

PROMISSORY NOTE – PHASE ONE

\$275,000.00

_____, 201_

Altec Industries, Inc. an Alabama corporation (the "Borrower"), for value received, hereby promises to pay to the City of Duluth (the "Lender") or its assigns (the Lender and any assigns are hereinafter referred to as the "Lender"), at its designated principal office or such other place as the Lender may designate in writing, the principal sum of Two Hundred Seventy-Five Thousand and no/100 Dollars (\$275,000.00) or so much thereof as may be advanced under this Promissory Note, with interest as hereinafter provided, in any coin or currency which at the time or times of payment is legal tender for the payment of private debts in the United States of America.

1. Except as provided in Section 3 of this Promissory Note, the Loan shall bear interest at zero percent (0.0%). Interest, if any in accordance with Section 3 of this Promissory Note, shall commence to accrue as to the amount disbursed in accordance with the Loan Agreement between the Borrower and the Lender of even date herewith (the "Loan Agreement") evidencing the terms of the loan evidenced by this Promissory Note.
2. Subject to Section 3 of this Promissory Note, up to \$275,000 of the principal balance of this Promissory Note (the "Forgivable Loan") shall be forgiven and deemed paid on the Expiration Date (as defined in the Loan Agreement).
3. However, if the goals set forth in Section 8.1(b) of the Loan Agreement are not met by the Compliance Date – Phase One (as may be extended pursuant to the terms of Section 8.2(a) of the Loan Agreement), the Borrower agrees to repay all or a part of the principal amount of this Promissory Note on a pro rata basis plus interest set at the greater of 5.0% or the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2 ("Recapture Interest"), accruing from and after the Initial Disbursement Date, compounded annually. Recaptured Principal plus Recapture Interest thereon shall be repaid not later than 30 days after the Lender notifies the Borrower of the amount to be repaid pursuant to Section 8.2(a) of the Loan Agreement. If the goals are only met in part by the Compliance Date – Phase One, the Borrower will repay a pro rata portion of the principal amount of this Promissory Note (plus Recapture Interest) as set forth in Section 8.2(a) of the Loan Agreement.
4. The Borrower shall have the right to prepay the principal of this Promissory Note, in whole or in part, without prepayment penalty.
5. This Promissory Note is given pursuant to the Loan Agreement and is secured by a Security Agreement of even date herewith (the "Security Agreement") covering certain property located in St. Louis County, Minnesota. In the event any such guaranty or security is found to be invalid for whatever reason, such invalidity shall constitute an event of default hereunder.

All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement, or any instrument securing this Promissory Note are hereby made a part of this Promissory Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Promissory Note. If a default occurs under the Loan Agreement, or any instrument securing this Promissory Note, and remains uncured after any applicable notice and cure period, then the Lender of this Promissory Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Promissory Note, together with any costs of collection including attorney fees incurred by the Lender of this Promissory Note in collecting or enforcing payment hereof, whether suit be brought or not, and all other sums due hereunder, or under any instrument securing this Promissory Note. The Borrower agrees that the Lender of this Promissory Note may, without notice to the Borrower of this Promissory Note and without affecting the liability of the Borrower of this Promissory Note, accept additional or substitute security for this Promissory Note, or release any security or any party liable for this Promissory Note or extend or renew this Promissory Note.

6. The remedies of the Lender of this Promissory Note as provided herein, and in the Loan Agreement, or any other instrument securing this Promissory Note, shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Lender of this Promissory Note, may be exercised as often as occasion therefore shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Lender of this Promissory Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender of this Promissory Note and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Promissory Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

7. This Promissory Note shall be governed by and construed in accordance with the laws of the state of Minnesota without regard to its conflict of laws provisions. Any disputes, controversies, or claims arising out of this Promissory Note shall be heard in the state or federal courts of Minnesota, and all parties to this Promissory Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

8. The headings used in this Promissory Note are solely for convenience of reference, are no part of this Promissory Note, and are not to be considered in construing or interpreting this Promissory Note.

9. This Promissory Note, with the other Loan Documents (as defined in the Loan Agreement, constitutes the entire agreement between the parties pertaining to its subject matter and it supercedes all prior contemporaneous Promissory Notes, representations, and understandings of the parties pertaining to the subject matter of this Promissory Note.

10. Separability. Wherever possible, each provision of this Promissory Note and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Promissory Note or any other related document.

11. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Promissory Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Borrower has caused this Promissory Note to be duly executed as of the ___ day of _____, 201____.

By _____

Its _____

By _____

Its _____