

**Lakes Area Economic Development Authority Meeting  
Tuesday January 6 at 4 pm  
Alexandria Area Economic Development Commission Office**

**AGENDA:**

1. Call to order by President Dahlheimer
2. Approval of Agenda
3. Public Hearing –Issuance of Health Care Facilities Revenue Bonds, Series 2026 (Knute Nelson Care Center Project)
  - a. Application
  - b. DEED Application pg 7
  - c. Loan Agreement
  - d. Bond Purchase Agreement
  - e. President’s Statement pg 51
  - f. Trust Indenture
  - g. 26-01: Resolution Approving Issuance of Health Care Facilities Revenue Bonds, Series 2026 pg 134
4. Approval of November 20, 2025 minutes
5. Approval of 2025 year end preliminary financial report
  - a. Available at the meeting
6. LAEDA Resolution 26-02 Election of Officers
  - a. President
  - b. Vice president
  - c. Treasurer
  - d. Secretary
7. Annual Organizational Resolutions
  - a. 26-03: Designate depositories
  - b. 26-04: Designate official newspaper
  - c. 26-05: Designate 2026 meeting dates at 4 pm:
    - i. April 9
    - ii. August 13
    - iii. November 12
  - d. 26-06: Establish per diem
    - i. Currently \$85 which was a \$5 increase in 2024
8. Old Business
  - a. LAEDA Checking Account
9. New Business
10. Adjournment

## APPLICATION FOR INDUSTRIAL DEVELOPMENT BONDS

### APPLICANT

Business Name: Knute Nelson

Business Address: 2209 Jefferson St, Ste 201, Alexandria, MN 56308

Business Form:

Sole Proprietorship

Corporation

Limited Partnership

General Partnership

Cooperative Corporation

Limited Liability Company

Applicants Representative: Marnie Gugisberg

Title: CFO

Telephone Number: (320) 763-1164

Email: marnie.gugisberg@vivie.org

Financial Adviser and Company: Collier Securities

Address: 90 South 7th St, Ste 4300, Minneapolis

State/Zip: MN 55402

Telephone Number: (414) 786-5990

Email: aaron.schroeder@colliers.com

Applicants' Legal Representative: Sarah Duniway, Lathrop GPM

Address: 80 S 8th St, Minneapolis

State/Zip: MN 55402

Telephone Number: (612) 632-3055

Email: sarah.duniway@lathropgpm.com

### PURPOSE OF REQUESTED FINANCING:

Location of Proposed Project: \_\_\_\_\_

Nelson Care Center, 420 12th Ave E, Alexandria, MN 56308

\_\_\_\_\_  
\_\_\_\_\_

Legal Description (Include Parcel Number(s)): \_\_\_\_\_

Parcel ID: 63-1336-000

THAT PT OF THE E2SE4 LYING E OF JEFFERSON SCHOOL ADDN, JEFFERSON CONDOMINIUM, S OF 12TH AVE & W OF LAKE ST EX PTS. AC 9.28 (KNUTE NELSON MEMORIAL HOME)

Nature of Proposed Business: \_\_\_\_\_

Skilled Nursing Facility

Principal Business or Product of the Company: \_\_\_\_\_

Providing Healthcare services in a licensed skilled nursing facility

Provide a brief statement of the public purpose for the project and benefits to the citizens and community due to the proposed project:

~~Knute Nelson, operating as Nelson Care Center, is a licensed and certified skilled nursing facility serving Alexandria and Douglas County. With a moratorium exception granted by the Minnesota Department of Health, we will invest \$15.3 million to renovate our 83-bed facility at 420 12th Ave E, Alexandria. This project serves a clear public purpose: to modernize resident spaces, upgrade infrastructure, and ensure compliance with current life safety, infection prevention, and CMS regulations. The remodel will enhance operational efficiency and elevate care standards while maintaining our commitment to resident-centered care. By creating private rooms with accessible bathrooms and walk-in showers, and improving dining and common areas, we will significantly improve quality of life for older adults. This investment ensures that Knute Nelson can continue meeting the growing needs of the 65+ population, supporting health, dignity, and community well-being for Alexandria and Douglas County residents.~~

Please provide a brief statement of how the proposed project will further the goals of the

Comprehensive Plan for either city or township: \_\_\_\_\_

The Nelson Care Center Moratorium Project aligns with the goals of the City of Alexandria and Douglas County Comprehensive Plans by promoting resident-centered care and enhancing quality of life. The remodel will provide private rooms with accessible bathrooms, walk-in showers, and improved dining and common spaces, supporting the ~~vision for a healthy, inclusive community. These upgrades advance objectives for sustainable development, improved housing options for all ages, and high quality~~ community facilities. By modernizing the care environment, the project contributes to Alexandria's goal of being a welcoming, livable city and Douglas County's commitment to public health, safety, and well-being.

Is the Proposed Project:

- |                                     |                        |                          |                                |
|-------------------------------------|------------------------|--------------------------|--------------------------------|
| <input type="checkbox"/>            | New Facility           | <input type="checkbox"/> | Expansion of Existing Facility |
| <input checked="" type="checkbox"/> | Renovation of Existing | <input type="checkbox"/> | Equipment Purchase Only        |

Is the Proposed Project:

- |                                     |            |
|-------------------------------------|------------|
| <input type="checkbox"/>            | Industrial |
| <input type="checkbox"/>            | Commercial |
| <input checked="" type="checkbox"/> | Housing    |

Construction start: 01/2026 Construction completion: 06/2027

Present Employment: 150+

Estimated Number of Jobs Added by the project: None

**ESTIMATED PROJECT COSTS:**

Land Acquisition	\$	-
Construction	\$	15,300,000
Equipment Acquisition	\$	-
Equipment Installment	\$	-
Refinancing Amount	\$	-
Other:	\$	3,000,000
<b>Total</b>	<b>\$</b>	<b>18,300,000</b>

**INDEMNIFICATION AGREEMENT:**

Applicant agrees as follows:

Applicant agrees to pay or reimburse the EDA for any and all costs and expenses which the EDA may incur in connection with its consideration of the project and the granting of tax exempt Development bond financing therefore, whether or not the project is preliminarily approved by the EDA, whether or not the project is approved by the State of Minnesota, whether or not development bond financing is finally approved by the EDA, whether or not the bonds are issued and sold, and whether or not the project is carried to completion.

Applicant agrees to indemnify and hold the EDA, its officers, employees and agents harmless against any and all losses, claims, damages, expenses or liabilities, including attorneys fees incurred in their defense, to which the EDA, its officers, employees and agents may become subject in connection with the EDA's consideration, issuance or sale of the bonds for Applicant's project and the carrying out of the transactions contemplated by this agreement and any resolutions adopted, or agreements executed by the EDA in connection with the issuance of its bonds for this project.

Applicant hereby releases the EDA, its officers, agents and employees from any claims, causes of action, losses, damages, or liabilities which it may have against the EDA, its officers, agents, and employees or which it may incur in connection with: the EDA's consideration of the application for industrial development bond financing for Applicant's project; the failure of the EDA, in its discretion, to issue tax-exempt development bonds for Applicant's project; the issuance and sale of the bonds; the construction of the project; or any other matter or thing of any type or nature whatsoever which may arise in connection with the foregoing.

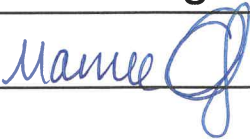
Applicant is aware of the EDA's application and administrative fee structure for tax exempt financing and agrees and covenants that all such fees will be paid in the amount and at the times required.

**APPLICATION CERTIFICATION:**

I certify and affirm by my signature that the information provided above contains no misrepresentations, omissions or concealments of material facts and that the information given is true and complete to the best of my knowledge. I have been furnished a copy of the policy statement for the application to the Lakes Area Economic Development Authority for Industrial Development Bond Financing and am aware of its content and agree to be bound by its terms and the terms of the indemnification agreement.

Name: Marnie Gugisberg

Title: CFO

Signature: 

Date: 11/25/2025

**REQUIRED APPLICATION ATTACHMENTS:**

- Letter from Financing or Bond Counsel supporting financial feasibility of Project
- Industrial Development Bond Application for the State of Minnesota (only for Manufacturing Companies)
- Schematic Drawing of Project (if applicable)
- Equipment List (specifically equipment purchased with bond)
- \$500 Application Fee (Payable to the Lakes Area Economic Development Authority)



**Application for Approval of Local Bond Financing  
Pursuant to Minn. Stat. 469.152 – 469.1655**

The following exhibits must be furnished with this application:

\_\_\_\_\_ An opinion of bond counsel that the proposal constitutes a project under Minn. Stat. 469.153, Subd. 2.

\_\_\_\_\_ A copy of the resolution by the governing body of the Issuer giving preliminary or final approval for the issuance of its revenue bonds and stating that the project, except for a project under Minn. Stat. 469.153, Subd. 2(g) or (j), furthers the purposes of Minn. Stat. 469.152 – 469.165.

\_\_\_\_\_ A letter of intent to purchase the bond issue or a letter confirming the feasibility of the project from a financial standpoint.

\_\_\_\_\_ A comprehensive statement by the municipality indicating how the project satisfies the purposes of Minn. Stat. 469.152 - 469.165.

\_\_\_\_\_ A statement signed by a representative of the Issuer that the project does not include any property to be sold or affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

\_\_\_\_\_ A statement signed by a representative of the Issuer that a public hearing was conducted pursuant to Minn. Stat. 469.154, Subd. 4. The statement shall include the date, time and place of the meeting and certify that a draft copy of this application with all attachments was available for public inspection and that all interested parties were afforded an opportunity to express their views.

\_\_\_\_\_ A statement signed by the principal representative of the issuing authority to the effect that upon entering into the revenue agreement, the information required by Minn. Stat. 469.154, Subd. 5 will be submitted to the Department (not applicable to projects under Minn. Stat. 469.153, Subd. 2(g) or (j)).

\_\_\_\_\_ A plan for encouraging the targeting of employment opportunities to economically disadvantaged or unemployed individuals. (See Minn. Stat. 469.154, Subd. 7.) **The plan must indicate one or more specific steps that may include using employment offices (e.g., Minnesota Workforce Centers) for recruitment and placement, among other actions.**

\_\_\_\_\_ Affidavit(s) of publication or copies of notice(s) as published which indicate the date(s) of publication and the newspaper(s) in which the notice(s) were published.

**Application for Approval of Local Bond Financing  
Pursuant to Minn. Stat. 469.152 – 469.1655**

We, the undersigned, are principal officer(s) or representative(s) of the Issuer  
and solicit DEED's approval of this project.

<hr/> <p style="text-align: center;">Signature</p>	<hr/> <p style="text-align: center;">Joel Dahlheimer, President Print Name and Title</p>
<hr/> <p style="text-align: center;">324 Broadway Street, Suite 101 Street Address</p>	<hr/> <p style="text-align: center;">Alexandria, MN 56308 City, State and Zip</p>
<hr/> <p style="text-align: center;">E-Mail</p>	<hr/> <p style="text-align: center;">January 6, 2026 Date</p>
<hr/> <p style="text-align: center;">Signature</p>	<hr/> <p style="text-align: center;">Jason Uhde, Secretary Print Name and Title</p>
<hr/> <p style="text-align: center;">324 Broadway Street, Suite 101 Street Address</p>	<hr/> <p style="text-align: center;">Alexandria, MN 56308 City, State and Zip</p>
<hr/> <p style="text-align: center;">E-Mail</p>	<hr/> <p style="text-align: center;">January 6, 2026 Date</p>

E-mail for the chief administrator or operating office of the issuer (municipality or redevelopment agency): [nfernholz@alexmn.org](mailto:nfernholz@alexmn.org)

**DEED Approval**

<hr/> <p style="text-align: center;">Authorized Signature <i>(Approval shall not be deemed to be an approval on the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued thereof.)</i></p>	<hr/> <p style="text-align: center;">Approval Date</p>
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Send two copies of form and one copy of supporting documents noted on page 2 to:  
Minnesota Department of Employment and Economic Development  
Kevin McKinnon, Deputy Commissioner  
Great Northern Building  
180 E 5<sup>th</sup> Street, Suite 1200  
St. Paul, Minnesota 55101  
  
E-mail: [Jason.Burak@state.mn.us](mailto:Jason.Burak@state.mn.us)

**Draft: 12/30/2025**

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\$ \_\_\_\_\_  
Lakes Area Economic Development Authority, Minnesota  
Health Care Facilities Revenue Bonds  
(Knut Nelson Care Center Project), Series 2026A  
and  
Taxable Health Care Facilities Revenue Bonds  
(Knut Nelson Care Center Project), Series 2026B

**LOAN AGREEMENT**

Dated as of \_\_\_\_\_, 2026

Between

**LAKES AREA ECONOMIC DEVELOPMENT AUTHORITY, MINNESOTA**

and

**KNUTE NELSON**

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This instrument was drafted by:

Fryberger, Buchanan, Smith & Frederick, P.A.  
302 West Superior Street, Suite 700  
Duluth, MN 55802

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Exhibit A – Section 1.01 of the Indenture

This LOAN AGREEMENT, dated as of \_\_\_\_\_, 2026, between the LAKES AREA ECONOMIC DEVELOPMENT AUTHORITY, MINNESOTA, a public corporation and political subdivision established pursuant to Laws of Minnesota for 2003, Chapter 127, Article 12, Sections 35 through 41 (herein called the “Issuer”), and KNUTE NELSON (herein called the “Borrower”).

**WITNESSETH:**

WHEREAS, pursuant to the Act, the Issuer has authorized the Project; and

WHEREAS, the Borrower has proposed that the Issuer issue its (i) Health Care Facilities Revenue Bonds, Series 2026A and (ii) Taxable Health Care Facilities Revenue Bonds, Series 2026B and loan the proceeds thereof to the Borrower to provide financing for the Project, to fund required reserves, pay capitalized interest and to defray costs of issuance of such Series 2026 Bonds, all pursuant to the provisions of the Act; and

WHEREAS, the Borrower is an organization described in Section 501(c)(3) of the Internal Revenue Code; and

WHEREAS, the Issuer has approved the issuance of the Series 2026 Bonds pursuant to the Indenture to provide the funds to be loaned to the Borrower hereunder, and has approved the assignment of its interests in this Loan Agreement (other than the Retained Rights) to the Trustee as security for the Bonds; and

WHEREAS, simultaneously with the execution and delivery of this Loan Agreement, the Borrower is executing and delivering the Mortgage to the Trustee as security for the Bonds and for the performance of the Borrower’s obligations under this Loan Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto covenant and agree as follows:

**ARTICLE I – DEFINITIONS AND INTERPRETATION**

Section 1.01 Definitions. Unless the context otherwise requires, the capitalized terms used in this Loan Agreement not required to be capitalized by the rules of grammar shall, for all purposes of this Loan Agreement and of any agreement supplemental hereto, have the meanings assigned in Section 1.01 of the Indenture, and subject to interpretation as provided in Sections 1.01 and 1.04 of the Indenture and 1.04 of this Loan Agreement. A copy of Section 1.01 of the Indenture is attached as Exhibit A.

Section 1.02 Characteristics of Certificate or Opinion.

(a) Every certificate or opinion with respect to compliance with a condition or covenant provided for in the Indenture or this Loan Agreement, shall include: (i) a statement that the person or persons making such certificate or opinion has read the covenant or condition and the definitions relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in the certificate or opinion are based; (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

(b) Any Certificate made or given by an officer of the Issuer or the Borrower may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless such officer knows that the Opinion of Counsel with respect to the matters upon which their Certificate may be based is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous. Any Opinion of Counsel may be based (insofar as it relates to factual matters with respect to which are in the possession of the Issuer or the Borrower), upon the Certificate of an officer or officers of the Issuer or the Borrower, unless such counsel knows that the Certificate with respect to the matters upon which their opinion may be based is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous.

Section 1.03 Intentionally Omitted.

Section 1.04 Additional Provisions as to Interpretation.

(a) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not any particular Article, Section or subdivision hereof.

(b) Whenever in this Loan Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or funds in the necessary amount to pay or redeem any Bonds, the amount so to be deposited or held shall be sufficient to pay the principal amount of such Bonds and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to maturity and in respect of which there shall have been furnished to the Trustee proof satisfactory to it that notice of redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such notice, the amount so to be deposited or held shall be the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any.

(c) Any terms defined in the Mortgage but not defined therein shall have the same meaning herein unless the context hereof clearly requires otherwise.

(d) This Loan Agreement is governed by and shall be construed in accordance with the laws of the State.

**ARTICLE II – REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 2.01 Representations by the Issuer. The Issuer makes the following representations as the basis for its undertakings herein:

(a) The Issuer is a public corporation and political subdivision organized and existing under the laws of the State.

(b) There is no pending or threatened suit, action or proceeding against the Issuer before any court, arbitrator, administrative agency or other governmental authority that challenges the Issuer’s execution and delivery of this Loan Agreement or the Indenture or the issuance of the Series 2026 Bonds.

(c) To the knowledge of the undersigned Authorized Officers, the execution and delivery of this Loan Agreement and the Indenture will not constitute a breach of or default under any existing law, regulation or ordinance, or any agreement, indenture,

mortgage, lease or other instrument to which the Issuer is a party or by which it is bound.

(d) No member of the Governing Body and no other elected or appointed official who is authorized to take part in the making of this Loan Agreement or the Indenture or the issuance of the Series 2026 Bonds, is directly or indirectly interested in this Loan Agreement, the Series 2026 Bonds, the Project, or any contract, agreement or job contemplated by this Loan Agreement to be entered into or undertaken.

(e) No proceeding of the Issuer for the issuance, execution or delivery of this Loan Agreement or the Indenture has been repealed, rescinded, amended or revoked.

(f) The Issuer understands that the Preliminary Official Statement dated \_\_\_\_\_, 2026, and the final Official Statement dated \_\_\_\_\_, 2026 (together and as supplemented, the "Official Statement") will be used by the Original Purchaser to offer and sell the Series 2026 Bonds. Except for the information contained therein under the captions "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer," the Issuer has not reviewed or participated in the preparation of the Official Statement. Except for such information, the Issuer has made no independent investigation of the facts and statements provided in the Official Statement and assumes no liability or responsibility for any of the information contained in the Official Statement or the accuracy, completeness or sufficiency thereof.

Section 2.02 Representations, Warranties and Covenants by the Borrower. The Borrower makes the following representations, warranties and covenants:

(a) The Borrower is a nonprofit corporation duly organized and existing under the laws of the State.

(b) Vivie, the Borrower's sole member, is a nonprofit corporation duly organized and existing under the laws of the State.

(c) Except to the extent otherwise provided in Sections 5.02, 5.06 and 5.07, the Borrower intends to own and operate the Project Facilities from the date hereof to the expiration or sooner termination of this Loan Agreement, as provided herein, except to the extent such operation may be interrupted by strikes, riots, fire, casualty or condemnation, acts of nature or public enemy or other circumstances beyond the control of the Borrower.

(d) The execution and delivery of this Loan Agreement and the Mortgage and the consummation of the transactions herein and therein contemplated will not conflict with or constitute a breach of or default under the articles of incorporation or bylaws of the Borrower, or any bond, debenture, note or other evidence of indebtedness or any contract, loan agreement or lease to which the Borrower is a party or by which it is bound, or violate any law, regulation or order of the United States or the State or agency or municipal corporation thereof, or any court order or judgment in any proceeding to which the Borrower is or was a party or by which it is bound.

(e) The proceeds of the Series 2026 Bonds to be deposited in the Project Fund, together with the other funds to be contributed by the Borrower in accordance with this Loan Agreement, will be sufficient to pay all costs of the Project, and pay the

costs of issuance of the Series 2026 Bonds, as further described herein and in the Indenture.

(f) There is no litigation pending, or to the Borrower's knowledge, threatened against the Borrower affecting its ability to carry out the terms of this Loan Agreement or the Mortgage.

(g) There are no liens or encumbrances on the Land except Permitted Encumbrances.

(h) The Land is currently zoned properly for the Project Facilities.

(i) The information in the Official Statement concerning the Borrower, Vivie, their Affiliates, the Project, the security for the Bonds, bondholders' risks, and the estimated sources and application of funds, including all information in Appendices A and B to the Official Statement, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein not misleading.

(j) To the Borrower's knowledge, no council member or other officer or employee of the Issuer has a direct or indirect financial interest in this Loan Agreement, the Series 2026 Bonds, the Project or any contract, agreement or job contemplated by this Loan Agreement to be entered into or undertaken.

(k) The Borrower has approved the terms and conditions of the Indenture and the Series 2026 Bonds.

(l) The Borrower shall undertake and complete the Project, in accordance with all applicable provisions of the Act.

(m) The Borrower shall take no action nor omit to take any action the effect of which would be to jeopardize the tax-exempt status of the Series 2026A Bonds.

(n) All property to be acquired, financed or refinanced with proceeds of the Series 2026 Bonds shall be owned by a Tax Exempt Organization.

(o) The average weighted maturity of the Series 2026A Bonds does not exceed 120% of the average reasonably expected economic life of the Project, all within the meaning of Section 147(b) of the Internal Revenue Code.

(p) The Borrower and its sole member, Vivie, are each an organization described in Section 501(c)(3) of the Internal Revenue Code, exempt from the payment of federal income taxes under Section 501(a) of the Internal Revenue Code.

(q) No revenues derived from any portion of the Project Facilities are or shall be derived from a private trade or business, within the meaning of Section 141 and 145 of the Internal Revenue Code, or from an Unrelated Trade or Business, except in amounts that would not require the interest on the Series 2026A Bonds to become includable in the gross income of the recipients thereof, for purposes of Federal income taxation. In furtherance of this covenant, at least 95% of the Project (measured by square footage and fair market rental value) are to be used solely and exclusively by Tax Exempt

Organizations in activities which do not constitute an Unrelated Trades or Businesses, and the Borrower will not permit more than 5% of the Project Facilities (measured by square footage and fair market rental value and taking into account proceeds spent on Costs of Issuance) to be used (i) by a Tax Exempt Organization in an Unrelated Trade or Business or (ii) in the trade or business of any person other than a unit of state or local government or a Tax Exempt Organization (whether pursuant to a lease, management agreement or other arrangement), unless such use, according to an opinion of Bond Counsel, does not jeopardize the excludability from gross income, for federal income tax purposes, of interest on the Series 2026A Bonds.

(r) The sum of the principal amount of the Series 2026 Bonds, plus the respective outstanding aggregate principal amounts of all other tax-exempt nonhospital bonds issued on behalf of or for the benefit of the Borrower and all organizations under common management or control with the Borrower (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, do not exceed \$150,000,000.

(s) None of the proceeds of the Series 2026 Bonds shall be used to provide an airplane, skybox or other private luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and the Borrower does not expect that the Project, or any portion thereof, shall subsequently be used for any of such purposes.

(t) The Costs of Issuance financed by the Series 2026A Bonds shall not exceed two percent of the proceeds of the Series 2026 Bonds.

(u) Proceeds of the Series 2026A Bonds shall not be expended to reimburse an expenditure made prior to the issuance of the Series 2026A Bonds unless (i) the expenditure was made not prior to the date that is 60 days before the date of the Reimbursement Resolution, or (ii) the expenditure is in an amount equal to the lesser of 5% of the proceeds of the Series 2026A Bonds or \$100,000, or (iii) the expenditure is a Preliminary Expenditure made with respect to architectural, engineering, surveying, soil testing, reimbursement bond issuance, or similar costs (other than land acquisition, site preparation, and similar costs incident to commencement of construction), the aggregate amount of all Preliminary Expenditures being limited to an amount not in excess of 20% of the aggregate issue price of the Series 2026A Bonds.

### **ARTICLE III - ISSUANCE OF THE SERIES 2026 BONDS; ACQUISITION AND CONSTRUCTION OF PROJECT; PROJECT FUND**

Section 3.01 Project Undertaking. The Borrower will proceed with due diligence to complete the Project by February 1, 2028. The Borrower may make changes in the Project Buildings or items of Project Equipment at any time; provided that no changes will be made which would delete from the Project any essential characteristics of the Project nor which would materially and adversely affect the total operating unity or efficiency or significantly affect the revenue producing capacity of the Project Facilities, subject in any case to the provisions of Sections 5.05(a) and 5.05(c), and that, after such changes, the Project Facilities shall remain in compliance with all applicable requirements of law, including the applicable provisions of the Act and of Section 145 of the Internal Revenue Code. The Project Facilities, to the knowledge of the Borrower, are in compliance with all applicable zoning, planning and building regulations of governmental authorities having jurisdiction of the Project Facilities.

Section 3.02 Agreement to Issue Series 2026 Bonds; Application of Series 2026 Bond Proceeds. In order to provide funds to loan to the Borrower for the payment of Project Costs, the Issuer has, or will have, upon or promptly after the execution of this Loan Agreement, issued and delivered the Series 2026 Bonds to the Original Purchaser thereof or the Depository or the Trustee, on its behalf, and the Issuer has or will have deposited the proceeds of the Series 2026 Bonds as provided in Section 4.01 of the Indenture.

Section 3.03 Disbursements from the Project Fund.

(a) Pursuant to the Indenture, the Trustee has been directed to establish within the Project Fund two separate accounts: the Project Account and the Cost of Issuance Account, into which proceeds of the Series 2026 Bonds [and other funds of the Borrower] shall be deposited, as provided in Section 4.02 of the Indenture.

(b) Pursuant to Sections 4.02 and 4.04 of the Indenture, certain proceeds of the Series 2026 Bonds are to be deposited in and held in the Project Account, and are to be applied to the payment or reimbursement of Project Costs with respect to the Project, as further provided therein. Moneys in the Project Account shall, in accordance with Section 4.04 of the Indenture, be disbursed by the Trustee, upon the direction of the Project Supervisor or other Authorized Borrower Representative, for the payment or reimbursement of Project Costs, pursuant to a Draw Request substantially in the form of Exhibit B to the Indenture. The Trustee shall not be bound to make any investigation into the facts or matters stated in any Draw Request.

(c) As provided in the Indenture, the Cost of Issuance Account shall be funded by proceeds of the Series 2026 Bonds in the amount shown in Section 4.01(c) of the Indenture [and by a deposit made on the Closing Date by the Borrower from funds other than proceeds of the Series 2026 Bonds,] and shall be applied to payment of Costs of Issuance of the Series 2026 Bonds, as further provided in the Indenture. Notwithstanding any other provision hereof, the Borrower covenants that the Costs of Issuance financed by the Series 2026A Bonds (including underwriting discount) shall not exceed 2.00% of the proceeds of the Series 2026A Bonds.

Section 3.04 Obligation of the Borrower to Cooperate in Furnishing Documents to the Trustee and Disbursing Agent. The Borrower agrees to cooperate in furnishing to the Trustee and Disbursing Agent (i) any documents or directions required by the Trustee or the Disbursing Agent to effect payments out of the Project Fund, and (ii) the documents referred to in the Indenture required for the authentication and delivery of the Series 2026 Bonds. Such obligations are subject to any provision of this Loan Agreement or the Indenture requiring additional documentation.

Section 3.05 Borrower Required to Provide for Payment in Full of All Costs of the Project. The Issuer does not make any warranty, either express or implied, that the moneys which will be deposited into the Project Fund, and which under the related provisions of this Loan Agreement and the Indenture will be available for the payment or reimbursement of Project Costs, will be sufficient for such purposes. The Borrower agrees that it shall pay or cause to be paid all such costs and that to the extent such costs exceed the available proceeds of the Series 2026 Bonds, it shall not be entitled to any reimbursement therefor from the Issuer, the Trustee, or the Registered Owners of any of the Series 2026 Bonds, nor shall it be entitled to any diminution in or postponement of payments to be made under Sections 4.02 or 4.04 hereof.

Section 3.06 Project Supervisor. The Project Supervisor shall be an Authorized Borrower Representative or a person authorized hereunder to appoint the Authorized Borrower Representative, for the purpose of taking all actions and making all Certificates required to be taken and made by the Project Supervisor under the provisions of this Agreement.

Section 3.07 Title to the Project Facilities. The Issuer acknowledges and agrees that as between the Issuer and the Borrower, the Borrower shall be the sole owner of the Project Facilities and shall be entitled to sole and exclusive possession thereof and neither the Issuer, the Trustee nor any Registered Owner of the Series 2026 Bonds shall be entitled to or have any lien on or security interest in the Project Facilities or in the Borrower's title thereto or interest therein, except as provided by the Mortgage and the Indenture.

#### **ARTICLE IV – LOAN PAYMENTS AND DEPOSITS**

Section 4.01 The Loan. The Issuer agrees, upon the terms and conditions in this Loan Agreement to lend to the Borrower the gross proceeds of issuance of the Series 2026 Bonds \$ \_\_\_\_\_ (the "Loan") and further agrees to deposit the net proceeds of sale thereof into the Bond Fund, the Reserve Fund, the Capitalized Interest Fund and the Project Fund established with the Trustee as provided herein and in the Indenture. Such proceeds shall thereafter be invested and disbursed by the Trustee as directed by the Borrower in accordance with the provisions of this Loan Agreement and the Indenture.

Section 4.02 Repayment of Loan. The Borrower covenants and agrees to repay the Loan, together with interest and premium, if any, from revenues of the Project in Loan Repayments which in the aggregate shall be in an amount sufficient to pay, in full and when due, all the Bonds and other amounts coming due under the Indenture or this Loan Agreement. To provide for the repayment of the Loan (until the principal of, premium (if any) on and interest on the Bonds shall have been fully paid or provision for payment thereof shall have been made in accordance with the Indenture), the Borrower agrees to pay for the account of the Issuer in immediately available funds the following amounts:

(a) into the Bond Fund or Sinking Fund, as the case may be: on the 1<sup>st</sup> day of each month: (i) commencing \_\_\_\_\_, 2027 a sum equal to one-sixth of the amount payable as interest on the Bonds on the next semiannual interest payment date for the Bonds; plus (ii) commencing on January 1, 2027, a sum equal to one-twelfth of the amount payable as principal of the Bonds on the next semiannual interest payment date for the Bonds on which principal is due; and

(b) into the Bond Fund or Sinking Fund, as the case may be, forthwith, the amount of the deficiency in the event the funds on deposit in the Bond Fund or Sinking Fund, as the case may be, on any semiannual interest or annual principal payment date are for any reason insufficient to pay principal, premium (if any) and interest on the Bonds then due or to become due on any Bond principal or interest payment date (whether at maturity or upon redemption or acceleration of maturity in event of default); and

(c) into the Optional Redemption Fund such amount, if any, as may be necessary and sufficient to provide for the redemption of Bonds subject to redemption from the Optional Redemption Fund in accordance with the provisions of Section 3.01 of the Indenture; and

(d) into the Reserve Fund any amount required at any time to be deposited therein under Section 5.03 of the Indenture; and

(e) into any fund designated by the Trustee for the purpose moneys in the amount to be necessary to comply with the provisions of Section 4.08(c) of this Loan Agreement or Section 5.05 of the Indenture;

subject, however, to the amounts of any credits allowable under Section 4.09 hereof. Each payment by the Borrower under this Section shall be made directly to the Trustee at its corporate trust office for the account of the Issuer for deposit as provided in the Indenture.

Section 4.03 Security Advice Waiver. The Borrower acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Borrower specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Section 4.04 Additional Payments. The Borrower also agrees:

(a) to pay to the Trustee, for itself or remittance to the paying agents, promptly after being billed, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Indenture, (i) an amount equal to the annual fee of the Trustee, as trustee, for the ordinary services of the Trustee rendered, and its ordinary expenses incurred, under the Indenture, (ii) the reasonable fees and charges of paying agents on the Bonds for acting as paying agent as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that the Borrower may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses; and

(b) to pay to the Issuer its reasonable costs and expenses incurred in connection with the issuance, payment or redemption of the Bonds.

Section 4.05 No Set-Off; Borrower's Obligations Unconditional.

(a) The obligation of the Borrower to make the payments required by this Loan Agreement shall be absolute and unconditional. Until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Borrower (i) will perform and observe all of its agreements contained in this Loan Agreement and (ii) will pay without abatement, diminution or deduction (whether for taxes or otherwise) all amounts required to be paid hereunder, regardless of any cause or circumstance whatsoever including, without limiting the generality of the foregoing: any defense, set-off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee, any Registered Owner 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 and the Borrower; any indebtedness or liability at any time owing to the Borrower by the Issuer, the Trustee, any Registered Owner or any other person; any acts or circumstances that may constitute failure of consideration; damage to or

condemnation of the Project Facilities; failure or delay in completion of the Project; eviction by paramount title; commercial frustration of purpose; bankruptcy or insolvency of the Issuer or the Trustee; any change in the tax or other laws of the United States of America or of the State or any municipal corporation of either; foreclosure of the Mortgage; or any failure of the Issuer or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation, arising out of or connected with the Bond Documents.

(b) The Borrower waives, to the extent permitted by law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate or cancel, or to limit its liability under, this Loan Agreement or the Mortgage except in accordance with the express terms hereof.

Section 4.06 Interest on Loan Repayments and Other Overdue Payments. In the event the Borrower shall fail to make Loan Repayments required by Sections 4.02(a) or 4.02(b), the installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and if such failure shall result in a failure to pay any principal of, premium, if any, or interest on the Bonds, the Borrower agrees to pay interest on such sum from such date at the rate or rates of interest specified in the Bonds. In the event the Borrower shall fail to make any payment required under Section 4.04 or if advances are made pursuant to Section 7.05, the item so in default shall continue as an obligation of the Borrower until the amount shall have been fully paid and the Borrower agrees to pay interest on such payment in default at the rate or rates of interest specified in Section 7.05 hereof.

Section 4.07 Options to Prepay Loan.

(a) The Series 2026 Bonds will be subject to prior redemption at the option of the Borrower, and the Borrower shall have and is granted the option to prepay the Loan and require the Series 2026 Bonds to be redeemed, on the dates and at the redemption prices as are set forth in Section 3.01 of the Indenture. In addition, the Borrower shall have the right to prepay the Loan and cause Bonds to be redeemed in connection with any defeasance of Bonds pursuant to Article X of the Indenture.

(b) The option of the Borrower to prepay the Loan includes the option to do so on any business day, in whole or in part, and without prepayment premium or penalty, if:

(i) any material part of the Project Facilities shall be damaged or destroyed or taken in condemnation proceedings, all as further provided in Sections 5.10 and 5.11 hereof; or

(ii) as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or of a final decree, judgment or order of any court or administrative body (whether state or federal) this Loan Agreement shall have become void or unenforceable or impossible of performance in any material respect in accordance with the intent and purposes of the parties as expressed herein.

(c) To exercise the options granted in this Section, the Borrower shall, at least 45 days prior to the date upon which such prepayment is to be made, give written notice of such prepayment to the Trustee. Such notice shall request the redemption pursuant to Article III of the Indenture of a specified principal amount of Bonds if less than all Outstanding Bonds are to be redeemed and shall otherwise comply with the provisions hereof and of Article III of the

Indenture. On or before the date specified for the redemption of the Bonds, the Borrower shall pay the Trustee for deposit in the Optional Redemption Fund an amount which, together with other funds held by the Trustee and available for the purpose, is equal to the redemption price of the Bonds to be redeemed and accrued interest thereon to the redemption date, and in any case, such further amounts, if any, as may be required to redeem the Bonds called for redemption by the Trustee on the redemption date.

(d) The Issuer, at the request at any time of the Borrower and if the Bonds are then callable, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bonds, as may be specified by the Borrower, on the earliest redemption date on which redemption may be made under the applicable redemption provisions of the Indenture, provided that the Borrower shall have made available funds in adequate amount therefor or shall have made arrangements satisfactory to the Issuer therefor. Except as herein otherwise provided, Bonds shall be called for redemption only upon the direction of the Borrower.

Section 4.08 Tax-Exempt Status of Series 2026A Bonds. It is the intention of the parties hereto that the interest paid on the Series 2026A Bonds will not be included in the gross income of the recipients of said interest by reason of Section 103 and related Sections of the Internal Revenue Code. In order to confirm and carry out such intention:

(a) The Borrower shall (i) provide such Certificates of the Authorized Borrower Representative, opinions of Bond Counsel, and other evidence as may be necessary or requested by the Issuer or the Trustee to establish the tax-exempt status of interest on the Series 2026A Bonds under Section 103 and related Sections of the Internal Revenue 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 tax-exempt status or as may be required by Section 103 and related Sections of the Internal Revenue Code, including Section 149(e) of the Code, and all regulations thereunder and related provisions of law or regulation.

(b) If there shall occur a Determination of Taxability, the Borrower shall have the obligation to, and covenant and agree that it shall forthwith repay the Loan and cause the corresponding Series 2026 Bonds to be redeemed on the next interest payment date occurring at least 45 days following notice to the Borrower of the Determination of Taxability and the Borrower agrees to call the Outstanding Series 2026 Bonds for redemption on such date. Any redemption required under this Section shall be effected upon the following terms and conditions:

(i) Within 10 days after notice to the Borrower of the Determination of Taxability the Borrower shall give written notice of the Determination of Taxability and of its intention to redeem the Outstanding Series 2026 Bonds to the Trustee, stating the date of redemption. The Borrower shall make arrangements for the giving of notice required for redemption of all Outstanding Series 2026 Bonds and for the transmittal of funds needed for such redemption in advance of that date.

(ii) The aggregate redemption price payable by the Borrower shall be an amount which, when added to all amounts then held under the Indenture and available for the purpose, will be equal to the principal amount of the

Outstanding Series 2026 Bonds, plus accrued interest thereon to the redemption date, plus a premium equal to 3% of the principal amount of each Series 2026 Bond subject to such redemption.

(iii) The Borrower shall also pay an amount equal to the Trustee's and any paying agent's fees under the Indenture, accrued and to accrue until final payment and redemption of the Outstanding Series 2026 Bonds and all other advances, fees, costs and expenses incurred by the Trustee under the Indenture.

(c) If there shall be a Determination of Taxability and the Borrower shall fail to give notice thereof and of its intention to redeem the Bonds as above described, the Trustee shall nevertheless be authorized to give notice of redemption of the Outstanding Series 2026 Bonds on the next interest payment date occurring at least 35 days thereafter; and the Trustee shall give such notice of redemption if the Issuer or any Registered Owner shall furnish to the Trustee a copy of the Determination of Taxability duly certified or authenticated to the satisfaction of the Trustee. The Trustee shall furnish to the Borrower and the Issuer a copy of the notice given or to be given by it pursuant to this subsection, and the Borrower shall thereupon become obligated to pay the aggregate redemption price to the Trustee as a Loan Repayment prior to the redemption date and to pay all fees, expenses, costs and advances of the Trustee and any paying agent under the Indenture.

(d) The Borrower acknowledges and confirms its obligations under Section 148 of the Internal Revenue Code and regulations thereunder. Specifically, the Borrower agrees to comply with the rebate requirements imposed under Section 148(f) and pertinent regulations, including the requirement to make or cause to be made periodic computations of the amount subject to rebate thereunder, and to maintain records of such determinations until six years after the retirement of the Series 2026A Bonds, and the requirement to make all required rebate payments to the United States not later than 60 days after each installment computation date to and until the date which is 60 days after the final computation date and for such purpose to pay to the Trustee for the account of the Issuer or to the United States for the account of the Issuer the amount (if any) to be rebated to the United States on account of earnings from nonpurpose investments of gross proceeds (as defined in Section 148(f) of the Internal Revenue Code) of the Series 2026A Bonds, all to the extent and in the amounts and at the times required by the Internal Revenue Code and regulations thereunder, including Section 148(f) of the Internal Revenue Code. If the Borrower fails to pay or deposit with the Trustee the amount of any rebate payment required to be paid by the Borrower by the date that such payment is due, the Trustee is authorized and directed to make payment of the rebate amount from moneys on deposit in the Optional Redemption Fund or Reserve Fund, and the Borrower shall forthwith reimburse the Trustee for any amount so withdrawn from the Optional Redemption Fund or the Reserve Fund. In construing the Borrower's obligations hereunder, all terms used in this subsection shall have the meanings provided in Section 148(f) and regulations thereunder, and all provisions set forth in the Indenture for the purpose of complying with Section 148(f) and regulations shall be incorporated herein by reference. Rebate payments required to be made by the Borrower shall constitute additional Loan Repayments under Section 4.02. To ensure compliance with the foregoing requirements the Borrower shall, at its expense, cause a rebate analyst to calculate the amount to be rebated and shall provide the analyst the information necessary to make the calculation, and shall provide Trustee notice of any rebate amount owed.

(e) The Trustee shall have no liability or responsibility to enforce compliance by the Borrower with the terms of the tax covenants contained herein and in no event shall the Trustee have any obligation to fund any amounts payable under this subsection.

(f) In order to comply with the provisions of Section 5.05 of the Indenture or subsection (d) of this Section, the Borrower may provide specific written instruction to the Trustee to obtain such opinions of Bond Counsel, Opinions of Counsel, reports of accountants and Certificates of the Borrower as may be necessary for the purpose and any expenses thereof shall be borne by the Borrower.

#### Section 4.09 Investment of Funds, Credits.

(a) Moneys on deposit to the credit of the Project Fund, the Bond Fund, the Sinking Fund, the Reserve Fund, the Capitalized Interest Fund and the Optional Redemption Fund shall, upon the written direction of the Authorized Borrower Representative, be invested by the Trustee in Qualified Investments in accordance with the provisions of Section 5.04 of the Indenture. The Borrower acknowledges that the investments it authorizes in its written investment directions must be authorized by the Act and are limited as to amount and yield of investment in such manner that no part of the Outstanding Bonds shall be deemed “arbitrage bonds” under Section 148 of the Internal Revenue Code and regulations thereunder.

(b) Notwithstanding any other provision hereof or of the Indenture, earnings credited to the Reserve Fund shall be transferred to the Bond Fund and shall serve as a credit against the obligation of the Borrower to make Loan Repayments under Section 4.02(a), no less frequently than semiannually on January 1 and July 1 of each year; provided, however, that no transfer shall be made if the effect thereof would be to cause the amount on hand in the Reserve Fund to be less than the Reserve Requirement, valued in accordance with Section 5.03 of the Indenture.

(c) The Borrower acknowledges that the legal obligation to pay the purchase price of any Qualified Investments arises immediately at the time of the purchase.

### **ARTICLE V– PROJECT FACILITIES**

#### Section 5.01 Use of Project Facilities.

(a) The Borrower will use the Project Facilities only in furtherance of its lawful purposes and will cause the Project Facilities to be used and operated as required by the Act or other applicable law.

(b) The Borrower will not use or permit any person to use the Project Facilities for any use or purpose in violation of the laws of the United States, the State or any ordinance or regulation of the Issuer or any other governmental authority with jurisdiction thereover, and agrees to comply with all the orders, rules, regulations and requirements of the State, the Issuer and any other governmental authority with jurisdiction thereover. 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 5.02 Ownership, Maintenance and Possession of Project Facilities by the Borrower. The Borrower agrees that so long as the Bonds are Outstanding, the Borrower will

own the Project Facilities and keep or cause to be kept the Project Facilities in good repair and good operating condition at its own cost, making such repairs and replacements as are necessary in the judgment of the Borrower. The Borrower represents that it has no present intention to sell, lease or otherwise dispose of the Project Facilities, other than to provide services to residents in the ordinary course of business, but the Borrower may sell or lease all or any part of the Project Facilities to a Tax Exempt Organization, or enter into a lease with a Tax Exempt Organization of all or any part of the Project Facilities or enter into an agreement for the management or use of the Project Facilities so long as (i) no such sale, lease or agreement shall be inconsistent with the provisions of this Loan Agreement, the Indenture, the Mortgage or the Act, including Section 5.01, (ii) the Borrower shall remain fully obligated under this Loan Agreement and the Mortgage as if such sale, lease or agreement had not been made; (iii) subject to Section 5.08, any purchaser shall assume all of the obligations of the Borrower under this Loan Agreement and the Mortgage; and (iv) the Borrower shall cause to be furnished to the Trustee an opinion of Bond Counsel to the effect that the excludability from gross income, for federal income tax purposes, of interest on the Bonds shall not be jeopardized thereby. Any such lease or agreement shall contain a provision that any payment to become due to the Borrower thereunder shall be payable to the Trustee if an Event of Default exists, or the Trustee may accept a conditional assignment from the Borrower of any such leases or agreement. If the Borrower takes any actions permitted by the terms of this Section, the Trustee may request that the Borrower provides the Trustee an Opinion of Counsel that all conditions set forth hereunder have been complied with and the Trustee may fully rely on any such opinion.

Section 5.03 Liens. The Borrower will pay or cause to be paid all utility charges and other charges arising from the operations at the Project Facilities which, if unpaid, would become a lien on the Project Facilities and will not permit any lien or encumbrance except Permitted Encumbrances to be established or to remain unsatisfied against the Project Facilities, including any mechanics' liens; provided, that the Borrower may in good faith contest any mechanics' or other liens 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 if the Borrower furnishes the Trustee with a bond or cash deposit equal to at least the amount so contested or with an opinion of Independent Counsel stating that, by nonpayment of any such items the Project Facilities or any part thereof will not be subject to loss or forfeiture. The proceeds of the bond or the cash deposit may be used by the Trustee to satisfy the lien if action is taken to enforce the lien and such action is not stayed. The bond or cash deposit shall be returned to the Borrower if the lien is successfully contested. If the Borrower is unable or otherwise fail to obtain such a bond or provide such a cash deposit or such an opinion of Independent Counsel, the Borrower shall cause such unpaid items to be paid promptly.

Section 5.04 Taxes and Other Governmental Charges. The Borrower will pay or cause to be paid, as the same respectively become due, any taxes, special assessments, 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 operations at the Project Facilities, or any improvements, equipment or related property installed or brought by the Borrower therein or thereon, or the Loan Agreement, the Indenture, the Mortgage or the interest of the Issuer, the Trustee, or the Registered Owners therein. The Borrower may, at its expense, in good faith contest any such taxes, assessments, license fees and other governmental charges 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 the Borrower furnishes the Trustee with a bond or cash deposit equal to at least the amount so contested or with an opinion of Independent Counsel stating that, by nonpayment of any such items, the Project Facilities or

any part thereof, or the revenue therefrom, will not be subject to loss or forfeiture. The proceeds of the bond or the cash deposit may be used by the Trustee to satisfy the lien if action is taken to enforce the lien and such action is not stayed. The bond or cash deposit shall be returned to the Borrower if the lien is successfully contested. If the Borrower is unable or otherwise fails to obtain such a bond or provide such a cash deposit or such an opinion of Independent Counsel, the Borrower shall cause such taxes, assessments, license fees or charges to be paid promptly.

Section 5.05 Alterations to Project Buildings.

(a) The Borrower shall have the privilege from time to time at its cost and expense, of remodeling and of making additions, modifications, alterations, improvements and changes (hereinafter collectively referred to as “alterations”) in or to the Project Buildings as it, in its discretion, may deem to be desirable for its uses and purposes, subject, however, to the following:

(i) All alterations to the Project Buildings shall be located within the boundary lines of the Land and shall become a part of the Project Facilities, subject to the Mortgage;

(ii) The alterations shall not substantially impair the structural strength, utility or market value of the Project Buildings or significantly alter the character or purpose or detract from the value or operating efficiency of the Project Facilities, and, in the event that the costs of such alterations shall exceed \$500,000, the Borrower shall have delivered to the Trustee a Certificate of the Authorized Borrower Representative to such effect;

(iii) The alterations shall not significantly impair the revenue producing capacity of the Project Facilities, and the Borrower shall have delivered to the Trustee a Certificate of the Authorized Borrower Representative to such effect; and

(iv) Notwithstanding the foregoing provisions of this Section 5.05, the Borrower shall be permitted to reduce the number of beds available for occupancy at the Project Facilities, either temporarily or permanently, if the Borrower delivers to the Trustee a Certificate of the Authorized Borrower Representative substantially to the effect that such plan of reduction: (A) is in the best financial interests of the Borrower, and (B) shall not jeopardize the ability of the Borrower to meet its obligations hereunder or under any other agreement or restriction to which the Borrower is subject.

(b) The Borrower shall furnish to the Trustee an opinion of an Independent Engineer, at the expense of the Borrower, as to the effect of subsection (a)(ii) if the alterations shall exceed \$500,000 in the aggregate.

(c) All work in connection with any alterations shall be done promptly and in good professional manner and in compliance with the building and zoning laws of Alexandria, Minnesota and other governmental subdivisions wherein the Project Facilities are situated, and with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and shall not violate the provisions of any policy of insurance covering the Project Facilities; and the work shall be prosecuted with reasonable dispatch, unavoidable delays excepted.

Section 5.06 Installation of Equipment. The Borrower may, from time to time in its discretion and at its own cost and expense, install or place other equipment and tangible personal property in the Project Buildings and on the Land, subject to the lien of the Mortgage. In the event that a lessor, vendor or purchase money lender is entitled to and does remove any equipment or other property, any damage resulting to the Project Facilities therefrom shall be repaired and the Project Facilities restored to their previous condition at the sole expense of the party effecting such removal or at the sole expense of the Borrower. Nothing in this Section 5.06 shall prevent the Borrower from entering into installment sale contracts or leases subsequent to the date hereof for the purchase or installation of personal property to be added to the Project Facilities.

Section 5.07 Removal of Project Equipment.

(a) If no Default exists, the Borrower shall have the privilege to have items of Project Equipment removed from the Project Facilities and released from the lien of the Mortgage, as follows:

(i) If, in connection therewith, the Borrower substitutes equipment and/or related property for such Project Equipment with the effect that such removal and substitution shall not impair the character or revenue producing capacity of the Project Facilities. Any such substituted property shall become Project Equipment subject to the lien of the Mortgage in place of the replaced equipment.

(ii) The Borrower shall also have the privilege of removing any Project Equipment without substitution therefor provided that the Borrower pays a sum equal to the then current value of said Project Equipment as determined by an Independent Engineer or Independent appraiser selected by the Borrower. The Borrower shall pay such amounts to the Trustee for deposit in the Reserve Fund if, at such time, the amount then on deposit in the Reserve Fund is less than the Reserve Requirement, or otherwise in the Optional Redemption Fund (in addition to any other amounts required to be on deposit therein). In such connection, the Authorized Borrower Representative shall deliver to the Trustee a Certificate signed by an Independent Engineer or Independent appraiser selected by the Borrower setting forth the value of said Project Equipment and a Certificate signed by the Authorized Borrower Representative stating that the removal of such equipment will not impair the character or revenue producing capacity of the Project Facilities.

(b) Notwithstanding anything else to the contrary set forth in paragraph (a), the Borrower shall also have the privilege to have items of Project Equipment removed from the Project Facilities and released from the lien of the Mortgage, as follows:

(i) Whenever such item of Project Equipment to be removed has a then current value of less than \$10,000, provided that such removed Project Equipment does not have an aggregate current value of over \$200,000 over the term of the Loan Agreement.

(ii) Whenever such item of Project Equipment to be removed has a then current value of more than \$10,000 but less than \$200,000 (and an aggregate current value of not more than \$500,000 over the term of the Loan Agreement), and the Borrower delivers to the Trustee a Certificate of the Authorized Borrower Representative

identifying such Project Equipment to be removed and certifying that such removal shall not impair the character or revenue producing capacity of the Project Facilities.

(c) In the event any removal of equipment under this Section causes damage to buildings, the Borrower shall restore or repair such damage at its expense. The Trustee shall execute and deliver as provided in the Indenture such releases or other documents (if any) as the Borrower may properly request in connection with any action taken by the Borrower in conformity with this Section. The removal from the Project Facilities of any portion of Project Equipment pursuant to the provisions of this Section shall not entitle the Borrower to any abatement or diminution of Loan Repayments subsequently due.

Section 5.08 Release of Real Property. If no Default exists, the Borrower shall have the right, at any time and from time to time, to a release of real property from the Mortgage, as follows:

(a) Land not containing any permanent structure necessary for the total operating unit and efficiency of the Project Facilities may be released for the purpose of selling the same to a third person or to facilitate the construction or financing of additions to the Project Buildings or additional structures not related to the Project on the Land, and the Trustee shall, from time to time, release from the Mortgage such real property so sold, pledged or disposed of, but only upon receipt by the Trustee of the following:

(i) A Certificate of an Authorized Borrower Representative setting forth in substance as follows:

(A) The number of acres or square feet of the property to be released,

(B) The calculation of the release price, which shall be equal to the sale price in the event of a sale to an unaffiliated third party or otherwise shall be equal to its appraised value,

(C) The property to be released is not needed for the operation of the Project Facilities and is not necessary for the total operating unit and efficiency of the Project Facilities,

(D) The release will not impair the structural integrity of the Project Facilities or the usefulness of the Project Facilities for these purposes and will not inhibit adequate means of ingress to or egress from the Project Facilities,

(E) No Default exists under this Loan Agreement, and

(F) All conditions precedent herein provided for relating to such release have been complied with;

(ii) A survey prepared by a registered land surveyor describing and showing the Land, after giving effect to such release;

(iii) Cash equal to the release price as certified pursuant to clause (i)(B), which cash shall be deposited in the Optional Redemption Fund or, if the amount on deposit in the Reserve Fund is at the time less than the Reserve Requirement, the Reserve Fund, as directed by the Authorized Borrower Representative;

(iv) A Certificate of an Independent Engineer that the Land to be released does not contain any permanent structure necessary for the total operating unity and efficiency of the Project Facilities; and

(v) An Opinion of Counsel stating that the certificates, opinions and other instruments and cash which have been or are therewith delivered to and deposited with the Trustee conform to the requirements of this Loan Agreement and that, upon the basis of such application, the property may be released from the lien of the Mortgage, and that the Borrower has complied with all conditions precedent herein provided for relating to such release.

(b) The Borrower may at any time or times grant to others easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to the Land, free from the lien of the Mortgage, or the Borrower may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the Trustee will execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or privilege; provided, however, that prior to any such grant or release, there shall have been supplied to the Trustee a Certificate of the Authorized Borrower Representative to the effect (i) that such grant or release is not detrimental to the proper operation of the Project Facilities and (ii) such grant or release will not impair the operating unity or the efficiency of the Project Facilities on such Land or materially and adversely affect the character thereof.

#### Section 5.09 Insurance.

(a) The Borrower shall maintain, or cause to be maintained, at its cost and expense, insurance as follows:

(i) Insurance against loss and/or damage to the Project Facilities under a policy or policies covering such risks as are ordinarily insured against by similar businesses, including (without limiting the generality of the foregoing) fire and extended coverage in an amount not less than 90% of the full insurable replacement value of the Project Facilities, less an amount equal to the fair market value of the Land, but any such policy may have a deductible amount of not more than \$100,000; provided, however, that such higher deductible shall be permitted if and to the extent consistent with then prevailing industry custom and practice. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, unless a recommendation to such effect has been provided in writing to the Borrower and the Trustee by an Independent insurance consultant. The term "full insurable replacement value" shall mean the actual replacement cost of the Project Facilities (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) and equipment, and shall be determined, but not more frequently than the fifth anniversary hereof and every fifth anniversary thereafter, by an insurance

consultant or insurer, selected and paid for by the Borrower. All policies evidencing insurance required by this paragraph with respect to the Project Facilities shall be carried in the names of the Borrower and the Trustee as their respective interests may appear and shall contain standard mortgagee clauses which provide for Net Proceeds of insurance resulting from claims per casualty thereunder to the Project Facilities which are less than \$1,000,000 for loss or damage covered thereby to be made payable directly to the Borrower, and Net Proceeds from such claims which are equal to or in excess of \$1,000,000 to be made payable directly to the Trustee. The Net Proceeds of such insurance required by this paragraph with respect to the Project Facilities shall be applied as provided in Sections 5.10 and 5.11 hereof. The Net Proceeds of such insurance required by this paragraph with respect to the facilities of the Borrower other than Project Facilities shall be payable to the Borrower.

(ii) Comprehensive general public liability insurance, including personal injury liability, and, if the Borrower owns or leases any automobiles, automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,000,000, for public liability not arising from ownership or operation of automobiles (or other motor vehicles), and in the minimum amount of \$500,000 for each occurrence and for each year for liability arising out of ownership or operation of automobiles (or other motor vehicles) and shall be endorsed to show the Trustee and Issuer as an additional insured. Any such insurance coverage may be subject to a deductible amount of not more than \$100,000.

(iii) Such other insurance, including builder's risk insurance and workers' compensation insurance, in such amounts as are customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Borrower may be self-insured with respect to all or any part of its liability for workers' compensation.

(b) All insurance required in this Section shall be taken out and maintained in responsible insurance companies selected by the Borrower which are authorized under the laws of the State to assume the risks covered thereby. Not more frequently than once every five years, the Borrower's insurance requirements may be modified in accordance with recommendations of an Independent insurance consultant selected by the Borrower, a copy of which shall be furnished to the Trustee. Each policy shall contain a provision that the insurer shall not cancel or modify it without giving written notice to the Borrower and the Trustee at least 30 days before the cancellation or modification becomes effective. In lieu of separate policies, the Borrower may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. The Borrower shall provide to the Trustee annually on July 1 of each year, beginning January 1, 2027, a Certificate of the Authorized Borrower Representative to the effect that the Borrower is in compliance with the requirements of this Section. The Trustee shall be entitled to rely upon a Certificate of an Authorized Borrower Representative as to the Borrower's compliance with the insurance requirements. The Trustee shall not be responsible for the sufficiency of coverage or amounts of any such policies. The Trustee's only duty with respect to any recommendations of an Independent insurance consultant provided to it are to hold such recommendations as a repository on behalf of Registered Owners.

Section 5.10 Damage or Destruction.

(a) The Borrower agrees to notify the Trustee as soon as practicable in the case of damage exceeding \$1,000,000 in amount to, or destruction of, the Project Facilities or any portion thereof resulting from fire or other casualty. In the event that any such damage or destruction does not exceed \$1,000,000, the Borrower shall forthwith repair, reconstruct and restore the Project Facilities to substantially the same or an improved condition or value as existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Borrower will apply the Net Proceeds of any insurance relating to such damage received by the Borrower to the payment or reimbursement of the costs thereof. Net Proceeds of any insurance relating to such damage up to \$1,000,000 shall be paid directly to the Borrower.

(b) In the event the Project Facilities or any portion thereof is destroyed by fire or other casualty and the damage or destruction is estimated to exceed \$1,000,000, then the Borrower shall within 90 days after such damage or destruction elect one of the following two options by written notice of such election to the Trustee:

(i) Option A - Repair and Restoration. The Borrower may elect to repair, reconstruct and restore the damaged Project Facilities. In such event, the Borrower shall proceed forthwith to repair, reconstruct and restore the damaged or destroyed Project Facilities to substantially the same condition or value as existed prior to the event causing such damage or destruction and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Borrower will apply the Net Proceeds of any insurance relating to such damage or destruction received by the Borrower from the Trustee to the payment or reimbursement of the costs thereof. So long as no Default exists, any Net Proceeds of insurance relating to such damage or destruction received by the Trustee shall be released from time to time by the Trustee to the Borrower upon the receipt of:

A. A Certificate of the Authorized Borrower Representative specifying the expenditures made or to be made or the indebtedness incurred in connection with such repair, reconstruction and restoration and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such repair, reconstruction and restoration; and

B. The written approval of such Certificate by an Independent Engineer.

In the event the Borrower shall elect this Option A, the Borrower shall complete the repair, reconstruction and restoration of the Project Facilities, whether or not the Net Proceeds of insurance received by the Borrower for such purposes are sufficient to pay for the same. Net Proceeds not required for the repair, reconstruction and restoration of the Project Facilities shall be applied to the prepayment of the Bonds or used for such other purpose as the Borrower directs, based upon an opinion of Bond Counsel to the effect that such application of proceeds will not adversely affect the tax exempt status of interest on the Bonds.

(ii) Option B - Redemption of the Bonds. In the event that the Borrower determines that it is not practical or desirable to rebuild, repair or restore the Project Facilities, or, in case the Borrower is unable to deliver the certificates or reports

necessary under Option A of this Section, the Bonds shall be redeemed, in whole or in part, on any business day occurring at least 45 days after the date of the notice given as to exercise of this Option B, and the Net Proceeds shall be deposited in the Optional Redemption Fund and shall be applied for that purpose. In such event, the Bonds shall be redeemed at par plus accrued interest, and redemption shall be effected pursuant to the provisions of, in the manner, and with the effect provided in the Indenture. If the Net Proceeds of insurance, together with all amounts then held by the Trustee under the Indenture available to redeem or retire the Bonds, shall be insufficient to so redeem the Bonds (including any expenses of redemption), the Borrower shall pay such deficiency to the Trustee as a Loan Repayment; and the Net Proceeds of insurance, together with such Loan Repayment and amounts held by the Trustee under the Indenture, shall to the extent necessary be applied to such redemption of the Bonds at the earliest possible date in accordance with Article III of the Indenture. If the Bonds have been fully paid and all obligations of the Borrower hereunder have been paid or provided for, all remaining Net Proceeds shall be paid to the Borrower.

Section 5.11 Condemnation.

(a) If the Project Facilities or any material portion thereof is condemned or taken for any public or quasi-public use and title thereto vests in the party condemning or taking the same, the Borrower irrevocably assigns to the Trustee all its right, title and interest in and to any Net Proceeds of any award, compensation or damages (hereinafter referred to as an “award”), payable in connection with any such condemnation or taking. The Trustee shall cooperate fully with the Borrower in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project Facilities or any material part thereof.

(b) In the event of any such condemnation or taking, the Borrower shall, within 90 days after the date on which the Net Proceeds are finally determined, elect one of the two following options by written notice of such election to the Trustee.

(i) Option A – Repairs and Improvements. The Borrower may elect to use the Net Proceeds of the award made in connection with such condemnation or taking for additions, repairs and improvements to the Project Facilities. In such event, so long as no Default exists, the Borrower shall have the right to receive such Net Proceeds from the Trustee from time to time upon receipt by the Trustee of:

A. A Certificate of an Authorized Borrower Representative specifying the expenditures made or to be made in connection with such repairs and improvements and stating that such Net Proceeds, together with any of the moneys legally available for such purposes, will be sufficient to complete such repairs and improvements; and

B. If such Net Proceeds equal or exceed \$1,000,000 in amount, the written approval of such Certificate by an Independent Engineer.

The Borrower agrees to apply any such Net Proceeds so received solely to the purposes specified in such Certificate. Net Proceeds not required for the repairs and improvements shall be applied to the prepayment of the Bonds or in such other manner as the Borrower directs, based upon an opinion of Bond Counsel to the effect that such application of proceeds will not adversely affect the tax-exempt status of interest on the Bonds.

(ii) Option B – Redemption of the Bonds. In the event that the Borrower shall determine that it is not practical or desirable to rebuild, repair or restore the Project Facilities, or, in case the Borrower is unable to deliver the certificates or reports necessary under Option A of this Section, the Bonds shall be redeemed, in whole or in part, on any business day occurring at least 45 days after the date of the notice given as to exercise of this Option B, and the Net Proceeds shall be deposited in the Optional Redemption Fund and shall be applied for that purpose. In such event, the Bonds shall be redeemed at par plus accrued interest, and redemption shall be effected pursuant to the provisions of, in the manner, and with the effect provided in the Indenture. If the Net Proceeds of condemnation, together with all amounts then held by the Trustee under the Indenture available to redeem or retire the Bonds, shall be insufficient to so redeem the Bonds (including any expenses of redemption), the Borrower shall pay such deficiency to the Trustee as a Loan Repayment; and the Net Proceeds of condemnation, together with such Loan Repayment and amounts held by the Trustee under the Indenture, shall to the extent necessary be applied to such redemption of the Bonds at the earliest possible date in accordance with Article III of the Indenture. If the Bonds have been fully paid and all obligations of the Borrower hereunder have been paid or provided for, all remaining Net Proceeds shall be paid to the Borrower.

## ARTICLE VI – SPECIAL COVENANTS

### Section 6.01 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, as to the suitability for operation of the Project, or that it 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 Governing Body and its respective officers and employees, 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.

(b) The Borrower further agrees to indemnify and hold harmless the Issuer, its Governing Body, the Trustee, and their respective officers, directors, agents, representatives and employees, against any and all losses, claims, damages or liabilities to which the Issuer, its Governing Body, the Trustee or their respective officers, directors, agents, representatives and employees, may become subject under any law or claim in connection with the issuance and sale of the Bonds, the carrying out of the transactions contemplated by this Loan Agreement, or in connection with the Project Facilities in any manner whatsoever, including in connection with the defeasance and redemption of the Bonds, and to reimburse the Issuer, the Trustee, their respective officers, directors, agents, representatives and employees, for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the Issuer, the Trustee, their respective officers, directors, agents, representatives and employees, in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions relating thereto. The Issuer and the Trustee each 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 which may be available to the Issuer or the Trustee. The provisions of this Section shall survive the payment and redemption of the Bonds.

Section 6.02 Financial Statements. The Borrower agrees to furnish to the Trustee and the Original Purchaser no later than 150 days after the last day of each Fiscal Year during the

term hereof, a copy of the annual audited consolidated and consolidating financial statements of Borrower and Subsidiaries for the preceding Fiscal Year, including balance sheets and statements of changes in net assets and of unrestricted activities, audited by an Independent certified public accountant.

(b) The Borrower also agrees to furnish quarterly unaudited consolidated and consolidating financial statements of the Borrower not more than 45 days after the end of each fiscal quarter, except for its fourth fiscal quarter.

(c) The Trustee shall have no duty to review or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Registered Owners. The Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed therein in any manner.

#### Section 6.03 Financial Information; Annual Certificate; Reports.

(a) The Borrower agrees to furnish to the Trustee, within 150 days after the end of each Fiscal Year, a Certificate of the Authorized Borrower Representative that there is no Default under this Loan Agreement or the Mortgage, and such Certificate shall set forth specifically whether Borrower is in compliance with Section 6.09, and, in any event, if such Certificate discloses a Default, explaining the nature thereof and specifying the steps being taken to remedy the same.

(b) The Borrower agrees to furnish to the Trustee monthly updates on the construction of the Project on the 1st of each month until the Project is completed that shall include:

(i) A summary of construction progress during the applicable month, including completion status relative to the approved construction schedule;

(ii) Confirmation of compliance with the approved plans, specifications, and budget, or a description of any material deviations;

(iii) An updated construction timeline identifying any delays and the anticipated impact on the Project completion date;

(iv) A statement of costs incurred to date and remaining costs to complete the Project; and

(v) Notice of any material disputes, defaults, liens, claims, or anticipated claims involving contractors, subcontractors, or suppliers.

(c) In addition, the Borrower shall render to the Issuer, the Original Purchaser, and the Trustee such additional reports concerning the Borrower, the Bonds or the Project as the Issuer and the Trustee may from time to time reasonably request, or as may be required by any law, regulation or ordinance of the State or of the Issuer.

Section 6.04 Borrower to Maintain its Existence; Conditions Under Which Exceptions Permitted.

(a) The Borrower agrees that, so long as the Bonds are Outstanding, it will not dissolve or otherwise dispose of all or substantially all of its assets; and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Borrower may, without violating the agreement contained in this Section, consolidate with or merge into another institution, or permit one or more other of such institutions to consolidate with or merge into it, or sell or otherwise transfer to another such institution all or substantially all of its assets as an entirety and thereafter dissolve upon satisfaction of the following conditions: (i) if the surviving, resulting or transferee institution, as the case may be, is other than the Borrower, the surviving, resulting or transferee institution shall assume in writing all of the obligations of the Borrower herein, and shall be a Tax Exempt Organization (ii) the Trustee is furnished with a Certificate of the Authorized Borrower Representative to the effect that the surviving, resulting or transferee institution shall have an unrestricted fund balance equal to or greater than that of the Borrower prior to such merger, consolidation or transfer; and (iii) the Borrower shall furnish to the Trustee an opinion of Bond Counsel to the effect that such consolidation, merger or transfer shall have no adverse effect on the excludability of the interest on the Bonds from gross income under Sections 103, 145 and related Sections of the Internal Revenue Code and regulations thereunder.

(b) In no event shall the Borrower consolidate with or merge into another corporation or sell or otherwise transfer to another institution all or substantially all of its assets as an entirety and thereafter dissolve if the effect of any such transaction would be to cause the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the Borrower or such other resulting entity, and all organizations under common management or control with the Borrower or such resulting entity (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, to exceed \$150,000,000, except to the extent provided to the contrary by the provisions of Section 145(b) of the Internal Revenue Code.

(c) If merger or sale or other transfer is made as provided in this Section, the provisions of this Section shall continue in full force and effect and no further merger or sale or other transfer shall be made except in compliance with the provisions of this Section.

Section 6.05 Records and Inspection. The Borrower shall maintain documents and records required by any provision of this Loan Agreement or the Indenture or by law relating to the Project or the affairs of the Borrower, including (i) copies of federal, state, municipal and other licenses and permits obtained by the Borrower relating to the operation of the Project Facilities, (ii) financial books and records reflecting the condition of the Consolidated group, and (iii) all other documents, instruments, reports and records subject to such requirements. The Issuer and the Trustee shall have the right to inspect all such materials, except any materials made private or confidential by federal or state law or regulation, and the Project Facilities at all reasonable times and to make such copies and extracts as they may desire. At the request of the Issuer or the Trustee, the Borrower shall furnish to the Issuer or the Trustee, at the Borrower's expense, a copy of any such materials which are required by the Issuer or the Trustee in the performance of their duties under this Loan Agreement, the Indenture, the Mortgage or the Act.

Section 6.06 Further Assurances, Financing Statements, Maintenance of Lien. At the request of the Issuer or the Trustee, the Borrower shall execute or authorize as applicable any

financing statement, supplement to the Mortgage or other instrument which, according to an Opinion of Counsel, is or may be required to carry out the intent of the parties as expressed in this Loan Agreement, the Indenture and the Mortgage. The Borrower shall, at its sole expense, file or cause to be filed any financing statements under the Uniform Commercial Code or similar instruments necessary to perfect and continue the security interest of the Trustee in this Loan Agreement and the payments to be made hereunder, and the security interests granted under the Mortgage, including any financing statements which the Issuer may be required to file under the Indenture. The Borrower shall also, at its sole expense, cause the Mortgage and any supplement to the Mortgage to be filed for record in the office of the County Recorder or Registrar of Titles, or both, and in any other office necessary or desirable to perfect or maintain the lien of the Mortgage and shall pay any mortgage registration tax or filing fee or other payment for the effective filing thereof. Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filing; or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. In addition, unless the Trustee shall have been notified in writing that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section 6.06 and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Trustee shall cause to be filed a continuation statement with respect to each Uniform Commercial Code financing statement relating to the Bonds which was filed at the time of the issuance thereof, in such manner and in such places as the initial filings were made, provided that a copy of the filed original financing statement is timely delivered to the Trustee. The Borrower shall be responsible for the customary fees and reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder.

Section 6.07 Assignments. The Borrower consents to the pledge and assignment of the Loan Repayments and other interests of the Issuer in this Loan Agreement by the Issuer to the Trustee as provided in the Indenture. Except as otherwise provided in Sections 5.02 and 6.04 hereof, the interests and obligations of the Borrower under this Loan Agreement are nonassignable and shall not be assigned except to a trustee in bankruptcy or similar officer pursuant to the Bankruptcy Code or similar law. Without limiting the foregoing, funds and investments in the Bond Fund, Sinking Fund, Optional Redemption Fund, Reserve Fund, Capitalized Interest Fund, and Project Fund and other funds comprising the Trust Estate are trust funds not subject to assignment by the Borrower or execution, attachment, or garnishment by any creditor of the Borrower.

Section 6.08 Observance of Indenture Covenants and Terms. The Borrower will not do, in any manner, anything which will cause or permit to occur any Default under the Indenture, but will faithfully observe and perform, and will do all things reasonably necessary so that the Issuer may observe and perform, all the conditions, covenants and requirements of the Indenture. The Issuer agrees that it will observe and perform all obligations imposed upon it by the Indenture and the Bonds.

Section 6.09 Financial Coverage Covenant.

(a) Commencing with the Fiscal Year following the Fiscal Year in which Stabilized Occupancy for the Project is achieved and each Fiscal Year thereafter, the Borrower shall

conduct its overall operations in such a manner as to provide Income Available for Debt Service of the Borrower at least equal to 110% of Total Principal and Interest Requirements for the Borrower in each Fiscal Year. For purposes of this covenant, Income Available for Debt Service shall include donations of cash or cash equivalents to the Borrower from an Affiliate during the applicable Fiscal Year and within 60 days after the end of the applicable Fiscal Year.

(b) If, in any Fiscal Year after Stabilized Occupancy for the Project is achieved, Income Available for Debt Service of the Borrower for such Fiscal Year has been less than 110% of the Total Principal and Interest Requirements of the Borrower for such Fiscal Year, then the Borrower shall, at its expense, retain an Independent consultant (which consultant may consist of a recognized skilled nursing consulting firm or a firm of certified public accountants) to make recommendations with respect to the Borrower's rates, fees and charges and other matters relating to or affecting the Income Available for Debt Service of the Borrower, provided that if the Borrower shall have employed an Independent consultant pursuant to this Section on a continuing basis, the Borrower shall not be required to employ a new Independent consultant or obtain new recommendations. A copy of the Independent consultant's report and recommendations and any supplements thereto shall be filed with the Borrower and the Trustee. The recommendations of the Independent consultant and any supplements thereto shall be presented by the Independent consultant in writing to the governing body of the Borrower. The Borrower agrees that it will, to the extent permitted by law, consider and adopt the recommendations of the Independent consultant unless the governing body of the Borrower in good faith resolves in a writing delivered to the Trustee on or within 45 days of receipt of the recommendations of the Independent consultant that such recommendations are not in the best interests of the Borrower and that a proposed alternate set of recommendations of management of the Borrower are likely to achieve the 110% Income Available for Debt Service coverage set forth in this Section. So long as an Independent consultant shall be employed and the Borrower accepts and follows the recommendations of the Independent consultant or such alternate recommendations of the governing body of the Borrower, the Borrower shall be deemed to be in compliance with the covenants provided in this Section with respect to the Fiscal Year in which the recommendations shall have been presented and all prior Fiscal Years, notwithstanding that Income Available for Debt Service realized by the Borrower may be less than 110% of its Total Principal and Interest Requirements; and if the Borrower shall also employ the Independent consultant on a continuing basis, to monitor the effect of the recommendations on the Income Available for Debt Service of the Borrower in future Fiscal Years and to supplement the recommendations (if needed, in the opinion of the Independent consultant), then (so long as the Borrower shall continue to accept and follow the recommendations of the Independent consultant and any supplements thereto, or alternate recommendations for any Fiscal Year from the governing body of the Borrower issued in the manner set forth above), the Borrower shall be deemed in compliance with the covenants provided in this Section in such future Fiscal Years, notwithstanding that the Income Available for Debt Service realized by the Borrower with respect to such future Fiscal Years may be less than 110% of its Total Principal and Interest Requirements. The Trustee has no duty or obligation to monitor the Borrower's compliance with any recommendations it receives hereunder.

(c) If, in any Fiscal Year, Income Available for Debt Service of the Borrower has been less than 100% of the Total Principal and Interest Requirements of the Borrower, based on audited financial statements delivered in accordance with Section 6.02 hereof, there shall be deemed to have occurred an Event of Default hereunder, notwithstanding anything else set forth in this Section.

(d) This Section shall not be construed to prohibit the Borrower from serving indigent residents to the extent required for it to continue its qualification as a tax-exempt organization or to maintain its eligibility to participate in the Medicaid Elderly Waiver program, to comply with any other requirements of law, or from serving any other class of residents without charge or at reduced rates so long as such service does not prevent the Borrower from satisfying the other requirements of this Section.

(e) Commencing with the Fiscal Year following the Fiscal Year in which Stabilized Occupancy for the Project is achieved, and each Fiscal Year thereafter, Borrower shall maintain 45 Days Cash on Hand.

Section 6.10 Transfers of Assets. The Borrower covenants that, during the term hereof, except as may otherwise be necessary or desirable in order to maintain the status of the Borrower as a Tax Exempt Organization, the Borrower shall not transfer its interest in any of its assets to any Person for consideration of less than fair market value, provided, however, that the Borrower may, without violating the covenant set forth in this Section, transfer to an Affiliate during any Fiscal Year, Operating Revenues or other moneys or property of the Borrower, so long as: (a) at the time no default shall have occurred or be continuing hereunder; and (b) at the time the amount on hand in the Reserve Fund is at least equal to the Reserve Requirement; (c) for the prior Fiscal Year, the Borrower shall have had Income Available for Debt Service at least equal to 110% of Total Principal and Interest Requirements as applied solely to the Borrower; and (d) immediately following such transfer, the Borrower has not less than 45 Days Cash on Hand. In the event that the Borrower makes a transfer to an Affiliate and such transfer is thereafter deemed to violate the provisions of this Section, the Borrower shall forthwith seek to have all necessary funds or property returned from such Affiliate in order to maintain compliance with this covenant.

Section 6.11 Additional Parity Indebtedness. Subject to the conditions set forth below, the Borrower may incur Additional Parity Indebtedness secured on a parity with the Mortgage to provide financing for improvements or additions to the Project Facilities, or, subject to applicable law, to refund any Bonds then Outstanding or any Additional Parity Indebtedness, or any combination of such purposes:

(a) The Borrower must either: (i) deliver to the Trustee a Certificate signed by an Independent certified public accountant or firm of certified public accountants demonstrating, for each of the prior two Fiscal Years, the Borrower's Income Available for Debt Service was equal to not less than 125% of the Borrower's Total Principal and Interest Requirements on all Outstanding Bonds and any outstanding Additional Parity Indebtedness, together with the maximum annual Total Principal and Interest Requirements on such Additional Parity Indebtedness for any future year, but excluding, for purposes of such computation, the Total Principal and Interest Requirements on any Outstanding Bonds or outstanding Additional Parity Indebtedness to be refunded or refinanced by such Additional Parity Indebtedness, or (ii) deliver to the Trustee an examined financial forecast prepared by an Independent certified public accountant or firm of Independent certified public accountants demonstrating that, in the first Fiscal Year following the year in which the Additional Parity Indebtedness is incurred or, if the Additional Parity Indebtedness is incurred to finance improvements or additions to the Project Facilities, commencing with the first Fiscal Year following the Fiscal Year in which such improvements or additions are placed in service and have achieved Stabilized Occupancy, the Borrower's Income Available for Debt Service will be equal to not less than 125% of Total Principal and Interest Requirements on all Outstanding Bonds and

outstanding Additional Parity Indebtedness, and including for such purpose the maximum annual Total Principal and Interest Requirements on the proposed Additional Parity Indebtedness for any future year, but excluding from such calculation the Total Principal and Interest Requirements on any Outstanding Bonds or other outstanding Additional Parity Indebtedness to be refunded or refinanced by such Additional Parity Indebtedness.

(b) The Loan Agreement shall be in effect and no Event of Default shall exist thereunder.

(c) The exclusion from gross income, for federal income tax purposes, of interest on any Outstanding Tax-Exempt Bonds or other Additional Parity Indebtedness shall not be impaired by the Additional Parity Indebtedness and the Trustee shall have been furnished with an opinion of Bond Counsel to such effect.

(d) The documents or instruments creating the Additional Parity Indebtedness shall contain the following provisions (which may be contained in a separate agreement to which the Trustee is a party):

(1) a cross default provision with respect to the Loan Agreement and the Mortgage;

(2) provisions to the effect that, prior to exercising any remedies upon a default or event of default by the Borrower under any instrument or document relating to the Additional Parity Indebtedness, the holders of the Additional Parity Indebtedness (or a trustee representing their interests) shall cooperate with the Trustee to the end that the interests of those holders and the Registered Owners of the Outstanding Bonds shall be protected equally and ratably;

(3) any additional provisions which are necessary or advisable to provide for cooperation between the holders of the Additional Parity Indebtedness (or their trustee) and the Registered Owners of the Outstanding Bonds or the Trustee in view of the *pari passu* nature of the Bonds and the Additional Parity Indebtedness with respect to any payment from the proceeds of the foreclosure of the property mortgaged pursuant to the Mortgage; and

(4) a provision that all Additional Parity Indebtedness and all indebtedness, liabilities and obligations of the Borrower under the Loan Agreement and the Indenture shall be payable and secured equally and ratably by all security provided for any or all of them, except that Additional Parity Indebtedness shall not be protected or secured by funds and accounts created under the Indenture or any amounts contained therein, or by the Loan Agreement.

(e) In connection with the issuance of the Additional Parity Indebtedness, there shall be delivered to the Trustee an opinion of Independent Counsel to the Borrower, satisfactory in form and substance to the Trustee, to the effect that all of the foregoing conditions have been satisfied, and that each of the instruments and documents described in this Section complies with the requirements of this Section and is a legal, valid, binding and enforceable obligation of the Borrower, with appropriate exceptions for bankruptcy, insolvency and similar laws and for equitable principles. The

opinion of Independent Counsel shall be delivered to the Trustee at least 30 days prior to the incurrence of the Additional Parity Indebtedness or within any shorter period which is satisfactory to the Trustee.

(f) [Intentionally Omitted]

(g) The Borrower will take all actions (including but not limited to amending or supplementing the Indenture, this Loan Agreement and the Mortgage and any other collateral instrument or document) and will execute, deliver, file and record all instruments and documents of security which are required by this Loan Agreement and the Mortgage, which relate to the Additional Parity Indebtedness, which are required by law, or which the Borrower or the Trustee, upon the advice of Independent Counsel, determine to be necessary or advisable to make or grant the holders of the Additional Parity Indebtedness a right to payment from and an assignment of or a security interest in any property, or to secure those holders otherwise, on a parity with all other holders of Additional Parity Indebtedness and secured on a parity as set forth in Section 6.11(d)(4).

(h) As a condition to the incurrence of the Additional Parity Indebtedness, Borrower shall execute, deliver, file and record and cause to be executed, delivered, filed and recorded all instruments and documents which are required by this Loan Agreement which relate to the Additional Parity Indebtedness, which are required by law or which Borrower or the Trustee, upon the advice of Independent Counsel, determine to be necessary or advisable to make or grant to the Trustee an assignment of or a security interest in any property which is the subject of an assignment made or a security interest granted to the holders of the Additional Parity Indebtedness and not theretofore made or granted to the Trustee, or to secure the Trustee otherwise, on a parity with the holders of the Additional Parity Indebtedness.

(i) The actions taken pursuant to this Section shall be taken to the end that all of the outstanding Additional Parity Indebtedness and the Loan shall be of equal rank and shall be entitled to share on a parity in all security granted under this Loan Agreement and the Mortgage, except that Additional Parity Indebtedness shall not be protected or secured by funds or accounts created under the Indenture, the Trust Estate or this Loan Agreement.

(j) Within a reasonable period after the incurrence of any Additional Parity Indebtedness, the Borrower shall deliver to the Trustee conformed copies of all instruments and documents supporting or evidencing the Additional Parity Indebtedness.

#### Section 6.12 Management Contracts.

(a) The manager under any management contract for the management of the Project shall be a Tax Exempt Organization or such management contract shall comply with Department of Treasury Revenue Procedure 2017-13, as amended and amplified (and any amended or successor rule), and in particular with one of the “safe harbor” limitations thereof.

(b) The Borrower shall cause any management fee payable by the Borrower with respect to the Project Facilities to be subordinate to all amounts due under this Agreement.

## ARTICLE VII – EVENTS OF DEFAULT AND REMEDIES

Section 7.01 Events of Default. The following shall be “Events of Default” under this Loan Agreement and the term “Event of Default” shall mean, whenever used in this Loan Agreement, any one or more of the following events:

(a) If the Borrower fails to pay the amount of any Loan Repayment required to be paid under Section 4.02 and if, as a result thereof, moneys sufficient to pay the principal of, premium, if any, or interest on any Bond then due shall not be available in the Bond Fund (but only after any transfers permitted to be made thereto from the Reserve Fund have been made) or if the Borrower fails to make a monthly payment in replenishing of the Reserve Fund, as and to the extent required by Section 5.03 of the Indenture; or

(b) If the Borrower shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in this Loan Agreement on the part of the Borrower to be performed, and such Default shall have continued for a period of 30 days after written notice, specifying such Default and requiring the same to be remedied, shall have been given to the Borrower by the Issuer or Trustee; or

(c) If any representation or warranty of the Borrower made herein or in any report, certificate or financial statement provided by the Borrower in connection with this Loan Agreement shall prove to be false or misleading in any material respect; or

(d) If any event of default shall exist under the Mortgage; or

(e) If the Borrower files a petition in voluntary bankruptcy, for the composition of its affairs or for its reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of its property; or

(f) If a court of competent jurisdiction shall enter an order, judgment or decree declaring the Borrower an insolvent, or adjudging the Borrower bankrupt, or appointing a trustee or receiver of the Borrower or of the whole or any substantial part of the property of the Borrower under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(g) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Borrower or of the whole or any substantial part of its property, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control.

The provisions of clauses (b) through (g) of this Section are subject to the following limitations:

(1) If by reason of force majeure the Borrower is unable in whole or in part to carry out its agreements contained herein, the Borrower shall not be deemed in default during the continuance of such disability. The term “force majeure” as used herein includes but is not limited to the following: acts of nature; strikes, lockouts or other employee disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the

State or any of their departments, agencies, municipal corporations or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Borrower. (2) If the Default can be remedied but not within a period of 30 days after notice and if the Borrower has taken all action reasonably possible to remedy such Default within such 30 day period, the Default shall not become an Event of Default for so long as the Borrower shall diligently proceed to remedy such Default in accordance with any directions or limitations of time made by the Trustee. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the Borrower from carrying out its agreements.

#### Section 7.02 Remedies on Default.

(a) Whenever any Event of Default shall have happened and be subsisting, any one or more of the following steps may be taken:

(i) The Trustee may declare all or any amounts of Loan Repayments to become due and payable under Section 4.02 or otherwise for the remainder of the term of this Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.

(ii) The Trustee may foreclose the Mortgage or take whatever action in law or in equity which appears necessary or desirable to enforce this Loan Agreement, the Mortgage or the Indenture in accordance with the provisions thereof.

Any amounts collected by the Trustee pursuant to action taken under the foregoing subsections shall be applied as provided in Section 7.05 of the Indenture.

(b) Whenever any Default shall occur, the Trustee (or the Issuer directly and without the necessity of consent of or joinder by the Trustee, with respect to Sections 4.04(b), 6.01, 7.04 and 7.05 hereof) may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement or the Mortgage.

Section 7.03 Remedies Cumulative, Delay Not to Constitute Waiver. No remedy conferred upon or reserved to the Issuer, the Trustee, or a receiver by this Loan Agreement or the Mortgage 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 Loan Agreement, the Mortgage 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 Trustee, 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 Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to a particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.04 Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Loan Agreement or the Mortgage and the Issuer, the Trustee, or a receiver should employ attorneys or incur other expenses for the collection of payments due or to become due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Loan Agreement or the Mortgage, the Borrower agrees that it will on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.05 Advances. In the event the Borrower shall fail to pay any Loan Repayments under Section 4.02 hereof, or to do any other thing or make any other payment required to be done or made by any other provision of this Loan Agreement or the Mortgage, the Issuer or the Trustee, each 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 Issuer or the Trustee, as the case may be, upon demand, all costs and expenses so incurred and advances so made, with interest at the rate of 8% per annum. Any such advance shall be entitled to priority of payment from any funds thereafter received from the Borrower or under Section 7.02 hereof.

## ARTICLE VIII – MISCELLANEOUS

Section 8.01 Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Bond Fund, Sinking Fund, Reserve Fund, Optional Redemption Fund, the Capitalized Interest Fund or Project Fund after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and any additional amounts payable to the Trustee or the Issuer, and the fees, charges and expenses of any paying agents, and all other amounts required to be paid under the Indenture, shall belong to and be paid to the Borrower by the Trustee as overpayment of the Loan Repayments under Section 4.02 hereof.

Section 8.02 Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed given if given in accordance with Section 13.07 of the Indenture.

Section 8.03 Reference to Bonds Ineffective after Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of the Issuer and the Trustee and any paying agents of the Bonds, all references in this Loan Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the Registered Owners of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have heretofore vested.

Section 8.04 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower and their respective successors, heirs and assigns, and subject to the further limitation that any obligation of the Issuer created by or arising out of this Loan Agreement shall not be a general debt of the Issuer but shall be payable solely out of the proceeds derived from this Loan Agreement or the sale of the Bonds.

Section 8.05 Amendments, Changes and Modifications. Except as otherwise provided in this Loan Agreement or in the Indenture, subsequent to the issuance of the Bonds and prior to payment of the Bonds in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Loan Agreement may not be effectively

amended, changed, modified, altered or terminated without the prior written consent of the Trustee, and the Indenture and the Mortgage may not be effectively amended, changed, modified, altered or terminated except as provided in the Indenture.

Section 8.06 Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same Loan Agreement.

Section 8.07 Severability. In case any section or provision of this Loan Agreement, or in case any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken under this Loan Agreement, or any application thereof, is for any reason held to be illegal or invalid, or is at any time inoperable by reason of any law, or actions thereunder, such illegality or invalidity or inoperability shall not affect the remainder hereof or any other section or provision of this Loan Agreement or any other covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken under this Loan Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein, nor shall such illegality or invalidity or inoperability or any application thereof affect any legal and valid and operable application thereof from time to time, and each such section, provision, covenant, stipulation, obligation, agreement, act, or action, or part thereof, shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent from time to time permitted by law.

Section 8.08 Captions. The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

Section 8.09 Benefit of Registered Owners. This Loan Agreement is executed in part to induce the purchase by others of Bonds to be issued by the Issuer, and accordingly all covenants and agreements on the part of the Borrower and the Issuer as set forth in this Loan Agreement are declared to be for the benefit of the Registered Owners from time to time of the Bonds. Notwithstanding the foregoing, those provisions of Sections 6.05, 6.06, 7.04 and 7.05 which confer certain rights upon the Issuer are intended to permit the Issuer to protect its interests under Sections 4.04(b), 6.01 at 7.04 and 7.05 hereof, and are not for the benefit of the Borrower, Trustee or Registered Owners, and may be exercised by the Issuer in its sole discretion. The Issuer shall not be liable to the Borrower, Trustee or Registered Owners for any action or failure to act in asserting its rights under said Sections.

Section 8.10 Limitation on Liability of the Issuer. (a) It is understood and agreed by the Borrower that the Bonds shall not be general obligations of the Issuer or give rise to a charge against the general credit or taxing powers of the Issuer, but rather shall be special obligations payable solely from revenues pledged and assigned to the payment thereof and secured by this Loan Agreement and the Mortgage. No Registered Owner or Registered Owners of the Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer to pay the Bonds or the interest or premium, if any, thereon, nor to enforce payment thereof against any property of the Issuer except the revenues under this Loan Agreement pledged to the payment thereof. No failure of the Issuer to comply with any term, condition, covenant or agreement herein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be recovered from the Project or revenues therefrom, including those derived pursuant to this Loan Agreement and the Mortgage, and no execution on any claim, demand, cause of action or judgment shall be levied

upon or collected from the general credit, general funds or taxing power of the Issuer. The Bonds shall not constitute a debt of the Issuer within the meaning of any constitutional, statutory or charter limitation. However, nothing contained in this Section shall impair the right of the Registered Owner or Registered Owners of the Bonds to enforce covenants made for the security thereof as provided under the Act.

(b) The Borrower will pay all costs, protect, indemnify and defend the Trustee, the Issuer, their assignees, participants, officers, employees and agents from and against all liabilities, losses, damages (including consequential damages), costs, expenses (including reasonable attorneys' fees), causes of action, suits, claims, demands and judgments of any nature arising out of or related to:

i. any injury to or death of any Person or damage to property in or upon the Facilities or growing out of or connected with the ownership use, non-use, condition, leasing or occupancy of the Project Facilities or any part thereof by or claimed against Borrower;

ii. any violation of any agreement or covenant of the Bond Documents by Borrower;

iii. any violation of any contract, agreement or restriction by the Borrower relating to the Mortgaged Property;

iv. any violation by Borrower of any law, ordinance or regulation affecting the Mortgaged Property or any part thereof or the ownership, occupancy or use thereof by Borrower, or arising out of this Loan Agreement, the Bond Documents, the Bonds or the transactions contemplated thereby, including any disclosure or registration requirements imposed by any federal or State securities law;

v. any statement of the Borrower or information provided or approved by the Borrower relating to the expenditure of the Proceeds contained in the Tax Certificate that, at the time made, is misleading, untrue or incorrect in any material respect; and any other information furnished by the Borrower to the Trustee or the Issuer in connection with the transactions hereunder contemplated that is misleading, untrue or incorrect in any material respect;

vi. any investigation or audit commenced by the IRS or the Department of Revenue of the State relating to the Project, any request for a closing agreement under the IRS' Tax Exempt Bonds Voluntary Closing Agreement Program (VCAP) relating to the Bonds or any obligations refunded by the Bonds or the income tax exemption of interest payable on the Bonds or any obligations refunded by the Bonds or any other action, ruling or decision that may give rise to a Determination of Taxability; and

vii. any other cause whatsoever pertaining to the issuance, sale and delivery of the Bonds, the acquisition and installation of the Project and the operation of the Mortgaged Property, or any action taken in good faith by the Issuer, its officers and employees, to carry out the transaction contemplated by this Loan Agreement.

(c) The Borrower will indemnify the Trustee, the Issuer and each of its officers, agents and employees (collectively, the "Indemnified Parties") and the Borrower agrees to defend the Indemnified Parties against all expense, loss, claim, judgment, damage and any other

liability respecting or arising out of or related to the issuance of the Bonds and the Bond Documents, and the Borrower will reimburse the Indemnified Parties for all attorney fees and legal and other expenses incurred by the Indemnified Parties in relation thereto. 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 (a) the discussion, negotiation, preparation, approval, execution and delivery of the Bonds and the Bond Documents and the documents and instruments related thereto; (b) any amendments or modifications to the Bonds or the Bond Documents 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 modifications; and (c) the enforcement by the Issuer during the term hereof or thereafter of any of the Reserved Rights or any document, instrument or agreement related hereto or thereto, including, without limitation, costs and expenses of collection in the Event of Default, whether or not suit is filed with respect thereto.

(d) The rights of the Issuer under this Section are supplementary to the Issuer's rights under the other Reserved Rights and the provisions thereof must not be interpreted as a limitation of the Issuer's rights under this Section. The provisions of this Section shall survive delivery of and payment for or defeasance of the Bonds and the expiration or termination of any other provisions of this Loan Agreement.

Section 8.11 Term of Agreement. Except as otherwise provided herein, this Loan Agreement shall remain in full force and effect from the date of execution hereof until such time as the Indenture has been discharged in accordance with its terms.

Section 8.12 USA Patriot Act. Federal law requires all financial institutions to obtain, verify and record certain information to verify the identity of each person or entity that opens an account, including deposit accounts, treasury management accounts, loan account or other extension of credit, or other financial services. The Trustee will ask the Borrower for the Borrower's name, address, taxpayer identification number and such other information as will allow the Trustee to identify the Borrower. The Trustee will verify and record the information and will retain and maintain the record as required by the USA PATRIOT Act and implementing regulations. The Borrower warrants and represents that the information it provides to the Trustee for these purposes is and will be correct and accurate.

Section 8.13 Electronic Signatures.

(a) The parties agree that the electronic signature of a party to this Loan Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Loan Agreement. The parties agree that any electronically signed document (including this Loan Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

(b) For purposes of this Section:

(i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means;

(ii) “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature;

(iii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a pdf or other replicating image attached to an e-mail message; and

(iv) “pdf” means portable document format.

Section 8.14 Electronic Transactions. The transaction described herein may be conducted and 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.

[The balance of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be duly executed in their respective names, all as of the date first above written, but actually on the Closing Date.

LAKES AREA ECONOMIC DEVELOPMENT  
AUTHORITY, MINNESOTA

By \_\_\_\_\_  
President

By \_\_\_\_\_  
Secretary

KNUTE NELSON

By \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT A**

**SECTION 1.01 OF THE INDENTURE**

**STATEMENT CONCERNING A PROPOSED PROJECT  
UNDER MINNESOTA STATUTES, SECTIONS 469.152 THROUGH 469.1655**

The undersigned, being the duly qualified and acting President of the Lakes Area Economic Development Authority, Douglas County, Minnesota (the "Issuer"), certifies that the governing body of the Issuer has been provided by Knute Nelson, a Minnesota nonprofit corporation (the "Borrower"), or its representatives, with certain information concerning a proposed Project under the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act"). On the basis of such information the Issuer, by resolution adopted January 6, 2026, has given approval to the proposed project and its financing by the issuance of a revenue obligation or obligations of the Issuer. The following are factors considered by the governing body of the Issuer in determining to give preliminary approval to said project:

1. The project (the "Project") is described in the *Minnesota Department of Employment and Economic Development, Application for Approval of Local Bond Financing – Pursuant to Minn. Stat. 469.152 – 469.1655*, dated January 6, 2026, submitted for the project by the Issuer (the "Application").

2. Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel for the Project, is of the opinion that the Project constitutes a "project" within the meaning of Minnesota Statutes, Section 469.153, Subd. 2.

3. Based on the representations of the Borrower, it is the opinion of the governing body of the Issuer that the Project, when completed, will provide necessary facilities so that adequate health care services are available to area residents at a reasonable cost.

4. The number of current full-time and part-time jobs at the Project location and new (not currently in Minnesota) permanent jobs created by the Project are indicated in the Application. The governing body of the Issuer believes that the existence of the Project within the jurisdiction of the Issuer will help prevent chronic unemployment and the movement of talented and educated persons out of the state, or to areas within the state where these services may not be as effectively used and provide services needed by the residents of the Issuer.

5. The Issuer will, upon entering into a revenue agreement, comply with the requirements of Minnesota Statutes, Section 469.154, Subd. 5.

6. Based on representations of the Borrower as to the nature of the Project, the Project does not include any property to be sold or affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

7. A public hearing was conducted on January 6, 2026, at the Board of Commissioners Chambers, 324 Broadway, Suite 101, at 4:00 p.m. pursuant to Minnesota Statutes, Section 469.154, Subd. 4, to consider the proposal that the Issuer undertake and finance the Project. A draft copy of the Application with all attachments was available for public inspection. All interested parties were afforded an opportunity to express their views.

Dated: January 6, 2026.

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President

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**Draft: 12/30/2025**

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\$ \_\_\_\_\_  
Lakes Area Economic Development Authority, Minnesota  
Health Care Facilities Revenue Bonds  
(Knut Nelson Care Center Project), Series 2026A  
and  
Taxable Health Care Facilities Revenue Bonds  
(Knut Nelson Care Center Project), Series 2026B

**TRUST INDENTURE**

Dated as of \_\_\_\_\_, 2026

by and between

**LAKES AREA ECONOMIC DEVELOPMENT AUTHORITY, MINNESOTA**

and

**COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION,**

as Trustee

---

This instrument was drafted by:

Fryberger, Buchanan, Smith & Frederick, P.A.  
302 West Superior Street, Suite 700  
Duluth, MN 55802

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This TRUST INDENTURE, dated as of \_\_\_\_\_, 2026, by and between the LAKES AREA ECONOMIC DEVELOPMENT AUTHORITY, MINNESOTA, a public corporation and political subdivision established pursuant to Laws of Minnesota for 2003, Chapter 127, Article 12, Sections 35 through 41, and COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association with trust powers. Capitalized terms have the meanings assigned in Section 1.01.

WITNESSETH:

WHEREAS, the Issuer is a duly organized and existing public corporation and political subdivision established pursuant to Laws of Minnesota for 2003, Chapter 127, Article 12, Sections 35 through 41, and is authorized to issue its revenue bonds pursuant to the Act, in accordance with the provisions thereof; and

WHEREAS, as authorized by the Act, the Issuer has agreed to make a loan to Knute Nelson, a nonprofit corporation organized and existing under the laws of the State of Minnesota, pursuant to the Loan Agreement; and

WHEREAS, to provide the funds to loan to the Borrower pursuant to the Loan Agreement, the Issuer has determined to issue the Series 2026 Bonds, as in this Indenture hereinafter provided; and

WHEREAS, the proceeds of the Series 2026 Bonds, together with any other required funds, will be used by the Borrower pursuant to the Loan Agreement for the specific authorized purposes of paying costs of the Project, funding required reserves, paying capitalized interest and Costs of Issuance of the Series 2026 Bonds; and

WHEREAS, the Loan Agreement requires the Borrower to make payments thereunder in amounts and at times sufficient to pay the principal of, premium (if any) and interest on the Series 2026 Bonds when due; and

WHEREAS, the Borrower has agreed to execute and deliver the Mortgage to the Trustee to secure the payment of the Series 2026 Bonds and the Borrower's obligations under the Loan Agreement; and

WHEREAS, the Series 2026 Bonds, the form of assignment thereof and the Trustee's authentication certificate to be endorsed on the Series 2026 Bonds are to be in substantially the form attached as Exhibit A-1 and Exhibit A-2 hereto; and

WHEREAS, the execution and delivery of this Indenture have been duly authorized by the governing body of the Issuer, and all conditions, acts and things necessary and required by the Constitution and laws of the State of Minnesota, or otherwise, to exist, to have happened or to have been performed precedent to and in the execution and delivery of this Indenture, and in the issuance of the Series 2026 Bonds, do exist, have happened or have been performed in regular form, time and manner, and the execution and delivery of this Indenture have been in all respects duly authorized; and

WHEREAS, the Trustee has accepted the trust created by this Indenture and in evidence thereof has joined in the execution hereof.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

## GRANTING CLAUSES

That the Issuer, in order to secure the payment of the principal of, premium (if any) and interest on the Bonds issued under this Indenture according to their tenor and effect and the performance and observance of each and all of the covenants and conditions herein and therein contained, and for and in consideration of the premises and of the purchase and acceptance of the Bonds by the respective purchaser or purchasers and Registered Owners thereof, and for other good and valuable consideration, the receipt whereof is acknowledged, has executed and delivered this Indenture and grants, bargains, sells, assigns, transfers, conveys, pledges and sets over, unto the Trustee, and to its successor or successors in the trust created by this Indenture and to its assigns forever:

### I.

All of the rights and interests of the Issuer in the Loan Agreement, except for the Reserved Rights.

### II.

A first lien on and pledge of all right, title and interest in (i) the moneys and investments in the Project Fund, Bond Fund, Reserve Fund and the Capitalized Interest Fund covenanted to be created and maintained under this Indenture, (ii) moneys and investments in the Project Fund not paid out to meet costs of the Project, and (iii) Net Proceeds and other moneys held by the Trustee pursuant to the Loan Agreement, the Mortgage, or this Indenture.

### III.

Any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, assigned or transferred, or in which a security interest is granted by the Issuer or the Borrower or by anyone in behalf of them or with their written consent, to the Trustee, including but not limited to the Mortgage.

TO HAVE AND TO HOLD all and singular the property conveyed and assigned by this Indenture, or agreed or intended to be secured by this Indenture, to the Trustee, its successor or successors in trust and its and their assigns, FOREVER.

IN TRUST NEVERTHELESS, upon the terms and trust herein set forth, for the equal and proportionate benefit, security and protection of all Registered Owners of the Bonds issued or to be issued under and secured by this Indenture, without preference, priority or distinction as to lien or otherwise of any of the Bonds over any of the others;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay or cause to be paid the principal of the Bonds and the premium (if any) and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, or shall provide, as permitted by this Indenture, for the payment thereof by depositing with the Trustee sums sufficient to pay the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to this Indenture to be kept, performed and observed by it and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof; then upon such final payment this Indenture and the rights granted by this Indenture shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all property assigned or pledged by this Indenture is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Issuer agrees and covenants with the Trustee and with the respective owners from time to time of the Bonds or any part thereof, as follows:

## ARTICLE I – DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Article I and in the recitals and succeeding Articles of this Indenture shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

“501(c)(3) Organization” means (a) corporations, and any community chest, fund or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, and that does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office and has been recognized as such by the Internal Revenue Service or (b) any organization treated as described in clause (a) of this definition, and in all cases exempt from federal income taxation on revenues generated in furtherance of the purposes described in clause (a) of this definition.

“Accounts” means the bookkeeping accounts established in the Funds, as permitted by this Indenture.

“Act” means Minnesota Statutes, Sections 469.152 through 469.165, as amended.

“Additional Bonds” means any Additional Bonds issued pursuant to Section 2.09.

“Additional Parity Indebtedness” means Additional Parity Indebtedness incurred by the Borrower pursuant to Section 6.11 of the Loan Agreement.

“Affiliate” means a corporation, nonprofit corporation, partnership, joint venture, association, business trust, limited liability company, or similar entity that is directly controlled by or under common control with the Borrower or Vivie. For purposes of this definition, “control” means the power to direct management and policies through the exercise of reserved powers, ownership of at least a majority of an entity’s voting securities, or the right to designate or elect at least a majority of the members of an entity’s governing body by contract or otherwise.

“Assignment of Contracts” means the Collateral Assignment of Construction and Architect’s Contracts dated the Closing Date from the Borrower to the Trustee.

“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 Trustee,

containing the specimen signature of such person and signed by the President, the Chief Executive Officer and the Chief Financial Officer of the Borrower. Such Certificate may designate an alternate or alternates.

“Authorized Denomination(s)” means denominations of \$5,000 each, or any integral multiple thereof not exceeding the principal amount maturing in any year.

“Authorized Issuer Representative” means the Authorized Officer or other person at the time designated to act on behalf of the Issuer by written certificate furnished to the Borrower and the Trustee, containing the specimen signature of such person and signed on behalf of the Issuer by an Authorized Officer. Such Certificate may designate an alternate or alternates.

“Authorized Officers” means the President and Secretary of the Issuer.

“Balloon Indebtedness” means any indebtedness 25% or more of the original principal amount of which (A) is due in any 12-month period or (B) may, at the option of the holder thereof, be required to be redeemed, prepaid, or purchased directly or indirectly by the Borrower or otherwise paid in any 12-month period; provided, that, in calculating the principal amount of such Balloon Indebtedness due or required to be redeemed, prepaid, purchased or otherwise paid in any 12-month period, such principal amount shall be reduced to the extent that all or any portion of such amount is required to be amortized prior to such 12-month period.

“Beneficial Owner” means, with respect to the Bonds while in Book-Entry Form, each Person who beneficially owns such Bond(s) and on whose behalf, directly or indirectly, such Bond is held by the Depository pursuant to the Book-Entry System.

“Bond Counsel” means Independent nationally recognized bond counsel.

“Bond Documents” means the Loan Agreement, this Indenture, the Mortgage, the Assignment of Contracts and the Disbursing Agreement.

“Bond Purchase Agreement” means a contract between the Issuer, the Borrower and the Original Purchaser of a series of Bonds.

“Book-Entry Form” means Bonds which are held in the name of the Depository (or its nominee) with each maturity evidenced by a single Bond certificate.

“Book-Entry System” means a system of record-keeping, securities clearance and funds transfer and settlement maintained for securities by the Depository and the Participants.

“Bond Fund” means the Bond Fund established under Section 5.01.

“Bond Resolution” means the resolution of the Issuer adopted by the Governing Body on January 6, 2026, authorizing the Series 2026 Bonds, as the same may be amended, modified or supplemented.

“Bonds” means Series 2026 Bonds, together with any Additional Bonds issued pursuant to Section 2.09.

“Borrower” means Knute Nelson, a nonprofit corporation organized and existing under the laws of the State, its successors and assigns.

“Capitalized Interest Fund” means the Capitalized Interest Fund established under Section 4.05.

“Cash and Liquid Investments” means all unrestricted cash and marketable securities (valued at fair market value), including without limitation, funded depreciation, whether classified as current or noncurrent assets, held by a Person for any of its corporate purposes, including amounts paid by a Person to the Trustee for and on deposit in the Bond Fund and held for payment of interest on the Series 2026 Bonds, but excluding amounts in any other Funds or Accounts held by the Trustee under this Indenture, and excluding the proceeds of any indebtedness incurred by a Person.

“Certificate” means a certification in writing required or permitted by the provisions of the Loan Agreement or the Indenture signed and delivered to the Trustee or other proper person or persons. If and to the extent required by the provisions of Section 1.02 of this Indenture or the Loan Agreement, each Certificate shall include the statements provided for in Sections 1.02.

“Certified Resolution” means a copy of a resolution of the Governing Body, certified by the Secretary to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification.

“Closing Date” means \_\_\_\_\_, 2026, the date of issuance and initial delivery to, or at the direction of, the Original Purchaser of the Series 2026 Bonds.

“Cost of Issuance Account” means the Cost of Issuance Account established within the Project Fund, in accordance with this Indenture and the Loan Agreement.

“Costs of Issuance” means the costs of issuance of the Series 2026 Bonds determined by Bond Counsel to be within the meaning of Treasury Regulations, Section 1.150-1(b), and payable from the Cost of Issuance Account.

“Days Cash on Hand” means the number of days determined by dividing (i) the sum of the Borrower’s Cash and Liquid Investments, including amounts paid by the Borrower to the Trustee for and on deposit in the Bond Fund and held for payment of interest on the Bonds for a specified Fiscal Year, by (ii) the quotient resulting from dividing total Operating Expenses of the Borrower for the same Fiscal Year (as determined by GAAP, but excluding extraordinary losses and expenses, unrealized losses on investments, depreciation expense, amortization expense, and any other non-cash expense) by the number of days in such Fiscal Year.

“Default” means default by the Issuer in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture, or in the Outstanding Series 2026 Bonds, of any notice or period of grace required for a default to constitute an “Event of Default”; or default by the Borrower in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Loan Agreement, exclusive of any notice or period of grace required for a default to constitute an “event of default” as provided in the Loan Agreement.

“Defaulted Interest” has the meaning assigned in Section 2.05.

“Depository” means The Depository Trust Company in New York, New York, its successors or assigns, or any other person who shall be a Registered Owner of all Bonds directly or indirectly for the Original Purchaser authorized to act as the Depository; provided that any

Depository shall be registered or qualified as a “clearing agency” within the meaning of Section 17A of the Securities Exchange Act, as amended.

“Determination of Taxability” means the issuance of a statutory notice of deficiency by the Internal Revenue Service, or a ruling of the national office or any district office, or a final decision by any court of competent jurisdiction that interest on the Tax-Exempt Bonds is includable in the gross income of the recipient under Section 103 and related Sections of the Internal Revenue Code and regulations thereunder because of any act or omission of the Borrower (or any successor or transferee), provided that the period for a contest or appeal, if any, of such action, ruling or decision has expired without any such appeal or contest having been instituted, or, if instituted, such contest or appeal has been unsuccessfully concluded. Inclusion of interest on the Tax-Exempt Bonds in the computation of any alternative minimum tax shall not be a Determination of Taxability.

“Disbursing Agent” means the Title Company.

“Disbursing Agreement” means the Project Account Disbursing Agreement dated as of the Closing Date, between the Borrower and the Title Company as disbursing agent.

“Draw Request” means a requisition, substantially in the form set forth as Exhibit B, signed by the Project Supervisor or other Authorized Borrower Representative and the Title Company, to be submitted by the Borrower to the Trustee after approval by the Title Company in connection with the disbursement of proceeds of the Series 2026 Bonds and Borrower’s cash (if any) on deposit with the Trustee from the Accounts in the Project Fund for the payment or reimbursement of Project Costs (including Costs of Issuance), and the costs of repairs, maintenance and capital improvements necessary or desirable to be made to the Project Facilities in accordance with the provisions of the Loan Agreement and of this Indenture.

“Event of Default” means an Event of Default described in Section 7.01 hereof or Section 7.01 of the Loan Agreement which has not been cured.

“Facility” means the skilled nursing and short-term rehabilitation facility located at 420 12<sup>th</sup> Avenue East in the City of Alexandria, Minnesota.

“Final Computation Date” shall have the meaning set forth in Treasury Regulation Section 1.148-3(e)(2).

“Fiscal Year” means any period of 12 consecutive months adopted by the Borrower as its fiscal year for financial reporting purposes, or such other 12-month period designated by resolution of the governing body of the Borrower and certified to the Trustee in a Certificate of Authorized Borrower Representative. Initially, “Fiscal Year” means the period beginning January 1 of each year and ending on December 31 of the following year.

“Fund(s)” means, whenever used with reference to this Indenture, the Project Fund, the Bond Fund, the Reserve Fund and/or the Capitalized Interest Fund.

“GAAP” means generally accepted accounting principles consistently applied.

“Governing Body” means, with respect to the Issuer, the Board of Commissioners of the Issuer, or its successor as governing body of the Issuer.

“Income Available for Debt Service” means, in any Fiscal Year, the excess of Operating Revenues over Operating Expenses, but (i) including in Operating Revenues (a) charitable contributions; (b) interest and income on investments available for operations or debt service (exclusive of any unrealized gains on investments); (c) proceeds of casualty insurance received by a Person in connection with the Mortgaged Property where the terms of the mortgage indebtedness permit prepayment thereof with such proceeds and where a Person has made a written election to apply such proceeds to such prepayment; and (d) proceeds of business interruption insurance with respect to the Mortgaged Property; and (ii) excluding from Operating Expenses (A) depreciation, amortization and interest expense; (B) any loss resulting from the extinguishment of indebtedness; (C) extraordinary non-recurring losses and expenses; (D) unrealized losses or instruments; and (E) Operating Expenses paid through funds in an escrow established by the Borrower.

“Indenture” means this Trust Indenture by and between the Issuer and the Trustee, dated as of \_\_\_\_\_, 2026, under which the Bonds are authorized to be issued, and including any amendments or supplements thereto.

“Independent,” when used with reference to an attorney, engineer, architect, certified public accountant, consultant or other professional person, means a person who (i) is in fact independent, (ii) does not have any material financial interest in the Borrower or the transaction to which their Certificate or opinion relates (other than payment to be received for professional services rendered), and (iii) is not connected with the Issuer or the Borrower as a Governing Body member, board member or an officer, director or employee.

“Independent Counsel” means an Independent attorney duly admitted to practice law before the highest court of any state.

“Independent Engineer” means an Independent engineer or engineering firm or an Independent architect or architectural firm qualified to practice the profession of engineering or architecture under the laws of the State, selected by the Borrower.

“Installment Computation Date” shall have the meaning set forth in Treasury Regulations, Section 1.148-3(e)(1).

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Issuer” means the Lakes Area Economic Development Authority, Minnesota, a public corporation and political subdivision established pursuant to Laws of Minnesota for 2003, Chapter 127, Article 12, Sections 35 through 41.

“Land” means the land and interests in land described in Exhibit A to the Mortgage, subject to the provisions of Section 5.08 of the Loan Agreement providing for the release of real property.

“Letter of Representations” means the Blanket Issuer Letter of Representations by the Issuer to the Depository Trust Company and any amendments or supplements thereto.

“Loan” means the loan from the Issuer to the Borrower of the gross proceeds of issuance of the Bonds, made pursuant to the Loan Agreement.

“Loan Agreement” means the Loan Agreement dated as of \_\_\_\_\_, 2026, between the Issuer and the Borrower, or amended from time to time.

“Loan Repayments” means the payments made or to be made by the Borrower pursuant to Section 4.02 of the Loan Agreement.

“Majority Owners” means the Registered Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding.

“Mortgage” means the Combination Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents dated as of \_\_\_\_\_, 2026, from the Borrower, as mortgagor, to the Trustee, as mortgagee, and all amendments and supplements thereto.

“Mortgaged Property” means the real and personal property subject to the lien of the Mortgage, as described therein.

“Net Proceeds” means, when used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the Borrower as owner or the Trustee as secured party of the Project Facilities, less the cost of recovery (including attorneys’ fees) of such moneys from the insuring company or the condemning authority.

“Operating Expenses” means, in any Fiscal Year, direct and indirect costs and expenses (including depreciation, allowance for doubtful accounts, amortization and interest expense) incurred by a Person, as determined by GAAP and the Person’s audited financial statements, provided in accordance with Section 6.02 of the Loan Agreement.

“Operating Revenues” means, in any Fiscal Year, total operating revenue of a Person (less contractual allowances and free care), as determined by GAAP and such Person’s audited financial statements (in the case of the Borrower, audited consolidated and consolidating financial statements provided in accordance with Section 6.02 of the Loan Agreement), but excluding extraordinary or non-recurring items (such as any gain resulting from the sale of assets not made in the ordinary course of business).

“Opinion of Counsel” means a written opinion of counsel (who need not be Independent Counsel unless so specified) appointed by the Borrower or Issuer. If and to the extent required by the provisions of Section 1.02 of this Indenture and Section 1.02 of the Loan Agreement, each Opinion of Counsel shall include the statements provided for in such Section 1.02.

“Optional Redemption Fund” means the Optional Redemption Fund established under Section 5.02.

“Original Purchaser” means Colliers Securities LLC.

“Outstanding” when used as of any particular time with reference to Bonds means (subject to the provisions of Section 9.03 pertaining to Bonds held by the Issuer and the Borrower) all Bonds theretofore authenticated and delivered by the Trustee under this Indenture except: (i) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds for the payment or redemption of which funds or direct obligations of or obligations fully guaranteed by the United States of America in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Article III, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.07.

“Participants” means members of, or participants in, the Depository.

“Permitted Encumbrances” means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an Independent Engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Buildings, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities and as do not in the aggregate, in the opinion of Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Borrower, (iv) the Mortgage, (v) any mortgage lien or security interest subordinate to the lien of the Mortgage to be granted by the Borrower after the date of issuance of the Series 2026 Bonds in connection with any indebtedness for borrowed money, provided, however, that the terms of any such indebtedness shall require notice of any default thereunder to be provided to the Trustee and shall provide the Trustee with an opportunity to cure any such default, (vi) any mortgage securing Additional Bonds, (vii) purchase money security interests granted in connection with the acquisition of Project Equipment, and (viii) those additional encumbrances identified in Exhibit B to the Mortgage.

“Person” means any individual, corporation, nonprofit corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

“Predecessor Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and for purposes of this definition, any Bond authenticated and delivered under Section 2.07 in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

“Preliminary Expenditures” means architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

“Project” means the costs of financing the renovation, reconstruction, improvements to, furnishing and equipping of a skilled nursing and short-term rehabilitation facility located at 420 12<sup>th</sup> Avenue East, Alexandria, Minnesota, known as the “Knut Nelson Care Center” which will consist of approximately 52 beds for skilled nursing and 25 beds for short-term rehabilitation.

“Project Account” means the Project Account established by the Trustee within the Project Fund, pursuant to Section 4.02.

“Project Buildings” means each of the buildings and related improvements now or hereafter located on the Land, as the same may be improved or expanded from time to time, and including all building service equipment and other fixtures incorporated therein or attached thereto, including the “Buildings” described in the Mortgage.

“Project Costs” mean the costs defined as such in Section 4.03.

“Project Equipment” means all those items of furnishings, furniture, equipment, and other tangible personal property located in the Project Buildings or otherwise on the Land, subject to the provisions of Section 5.07 of the Loan Agreement providing for the removal of Project Equipment, including the “Equipment” described in the Mortgage.

“Project Facilities” means the Land, the Project Buildings and the Project Equipment, all as the same may at any time exist, subject to the provisions of Sections 5.07 and 5.08 of the Loan Agreement providing for the release of property.

“Project Fund” means the Fund established under Section 4.02.

“Project Supervisor” means an Authorized Borrower Representative.

“Qualified Investments” means investments authorized by the Act and described in Section 5.04.

“Redeem” or “redemption” means and includes “prepay” or “prepayment” as the case may be.

“Registered Owner” whenever employed herein with respect to a Bond means the person in whose name such Bond shall be registered.

“Regular Record Date” for the interest payable on any interest payment date on the fully registered Bonds of any series means the date specified in the provisions of this Indenture creating such series.

“Reimbursement Resolution” means the declaration of an official reimbursement intent with respect to the proceeds of the Series 2026 Bonds, within the meaning of Treas. Reg. Section 1.150-2, by the Secretary of the Borrower.

“Reserve Fund” means the Debt Service Reserve Fund established under Section 5.03 with respect to the Series 2026 Bonds.

“Reserve Requirement” means an amount equal to \$\_\_\_\_\_.

“Reserved Rights” means the rights of the Issuer relating to repayment of expenses, indemnity, payment of attorneys’ fees and advances, and the condition of the Issuer’s limitation of liability, including, but not limited to the Issuer’s rights under Sections 4.04(b), 6.01, 6.05, 6.06, 7.04, 7.05, and 8.10 of the Loan Agreement, and its right to receive reports under Section 6.05 of the Loan Agreement; provided, however, that any rights, benefits and interest inuring solely to the benefit of the Trustee and the Registered Owners (either directly or by assignment hereof) pursuant to any of the foregoing sections shall not constitute Reserved Rights hereunder, and any rights, benefits and interests inuring both to the benefit of the Issuer, Trustee and the Registered Owners (either directly or by assignment hereof), shall constitute Reserved Rights with respect to Issuer only, and any rights, benefits and interest inuring to the benefit of the Trustee and the Registered Owners shall not constitute Reserved Rights.

“Responsible Officer” when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such

person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Series 2026 Bonds" means collectively, the Series 2026A Bonds and the Series 2026B Bonds.

"Series 2026A Bonds" means the \$\_\_\_\_\_ Lakes Area Economic Development Authority, Minnesota Health Care Facilities Revenue Bonds, Series 2026A (Knut Nelson Care Center Project) authorized and secured under this Indenture.

"Series 2026B Bonds" means the \$\_\_\_\_\_ Lakes Area Economic Development Authority, Minnesota Taxable Health Care Facilities Revenue Bonds, Series 2026B (Knut Nelson Care Center Project) authorized and secured under this Indenture.

"Sinking Fund" means the Sinking Fund established under Section 3.08.

"Sinking Fund Redemption Date" has the meaning assigned in Section 3.08.

"Stabilized Occupancy" means an occupancy level in the Facility meeting the percentage of occupied units reflected as the sustainable capacity for which such facility was designed or "stabilized occupancy" for the Facility as described in an examined financial forecast delivered in connection with the incurrence of Additional Parity Indebtedness.

"State" means the State of Minnesota.

"Tax Exempt Bonds" means the Series 2026A Bonds and any Additional Bonds that are tax-exempt.

"Tax Exempt Organization" means an organization that is a unit of state or local government or a 501(c)(3) Organization with respect to its activities that are not an Unrelated Trade or Business (without regard to whether the activity results in Unrelated Trade or Business income subject to taxation under the Internal Revenue Code).

"Title Company" means Integrity Title, Inc.

"Total Principal and Interest Requirements" means, in any Fiscal Year, the total amount of principal of and interest on any indebtedness of a Person, including indebtedness in the form of capitalized leases which are not operating leases and installment purchase agreements, with a term (including extensions and renewals) of more than one year, and including any indebtedness represented by Bonds then Outstanding, which is to be due and payable in such Fiscal Year, but excluding any interest expense which has been funded from the proceeds of Bonds or other indebtedness. The calculation of Total Principal and Interest Requirements with respect to any Balloon Indebtedness and Variable Rate Indebtedness shall be made in a manner consistent with the following:

(a) With respect to Balloon Indebtedness, such Balloon Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Indebtedness to its stated maturity and at the stated interest rate applicable to such Balloon Indebtedness.

(b) With respect to Indebtedness which is also Variable Rate Indebtedness, in determining the amount of debt service payable on Variable Rate Indebtedness for any future period, interest on such indebtedness for any period of calculation (the “Determination Period”) shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the average annual rate of interest on similar securities (calculated in the manner in which the rate of interest for the Determination Period is to be calculated) which was in effect for the twenty-four month period prior to a date selected by the Borrower, which selected date is within 45 days immediately preceding the beginning of the Determination Period, plus two percent per annum, as certified by a banking or investment banking institution knowledgeable in matters of variable rate financing or, if it is not possible to calculate such average annual rate of interest, by assuming that the rate of interest applicable to the Determination Period is equal to the rate of interest then in effect on such Variable Rate Indebtedness, plus two percent per annum. In addition, debt service shall include any continuing credit enhancement, liquidity and/or remarketing fees for the relevant period.

“Treasury Regulations” means the U.S. Treasury Regulations promulgated under the Internal Revenue Code, as amended from time to time.

“Trustee” means Computershare Trust Company, National Association or other person at the time serving as trustee under this Indenture.

“Trust Estate” means all of the rights and interests of the Issuer in the Loan Agreement, except for the Reserved Rights; a first lien on and pledge of all right, title and interest in (i) the moneys and investments in the Bond Fund, Reserve Fund and Capitalized Interest Fund covenanted to be created and maintained under this Indenture, (ii) moneys and investments in the Project Fund not paid out to meet costs of the Project and (iii) Net Proceeds held by the Trustee pursuant to the Loan Agreement, the Mortgage, or this Indenture; and any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, assigned or transferred, or in which a security interest is granted by the Issuer or the Borrower or by anyone in behalf of it or with its written consent, to the Trustee, including but not limited to the Mortgage.

“Unrelated Trade or Business” means any trade or business the conduct of which is not substantially related (aside from the need of such organization for income or funds or the use it makes of the profits derived) to the exercise or performance by a 501(c)(3) Organization of its charitable, educational or other purpose or function constituting the basis for its exemption under Internal Revenue Code, Section 501 (or, in the case of an organization described in Internal Revenue Code, Section 511(a)(2)(B), to the exercise or performance of any purpose or function of a 501(c)(3) Organization), excluding any trade or business (a) in which substantially all the work in carrying on such trade or business is performed without compensation; or (b) that is carried on primarily for the convenience of its members, students, patients, officers or employees; or (c) that is the selling of merchandise, substantially all of which has been received as gifts or contributions.

“Variable Rate Indebtedness” means any portion of indebtedness the interest rate on which varies periodically such that the interest rate at a future date cannot accurately be calculated.

“Vivie” means Vivie, a Minnesota non-profit corporation and the sole member of the Borrower.

Section 1.02 Characteristics of Certificate or Opinion.

(a) Every Certificate or Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture or the Loan Agreement, and except for certificates and opinions given pursuant to Section 2.08, shall include: (i) a statement that the person or persons making such Certificate or Opinion of Counsel have read such covenant or condition and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Certificate or Opinion of Counsel are based; (iii) a statement that, in the opinion of the signer or signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

(b) Any Certificate made or given by an officer of the Issuer or the Borrower or by an Independent engineer, architect, consultant or other person, may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless such person knows that the Opinion of Counsel with respect to the matters upon which his Certificate may be based as aforesaid is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous. Any such Certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, information with respect to which is in the possession of the Issuer or the Borrower, upon a supporting Certificate of an officer or officers of the Issuer or the Borrower, unless the signer knows that the supporting Certificate with respect to the matters upon which his Certificate or opinion may be based as aforesaid is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous.

Section 1.03 Intentionally Omitted.

Section 1.04 Additional Provisions as to Interpretation.

(a) All references herein to “Articles,” “Sections,” “Granting Clauses” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words “herein”, “hereof”, “hereunder” and other words of similar import refer to this Indenture as a whole and not any particular Article, Section or subdivision hereof.

(b) Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or funds in the necessary amount to pay or redeem any Bonds, the amount so to be deposited or held shall be the principal amount of such Bonds and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to maturity and in respect of which there shall have been furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such notice, the amount so to be deposited or held shall be the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any.

(c) Any terms defined in the Loan Agreement or the Mortgage but not defined therein shall have the same meaning herein unless the context hereof clearly requires otherwise.

(d) This Indenture is governed by and shall be construed in accordance with the laws of the State.

## ARTICLE II – FORM, EXECUTION AND REGISTRATION OF BONDS

### Section 2.01 Form, Maturities and Numeration of Series 2026 Bonds.

(a) The Series 2026A Bonds shall each be designated “Lakes Area Economic Development Authority, Minnesota Health Care Facilities Revenue Bonds, Series 2026A (Knute Nelson Care Center Project).” The Series 2026A Bonds and Certificate of Authentication and Assignment shall be substantially in the form attached as Exhibit A-1 hereto. The Series 2026A Bonds shall be issued in fully registered form in the Authorized Denomination, initially numbered from R-1 upwards in order of maturity, and the Series 2026A Bonds originally issued, and not in exchange for Predecessor Bonds, shall be dated the date of delivery thereof to the Original Purchaser. The seal may be omitted as provided by law. The Series 2026B Bonds shall each be designated “Lakes Area Economic Development Authority, Minnesota Taxable Health Care Facilities Revenue Bonds, Series 2026B (Knute Nelson Care Center Project).” The Series 2026B Bonds and Certificate of Authentication and Assignment shall be substantially in the form attached as Exhibit A-2 hereto. The Series 2026B Bonds shall be issued in fully registered form in the Authorized Denomination, initially numbered from R-1 upwards in order of maturity, and the Series 2026B Bonds originally issued, and not in exchange for Predecessor Bonds, shall be dated the date of delivery thereof to the Original Purchaser. The seal may be omitted as provided by law.

(b) Series 2026 Bonds issued in exchange for Predecessor Bonds shall be dated the date to which interest has been paid on the Series 2026 Bonds being surrendered for exchange, or dated the date of delivery if issued prior to the first interest payment date, and shall be numbered in order of issuance commencing with the next number after the highest number assigned to the initial Bonds.

(c) No single Series 2026 Bonds shall represent principal payable or maturing in different years.

(d) The Series 2026 Bonds shall bear interest payable semiannually on January 1 and July 1 each year, commencing July 1, 2026, from the date of delivery thereof or the most recent interest payment date to which interest has been paid or duly provided for. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

(e) The principal and redemption price of the Series 2026 Bonds shall be payable to the Registered Owner upon presentation at the office of the Trustee, or otherwise in accordance with the standard requirements of the Depository, in such coin or currency of the United States of America as may be, on the respective dates of payment thereof, legal tender for the payment of public and private debts, and interest on Series 2026 Bonds shall be paid by check or draft mailed to each Registered Owner at their registered address, provided, however, presentation shall not be required in connection with sinking fund payments or otherwise in accordance with the standard requirements of the Depository.

(f) The Regular Record Date for the payment of interest on the Series 2026 Bonds payable, and punctually paid or duly provided for, on any interest payment date shall be the 15<sup>th</sup> day (whether or not a business day) of the calendar month next preceding such interest payment date.

(g) The Series 2026A Bonds shall be in the aggregate principal amount of \$\_\_\_\_\_, and shall mature on January 1 of the years and bear interest at the rates per annum, according to the date of maturity, as follows:

Year		Principal Amount		Interest Rate	

(h) The Series 2026B Bonds shall be in the aggregate principal amount of \$ \_\_\_\_\_, and shall mature on January 1 of the years and bear interest at the rates per annum, according to the date of maturity, as follows:

Year		Principal Amount		Interest Rate	

**Section 2.02 Execution of Bonds.** The Bonds shall be signed in the name of the Issuer by the manual or facsimile signatures of the Authorized Officers and authenticated by the Trustee, which is designated as authenticating agent. In the event that any of the Authorized Officers whose signatures appear on any Bonds shall cease to be officers of the Issuer before such Bonds shall have been authenticated or delivered by the Trustee, such Bonds may, nevertheless, be authenticated, delivered, and issued, and upon such authentication, delivery and issue, shall be binding upon the Issuer as though those Authorized Officers who signed and sealed (if required by law) the same had continued to be such officers of the Issuer; and, also, any Bond may be signed and sealed (if required by law) on behalf of the Issuer by such person who, at the actual date of execution of such Bond, shall be the proper Authorized Officers of the Issuer, although at the date of such Bond such person shall not have been such an officer of the Issuer. Upon the execution and delivery of this Indenture the Issuer shall execute and deliver the Series 2026 Bonds to the Trustee for authentication.

**Section 2.03 Authentication of Bonds.**

(a) No Bonds shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder or under the Loan Agreement or the Bond Resolution unless a Responsible Officer shall manually endorse and execute on such Bond a certificate of authentication substantially in the form of the Certificates of Authentication attached as Exhibit A-1 and Exhibit A-2 hereto. Such Certificate of Authentication upon any Bond shall be conclusive evidence that such Bond so authenticated has been duly issued under this Indenture and that the Registered Owner thereof is entitled to the benefits of this Indenture, the Loan Agreement, and the Bond Resolution.

(b) No Bonds shall be authenticated by the Trustee except in accordance with this Article.

(c) The Trustee shall not be required to authenticate any Bond unless provided with the documents referred to in Section 2.08 and, with respect to Additional Bonds, Section 2.09 hereof, and such further Certified Resolutions, Certificates, instruments or Opinions of Counsel as the Trustee may reasonably require with respect to the validity of the Bonds to be issued and the right and authority of the Trustee to authenticate such Bonds.

#### Section 2.04 Registration, Transfers and Exchange.

(a) As long as any of the Bonds shall remain Outstanding, the Trustee shall maintain and keep at the office of the Trustee, as paying agent, an office or agency for the payment of the principal of and interest on such Bonds, as in this Indenture provided, and for the registration and transfer of such Bonds, and shall also keep at the office of the Trustee records of such registration and transfer. The Issuer appoints the Trustee and its successors in the trust from time to time, as its agent to maintain said office and agency at the office of the Trustee.

(b) Upon surrender for transfer of any fully registered Bond at the office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Registered Owner or their duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, the Issuer shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more fully registered Bonds of the same series, of any authorized denominations and of a like aggregate principal amount, interest rate and maturity.

(c) Except as the right of exchange may be limited as to Bonds of any series, fully registered Bonds, upon surrender thereof at the office of the Trustee may, at the option of the Registered Owner, be exchanged for an equal aggregate principal amount of fully registered Bonds of the same series, maturity and interest rate of any authorized denominations.

(d) In all cases in which the privilege of exchanging Bonds or transferring fully registered Bonds is exercised, the Issuer shall execute and the Trustee shall deliver Bonds in accordance with the provisions of this Indenture. For every such exchange or transfer of Bonds, whether temporary or definitive, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture, the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Issuer or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Borrower pursuant to the Loan Agreement. The Issuer shall not be obligated to make any such exchange or transfer of Bonds during the 15 days next preceding the date of the first publication or the mailing (if there is no publication) of notice of redemption in the case of a proposed redemption of Bonds. The Issuer and Trustee shall not be required to make any transfer or exchange of any Bonds called for redemption.

(e) Neither the Trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by the Depository.

#### Section 2.05 Payment of Interest on Bonds; Interest Rights Preserved.

(a) Interest on any fully registered Bond of any series which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business

on the Regular Record Date for such interest specified in the provisions of this Indenture creating such series.

(b) Any interest on the Bonds which is payable, but is not punctually paid or duly provided for, on any interest payment date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Registered Owner on the relevant Regular Record Date solely by virtue of such Registered Owner having been such Registered Owner; and such Defaulted Interest may be paid by the Trustee, at the election of the Trustee in each case, as provided in clause i or ii below:

i. The Trustee may elect to make payment of any Defaulted Interest on the fully registered Bonds of any series to the persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the funds with which to make the proposed payment. The Trustee shall promptly notify the Borrower and the Issuer of such Special Record Date and, at the expense of the Borrower, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Registered Owner of a fully registered Bond at their address as it appears in the registration records maintained by the Trustee not less than 10 days prior to such Special Record Date. The Trustee shall, at the expense of the Borrower, cause a similar notice to be published at least once in a financial newspaper, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following paragraph ii.

ii. The Trustee may make payment of any Defaulted Interest on the fully registered Bonds of any series in any other lawful manner, if such payment shall be deemed practicable by the Trustee.

(c) Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 2.06 Ownership of Bonds. As to any Bond, the Issuer, the Borrower and the Trustee and their respective successors, each in its discretion, may deem and treat the person in whose name the same for the time being shall be registered, according to the registration records maintained by the Trustee hereunder, as the absolute owner thereof for all purposes and neither the Issuer nor the Trustee nor their respective successors shall be affected by any notice to the contrary. Payment of or on account of the principal of any such Bond shall be made only to or upon the order of the Registered Owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 2.07 Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds. In case any Outstanding Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver a new Bond of like tenor, number and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon (a) filing with the Trustee evidence satisfactory to the Trustee that such Bond has been destroyed, stolen or lost; (b) furnishing the Issuer, the Trustee and the Borrower with indemnity satisfactory to them; (c) complying with such other reasonable regulations as the Issuer, the Trustee and the Borrower may establish; and (d) payment of any expenses which the Issuer, the Trustee or the Borrower may incur in connection therewith. In the event any such Bond shall have matured, instead of issuing a substitute Bond, the Issuer may pay the same without surrender thereof.

Section 2.08 Conditions for Authentication of Series 2026 Bonds. The Trustee shall not authenticate and deliver the Series 2026 Bonds unless theretofore or simultaneously therewith there shall have been delivered to the Trustee the following:

(a) Certified copies of the Bond Resolution authorizing the issuance of the Series 2026 Bonds and the execution and delivery of the Loan Agreement and this Indenture.

(b) Executed counterparts of the Bond Documents and copies of the UCC-1 financing statements filed or to be filed on behalf of the Borrower, as debtor, describing as collateral the tangible personal property described in the granting clauses of the Mortgage, and by the Issuer, as debtor, describing as collateral all rights of the Issuer under the Loan Agreement to be assigned hereunder to the Trustee (excluding certain rights to indemnity and repayment of expenses, advances and legal fees). The Trustee has no duty or obligation to review the UCC-1 financing statements required under this subsection, and the Trustee shall be protected in relying on the delivery by Bond Counsel of its opinion required under subsection (c) as evidence that such items, as delivered, meet the requirements set forth herein.

(c) The opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, as Bond Counsel, concerning the validity and legality of the Series 2026 Bonds, and exclusion of interest on the Series 2026A Bonds from gross income, for purposes of federal income taxation.

(d) The opinion of Lathrop GPM LLP, as counsel to Borrower and Vivie, as to the status of Borrower and Vivie as organizations described in Section 501(c)(3) of the Internal Revenue Code.

(e) A Certificate of the Authorized Borrower Representative to the effect that the Borrower has deposited in the Project Fund or has on hand such amounts of moneys as are then needed to pay all Project Costs, in excess of the proceeds of the Series 2026 Bonds to be deposited in the Project Fund pursuant to Section 4.01.

(f) An order for authentication and registration of the Series 2026 Bonds, signed by the Authorized Officers or other officer of the Issuer, specifying the aggregate principal amount of the Series 2026 Bonds, and directing the Trustee to deliver the Series 2026 Bonds described therein to or upon the order of the purchaser upon payment of the purchase price set forth therein.

(g) A policy of title insurance or commitment therefor to the effect that the Borrower has good and marketable fee simple title to the Land and the Mortgage constitutes a first mortgage lien against the Land, subject to Permitted Encumbrances and standard exclusions from the coverage of such policy or commitment. The Trustee has no duty or obligation to review such policy of title insurance or commitment required under this subsection.

(h) A Certificate of the Issuer pursuant to Section 148 of the Internal Revenue Code as to absence of arbitrage expectation, which may be based on a certificate or certifications of the Borrower.

(i) Such further certifications, documents and Opinions of Counsel as the Issuer or Bond Counsel may require, or as required by the Bond Purchase Agreement.

(j) The Trustee shall have no duty to analyze the documents and opinions delivered hereunder and shall hold such documents and opinions solely as a repository for the benefit of Registered Owners.

#### Section 2.09 Authorization of Additional Bonds.

(a) In addition to the Series 2026 Bonds, the Issuer may in its discretion, upon request of the Borrower, issue, and the Trustee shall authenticate and deliver, Additional Bonds to provide financing for improvements or additions to the Project Facilities, or, subject to applicable law, to refund any Bonds then Outstanding and, in case of an advance refunding, the interest thereon to maturity or a specified redemption date. Any such Additional Bonds shall be authorized by resolution of the Issuer and described in a supplemental indenture executed by the Issuer and the Trustee and, when so issued, authorized and described, shall be secured by this Indenture and the Trust Estate on a parity with the Bonds then Outstanding under this Indenture; provided, that no such Additional Bonds shall be issued under this Indenture or secured by the Trust Estate on a parity with the Outstanding Bonds unless the following conditions are met:

i. The Loan Agreement shall be in effect and no event of default, as such term is defined in the Loan Agreement, shall exist thereunder which has not been or is not to be cured.

ii. The exemption of the interest on any Tax-Exempt Bonds then Outstanding from federal income taxation shall not be impaired by the issuance of the Additional Bonds and the Trustee shall have been furnished an opinion of Bond Counsel to such effect.

iii. An amendment or supplement to the Mortgage shall be entered into describing the Additional Bonds and the Loan Repayments for the Additional Bonds as additional indebtedness secured by the Mortgage, and subjecting to the lien of the Mortgage any additional property to be acquired or improved in connection with the issuance of the Additional Bonds.

iv. A Certificate of the Authorized Borrower Representative shall be delivered to the Trustee to the effect that the proceeds of the Additional Bonds, together with any additional funds supplied or to be supplied by the Borrower, are estimated to be sufficient to complete the improvements to be financed thereby or the cost of the refunding, as the case may be.

v. The Borrower shall have satisfied the requirements set forth in Section 6.11 of the Loan Agreement with respect to Additional Parity Indebtedness.

(b) The Trustee shall not authenticate any such Additional Bonds until there is also delivered to the Trustee a Certified Resolution of the Issuer authorizing the Additional Bonds, executed counterparts of amendments to the Loan Agreement providing for the additional payments and related provisions to provide for the payment of the Additional Bonds, and such amendments and further documents of the kind not described in this Section but described in Section 2.08 to the extent applicable to the Additional Bonds.

Section 2.10 Book-Entry System. Unless otherwise provided by a Supplemental Indenture to be entered into in connection with the issuance of Additional Bonds of any series, all Bonds shall be initially issued in Book-Entry Form, by using and delivering to the Depository one typed Bond for each stated maturity of the Bonds, registered to CEDE & Co. While the Bonds remain issued in Book-Entry Form, the provisions of this Indenture which conflict with the operation of the Book-Entry System shall not apply, and the provisions of the Letter of Representations and related requirements of the Depository relating to such Book-Entry System, and the following provisions shall prevail.

(a) Registration, Recording and Transfer of Ownership. The Depository (or its nominees) shall be and remain recorded on the registration records maintained by the Trustee as the Registered Owner of all Bonds that are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from one Depository to another (or its nominee) or except to terminate the Book-Entry Form. All Bonds of each stated maturity in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of the Depository (or its nominee); provided, however, that upon termination of the Book-Entry System with respect to the Bonds, either at the direction of the Depository or as directed by written notice from the Issuer to the Borrower, the Trustee and the Depository, the Issuer shall, upon delivery of all Bonds of that series from the Depository, promptly execute, and the Trustee shall thereupon authenticate and deliver, Bonds of that series to all persons who were Beneficial Owners thereof immediately prior to such termination; and the Trustee shall register such Beneficial Owners as Registered Owners of the applicable Bonds. The Trustee, as bond registrar and paying agent, shall maintain accurate books and records of the principal balance, if any, of each such Outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Trustee shall designate thereon the principal balance remaining on such Bond according to the Trustee's books and records.

(b) Notices. The Issuer and the Trustee shall each give notices to the Depository of such matters and at such times as are required by the Letter of Representations and related requirements of the Depository. All notices of any nature required or permitted hereunder to be delivered to a Registered Owner of a Bond in Book-Entry Form shall be transmitted to Beneficial Owners of such Bonds at such times and in such manner as shall be determined by the Depository and the Participants in accordance with applicable procedures of the Book-Entry System.

(c) Payments. All payments of principal of, premium, if any, and interest on Bonds while in Book-Entry Form shall be paid to the Depository in accordance with applicable procedures of the Book-Entry System in same day funds by wire transfer. All payments of principal of, premium, if any, and interest on any Bonds in Book-Entry

Form due Beneficial Owners shall be made at such times and in such manner as shall be determined by the Depository and the Participants in accordance with applicable procedures of the Book-Entry System.

(d) Limitations on Liability. With respect to Bonds in Book-Entry Form, and any Beneficial Owners thereof, except as expressly provided to the contrary herein, the Issuer, the Borrower and the Trustee shall have no responsibility, liability or obligation of any nature whatsoever with respect to (i) the non-payment to any Beneficial Owner or any other person, other than the Depository, of any amount due for principal or interest; (ii) the failure to give any notice or other information to the applicable Beneficial Owner; (iii) the inaccuracy of the records of the Depository or any Participant, or (iv) the failure in any manner of the Depository or any Participant to timely or properly comply with procedures or requirements of the Book-Entry System. No such payment, failure or inaccuracy shall cause an Event of Default under this Indenture or the Loan Agreement.

### **ARTICLE III – REDEMPTION OF BONDS**

Section 3.01 Redemption of Series 2026 Bonds. The Series 2026 Bonds shall be subject to redemption prior to maturity only as follows:

(a) The Series 2026A Bonds maturing on and after January 1, 20\_\_\_\_, are subject to optional prior redemption, in whole or in part, and if in part in inverse order of maturity and by random selection within a maturity, and in integral multiples of \$5,000, at the direction of the Borrower, on January 1, 20\_\_\_\_, and any business day thereafter at a price equal to the principal amount of Bonds to be redeemed, plus accrued interest, plus a premium (expressed as a percentage of the principal amount of Bonds to be redeemed), as follows:

<u>Date</u>	<u>Premium</u>
January 1, 20____ to and including December 31, 20____ and without premium thereafter	103%
January 1, 20____ to and including December 31, 20____ and without premium thereafter	102%
January 1, 20____ to and including December 31, 20____ and without premium thereafter	101%
January 1, 20____ to and including December 31, 20____ and without premium thereafter	100%

(b) The Series 2026A Bonds are subject to mandatory redemption in whole but not in part in the event a Determination of Taxability shall be made. In such event, each of the Outstanding Series 2026A Bonds shall be redeemed on the first interest payment date occurring at least 45 days after notice to the Borrower of the Determination of Taxability, and the Borrower shall cause notice thereof to be given to the Registered Owners of the Series 2026A Bonds, as more fully provided in Section 4.08 of the Loan Agreement, at a redemption price equal to par, plus accrued interest, plus a premium equal to 3.00% of the principal amount of the Bonds to be redeemed. The Series 2026B Bonds are not subject to redemption pursuant to this subsection.

(c) The Series 2026 Bonds are subject to mandatory redemption, in advance of their stated maturities, through application of any Sinking Fund provided for in

Section 3.08 hereof, at a redemption price equal to par, plus accrued interest, at the times and in the amounts set forth in Section 3.08.

(d) The Series 2026 Bonds are subject to extraordinary redemption on any interest payment date, in whole or in part, at a redemption price equal to par, plus accrued interest to the redemption date, upon the happening of certain events of damage to or destruction or condemnation of the Project, in accordance with the provisions of Sections 4.07, 5.10 and 5.11 of the Loan Agreement or if, as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or of a final decree, judgment or order of any court or administrative body (whether state or federal) the Loan Agreement shall have become void or unenforceable or impossible of performance in any material respect in accordance with the intent and purposes of the parties as expressed therein.

Section 3.02 Written Notice to Trustee. If the Bonds are to be redeemed pursuant to Section 3.01, and written notice of an election to exercise an option to redeem Bonds under Section 4.07 of the Loan Agreement or written notice of a Determination of Taxability under Section 4.08(c) of the Loan Agreement shall have been given to the Trustee by the Borrower, the Trustee shall prepare a notice in the name of the Issuer or in its own name describing the Outstanding Bonds to be redeemed, the date of redemption, and the redemption price. If the Borrower shall fail to give notice of redemption under Section 4.08(b)(i) of the Loan Agreement, the Trustee is authorized to give notice of redemption, as provided by Section 4.08(c) of the Loan Agreement.

Section 3.03 Mailing of Notice. Notice of redemption (including when only a portion of the Bonds is to be redeemed, the series and numbers of such Bonds or the maturities thereof) shall be mailed by the Trustee, not less than 30 days nor more than 60 days before the redemption date, by first class mail, to the Registered Owners of any Bonds which are to be redeemed, at their last addresses appearing upon the registration records maintained by the Trustee hereunder. No notice of redemption need be given if the Registered Owners of all Bonds called for redemption waive notice thereof in writing and such waiver is filed with the Trustee. In addition, pursuant to a Certificate of Borrower, notice for any redemption not occurring as a result of sinking fund redemption or as a mandatory requirement of the terms of the Bonds, may include a statement that the redemption so noticed is conditioned on sufficient funds being held by the Trustee in the Bond Fund or Optional Redemption Fund on or before noon, Minneapolis, Minnesota time, on the applicable redemption date to pay the full redemption price, and if at such time the amount so held is not sufficient to pay all amounts required to effect the noticed redemption in full, the redemption shall be cancelled, with all Bonds tendered for such redemption being returned to the Holders thereof, and no Event of Default or liability on the part of the Borrower shall arise as a result of such cancellation. The Borrower shall pay all extraordinary fees and expenses incurred in connection with a rescinded call.

Section 3.04 Deposit for Redemption. On or prior to the redemption date, there shall be deposited with the Trustee cash in an aggregate amount which shall be sufficient to pay the redemption price of the Bonds to be redeemed, and interest thereon to the redemption date; and there shall be deposited, or arrangements shall be made with the Trustee to deposit with the Trustee, a sum sufficient to pay the proper expenses and charges of the Trustee in connection with such redemption. Upon deposit with the Trustee of the aggregate amount of such redemption price and interest, such moneys shall be set aside by the Trustee and held by it for the account of the respective Registered Owners of the Bonds being redeemed.

Section 3.05 Payment of Redeemed Bonds. After notice of redemption shall have been given as provided in Section 3.03, the Bonds specified in such notice shall become due and payable on the redemption date. Payment of the redemption price and interest shall be made to or upon order of each Registered Owner, upon the surrender of the Bonds. Any installment of interest maturing on or prior to the redemption date shall be payable to the Registered Owners of Bonds on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 2.05 and the notice of redemption herein provided for may so state. If redemption moneys are available for the payment of all of the Bonds called for redemption on the redemption date, the Bonds so called shall cease to draw interest after the redemption date, and such Bonds shall not be deemed to be Outstanding for any purpose, except that the Registered Owners thereof, on presentation, as herein provided, shall be entitled to receive payment of the redemption price and interest accrued thereon to the redemption date from the moneys set aside by the Trustee as aforesaid.

Section 3.06 Cancellation of Redeemed Bonds. All Bonds so redeemed shall forthwith be cancelled and destroyed by the Trustee in accordance with its then current record retention policy; and no further Bonds shall be executed or authenticated or issued hereunder in exchange or substitution therefor.

Section 3.07 Partial Redemption of Bonds.

(a) If less than all of the Bonds of a particular maturity at the time Outstanding are to be called for prior redemption, the particular Bonds or portions thereof of such maturity to be redeemed shall be selected by lot. The Trustee shall call for redemption in accordance with the foregoing provisions as many Bonds or portions thereof as will, as nearly as practicable, exhaust the moneys available therefor. Particular Bonds or portions thereof shall be redeemed only in integral multiples of principal amount of \$5,000.

(b) In the case of Bonds of denominations greater than \$5,000, if less than all of such Bonds then Outstanding are to be called for redemption, then for all purposes in connection with redemption, each \$5,000 of principal amount shall be treated as though it was a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of principal amount represented by any such fully registered Bond is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the owner of such fully registered Bond shall forthwith surrender such Bond to the Trustee (1) for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of principal amount called for redemption and (2) exchange for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such fully registered Bond shall be issued to the Registered Owner thereof, without charge therefor, provided that presentation shall not be required in connection with any mandatory sinking fund payments. If the owner of any such fully registered Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of principal amount called for redemption (and to that extent only). Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such \$5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for the payment of the redemption price shall have been deposited with the Trustee and shall be available for the redemption of \$5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of this Indenture, the Loan Agreement or the Mortgage to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and applicable premium, if any) represented by such \$5,000 unit

or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

Section 3.08 Sinking Fund.

(a) There is established and the Trustee shall during the term hereof, to the extent required by this Indenture, maintain, so long as any of the Bonds shall be Outstanding, a fund (which shall be maintained as a separate account within the Bond Fund) to be designated “Lakes Area Economic Development Authority, Minnesota Health Care Facilities Revenue Bonds, Series 2026A (Knut Nelson Care Center Project), Sinking Fund” (herein called the “Sinking Fund”).

(b) For the retirement of the Series 2026 Bonds, the Borrower has covenanted in the Loan Agreement to deposit in the Sinking Fund, as required, an amount sufficient to redeem on January 1 in the years below (each such date being herein called a “Sinking Fund Redemption Date”), in each case at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date:

**Series 2026A Bonds**

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__ (Maturity)	

**Series 2026B Bonds**

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Serial Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__ (Maturity)	

**Term Bonds Due January 1, 20**

<u>Date</u>	<u>Amount</u>
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__	
January 1, 20__ (Maturity)	

(c) From such cash Sinking Fund payments, to the maximum extent possible, the Trustee shall redeem at 100% of the principal amount thereof plus accrued interest to the Sinking Fund Redemption Date the Series 2026 Bonds described above. At its option, to be exercised on or before the 45<sup>th</sup> day next preceding any such Sinking Fund Redemption Date, the Borrower may (i) deliver to the Trustee for cancellation any such Series 2026 Bonds in any aggregate principal amount desired, or (ii) receive a credit in respect of such Sinking Fund redemption obligation for any such Series 2026 Bonds which prior to said date have been purchased or redeemed (otherwise than at the stated maturity thereof or through the operation of such Sinking Fund) and cancelled by the Trustee and not theretofore applied as a credit against such Sinking Fund redemption obligation. Each such Series 2026 Bonds so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the Borrower on such Sinking Fund Redemption Date and any excess amount shall be credited on future Sinking Fund redemption obligations in chronological order, and the principal amount of such Series 2026 Bonds to be redeemed by operation of the Sinking Fund shall be accordingly reduced. If the Borrower elects to exercise its option pursuant to clauses (i) or (ii) of this subsection, the Borrower shall on or before the 45<sup>th</sup> day next preceding each such Sinking Fund Redemption Date furnish the Trustee with a Certificate of the Authorized Borrower Representative indicating to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such Sinking Fund payment.

(d) Notwithstanding any other provision hereof or of the Loan Agreement, the Sinking Fund shall be established and maintained by the Trustee as a separate subaccount of the Bond Fund.

#### **ARTICLE IV – BOND PROCEEDS; PROJECT FUND AND CAPITALIZED INTEREST FUND**

Section 4.01 Deposit of Series 2026 Bonds Proceeds. a. The Issuer shall deposit, or shall direct the Original Purchaser of the Series 2026A Bonds to deposit, with the Trustee all of the net proceeds of the sale of the Series 2026A Bonds (including accrued interest thereon from the date from which interest is to be paid thereon to the date of delivery to the Original Purchaser thereof), and the Trustee shall:

i. deposit to the credit of the Reserve Fund, from proceeds of the Series 2026A Bonds, an amount equal to the Reserve Requirement;

ii. deposit to the credit of the Project Account within the Project Fund established pursuant to Section 4.02, proceeds of the Series 2026A Bonds in an amount equal to \$\_\_\_\_\_;

iii. deposit to the credit of the Cost of Issuance Account within the Project Fund, established pursuant to Section 4.02, proceeds of the Series 2026A Bonds in an amount equal to \$\_\_\_\_\_;

iv. deposit to the credit of the Bond Fund established pursuant to Section 5.01, proceeds of the Series 2026A Bonds in an amount equal to \$\_\_\_\_\_; and

v. deposit to the Capitalized Interest Fund established pursuant to Section 4.05, proceeds of the Series 2026A Bonds in an amount equal to \$\_\_\_\_\_.

b. The Issuer shall deposit, or shall direct the Original Purchaser of the Series 2026B Bonds to deposit, with the Trustee all of the net proceeds of the sale of the Series 2026B Bonds (including accrued interest thereon from the date from which interest is to be paid thereon to the date of delivery to the Original Purchaser thereof), and the Trustee shall:

i. deposit to the credit of the Reserve Fund, from proceeds of the Series 2026B Bonds, an amount equal to the Reserve Requirement;

ii. deposit to the credit of the Cost of Issuance Account within the Project Fund, established pursuant to Section 4.02, proceeds of the Series 2026B Bonds in an amount equal to \$\_\_\_\_\_; and

iii. deposit to the credit of the Bond Fund established pursuant to Section 5.01, proceeds of the Series 2026B Bonds in an amount equal to \$\_\_\_\_\_.

#### Section 4.02 Establishment of Project Fund.

(a) There is established a separate fund to be maintained by the Trustee hereunder, and there shall be deposited with the Trustee to the credit of such fund (herein called the

“Project Fund”), the proceeds of the Series 2026 Bonds, except as otherwise provided herein. The Issuer has no obligation hereunder or under the Act to deposit any moneys in the Project Fund or apply moneys to Project Costs except proceeds of Bonds or funds made available therefor by the Borrower.

(b) Within the Project Fund the Trustee shall establish the following separate accounts:

i. a separate account called the “Project Account” into which shall be deposited on the Closing Date the proceeds of the Series 2026 Bonds as provided in Section 4.01(a)(ii), along with moneys of the Borrower in the amount of \$0.00; and

ii. a separate account called the “Cost of Issuance Account” into which shall be deposited on the Closing Date the proceeds of the Series 2026 Bonds as provided in Section 4.01(a)(iii) and 4.01(b)(ii), along with moneys of the Borrower in the amount of \$ \_\_\_\_\_.

(c) The moneys in the Project Fund shall be held in trust by the Trustee and applied to the payment or reimbursement of Project Costs, in accordance with and subject to the provisions of this Article, but shall nonetheless be subject to a lien and charge in favor of the Registered Owners of the Outstanding Bonds.

#### Section 4.03 Project Costs Defined.

(a) For the purposes of this Indenture and the Loan Agreement, the Project Costs shall include, without intending to limit or restrict any proper definition of such costs under any applicable laws and GAAP, the following:

i. obligations incurred for labor (including payroll cost of Borrower’s employees according to time spent by such employees on the Project) and to contractors, builders and materialmen in connection with the acquisition, construction, reconstruction, renovation and installation of the Project, including site improvements, and demolition of any existing building on the Land or removal of any equipment (net of any salvage), including obligations for machinery, materials and equipment therefor;

ii. costs of acquisition of real property and all interests in land required specifically for the site of the Project;

iii. as applicable, the cost of any indemnity and surety bonds deemed necessary by the Borrower, the fees and expenses of the Trustee and any paying agent during the construction period for the Project, taxes and other municipal or governmental charges levied or assessed during the construction period for the Project, and the premiums for insurance, if any, required during the construction period for the Project;

iv. costs of acquisition and installation of equipment, furnishings and other tangible personal property required for the Project;

v. fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications, and supervising construction, as well as for the performance of all other duties of

engineers and architects in relation to the Project or the issuance of the Series 2026 Bonds therefor;

vi. Costs of Issuance of the Series 2026 Bonds, including initial fees of the Trustee, title insurance premiums, abstracting and filing fees, legal expenses and fees, fiscal consultant and underwriting fees and expenses, costs of audits, and costs of preparing, offering, selling and issuing the Series 2026 Bonds;

vii. interest on the Series 2026 Bonds for a period not in excess of the construction period with respect to the Project, plus an additional six months; and

viii. any other obligation or expense heretofore or hereafter incurred by the Borrower in connection with the Project defined as and constituting a proper project cost under the Act and approved by the Project Supervisor or the Authorized Borrower Representative.

(b) Provided, however, that, notwithstanding the foregoing, Project Costs shall not include any costs expended by the Borrower prior to the issuance of the Series 2026 Bonds except for: (i) Preliminary Expenditures; (ii) Project Costs that in the aggregate are not in excess of the lesser of \$100,000 or five percent of the proceeds of the Series 2026 Bonds; or (iii) Project Costs incurred not more than 60 days prior to the date of the Reimbursement Resolution.

Section 4.04 Payments from Accounts in the Project Fund. Subject to the provisions of Sections 4.02 and 4.03 hereof, any moneys on deposit in the Project Account and the Cost of Issuance Account shall be applied solely to payment or reimbursement of Project Costs, at the direction of the Project Supervisor or other Authorized Borrower Representative, based upon a Draw Request. Amounts held within the Project Account shall be used for payment of Project Costs other than Costs of Issuance of the Series 2026 Bonds. Amounts held within the Cost of Issuance Account shall be used solely for payment of Costs of Issuance of the Series 2026 Bonds.

Section 4.05 Establishment of Capitalized Interest Fund. A special trust fund is hereby established with the Trustee and designated the "Capitalized Interest Fund."

(A) On the Closing Date of the Series 2026 Bonds, the Trustee shall credit to the Capitalized Interest Fund the amount set forth in Section 4.01(a)(v) hereof. Funds in the Capitalized Interest Fund shall be transferred automatically by the Trustee to the Bond Fund on the last Business Day of the month prior to a month in which interest on the Bonds is due in full or partial satisfaction of the interest payment payable by the Borrower with respect to the Series 2026 Bonds until the Capitalized Interest Fund is fully depleted.

(B) Any interest earned on sums held in the Capitalized Interest Fund prior to \_\_\_\_\_, 2027 shall remain a part of the Capitalized Interest Fund.

(C) Any funds remaining in the Capitalized Interest Fund after \_\_\_\_\_, 2027, shall be transferred to the Bond Fund.

(a) *Disbursements from the Project Account.*

(i) Notwithstanding anything else to the contrary set forth herein, (A) all of the moneys in the Project Account shall be disbursed by the Trustee solely in accordance with the provisions of this Indenture and the Loan Agreement; and (B) no moneys in the Project Account shall be used for payment of any marketing or working capital costs with

respect to the Project, except in accordance with an opinion of Bond Counsel substantially to the effect that such payment or payments would not jeopardize the excludability of interest on the Series 2026A Bonds from the gross income of the recipients thereof.

(ii) The Trustee shall disburse moneys on deposit in the Project Account from time to time to pay or as reimbursement for payment made for Project Costs (other than Costs of Issuance or capitalized interest), in each case within three Business Days after receipt by the Trustee of a fully-executed Draw Request. All payments made from the Project Account shall be presumed by the Trustee to be made for the purposes stated in said Draw Request, and the Trustee shall not be required to see to the application of any payments made from the Project Account or to inquire into the purposes for which withdrawals are being made from the Project Account. The Trustee shall not be responsible for determining whether the funds on hand in the Project Account are sufficient to complete the Project. The Trustee shall have no responsibility whatsoever to disburse or transfer funds absent a written Draw Request from the Borrower.

(iii) The Trustee shall have no obligation to confirm compliance with the requirements of the Disbursing Agreement and may rely solely on the execution of each Draw Request by the Title Company. The Trustee shall make each payment directly to the Title Company at the direction of the Borrower. The Title Company will make disbursements to payees for Project Costs pursuant to the Disbursing Agreement.

(b) *Disbursements from the Costs of Issuance Account.* Amounts in the Cost of Issuance Account shall be disbursed by the Trustee solely for payment of Costs of Issuance of the Series 2026 Bonds, in accordance with Draw Requests submitted by the Borrower. The Trustee shall rely fully on any such Draw Request delivered pursuant to this Section and shall not be required to make any investigation in connection therewith. The Trustee shall transfer any funds remaining in the Cost of Issuance Account on August 1, 2027, to the Bond Fund.

(c) *Trustee's Reliance.* The Trustee shall rely fully on any Draw Request delivered pursuant to this Section and shall not be required to make any investigation in connection therewith, including but not limited to an investigation into the facts of matters stated in any Draw Request.

(d) *Disposition of Funds Remaining in Accounts in the Project Fund.* If after payment by the Trustee of all Draw Requests tendered to the Trustee under the provisions of this Section and after receipt by the Trustee of a Certificate of an Authorized Borrower Representative that the Project is complete, there shall remain any moneys in the Project Account, such moneys shall be deposited and applied in the following order of priority: (i) in the Reserve Fund to the extent necessary to attain the Reserve Requirement; (ii) in the Bond Fund to pay the next successive principal payment on the Bonds to become due; and (iii) in the Optional Redemption Fund and used to redeem Bonds at the earliest permissible date under this Indenture; provided, in the discretion of the Borrower, such moneys may be applied for any other purpose that, based on an Opinion of Bond Counsel addressed and delivered to the Trustee, will not adversely affect the exclusion of the interest on the tax-exempt Bonds from gross income for federal income tax purposes.

## ARTICLE V – DISPOSITION OF PLEDGED REVENUES

### Section 5.01 Bond Fund.

(a) There is established and the Trustee shall maintain hereunder, so long as any of the Bonds are Outstanding, a separate fund to be designated “Lakes Area Economic Development Authority, Minnesota Health Care Facilities Revenue Bonds (Knute Nelson Care Center Project) Bond Fund” (herein called the “Bond Fund”) into which the Issuer and Trustee shall make the following deposits:

i. After the Series 2026 Bonds have been delivered and on or before the first day of each month thereafter, or as soon thereafter as received from the Borrower, all payments by the Borrower as Loan Repayments under Section 4.02(a) and (b) of the Loan Agreement required to be deposited into the Bond Fund;

ii. All other moneys received by the Trustee from the Borrower when accompanied by directions of the Borrower that such moneys are to be paid into the Bond Fund or used for purposes for which moneys in the Bond Fund may be used; and

iii. All other moneys required to be deposited in the Bond Fund pursuant to this Indenture or the Loan Agreement.

(b) The moneys and investments in the Bond Fund are irrevocably pledged and shall be used by the Trustee, from time to time, to the extent required:

FIRST: For the payment of principal of, premium (if any) on and interest on the Bonds, due or to become due within one year, as and when such principal, premium and interest shall become due and payable; and

SECOND: To be used, upon direction by the Borrower, to purchase Outstanding Bonds at purchase prices not exceeding par plus accrued interest.

### Section 5.02 Optional Redemption Fund.

(a) There is established and the Trustee shall maintain hereunder, so long as any of the Bonds are Outstanding, a separate fund to be designated “Lakes Area Economic Development Authority, Minnesota Health Care Facilities Revenue Bonds (Knute Nelson Care Center Project) Optional Redemption Fund” (herein called the “Optional Redemption Fund”). There shall be deposited into the Optional Redemption Fund all amounts required to be deposited therein pursuant to the Loan Agreement or this Indenture, and all amounts designated to be deposited therein by the Borrower.

(b) Amounts on deposit to the credit of the Optional Redemption Fund shall be used, first, to make up deficiencies in the Bond Fund and, second, for the redemption of Outstanding Bonds at the request or direction of the Borrower pursuant to Article III or, at the request of the Borrower, for the purchase of Outstanding Bonds on the market at prices not exceeding the redemption price on the next available date for redemption.

(c) Notwithstanding the foregoing, the Trustee is authorized to use funds and investments in the Optional Redemption Fund to pay the amount of any rebate payment due the

United States in respect of the Series 2026 Bonds under Section 148 of the Internal Revenue Code, if the Borrower shall have failed to pay or provide for the payment thereof under Section 4.08(d) of the Loan Agreement.

Section 5.03 Reserve Fund.

(a) There is established and the Trustee shall maintain hereunder, so long as any of the Series 2026 Bonds are Outstanding, a separate fund to be designated “Lakes Area Economic Development Authority, Minnesota Health Care Facilities Revenue Bonds (Knute Nelson Care Center Project) Debt Service Reserve Fund” (herein called the “Reserve Fund”), into which the Issuer and Trustee shall make the following deposits:

i. An amount equal to the Reserve Requirement, to be deposited in the Reserve Fund as described in Section 4.01(a)(i) hereof.

ii. After the Series 2026 Bonds have been delivered and the Reserve Requirement has been met, the Issuer and Trustee shall deposit into the Reserve Fund all moneys and income of the Trust Estate not deposited or required to be deposited in the Bond Fund or Optional Redemption Fund, including all Loan Repayments pursuant to Section 4.02(d) of the Loan Agreement, in order to maintain the funds and investments on deposit in the Reserve Fund in an amount at least equal to the Reserve Requirement, subject, however, to the further provisions of this Section 5.03.

iii. All other amounts required or permitted to be deposited into the Reserve Fund under this Indenture or the Loan Agreement.

(b) In computing the amount in the Reserve Fund, Qualified Investments shall be valued at face value if purchased at par or at the amortized value if purchased at other than par; provided, however, that such Qualified Investments in the Reserve Fund are required to be valued only as of each January 1 and July 1. For purposes of this Section, “amortized value,” when used with respect to an obligation purchased at a premium above or at a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Valuation of any particular date shall include the amount of interest then earned or accrued to such date on any moneys or investments in the Reserve Fund.

(c) Notwithstanding any other provision of this Indenture or the Loan Agreement to the contrary, in the event of a failure by the Borrower to make Loan Repayments in the amounts or at the times required under Section 4.02(a) of the Loan Agreement with respect to the Series 2026 Bonds, the Trustee shall, subject only to the provisions of [Section 5.05 hereof](#), on or before any interest payment date transfer from the Reserve Fund to the Bond Fund any amount required to restore the deficiency and, so long as the balance remaining to the credit of the Reserve Fund thereafter is not less than \$50,000, such transfer shall not result in an Event of Default under this Indenture or Loan Agreement; provided, however, that such amounts transferred from the Reserve Fund to the Bond Fund are restored to the Reserve Fund by the Borrower making Loan Repayments pursuant to Section 4.02(d) of the Loan Agreement in twelve equal monthly installments, each such installment being in an amount equal to one-

twelfth of the amount originally transferred, and the first such installment being due on the first day of the first month following such original transfer from the Reserve Fund.

(d) The funds and investments in the Reserve Fund are irrevocably pledged to and shall be used by the Trustee, from time to time, as may be required, for the payment of principal of, premium (if any) on and interest on the Series 2026 Bonds (and not any Additional Bonds) as and when such principal and interest shall become due and payable and, subject only to the provisions of Section 7.05 hereof, for that purpose only; provided, nonetheless, that (i) if investment earnings cause the amount on deposit in the Reserve Fund to exceed the Reserve Requirement, the Trustee shall, not less frequently than semiannually, transfer the excess to the Bond Fund, and (ii) moneys and investments in the Reserve Fund shall be transferred to the Bond Fund when the moneys and proceeds of investments in the Reserve Fund shall be sufficient (with moneys and proceeds of investments in the Bond Fund) to pay when due the principal of and interest on all Outstanding Series 2026 Bonds.

(e) Notwithstanding the foregoing, the Trustee is authorized to use funds and investments in the Reserve Fund to pay the amount of any rebate payment due to the United States in respect of the Series 2026 Bonds under Section 148(f) of the Internal Revenue Code, if the Borrower shall have failed to pay or provide for the payment thereof under Section 4.08(d) of the Loan Agreement.

#### Section 5.04 Investment of Funds.

(a) Moneys on deposit to the credit of the Project Fund, the Capitalized Interest Fund, the Bond Fund, the Sinking Fund, the Reserve Fund and the Optional Redemption Fund shall, upon the written direction of the Authorized Borrower Representative, be invested by the Trustee in (i) direct obligations of or obligations fully guaranteed by the United States of America, (ii) deposits in interest-bearing time deposits or certificates of deposit or similar arrangements, including repurchase agreements, secured by obligations described in (i) hereof which are in the possession of the Trustee or its agent and with respect to which the Trustee has a valid and perfected security interest free and clear of prior claims of third parties; (iii) obligations issued by any federal agency to the extent that such obligations are either guaranteed by or are direct obligations of the United States of America (other than as provided in (i) hereof) and bonds, debentures, participation certificates or notes issued by FNMA, GNMA or Freddie Mac; (iv) money market deposit accounts, deposits in interest-bearing time deposits or certificates of deposit or similar arrangements (without regard to whether such deposits or arrangements are insured by the Federal Deposit Insurance Corporation) of any lead bank of a bank holding company, including the Trustee and its affiliates, whose short-term obligations are rated at least an 'A-1' or 'prime-one' rating or their equivalents from S&P Global Ratings or Moody's Ratings, or their successors, or certificates of deposit of any national bank if the amount thereof is fully insured by the FDIC, (v) fixed income securities issued by or behalf of any state of the United States of America or any agency, instrumentality or political subdivision thereof; (vi) fixed income securities issued by any corporation organized and existing under the laws of any state of the United States of America or the District of Columbia which are rated at the time of investment not less than 'A' by S&P Global Ratings or 'A' by Moody's Ratings, or their successors; (vii) commercial paper (having original maturities of not more than 270 days) or finance company paper of an issuer which is rated at the time of investment not less than 'A-1' or 'prime-one' or their equivalents by S&P Global Ratings or Moody's Ratings, or their successors, and whose obligations have at least an 'A' rating at the time of investment from S&P Global Ratings or an 'A' rating at the time of investment from Moody's Ratings, or their successors; (viii) a common trust fund or similar fund maintained by the Trustee exclusively for the collective investment and reinvestment of moneys contributed thereto by the Trustee in its

capacity as trustee and whose only investments are in securities described herein; (ix) shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and whose only assets consist of obligations described in (i) or (iii) above; and (x) an investment agreement (whether or not collateralized) issued by any financial institution maintaining at least an 'A' rating at the time of investment from S&P Global Ratings or an 'A' rating at the time of investment from Moody's Ratings, or their successors, provided that all of the foregoing shall be legal investments for funds of Minnesota public entities ("Qualified Investments").

(b) If the Authorized Borrower Representative fails to provide written directions concerning the investment of moneys held in the Project Fund, the Capitalized Interest Fund, the Bond Fund, the Sinking Fund, the Reserve Fund or the Optional Redemption Fund, the Trustee shall hold such amounts uninvested in cash, without liability for interest.

(c) The Trustee shall have no responsibility to monitor the ratings of Qualified Investments after the initial purchase of such Qualified Investments and shall have no responsibility whatsoever to determine whether any investments made pursuant to this Indenture are or continue to be Qualified Investments. The Trustee shall be entitled to rely on any written direction of the Borrower as to the suitability and legality of the directed investment. Investments permitted under this Section may be made with the Trustee or any of its affiliates. Investments so made shall be deemed at all times to be a part of the respective Fund, but may from time to time be sold or otherwise converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to such Fund. Except as may otherwise be provided in Section 4.09 of the Loan Agreement, any interest accruing on and any profit realized from such investment shall be credited to the respective Fund. Any investments purchased with amounts on deposit in any Fund under this Indenture may be exchanged for cash or investments of equal value credited to any other Fund. The Trustee shall redeem or sell, at the best price obtainable, any investments so made, whenever it shall be necessary to do so in order to provide moneys to meet any payment from the respective Fund. Neither the Trustee nor the Issuer shall be liable for any fee, tax, loss or other charge resulting from any such investment, nor from failure to preserve rights against endorsers or other prior parties to instruments evidencing any such investment.

(d) The Trustee shall be fully protected in relying on the investment direction on subsection (b) above or of the Authorized Borrower Representative as to the suitability and the legality of such directed investments and investment pursuant to subsection (b) above or any such written investment direction shall be deemed a certification by the Authorized Borrower Representative that such directed investments constitute Qualified Investments.

(e) Ratings of Qualified Investments referred to herein shall be determined at the time of purchase of such Qualified Investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of Qualified Investments after the initial purchase of such Qualified Investments, including at the time of the reinvestment of proceeds thereof.

(f) The Trustee may elect, but shall not be obligated, to credit the funds and accounts held by it with moneys representing income or principal payments due on, or sales proceeds due in respect of, Qualified Investments in such funds and accounts, or to credit to Qualified Investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. Notwithstanding anything else in this Indenture, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such

transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Indenture shall constitute a waiver of any of Trustee's rights as a securities intermediary under Uniform Commercial Code Section 9-206.

(g) In the Loan Agreement, the Borrower has acknowledged that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur, and the Borrower has specifically waived such notification to the extent permitted by law and will receive periodic cash transaction statements from the Trustee that will detail all investment transactions.

#### Section 5.05 Compliance with Arbitrage Restrictions; Rebate Requirements.

(a) The Issuer acknowledges and confirms that the maintenance of the tax-exempt status of interest on tax-exempt Bonds is dependent, among other things, on compliance with the arbitrage requirements set forth in Section 148 of the Internal Revenue Code and regulations thereunder. In order to confirm and carry out in part such understanding, the Borrower has agreed in the Loan Agreement, *inter alia*, to make or cause to be made such periodic computations and make such rebate payments to the United States as and when required by Section 148(f) of the Code and regulations thereunder. Specifically, the Borrower shall cause to be computed as of each computation date all rebatable arbitrage earned with respect to nonpurpose investments made with gross proceeds of tax-exempt Bonds. Payment of all rebate payments required to be made to the United States under Section 4.08(d) of the Loan Agreement and under this Section shall be made from Loan Repayments made by the Borrower under Section 4.08(d) of the Loan Agreement or from other available funds held under this Indenture. With respect to each Installment Computation Date, such required rebate payments shall be made in the minimum amounts required by Section 148(f) and regulations thereunder not later than 60 days after each such Installment Computation Date. Not later than 60 days after the Final Computation Date, there shall be paid from moneys provided by or on behalf of the Borrower 100% of the aggregate amount described above not theretofore paid to the United States. In construing this Section 5.05, all terms used in this Section shall have the meanings provided in Section 148 (f) of the Internal Revenue Code and Treasury Regulations thereunder. Notwithstanding any other provision of this Section 5.05, any requirement imposed hereunder may be deemed inapplicable and of no force or effect if an opinion of Bond Counsel is rendered to the Trustee to the effect that the failure to impose such requirement will not adversely affect the tax-exempt status of interest on tax-exempt Bonds.

(b) The Trustee is directed to apply amounts credited to the Optional Redemption Fund or Reserve Fund to the payment of any rebate amount then owing, as further provided in Sections 5.02 and 5.03, and to establish such other funds or accounts hereunder as it may deem necessary or desirable in order to maintain funds for the purpose of making any payment required under this Section 5.05. The Trustee shall have no liability or responsibility to enforce compliance by the Company with the terms of the tax covenants contained herein or in the Loan Agreement and in no circumstance shall the Trustee have any obligation to fund any amounts payable under this Section.

### **ARTICLE VI – PARTICULAR COVENANTS OF THE ISSUER**

The Issuer covenants and agrees, so long as any Bonds shall be Outstanding and subject to the limitations on its obligations herein set forth, as follows:

Section 6.01 Payment of Bonds. The Issuer will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture and the

Bond Resolution and in each and every Bond executed, authenticated and delivered hereunder; will pay or cause to be paid, from Loan Repayments by the Borrower and other amounts received or held by the Trustee hereunder, the principal of, premium (if any) on and interest on every Bond on the dates, at the places and in the manner prescribed in such Bonds in any coin or currency which, on the respective dates of payment of such principal and interest, is legal tender for the payment of public and private debts; and will cause such amounts received to be deposited with the Trustee prior to the due date of each installment of principal and interest and prior to the maturity of any Bond in amounts sufficient to pay such installment or Bond to the end that the Trustee may cause to be placed in any other bank of payment specified herein and in the Bonds, on time, money required for payment of principal, premium and interest; provided, however, that the principal of and interest on any Bond is not and shall not be deemed to represent a debt or pledge of the faith or credit of the Issuer or grant to the Registered Owner of any Bond any right to have the Issuer levy any taxes or appropriate any funds to the payment of principal of, premium on or interest on the Bonds, such payment to be made solely and only out of the moneys received pursuant to the Loan Agreement, and the funds and accounts established and maintained with the Trustee pursuant to this Indenture and appropriated to the payment of the Bonds by this Indenture.

Section 6.02 Authorized Issuer Representative. The Issuer authorizes the Authorized Issuer Representative to take any and all actions on behalf of the Issuer in connection with the Bonds as may be necessary or desirable over the term of the Bonds.

Section 6.03 Authority of the Issuer. The Issuer is authorized, pursuant to the Constitution and laws of the State, to issue the Bonds, to loan the proceeds thereof to the Borrower, to execute this Indenture and assign and pledge to the Trustee the Trust Estate, including the Loan Repayments, and to make the covenants as herein provided.

Section 6.04 Concerning the Loan Agreement. The Issuer will cooperate or permit the Trustee to take such action as may be necessary or advisable to enforce the covenants, terms and conditions of the Loan Agreement.

Section 6.05 Terms-Limitations on Issuer's Obligations. Under the Act, and it is expressly agreed that, the Issuer has no obligation to levy taxes for, or make any advance or payment or incur any expense or liability from its general funds in performing, any of the conditions, covenants or requirements of the Bonds or this Indenture or from any funds other than revenues and income received pursuant to the Loan Agreement or moneys in the funds and accounts provided for herein.

## **ARTICLE VII – REMEDIES ON DEFAULT**

Section 7.01 Events of Default. Each of the following events is defined as, and is declared to be and to constitute, an “Event of Default”:

- (a) if payment of the principal of any of the Bonds, or any premium thereon, when the same shall become due and payable, whether at maturity or proceedings for redemption, declaration or otherwise, shall not be made; or
- (b) if payment of any interest on the Bonds when the same shall become due and payable (in which case interest shall be payable to the extent permitted by law on any overdue installments of interest, in each case at the interest rate borne by the Bonds in respect of which such interest is overdue) shall not be made; or

(c) if there should be a default in the due and punctual performance of any of the other covenant, condition, agreement or provision contained in the Bonds or in this Indenture, or in any indenture supplemental hereto, and such default shall have continued for a period of 60 days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Borrower by the Trustee, or if such notice is given to the Trustee and the Borrower by the Registered Owners of not less than 25% in principal amount of the Bonds then Outstanding; or

(d) if any Event of Default under the Loan Agreement shall occur and be continuing.

Section 7.02 Acceleration of Maturity. Upon the occurrence of an Event of Default, the Trustee may, and upon written request of the Registered Owners of 25% in aggregate principal amount of Outstanding Bonds shall, by notice in writing delivered to the Issuer declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable subject, however, to the right of the Majority Owners, by written notice to the Issuer and to the Trustee, to annul such declaration and cancel its effect at any time if all covenants with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all Outstanding Bonds and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness secured by this Indenture (except the principal of any Bonds which has not then attained its stated maturity and interest accrued on such Bonds since the last interest payment date) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

Section 7.03 Enforcement of Covenants and Conditions.

(a) In any case of Default or breach of any of the covenants and conditions of this Indenture, or to protect the Trust Estate, the Trustee, anything herein contained to the contrary notwithstanding and without any request from any Registered Owner (subject, however, to the provisions of Section 8.06 hereof), may take such action or actions for the enforcement of its rights and the rights of the Registered Owners and the rights of the Issuer under the Loan Agreement as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care.

(b) Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Registered Owners of not less than 25% in aggregate principal amount of Outstanding Bonds, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the Bonds, to enforce application to such payment of the funds, revenues and income appropriated thereto by this Indenture and by the Bonds, to enforce rights of the Issuer under the Loan Agreement, to foreclose the Mortgage, and take any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Registered Owners. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Registered Owners, as aforesaid, unless such Registered Owners shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Section 7.04 Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Registered Owners of Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate

and of the revenues, issues, payments and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 7.05 Application of Moneys.

(a) All moneys held hereunder or received by the Trustee pursuant to any right given or action taken under this Indenture, the Loan Agreement or the Mortgage for purposes of this Article VII, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, fees, liabilities and advances incurred or made by the Trustee, and the creation of a reasonable reserve for anticipated fees, costs and expenses, shall be deposited in the Bond Fund, and all moneys in the Bond Fund and in any other fund or account then maintained under this Indenture shall be applied, as follows:

i. Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to this Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

ii. If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

iii. If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of subsection (a)(ii) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a)(i) of this Section.

(b) Whenever moneys are to be applied by the Trustee pursuant to this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and

upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Registered Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

(c) Whenever all Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee and the Issuer have been paid, any balance remaining shall be paid to the persons entitled to receive the same; if no other person shall be entitled thereto, then the balance shall be paid to the Borrower as its interests may appear.

Section 7.06 Right of Trustee to Act Without Possession of Bonds. All rights of action (including the right to file proof of claim) under the Bond Documents or the Bond Resolution, or under any of the Bonds, may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the Registered Owners of the Outstanding Bonds.

Section 7.07 Power of Majority of Registered Owners. Anything in this Indenture to the contrary notwithstanding, the Majority Owners shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken under the Bond Documents; provided that such direction shall not be otherwise than in accordance with the provisions of law and that the Trustee shall be indemnified as provided in Section 8.06.

Section 7.08 Limitation on Suits by Registered Owners. No Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture, or for the execution of any trust hereof or for any other remedy hereunder, unless a Default has occurred of which the Responsible Officer has been notified or of which it is deemed to have notice; nor unless also such Default shall have become an Event of Default and the Registered Owners of 25% in aggregate principal amount of Outstanding Bonds shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided in Section 8.06; and such notification, request and offer of indemnity are declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for enforcement or for any other remedy hereunder; it being understood and intended that no one or more Registered Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Outstanding Bonds. Nothing in this Indenture contained shall, however, affect or impair the right of any Registered Owner, which is absolute and unconditional, to enforce and bring suit for the payment of the principal of and interest on any Bond at and after the maturity thereof or the obligations of the Issuer to pay the principal of and interest on each of the Bonds to the respective Registered Owners thereof at the time and place in the Bonds expressed, in accordance with the terms of the Bonds.

Section 7.09 Waiver by Registered Owners. The Trustee, upon the written request of the Majority Owners, shall waive any Event of Default and its consequences, except an Event of Default in the payment of the principal of the Bonds at the date of maturity specified therein; provided, however, that an Event of Default in the payment of interest on the Bonds shall not be waived unless, prior to such waiver, all arrears of interest, and all expenses of the Trustee shall have been paid or shall have been provided for by deposit with the Trustee of a sum sufficient to pay the same. In case of any such waiver, the Issuer, the Trustee and the Registered Owners of the Bonds shall be restored to their former positions and rights hereunder respectively. No such waiver shall extend to any subsequent or other Default or any Event of Default or impair any right consequent thereon.

Section 7.10 Remedies Cumulative, Delay Not To Constitute Waiver.

(a) No remedy by the terms of the Bond Documents conferred upon or reserved to the Trustee (or to the Registered Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

(b) No delay or omission to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(c) No waiver of any Default or Event of Default hereunder, whether by the Trustee or by the Registered Owners, shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 7.11 Restoration of Rights Upon Discontinuance of Proceedings. In case the Trustee or Registered Owners shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or Registered Owners, then and in every such case the Issuer, the Borrower, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee or Registered Owners shall continue as if no such proceedings had been taken.

## **ARTICLE VIII – CONCERNING THE TRUSTEE**

Section 8.01 Acceptance of Trust and Prudent Performance Thereof.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all such Events of Default as may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall during the existence of any such Event of Default (which has not been cured) exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of their own affairs. The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture except for its own negligence or willful misconduct.

(b) The Trustee shall not be required to take notice or be deemed to have notice of any Default or Event of Default hereunder except Default in the deposits or payments specified, unless the Responsible Officer of the Trustee shall be specifically notified in writing of such

Default or Event of Default by the Borrower, by the Issuer or by the Registered Owners of at least 25% in aggregate principal amount of Outstanding Bonds, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume that there is no Default or Event of Default except as aforesaid.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

i. prior to such an Event of Default hereunder, and after the curing of all such Events of Default which may have occurred:

A. the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

B. in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and to the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Indenture; and

ii. at all times, regardless of whether or not any such Event of Default shall exist:

A. the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, and

B. the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Majority Owners relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties 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 reasonably assured to it.

Section 8.02 Trustee May Rely Upon Certain Documents and Opinions. Except as otherwise provided in Section 8.01,

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, 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, direction, election, order, certification or demand of the Issuer or the Borrower shall be sufficiently evidenced by an instrument signed by an Authorized Issuer Representative or an Authorized Borrower Representative, as the case may be (unless otherwise in this Indenture specifically prescribed), and any resolution of the Issuer may be evidenced to the Trustee by a Certified Resolution;

(c) the Trustee may consult with counsel (who may be counsel for the Issuer or the Borrower) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel; and

(d) whenever, in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Issuer and such Certificate of the Issuer shall, in the absence of gross negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof.

Section 8.03 Trustee Not Responsible for Indenture Statements, Validity. The Trustee shall not be responsible for any recital or statement herein, or in the Bonds (except in respect of the Certificate of Authentication of the Trustee endorsed on Bonds), or for the validity of the execution by the Issuer of this Indenture or the validity or execution of the Loan Agreement or the Mortgage or of any supplemental instrument, or for the sufficiency of the security of the Bonds, or for the value or title of any of the Trust Estate, or otherwise as to the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenant, condition or agreement on the part of the Issuer or the Borrower except as herein set forth, but the Trustee may require of the Issuer and the Borrower full information and advice as to the performance of the covenants, conditions and agreements aforesaid and of the condition of the physical property included in the Trust Estate. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder.

Section 8.04 Limits on Duties and Liabilities of Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee and the Trustee shall be answerable only for its own negligence or willful default. The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers hereunder or otherwise in respect of the premises. In no event shall the Trustee be liable for incidental, indirect, special, consequential or punitive damages as penalties (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such damages or penalty and regardless of the form of action.

Section 8.05 Money and Property Held in Trust. The Trustee is authorized at any and all times to receive any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, assigned or transferred, or

in which a security interest is granted by the Issuer or the Borrower or by anyone in behalf of it or with its written consent, and to hold and apply the same according to the terms of this Indenture, including but not limited to the Mortgage. Money and other property held by the Trustee hereunder is held in trust but need not be segregated from other funds or property except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder.

Section 8.06 Obligation of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be defendant, or to take any steps in the execution of the trusts created by this Indenture or in the enforcement of any rights and powers hereunder, until it shall have reasonable grounds for believing that repayment of all costs and expenses, outlays and counsel fees and other reasonable disbursements in connection therewith and adequate indemnity against all risk and liability is reasonably assured to it; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without assurance of reimbursement or indemnity, and in such case the Trustee shall be reimbursed for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Borrower shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any of the Outstanding Bonds.

Section 8.07 Notice to Registered Owners, Etc.. The Trustee shall give to the Registered Owners of the Bonds whose names and addresses are known to it written notice of all Events of Default known to the Trustee by virtue of actual knowledge of a Responsible Officer, within 60 days after the occurrence of the Event of Default unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of Events of Default in the payment of principal or interest on any of the Bonds, the Trustee shall be protected in withholding such notice if and so long as its board of directors, an executive committee or trust committee of directors or chief executive officer of the Trustee in good faith determines that the withholding of such notice is in the interest of the Registered Owners; and further provided that no such notice shall be given unless and until any Default becomes an Event of Default.

Section 8.08 Intervention in Judicial Proceedings. In any judicial proceeding to which the Issuer or the Borrower is a party and which, in the opinion of the Trustee has a substantial bearing on the interest of owners of Bonds, the Trustee may intervene on behalf of Registered Owners and shall do so if requested in writing by the owners of at least 25% in aggregate principal amount of Outstanding Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of the court having jurisdiction in the premises.

Section 8.09 Further Investigation by Trustee. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be in full warrant, protection and authority to the Trustee for its actions hereunder; but the Trustee may, in its unrestricted discretion, and shall, if requested in writing so to do by the Registered Owners of not less than 25% in aggregate principal amount of Outstanding Bonds, and if provided with the expenses associated therewith, cause to be made such independent investigation as it may see fit, and in that event may decline to release any property, or pay over cash, or take other action unless satisfied by such investigation of the truth and accuracy of the matters so investigated. The expense of such investigation shall be paid by the Borrower, or, if paid by the Trustee, shall be repaid to it, with interest at a rate equal to 8.00% per annum by the Borrower or from the Trust Estate.

Section 8.10 Instruction to the Trustee. The Trustee agrees to accept and act on instructions or directions pursuant to this Indenture by the Issuer or the Borrower, as the case may be, by unsecured email, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer or the Borrower, respectively, shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or Borrower, as applicable, elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee acts upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer or the Borrower, as applicable, agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 8.11 Trustee to Retain Financial Records. The Trustee shall retain all financial statements furnished by the Issuer or the Borrower in accordance with this Indenture or the Loan Agreement so long as any of the Bonds shall be Outstanding. The Trustee has no duty or obligation to review any such financial statements and the sole responsibility of the Trustee with respect to such financial statements is to hold them as a repository on behalf of Registered Owners and if requested by a Registered Owner is authorized to provide such information to all Registered Owners.

Section 8.12 Compensation of Trustee. All advances, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution of the trust created by this Indenture and reasonable compensation to the Trustee for its services in the premises shall be paid by the Borrower. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust. If not paid by the Borrower, the Trustee shall have a first lien, with right of payment prior to payment on account of interest or principal of any Bond, for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by this Indenture and exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee).

Section 8.13 Trustee May Hold Bonds. The Trustee and its officers and directors may acquire and own, or become the pledgee of, Bonds and otherwise deal with the Issuer or the Borrower in the same manner and to the same extent and with like effect as though it were not Trustee hereunder.

Section 8.14 Appointment of Trustee. There shall at all times be a trustee hereunder which shall be an association or a corporation organized and doing business under the laws of the United States or any state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital, surplus and undivided profits of at least Ten Million Dollars (\$10,000,000), and subject to supervision or examination by Federal or state authority. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital, surplus and undivided profits of such corporation shall be deemed to be its combined capital as set forth in its most recent report of condition so

published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.16 hereof.

Section 8.15 Merger of Trustee. Any corporation or national banking association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or national banking association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.16 Resignation or Removal of Trustee.

(a) The Trustee may resign and be discharged from the trusts created by this Indenture by giving to the Borrower and the Issuer notice in writing, and to the Registered Owners notice by certified or registered mail at their address as set forth on the registration books, of such resignation, such resignation to take effect upon the appointment of a successor trustee, as hereinafter provided.

(b) Any Trustee hereunder may be removed at any time upon 30 days' notice by an instrument or instruments in writing, appointing a successor to the Trustee so removed, filed with the Trustee and executed by the Majority Owners.

Section 8.17 Appointment of Successor Trustee.

(a) In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and *ipso facto* be created in the office of such Trustee hereunder, and a successor may be appointed by the Majority Owners by an instrument or instruments in writing filed with the Trustee and executed by such Registered Owners, notification thereof being given to the Issuer, but until a new Trustee shall be appointed by the Registered Owners as herein authorized, the Issuer shall, at the written direction of the Borrower and subject to the provisions hereof, appoint a Trustee to fill such vacancy. After any such appointment by the Issuer, the successor Trustee shall cause notice of such appointment to be mailed within 30 days of such appointment to the Registered Owners of the Bonds or to be published at least once within 30 days of such appointment in a financial journal, but any new Trustee so appointed by the Issuer shall immediately and without further act be superseded by a Trustee appointed in the manner above provided by the Majority Owners whenever such appointment by the Majority Owners shall be made.

(b) If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after a vacancy shall have occurred in the office of Trustee, or after the notice of resignation given pursuant to Section 8.15, the Registered Owner of any Bond or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Section 8.18 Transfer of Rights and Property to Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer or of its successor execute and deliver an instrument transferring to such successor all the estate, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any assignment, conveyance or instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor Trustee the estates, rights, powers and duties vested or intended to be vested by this Indenture in the predecessor Trustee, any and all such assignments, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all assignments, conveyances and other instruments provided for in this Article shall, at the expense of the Issuer, be forthwith filed and/or recorded by the successor Trustee in each recording office where this Indenture shall have been filed and/or recorded.

Section 8.19 Co-Trustee.

(a) At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Issuer and the Trustee shall have power to appoint one or more persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such title to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

(b) Upon the request of the Trustee or of the Registered Owners of at least 25% in aggregate principal amount of Outstanding Bonds, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint the co-trustee. If the Issuer shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

(c) The Issuer shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

(d) Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

i. The Bonds shall be authenticated and delivered and all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the Trustee.

ii. All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the

Trustee, or by the Trustee and such co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

iii. Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

iv. Any co-trustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

v. The Trustee at any time, by an instrument in writing, with the concurrence of the Issuer, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section and in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

vi. No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

vii. Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

viii. Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(e) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such title to the Trust Estate or any part thereof, and with such rights, powers, duties and obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his behalf and in its or his name.

(f) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate, and all rights, powers, trusts, duties and obligations of the co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 8.20 Appointment of Successor or Alternate Paying Agents. In the event the initial Trustee shall also have been appointed paying agent for the Series 2026 Bonds or for any Additional Bonds, a successor Trustee shall become successor paying agent with respect to such Bonds unless otherwise provided in the instrument appointing such successor Trustee. If any paying agent other than the initial Trustee shall resign or become incapable of acting, or shall be removed under a supplemental indenture entered into pursuant to this Indenture, the Trustee may appoint a successor paying agent which is a bank or association qualified to act as paying agent under the Act and which is willing to accept the office on reasonable and customary terms approved by an Authorized Borrower Representative. The Trustee may appoint successor paying agents. "Paying agent" as used in this Section refers to the bank or association named in the form of Bond provided for the Series 2026 Bonds in the recitals hereof where principal of and interest on Bonds may be paid.

Section 8.21 Agents. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof.

## **ARTICLE IX – CONCERNING THE REGISTERED OWNERS**

### **Section 9.01 Execution of Instruments by Registered Owners**

(a) Any request, direction, consent or other instrument in writing required by this Indenture to be signed or executed by Registered Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Registered Owners in person or by agent duly appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

i. The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments of deeds to be recorded within such jurisdiction, to the effect that the person signing such instrument acknowledged to them the execution thereof, or by an affidavit of a witness to such execution.

ii. The ownership of Bonds shall be proved by the registration records kept under the provisions of this Indenture.

(b) Nothing contained in this Article shall be construed as limiting the Trustee to the proof above specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient.

Section 9.02 Waiver of Notice. Any notice or other communication required by this Indenture to be given by delivery or otherwise to the Registered Owners or any one or more thereof may be waived, at any time before or after such notice or communication is so required to be given, by a writing mailed or delivered to the Trustee by the Registered Owner or Registered Owners of all of the Bonds entitled to such notice or communication.

Section 9.03 Determination of Registered Owner Concurrence. In determining whether the Registered Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Issuer or the Borrower shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the Issuer or the Borrower. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 9.04 Registered Owners' Meeting.

(a) A meeting of the Registered Owners may be called at any time and from time to time for any of the following purposes:

i. to give any notice to the Issuer or to the Trustee, or to give any direction to the Trustee, or to make any request of the Trustee, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Registered Owners pursuant to any of the provisions of Article VII;

ii. to remove the Trustee or appoint a successor Trustee pursuant to the provisions of Article VIII;

iii. subject to Article XI, to consent to the execution of an indenture or indentures supplemental hereto;

iv. subject to Article XII, to consent to any amendment of the Loan Agreement, the Mortgage or to any instrument supplemental thereto; or

v. to take any other action authorized to be taken by or on behalf of the Registered Owners of any percentage of the Outstanding Bonds under any other provisions of this Indenture or under applicable law.

(b) Any Registered Owners' meeting may be called and held as follows:

i. A meeting of Registered Owners may be held at such place within the Issuer or in the City where the Trustee has its principal office as the Trustee or, in case of its failure to act, the Issuer or Registered Owners calling the meeting shall prescribe.

ii. Notice of every meeting of Registered Owners, setting forth the time and place of such meeting and in general terms the action proposed to be taken at such meeting, shall be published at least three times in a financial journal, the first publication to be not less than 20 nor more than 180 days prior to the date fixed for the meeting. At the time of the first publication of such notice, the Trustee shall also mail, postage prepaid, a copy of such notice to each Registered Owner of Bonds. Any failure of the Trustee to mail such notice, or any defect therein shall not, however, in any way impair or affect the validity of any such meeting. If all the Outstanding Bonds are

registered Bonds, no such notice need be given except notice by mail as hereinabove provided.

iii. In case at any time the Issuer, pursuant a Certified Resolution, or the Registered Owners of at least 10% in aggregate principal amount of the Bonds then Outstanding, shall have requested the Trustee to call a meeting of the Registered Owners, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first giving of the notice of such meeting within 20 days after receipt of such request, then the Issuer or the Registered Owners of Bonds in the amount above specified may call such meeting to take any action authorized in this Section by giving notice thereof as provided in subsection (b)(ii) of this Section.

iv. Only a Registered Owner of one or more Bonds or a person appointed as proxy by an instrument in writing of such Registered Owner shall be entitled to vote at or to participate with their counsel and the representatives of the Trustee or the Issuer in such meeting. Each Registered Owner shall be entitled to one vote for each \$1,000 in principal amount of Outstanding Bonds held.

v. The Trustee or, in case of its failure to act, the Issuer or Registered Owners calling or requesting the meeting, may make such reasonable regulations as it may deem advisable for any meeting of Registered Owners in regard to proof of the registered ownership of Bonds and of the appointment of proxies and in regard to the appointment and duties of the chair, secretary and inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate.

vi. At any meeting of Registered Owners, the presence of persons holding or representing Bonds in an aggregate principal amount sufficient under the appropriate provision of this Indenture to take action upon the business for the transaction of which such meeting was called shall constitute a quorum. Any meeting of Registered Owners duly called pursuant to this Section may be adjourned from time to time by vote of the Registered Owners (or proxies for the Registered Owners) of a majority of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present; and the meeting may be held as so adjourned without further notice.

vii. The vote upon any resolution submitted to any meeting of Registered Owners shall be by written ballots on which shall be subscribed the signatures of the Registered Owners of Bonds or of their representatives by proxy and the serial number or numbers of the Bonds held or represented by them. The chair of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Registered Owners shall be prepared by the secretary of the meeting and there shall be attached to the record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that notice was published or mailed as provided in subsection (b)(ii) of this Section. Each copy shall be signed and verified by the affidavits of the chairman and secretary of the meeting and one such copy shall be delivered to the Borrower and the Issuer and another to the Trustee to be preserved by the Trustee, the

latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 9.05 Revocation by Registered Owners. At any time prior to (but not after) the evidencing to the Trustee of the taking of any action by the Registered Owners of the percentage in aggregate principal amount of the Bonds specified in this Indenture in connection with such action, any Registered Owner of any such Bond may, by filing written notice with the Trustee at its principal office revoke any consent given by such Registered Owner or the predecessor Registered Owner of such Bond. Except as aforesaid, any such consent given by the Registered Owner of any Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of such Bond and of any Bond issued in exchange therefor or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Bond. Any action taken by the Registered Owners of the percentage in aggregate principal amount of the specified in this Indenture in connection with such action shall be conclusively binding upon the Issuer, the Trustee and the Registered Owners of all the Bonds.

## **ARTICLE X – PAYMENT, DEFEASANCE AND RELEASE**

### **Section 10.01 Payment and Discharge of Indenture.**

- (a) If the Borrower or the Issuer, their successors or assigns,
- i. pays or causes to be paid the principal of and premium, if any, and interest on the Bonds at the time and in the manner stipulated therein and herein, or
  - ii. provides for the payment of principal and premium, if any, of the Bonds and interest thereon by depositing with the Trustee at or at any time before maturity amounts sufficient either in cash or in direct obligations of or obligations fully guaranteed as to principal and interest by the United States of America, the principal and interest on which when due and payable (or redeemable at the option of the holder thereof but not at the option of the issuer thereof) and without consideration of any reinvestment thereof shall be sufficient, to pay the entire amount due or to become due thereon for principal and premium, if any, and interest to maturity of all Outstanding Bonds, or
  - iii. delivers to the Trustee (1) proof satisfactory to the Trustee that notice of redemption of all of the Outstanding callable Bonds not surrendered or to be surrendered to it for cancellation has been given or waived as provided in Article III hereof, or that arrangements satisfactory to the Trustee have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the Issuer or the Borrower on behalf of the Issuer and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Issuer, or (3) a waiver of such notice of redemption signed by the Registered Owners of all of such Outstanding Bonds, and in any such case, deposit with the Trustee before the date on which such Bonds are to be redeemed, as provided in Article III, the entire amount of the redemption price, including accrued interest and premium, if any, either in cash or direct obligations of or obligations fully guaranteed as to principal and interest by the United States of America (which do not permit the redemption thereof at the option of the issuer) in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of such redemption price on the date such Bonds are to be redeemed, and on such prior dates when principal of and interest on the Outstanding Bonds is due and payable, or

iv. surrenders to the Trustee for cancellation all Bonds for which payment is not so provided,

and shall also pay all other sums due and payable hereunder by the Issuer or the Borrower, provided that if Bonds are to be defeased under either subsection (a)(ii) or (iii) above, an opinion of Bond Counsel shall be rendered to the Trustee to the effect that the tax-exempt status of interest on the Bonds shall not be impaired thereby, then and in that case, all the Trust Estate shall revert to the Issuer and the Borrower as their interests may appear, and the entire estate, right, title and interest of the Trustee and of the Registered Owners of the Bonds in respect thereof shall thereupon cease, terminate and become void; and the Trustee in such case, upon the cancellation of all Bonds for the payment of which cash or securities shall not have been deposited in accordance with the provisions of this Indenture, shall, upon receipt of a written request of the Issuer and of a Certificate of the Issuer or the Borrower and an Opinion of Counsel as to compliance with conditions precedent, and at its cost and expense, execute to the Issuer, or its order, proper instruments acknowledging satisfaction of this Indenture and surrender to the Issuer and the Borrower, as their interests appear, all cash and deposited securities, if any (other than cash or securities for the payment of the Bonds and interest thereon), which shall then be held hereunder as a part of the Trust Estate.

(b) Nothing contained in this Section 10.01 shall be construed to prohibit the defeasance of one or more, but not all, series of Bonds by any of the methods set forth in subsection (a) above, as the same would apply to the particular series of Bonds being discharged.

Section 10.02 Bonds Deemed Not Outstanding After Deposits. When there shall have been deposited at any time with the Trustee in trust for the purpose, cash or direct obligations of or obligations fully guaranteed by the United States of America the principal and interest on which shall be sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due dates for such interest or to the date fixed for redemption, for the use and benefit of the Registered Owners thereof, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of this Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be Outstanding; and it shall be the duty of the Trustee to hold the cash and securities so deposited for the benefit of the Registered Owners of such Bonds and from and after such date, redemption date or maturity, interest on such Bonds thereof called for redemption shall cease to accrue.

Section 10.03 Unclaimed Money To Be Returned. Any moneys deposited with the Trustee pursuant to this Indenture, for the payment or redemption of Bonds and remaining unclaimed by the Registered Owners of such Bonds on the date fixed for redemption of the same, as the case may be, for a period of three years after the due date, shall, if the Issuer or any successor to the obligations of the Issuer under this Indenture and the Bonds shall not at the time, to the knowledge of the Trustee, be in default with respect to any of the terms and conditions contained in this Indenture or in such Bonds, be paid to the Borrower, and such Registered Owners of the Bonds shall thereafter look only to the Borrower for payment and then only to the extent of the amounts so received without interest thereon; PROVIDED, HOWEVER, that within 30 days prior to the expiration of the three year period mentioned above, the Trustee, before being required to make any such repayment, may, at the expense of the Borrower cause to be published in a financial journal, a notice that after a date named therein said moneys will be returned to the Borrower.

## ARTICLE XI – SUPPLEMENTAL INDENTURES

Section 11.01 Purposes for Which Supplemental Indentures may be Executed. The Issuer, upon resolution, and the Trustee from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, may enter into such indentures supplemental hereto as may or shall by them be deemed necessary or desirable without the consent of any Registered Owner for any one or more of the following purposes:

(a) to correct the description of any property pledged or intended to be pledged by this Indenture, or to assign, convey, pledge or transfer and set over unto the Trustee, subject to such liens or other encumbrances as shall be therein specifically described, additional property or properties of the Issuer or the Borrower for the equal and proportional benefit and security of the Registered Owners of all Outstanding Bonds, subject, however, to the provisions hereinabove set forth with respect to extended Bonds;

(b) to add to the covenants and agreements of the Issuer in this Indenture contained other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Issuer or to or upon any successor;

(c) to evidence the succession or successive successions of any other department, agency, body or corporation to the Issuer and the assumption by such successor of the covenants, agreements and obligations of the Issuer in the Bonds and in this Indenture and in any and every supplemental indenture contained or the succession, removal or appointment of any trustee or paying agent hereunder;

(d) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indentures which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture or any supplemental indenture as the Issuer may deem necessary or desirable and which shall not be inconsistent with the provisions of this Indenture or any supplemental indenture and which shall not impair the security of the same;

(e) to modify, eliminate and/or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar Federal statute hereafter enacted, and to add to this Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, excluding, however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act of 1939;

(f) to provide for the defeasance and redemption of Bonds in accordance with the provisions of this Indenture; and

(g) to provide for the issuance of Additional Bonds pursuant to Section 2.09.

Section 11.02 Execution of Supplemental Indenture. The Trustee is authorized to join with the Issuer in the execution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained, and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects its rights, duties or immunities under this Indenture.

Section 11.03 Discretion of Trustee. In each and every case provided for in this Article (other than a supplemental indenture approved by the Registered Owners of 66⅔% in aggregate principal amount of the Bonds pursuant to Section 11.04), the Trustee shall be entitled to exercise its unrestricted discretion in determining whether or not any proposed supplemental indenture or any term or provisions therein contained is necessary or desirable, having in view the respective rights and interests of the Registered Owners of Bonds; and the Trustee shall be under no responsibility or liability to the Issuer or to the Borrower or to any Registered Owner of any such Bond, or to anyone whatever, for any act or thing which it may do or decline to do in good faith subject to the provisions of this Article, in the exercise of such discretion.

Section 11.04 Modification of Indenture with Consent of Registered Owners.

(a) Subject to the terms and provisions contained in this Section, the Majority Owners shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; PROVIDED, HOWEVER, that nothing herein contained shall permit or be construed as permitting, without the consent of the Registered Owners of all Outstanding Bonds, (i) an extension of the maturity of any Bond, or (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (iii) the creation of a lien upon or a pledge of revenues ranking prior to the lien or pledge created by this Indenture and the Mortgage, or (iv) a preference or priority of any Bond or Bonds over any others, or (v) a reduction in the aggregate principal amount of the Bonds required to consent to supplemental indentures, amendments to the Loan Agreement, amendments to the Mortgage or (vi) a reduction in the aggregate principal amount of the Bonds required to waive an Event of Default.

(b) Whenever the Issuer shall deliver to the Trustee a resolution of Registered Owners adopted at a Registered Owners' meeting approved by, or an instrument or instruments purporting to be executed by the Majority Owners, which resolution or instrument or instruments shall refer to the proposed supplemental indenture and shall specifically consent to and approve the execution thereof, thereupon, the Issuer and the Trustee may execute such supplemental indenture without liability or responsibility to any Registered Owner of any Bond, whether or not such Registered Owner shall have consented thereto.

(c) If the Majority Owners at the time of the execution of such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Registered Owner of any Bond shall have any right to object to the execution of such supplemental indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Section 11.05 Supplemental Indentures to be Part of Indenture. Any supplemental indenture executed in accordance with any of the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provisions authorized to be contained therein shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Registered Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments. If deemed necessary

or desirable by the Trustee, reference to any such supplemental indenture or any of such terms or conditions thereof may be set forth in reasonable and customary manner in the text of the Bonds or in a legend stamped on the Bonds.

Section 11.06 Rights of the Borrower Unaffected. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XI which adversely affects the rights of the Borrower under the Bond Documents, so long as the Loan Agreement, and the Mortgage are in effect, shall not become effective unless and until the Borrower shall have consented to the execution and delivery of such supplemental indenture. The Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture to the execution and delivery of which the Borrower has not already consented, together with a copy of the proposed supplemental indenture, to be mailed to the Borrower at least 30 days prior to the proposed date of execution and delivery of any such supplemental indenture.

Section 11.07 Opinion of Counsel. In executing any supplemental indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel approved by it as conclusive evidence that any such proposed Supplemental Indenture does or does not comply with the provisions of this Indenture and does or does not materially impact the rights and interest of the Registered Owners.

## **ARTICLE XII – AMENDMENTS TO THE LOAN AGREEMENT AND MORTGAGE**

Section 12.01 Amendments to Bond Documents Not Requiring Consent of Registered Owners. The Issuer, the Borrower and the Trustee shall without the consent of or notice to the Registered Owners consent to any amendment, change or modification of the Loan Agreement or the Mortgage as may be required (i) by the provisions of the Bond Documents, (ii) for the purpose of curing any ambiguity or formal defect or omission, or (iii) in connection with any other change therein which is not to the prejudice of the Registered Owners of the Bonds, or is not to the prejudice of the Trustee.

Section 12.02 Amendments to Bond Documents Requiring Consent of Registered Owners. Except for the amendments, changes or modifications as provided in Section 12.01 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or the Mortgage without the written approval or consent of the Majority Owners given and procured as in this Section provided; provided, however, that no such amendment, change or modification shall ever affect the unconditional obligation of the Borrower to make Loan Repayments as they become due and payable. If the Majority Owners at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee, the Issuer or the Borrower from executing the same or from taking any action pursuant to the provisions thereof.

Section 12.03 No Amendment May Reduce Loan Repayments. Under no circumstances shall any amendment to the Loan Agreement or Mortgage reduce the Loan Repayments without the consent of the Registered Owners of all the Outstanding Bonds.

Section 12.04 Rights of Issuer. Neither the Issuer nor the Trustee has any duty or obligation to consent to any proposed amendment to the Loan Agreement or Mortgage and at the expense of the Borrower, upon request the Trustee shall be provided with an opinion of such

counsel as the Issuer or the Trustee may select in connection with any matter relating to a proposed amendment.

Section 12.05 Opinion of Counsel. In executing any amendments permitted under Section 12.01 and 12.02 hereof, the Trustee may request and rely upon an opinion of counsel that all conditions precedent to the execution of such amendments have been complied with.

### ARTICLE XIII – MISCELLANEOUS

Section 13.01 Covenants of Issuer Bind Successors and Assigns. All the covenants, stipulations, promises and agreements in this Indenture contained, by or in behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 13.02 Immunity of Officers. No recourse for the payment of any part of the principal of or interest on any Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issue, purchase or ownership of the Bonds shall be had against any officer, member or agent of the Governing Body, the Issuer or the State, as such, all such liability is expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bonds.

Section 13.03 No Benefits to Outside Parties. Nothing in this Indenture, express or implied, is intended or shall be construed to confer upon or to give to any person or corporation, other than the Borrower, the parties hereto and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or covenant, condition or stipulation thereof; and the covenants, stipulations and agreements in this Indenture contained are and shall be for sole and exclusive benefit of the Borrower, the parties hereto, their successors and assigns, and the Registered Owners of the Bonds.

Section 13.04 Separability of Indenture Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 13.05 Execution of Indenture in Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

Section 13.06 Headings Not Controlling. The headings of the several Articles and Sections hereof are inserted for the convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 13.07 Notices, etc. to Trustee, Issuer and Borrower.

(a) Except as may be otherwise provided in this Indenture, any request, demand, authorization, direction, notice, consent of Registered Owners or other document provided or permitted by this Indenture shall be sufficient for any purpose under the Bond Documents, when (a) delivered in person; (b) sent by Electronic Notice; (c) sent by certified or registered United States mail, return receipt requested, postage prepaid; or (d) sent by commercial overnight delivery service with tracking service, postage prepaid, all of the foregoing notices addressed to an officer of the party to whom directed at the address set forth next to such party's

name indicated below (or such other address as may be provided by any party by written notice) and shall be deemed to be effective upon receipt:

- i. To the Issuer: Lakes Area Economic Development Authority  
324 Broadway Avenue, Suite 101  
Alexandria, Minnesota 56308  
Attention: Executive Director  
Email: [nfernholz@alexmn.org](mailto:nfernholz@alexmn.org)
  
- ii. To the Borrower: Knute Nelson  
420 – 12<sup>th</sup> Avenue East  
Alexandria, MN 56308  
Attention: Chief Financial Officer  
Email: [marnie.gugisberg@knutenelson.org](mailto:marnie.gugisberg@knutenelson.org)
  
- iii. To the Trustee: Computershare Trust Company, National  
Association  
1505 Energy Park Drive  
St. Paul, MN 55108  
Attention: \_\_\_\_\_  
Email: \_\_\_\_\_
  
- iv. To the Original Purchaser: Colliers Securities LLC  
833 East Michigan Street, Suite 500  
Milwaukee, WI 53202  
Attention: Managing Director  
Email: [aaron.schroeder@colliers.com](mailto:aaron.schroeder@colliers.com)

(b) A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Trustee or the Original Purchaser shall also be given to the others. The Borrower, the Issuer, the Trustee and the Original Purchaser may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

(c) For purposes of the Bond Documents, “Electronic Notice” means a notice transmitted through a time-sharing terminal, facsimile machine or the Internet, as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message, if operative as between any two parties, for which a transmission confirmation has been received by the sender and which is confirmed in writing within 24 hours (with an automatic “read receipt” or similar notice not constituting confirmation of an email receipt for purposes of this this definition).

#### Section 13.08 Electronic Signatures.

(a) The parties agree that the electronic signature of a party to this Indenture shall be as valid as an original signature of such party and shall be effective to bind such party to this Indenture. The parties agree that any electronically signed document (including this Indenture) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as

between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

(b) For purposes of this Section:

(i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means;

(ii) “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature;

(iii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a pdf or other replicating image attached to an e-mail message; and

(iv) “pdf” means portable document format.

Section 13.09 Electronic Transactions. The transaction described herein may be conducted and 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.

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IN WITNESS WHEREOF, LAKES AREA ECONOMIC DEVELOPMENT AUTHORITY, MINNESOTA, by its Governing Body, has caused this Indenture to be signed in its name by its duly authorized officers, and COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee, to evidence its acceptance of the trust created by this Indenture, has caused this Indenture to be signed in its name by authorized signatories of the Trustee, all as of the day and year first above written, but actually on the Closing Date.

LAKES AREA ECONOMIC DEVELOPMENT  
AUTHORITY, MINNESOTA

By \_\_\_\_\_  
President

By \_\_\_\_\_  
Secretary

COMPUTERSHARE TRUST COMPANY,  
NATIONAL ASSOCIATION, Trustee

By \_\_\_\_\_  
Vice President

**EXHIBIT A-1**

**FORM OF SERIES 2026A BOND**

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF DOUGLAS

LAKES AREA ECONOMIC DEVELOPMENT AUTHORITY

Health Care Facilities Revenue Bond, Series 2026A  
(Knut Nelson Care Center Project)

No. R-\_\_\_\_\_ \$\_\_\_\_\_

<u>Annual Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	January 1, 20__	_____, 2026	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

Lakes Area Economic Development Authority, Minnesota, a public corporation and political subdivision organized and existing under the laws of the State of Minnesota, for value received, promises to pay, but solely from the sources hereinafter described, to the Registered Owner, the Principal Amount on the Maturity Date, upon the presentation and surrender hereof, and to pay to the Registered Owner interest on such Principal Amount from such sources at the Interest Rate from the Date of Original Issue, or the most recent interest payment date to which interest has been paid or duly provided for as specified below, on January 1 and July 1 of each year, commencing July 1, 2026, until the Principal Amount is paid.

**Definitions.** For purposes of this Bond and all the other Series 2026A Bonds, the following terms have the meanings assigned below:

*Act:* Minnesota Statutes, Chapter 469.152 through 469.165, as amended.

*Book-Entry Form:* has the meaning assigned in the Indenture.

*Borrower:* Knute Nelson, a Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

*Date of Original Issue:* the date specified above as the “Date of Original Issue.”

*Determination of Taxability:* has the meaning assigned in the Indenture.

*Event of Default:* has the meaning assigned in the Indenture.

*Governing Body:* the board of commissioners of the Issuer.

*Indenture:* the Trust Indenture dated as of \_\_\_\_\_, 2026, duly executed and delivered by the Issuer to the Trustee, as amended in accordance with its terms.

*Interest Rate:* the annual interest rate specified above.

*Issuer:* the Lakes Area Economic Development Authority, Minnesota, a public corporation and political subdivision organized and existing under the laws of the State of Minnesota.

*Loan Agreement:* the Loan Agreement between the Issuer and the Borrower dated as of \_\_\_\_\_, 2026, as amended in accordance with its terms.

*Maturity Date:* the date specified above as the “Maturity Date.”

*Mortgage:* the Combination Mortgage, Security Agreement and Fixture Financing Statement and Assignment of Leases and Rents from the Borrower to the Trustee dated as of \_\_\_\_\_, 2026, as amended in accordance with its terms.

*Principal Amount:* the amount specified above as the “Principal Amount.”

*Registered Owner:* the person or persons specified above as the “Registered Owner” of this Bond and their successors and assigns.

*Series 2026A Bonds:* the Issuer’s \$ \_\_\_\_\_ Health Care Facilities Revenue Bonds, Series 2026A (Knut Nelson Care Center Project), dated the Date of Original Issue.

*Sinking Fund:* has the meaning assigned in the Indenture.

*Trustee:* Computershare Trust Company, National Association, as trustee under the Indenture.

**Payment:** Principal and the redemption price of this Bond are payable in lawful money of the United States of America at the office of the Trustee or of its successor as Trustee. Interest shall be paid on each January 1 and July 1 to the Registered Owner as of the close of business on the 15<sup>th</sup> day of the preceding month (whether or not a business day) at their address set forth on the registration records maintained by the Trustee. Notwithstanding anything else set forth herein, so long as the Series 2026A Bonds are in Book-Entry Form, principal, premium, if any, and interest shall be paid in accordance with the requirements of The Depository Trust Company, New York, New York, as in effect from time to time. Any such interest not punctually paid or provided for will cease to be payable on such regular record dates and such defaulted interest may be paid to the Registered Owner as of the close of business on a special record date for the payment of such defaulted interest established by the Trustee pursuant to the Indenture.

**Authority:** This Bond is issued pursuant to the Act, and in conformity with the provisions, restrictions and limitations thereof.

**Limitation of Issuer Liability.** This Bond does not constitute a charge against the general credit or properties or taxing powers of the Issuer and does not grant to the Registered Owner of this Bond any right to have the Issuer levy any taxes or appropriate any funds for the payment of the principal hereof or interest hereon, nor is this Bond a general obligation of the Issuer or the individual officers or agents thereof. The Series 2026A Bonds will be special, limited obligations of the Issuer payable solely from the revenues pledged thereto pursuant to

the Indenture, as received pursuant to the Loan Agreement, and foreclosure of the Mortgage. The Series 2026A Bonds will never constitute an indebtedness, a general or moral obligation or a charge against the general credit or taxing powers of the Issuer or against any property of the Issuer (other than the interests of the Issuer in the Loan Agreement assigned to the Trustee under the Indenture), and no Bondholder shall have the right to compel the exercise of the taxing power or appropriation of any other funds, revenues or property of the Issuer to the payment of the principal, premium, if any, or interest on the Series 2026A Bonds.

**The Series 2026A Bonds.** This Bond is one of a duly authorized series of special, limited obligation Series 2026A Bonds, issued in the original aggregate principal amount of \$\_\_\_\_\_, in denominations of \$5,000 or integral multiples thereof not exceeding the principal amount maturing in any year, and numbered from R-1 upwards, and of like tenor and effect except as to serial number, denomination, Interest Rate, Maturity Date and right of prior redemption, all of which have been authorized by law to be issued and have been issued or are to be issued for the purpose of funding a loan from the Issuer to the Borrower in order to provide financing for the Project described in the Loan Agreement. The Series 2026A Bonds, including this Bond are issued pursuant to the Trust Indenture.

**Source of Payment.** This Bond and interest hereon are payable solely from the moneys received under the Loan Agreement, Mortgage or held by the Trustee in a fund or account appropriated to the payment of the Series 2026A Bonds under the Indenture, hereinafter mentioned, including loan repayments to be made by the Borrower. The Series 2026A Bonds are payable from and secured by the Loan Agreement and the Indenture. The Series 2026A Bonds are equally and ratably secured by the Mortgage.

**Redemption; Acceleration.**

(e) The Series 2026A Bonds maturing on and after January 1, 20\_\_\_\_, are subject to optional prior redemption, in whole or in part, and if in part in inverse order of maturity and by random selection within a maturity, and in integral multiples of \$5,000, at the direction of the Borrower, on January 1, 20\_\_\_\_, and any business day thereafter at a price equal to the principal amount of Bonds to be redeemed, plus accrued interest, plus a premium (expressed as a percentage of the principal amount of Bonds to be redeemed), as follows:

<u>Date</u>	<u>Premium</u>
January 1, 20____ to and including December 31, 20____ and without premium thereafter	103%
January 1, 20____ to and including December 31, 20____ and without premium thereafter	102%
January 1, 20____ to and including December 31, 20____ and without premium thereafter	101%
January 1, 20____ to and including December 31, 20____	100%

(b) *Mandatory Redemption upon a Determination of Taxability.* The Series 2026A Bonds are subject to mandatory redemption in whole but not in part in the event of a Determination of Taxability. In the event of a Determination of Taxability, the Borrower is obligated to cause each of the Series 2026A Bonds to be redeemed at a redemption price equal to par, plus accrued interest, plus a premium equal to 3% of the aggregate principal amount of the Series 2026A Bonds to be redeemed.

(c) *Mandatory Sinking Fund Redemption.* The Series 2026A Bonds maturing are subject to mandatory redemption through application of the Sinking Fund as provided in the Indenture, from Loan Repayments to be made by the Borrower at a redemption price equal to par plus accrued interest to the date of redemption.

(d) *Mandatory Redemption upon Damage, Destruction or Condemnation.* The Series 2026A Bonds are subject to extraordinary redemption, at the direction of the Borrower, on any interest payment date, in whole or in part, in certain events of damage to or destruction or condemnation of the Project Facilities, or if as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or of a final decree, judgment or order of any court or administrative body (whether state or federal) the Loan Agreement shall have become void or unenforceable or impossible of performance in any material respect in accordance with the intent and purposes of the parties as expressed therein, at a redemption price equal to par plus accrued interest.

(e) *Mandatory Redemption and Acceleration upon an Event of Default.* In case an Event of Default occurs, the principal of this Bond and all other Outstanding Series 2026A Bonds may be declared or may become due and payable prior to the Maturity Date in the manner and with the effect and subject to the conditions provided in the Indenture.

(f) The Series 2026A Bonds are otherwise subject to redemption prior to their stated maturities as provided in the Indenture.

**Notice of Redemption.** Notice of any redemption shall be given to the Registered Owner of each Series 2026A Bonds by first class mail, addressed to such Registered Owner at their registered address, not earlier than 60 days nor later than 30 days prior to the date fixed for redemption and shall be published as may be required by law. Prior to the date fixed for redemption, funds shall be deposited with the Trustee sufficient to pay the Series 2026A Bonds called for redemption and accrued interest thereon, plus any premium required. Upon the happening of the above conditions, Series 2026A Bonds thus called shall not bear interest after the call date and, except for the purpose of payment, from the funds so deposited, shall no longer be protected by the Indenture.

### **Registration, Transfer and Exchange.**

(a) The Series 2026A Bonds are issuable only as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount maturing in any year.

(b) This Bond is transferable by the Registered Owner in person or by their duly authorized attorney upon the registration records kept at the office of the Trustee, upon surrender of this Bond for transfer at the office of the Trustee, duly endorsed by the Registered Owner or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by the Registered Owner or their duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, the Issuer shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees one or more fully registered Series 2026A Bonds of the same Principal Amount, Interest Rate and Maturity Date to the designated transferee or transferees.

(c) As provided in the Indenture and subject to certain limitations therein set forth, the Series 2026 Bonds are exchangeable for a like aggregate Principal Amount of Series 2026A Bonds of a different authorized denomination, as requested by the Registered Owner or his duly authorized attorney upon surrender thereof to the Trustee.

**Rights of Registered Owners.** No Registered Owner of any Bond shall have any right to enforce the provisions of the Indenture, Loan Agreement or Mortgage, except as provided in the Indenture. Reference is made to all such documents and any supplements and amendments thereto for a description and limitation of the property, revenues and funds pledged and appropriated to the payment of the Series 2026A Bonds, the nature and extent of the security thereby created, the conditions to the issuance of Additional Bonds, the rights of the Registered Owners of the Series 2026A Bonds, the rights, duties and immunities of the Trustee, and the rights, immunities and obligations of the Issuer thereunder. Executed counterparts of the Indenture, Loan Agreement and Mortgage are on file at the office of the Trustee.

**Modifications.** With the consent of the Issuer and Trustee and to the extent permitted by and as provided in the Indenture, the terms and provisions of the Indenture, Loan Agreement and Mortgage, or of any instrument supplemental thereto, may be modified or altered by the assent or authority of the Registered Owners of at least 66⅔% in aggregate principal amount of the Series 2026A Bonds then outstanding thereunder.

**Authentication.** This Bond shall not be valid or become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required to be done precedent to and in the issuance of this Bond and the Series 2026A Bonds have been properly done, have happened and have been performed in regular and due time, form and manner as required by law; and that this Bond and the Series 2026A Bonds do not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Lakes Area Economic Development Authority, Minnesota, by its Governing Body, has caused this Bond to be executed in its name by the facsimile signatures of its duly authorized officers as of the Date of Original Issue specified above.

LAKES AREA ECONOMIC DEVELOPMENT  
AUTHORITY, MINNESOTA

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

And: \_\_\_\_\_  
Secretary

---

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2026A Bonds described in the within mentioned Indenture.

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

COMPUTERSHARE TRUST COMPANY,  
NATIONAL ASSOCIATION, TRUSTEE

By: \_\_\_\_\_  
AUTHORIZED SIGNATURE

---

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

---

(Please Print or Typewrite Name and Address of Transferee)

the within Bond and all rights thereunder, and irrevocably constitutes and appoints such purchaser, assignee and transferee as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

---

Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

---

The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

The Trustee will not effect a transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address:

---

---

(Include information for all joint owners if the Bond is held by joint account)

Insert social security or other identifying number of Transferee

---

**EXHIBIT A-2**

**FORM OF SERIES 2026B BOND**

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF DOUGLAS

LAKES AREA ECONOMIC DEVELOPMENT AUTHORITY

Taxable Health Care Facilities Revenue Bond, Series 2026B  
(Knut Nelson Care Center Project)

No. R-\_\_\_\_\_ \$\_\_\_\_\_

<u>Annual Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	January 1, 20__	_____, 2026	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

Lakes Area Economic Development Authority, Minnesota, a public corporation and political subdivision organized and existing under the laws of the State of Minnesota, for value received, promises to pay, but solely from the sources hereinafter described, to the Registered Owner, the Principal Amount on the Maturity Date, upon the presentation and surrender hereof, and to pay to the Registered Owner interest on such Principal Amount from such sources at the Interest Rate from the Date of Original Issue, or the most recent interest payment date to which interest has been paid or duly provided for as specified below, on January 1 and July 1 of each year, commencing July 1, 2026, until the Principal Amount is paid.

**Definitions.** For purposes of this Bond and all the other Series 2026B Bonds, the following terms have the meanings assigned below:

*Act:* Minnesota Statutes, Chapter 469.152 through 469.165, as amended.

*Book-Entry Form:* has the meaning assigned in the Indenture.

*Borrower:* Knute Nelson, a Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

*Date of Original Issue:* the date specified above as the “Date of Original Issue.”

*Determination of Taxability:* has the meaning assigned in the Indenture.

*Event of Default:* has the meaning assigned in the Indenture.

*Governing Body:* the board of commissioners of the Issuer.

*Indenture:* the Trust Indenture dated as of \_\_\_\_\_, 2026, duly executed and delivered by the Issuer to the Trustee, as amended in accordance with its terms.

*Interest Rate:* the annual interest rate specified above.

*Issuer:* the Lakes Area Economic Development Authority, Minnesota, a public corporation and political subdivision organized and existing under the laws of the State of Minnesota.

*Loan Agreement:* the Loan Agreement between the Issuer and the Borrower dated as of \_\_\_\_\_, 2026, as amended in accordance with its terms.

*Maturity Date:* the date specified above as the “Maturity Date.”

*Mortgage:* the Combination Mortgage, Security Agreement and Fixture Financing Statement and Assignment of Leases and Rents from the Borrower to the Trustee dated as of \_\_\_\_\_, 2026, as amended in accordance with its terms.

*Principal Amount:* the amount specified above as the “Principal Amount.”

*Registered Owner:* the person or persons specified above as the “Registered Owner” of this Bond and their successors and assigns.

*Series 2026B Bonds:* the Issuer’s \$ \_\_\_\_\_ Taxable Health Care Facilities Revenue Bonds, Series 2026B (Knute Nelson Care Center Project), dated the Date of Original Issue.

*Sinking Fund:* has the meaning assigned in the Indenture.

*Trustee:* Computershare Trust Company, National Association, as trustee under the Indenture.

**Payment:** Principal and the redemption price of this Bond are payable in lawful money of the United States of America at the office of the Trustee or of its successor as Trustee. Interest shall be paid on each January 1 and July 1 to the Registered Owner as of the close of business on the 15<sup>th</sup> day of the preceding month (whether or not a business day) at their address set forth on the registration records maintained by the Trustee. Notwithstanding anything else set forth herein, so long as the Series 2026B Bonds are in Book-Entry Form, principal, premium, if any, and interest shall be paid in accordance with the requirements of The Depository Trust Company, New York, New York, as in effect from time to time. Any such interest not punctually paid or provided for will cease to be payable on such regular record dates and such defaulted interest may be paid to the Registered Owner as of the close of business on a special record date for the payment of such defaulted interest established by the Trustee pursuant to the Indenture.

**Authority:** This Bond is issued pursuant to the Act, and in conformity with the provisions, restrictions and limitations thereof.

**Limitation of Issuer Liability.** This Bond does not constitute a charge against the general credit or properties or taxing powers of the Issuer and does not grant to the Registered Owner of this Bond any right to have the Issuer levy any taxes or appropriate any funds for the payment of the principal hereof or interest hereon, nor is this Bond a general obligation of the Issuer or the individual officers or agents thereof. The Series 2026B Bonds will be special,

limited obligations of the Issuer payable solely from the revenues pledged thereto pursuant to the Indenture, as received pursuant to the Loan Agreement, and foreclosure of the Mortgage. The Series 2026B Bonds will never constitute an indebtedness, a general or moral obligation or a charge against the general credit or taxing powers of the Issuer or against any property of the Issuer (other than the interests of the Issuer in the Loan Agreement assigned to the Trustee under the Indenture), and no Bondholder shall have the right to compel the exercise of the taxing power or appropriation of any other funds, revenues or property of the Issuer to the payment of the principal, premium, if any, or interest on the Series 2026B Bonds.

**The Series 2026B Bonds.** This Bond is one of a duly authorized series of special, limited obligation Series 2026B Bonds, issued in the original aggregate principal amount of \$\_\_\_\_\_, in denominations of \$5,000 or integral multiples thereof not exceeding the principal amount maturing in any year, and numbered from R-1 upwards, and of like tenor and effect except as to serial number, denomination, Interest Rate, Maturity Date and right of prior redemption, all of which have been authorized by law to be issued and have been issued or are to be issued for the purpose of funding a loan from the Issuer to the Borrower in order to provide financing for the Project described in the Loan Agreement. The Series 2026B Bonds, including this Bond are issued pursuant to the Trust Indenture.

**Source of Payment.** This Bond and interest hereon are payable solely from the moneys received under the Loan Agreement, Mortgage or held by the Trustee in a fund or account appropriated to the payment of the Series 2026B Bonds under the Indenture, hereinafter mentioned, including loan repayments to be made by the Borrower. The Series 2026B Bonds are payable from and secured by the Loan Agreement and the Indenture. The Series 2026B Bonds are equally and ratably secured by the Mortgage.

**Redemption; Acceleration.**

(a) The Series 2026B Bonds are not subject to optional prior redemption.

(b) *Mandatory Sinking Fund Redemption.* The Series 2026B Bonds maturing are subject to mandatory redemption through application of the Sinking Fund as provided in the Indenture, from Loan Repayments to be made by the Borrower at a redemption price equal to par plus accrued interest to the date of redemption.

(c) *Mandatory Redemption upon Damage, Destruction or Condemnation.* The Series 2026B Bonds are subject to extraordinary redemption, at the direction of the Borrower, on any interest payment date, in whole or in part, in certain events of damage to or destruction or condemnation of the Project Facilities, or if as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or of a final decree, judgment or order of any court or administrative body (whether state or federal) the Loan Agreement shall have become void or unenforceable or impossible of performance in any material respect in accordance with the intent and purposes of the parties as expressed therein, at a redemption price equal to par plus accrued interest.

(d) *Mandatory Redemption and Acceleration upon an Event of Default.* In case an Event of Default occurs, the principal of this Bond and all other Outstanding Series 2026B Bonds may be declared or may become due and payable prior to the Maturity Date in the manner and with the effect and subject to the conditions provided in the Indenture.

(e) The Series 2026B Bonds are otherwise subject to redemption prior to their stated maturities as provided in the Indenture.

**Notice of Redemption.** Notice of any redemption shall be given to the Registered Owner of each Series 2026B Bonds by first class mail, addressed to such Registered Owner at their registered address, not earlier than 60 days nor later than 30 days prior to the date fixed for redemption and shall be published as may be required by law. Prior to the date fixed for redemption, funds shall be deposited with the Trustee sufficient to pay the Series 2026B Bonds called for redemption and accrued interest thereon, plus any premium required. Upon the happening of the above conditions, Series 2026B Bonds thus called shall not bear interest after the call date and, except for the purpose of payment, from the funds so deposited, shall no longer be protected by the Indenture.

**Registration, Transfer and Exchange.**

(a) The Series 2026B Bonds are issuable only as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount maturing in any year.

(b) This Bond is transferable by the Registered Owner in person or by their duly authorized attorney upon the registration records kept at the office of the Trustee, upon surrender of this Bond for transfer at the office of the Trustee, duly endorsed by the Registered Owner or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by the Registered Owner or their duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, the Issuer shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees one or more fully registered Series 2026B Bonds of the same Principal Amount, Interest Rate and Maturity Date to the designated transferee or transferees.

(c) As provided in the Indenture and subject to certain limitations therein set forth, the Series 2026 Bonds are exchangeable for a like aggregate Principal Amount of Series 2026B Bonds of a different authorized denomination, as requested by the Registered Owner or his duly authorized attorney upon surrender thereof to the Trustee.

**Rights of Registered Owners.** No Registered Owner of any Bond shall have any right to enforce the provisions of the Indenture, Loan Agreement or Mortgage, except as provided in the Indenture. Reference is made to all such documents and any supplements and amendments thereto for a description and limitation of the property, revenues and funds pledged and appropriated to the payment of the Series 2026B Bonds, the nature and extent of the security thereby created, the conditions to the issuance of Additional Bonds, the rights of the Registered Owners of the Series 2026B Bonds, the rights, duties and immunities of the Trustee, and the rights, immunities and obligations of the Issuer thereunder. Executed counterparts of the Indenture, Loan Agreement and Mortgage are on file at the office of the Trustee.

**Modifications.** With the consent of the Issuer and Trustee and to the extent permitted by and as provided in the Indenture, the terms and provisions of the Indenture, Loan Agreement and Mortgage, or of any instrument supplemental thereto, may be modified or altered by the assent or authority of the Registered Owners of at least 66⅔% in aggregate principal amount of the Series 2026B Bonds then outstanding thereunder.

**Authentication.** This Bond shall not be valid or become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required to be done precedent to and in the issuance of this Bond and the Series 2026B Bonds have been properly done, have happened and have been performed in regular and due time, form and manner as required by law; and that this Bond and the Series 2026B Bonds do not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Lakes Area Economic Development Authority, Minnesota, by its Governing Body, has caused this Bond to be executed in its name by the facsimile signatures of its duly authorized officers as of the Date of Original Issue specified above.

LAKES AREA ECONOMIC DEVELOPMENT  
AUTHORITY, MINNESOTA

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

And: \_\_\_\_\_  
Secretary

\_\_\_\_\_  
CERTIFICATE OF AUTHENTICATION

This is one of the Series 2026B Bonds described in the within mentioned Indenture.

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

COMPUTERSHARE TRUST COMPANY,  
NATIONAL ASSOCIATION, TRUSTEE

By: \_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Transferee)

the within Bond and all rights thereunder, and irrevocably constitutes and appoints such purchaser, assignee and transferee as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

\_\_\_\_\_  
The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

The Trustee will not effect a transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Include information for all joint owners if the Bond is held by joint account)

Insert social security or other identifying number of Transferee

\_\_\_\_\_

**EXHIBIT B**

**DRAW REQUEST**

To: Computershare Trust Company, National Association, as Trustee

From: Knute Nelson, as Borrower

Dated: \_\_\_\_\_

1. Definitions. Capitalized terms used but not defined in this Draw Request have the meanings assigned in the Trust Indenture dated as of \_\_\_\_\_, 2026 (the "Indenture"), by and between the Lakes Area Economic Development Authority, Minnesota (the "Issuer") and the Trustee.

2. Designation of Payment Source. The Authorized Borrower Representative authorizes and requests the Trustee to disburse \$\_\_\_\_\_ from the Fund or Account indicated below:

- \_\_\_ Project Account
- \_\_\_ Cost of Issuance Account

held by the Trustee pursuant to the Indenture, in order to (i) reimburse the Borrower for certain expenditures paid by the Borrower prior to the issuance of the Series 2026 Bonds described in the Indenture, or (ii) pay Costs of Issuance of the Series 2026 Bonds, or (iii) pay designated parties for expenditures paid by the Borrower after the issuance of the Series 2026 Bonds, all as more specifically described in the attachments hereto.

*Answer Items 3 And 4 Only If Applying For Reimbursement of Expenditures Paid Before Bond Closing.*

3. Reimbursement of Costs Incurred and Paid Prior to Issue Date.

(a) With respect to reimbursement of expenditures incurred and paid prior to \_\_\_\_\_, 20\_\_\_\_, the Authorized Borrower Representative certifies that:

(i) *De minimis Expenditures.* The expenditures for which reimbursement is or will be sought exceed/do not exceed (circle one) an amount equal to lesser of \$100,000 or \$\_\_\_\_\_ (5% of the proceeds of the Series 2026 Bonds).

(ii) *Preliminary Expenditures.* The expenditure for which reimbursement is sought is/is not (circle one) a Preliminary Expenditure, and the aggregate of all such Preliminary Expenditures paid or to be paid or reimbursed or to be reimbursed from the proceeds of the Series 2026 Bonds does not exceed \$\_\_\_\_\_ (20% of the aggregate issue price of the Series 2026 Bonds).

*If the expenditure is described under (a) above, go to paragraph (b) below.*

(iv) *Declaration of Official Intent.* The expenditure for which reimbursement is sought is not described under (a) above. On \_\_\_\_\_, 20\_\_\_\_, a date no later than 60 days after payment of the expenditure for which reimbursement is sought, a

written declaration of official intent was made by or on behalf of the Borrower, stating, in substance, that: (i) the Borrower reasonably expects to reimburse the expenditure with the Bond proceeds; (ii) a general description of the project for which reimbursement is sought or an identification by name and functional purpose of the fund or account from which the expenditure is to be paid; and (iii) the maximum principal amount of Series 2026 Bonds expected to be issued for the project.

(v) *Reimbursement Period.* The reimbursement is being sought for an expenditure which has already been paid and such reimbursement is on or before the later of:

(i) eighteen months after the expenditure was paid; or

(ii) the date the property was placed in service or abandoned, but in no event more than three years after the expenditure was paid.

(vi) *Capital Expenditure.* The reimbursed expenditure is a capital expenditure.

(b) The Authorized Borrower Representative requests reimbursement for one or more expenditures which meet the requirements of (i) paragraph 3(a)(v) and (vi) above, and (ii) one of the following [check one or provide specific information for multiple items on an attachment]:

\_\_\_\_\_ de minimis expenditures

\_\_\_\_\_ preliminary expenditures

  X   declaration of official intent

4. Certifications. The Authorized Borrower Representative certifies that (a) none of the items for which reimbursement or payment is sought has formed the basis for any payment heretofore made from the fund or account indicated above, (b) each item for which reimbursement or payment is sought is or was necessary in connection with the Project and the Project Facilities, (c) this Draw Request and all exhibits and attachments hereto, and documents furnished in connection herewith, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto, (c) this statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized, and (d) as applicable, the Borrower has general funds which, together with amounts remaining in the Project Fund are sufficient to complete the matters for which payment or reimbursement is sought hereby.

---

Project Supervisor/Authorized Borrower  
Representative

The following must be completed for advances from the Project Account:

Documents received by the Title Company pursuant to the Disbursing Agreement between the Title Company and the Borrower are satisfactory to the Title Company. Title Company requests

that the Trustee transmit to Title Company an advance in the amount of the disbursement applied for in the above Draw Request executed by the Borrower.

Approved by Title Company

By \_\_\_\_\_  
Its \_\_\_\_\_

ATTACHMENTS  
(invoices for payment)

**Lakes Area Economic Development Authority**  
**November 20, 2025**

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**Members Present:** Jason Uhde, Greg Bowen, Joel Dahlheimer, Bobbie Osterberg

**Members Absent:**

**Staff Present:** Nicole Fernholz, AAEDC

**Call to Order:** The meeting of the LAEDA Board of Commissioners was brought to order at 4:00 pm by President Dahlheimer. Introduction of board members.

**Approval of Agenda**

A motion by Osterberg, seconded by Uhde, to approve minutes as presented, motion carried.

**August 21, 2025 Minutes:** Minutes were reviewed

A motion by Bowen, seconded by Uhde, to approve minutes as presented, motion carried.

**October 2025 Financials:** Fernholz reviewed the financials through October.

A motion by Osterberg, seconded by Uhde, to approve financials as presented, motion carried.

**Old Business:** None

**New Business:** Fernholz requested authority to research new checking accounts from banks located in Douglas County.

A motion by Bowen, seconded by Uhde, to research local banks checking accounts and money markets, and at the best discretion of Fernholz, move the current Old National checking account to the bank with the highest money market interest rate, motion carried.

Fernholz requested interest from the board in creating a logo for the LAEDA. Board did not have strong feelings of interest in having a logo but gave approval for Fernholz to play around with graphics that would represent the municipalities.

**Adjourn:** Hearing no additional business, a motion by Uhde to adjourn the meeting at 4:30 pm.

**RESOLUTION # 26-02**

**LAKES AREA ECONOMIC DEVELOPMENT AUTHORITY  
RESOLUTION ELECTING OFFICERS**

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Lakes Area Economic Development Authority (the "LAEDA"), as follows:

1. Recitals. All actions required by the applicable provisions of Minnesota Statutes, Sections 469.090 to 469.108, inclusive, have been duly taken in order to create, constitute and activate the LAEDA.
2. Election of Officers. In accordance with Minnesota Statutes, Section 469.096, the Board hereby elects to the following designated offices of the LAEDA the following persons:

President: \_\_\_\_\_

Vice President: \_\_\_\_\_

Secretary: \_\_\_\_\_

Treasurer: \_\_\_\_\_

3. Terms. The term of office of the President, the Vice President, the Secretary, the Treasurer shall expire on the date of annual meeting of the Board from this date forward.
4. Adoption of By-Laws. The Board hereby adopts the By-Laws of the EDA presented to it as of this date.

The motion for the adoption of the foregoing resolution was made by \_\_\_\_\_, seconded by \_\_\_\_\_, and upon vote being taken thereon the following voted:

Yes:

No:

Absent:

PASSED AND DULY ADOPTED by the Lakes Area Economic Development Authority on this day 6th of July 2026.

\_\_\_\_\_  
President, LAEDA

ATTEST: \_\_\_\_\_  
Executive Director, LAEDA

**Resolution # 26-03**

**RESOLUTION DESIGNATING DEPOSITORIES**

**WHEREAS**, the Lakes Area Economic Development Authority is required to name a depository, and

**WHEREAS**, the named depository, before acting as a depository, shall give the authority a bond approved as to form and surety by the authority, and

**NOW, THEREFORE, BE IT RESOLVED** by the Lakes Area Economic Development Authority names the following financial institution(s) be designated as the LAEDA depository for 2025:

Bremer Bank

Viking Bank

Glenwood State Bank

The motion for the adoption of the foregoing resolution was made by \_\_\_\_\_, seconded by \_\_\_\_\_, and upon vote being taken thereon the following voted:

Yes:

No:

Absent:

PASSED AND DULY ADOPTED by the Lakes Area Economic Development Authority on this day 6th of January, 2026.

\_\_\_\_\_  
President, LAEDA

ATTEST: \_\_\_\_\_  
Executive Director, LAEDA

**Resolution # 26-04**

**RESOLUTION DESIGNATING OFFICIAL NEWSPAPER**

**WHEREAS**, the Lakes Area Economic Development Authority is required by Minnesota State Statute 412.831 to annually designate a legal newspaper of general circulation in the geographical area of the Authority as the official newspaper.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Commissioners of the Lakes Area Economic Development Authority:

The Board of Commissioners does hereby designate The Echo Press, published Wednesday and Friday, respectively, of each week by Alexandria Newspapers, Inc., as the official newspaper of the Lakes Area Economic Development Authority.

The motion for the adoption of the foregoing resolution was made by \_\_\_\_\_, seconded by \_\_\_\_\_, and upon vote being taken thereon the following voted:

Yes:

No:

Absent:

PASSED AND DULY ADOPTED by the Lakes Area Economic Development Authority on this day 6<sup>th</sup> of January, 2026.

\_\_\_\_\_  
President, LAEDA

ATTEST:

\_\_\_\_\_  
Executive Director, LAEDA

**Resolution # 26-05**

**RESOLUTION ESTABLISHING MEETING DATES**

**WHEREAS**, the Lakes Area Economic Development Authority By-Laws require the Authority to meet on an as needed basis, and

**WHEREAS**, the first meeting of the calendar year will be designated as the Annual Meeting, and

**WHEREAS**, the meetings of the Authority will be at the Alexandria Area Economic Development Commission offices, and

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Commissioners of the Lakes Area Economic Development Authority:

The Board of Commissioners designates the following dates for their annual and regular meetings of the Authority:

Thursday, April 9, 2026  
Thursday, August 13, 2026  
Thursday, November 12, 2026

The motion for the adoption of the foregoing resolution was made by \_\_\_\_\_, seconded by \_\_\_\_\_, and upon vote being taken thereon the following voted:

Yes:

No:

Absent:

**PASSED AND DULY ADOPTED** by the Lakes Area Economic Development Authority on this day 6th of January, 2026.

\_\_\_\_\_  
President, LAEDA

ATTEST:

\_\_\_\_\_  
Executive Director, LAEDA

**Resolution # 26-06**

**RESOLUTION ESTABLISHING PER DIEM**

**BE IT RESOLVED**, by the Board of Commissioners of the Lakes Area Economic Development, that the per diem reimbursement rate for all meetings will be \$\_\_\_\_\_.

The motion for the adoption of the foregoing resolution was made by \_\_\_\_\_, seconded by \_\_\_\_\_ and upon vote being taken thereon the following voted:

Yes:

No:

Absent:

PASSED AND DULY ADOPTED by the Lakes Area Economic Development Authority on this day 6th of January, 2026.

\_\_\_\_\_  
President, LAEDA

ATTEST: \_\_\_\_\_  
Executive Director, LAEDA