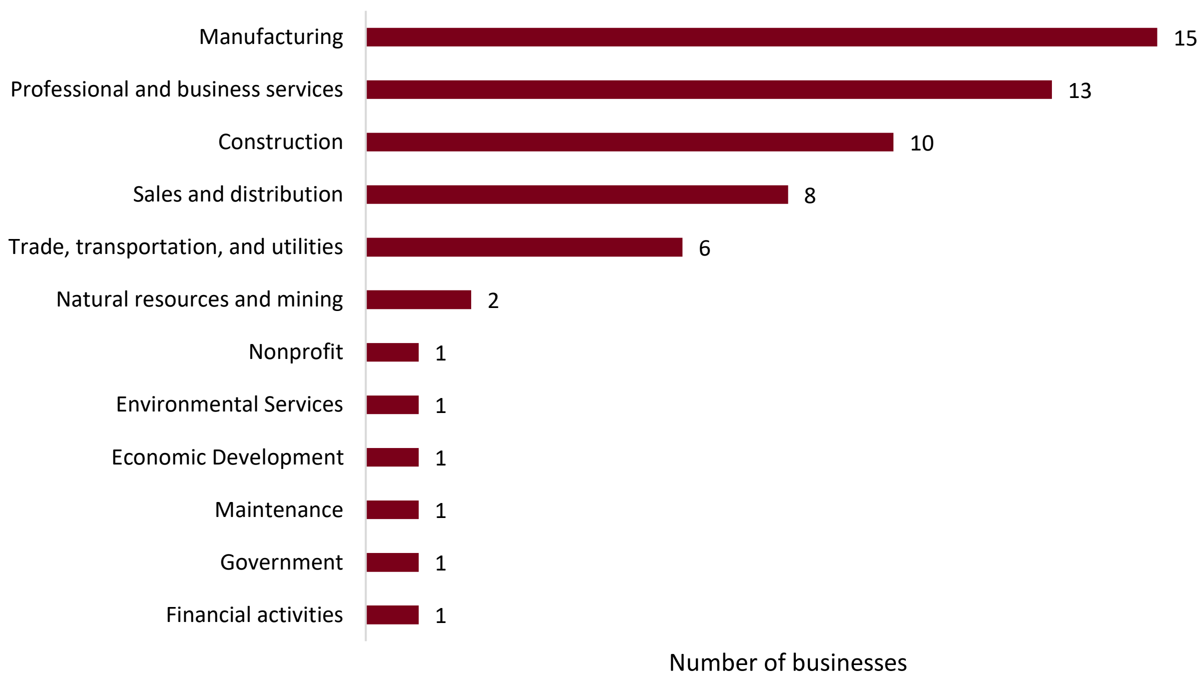
V. Survey of Mining Related Firms

The results of a survey distributed to mining-related businesses are provided in this section. The BBER produced the survey to understand how the mining industry has impacted the economic performance of mining-related firms in the region and to gauge the confidence of businesses that support the industry locally.

In total, 82 businesses responded to the survey. However, not all businesses completed each question. Any respondent who answered at least one question related to their business performance was included in the analysis, which in total includes 60 businesses. For each question shown, the number of respondents is provided in parentheses following the caption. (These are not always 60.)

Respondents were asked to identify the sector in which their business was classified (Figure 17). Manufacturing (n=15), professional and business services (n=13), and construction (n=10) were the most common responses. It is interesting to note that many sectors which aren't normally associated with the mining industry were represented among survey respondents, including government, nonprofit, and financial activities.

Figure 17. What sector is your business in? (n=60)

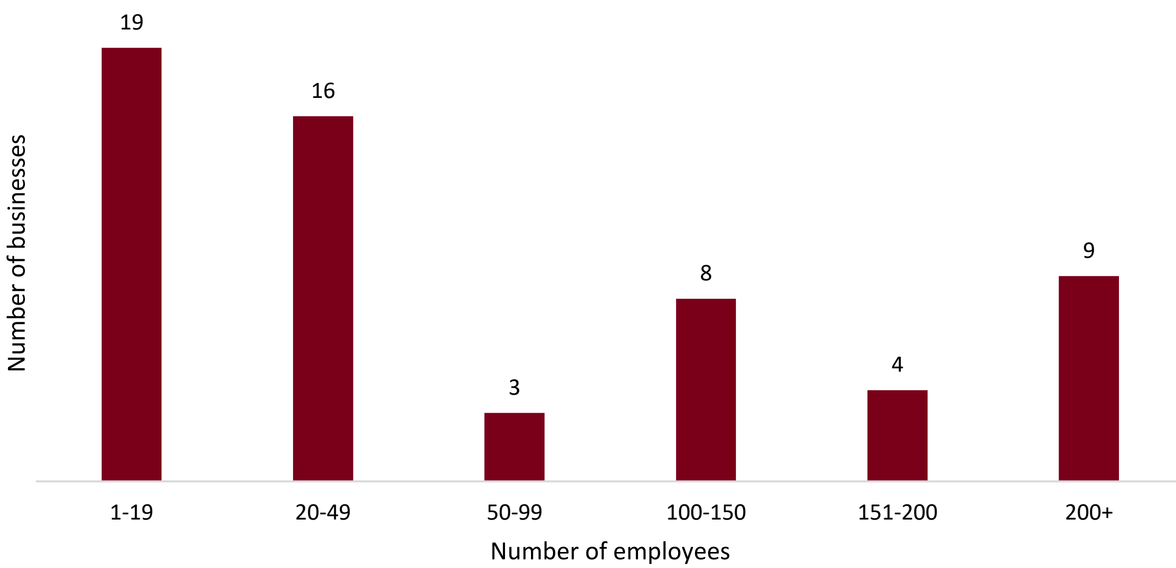


SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

Respondents were then asked if their company was the headquarters or a branch location. Of the 59 respondents, 63% (n=38) indicated that their location was the headquarters, while 37% (n=22) stated it was a branch location. For those who stated that their business was a branch location, they were asked to specify the location of their headquarters. Some of the most common locations were in the Twin Cities metro area (n=9) or in the Twin Ports (n=3). Another five businesses indicated their headquarters was located somewhere on the Iron Range (Virginia, Eveleth, Chisolm, or Hibbing). And nine businesses had a headquarters located in another state or country.

Businesses were also asked how many employees they currently have at their specific location. Figure 18 shows that more than half of all surveyed businesses have fewer than 50 employees, with 19 businesses reporting fewer than 20 employees at their specific location, and 16 businesses reporting 20-49 employees. The third most common response was 200+ employees, with nine businesses selecting that option.

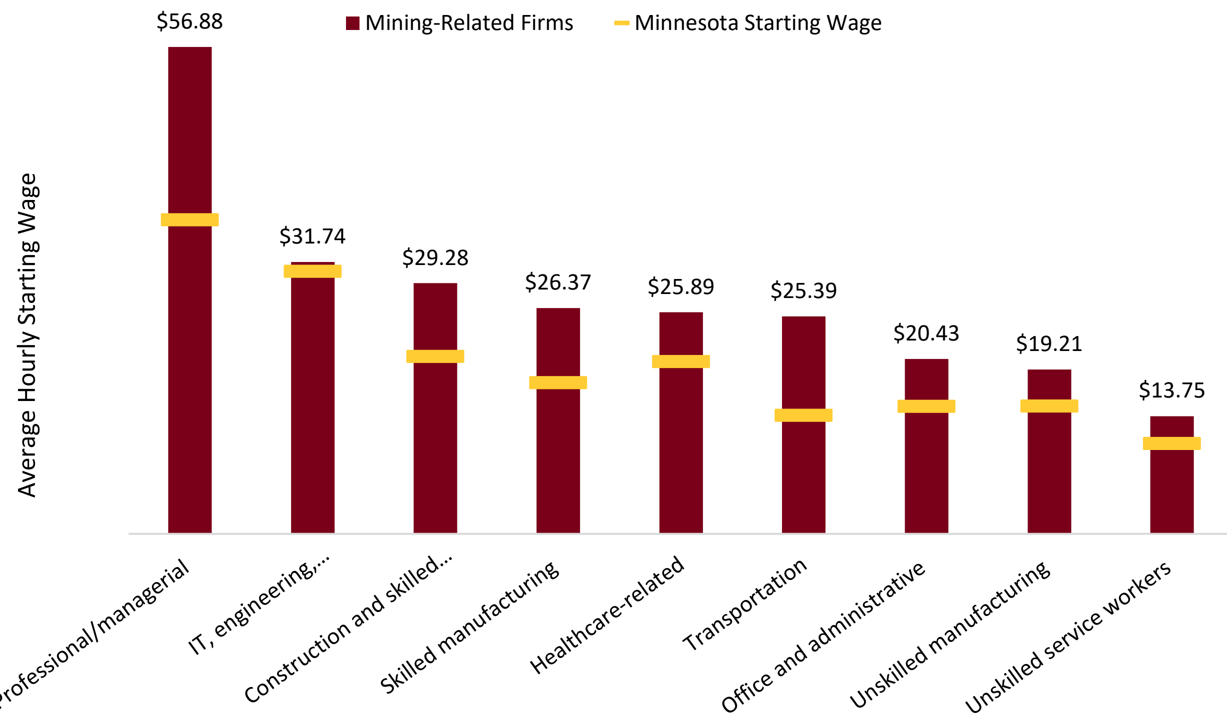
Figure 18. How many employees does your business have at your specific location? (n=59)



SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

Next, the survey asked businesses to provide the average hourly starting wage they pay to employees by specific type of occupation. Figure 19 below shows the average wage for each occupation for all businesses that provided a response. In addition, the graph shows the average hourly wage for the equivalent occupation statewide, taken from the Occupational Employment Statistics (OES) database.[18] The average wage for the 25th percentile of workers was used to represent a typical starting wage in that occupation. Among surveyed businesses, the highest paid occupations are professional/managerial ($57/hour); IT, engineering, scientists, and technicians ($32); and construction and skilled maintenance ($29).[19] It is notable that, for every occupation, the average hourly starting wage reported by survey respondents was higher than the 25th percentile hourly wage for the same position statewide. In many cases, the difference was significant. For example, the average hourly starting wage for transportation workers employed by surveyed businesses was $25.39, while the average wage for the 25th percentile of workers statewide in that occupation was only $13.85.

Figure 19. What is the average hourly starting wage paid to employees in each category? (n=48)



SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

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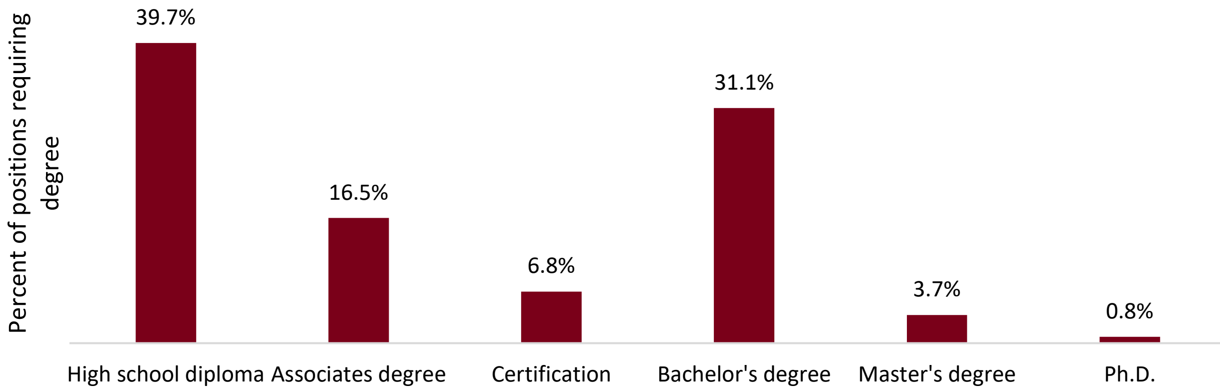
[18] https://mn.gov/deed/data/data-tools/oes/

[19] Equivalent positions used for comparison are as follows: Management Occupations (used as equivalent position for Professional/managerial); Computer and Mathematical Occupations (IT, engineering, scientists, and technicians); Construction and Extraction Occupations (Construction and skilled maintenance); Installation, Maintenance, and Repair Occupations (Skilled manufacturing); Healthcare Practitioners and technical Occupations/Healthcare Service Occupations (Healthcare-related); Transportation and Material Moving Occupations (Transportation); Office and Administrative Support Occupations (Office and administrative); Production Occupations (Unskilled manufacturing); Food Preparation and Serving Related Occupations (Unskilled service workers)

Respondents were then asked to provide a percentage of the positions that require a specific degree as a final degree completed (see Figure 20). To avoid double counting, the survey provided an example for respondents: "If half of the positions at your company have a minimum education requirement of a high school diploma, while the other half requires a minimum of a bachelor's degree, you would type '50' in both of those categories."

Figure 20. Of all positions at your company, what percentage of positions requires the following degrees (as a final degree completed)? Total should sum to 100% (n=47)

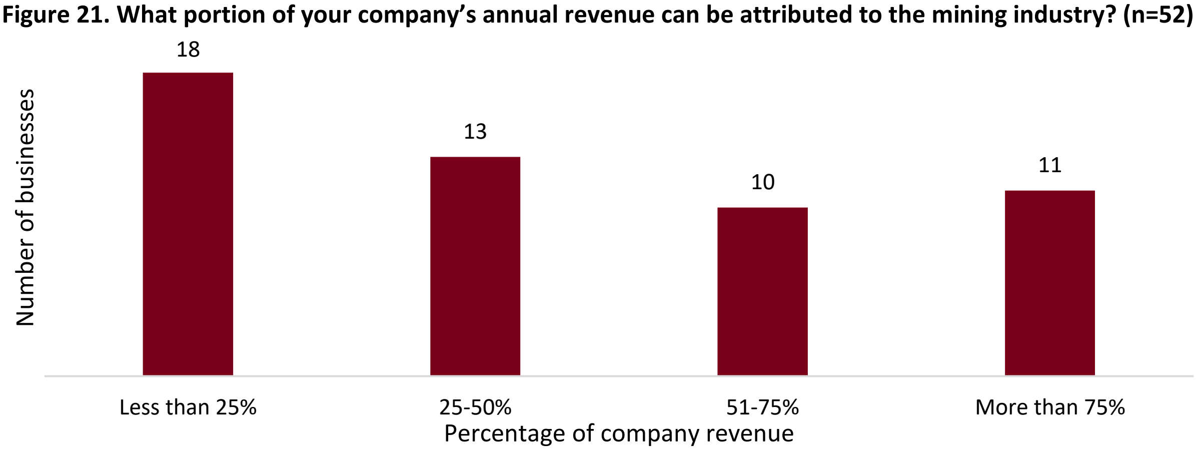


SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

Figure 20 shows the percentage of positions requiring each degree. As shown in the figure, roughly 40% of all the positions at the surveyed businesses require a high school diploma/GED as a final degree completed. Just over 30% of all positions require a bachelor's degree. Less than 5% of all positions require a master's or Ph.D.

Respondents were also asked what portion of their company's annual revenue can be attributed to the mining industry (see Figure 21). While the largest number of respondents (n=18) stated that less than 25% of their annual revenue could be attributed to the mining industry, it is notable that more than 40% of respondents (21 of 52) stated that more than half of their annual revenue was directly attributable to the mining industry. These companies were categorized as having "more than 50% revenue from mining." Later in the chapter, results for this group are compared with those having less than 50% revenue from mining to see if there are significant differences in company outlook and business confidence.

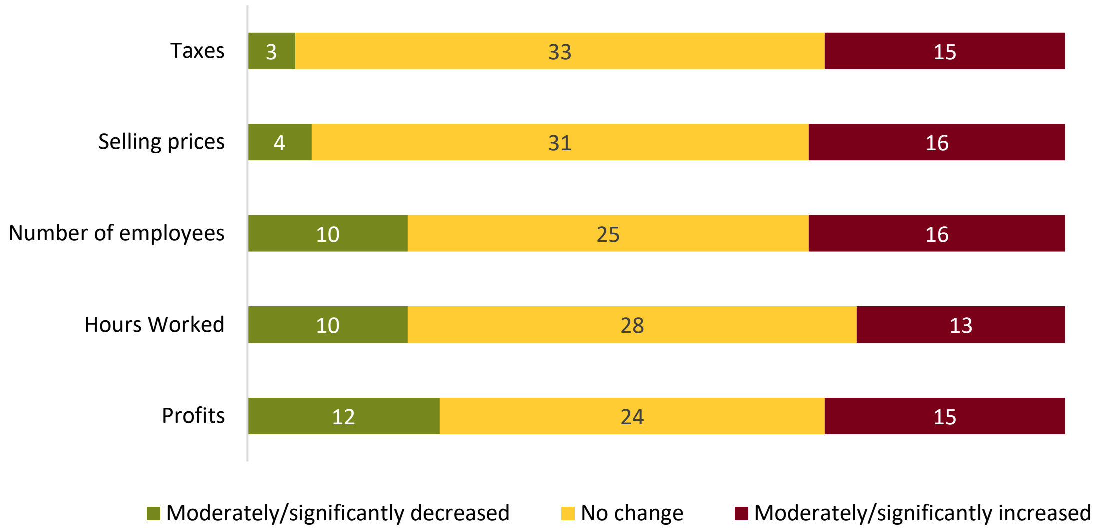
Figure 21. What portion of your company's annual revenue can be attributed to the mining industry? (n=52)



SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

Next, respondents were asked a series of questions relating to how certain factors were affected in the past six months and how those same factors will be affected in the next six months. The factors include average hours worked, number of employees, selling prices, profits, and taxes. The level at which these factors were affected was scaled from "significantly decreased," "moderately decreased," "no change," "moderately" "increased," and "significantly increased." Each respondent was asked to state the level at which the factor changed.

Figure 22. How did the following factors change, if at all, for your business in the past six months? (n=52)

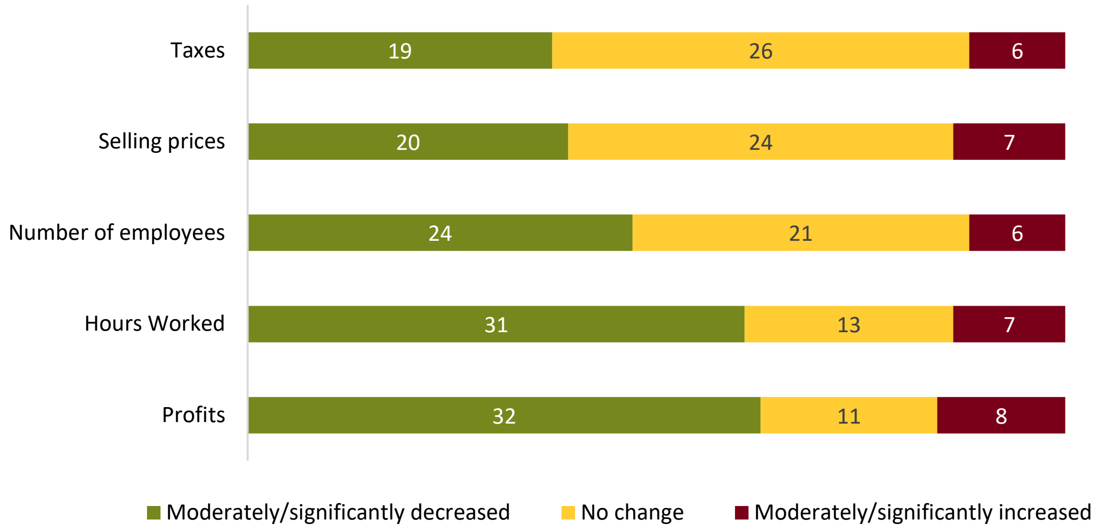


Source: BBER Survey of Mining-Related Businesses

Figure 22 shows how those factors have changed for businesses over the past six months. For ease of interpretation, "moderately increased" and "significantly increased" responses were grouped, as were "moderately decreased" and "significantly decreased." According to the results, the majority of respondents reported no change for all of the factors over the past six months. For example, 33 respondents stated that taxes had not changed in the past six months, while 24 respondents stated that their profits had not changed. For those who reported some type of change in their businesses, most indicated that the factors had moderately or significantly increased over the past six months, with selling prices (n=16) and number of employees (n=16) having the highest number of positive responses. Fewer businesses reported negative changes over the past six months, although 12 businesses did report a moderate or significant decrease in profits.

Figure 23 on the following page provides the responses for how those factors are expected to change over the next six months. As shown in the figure, many businesses are feeling pessimistic about the coming business conditions. The majority of respondents are expecting moderate or significant decreases in profits (n=32), hours worked (n=31), and number of employees (n=24) in the coming months. Fewer than ten businesses expect moderate or significant increases in any of the five business factors listed.

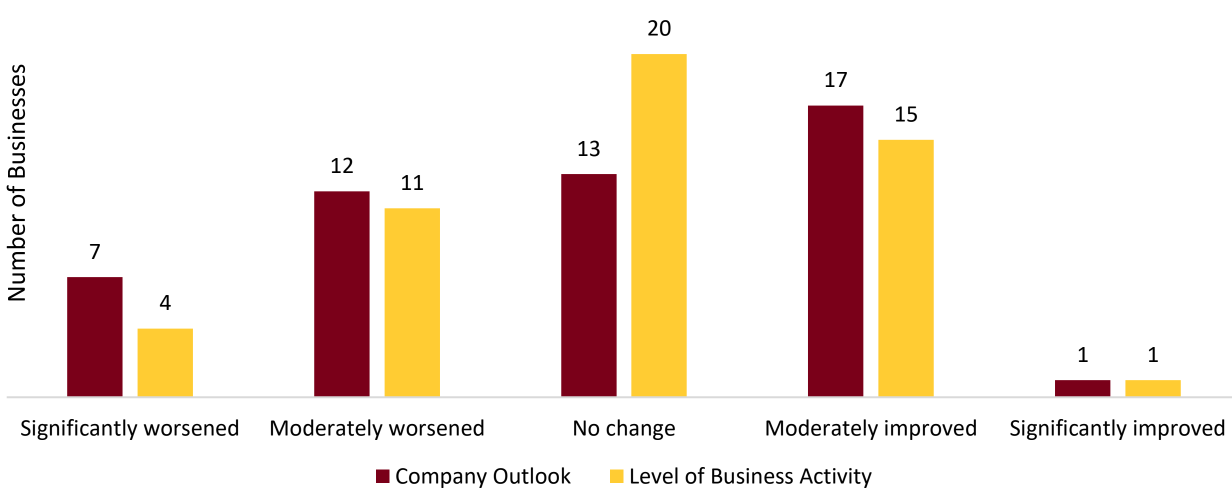
Figure 23. How will the following factors change, if at all, for your business in the next six months? (n=51)



SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

Respondents were then asked how general business conditions had changed in the last six months pertaining to company outlook and level of business activity. Figure 24 has a total of 50 responses. In terms of company outlook, 17 businesses stated that their company outlook had moderately improved over the past six months, 13 indicated no change, and 12 reported a moderate decrease in their company outlook. In terms of the level of business activity over the past six months, 20 businesses indicated no change, while 15 stated that their business activity had moderately improved, and 11 reported that it had moderately worsened.

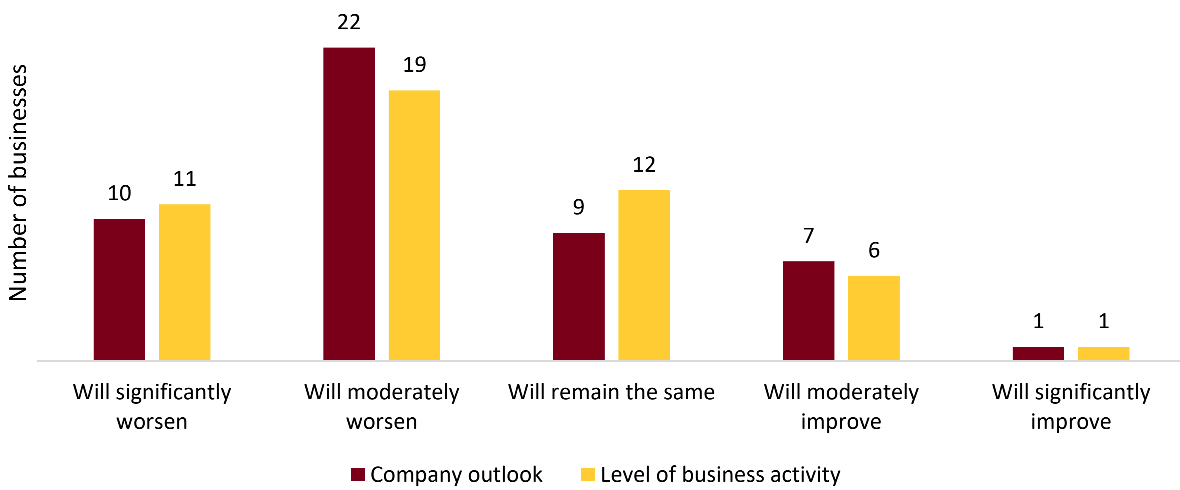
Figure 24. How did the general business conditions change, if at all, for your business in the last six months? (n=50)



SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

Respondents were also asked to predict changes in their company's general business conditions over the coming six months (Figure 25). Again, many businesses reported feeling pessimistic about future conditions. Of the 50 businesses who responded to the question, 22 respondents predicted their company outlook would moderately worsen, while 10 businesses predicted it would significantly worsen. When asked about their level of business activity, 19 respondents predicted it would moderately worsen, 11 said significantly worsen, and 12 predicted no change. For both questions, only one business predicts a "significant improvement" in business conditions and company outlook.

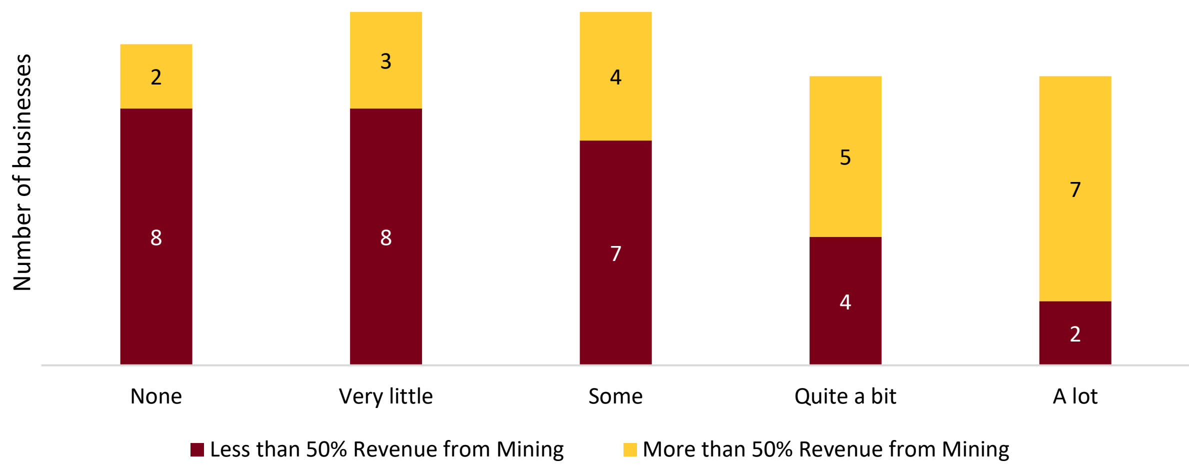
Figure 25. How will the general business conditions change, if at all, for your business in the next six months? (n=50)



SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

Respondents were then asked how much of the change in their business activity in the past six months was the result of region's mining industry. Figure 26 shows the results of that question with responses broken out by whether the businesses receive more than 50% of their annual revenue from the mining industry. In general, responses were distributed fairly evenly among the possible choices. However, it is not surprising that businesses that are more heavily dependent on the mining industry were more likely to report that "quite a bit" or "a lot" of the change in their business activity was due to the region's mining industry.

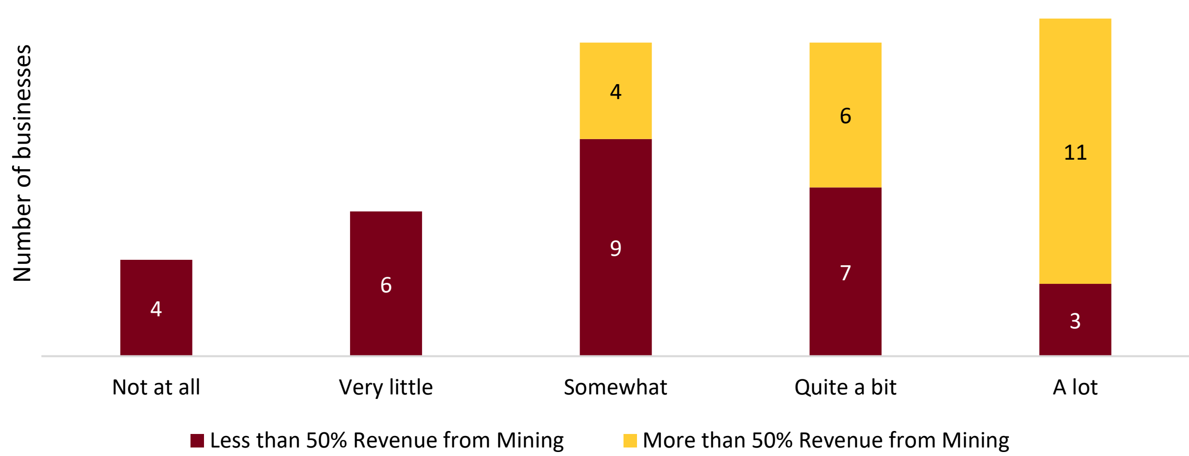
Figure 26. How much of the change in business activity over the past six months was the result of the region's mining industry? (n=50)



Source: BBER Survey of Mining-Related Businesses

Next, respondents were asked to evaluate how much of their business outlook depends on their expectations for the region's mining industry. Figure 27 shows that, not surprisingly, businesses that receive more than 50% of their annual revenue from the region's mining industry were much more likely to base their future business outlook on their expectations for the region's mining industry.

Figure 27. How much does your general business outlook for the next six months depend on your expectations for the region's mining industry? (n=50)

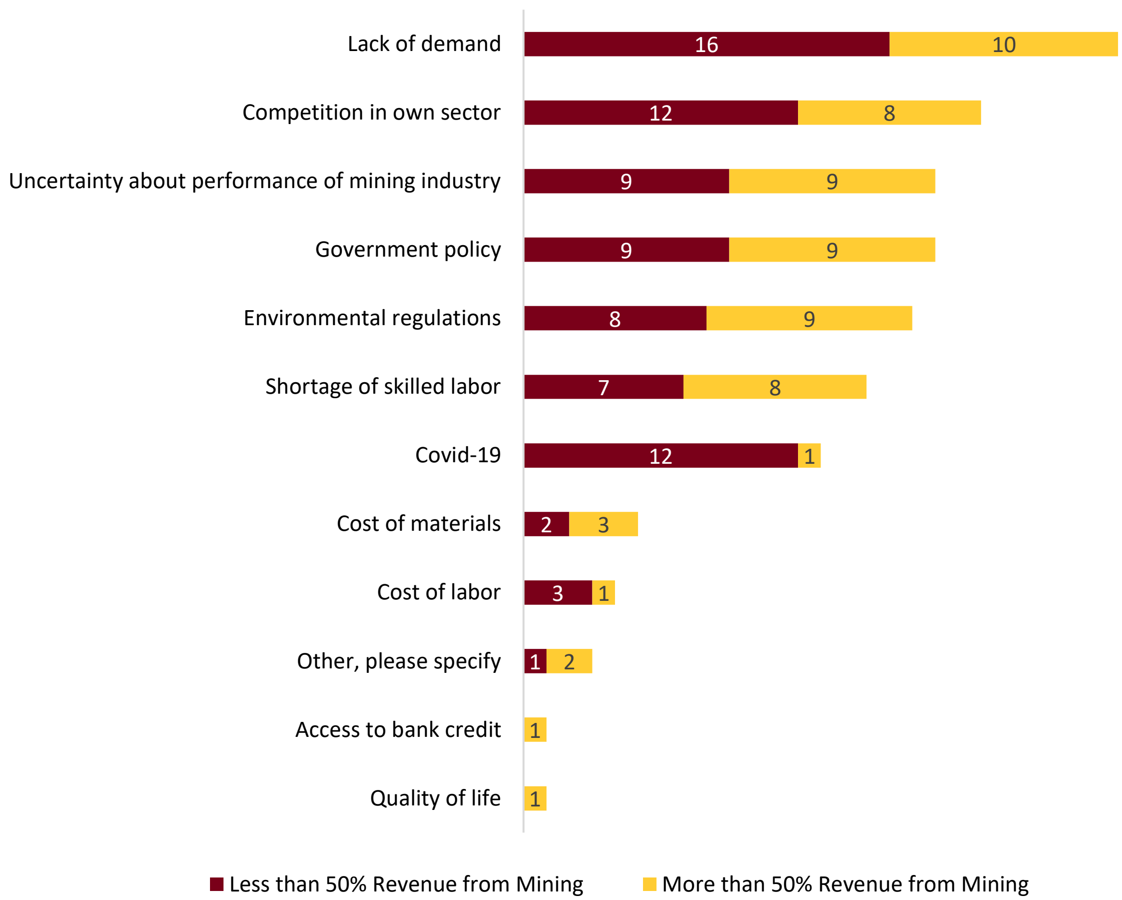


Source: BBER Survey of Mining-Related Businesses

Lastly, respondents were asked what factors may be limiting their ability to increase business activity. Businesses were allowed to select multiple factors. Figure 28 shows that a "lack of demand" (n=26), "competition" (n=20), "uncertainty about the performance of the mining industry" (n=18), and "government policy" (n=18) were top concerns among surveyed businesses. Businesses were also given the option to write in other concerns in the survey. Of those that wrote in a specific concern, 13 mentioned the covid-19 pandemic as a factor they felt was limiting their ability to increase business activity. Since there were a significant amount of those answers, covid-19 was added to the chart as an additional category.

The figure also shows the differences in responses between businesses that receive more than 50% of their revenue from the mining industry versus those that do not. Interestingly, businesses that are heavily dependent on the mining industry were less likely to mention covid-19 as a factor in their response. This could be due to the timing of the survey, which was distributed during the early stages of the outbreak, when news was still just emerging on the impacts of the virus. Or, it could be that businesses that are heavily dependent on mining were deemed "essential" and are therefore less concerned about the long-term effects of the virus on that industry in particular.

Figure 28. What factors, if any, are limiting your ability to increase business activity? Select all that apply (n=59)



SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

VI. Conclusions

The ferrous and nonferrous mining firms have provided significant economic growth for the study areas of the Arrowhead Region with Douglas County, Wisconsin, and the state of Minnesota.

For this study, representatives from 12 of the 13 surveyed mines provided data. The year 2019 was used as the baseline with the study estimating outcomes of the next five years (2020-2024).

FERROUS: In 2019, nearly 4,000 jobs were directly attributable to ferrous mining, while an additional 4,960 were created in other parts of the regional economy through indirect and induced effects in the Arrowhead Region. Over the five-year study period, ferrous mines report that the number of jobs is expected to remain stable.

The study shows that these mines should experience a 1% annual increase in capital and construction spending, progressing from $113 million to $119 million, as well as an annual increase in operating expenses of 1%. It is projected that in 2024, the ferrous mining industry will contribute $788 million in labor income (wages and benefits), roughly $1.5 billion in value added, and $3.29 billion in output to the region's economy.

NONFERROUS: Nonferrous mining operations employed 46 people directly in 2019, with 71 additional jobs indirectly supported. Operating expenses for the industry were more than $63 million. In total, the non-ferrous mining industry added more than $10 million in labor income, $62 million in value added spending, and $77.5 million in output to the study area's economy in 2019.

By the year 2024, one of the four non-ferrous mines is expected to be operational, and one to two more will have proposed projects in the environmental review phase. This growth is anticipated to produce a 950% increase in direct employment (436 jobs) by 2024, $253 million in operating expenses, and $38 million in wages and benefits. By 2024, it is projected that the nonferrous mining industry could contribute $45 million in labor income, $210 million in value added, and more than $300 million in output to the eight-county study area's economy.

MINNESOTA: Economic impacts from ferrous and nonferrous mining are greater when using the state of Minnesota as the study area

In 2019, the baseline year, ferrous and nonferrous mining combined contributed more than 11,600 jobs, $1.0 billion labor income, $2.1 billion in value added spending, and nearly $4.0 billion to the state's economy. By 2024, this study shows that the impacts from the ferrous and nonferrous mining industry are anticipated to support 11,200 jobs, $1.1 billion in labor income, and $4.1 billion in output statewide.

Additionally, this study included a survey of businesses that depend upon and support the mining industry. Results show that these businesses tend to have higher-than-average wages as compared to the state's average wage. Surveyed businesses were very positive about recent business performance but cautious about the future.

Appendix A. Definitions Used in this Report

Ferrous: Of, relating to, or containing iron.

Nonferrous: Not containing, including, or relating to iron.

Capital expenditures: An amount paid out that creates a long-term benefit (as one lasting beyond the taxable year).

Proprietor income: The current-production income of sole proprietorships, partnerships, and tax -exempt cooperatives. Excludes dividends, monetary interest received by nonfinancial business, and rental income received by persons not primarily engaged in the real estate business.

Taconite: A flint-like rock high enough in iron content to constitute a low-grade iron ore.

Ore: A naturally occurring mineral containing a valuable constituent (such as metal) for which it is mined and worked.

Long ton: A unit of weight equal to 2,240 pounds.

Ad Valorem: Imposed at a rate percentage of value.

Royalties: A share of the product or profit reserved by the grantor especially of an oil or mining lease.

Metric ton: A unit of mass equal to 1,000 kilograms or 2,205 pounds.

Economic super sectors: One of the 20 major areas of economic activity in North American Industry Classification System (NAICS).

Sensitivity analysis: This model is also referred to as "what-if" or simulation analysis. It is a way to predict the outcome of a decision given a certain range of variables.

Employee compensation: Total payroll cost of the employee including wages and salaries, all benefits (e.g., health, retirement) and payroll taxes.

Labor income: All forms of employment income, including employee compensation (wages and benefits) and proprietor income.

Direct effect: Initial new spending in the study area resulting from the project.

Economic impact: The effect of an event on the economy in a specified area, ranging from a single neighborhood to the entire globe. It usually measures changes in business revenue, business profits, personal wages, and/or jobs.

Employment: Estimates (from U.S. Department of Commerce secondary data) are in terms of jobs, or headcount, not in terms of full-time equivalent employees. Therefore, these jobs may be temporary, part-time, or short-term.

Gross Domestic Product (GDP): The market value of all goods and services produced in a nation in a certain time frame (typically a year)

Gross output: The value of local production required to sustain activities.

Gross Regional Product (GRP): The market value of all goods and services produced in a region in a certain time frame (typically a year)

Growth rates: The change in the measure of a variable, over time, compared to a previous measure of the variable

Indirect effect: The additional inter-industry spending from the direct impact. For example, increased sales in linen supply firms resulting from more motel sales would be an indirect effect of visitor spending.

Induced effect: The impact of additional household expenditures resulting from the direct and indirect impact. For example, motel employees spend the income they earn from increased tourism on housing, utilities, groceries, and other consumer goods.

Industry: A group of businesses based on their related primary business activities

Labor income: All forms of employment income, including employee compensation (wages and benefits) and proprietor income.

Leakages: Any payments made to imports or value added sectors that do not in turn re-spend the dollars within the region.

Location Quotient (LQ): A measure industry concentration compared to another geographic location (e.g. the nation). A LQ of less than 1 indicates that the industry is less concentrated in a region as compared to the national economy, and a LQ higher than 1 means that it is more concentrated

Margins: The value of wholesale and retail trade services provided in delivering commodities from producers' establishments to purchasers. Margin is calculated as sales receipts less the cost of the goods sold. It consists of the trade margin plus sales taxes and excise taxes that are collected by the trade establishment. (BEA)

Metropolitan Statistical Area (MSA): A geographical region with a relatively high population density at its core and close economic ties throughout the area. MSAs are defined by the U.S. Census Bureau

Multipliers: Total production requirements within the Study Area for every unit of production sold to Final Demand. Total production will vary depending on whether Induced Effects are included and the method of inclusion. Multipliers may be constructed for output, employment, and every component of value added.

Owner-occupied dwellings: An IMPLAN industry that represents imputed rental activity by homeowners. In this case, market rents are used to estimate the value to the property owner.

Value added: A measure of the impacting industry's contribution to the local community; it includes wages, rents, interest, and profits.

Appendix B. Input-Output Modeling

Data Sources

This study uses the IMPLAN Group's input-output modeling data and software (IMPLAN version 3.1). The IMPLAN database contains county, state, zip code, and federal economic statistics, which are specialized by region, not estimated from national averages. Using classic input-output analysis in combination with region-specific Social Accounting Matrices and Multiplier Models, IMPLAN provides a highly accurate and adaptable model for its users. IMPLAN data files use the following federal government data sources:

- U.S. Bureau of Economic Analysis Benchmark Input-Output Accounts of the U.S.
- U.S. Bureau of Economic Analysis Output Estimates
- U.S. Bureau of Economic Analysis Regional Economic Information Systems (REIS) Program
- U.S. Bureau of Labor Statistics Covered Employment and Wages (CEW) Program
- U.S. Bureau of Labor Statistics Consumer Expenditure Survey
- U.S. Census Bureau County Business Patterns
- U.S. Census Bureau Decennial Census and Population Surveys
- U.S. Census Bureau Economic Censuses and Surveys
- U.S. Department of Agriculture Census

IMPLAN data files consist of the following components: employment, industry output, value added, institutional demands, national structural matrices, and inter-institutional transfers. Economic impacts are made up of direct, indirect, and induced impacts. The data used was the most recent IMPLAN data available, which is for the year 2017. All data are reported in 2018 dollars.

Economic impacts are made up of direct, indirect, and induced impacts. The following are suggested assumptions for accepting the impact model: IMPLAN input/output is a production-based model, and employment numbers (from U.S. Department of Commerce secondary data) treat both full- and part-time individuals as being employed.

Regional data for the impact models for value added, employment, and output are supplied by IMPLAN for this impact. Employment assumptions were provided to the model to enable construction of the impact model. From these data, social accounts, production, absorption, and byproducts information were generated from the national level data and were incorporated into the model. All region study definitions and impact model assumptions were agreed on before work with the models began.

Modeling Assumptions

The following are suggested assumptions for accepting the impact model:[20]

Backward-Linkages: IMPLAN is a backward-linkage model, meaning that it measures the increased demand on industries that produce intermediate inputs as a result of increases in production. However, if an industry increases production, there will also be an increased supply of output for other industries to use in their production. Models that measure this type of relationship are called forward-linkage models. To highlight this

[20] Bureau of Economic Analysis https://www.bea.gov/papers/pdf/WP_IOMIA_RIMSII_020612.pdf

concept, consider the example of a new sawmill beginning its operations in a state. The increased production as a result of the sawmill's operations will increase the demand for lumber, creating an increase in activity in the logging industry, as well as other supporting industries such as electric transmission and distribution. IMPLAN's results will include those impacts, but will exclude effects on any wood product manufacturers located nearby that might be impacted by the newly available supply of lumber.

Employment: IMPLAN input-output is a production-based model, and employment numbers (from U.S. Department of Commerce secondary data) treat both full- and part-time individuals as being employed.

Fixed prices and no supply constraints: IMPLAN is a fixed-price model. This means that the modeling software assumes no price adjustment in response to supply constraints or other factors. In other words, the model assumes that firms can increase their production as needed and are not limited by availability of labor or inputs and that firms in the local economy are not operating at full capacity.

Fixed production patterns: Input-output (I-O) models assume inputs are used in fixed proportion, without any substitution of inputs, across a wide range of production levels. This assumption assumes that an industry must double its inputs (including both purchases and employment) to double its output. In many instances, an industry will increase output by offering overtime, improving productivity, or improvements in technology.

Industry homogeneity: I-O models typically assume that all firms within an industry have similar production processes. Any industries that fall outside the typical spending pattern for an industry should be adjusted using IMPLAN's Analysis-by-Parts technique.

Leakages: A small area can have a high level of leakage. Leakages are any payments made to imports or value added sectors, which do not in turn re-spend the dollars within the region. What's more, a study area that is actually part of a larger functional economic region will likely miss some important linkages. For example, workers who live and spend outside the study area may actually hold local jobs.

Appendix C. Taxes, School Support, and Minnesota's Mineral Revenue

This appendix reproduces secondary data sources for tax impact findings presented in the report, including sources for:

1. Taconite Production Tax
   A severance tax paid on concentrates or pellets produced by the taconite companies. The rate is determined by multiplying the prior year's rate by the percent change in the Gross Domestic Product Implicit Price Deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. The rate for 2018 production was $2.751 per taxable ton. The tax revenue is distributed to various cities, townships, counties, and school districts within taconite mining areas.
2. Occupation Tax
   All mining companies, ferrous or nonferrous, are subject to the Minnesota Occupation tax. This is similar to a corporate income tax. The tax revenue is credited to the general fund.
3. Minnesota taxes levied on mining related activity
4. School district component of production tax
5. Various Ad Valorem and property taxes
   Lands that include un-mined taconite and iron ore are subject to the ad valorem and property taxes. Lands and structures actively used for taconite production are exempt from the ad valorem tax and are subject to the production tax instead of the property tax.

1. Taconite Production Tax

Distribution by Fund/Recipient*

Production Year	2014	2015	2016	2017	2018
City and Township (Mining/Concentrating)	$2,125,786	$2,062,198	$1,940,927	$1,867,524	$1,958,947
Cities and Towns (Mining Effects)	1,789,718	1,699,835	1,634,030	1,614,524	1,692,584
Taconite Municipal Aid Account	6,589,995	6,475,364	5,952,563	5,707,956	5,997,930
Taconite Municipal Aid — Special City/ Township Fund	157,055	157,055	157,055	157,055	157,055
Township Fund	1,281,952	1,220,270	1,089,757	1,060,065	1,174,750
County Fund	7,114,672	7,313,951	7,364,487	7,267,637	7,133,755
County Road and Bridge Fund	4,605,134	4,405,415	3,982,835	3,833,944	4,131,231
Regular School Fund	10,634,759	10,165,680	9,173,173	8,823,468	9,521,706
Taconite School Fund (Mining/Concentrating)	1,604,891	1,539,803	1,423,998	1,382,880	1,450,450
School Building Maintenance Fund	1,531,417	1,420,003	1,296,839	1,284,390	1,397,372
Taconite Levy Shortfall Payment	–	–	369,785	284,267	0
Taconite Referendum Fund	6,178,596	6,178,596	6,178,596	6,178,596	6,178,596
School Bond Payments	2,608,285	2,606,617	2,513,481	1,379,870	773,388
Taconite Railroad Aid (total for cities, towns, counties, schools)	2,482,454	2,482,454	2,482,454	2,482,454	2,482,454
Taconite Property Tax Relief Fund	13,724,064	13,063,708	11,296,703	11,064,355	12,576,381
Iron Range Resources & Rehabilitation (IRRR) (Indexed)	3,803,209	3,623,063	3,241,899	3,151,470	3,481,195
IRRR (Fixed)	1,252,520	1,252,520	1,252,520	1,252,520	1,252,520
Taconite Economic Development Fund (TEDF)	10,598,678	10,122,388	700,000	8,430,530	9,224,587
Taconite Environmental Protection Fund (TEPF)	12,993,550	11,392,335	13,619,534	7,508,487	10,937,237
TEPF Producer Grants and Loans	3,232,931	3,138,053	2,937,302	2,866,569	3,007,800
Douglas J. Johnson Economic Protection Trust Fund (DJJ)	5,633,213	5,036,933	6,189,981	2,962,180	4,949,847
Iron Range Higher Education Account	1,971,848	1,876,970	1,676,219	1,605,486	1,746,717
IRRR Educational Revenue Bonds	3,993,464	3,990,434	3,992,134	3,990,034	3,990,384
Iron Range School Consolidation...Acct–	4,916,476	5,552,584	5,860,104	7,453,570	8,377,087
Hockey Hall of Fame	78,874	75,079	67,048	64,218	69,868
Range Association of Municipalities and Schools (RAMS)	142,200	135,963	123,303	118,494	126,006
Excess School Levy Replacement Money**	(633,976)	(97,157)	0	0	(681,480)
Levy Replacement Money to Cities/Townships**	633,976	97,157	0	0	681,480
Unallocated School Levy Replacement Money***	–	–	(255,023)	0	0
School Money to Cities and Towns for Pay 2018 Levy Reduction***	–	–	255,023	0	0
Total	**$111,045,741**	**$106,987,271**	**$96,516,727**	**$93,792,543**	**$103,789,847**

Dash indicates not eligible.

* The Production Tax is collected and distributed in the year following production. For example, the 2018 Production Tax was collected and distributed during 2019.

** If the combined total of the School District Fund, Regular School Fund and Taconite Railroad exceeds the levy replacement amount, the excess is transferred to cities and townships within the district.

*** If a school district does not allocate all of its eligible levy replacement amount, the unallocated amount is used to reduce the following year's levy for cities and towns within the district.

SOURCE: MINNESOTA MINING TAX GUIDE, 2019, PG 12

2. Occupation Tax

Occupation Tax by Company*

	2011 (000s)	2012 (000s)	2013 (000s)	2014 (000s)	2015 (000s)	2016 (000s)	2017 (000s)	2018 (000s)
ArcelorMittal	$50	$700	$250	$460	$0	$0	$0	$500
Hibbing Taconite	4,550	4,360	3,165	2,320	2,300	2,170	2,030	3,400
Northshore	2,015	1,545	360	1,350	490	600	1,260	1,770
U.S. Steel	13,400	12,187	9,320	10,622	3,150	1,829	9,186	11,732
United Taconite	2,040	3,000	2,000	1,650	430	0	575	1,680
Total – Taconite	**$22,055**	**$21,792**	**$15,095**	**$16,402**	**$6,370**	**$4,599**	**$13,051**	**$19,082**
Mesabi Nugget	$0	$0	$0	$0	$0	$0	$0	$0
Total – DRI	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Magnetation	$0	$25	$682	$0	$0	$0	$0	$0
Mining Resources	0	0	0	0	0	0	0	0
Total – Natural Ore	**$0**	**$25**	**$682**	**$0**	**$0**	**$0**	**$0**	**$0**
Total	**$22,055**	**$21,817**	**$15,777**	**$16,402**	**$6,370**	**$4,599**	**$13,051**	**$19,082**

* Amount paid by May 1 each year. Does not include adjustments.
** The Occupation Tax by Company total shown for 2016 in the 2017 Mining Tax Guide was incorrect. See breakdown above for correct totals.

SOURCE: MINNESOTA MINING TAX GUIDE, MINNESOTA DEPARTMENT OF REVENUE, 2019, PG. 25

3. Minnesota taxes levied on mining related activity

Minnesota Taxes Levied on Mining-Related Activity

Production Years	Unmined Taconite Tax	Use Tax (net)	Production Tax	Occupation Tax[1]	Railroad Gross Earnings Tax[2]	Total Taxes	Total Tons Produced[3]	Total Taxes per Ton
2009	238,274	(2,835,766)	74,255,473	340,000	9,612	72,007,593	17,079,106	4.22
2010	239,518	17,101,895	72,441,708	12,617,000	10,137	102,410,258	35,122,570*	2.92
2011	228,517	24,673,718	73,287,396	22,055,000	10,725	120,255,356	39,120,810*	3.07
2012	297,390	2,579,876	94,204,746	21,817,000	13,632	118,912,644	39,680,723	3.00
2013	279,594	24,636,760	101,214,301	15,776,560	34,082	141,941,297	38,481,228	3.69
2014	291,298	10,873,758	102,369,609	16,401,555	30,352	129,966,572	39,835,029	3.26
2015	299,722	(11,104,636)**	98,728,605	6,370,000	26,466	94,320,157	32,664,481	2.89
2016	296,597	(13,958,786)**	89,141,361	4,599,000	20,600	80,558,968	29,087,625	2.77
2017	281,460	4,857,150	86,728,401	13,051,000	15,394	104,933,405	37,719,847	2.78
2018	**288,758**	**8,664,249**	**96,104,298**	**19,082,000**	**11,000**	**124,150,305**	**39,098,876**	**3.18**

Note:
Historical data is available on our website.
Taxes often levied (assessed) for one year and paid in the following year.
1 Amount paid (unaudited). Does not include adjustments.
2 Taconite railroads are taxed on an ad valorem basis.
3 Tons are dry without flux .
* Includes tonnage produced by Mesabi Nugget but not taxed under Production Tax.
** The Use Tax law changed mid 2015. Manufacturers no longer pay Use Tax on equipment used in the production process. As a result, more tax was refunded than collected.

Source: Minnesota Mining Tax Guide, Minnesota Department of Revenue, 2019, pg. 26

4. School district component of production tax

2019 Distributions by Fund to School Districts

(Based on 2018 production year tax revenues)

School Districts	Taconite School Fund $0.0343	Regular School Fund $0.2472	Taconite Railroad Aid	School Bldg. Maintenance Fund $0.04	Taconite Referendum $0.213	Less Excess Money Transferred to Cities and Townships	Total by School District
001 Aitkin	---	$265,570	---	---	$62,694	($8,226)	$320,038
166 Cook County	$21,087	$71,708	$264,977	---	$91,498	($38,751)	$410,519
182 Crosby-Ironton	---	$278,307	---	---	$222,602	$0	$500,909
316 Greenway	$33,373	$972,786	---	$91,640	$372,009	($45,283)	$1,424,525
318 Grand Rapids	$0	$1,090,251	---	---	$428,400	($26,340)	$1,492,311
319 Nashwauk-Keewatin	$84,208	$330,786	---	$38,131	$268,675	($17,682)	$704,118
381 Lake Superior	$75,510	$433,968	$342,720	$81,983	$244,417	($46,701)	$1,131,897
695 Chisholm	---	$913,866	---	$79,500	$469,527	($67,438)	$1,395,455
696 Ely	---	$107,046	---	---	$213,624	($11,915)	$308,755
701 Hibbing	$302,919	$1,826,867	---	$225,389	$1,219,547	($140,133)	$3,434,589
706 Virginia	$74,754	$1,046,174	---	$212,878	$728,472	($135,063)	$1,927,215
712 Mtn. Iron-Buhl	$447,057	$390,608	---	$91,638	$349,776	($31,372)	$1,247,707
2142 St. Louis County	$141,307	$558,468	$284,841	$200,655	$429,452	($73,418)	$1,541,305
2154 Eveleth-Gilbert	$86,898	$664,562	---	$219,905	$652,570	($2,619)	$1,621,316
2711 Mesabi East	$183,337	$570,739	$214,397	$155,653	$425,333	($36,539)	$1,512,920
Total	**$1,450,450**	**$9,521,706**	**$1,106,935**	**$1,397,372**	**$6,178,596**	**($681,480)**	**$18,973,579**

Dashes indicate not eligible. $0 indicates eligible, but no payment at current valuation and production.

SOURCE: MINNESOTA MINING TAX GUIDE, MINNESOTA DEPARTMENT OF REVENUE, 2019, PG. 17

School Bond Payments

School Districts	Year Authorized[1]	Final Payment Year[2]	Payment[3]	Outstanding Balance[4]
316 Greenway	2000	2019	$144,280	$175,000
381 Lake Superior	2000	2022	355,147	1,126,839
695 Chisholm	2000	2020	273,961	533,400
Total			$773,388	$1,855,239

1 Legislative year in which taconite funding was enacted.
2 Production year from which final bond payment will be deducted.
3 Payments made from 2018 pay 2019 tax distribution.
4 Estimated portion of outstanding bond balance to be paid by taconite funds (not including interest).

SOURCE: MINNESOTA MINING TAX GUIDE, MINNESOTA DEPARTMENT OF REVENUE, 2019, PG. 18

5. Various Ad Valorem and property taxes

Ad Valorem Tax Payable on Unmined Natural Iron Ore

Year Assessed	Market Value	Payable Year	Estimated Tax Payable			Total
			Crow Wing	Itasca	St. Louis	
2009	2,347,000	2010	2,200	12,200	71,500	85,900
2010	2,345,500	2011	2,400	12,700	76,400	91,500
2011	2,341,600	2012	2,600	14,300	87,400	104,300
2012	2,485,800	2013	2,700	13,900	93,200	109,800
2013	2,492,600	2014	2,800	14,100	93,900	110,800
2014	2,501,400	2015	2,800	14,100	95,200	112,100
2015	2,490,700	2016	2,600	14,200	96,600	113,400
2016	2,476,700	2017	2,500	14,300	86,500	103,300
2017	2,495,100	2018	2,500	14,400	92,600	109,500
2018	2,495,100	2019	2,500	14,800	90,900	107,300

SOURCE: MINNESOTA MINING TAX GUIDE, MINNESOTA DEPARTMENT OF REVENUE, 2019, PG. 30

Ad Valorem Tax Assessed on Taconite Railroads

Year Payable	Assessed	St. Louis County	Lake County	Total Tax
2009	2008	2,562	6,415	8,977
2010	2009	2,319	7,293	9,612
2011	2010	2,514	7,623	10,137
2012	2011	2,460	8,265	10,725
2013	2012	2,981	10,651	13,632
2014	2013	7,286	26,796	34,082
2015	2014	6,462	23,890	30,352
2016	2015	5,770	20,696	26,466
2017	2016	4,376	16,224	20,600
2018	2017	3,086	12,308	15,394
2019	**2018**	**2,436**	**8,564**	**11,000**

SOURCE: MINNESOTA MINING TAX GUIDE, MINNESOTA DEPARTMENT OF REVENUE, 2019, PG. 31

Ad Valorem Tax on Severed Mineral Interests: Collection and Distribution

Period ending	80% retained by local government	20% payment to Indian Business Loan Account	Total collections of affected counties
Dec. 31, 2011	$444,016	$111,004	$555,020
Dec. 31, 2012	487,096	121,774	608,870
Dec. 31, 2013	452,376	113,094	565,470
Dec. 31, 2014	436,704	109,176	545,880
Dec. 31, 2015	427,756	106,939	534,695
Dec. 31, 2016	417,991	104,498	522,489
Dec. 31, 2017	513,528	128,382	641,910
Dec. 31, 2018	**386,876**	**96,719**	**483,595**

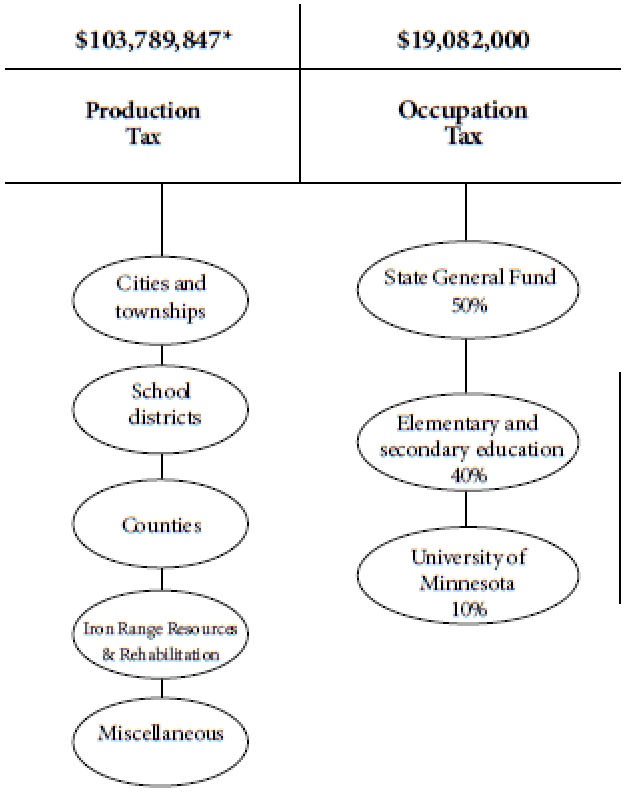
SOURCE: MINNESOTA MINING TAX GUIDE, MINNESOTA DEPARTMENT OF REVENUE, 2019, PG. 32

Ad Valorem Tax on Unmined Taconite

(Year payable)

County	2012	2013	2014	2015	2016	2017	2018	2019
Itasca	$ 0	$ 32,283	$ 32,468	$ 31,498	$ 43,838	$ 41,697	$ 45,283	$ 41,465
St. Louis	228,517	265,107	247,126	259,800	255,884	254,900	236,177	247,293
Total	**$228,517**	**$297,390**	**$279,594**	**$291,298**	**$299,722**	**$296,597**	**$281,460**	**$288,758**

SOURCE: MINNESOTA MINING TAX GUIDE, MINNESOTA DEPARTMENT OF REVENUE, 2019, PG. 28



Source: Minnesota Mining Tax Guide, Minnesota Department of Revenue, 2019, pg. 42

Mineral Revenue (in thousands), FY 2007-2018 (with bar chart).

FY	School Trust Lands	University Trust Lands	Tax-Forfeited Lands and Minerals	Other Land Classes	Special Advance Royalties	Total Revenue
2009	$16,792	$8,268	$760	$128	$324	$26,272
2010	$10,487	$2,270	$729	$252	$389	$14,127
2011	$21,448	$12,526	$859	$286	$389	$35,508
2012	$33,383	$12,496	$4,481	$245	$389	$50,994
2013	$32,176	$12,063	$4,763	$198	-$109	$49,090
2014	$53,578	$15,379	$4,418	$287	$366	$74,028
2015	$30,515	$5,937	$4,640	$228	$206	$41,526
2016	$16,429	$678	$4,862	$273	$258	$22,499
2017	$12,339	$291	$3,822	$318	$186	$16,956
2018	$15,276	$4,411	$6,177	$371	$190	$26,426
Total	$242,423	$74,319	$35,512	$2,585	$2,587	$357,426

Notes: These values include all revenue from iron ore/taconite, metallic minerals, peat, industrial minerals, M-Leases, stockpile leases, and interest. "Other land classes" include Game & Fish Fund, Volstead Lands, General Fund, Consolidated Conservation (Con-Con) lands, and Professional Services Account.

Minerals Management Account Revenue, FY2006-2018.

FY	School Trust Lands	University Trust Lands	Tax-Forfeited Lands and Minerals	Consolidated Conservation	Other	Total Revenue
2006	$2,165,778	$1,417,795	$255,107	$10,130	$1,211	$3,850,021
2007	$3,254,288	$1,991,639	$314,992	$12,562	$2,641	$5,576,122
2008	$4,154,194	$1,876,064	$104,359	$9,874	$4,495	$6,148,985
2009	$3,254,808	$1,648,862	$145,909	$13,895	$6,698	$5,070,172
2010	$2,071,993	$451,195	$136,194	$30,241	$10,124	$2,699,747
2011	$4,248,263	$2,503,345	$162,737	$23,971	$18,578	$6,956,894
2012	$6,639,050	$2,494,469	$889,380	$25,620	$19,150	$10,067,669
2013	$6,381,052	$2,408,773	$941,740	$24,896	$25	$9,756,486
2014	$10,672,739	$3,074,198	$872,350	$38,375	$10,161	$14,667,823
2015	$6,097,488	$1,186,652	$927,400	$41,685	$734	$8,253,958
2016	$3,261,192	$134,401	$966,184	$44,701	$331	$4,406,809
2017	$2,371,814	$53,885	$756,641	$54,725	$299	$3,237,364
2018	$3,028,637	$881,952	$1,231,268	$67,496	$354	$5,209,707
	$57,601,296	$20,123,230	$7,704,261	$398,171	$74,801	$85,901,757

(*)MS 93.2236: Balance above $3,000,000 in the account at FY2007 closing is returned to Trust Funds.

Request for Council Action

City Council Action

Description of Agenda Item

Strategic Initiative

Owner of Agenda Item

Introduction/Background/Justification/Key Issues/Legal

Board/Commission/Committee Actions(s):

Budgetary/Fiscal Impact

Action Requested

Attachments

None

Request for Council Action

City Council Action

Description of Agenda Item

Strategic Initiative

Owner of Agenda Item

Introduction/Background/Justification/Key Issues/Legal

Board/Commission/Committee Actions(s):

Budgetary/Fiscal Impact

Action Requested

Attachments

None

Request for Council Action

City Council Action

Description of Agenda Item

Strategic Initiative

Owner of Agenda Item

Introduction/Background/Justification/Key Issues/Legal

Board/Commission/Committee Actions(s):

Budgetary/Fiscal Impact

Action Requested

Attachments

None

Request for Council Action

City Council Action

Description of Agenda Item

Strategic Initiative

Owner of Agenda Item

Introduction/Background/Justification/Key Issues/Legal

Board/Commission/Committee Actions(s):

Budgetary/Fiscal Impact

Action Requested

Attachments

None

Request for Council Action

City Council Action

Description of Agenda Item

Approve the purchase of (5) Axon Taser Bundles from Axon in the amount of $24,048.

Strategic Initiative

Owner of Agenda Item

Steve Estey, Chief of Police, 218.929.0776, steveestey@hibbingmn.gov

Introduction/Background/Justification/Key Issues/Legal

Board/Commission/Committee Actions(s):

Budgetary/Fiscal Impact

Purchase will be made with small tools budget.

Action Requested

Approve the purchase of (5) Axon Taser Bundles from Axon in the amount of $24,048.

Attachments

1. DOC082725

Axon Enterprise, Inc.
17800 N 85th St
Scottsdale, Arizona 85255
United States
VAT: 86-0741227
Domestic:(800) 978-2737
International: +1.800.978.2737

Q-743565-45894KP

Issued: 08/25/2025

Quote Expiration: 09/15/2025

Estimated Contract Start Date: 12/01/2025

Account Number: 112005

Payment Terms: N30

Mode of Delivery: UPS-GND

Credit/Debit Amount: $0.00

SHIP TO	BILL TO	SALES REPRESENTATIVE	PRIMARY CONTACT
Hibbing Police Dept - MN 1810 12th Ave E Hibbing, MN 55746-1680 USA	Hibbing Police Dept - MN 1810 12th Ave E Hibbing MN 55746-1680 USA Email:	Kevin Pirehpour Phone: Email: kpirehpour@axon.com Fax:	Steve Estey Phone: 218-263-3601 Email: stevenestey@hibbingmn.gov Fax:

Quote Summary

Program Length	
TOTAL COST	$24,048.00
ESTIMATED TOTAL W/ TAX	$24,048.00

Discount Summary

Average Savings Per Year	
TOTAL SAVINGS	$6,142.35

Quote Unbundled Price:	**$30,192.00**
Quote List Price:	**$24,048.00**
Quote Subtotal:	**$24,048.00**

Pricing

All deliverables are detailed in Delivery Schedules section lower in proposal

Item	Description	Qty	Term	Unbundled	List Price	Net Price	Subtotal	Tax	Total
Program									
C00018	BUNDLE - TASER 7 CERTIFICATION	5	60	$100.64	$80.16	$80.16	$24,048.00	$0.00	$24,048.00
Total							$24,048.00	$0.00	$24,048.00

Delivery Schedule

Hardware

Bundle	Item	Description	QTY	Shipping Location	Estimated Delivery Date
BUNDLE - TASER 7 CERTIFICATION	100591	AXON TASER - CLEANING KIT	1	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	100623	ENHANCED HOOK-AND-LOOP TRAINING (HALT) SUIT (V2)	1	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	20008	AXON TASER 7 - HANDLE - HIGH VIS GRN LASER CLASS 3R YLW	5	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	20018	AXON TASER - BATTERY PACK - TACTICAL	6	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	20063	AXON TASER 7 - HOLSTER - SAFARILAND RH	5	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	22175	AXON TASER 7 - CARTRIDGE - LIVE STANDOFF (3.5-DEGREE) NS	25	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	22176	AXON TASER 7 - CARTRIDGE - LIVE CLOSE QUART (12-DEGREE) NS	25	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	22177	AXON TASER 7 - CARTRIDGE - HALT STANDOFF NS	10	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	22178	AXON TASER 7 - CARTRIDGE - HALT CLOSE QUART NS	10	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	22179	AXON TASER 7 - CARTRIDGE - INERT STANDOFF (3.5-DEGREE) NS	5	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	22181	AXON TASER 7 - CARTRIDGE - INERT CLOSE QUART (12-DEGREE) NS	5	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	70033	AXON - DOCK WALL MOUNT - BRACKET ASSY	1	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	71019	AXON BODY - DOCK POWERCORD - NORTH AMERICA	1	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	74200	AXON TASER - DOCK - SIX BAY PLUS CORE	1	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	80087	AXON TASER - TARGET - CONDUCTIVE PROFESSIONAL RUGGEDIZED	1	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	80090	AXON TASER - TARGET FRAME - PROFESSIONAL 27.5 IN X 75 IN	1	1	11/01/2025
BUNDLE - TASER 7 CERTIFICATION	22175	AXON TASER 7 - CARTRIDGE - LIVE STANDOFF (3.5-DEGREE) NS	10	1	11/01/2026
BUNDLE - TASER 7 CERTIFICATION	22176	AXON TASER 7 - CARTRIDGE - LIVE CLOSE QUART (12-DEGREE) NS	10	1	11/01/2026
BUNDLE - TASER 7 CERTIFICATION	22175	AXON TASER 7 - CARTRIDGE - LIVE STANDOFF (3.5-DEGREE) NS	10	1	11/01/2027
BUNDLE - TASER 7 CERTIFICATION	22176	AXON TASER 7 - CARTRIDGE - LIVE CLOSE QUART (12-DEGREE) NS	10	1	11/01/2027
BUNDLE - TASER 7 CERTIFICATION	22177	AXON TASER 7 - CARTRIDGE - HALT STANDOFF NS	10	1	11/01/2027

Q-743565-45894KP

Request for Council Action

City Council Action

Description of Agenda Item

Strategic Initiative

Owner of Agenda Item

Introduction/Background/Justification/Key Issues/Legal

We had a valve break at the Treatment Plant, and it needs to be replaced.

Board/Commission/Committee Actions(s):

Budgetary/Fiscal Impact

Action Requested

Approve the purchase of a Rotork Valve replacement from Vessco in the amount of $7,531

Attachments

1. DOC082925

CITY OF HIBBING

Request for City Council Action

City Council Action

Approved ☐ **Denied** ☐ **Amended** ☐ **Tabled** ☐

Attachments: yes

Main Agenda ☑ Consent Agenda ☐

Description of Agenda Item:

Rotork valve

Strategic Initiative:

Owner of Agenda Item/Department/email address/Phone:

Cit of Hibbing \WWTP\davidhurd@hibbingmn.gov

Introduction/Background/Justification/Key Issues/Legal

Had a valve break and needs to be replaced

Board/Commission/Committee Actions(s):

Budgetary/Fiscal Impact:

$7,531.43

Action Requested:

I recommend going with Vessco in the amount of $7,531

Municipal
Industrial
Flow Control
Custom Chemical Feed
Service

WATER TREATMENT'S TOTAL SOLUTION

DATE	**6/20/2025**
TO:	**HIBBING**
PROJECT:	**HIBBING**
FROM:	**CORY STOUGH**

Vessco hereinafter referred to as "Company" proposes to furnish, under the Terms and Conditions hereinafter set forth and described in the accompanying description and specifications, the following equipment. Vessco, Inc. will provide pricing and any additional information you may require prior to the bid opening. Good luck on your bid and we look forward to working with you on

The following is a list of Sections and Equipment included in our Scope of Supply.

QTY	ITEM	UNIT	EXT
1	ROTORK IQT125, FA07, 480/3/60, WT ENCLOSURE, PACKSCAN CARD 310B000	$ 7,531.43	$ 7,531.43
		TOTAL	***$ 7,531.43***

FREIGHT: PRE PAY & ADD

DELIVERIES: 12-14 WEEKS

The above quotation is offered in accordance with Vessco's and the attached individual Terms and Conditions of sale. If you have any questions regarding the above equipment, please direct them to my attention.

I would be more than happy to discuss any part of this proposal with you via phone at 612-417-7530, via email at cstough@vessco.com, or by arranging a meeting at a mutually acceptable time. Again, good luck to all of you and I look forward to working with you on this project.

Respectfully Submitted,
VESSCO, INC.
Cory Stough
Inside Sales - Flow Control

Cory Stough

APPLIED Industrial Technologies

Quotation

Service Center Address: APPLIED INDUSTRIAL TECHNOLOGIES 3030 EAST BELTLINE, SUITE 1 HIBBING, MN 55746-3063 TEL: 218-263-3687 FAX: 218-262-5592 **Account Manager:** MARK DORNHECKER	**Quote Create Date (MM-DD-YYYY):** 08-06-2025	**Sales Rep:** CLINT WARPULA **Phone:** **Email:** CWARPULA@APPLIED.COM	**Page:** 1/1
	Quotation Number: **514678156**	**PO #:** **Req #:** **Inquiry #:**	
Sold-To Address: **Account:** 1509640 CITY OF HIBBING (MN) 401 E 21ST ST HIBBING MN 55746-5510	**Ship-To Address:** **Account:** 1353396 CITY OF HIBBING - WWTP WASTE WATER TREATMENT PLANT 11669 TOWN LINE RD HIBBING MN 55746-8145		
Payment Terms: NET 30 DAYS	**Customer Contact:** DAVE HURD **Customer Contact Phone:** 218-362-5999		
Transport Mode and Means: UPS - USA, PARCEL **Terms:** FOB ORIGIN, FRGHT PREPAY & ADD			

Item #	Quantity	UOM	Manufacturer Part #	Customer Part #	Est Delivery Date	Unit Price (USD)	Extended Price (USD)
000010	1.000	EA	**ROTORK-IQT125 PRO FA10 [IP68] 480/3/60**			8,530.350	8,530.35

Description: RRK_IQT125 PRO FA10 [IP68] 480/3/60

Material Sales Text:
ROTOK ELECTRIC ACTUATOR

WE HAVE QUOTED CURRENT GENERATION IQT EQUIVALENT TO SN 1M06560601
*** PREVIOUS WIRING DIAGRAM 6000-200 IS NOW EQUIVALENT TO CURRENT WD 300K2000.

ELECTRIC ACTUATORS EXTRAS INCLUDED:

IQT PAKSCAN FIELD CONTROL UNIT (WT)

ARO Text:
12-13 WEEKS ARO

SUBTOTAL (WITHOUT TAX)	8,530.35
TOTAL IN WORDS: EIGHT THOUSAND FIVE HUNDRED THIRTY DOLLARS AND THIRTY-FIVE CENTS — **TOTAL(USD)**	8,530.35

Special Information:
Order Notes:

BUYER'S ACKNOWLEDGES THAT IT IS PURCHASING INDUSTRIAL SUPPLIES FROM SELLER AS A PARTICIPATING PUBLIC AGENCY OF OMNIA PARTNERS AND AGREES TO BE BOUND BY THE TERMS AND CONDITIONS OF THE CONTRACT PURSUANT TO RFP (SERIAL 16154-RFP) BETWEEN MARICOPA COUNTY AND SELLER, AND THAT BUYER#S TERMS AND CONDITIONS OF PURCHASE AND OTHER DOCUMENTS REGARDING THE PURCHASE OF GOODS FROM SELLER SHALL HAVE NO FORCE OR EFFECT.

Quoted prices are effective at the time of quotation only and are subject to increases related to fulfilling this order, including but not limited to manufacturer increases, freight, shipping, and/or handling fees, or any present or future duties, tariffs, sales, use, excise, value-added or similar taxes.

This quotation contains confidential information and is the exclusive property of Seller. The recipient agrees that it will not disclose the contents of this quotation to third parties and this quotation is subject exclusively to Seller's standard Terms and Conditions of Sale available at www.Applied.com. Seller expressly rejects any additional or different terms and conditions contained in Buyer's purchase order or other documentation.

Special or custom ordered items are non-cancellable and non-returnable. Any returnable product is subject to a restocking charge.

STANDARD TERMS AND CONDITIONS OF SALE

GOODS AND SERVICES SOLD BY APPLIED INDUSTRIAL TECHNOLOGIES, INC. OR ITS AFFILIATED COMPANIES ("SELLER") ARE EXPRESSLY SUBJECT TO THE TERMS AND CONDITIONS SET FORTH BELOW. ANY DIFFERENT OR ADDITIONAL TERMS OR CONDITIONS IN BUYER'S PURCHASE ORDER OR SIMILAR COMMUNICATIONS ARE OBJECTED TO AND SHALL NOT BE BINDING ON SELLER UNLESS AGREED TO IN WRITING BY A CORPORATE OFFICER OF SELLER. BY ISSUING A PURCHASE ORDER, ACCEPTING SHIPMENT OR PERFORMANCE, AND/OR PAYING FOR THE GOODS OR SERVICES, BUYER AGREES THAT IT ACCEPTS SELLER'S TERMS AND CONDITIONS OF SALE, INCLUDING SELLER'S WARRANTY POLICY. BUYER FURTHER AGREES THAT ALL INFORMATION PROVIDED BY SELLER, INCLUDING PRICING, IS SELLER'S CONFIDENTIAL INFORMATION AND MAY NOT BE DISCLOSED WITHOUT SELLER'S PRIOR WRITTEN CONSENT.

PRICE: Prices in effect at time of shipment of goods or performance of services shall prevail. All prices quoted by SELLER are subject to correction or change without notice. Prices do not include freight, shipping, and/or handling fees, or any present or future duties, tariffs, sales, use, excise, value-added or similar taxes. Where applicable, such taxes shall be billed as a separate item and paid by Buyer. A standard shipping charge is applied to each invoice for goods to cover the material preparation, packaging, freight and/or any additional costs associated with each shipment based on value and/or weight of the shipment. Additional charges for local delivery may also apply. Export orders may be subject to other special pricing.

PAYMENT TERMS: Unless otherwise agreed in writing, terms of payment are thirty (30) days net, without setoff or deduction, from date invoice was mailed or goods are delivered, whichever is earliest, if Buyer's credit has been approved prior to sale. A late payment charge of 1 1/2% per month (an annual percentage rate of 18%) shall be charged on all past due accounts and Buyer shall pay SELLER all costs incurred by it in collecting any past due account from Buyer, including, but not limited to, all court costs and attorney's fees. However, if the foregoing charges exceed that rate which is the maximum permitted by law, then such charges shall be calculated to be the highest allowable lawful rate. The remittance portion of the invoice shall accompany payment. Alternatively, payments and other adjustments must reference the invoice number to assure proper credit.

CREDIT BALANCE: Any credit balance issued will be applied within one (1) year of its issuance. IF NOT APPLIED WITHIN ONE (1) YEAR, THE BALANCE REMAINING SHALL BE CANCELLED, AND SELLER SHALL HAVE NO FURTHER LIABILITY EXCEPT AS REQUIRED BY APPLICABLE LAW.

DELIVERY: Unless otherwise noted, all domestic sales of goods are made f.o.b. point of shipment (Uniform Commercial Code) and all international sales of goods are made EXW point of shipment Incoterms® 2020. In all cases, title shall pass upon delivery and thereafter all risk of loss or damage shall be upon Buyer. Delivery dates given in advance of actual shipment of goods or performance of services are estimates and shall not be deemed to represent fixed or guaranteed delivery dates. Buyer shall notify SELLER of any nonconforming goods within a commercially reasonable time after Buyer becomes aware of such nonconforming goods.

WARRANTIES: Goods are sold only with such warranties as may be extended by the manufacturer of the goods. Services performed by third parties are subject only to those warranties extended by such third parties. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS SPECIFICALLY SET FORTH IN SELLER'S WARRANTY POLICY, WHICH IS INCORPORATED HEREIN BY REFERENCE and available at WWW.APPLIED.COM or upon request to SELLER. Buyer is responsible for installation and use in accordance with manufacturer's instructions. Goods are sold for commercial use only and are not intended for use by consumers. SELLER personnel are not authorized to alter this policy. Buyer shall be solely responsible for any warranty it grants to its customer.

LIMITATION OF LIABILITY: SELLER assumes no responsibility for goods selection, operation, and use, regardless of any recommendations or suggestions made by the SELLER. Buyer shall make selections based upon its own analysis with regard to function, material compatibility, fitness for use or intended purpose, and goods ratings. Any such analysis, including testing, shall be the sole responsibility of Buyer. Proper installation, operation, and maintenance are solely the responsibility of Buyer or its customer. Any specifications listed in SELLER's datasheets, catalog and website are for reference only and are subject to change without notice. NOTWITHSTANDING ANYTHING TO THE CONTRARY, SELLER'S LIABILITY FOR ANY CLAIM ARISING OUT OF THIS AGREEMENT OR FROM THE PERFORMANCE OR BREACH THEREOF, OR CONNECTED WITH ANY GOODS OR SERVICES SUPPLIED HEREUNDER, OR THE SALE, RESALE, OPERATION OR USE OF GOODS, WHETHER BASED IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), INDEMNITY, OR OTHER GROUNDS, SHALL NOT EXCEED THE PRICE ALLOCABLE TO SUCH GOODS OR SERVICES OR PART THEREOF INVOLVED IN THE CLAIM, REGARDLESS OF CAUSE OR FAULT. This limitation of liability reflects a deliberate and bargained-for allocation of risks between SELLER and Buyer and constitutes the basis of the parties' bargain, without which SELLER would not have agreed to the price or terms of this agreement. SELLER shall not under any circumstances, be liable for any labor charges without its prior written consent. SELLER SHALL NOT IN ANY EVENT BE LIABLE WHETHER AS A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), INDEMNITY OR OTHER GROUNDS FOR CONSEQUENTIAL, DIRECT, INDIRECT, INCIDENTAL, CONTINGENT, SPECIAL, LIQUIDATED, OR PUNITIVE DAMAGES including, but not limited to, loss of profits or revenue, loss of use of goods or associated goods, cost of capital, cost of substitute goods, facilities or services, downtime costs, or claims of customers of Buyer for such damage. If SELLER furnishes Buyer with advice or other assistance regarding any goods or services supplied hereunder, or any system or equipment in which any such goods may be installed, and which is not required pursuant to this agreement, the furnishing of the advice or assistance will not subject SELLER to any liability, whether based on agreement, warranty, tort (including negligence or indemnity) or other grounds. BUYER AGREES TO DEFEND, INDEMNIFY AND HOLD SELLER HARMLESS FROM ANY THIRD PARTY CLAIMS ARISING OUT OF THE USE, RESALE, OR LEASE OF GOODS OR SERVICES PROVIDED BY SELLER.

INTELLECTUAL PROPERTY: Each party will retain exclusive interest in and ownership of its intellectual property developed before this agreement or outside the scope of this agreement. Upon mutual agreement, SELLER hereby grants to Buyer a non-exclusive, world-wide, non-transferable, non-sublicensable, and royalty-free license to use SELLER's pre-existing intellectual property solely for the purpose of using the goods and service provided by the SELLER.
Any intellectual property developed under or related to this agreement shall be the sole and exclusive property of SELLER.

SUBCONTRACT/SUBSTITUTIONS/INTERCHANGEABILITY: Buyer agrees that SELLER may subcontract all or any portion of the supply of goods and performance of services to third parties. Buyer agrees that SELLER may store, process and use data and other information provided by Buyer, and Buyer authorizes SELLER to disclose all such data and other information, including Buyer's confidential information, to SELLER's affiliated companies, representatives, suppliers and subcontractors as necessary for such supply of goods or performance of services. Unless specifically restricted on a purchase order, SELLER reserves the right to interchange an equivalent available goods in place of the goods ordered where the interchangeability of the goods is based on form, fit, and function.

EQUAL OPPORTUNITY AND LABOR PRACTICES: The contract provisions in Section 202 of Executive Order 11246, as amended, and the regulations promulgated thereunder are incorporated by reference as if fully written with respect to any order. SELLER certifies that the goods covered by this invoice have been produced in accordance with the Fair Labor Standards Act of 1938, as amended.

SAFETY DATA SHEETS ("SDS"): Unless requested, SELLER will not furnish paper copies of Safety Data Sheets ("SDS"). SDS for OSHA defined hazardous substances are supplied by the manufacturers and/or suppliers and electronically available online at WWW.APPLIED.COM. SELLER MAKES NO WARRANTIES AND EXPRESSLY DISCLAIMS ALL LIABILITY TO ANY CUSTOMER OR USER WITH RESPECT TO THE ACCURACY OF THE INFORMATION OR THE SUITABILITY OF THE INFORMATION IN ANY SDS. CUSTOMER END USER IS SOLELY RESPONSIBLE FOR ANY RELIANCE ON, OR USE OF, ANY INFORMATION, AND FOR USE OR APPLICATION OF ANY GOODS. SELLER will continue to furnish paper copies of SDS for those goods for which a SDS is not electronically available. Paper copies of SDS for all goods may be requested by contacting Seller at 1-877-279-2799 to receive a copy of any SDS via web, facsimile or U.S. mail.

HAZARDOUS ACTIVITIES: Unless specifically agreed to in writing by an authorized officer of SELLER, goods or services sold hereunder are not intended for use in connection with any nuclear facility or any other application or hazardous activity which SELLER, in its sole discretion, determines to be high risk or hazardous, or where failure of a single component could cause substantial harm to persons or property. If so used, SELLER disclaims any and all liability for any nuclear damage, contamination or other damage or injury and Buyer shall indemnify and hold SELLER harmless from such liability whether as a result of breach of contract warranty, tort (including negligence or indemnity) or other grounds. SELLER and its suppliers shall not be liable to Buyer or its insurers based on agreement, warranty, tort (including negligence or indemnity), or other grounds for onsite damage to property located at a nuclear facility.

CANCELLATION AND RETURNS: Buyer may cancel an order by mutual agreement based upon payment to SELLER of reasonable and proper cancellation charges. Goods shall not be returned by Buyer without SELLER's prior written authorization and payment by Buyer of a minimum restocking charge of 15%. Authorized returns shall be returned at Buyer's sole expense, freight prepaid. There are NO returns of special order or made-to-order items. No returns shall be accepted following 60 days after delivery. No credit will be issued for shipping charges or other special expenses.

SHORTAGE/OVERAGES: All shortages and/or overages must be identified within 14 days of the date of shipment.

FORCE MAJEURE: SELLER shall not be liable for failure to deliver or for delay in delivery or performance due to: (i) a cause beyond its reasonable control; (ii) an act of God, act or omission of Buyer, act of civil or military authority, governmental priority or other allocation or control, fire, strike or other labor difficulty, riot or other civil disturbance, public health emergency or outbreak, terrorist act, insolvency or other inability to perform by the manufacturer, delay in transportation; or, (iii) telecommunication outage, power outage, security event, or any other commercial impracticability. If such a delay occurs, delivery or performance shall be extended for a period equal to the time lost by reason of delay.

CHANGE IN BUYER'S FINANCIAL CONDITION: SELLER reserves the right by written notice to cancel any order or require full or partial payment or adequate assurance of performance from Buyer without liability to SELLER in the event
of: (i) Buyer's insolvency, (ii) the filing of a voluntary petition in bankruptcy by Buyer, (iii) the appointment of a receiver or trustee for Buyer, or (iv) the execution by Buyer of an assignment for the benefit of creditors. SELLER reserves the right to suspend its performance until payment or adequate assurance of performance has been received. SELLER also reserves the right to cancel Buyer's credit at any time for any reason. Buyer, in order to provide security for the payment of the full price of goods furnished hereunder, grants SELLER a security interest in the goods and the proceeds thereof. Buyer agrees to execute any documents or furnish information necessary to perfect this security interest. A copy of the invoice may be filed at any time as a financing and/or chattel mortgage, in order to perfect SELLER's security interest. SELLER may, in its sole discretion require, and Buyer hereby grants to SELLER, a continuing purchase money security interest in all inventory, equipment, and goods sold by SELLER to or for the benefit of Buyer, wherever located, and all accessions and goods and all proceeds from the sale thereof; and all accounts and accounts receivable which may from time to time hereafter come into existence during the term of this Security Agreement. SELLER's purchase money security interest is explicitly limited to outstanding obligations between SELLER and Buyer.

ASSIGNMENT OR DELEGATION: Buyer shall not assign, transfer or delegate, whether by operation of law or otherwise, any or all of its duties or rights hereunder without SELLER's prior written consent.

WAIVER, CHOICE OF LAW AND DISPUTE RESOLUTION: The failure of either party to assert a right hereunder or to insist upon compliance with any term or condition will not constitute a waiver of that right or excuse any subsequent nonperformance of any such term or condition by the other party. All transactions shall be governed by the laws of the State of Ohio, United States of America, excluding conflict of law rules. Any dispute with a party located in U.S. arising out of or relating to transactions hereunder shall be brought only before any state or federal court with jurisdiction and venue over Cleveland, Ohio, unless all such courts refuse to exercise jurisdiction and venue, and the parties hereby consent to exclusive jurisdiction in such courts. Any claims brought by Buyer shall be escalated to senior management level within both organizations prior to Buyer filing a lawsuit. Trial by jury is hereby waived. Any dispute with a party located outside of U.S., except actions by Seller for nonpayment by Buyer of the purchase price of goods or services sold, shall be settled by binding arbitration in Cleveland, Ohio under Ohio law administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The arbitrators will have the powers a state court judge would have had if the matter had been filed in such court, including equitable powers, except for the power to award punitive damages, which they shall not have. The provisions of the United Nations Convention on Contracts for the International Sale of Goods shall not apply.

COMPLIANCE WITH LAWS: Buyer recognizes the goods are utilized in many regulated applications and that from time to time standards and regulations are in conflict with one another. SELLER makes no promise or representation that the goods will conform to any federal, state or local laws, ordinances, regulations, codes or standards, except as particularly specified and agreed upon, in writing as part of the agreement between Buyer and SELLER. SELLER prices do not include the cost of any related inspections, permits or inspection fees.

SPECIAL TOOLS: Unless specifically agreed in writing by SELLER, and unless paid for by Buyer as shown on the invoice, all special tools, dies, jigs, patterns, machinery and/or equipment needed by SELLER for the performance of this sale are, and shall remain, the property of SELLER.

ORDER ACCEPTANCE: Buyer acknowledges that no order shall be deemed accepted unless and until it is verified and accepted by SELLER in writing. Buyer further consents that submission of its order shall subject Buyer to the jurisdiction of the federal courts of the United States of America and of the State where acceptance occurred in the United States of America.

EXPORT CONTROLS AND RELATED REGULATIONS: Buyer represents and warrants that it is not on, or associated with any organization on the United States Department of Commerce's Bureau of Industry and Security's Denied Persons List or Unverified List; or the United States Department of the Treasury's Office of Foreign Assets Control lists, Specially Designated Nationals, Specially Designated Global Terrorists, Specially Designated Narcotics Traffickers, Specially Designated Narcotic Traffickers-Kingpin, or Specially Designated Terrorists List; or the United States Department of State's Designated Foreign Terrorist Organizations, Embargoed Countries list, or Debarred Persons List; or is subject to a denial order issued by the United States Department of Commerce. Buyer shall comply with all relevant laws and regulations of governmental bodies or agencies, including but not limited to all applicable export control laws of the United States or other governing agencies and their successors. Any commodities, technology and software will be exported from the U.S. in accordance with the U.S. Export Administration Regulations and other applicable laws or regulations. Diversion contrary to U.S. law is prohibited. If requested by SELLER, Buyer shall provide documentation satisfactory to SELLER verifying delivery at the designated country. BUYER AGREES TO INDEMNIFY AND HOLD SELLER HARMLESS FROM ANY AND ALL COSTS, LIABILITIES, PENALTIES, SANCTIONS AND FINES RELATED TO NON-COMPLIANCE WITH APPLICABLE EXPORT LAWS AND REGULATIONS.

FOREIGN PRINCIPAL PARTY IN INTEREST; FREIGHT FORWARDER AND DOCUMENTATION: For any export sales, it is specifically agreed that Buyer shall be the foreign principal party in interest and/or that its freight forwarder shall act as Buyer's agent in such capacity for Export Administration Act or other applicable purposes; and Buyer and freight forwarder shall assume responsibility for all export or routed transactions documentation. At SELLER's request, Buyer or its freight forwarder shall provide copies of any export, shipping, or import documentation prepared by Buyer or its freight forwarder related to sales to them by SELLER.

ANTI-BRIBERY AND ANTI-CORRUPTION: Buyer states that it is an independent contractor, and represents, warrants, and covenants that it is in compliance with U.S. the Foreign Corrupt Practices Act and all applicable laws and regulations relating to bribery and corruption in all countries in which Buyer conducts business.

PERMITS, EXPORT, AND IMPORT LICENSES: Buyer shall be responsible for obtaining any licenses or other official authorizations that may be required by the country of importation and/or under the Export Administration Regulations, International Traffic in Arms Regulations, Toxic Substances Control Act, or other applicable laws or regulations.

GENERAL: All orders are subject to acceptance by SELLER. The terms and conditions in SELLER's forms are incorporated herein by reference and constitute the entire and exclusive agreement between Buyer and SELLER. Any representation, affirmation of fact and course of dealing, promise or condition in connection therewith or usage of trade not incorporated herein, shall not be binding on either party. If any provision hereof shall be unenforceable, invalid or void for any reason, such provision shall be automatically voided and shall not be part of this agreement and the enforceability or validity of the remaining provisions shall not be affected thereby.

Request for Council Action

City Council Action

Description of Agenda Item

Strategic Initiative

Owner of Agenda Item

Introduction/Background/Justification/Key Issues/Legal

Board/Commission/Committee Actions(s):

Budgetary/Fiscal Impact

Action Requested

Attachments

None

Request for Council Action

City Council Action

Description of Agenda Item

Strategic Initiative

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Introduction/Background/Justification/Key Issues/Legal

Board/Commission/Committee Actions(s):

Budgetary/Fiscal Impact

Action Requested

Attachments

1. HKGi Amendment Request to LU Plan Update Project Agreement August 2025

August 28, 2025

To: Betsy Olivanti, Community Development Director
City of Hibbing

From: Jeff Miller, Associate & Project Manager
HKGi

RE: REQUEST FOR ADDITIONAL FEES FOR LAND USE PLAN UPDATE

As the Hibbing Land Use Chapter Update project has progressed, we have encountered unanticipated and significant complexities with the development of the GIS data, mapping, and land use analysis needed for this project. Addressing these complexities has required additional work to develop usable GIS data and land use maps. The issues and additional work include the following:

1) Development of base GIS parcel data has been complicated by the following issues:
    a. Multiple ownership/tax classifications per property, particularly for land in mining areas
    b. Multiple parcel numbers per property
    c. Zoning is not linked to parcels resulting in multiple zoning classifications per property
2) Complexity of accurately mapping the mining land, including the buffer open space areas.
3) Need for mapping at multiple scales when typically land use maps are just at the city-wide scale. The city's large geographic area (the largest city in MN) has required additional versions of each map at the core area and focus area scales to make the maps readable.
4) Incomplete/inaccurate utilities data available in GIS.
5) Limited staff involvement/feedback in development of and feedback on the GIS maps, particularly the existing land use map, required additional HKGi time to review and edit the maps for accuracy. The project's work program assumed more involvement from GIS/ planning staff.
6) Due to these challenges, we had two HKGi consultants attend the in-person meetings in Hibbing rather than one, in order to have HKGi's GIS lead meet with city staff to gain a better understanding of the GIS data and staff's needs for land use/zoning mapping.
7) Since the draft future land use map used the existing land use and zoning maps as a base, the complexities of the base maps (existing land use, zoning, etc.) are causing issues with development of the future land use map.

To cover these additional services, HKGi requests additional fees of $12,000 for additional services beyond the original scope of the Agreement for the project, for a total of $42,000.

800 Washington Avenue North, Suite 207
Minneapolis, Minnesota 55401

We appreciate the opportunity to work collaboratively with the staff team to update the City's Land Use Chapter and the GIS data/mapping. We are confident that the updated Land Use Chapter, including the GIS-based land use maps, will be a dramatic improvement over the current Land Use Chapter. The updated chapter and maps will provide the City with the guidance it needs for future land use planning as well as updating of the zoning code and zoning map. We appreciate the City's willingness to consider this amendment request for additional services and fees to achieve the City's goals for this project.

Sincerely,

Jeff Miller
Associate and Project Manager
JMILLER@HKGI.COM
612-720-8311