

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF ST. LOUIS**

**DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
\$[1,500,000] 501(C)(3) FACILITIES REVENUE NOTE  
(ONE ROOF PROJECT), SERIES 2026**

**No. R-1**

**[\$1,500,000]**

<u><b>Maturity Date</b></u>	<u><b>Original Issue Date</b></u>	<u><b>CUSIP</b></u>
_____, 20__	_____, 2026	<b>None</b>

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THIS NOTE HAS NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF FOR VALUE OR TRANSFERRED, WITHOUT (I) AN OPINION OF COUNSEL THAT SUCH SALE, DISPOSITION OR TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED AND UNDER APPLICABLE STATE SECURITIES LAWS, OR (II) SUCH REGISTRATION. THE TRANSFERABILITY OF THIS NOTE IS SUBJECT TO RESTRICTIONS REQUIRED BY (1) FEDERAL AND STATE SECURITIES LAWS GOVERNING UNREGISTERED SECURITIES; (2) THE RULES, REGULATIONS AND INTERPRETATIONS OF THE GOVERNMENTAL AGENCIES ADMINISTERING SUCH LAWS; AND (3) THE PROCEDURE ESTABLISHED TO EFFECT COMPLIANCE THEREWITH AND AGREED TO BY THE OWNER OF SUCH SECURITIES AND OTHER LIMITATIONS PROVIDED IN THE ASSIGNMENT AGREEMENT BETWEEN THE ISSUER, THE REGISTERED OWNER AND THE BORROWER.

THIS NOTE HAS NOT BEEN REGISTERED UNDER CHAPTER 80A OF MINNESOTA STATUTES OR OTHER APPLICABLE STATE BLUE SKY LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF FOR VALUE EXCEPT PURSUANT TO REGISTRATION OR OPERATION OF LAW.

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REGISTERED OWNER:           NORTH SHORE BANK OF COMMERCE, a Minnesota corporation, its successors or registered assigns

PRINCIPAL AMOUNT:           [ONE MILLION FIVE HUNDRED THOUSAND] DOLLARS

FOR VALUE RECEIVED the DULUTH ECONOMIC DEVELOPMENT AUTHORITY, a public body, corporate and politic and political subdivision of the State of Minnesota, duly organized and existing under the Constitution and the laws of the State of Minnesota, promises to pay to the order of the Registered Owner, or registered assigns, at its offices shown in the Provisions to Registration hereon, or such other place as the Registered Owner may designate in writing, solely from the source, at the times, and in the manner hereinafter provided, the Principal Amount, or the unpaid Principal Balance, with interest thereon at the applicable rate as described herein, in

any coin or currency that at the time or times of payment is legal tender for the payment of public or private debts in the United States of America.

A. **Definitions.** Capitalized terms used in this Note and not otherwise required to be capitalized by the rules of grammar have the meanings assigned below:

*Act:* together, Minnesota Statutes, Sections 469.152 through 469.1655, as amended.

*Adjusted Rate:* the Tax-exempt Factor multiplied by the sum of (i) the Index plus (ii) 2.50%; provided, however, that this "Adjusted Rate" shall in no event be less than 2.75%, nor shall the Adjusted Rate increase or decrease by more than 3.00% relative to the immediately preceding Adjusted Rate.

*Adjustment Dates:* **[March \_\_\_\_, 2027]**, and the fifth, tenth, fifteenth, and twentieth anniversaries of the Original Issue Date; provided that if any Adjustment Date does not fall on a business day, the Adjustment Date shall be the next succeeding business day.

*Assignment Agreement:* the Assignment Agreement dated the Original Issue Date between the Issuer, the Borrower and the Registered Owner.

*Borrower:* One Roof HQ LLC.

*Date of Taxability:* has the meaning assigned in the Loan Agreement.

*Default Rate:* a rate per annum equal to the then applicable rate of interest (either the Initial Interest Rate or the Adjusted Rate) plus the Default Rate Margin.

*Default Rate Margin:* 5.00%.

*Determination of Taxability:* has the meaning assigned in the Loan Agreement.

*Documents:* has the meaning assigned in the Loan Agreement.

*Event of Default:* has the meaning assigned in the Loan Agreement.

*Financing Purposes:* financing, funding, or paying for, as applicable, (i) the Project, (ii) required reserves, if necessary, (iii) capitalized interest, if necessary, and (iv) costs associated with issuing the Note.

*Index:* the United States Treasury Five-Year Constant Maturity Rate, as published by the Federal Home Loan Bank of Des Moines, in effect on the Adjustment Date. If a range is shown for the United States Treasury Five-Year Constant Maturity Rate, then the highest number in the range shall be utilized. The Index as published shall control absent manifest error.

*Initial Interest Rate:* \_\_\_\_% per annum.

*Interest Rate:* the rate of interest per annum payable on this Note, as adjusted.

*Issuer:* the Duluth Economic Development Authority, a public body, corporate and politic and political subdivision of the State of Minnesota organized and existing under the laws of the State.

*Loan Agreement:* the Loan Agreement dated the Original Issue Date, between the Issuer and the Borrower.

*Maturity Date:* the date set forth above under the heading "Maturity Date."

*Mortgage:* the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement, dated the Original Issue Date, from the Borrower, as mortgagor, to the Registered Owner, as mortgagee.

*Mortgaged Property:* has the meaning assigned in the Mortgage.

*Note:* the Issuer's [\$1,500,000] 501(c)(3) Facilities Revenue Note (One Roof Project), Series 2026.

*Original Issue Date:* the date set forth above under the heading "Original Issue Date."

*Payment Dates:* the \_\_\_th day of each month commencing \_\_\_\_, 2026, and the \_\_\_th day of each consecutive month thereafter through and including the Maturity Date; provided that if any Payment Date is not a business day, such payment shall be payable on the next succeeding business day with the same effect as if paid on the Payment Date and without additional interest payable hereon.

*Principal Amount:* the amount set forth above opposite the heading "PRINCIPAL AMOUNT."

*Principal Balance:* the portion of the Principal Amount advanced hereunder and unpaid.

*Project:* a project, as defined in Sections 469.153, subdivision 2(b) of the Act, consisting of the acquisition of, and improvements to, the real property located at 1819 West Superior Street, in the City of Duluth, Minnesota.

*Registered Owner:* the person set forth above opposite the heading "REGISTERED OWNER" or the successors and assigns of such person, whether or not named as the Registered Owner herein.

*Registrar:* the Secretary of the Issuer.

*Resolution:* a resolution of the governing body of the Issuer duly adopted on May 27, 2026.

*State:* the State of Minnesota.

*Taxable Rate:* the applicable rate of interest per annum equal to the Interest Rate, which is a tax-exempt rate in effect as of the Date of Taxability, divided by the Tax-exempt Factor.

*Tax-exempt Factor:* 67%.

*Tax Loss Amount:* has the meaning assigned in the Loan Agreement.

Capitalized terms used in this Note that are not defined herein and are not otherwise required to be capitalized by the rules of grammar have the meanings assigned to them in the Loan Agreement.

B. Payments. Payments on this Note are due on each Payment Date as follows:

Installments of interest only on the Principal Balance are payable at the Initial Interest Rate commencing on the 1<sup>st</sup> Payment Date and continuing on each Payment Date thereafter until and including the 9<sup>th</sup> Payment Date (9 months).

Then, installments of principal and interest, at the Initial Interest Rate, in such amounts as are required to fully and equally amortize repayment of the Principal Balance over a 291-month amortization period are due and payable commencing on the 10<sup>th</sup> Payment Date and continuing on each Payment Date thereafter until and including the 60<sup>th</sup> Payment Date (51 months).

Then, installments of principal and interest, at the Adjusted Rate, in such amounts as are required to fully and equally amortize repayment of the Principal Balance over a 20-year amortization period are due and payable commencing on the 61<sup>st</sup> Payment Date and continuing on each Payment Date thereafter until and including the 120<sup>th</sup> Payment Date (60 months).

Then, installments of principal and interest, at the Adjusted Rate, in such amounts as are required to fully and equally amortize repayment of the Principal Balance over a 15-year amortization period are due and payable commencing on the 121<sup>st</sup> Payment Date and continuing on each Payment Date thereafter until and including the 180<sup>th</sup> Payment Date (60 months).

Then, installments of principal and interest, at the Adjusted Rate, in such amounts as are required to fully and equally amortize repayment of the Principal Balance over a 10-year amortization period are due and payable commencing on the 181<sup>st</sup> Payment Date and continuing on each Payment Date thereafter until and including the 240<sup>th</sup> Payment Date (60 months).

Then, installments of principal and interest, at the Adjusted Rate, in such amounts as are required to fully and equally amortize repayment of the Principal Balance over a 5-year amortization period are due and payable commencing on the 241<sup>st</sup> Payment Date

and continuing on each Payment Date thereafter until and including the 300<sup>th</sup> Payment Date (60 months).

The total term of this Note is 300 months. The entire Principal Balance and interest, if not sooner paid, must be paid in full on the Maturity Date.

- C. Calculation of Interest. Interest payments will be computed on a 365/360 basis; that is, by applying the ratio of the then applicable interest rate over a year of 360 days, multiplied by the outstanding Principal Balance, multiplied by the actual number of days the Principal Balance is outstanding (but not including February 29 in leap years) but shall be charged on the actual number of days principal remains unpaid in any period. In no event shall the interest rate exceed the maximum lawful rate. Interest calculations will be rounded to the nearest one one-thousandth of one percent (0.001%).
- D. Interest Rate Adjustments. Interest on this Note will accrue at the Initial Interest Rate commencing on the Original Issue Date, and continuing until the first Adjustment Date. On and after the first Adjustment Date, and continuing through the day before the second Adjustment Date, interest on this Note will accrue at the then applicable Adjusted Rate. On and after the second Adjustment Date, and continuing through the day before the third Adjustment Date, interest on this Note will accrue at the then applicable Adjusted Rate. On and after the third Adjustment Date, and continuing through the day before the fourth Adjustment Date, interest on this Note will accrue at the then applicable Adjusted Rate. On and after the fourth Adjustment Date, and continuing through the day before the fifth Adjustment Date, interest on this Note will accrue at the then applicable Adjusted Rate. On and after the fifth Adjustment Date, and continuing through the Maturity Date, interest on this Note will accrue at the then applicable Adjusted Rate.
- E. Default Rate. At the Registered Owner's option upon the occurrence of an Event of Default and written notice to the Borrower that the Registered Owner has elected to increase the then applicable interest rate, such interest rate shall increase and shall be payable on the whole of the Principal Balance at the Default Rate, effective as of the date of the occurrence of such Event of Default. The increase in the interest rate to the Default Rate upon the occurrence of an Event of Default shall be applicable and become immediately due and payable (i) whether or not the Registered Owner has exercised its option to accelerate the maturity of this Note and declared the entire Principal Balance to be due and payable and (ii) without further notice (except as provided in the Loan Agreement), demand or presentment for payment, and without any relief whatsoever from any valuation or appraisal laws. The Default Rate shall continue until such Event of Default is cured, payment in full of all indebtedness evidenced by this Note, or completion of all foreclosure proceedings and redemption periods, whichever shall occur first.
- F. Adjustment and Application of Payments. Monthly installments of principal and interest, once commenced, must be in an amount sufficient to amortize the Principal Balance at the Interest Rate then in effect over the remaining term of this Note. On each of the Adjustment Dates, the installments hereunder will be adjusted to amortize the remaining Principal Balance over the remaining term of this Note at the then applicable Adjusted Rate, with such adjusted installments payable commencing on the Payment Date

immediately following such Adjustment Date. Payments on this Note will be applied in accordance with Section 6.07 of the Loan Agreement.

- G. Late Payment Fee. Time is of the essence with respect to this Note. If any principal and interest payment required under this Note is not paid when due, principal and interest payment so in default continues as an obligation until the principal and interest payment in default has been fully paid. Should any payment required under this Note not be paid in full on or before the tenth (10th) day after which such payment is due, Borrower acknowledges that the Registered Owner will incur extra expenses for the handling of the delinquent payment and servicing the indebtedness evidenced hereby, and that the exact amount of these extra expenses is extremely difficult and impractical to ascertain, but that a charge of five percent (5%) of the amount of the delinquent payment including a payment at maturity or acceleration ("Late Charge") would be a fair approximation of the expense so incurred by the Registered Owner. If applicable law requires a lesser charge, however, then the maximum charge permitted by such law may be charged by the Registered Owner for said purpose. Therefore, Borrower shall, in such event, without further notice, and without prejudice to the right of the Registered Owner to collect any other amounts provided to be paid hereunder or under the Documents or any other instrument executed for purposes of further securing payment of the obligations evidenced by this Note, or to declare an Event of Default, pay to the Registered Owner immediately upon demand the Late Charge to compensate the Registered Owner for expenses incurred in handling delinquent payments.
- H. Determination of Taxability. In the event of a Determination of Taxability, the then applicable interest rate will be automatically increased to the Taxable Rate. Such increase in the interest rate to the Taxable Rate is to be effective as of the Date of Taxability. Pursuant to the Loan Agreement, the Borrower on behalf of the Issuer will forthwith pay to the Registered Owner, as additional Loan Repayments, the Tax Loss Amount.
- I. Prepayment. This Note is subject to prepayment in immediately available funds on any business day at the option of the Borrower, in whole or in part, at a price of the Principal Balance to be prepaid plus accrued interest to the date of prepayment, as further provided in Section 5.01 of the Loan Agreement. To exercise this option, the Borrower must give written notice in the name of the Issuer to the Registered Owner, with a copy to the Issuer, not less than 30 days prior to the date fixed for prepayment; provided that the Registered Owner may waive or provide alternative shorter notice requirements.

This Note is subject to prepayment upon acceleration as provided below.

At the date fixed for prepayment, funds must be paid to the Registered Owner at its registered address. All prepayments will be applied in accordance with Section 6.07 of the Loan Agreement.

**Purpose and Authority.** This Note is issued as authorized by the Constitution and laws of the State, particularly the Act, and the Resolution. This Note is issued by the Issuer for the purpose of providing funds to be loaned to the Borrower, pursuant to the terms of the Loan Agreement, to be used for the Financing Purposes.

**Security.** This Note comprises the entire issue of the Issuer's 501(c)(3) Facilities Revenue Note (One Roof Project), Series 2026, and is secured by an assignment of the Loan Agreement by the Issuer to the Registered Owner pursuant to the Assignment Agreement (except for the Unassigned Rights under the Loan Agreement), and other applicable Documents. The disbursement of the proceeds of this Note is subject to the terms and conditions of the Loan Agreement. Reference is made to the Documents for a full statement of the security provided for this Note.

**Limited Liability of Issuer.** The liability of the Issuer for payment and performance of this Note is limited as provided herein and in Section 7.06 of the Loan Agreement. This Note is a special, limited obligation of the Issuer payable solely from payments derived from the Loan Agreement and from the property that secures payment of this Note. This Note and the interest thereon and any service charge or fee, if any, due hereunder shall not be payable from nor charged upon any funds other than the revenue pledged to its payment, nor shall the Issuer be subject to any liability on it. No Registered Owner of this Note shall ever have the right to compel any exercise of the taxing power of the Issuer to pay this Note or the interest thereon, nor to enforce payment of this Note against any property of the Issuer except those projects, or portions thereof, mortgaged or otherwise encumbered under the provisions and for the purpose of the Act. This Note shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer, except those projects, or portions thereof, mortgaged or otherwise encumbered under the provisions and for the purposes of the Act. This Note shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation. However, nothing herein shall impair the rights of the Registered Owner to enforce covenants made for the security thereof.

**Transfer and Registration.** As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the Issuer at the office of the Registrar by the Registered Owner in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney. Upon such transfer, the Registrar will note the date of registration and the name and address of the newly Registered Owner in the registration blank appearing below. Alternatively, the Registrar will, at the request of the Registered Owner, authenticate and deliver a new note in an aggregate principal amount equal to the unpaid Principal Balance, and of like tenor except as to number and principal amount, and registered in the name of the Registered Owner. The Registrar may deem and treat the person in whose name this Note is last registered upon the books of the Registrar, with such registration noted on this Note, as the absolute owner hereof for the purpose of receiving payment of or on account of the Principal Balance or interest and for all other purposes; all such payments so made to the Registered Owner or upon its order will be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid, and the Registrar will not be affected by any notice to the contrary.

**Incorporation by Reference.** All of the agreements, conditions, covenants, provisions and stipulations contained in the Resolution and the Documents are made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein.

**Acceleration.** This Note is subject to acceleration on the sale, transfer, lease, encumbrance, mortgage, pledge, hypothecation or other disposition of all or any portion of the Mortgaged Property or any interest therein that does not comply with the terms of the Mortgage.

If an Event of Default occurs under this Note and is not cured within the time periods, if any, set forth therein, or if a default occurs under the Documents and is not cured within any applicable grace period and is continuing, then the Registered Owner may at its right and option declare immediately due and payable, without further notice, the Principal Balance and interest accrued thereon plus any costs and expenses incurred by the Registered Owner in collecting or enforcing payment thereof, whether suit be brought or not, and all other sums due hereunder or under the Documents, anything to the contrary therein notwithstanding, and payment thereof may be enforced and recovered in whole or in part, at any time, by one or more of the remedies provided in the Documents or this Note or under applicable law. The Registered Owner may extend the time for payment of interest and/or principal of this Note, without notice to or consent of any party liable hereon and without releasing any such party.

**Cumulative Remedies.** The remedies of the Registered Owner, as provided herein and in the Documents, are cumulative and concurrent; may be pursued singly, successively, or together and, except as provided in the Documents, at the sole discretion of the Registered Owner; and may be exercised as often as occasion therefor occurs. The failure to exercise any such right or remedy may in no event be construed as a waiver or release thereof.

**Waiver of Default.** Except as may be provided in the Loan Agreement, the Registered Owner may waive any default, except that any such waiver to be effective must be in writing and must not apply to any other act or default. The Registered Owner will 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 Registered Owner and then only to the extent specifically set forth in the writing.

**Waiver of Demand; Extension.** The Issuer waives demand, presentment, protest and notice of dishonor and agrees that without any notice, the Registered Owner and any present or future owner or owners of any property and interests covered by the Mortgage or any other document given to secure this Note, or executed in connection with this Note, may from time to time extend, renew or otherwise modify to the benefit of the Issuer the date or dates or amount or amounts of payment above recited. To the extent permitted by law, the Registered Owner may from time to time release any part or parts of the property and interests subject to the Mortgage or to any such other document from the same, with or without consideration. In any case, the Borrower, subject to limitation of the Issuer's liability, continues to be liable to pay the unpaid balance of the indebtedness evidenced hereby as so extended, renewed or modified and notwithstanding any such release, and has agreed, subject to limitation of the Issuer's liability, to pay all costs of collection, including a reasonable amount for attorneys' fees, in case any payment is not made at maturity, and all costs and expenses, including attorneys' fees, incurred in protecting the security for this Note or in preserving the properties or interests or any part hereof described in the Mortgage and in any such other document, whether suit be brought or not or whether or not as a result thereof the interest on this Note is no longer exempt from the federal or state income tax.

**Severability.** If any term of this Note, or the application thereof to any person or circumstances, is to any extent invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, will not be affected thereby, and each term of this Note is valid and enforceable to the fullest extent permitted by law.

**Binding Effect.** This Note applies to, inures to the benefit of and is binding not only on the Issuer, the Borrower, and the Registered Owner, but on their successors and assigns.

**Amendments Must be Written.** This Note may not be amended, modified or changed, except only by an instrument in writing and signed by the Issuer and the party against whom enforcement of any amendment, change, modification or discharge is sought. In no event, however, may the Maturity Date be extended beyond 40 years from the Original Issue Date.

**Qualified Tax-Exempt Obligation.** The Issuer has designated this Note as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed by its duly authorized officers as of the Original Issue Date.

DULUTH ECONOMIC DEVELOPMENT  
AUTHORITY

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

\_\_\_\_\_  
Board Secretary

**PROVISIONS AS TO REGISTRATION**

The ownership of the unpaid Principal Balance and the interest accruing therein is registered on the books of the Duluth Economic Development Authority, in the name of the Registered Owner last noted below.

<b>Date of Registration</b>	<b>Name and Address of Registered Owner</b>	<b>Signature of Secretary</b>
__/__/2026	North Shore Bank of Commerce 131 W. Superior Street Duluth, MN 55802	<hr/>

## ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_ the attached Note (the "Note") and all rights thereunder, and irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the Note on the books kept for registration of the Note, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the Note in every particular, without alteration or any change whatsoever.

The Secretary will not effect transfer of this Note unless the information concerning the assignee requested below is provided.

Name and Address: \_\_\_\_\_  
\_\_\_\_\_

Taxpayer Identification Number: \_\_\_\_\_

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