

Finance Agreement

Customer / Owner	Independent School District No. 698 - Floodwood School District
Site	115 W 4th Ave, Floodwood, MN 55736
Account / Meter #	Meter # 575694

This FINANCE AGREEMENT (this “**Agreement**”), dated May 15, 2026 (“**Effective Date**”), is between **IDEAL ENERGIES, LLC**, a Minnesota limited liability company, whose principal place of business is located at 8318 Pillsbury Ave. So., Bloomington, MN 55420 (“**Seller**”), and **Independent School District No. 698 - Floodwood School District**, a Minnesota Public School, whose principal place of business is located at 115 4th Ave W , Floodwood, MN (“**Customer**”). Customer and Seller are sometimes also referred to in this Agreement jointly as “**Parties**”, or individually as a “**Party**”.

RECITALS

- A. Customer and Seller entered into a Purchase Agreement of even date herewith (the “**Purchase Agreement**”) for the acquisition and installation of an Energy System at the Site. All capitalized terms used but not defined in this Agreement have the meanings set forth in the Purchase Agreement.
- B. Customer has elected to finance a portion of the Installation Cost, as contemplated by Section 18 of the Purchase Agreement, for the limited purpose of bridging Customer’s receipt of the federal elective payment.
- C. Customer is intended to be the tax owner of the Energy System and the applicable entity entitled to claim the federal elective payment. Nothing in this Agreement transfers tax ownership of the Energy System, the Tax Credit, the federal elective-payment claim, or the Solar for Schools Incentive to Seller.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged, Seller and Customer agree as follows:

1. **Payments**. Upon Customer’s election at Substantial Completion, Seller will make a single, non-revolving advance in the amount of \$298,910.00 (“**Principal**”) for the purpose of

financing Customer’s receipt of the federal elective payment described in Section 18 of the Purchase Agreement. Unless Customer instructs otherwise in writing, the Principal may be disbursed by book-entry credit against the unpaid Installation Cost due to Seller under the Purchase Agreement. The Principal amount shall accrue interest at the fixed annual rate of 6%, calculated from the date of disbursement and continuing until paid in full. The full amount of Principal, together with all accrued and unpaid interest, shall be due and payable on the earlier of (i) ten (10) days after Customer’s receipt of the federal elective-payment proceeds, or (ii) twenty-four (24) months following the Substantial Completion Date. Customer’s obligation to repay Principal and interest is not reduced if the amount, timing, or availability of the federal elective payment differs from the projected Tax Credit amount.

Payments applied to the obligations under this Agreement shall be applied first to any late charges or other fees, then to reasonable collection costs and attorneys’ fees, then to accrued interest, and then to unpaid Principal. Customer will make payments via ACH or mail payments to Seller as provided below.

Ideal Energies, LLC
8318 Pillsbury Ave. So.
Bloomington, MN 55420

2. **Security Agreement**.

- a. Grant of Security Interest. As security for the payment and performance of all of Customer’s liabilities, obligations and covenants under this Agreement, Customer hereby grants Seller a security interest (“**Security Interest**”) in Customer’s interest in the Energy System, including all System Components, and all accessions, additions, improvements, replacements and substitutions; all payment intangibles and other rights to payment arising from the Energy System, including, to the extent assignable and permitted by law, proceeds

of the federal elective payment after receipt by Customer; all books, records and data relating to the foregoing; and all products and proceeds, including insurance proceeds, of the foregoing, in each case whether now owned or hereafter acquired and wherever located. The Security Interest secures only Customer's obligations under this Agreement and any unpaid amounts due Seller under the Purchase Agreement. Nothing in this Agreement transfers Customer's tax ownership of the Energy System, assigns the Tax Credit or elective-payment claim to Seller, or changes Customer's status as Solar for Schools grantee.

- b. **Authorization.** Customer hereby authorizes Seller to file UCC financing statements and any other documents that Seller reasonably requires to perfect Seller's Security Interest and to take such other actions as Seller reasonably believes necessary to protect the Energy System or Seller's rights in the collateral described in this Agreement.
 - c. **Subordination of Third-Party Liens.** Customer agrees that Seller's Security Interest in the Energy System may not be subordinated to the security interest of any third party except as approved in advance in writing by Seller, which approval shall not be unreasonably withheld. Upon Seller's request, Customer shall use commercially reasonable efforts to obtain a subordination agreement in favor of Seller from any third-party lienholder that may have a lien in the Energy System.
 - d. **No Tax Ownership Transfer.** The Security Interest is intended solely as collateral for repayment obligations and does not convey ownership of the Energy System, the Tax Credit, the federal elective-payment claim, the Solar for Schools Incentive, RECs, Utility Bill Credits, or Net Metering Credits to Seller.
3. **Late Charge / Costs of Collection.** If Customer fails to make any payment when due, Seller may charge interest on the overdue amount at the rate provided in Minn. Stat. § 549.09, subd. 1(c)(1)(i), or the highest rate permitted by law if lower, beginning ten (10) days after the due date and continuing until paid in full. In addition, Customer agrees to pay Seller's reasonable attorney's fees and costs of collection, including expert witness fees, whether a lawsuit is

commenced or not, including any appeal, to the extent permitted by law.

4. **Personal Property.** The Parties intend that, as between Seller and Customer and for purposes of this Agreement and Article 9 of the Minnesota Uniform Commercial Code, the Energy System will be treated as Customer's personal property and collateral, notwithstanding its installation at the Site. Nothing in this Section limits the Utility Agreements, the Facility Lease Agreement, the Power Purchase Agreement, or any required fixture filing or other filing needed to perfect Seller's Security Interest.
5. **Improvements and Modifications.** Subject to the Facility Lease Agreement and Power Purchase Agreement, any equipment, attachments, accessories, replacement parts, or labor placed upon the Energy System shall become a component part thereof and together shall be covered by the terms of this Agreement and shall be included within the term "Energy System" as used herein. Customer will notify Seller in advance of performing any modifications or improvements to the Energy System, and any such improvements or modifications shall be completed in accordance with all applicable legal and safety requirements.
6. **Insurance.** Until the Principal and all accrued and unpaid interest are paid in full: (i) Customer will maintain general liability insurance against liability related to the Energy System in amounts reasonably required by Seller and consistent with the Purchase Agreement and Facility Lease Agreement; (ii) on or before the Substantial Completion Date, Customer will provide Seller with a certificate of insurance naming Seller as an additional insured and loss payee with respect to the Energy System; (iii) Customer will insure the Energy System at replacement value; and (iv) Customer will provide updated certificates of insurance after renewals or material changes in coverage. If such insurance is not procured and maintained as required, Seller may, at its option, obtain such insurance and Customer agrees to pay the cost to Seller upon demand together with interest at the highest rate permitted by law. Any insurance policies secured by Customer shall provide that the policy cannot be terminated or cancelled without thirty (30) days' prior written notice to Seller. Customer, at its sole cost, is responsible for paying any deductible due for claims made under the policies.

7. **Warranties.** Seller does not provide any warranties regarding the Energy System and any improvements except to the extent specifically provided in the Purchase Agreement.
8. **Loss or Damage.** Customer shall promptly give written notice to Seller of any loss, damage, or destruction to any or all of the Energy System. Any loss, damage, or destruction to the Energy System shall not release Customer from Customer's obligations under this Agreement, except to the extent insurance proceeds are applied to repay or restore the collateral as agreed by the Parties.
9. **Taxes, Licenses, Assessments.** Customer agrees to pay all taxes, including without limitation sales, real and personal property taxes, licenses, assessment charges, fines, forfeitures, penalties, and liabilities that may be lawfully imposed upon the Energy System or upon the use and enjoyment thereof, except to the extent payable by Tenant under the Facility Lease Agreement or by Seller under the Purchase Agreement.
10. **Possession, Use and Maintenance.**
- a. **Affirmative Covenants.** Subject to the Facility Lease Agreement and Power Purchase Agreement, Customer shall use commercially reasonable efforts at all times until all payment obligations described in Section 1 are satisfied in full to: (i) preserve Customer's ownership interest in the Energy System and Seller's Security Interest; (ii) maintain the insurance required under this Agreement; (iii) keep the Energy System free from any lien, security interest or encumbrance except as otherwise permitted herein; (iv) make the Energy System available for examination and inspection by Seller at any reasonable time upon reasonable prior notice; (v) keep the roof or other structure on which the Energy System is installed in sound condition and good repair, reasonable wear and tear excepted; and (vi) comply with Customer's obligations under the Utility Agreements and the Transaction Documents.
- b. **Negative Covenants.** Customer shall not, until all payment obligations described in Section 1 are satisfied in full, without Seller's prior written consent: (i) remove the Energy System from the Site, except as required under the Facility Lease Agreement or Power Purchase Agreement; (ii) sell or otherwise dispose of the Energy System; or (iii) take any action inconsistent with Customer's tax ownership, Solar for Schools grantee status, or federal elective-payment claim.
11. **Default.** Each of the following events shall constitute a default ("**Default**") under this Agreement:
- a. Customer fails to make any payment to Seller when due, Seller has notified Customer of such failure, and the failure has continued without cure by Customer or written waiver by Seller for thirty (30) days after notice.
- b. Any representation or warranty of Customer contained in this Agreement, the Purchase Agreement, or any other Transaction Document furnished to Seller in connection herewith was materially incorrect or misleading when made, and the misstatement materially impairs Seller's rights under this Agreement.
- c. The Energy System is subject to any sale, lien, claim, security interest or encumbrance other than in favor of Seller or its assignee, except for liens that are discharged or bonded over within thirty (30) days after Customer obtains knowledge of such lien.
- d. Customer defaults in any material respect under the Purchase Agreement or any other Transaction Document, and the applicable notice and cure period has expired.
- e. Customer ceases to do business, becomes insolvent, makes an assignment for the benefit of creditors, or files any petition under bankruptcy, reorganization, insolvency or moratorium law, or any other law for the relief of debtors.
- f. Any involuntary petition is filed under any bankruptcy statute against Customer, or any receiver, trustee, or similar official is appointed to take possession of Customer's properties, unless such petition or appointment ceases to be in effect within thirty (30) days of such filing or appointment.
- g.

- h. Customer takes any action that could materially affect the priority or perfection of the Security Interest, including without limitation Customer using any trade name, assumed name, or other name except Customer's name stated above, Customer changing its state of organization without Seller's prior written consent, or Customer failing to give Seller prior written notice of any change in Customer's address or name.
- i. Customer fails to comply with any of Customer's obligations under the Utility Agreements, and such non-compliance constitutes an event of default under the Utility Agreements after any applicable notice and cure period.

12. **Remedies.** If a Default shall occur, Seller may, at its option, exercise any one or more of the following remedies:

- a. Declare all amounts due or to become due to Seller under this Agreement immediately due and payable;
- b. Recover any additional damages and expenses sustained by Seller;
- c. Enforce the Security Interest in accordance with Article 9 of the UCC and applicable law, in which event Customer agrees to make the Energy System available to Seller at a place or places acceptable to Seller. Seller shall have the right to take possession of the Energy System without legal process only to the extent permitted by law and without breach of the peace, and the fair market value or net proceeds of the Energy System shall be credited against amounts due under this Agreement;
- d. Apply payments and proceeds received from Customer or from the collateral in the order set forth in Section 1;
- e. In the event the Energy System is sold in the manner provided herein or by law and the net proceeds of such sale are not sufficient to pay the amount due under this Agreement, Customer agrees to pay immediately to Seller any remaining unpaid balance. If net proceeds exceed the amount due, Seller shall remit the excess to Customer.

The remedies provided herein shall be cumulative and may be exercised singularly,

concurrently or successively with and in addition to all other remedies in law or equity. If Customer fails to perform any of its obligations under this Agreement, Seller may (but need not) at any time thereafter perform such obligation, and the expenses incurred in connection therewith shall be payable in full by Customer upon demand. Customer shall pay all of Seller's reasonable attorney fees, collection costs, expert witness fees, and any other litigation costs incurred in enforcing any remedy under this Agreement, whether a lawsuit is or is not commenced, and including all such costs incurred in any appeals, to the extent permitted by law.

13. **No Prepayment Penalty.** The Principal may be prepaid, together with all interest accrued through the prepayment date, without penalty.

14. **Transfer / Refinance of Site.** If, before the Principal and all accrued and unpaid interest are paid in full, Customer sells, transfers, or refinances the Site or any material interest in the Energy System, Customer will, contemporaneously with the transaction:

- a. Immediately pay to Seller the entire unpaid balance of Principal, together with all accrued interest and other amounts then due under this Agreement; or
- b. If Seller agrees in writing not to require payoff, obtain and provide Seller with a written assumption from the transferee or successor assuming Customer's obligations under this Agreement, the Purchase Agreement, the Utility Agreements, and the other Transaction Documents.

15. **General.**

a. **Relationship of the Parties.** No provision of this Agreement may be construed or represented as creating a partnership, trust, joint venture, fiduciary, employment, agency, or similar relationship between the Parties. No Party is authorized to act on behalf of the other Party, and neither may be considered the agent of the other.

b. **Entire Agreement / Construction with Purchase Agreement.** This Agreement and all schedules, exhibits and attachments hereto, together with any agreement referenced herein, constitute the entire agreement and understanding of the Parties

relative to the subject matter hereof. The Parties have not relied upon any promises, representations, warranties, agreements, covenants or undertakings, other than those expressly set forth or referred to herein. This Agreement replaces and supersedes any and all prior oral or written agreements, representations and discussions relating to such subject matter. This Agreement shall be construed together with the Purchase Agreement so that effect is given to all terms in both agreements. If this Agreement conflicts with the Purchase Agreement regarding tax ownership, Solar for Schools Incentive rights, safe harbor rights, Transaction Documents, or Customer's federal elective-payment claim, the Purchase Agreement shall control. This Agreement shall control with respect to the repayment of Principal, interest, and other amounts due under this Agreement.

- c. **Survival of Representations.** All representations, warranties, covenants and agreements of the Parties contained in this Agreement, or in any instrument, certificate, exhibit or other writing provided for in it, shall survive the execution of this Agreement and the consummation of the transactions contemplated herein.
- d. **Amendment.** This Agreement may be amended or modified only by a writing executed by both of the Parties. No custom or practice of the Parties at variance with the terms hereof shall have any effect.
- e. **Notices.** All notices to be given under this Agreement shall be in writing and shall be effectively given upon personal delivery, facsimile or email transmission (with confirmation of receipt), delivery by overnight delivery service or three days following deposit in the United States Mail (certified or registered mail, postage prepaid, return receipt requested).
- f. **No Delay.** No delay or failure on the part of any Party hereto to exercise any right, power or privilege hereunder shall operate as a waiver thereof.
- g. **Force Majeure.** Neither Party will be liable to the other Party for any delay, error, failure in performance or interruption of performance resulting from causes beyond its reasonable

control, including without limitation fires, flood, accidents, explosions, sabotage, strikes or other labor disturbances, civil commotion, riots, invasions, wars, acts of God, acts of government, terrorism, delayed governmental process, international tariffs, inability to timely obtain a permit, inability to timely receive interconnection approval or response from Utility, inability to obtain sufficient qualified labor, or any cause (whether similar or dissimilar to the foregoing) beyond the reasonable control of the Party.

- h. **Governing Law / Venue.** This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota without regard to its conflict-of-laws principles. Any lawsuit brought in connection with this Agreement shall be brought only in a court of general jurisdiction in St Louis County, Minnesota.
- i. **Severability.** The provisions of this Agreement are severable. If any part of this Agreement is rendered void, invalid or unenforceable, such rendering shall not affect the validity and enforceability of the remainder of this Agreement.
- j. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party shall assign this Agreement, nor any portion thereof, without the prior written consent of the other Party. Any attempted assignment or transfer without prior written consent of the other Party shall be of no force or effect. As to any permitted assignment: (i) reasonable prior notice of any such assignment shall be given to the other Party; and (ii) any assignee shall expressly assume the assignor's obligations hereunder, unless otherwise agreed to by the other Party in writing.
- k. **UCC Terms.** All terms in this Agreement that are not otherwise defined herein and are defined in the Minnesota Uniform Commercial Code, as amended from time to time (the "UCC"), shall have the meanings set forth in the UCC, and such meanings will automatically change when any amendment to the UCC changing such meanings becomes effective.

- I. **Line of Credit.** Customer agrees that this Agreement is not a revolving line of credit and that Seller has no obligation to make more than the single advance described in Section 1.

Seller:
IDEAL ENERGIES, LLC

By: _____
Chris Psihos, its President

Dated: _____

Customer:
**Independent School District No. 698 -
Floodwood School District**

By: _____
Name: Susan Hoeft, its Superintendent

Dated: _____

SAMPLE COPY