

LOAN AGREEMENT

Dated as of June 1, 2016

between

COUNTY OF SWIFT, MINNESOTA

and

FEDERATED TELEPHONE COOPERATIVE

COUNTY OF SWIFT, MINNESOTA

**\$ _____ TAXABLE GENERAL OBLIGATION ABATEMENT BONDS,
SERIES 2016A (FEDERATED BROADBAND PROJECT)**

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made as of the 1st day of June, 2016, between the COUNTY OF SWIFT, MINNESOTA, a body corporate and politic under the laws of the State of Minnesota (the "Issuer"), and FEDERATED TELEPHONE COOPERATIVE, a Minnesota cooperative association organized under the laws of Minnesota (the "Borrower"),

WITNESSETH:

WHEREAS, Minnesota Statutes, Chapter 475 and Sections 469.1812 through 469.1815, as amended (collectively, the "Act"), authorize and empower municipalities of the State of Minnesota to issue and sell abatement bonds and use the proceeds thereof to (1) pay for public improvements that benefit the property, (2) to acquire and convey land or other property, as provided under this section, (3) to reimburse the property owner for the cost of improvements made to the property, or (4) to pay the costs of issuance of the bonds; and

WHEREAS, the Borrower has proposed that it finance the acquisition, construction and installation of a "fiber-to-the-user" broadband communications network and related facilities (as more fully described herein, the "Project Facilities") within the jurisdiction of the Issuer; and

WHEREAS, the Borrower has requested that the Issuer issue its general obligation abatement bonds under the provisions of the Act to provide a portion of the financing for the Project Facilities, as further provided herein and in the Issuer's Bond Resolution adopted May 3, 2016 (the "Bond Resolution"), and to partially defray the costs of issuance of the bonds; and

WHEREAS, the Board of Commissioners of the Issuer (the "County Board") has approved the issuance of its \$_____ Taxable General Obligation Abatement Bonds, Series 2016A (Federated Broadband Project) (the "Bonds") pursuant to the Bond Resolution to provide the funds to be loaned to the Borrower hereunder; and

WHEREAS, the Issuer has authorized making a loan to the Borrower hereunder to provide financing with respect to the Project Facilities, as described above; and

WHEREAS, the Borrower proposes to execute and deliver, for the security of the Bonds the Collateral Account Security Agreement and Account Control Agreement both of even date herewith in favor of the Issuer, providing a security interest in certain cash deposits, as described herein; and

WHEREAS, pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"), the Issuer is authorized to grant business subsidies to facilitate development within its jurisdiction and the State of Minnesota (the "State"); and

WHEREAS, the Issuer has adopted criteria for awarding business subsidies that comply with the Business Subsidy Act, after a public hearing for which notice was duly published; and

WHEREAS, the County Board has approved this Agreement as a subsidy agreement under the Business Subsidy Act.

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 terms defined in this Article I and any other capitalized terms defined in the recitals and succeeding Articles of this Loan Agreement shall, for all purposes of this Loan Agreement and of any agreement 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:

“Account Control Agreement” means the Account Control Agreement from the Borrower to the Issuer, of even date herewith, and all amendments and supplements thereto.

“Additional Parity Indebtedness” means additional Long Term Debt of the Borrower incurred on a parity with or prior to the Loan as to payment and security.

“Affiliate” means a person who is directly controlling or controlled by or under direct or common control with the Borrower; “control” means the power to direct management and policies, directly or indirectly, whether through ownership, by contract, or otherwise.

“Annual Budget” means the annual budget for the telecommunications enterprise of the Issuer, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 5.12.

“Authorized Borrower Representative” means the General Manager or any person at the time designated to act on behalf of the Borrower by written certificate furnished to the Issuer, containing the specimen signature of such person and signed by the President, or any Vice President, or the Secretary, or the Assistant Secretary or the Treasurer of the Borrower. Such Certificate may designate an alternate or alternates.

“Benefit Date” means the Completion Date.

“Bond Counsel” means Briggs and Morgan, Professional Association or any other Independent nationally recognized bond counsel.

“Bond Documents” means the Bond Resolution, the Collateral Account Security Agreement, the Account Control Agreement and this Loan Agreement.

“Bond Fund” means the fund so established pursuant to the Bond Resolution.

“Bonds” means the Issuer’s \$_____ Taxable General Obligation Abatement Bonds, Series 2016A (Federated Broadband Project).

“Borrower” means Federated Telephone Cooperative, a Minnesota cooperative association, its successors and assigns.

“Broadband Consultant” means a consultant having a nationwide and favorable reputation for skill and experience in the operation of telecommunications systems.

“Broadband Grant” means the Minnesota Broadband Grant in the amount of \$4,950,000 from the Minnesota Department of Employment and Economic Development (“DEED”) pursuant to the Grant Agreement.

“Broadband Services” means telecommunication services, including internet access, cable television and telephone to be provided by the Borrower through the System.

“Business Subsidy Act” means Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

“Certificate” means a certification in writing required or permitted by the provisions of the Loan Agreement signed and delivered to the Issuer or other proper person or persons.

“Collateral Account Security Agreement” means the Collateral Account Security Agreement from the Borrower to the Issuer, of even date herewith, and all amendments and supplements thereto.

“Completion Date” means the date of completion of a Project or any portion thereof, established as provided in Section 3.05.

“Construction Agent” means an officer of the Borrower or other entity appointed by the Borrower to manage construction of the Project or a future expansion.

“Consulting Engineer” means the engineer or engineering firm or corporation, having a nationwide and favorable reputation for skill and experience in such work, at the time retained by the Borrower pursuant to Section 5.14 to perform the acts and carry out the duties provided for such Consulting Engineer in this Loan Agreement.

“County Board” means the County Board of Commissioners of the Issuer, the governing body of the Issuer.

“Debt Coverage Ratio” means Net Revenues Available for Debt Service of the Borrower for a Fiscal Year divided by the Principal and Interest Requirements for such Fiscal Year; provided that, with respect to any facilities or improvements subsequently constructed by the Borrower, said facilities and improvements, and any corresponding Long Term Debt incurred to finance said facilities and improvements, shall be disregarded in making the calculation of Debt Coverage Ratio until the Fiscal Year commencing three years after the date such facilities or improvements are placed into operation.

“Default” means default by the Borrower in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Loan Agreement, exclusive of any notice or period of grace required for a default to constitute an “Event of Default” as described in Section 7.01 of this Loan Agreement.

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

“Fiscal Year” means the period commencing on the first day of January of any year and ending on the last day of December of such year or any other 12 month period specified in a Borrower’s Certificate as its fiscal year.

“Franchise Agreement” means any and all franchise agreements authorizing the Borrower to operate the Project Facilities in the County.

“Grant Agreement” means the Grant Contract, between the Borrower and DEED in connection with the Broadband Grant.

“Gross Revenues” means for any period of calculation, the aggregate, calculated in accordance with generally accepted accounting principles, of all operating and non-operating revenues of the Borrower, including, but without limiting the generality of the foregoing, (a) user fees and subscriptions, (b) other operating revenues, (c) contributions (other than contributions which are restricted in such a manner to prohibit use to pay Principal and Interest Requirements or Operating Expenses), (d) unrestricted investment income, and (e) net proceeds from business interruption insurance; provided, that any calculation of the Gross Revenues shall not take into account any unrealized gains or losses on investments or any extraordinary or non-recurring items, in accordance with generally accepted accounting principles (including without limitation any gain or loss resulting from either the extinguishment of indebtedness or the sale, exchange or other disposition of assets not made in the ordinary course of business).

“Indebtedness” shall mean (i) all indebtedness, whether or not represented by bonds, debentures, notes or other securities, for the repayment of money borrowed, (ii) all indebtedness for the payment of the purchase price of property or assets purchased, (iii) all guaranties, endorsements, assumptions and other contingent obligations with respect to, or to purchase or to otherwise acquire, indebtedness of others, (iv) all indebtedness secured by any mortgage, pledge or lien existing on property owned, subject to such mortgage, pledge or lien, whether or not indebtedness secured thereby shall have been assumed, and (v) installment purchase contracts, loans secured by purchase money security interests, lease-purchase agreements or capital leases (including leases of real property), entered into by the Borrower in connection with the acquisition of property not previously owned by the Borrower and computed in accordance with generally accepted accounting principles; provided, however, that “Indebtedness” does not include: (a) debt up to the amount of the aggregate cash equivalents and marketable securities (valued at market) held in the funds of the Borrower which have been irrevocably pledged and designated by the Borrower (consistent with the restriction attendant to such funds) to satisfy a specified debt of the Borrower, (b) unsecured borrowings from any Affiliate of the Borrower that is subordinate to all other Indebtedness, or (c) trade accounts payable and accrued expenses incurred in the normal course of business. For purposes of this definition no single evidence of indebtedness shall be counted more than once even though more than one of the clauses (i) - (v) above may apply.

“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 his or her 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 an officer, director or employee.

“Independent Accountant” means an Independent certified public accountant or firm of certified public accountants, licensed and qualified to practice as such under the laws of Minnesota.

“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 Minnesota.

“Issuance Expenses” means expenses of issuing the Bonds (including underwriter’s discount).

“Issuer” means the County of Swift, Minnesota, its successors and assigns.

“Land” means the land and interests in land constituting the site of the Project Buildings.
“Loan” means the loan made under this Loan Agreement from the Issuer to the Borrower.

“Long Term Debt” means all obligations for the payment of money incurred or assumed by the Borrower which appear as liabilities on its balance sheet as determined in accordance with generally accepted accounting principles consistently applied, having a final maturity of more than one year from the date of its creation or which is renewable or extendible at the option of the Borrower for a period or periods more than one year from the date of its creation, but excluding any portion of it which is properly included in current liabilities.

“Net Revenues Available for Debt Service” means the Gross Revenues for a specified period, less the total Operating Expenses of the Borrower of the same specified period (excluding extraordinary losses and expenses or non-recurring items), as determined in accordance with generally accepted accounting principles, to which shall be added the amount of all depreciation, amortization and interest expense, all for the same specified period.

“Operating Expenses” means for any period of calculation, the aggregate, calculated in accordance with generally accepted accounting principles, of all operating expenses of the Borrower.

“Person” means any person, individual, trust, foundation, incorporation, incorporated or unincorporated entity, partnership, joint venture, governmental unit or association.

“Principal and Interest Requirements” means for any Fiscal Year the sum of the principal and interest requirements on Outstanding Bonds and the principal and interest requirements on all other Long Term Debt (except for the principal portion of indebtedness with an original term not in excess of 12 months, including renewals) of the Borrower during such Fiscal Year.

“Project” means the Project described in Section 1.03 hereof.

“Project Building” or “Project Buildings” means all buildings 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.

“Project Costs” means those costs of the Project permitted under the Act to be financed from the proceeds of the Bonds.

“Project Equipment” means all those items of furnishings, furniture, equipment, and other tangible personal property located in any Project Buildings or otherwise on the Land to the extent financed by the Bonds and all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs and proceeds to and of any and all such property, excluding any items released or disposed of in accordance with this Loan Agreement.

“Project Facilities” means all properties and assets, real and personal and tangible and intangible, of the Borrower now or hereafter existing, used for or pertaining to the “fiber-to-the-user” broadband communications network owned or operated by the Borrower to provide video, voice and data services to customers in the Service Area. Without limiting the generality of the foregoing, the term “Project Facilities” shall include: (i) the Land, the Project Buildings and the Project Equipment (ii) the properties, rights and assets for the Project owned or leased by the Borrower, or acquired or constructed by the Borrower and used for purposes of the System; and (iii) all renewals, replacements, modifications, additions and betterments hereafter made to any of the assets, rights or properties referred to in clause (ii) in this definition; provided that, where the Borrower is a co-owner with another person of an asset, right or property, only the Borrower’s ownership share of such asset, right or property, or of any renewals, replacements, modifications, additions and betterments of the asset, right or property, so co-owned shall be included in the Facilities hereunder.

“Project Fund” means the fund so established pursuant to the Bond Resolution.

“Reserve Deposit” means \$600,000 of Borrower funds deposited in the Bond Fund in accordance with Section 4.01 of this Loan Agreement.

“Senior Indebtedness” means one or more loans from Rural Utility Service in the amount outstanding as of the date hereof to the Borrower and secured by the Senior Mortgage.

“Senior Mortgage” means any mortgage executed to secure the Senior Indebtedness.

“Service Area” the geographic service area of the System as further described in Exhibit A.

“System” means the “fiber-to-the-user” broadband communications network and related facilities, including without limitation the Project Facilities, to be owned and operated by the Borrower to provide Broadband Services for education and other government services, as well as to every institution, business, and residence that subscribes to receive Broadband Services in the Service Area.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of war, terrorism, strikes, other labor

troubles, fire or other casualty to the Project Facilities, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Issuer in exercising its rights under this Loan Agreement) which directly result in delays. Unavoidable Delays shall not include delays in the Borrower's obtaining of permits or governmental approvals necessary to enable construction of the Project Facilities by the dates such construction is required under Section 3.01 of this Loan Agreement, unless (a) the Borrower has timely filed any application and materials required by the applicable governmental unit for such permit or approvals, and (b) the delay is beyond the reasonable control of the Borrower.

Section 1.02 Characteristics of Certificate or Opinion. Every certificate or opinion with respect to compliance with a condition or covenant provided for in the this Loan Agreement, shall include: (i) a statement that the person or persons making such certificate or opinion 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 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.

Any such 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 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 Opinion of Counsel may be based (insofar as it relates to factual matters with respect to which is 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 his 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 Description of Project. The proceeds of the Series 2016A Bonds will be applied (i) to finance a portion of the cost of the acquisition, construction and installation of broadband infrastructure to provide access to broadband service to approximately 1,100 unserved premises in the communities of DeGraff, Swift Falls, and Appleton, and the rural parts of Swift County as outlined in the Federated Telephone Cooperative's Broadband Grant Application (Exhibit B to the Grant Agreement) at or above the state speed goals (at least 10-20 Mbps download; at least 5-10 Mbps upload) at retail prices stated in the grant application (Exhibit B to the Grant Agreement), with capability to scale to speeds of at least 100 megabits per second download and 100 megabits per second upload (construction of broadband infrastructure may include any of the following: project planning; obtaining construction permits; construction of facilities, including construction of both "middle mile" and "last mile" infrastructure; equipment (including fiber); and installation and testing of the broadband service and related facilities); and (ii) to pay certain Issuance Expenses and other costs related to the issuance of the bonds (collectively, the "Project").

Section 1.04 Additional Provisions as to Interpretation. 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.

Whenever in this Loan Agreement it is provided or permitted that there be deposited with the Issuer 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 Issuer proof that notice of such redemption on a specified redemption date has been duly given or provision 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.

Any terms defined in the Bond Resolution, Collateral Account Security Agreement or the Account Control Agreement but not defined herein shall have the same meaning herein unless the context hereof clearly requires otherwise.

This Loan Agreement is governed by and shall be construed in accordance with the laws of Minnesota.

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 Minnesota body corporate and politic.
- (b) The execution and delivery of this Loan Agreement and the Assignment, the performance of all covenants and agreements of the Issuer contained in this Loan Agreement and the Assignment, and the Loan hereunder are fully authorized and have been duly and validly authorized by resolutions of the Board, duly adopted at a meeting of the Board duly called and held, by the requisite vote of its members.
- (c) The Issuer has agreed to issue the Series 2016A Bonds as provided in the Act and Bond Resolution and the Issuer has agreed to lend the proceeds thereof to the Borrower to finance the Project as provided in this Loan Agreement. The Issuer will initially issue the Series 2016A Bonds in the aggregate principal amount of \$_____, and the Series 2016A Bonds shall be in the forms and shall be subject to the terms and provisions set forth in the Bond Resolution.
- (d) There is no litigation pending or, to the best of its knowledge, threatened against the Issuer relating to the Project, the Bonds, this Loan Agreement or the Bond Resolution or questioning the powers or authority of the Issuer under the Act, or questioning the corporate

existence or boundaries of the Issuer or the title of any of the present officers of the Issuer to their respective offices.

(e) The execution, delivery and performance of this Loan Agreement does not violate any agreement or any court order or judgment in any litigation to which the Issuer is a party or by which it is bound.

(f) No board member of the Issuer and no other elected or appointed official who is authorized to take part in the making of this Loan Agreement or the issuance of the Bonds, is directly or indirectly interested in this Loan Agreement, the Bonds, the Project, the Project Facilities, or any contract, agreement or job hereby contemplated to be entered into or undertaken for completion of the Project.

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

(a) The Borrower is a cooperative association duly organized, in good standing and existing under the laws of the State of Minnesota, and the Borrower has full power and authority to undertake its actions and responsibilities as contemplated by this Loan Agreement.

(b) The Borrower reasonably expects that it will own and operate the Project Facilities and any other facilities financed as part of the Project 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, acts of God or public enemy or other circumstances beyond the control of the Borrower.

(c) The execution and delivery of this Loan Agreement, and the other Bond Documents to which it is a party and the consummation of the transactions herein and therein contemplated will not conflict with or constitute a breach of or default under 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 of Minnesota or Issuer or political subdivision 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.

(d) The proceeds of the Bonds and Borrower equity to be contributed to the Project, together with all other funds, including without limitation the Broadband Grant, to be loaned or contributed to the Project and the acquisition, construction and equipping of the Project Facilities by the Borrower in accordance with this Loan Agreement, will be sufficient to pay all costs to be incurred to complete with the Project and the acquisition, construction and equipping of the Project Facilities in accordance with the plans and specifications approved by the Issuer.

(e) There is no litigation pending, or to the best of its knowledge threatened, against the Borrower affecting its ability to carry out the terms of the Bond Documents.

(f) The Official Statement relating to the issue and sale of the Series 2016A Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact which is necessary in order to make the statements contained therein not misleading.

(g) To the best of the Borrower's knowledge and belief, no commissioner or other officer or employee of the Issuer is directly or indirectly interested in this Loan Agreement, the Bonds, the Project or any contract, agreement or job hereby contemplated to be entered into or undertaken.

(h) Proceeds of the Series 2016A Bonds shall be expended within 3 years of the date hereof for capital expenditures to be incurred in the acquisition and construction of the Project.

(i) Proceeds of the Series 2016A Bonds shall be applied to the payment of Project Costs.

ARTICLE III

ISSUANCE OF THE SERIES 2016A BONDS; COMPLETION OF PROJECT

Section 3.01 Agreement to Acquire and Construct the Project. The Borrower agrees that it will proceed with all reasonable dispatch to acquire, install and construct the Project Facilities substantially in accordance with the plans and specifications which have been approved by the Issuer. Such acquisition, construction and installation shall be substantially completed on or before June 1, 2018; provided, however, that if the progress of acquisition, construction and installation is delayed at any time by Unavoidable Delays, then the Completion Date shall be extended for such reasonable time as the Consulting Engineer may determine. If the Borrower desires to make any material change in the construction plans for the Project Facilities or any component thereof, the Borrower shall submit the proposed change to the Issuer for its approval. No changes shall be made which would delete from the Project any essential characteristics of the Project as specified in Section 1.03 nor which would materially and adversely affect the total operating unity and efficiency or capacity of the Project Facilities, and after such changes, the Project Facilities shall continue to constitute a System to provide Broadband Services to customers within the boundaries of the Issuer. If the construction plans, as modified by the proposed change, conform to the requirements of this Loan Agreement, the Issuer shall approve the proposed change and notify the Borrower in writing of its approval. Such change in the construction plans shall, in any event, be deemed approved by the Issuer unless rejected, in whole or in part, by written notice by the Issuer to the Borrower, setting forth in detail the reasons therefor. Such rejection shall be made as soon as reasonably practicable but in any event within 30 days after receipt of the notice of such change. The Issuer's approval of any such change in the construction plans will not be unreasonably withheld. Nothing in this paragraph will relieve the Borrower of the obligation to comply with any ordinances or procedures of any jurisdiction in which the Project Facilities are located regarding changes in construction plans.

Section 3.02 Agreement to Issue Series 2016A Bonds; Application of Series 2016A Bond Proceeds and Other Funds. In order to provide funds to loan to the Borrower for payment of the Project Costs, and the Issuer has, or will have, upon or promptly after the execution of this Loan Agreement, issued and delivered the Series 2016A Bonds to the Original Purchaser and, has or will have deposited the net proceeds of the Series 2016A Bonds in the amount of \$_____ (\$_____ par, plus \$_____ original issue premium, less \$_____ underwriter's discount, less \$_____ capitalized interest deposited to the Bond Fund) in the Project Fund.

Section 3.03 Advance from the Project Fund. The Issuer has authorized utilizing Bond proceeds in the amount of up to \$67,000 to pay certain Issuance Expenses for costs related to municipal advisor fees, bond counsel fees, rating agency fees, and the County Auditor's Certificate. In addition, the Issuer has, in the Bond Resolution, authorized the use of the moneys in the Project Fund to fund a loan to the Borrower to pay or reimburse the Borrower for the Project Costs by advancing the net proceeds of the Bonds to the Borrower upon satisfaction of the conditions set forth in this Section 3.03. If, as of any date on which principal of or interest on the Series 2016A Bonds is due, the Borrower has not met the conditions for disbursement set forth in this Section 3.03 and has not made the payments required pursuant to Article IV, the Issuer may transfer such amounts from the Project Fund to the Bond Fund.

The obligation of the Issuer to make the loan and advance the funds from the Project Fund to the Borrower shall be subject to the conditions precedent that (i) the Borrower shall be in compliance with the terms and conditions of this Loan Agreement, and (ii) the Issuer shall have received on or before the date of such advance of the net proceeds of the Bonds hereunder the following:

(a) Executed counterparts of this Loan Agreement, the Collateral Account Security Agreement and Account Control Agreement, and UCC-1 financing statements delivered by the Borrower, as debtor and describing as collateral the property described under the Collateral Account Security Agreement and Account Control Agreement and evidence that the required amount of cash and investments has been deposited in the identified account as required by the Collateral Account Security Agreement.

(b) Evidence of the Borrower (i) having received the executed Broadband Grant Agreement from the State of Minnesota through its Department of Employment and Economic Development and (ii) having sufficient equity available for, and committed to pay, any costs of the Project in excess of the amount of the net proceeds of the Series 2016A Bonds and the Broadband Grant, based on a certification of the Borrower as to the total development cost of the Project.

(c) Such further certifications, documents and, Opinions of Counsel as the Issuer or Bond Counsel may require;

(d) A copy of the plans and specifications for the Project in detail sufficient to enable the Borrower to authorize commencement of construction of the Project, certified by the Borrower;

(e) Copies of the contracts for the purchase, burial and installation of the fiber and conduit, for the purchase and installation of necessary electronics, for the acquisition of easements and right of way and other contracts as may be reasonably requested from time to time by the Issuer;

Notwithstanding the foregoing, in consideration of the payment of Issuance Expenses of the type described above in the amount of up to \$67,000 from Bond proceeds, the Issuer shall disburse an amount equivalent to the Borrower only upon the latest to occur of (i) the Completion Date, (ii) the date the Borrower provides the Issuer evidence that it has satisfied the

Goals set forth in Section 3.09, and (iii) satisfaction of the conditions set forth in Sections 4 and 5 of the Grant Agreement and Section 2 of Exhibit A thereto. If such conditions are not met within 5 years of the date hereof, such amount shall be retained by the Issuer.

Section 3.04 Obligation of the Borrower to Cooperate in Furnishing Documents to Issuer. The Borrower agrees to cooperate in furnishing to the Issuer the documents referred to in Section 3.03 hereof and any other provision of this Loan Agreement requiring additional documentation.

Section 3.05 Completion Date. The Completion Date for the Project shall be the date on which the Borrower delivers to, and the Issuer acknowledges receipt of, all the following items:

- (a) A Certificate signed by the Authorized Borrower Representative stating the Project has been completed, all Project Costs have been paid or are then due and payable.
- (b) A Certificate of an the Consulting Engineer stating that, in his or her opinion, the Project has been completed substantially in accordance with the plans and specifications then in effect.
- (c) A certificate of occupancy, if any, required by the applicable jurisdictions.

Section 3.06 Borrower Required to Pay Project Costs in Event Bond Proceeds Insufficient. In the event, after the Bonds have been issued, that the Bond proceeds advanced from the Project Fund for payment of Project Costs with respect to the Project should not be sufficient, together with proceeds of the Broadband Grant, to pay such costs in full, the Borrower agrees, for the benefit of the Issuer, to pay the remaining Project Costs. The Issuer does not make any warranty, either express or implied, that the Bond proceeds advanced from the Project Fund and which under the provisions of this Loan Agreement will be available for payment of the costs of the Project, will be sufficient to pay all Project Costs which will be incurred. The Borrower agrees that if after exhaustion of the proceeds of the Bonds and the Broadband Grant, the Borrower should pay any portion of the Project Costs, it shall not be entitled to any reimbursement therefor from the Issuer, nor shall it be entitled to any diminution in or postponement of payments to be made under Section 4.02 or 4.03 hereof. Specifically, (i) the Borrower and the Issuer acknowledge and agree that the Loan finances only a portion of the costs of the acquisition, construction, and equipping of the Project Facilities; and (ii) the Borrower has represented that the amounts to be deposited in the Project Fund, together with all other funds, including without limitation the Broadband Grant, to be loaned or contributed to the Project and the acquisition, construction and equipping of the Project Facilities, will be sufficient to pay all costs to be incurred to complete the acquisition, construction, and equipping of the Project Facilities in accordance with the plans and specifications approved by the Issuer; and (iii) the Borrower shall complete the acquisition, construction, and equipping of the Project Facilities in accordance with the plans and specifications approved by the Issuer notwithstanding any insufficiency in the funds currently secured for the payment of such costs.

Section 3.07 [Reserved.]

Section 3.08 Title to the Project. The Issuer acknowledges and agrees that as between the Issuer and the Borrower, the Borrower or an Affiliate will hold title to or an interest in the

Project Facilities, of the Land, the Project Buildings, the Project Equipment and the Project and the Borrower or an Affiliate shall be entitled to sole and exclusive possession thereof and neither the Issuer nor any Holder of the Bonds shall be entitled to or have a security interest in the Land, the Project Buildings, Project Equipment, the Project, or other Project Facilities or in the Borrower's or any Affiliate's title thereto or interest therein.

Section 3.09 Business Subsidies Act.

(a) In order to satisfy the provisions of the Business Subsidies Act, the Borrower acknowledges and agrees that the amount of the "Business Subsidy" granted to the Borrower under this Loan Agreement is the amount of the Loan and the Bonds, and that the Business Subsidy is needed because the acquisition of the Project is not sufficiently feasible for the Borrower to undertake without the Business Subsidy. The public purpose of the Business Subsidy is to develop the System and provide the Project Facilities and the Broadband Services in the Service Area for the reasons and public purposes set forth in the Abatement Resolution of the Issuer. The Borrower represents that it currently has 24 full-time equivalent permanent employees in the State. The Borrower agrees that it will meet the following goals (the "Goals"): It will create 0 new full-time equivalent positions ("New Job") within two years of the Benefit Date, which period may be extended as authorized by law, and shall retain the 24 existing jobs ("Existing Jobs").

(b) If the Goals are not met, the Borrower agrees to repay the Loan as provided herein; provided that the interest payable hereunder shall be increased to an amount which would have accrued from and after the Benefit Date at a rate per annum equal to the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2, if such rate is greater than the interest otherwise payable hereunder ("Interest"). If the Goals are met in part, the Borrower will pay the increased Interest amount with respect to a portion of the Loan determined by multiplying the Loan amount by a fraction, the numerator of which is the number of Existing Jobs in the Goals which were not retained and the denominator of which is 24 (i.e. number of Existing Jobs set forth in the Goals).

(c) The Borrower agrees to (i) report its progress on achieving the Goals to the Issuer until the later of the date the Goals are met or two years from the Benefit Date, or, if the Goals are not met, until the date the Business Subsidy is repaid, (ii) include in the report the information required in Minnesota Statutes, Section 116J.994, Subdivision 7 on forms developed by the Minnesota Department of Employment and Economic Development ("DEED"), and (iii) send completed reports to the Issuer. The Borrower agrees to file these reports no later than March 1 of each year commencing March 1, 2017, and within 30 days after the deadline for meeting the Goals. The Issuer agrees that if it does not receive the reports, it will mail the Borrower a warning within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Borrower agrees to pay to the Issuer a penalty of \$100 for each subsequent day until the report is filed, up to a maximum of \$1,000.

(d) The Borrower agrees to continue operations of the Project Facilities in the Service Area for at least 5 years after the Benefit Date.

(e) The Borrower will receive financial assistance in connection with the Project Facilities from the Issuer pursuant to this Loan Agreement and from DEED pursuant to the Broadband Grant.

ARTICLE IV

LOAN PAYMENTS AND DEPOSITS

Section 4.01 The Loan Reserve Deposit. The Issuer agrees, upon the terms and conditions in this Loan Agreement and the Bond Resolution, to lend to the Borrower the gross proceeds of issuance of the Series 2016A Bonds (\$_____) and further agrees to deposit the net proceeds of sale thereof into the Bond Fund and the Project Fund established under the Bond Resolution (the "Loan"). On or before August 31, 2016, Borrower shall deliver \$600,000 to the Issuer for deposit in the Bond Fund as the Reserve Deposit. Such proceeds and deposits shall thereafter be invested and advanced by the Issuer in accordance with the provisions of this Loan Agreement.

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

(a) on or before January 2, 2017, and on or before each January 2 and July 2 thereafter to and including January 2, 2037, an amount equal to the total amount of interest payable on the Bonds on the next succeeding Interest Payment Date as set forth in Exhibit B attached hereto after subtracting a sum equal to accrued interest (except interest accruing on the Reserve Deposit) and any capitalized interest originally deposited to the credit of the Bond Fund, but not exceeding the amount remaining in the Bond Fund from the deposit of any accrued interest and any capitalized interest originally deposited therein;

(b) on or before January 2, 2018, and on or before each January 2 thereafter to and including January 2, 2037, an amount which, together with other moneys then on deposit in the Bond Fund and available for payment of principal on the Bonds, shall be equal to the total amount of principal due and payable on the Bonds on the next succeeding Principal Payment Date as set forth in Exhibit B attached hereto as a result of maturity or sinking fund redemption; and

(c) forthwith, the amount of the deficiency in the event the funds on deposit in the Bond Fund (excluding the Reserve Deposit) on any semiannual Interest 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); and

(d) such amount, if any, as may be necessary and sufficient to provide for the redemption of Bonds called for redemption in accordance with the terms thereof.

Each payment by the Borrower under this Section shall be made directly to the Issuer for deposit as provided in the Bond Resolution. The Borrower shall furnish to the Issuer, if the Issuer so requests, advice of the transmittal of such payments at the time of transmittal of payment.

Section 4.03 Additional Payments. The Borrower also agrees to pay to the Issuer the annual paying agent's fee for the Bonds (currently \$495 per year) and all reasonable fees and expenses of the Issuer incurred in connection with the payment, redemption and exchange of Bonds, meetings of the Board in connection with administering this Loan or otherwise in connection with the transactions contemplated by this Loan Agreement.

Section 4.04 No Set Off; Borrower's Obligations Unconditional. The obligation of the Borrower to make the payments required hereby shall be absolute and unconditional. Until such time as the principal of, premium, if any, and interest on the Bonds and all other amounts due hereunder shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Bond Resolution, 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, any Holder of a Bond 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, any Holder of a Bond 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; any change in the tax or other laws of the United States of America or of the State of Minnesota or any political subdivision of either; or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation, arising out of or connected with this Loan Agreement, Bond Resolution, the Collateral Account Security Agreement or the Account Control Agreement.

The Borrower hereby 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 Collateral Account Security Agreement and Account Control Agreement except in accordance with the express terms hereof.

Section 4.05 Interest on Loan Repayments and Other Overdue Payments. In the event the Borrower shall fail to make Loan Repayments required by Section 4.02 hereof, 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 4.03 hereof or if advances are made

pursuant to Section 7.05 hereof, 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 4.06 Options to Prepay Loan. The Series 2016A Bonds will be subject to prior redemption at the direction of the Borrower, and the Borrower shall have and is hereby granted, the option to prepay the Loan and request that the Series 2016A Bonds be redeemed on such dates and at such redemption prices as are set forth in the Bond Resolution. The Loan shall be subject to prepayment at any time in connection with a defeasance of Bonds pursuant to the Bond Resolution.

The option of the Borrower to prepay the Loan specifically includes the option to do so, as further provided in the Bond Resolution, on any date for which adequate notice can be provided, in whole but not in part, and without prepayment penalty, if:

(a) the Project Facilities shall be damaged or destroyed or taken in condemnation proceedings and the Borrower shall determine not to rebuild, repair, restore or replace the Project Facilities pursuant to this Loan Agreement, all as further provided in Sections 5.10 and 5.11 hereof; or

(b) as a result of any changes in the Constitution of the State of Minnesota 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.

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 Issuer. Such notice shall request the redemption pursuant to the Bond Resolution 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 the Bond Resolution. On or before the date specified for the redemption of the Bonds, the Borrower shall pay the Issuer for deposit in the Bond Fund an amount which, together with other funds held by the Issuer 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 Issuer on the redemption date.

The Issuer, at the request at any time of the Borrower and if the Bonds are then callable, shall, to the extent such request is not prejudicial to the interests of the Issuer, forthwith cause the Issuer to take all steps that may be necessary under the applicable redemption provisions of the Bond Resolution 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 such redemption may be made under such applicable provisions, provided that the Borrower shall have made available funds in adequate amount therefor or shall have made arrangements satisfactory to the Issuer therefor.

The Borrower acknowledges and agrees that the Issuer shall have the option to refund the Bonds, in its sole discretion, to achieve debt service cost savings or for any other reason permitted by law.

Section 4.07 Application of Reserve Deposit. In the event the Borrower shall fail to make Loan Repayments required by Section 4.02 hereof, the Issuer may apply, first, any funds on deposit in accordance with the Collateral Account Security Agreement and, second, the Reserve Deposit to the payment of principal of, premium (if any), and interest on the Bonds when due. Any of the Reserve Deposit and interest accruing thereon remaining on deposit in the Bond Fund as of January 2, 2037 shall be applied to the final payment of principal of, premium (if any), and interest on the Bonds.

ARTICLE V

PROJECT FACILITIES

Section 5.01 Use of Project Facilities. 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 a facility for providing Broadband Services in the Service Area, as such Service Area may be expanded but not reduced. As further provided in Section 5.05, the Borrower may make changes in the Project Facilities at any time; provided that no changes will be made which would delete from the Project Facilities any essential characteristics of the Project Facilities as they currently exist nor which would materially and adversely affect the total operating unity and efficiency or capacity of the Project Facilities to provide Broadband Service within the boundaries of the Issuer.

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 of Minnesota, the Franchise Agreement or any ordinance of the Issuer, and agrees to comply with all the orders, rules, regulations and requirements of the officers or boards of the Issuer, the State or any other governmental authority having jurisdiction over the Project Facilities. The Borrower shall have the right to contest by appropriate legal proceedings, without cost or expense to the Issuer or the Issuer, the validity of any law, ordinance, order, rule, regulation or requirement of the nature herein referred to.

Section 5.02 Maintenance and Possession of Project Facilities by Borrower. The Borrower agrees that so long as the Bonds and any amount of the Loan are outstanding, the Borrower will 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 disposal of obsolete or worn Project Facilities in the ordinary course of the Borrower's operations), and if the Borrower sells or otherwise disposes of the Project Facilities, the entire amount of the Loan and outstanding Loan Repayments, shall be immediately due and payable.

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 unless the Issuer shall notify the Borrower that, in the opinion of Independent Counsel, by nonpayment of any such items the Project Facilities or any part thereof will be subject to loss or forfeiture, in which event the Borrower shall promptly pay and cause to be satisfied and discharged all such unpaid items.

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 Bond Resolution, the Collateral Account Security Agreement and Account Control Agreement or the interest of the Issuer 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 unless the Issuer shall notify the Borrower that, in the opinion of Independent Counsel, by nonpayment of any such items, the Project Facilities or any part thereof, or the revenue therefrom, will be subject to loss or forfeiture, in which event such taxes, assessments, license fees or charges shall be paid promptly.

Section 5.05 Alterations to Project Facilities. Subject to Section 6.09, the Borrower shall continue to 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 Facilities as it, in its discretion, may deem to be desirable for its uses and purposes, subject, however, to the following:

- (a) All alterations shall become a part of the Project Facilities;
- (b) The alterations shall not substantially impair the structural strength, utility or market value thereof 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 cost of such alterations exceeds \$1,000,000 in the aggregate, the Borrower shall have delivered to the Issuer a Certificate of the Authorized Borrower Representative to such effect; and
- (c) The alterations shall not significantly impair the revenue producing capacity of the Project Facilities,

In the event that the cost of such alterations exceeds \$1,000,000 in the aggregate, the Borrower shall have delivered to the Issuer (i) a Certificate of the Authorized Borrower Representative that such alterations meet the requirements of this Section and (ii) if requested by the Issuer, at Borrower's expense, furnish an opinion of an Consulting Engineer with regard to

structural strength, and an Independent Accountant with regard to utility, operating efficiency and revenue producing capacity, all as described in paragraphs (b) and (c).

All work in connection with any alterations shall be done promptly and in good workmanlike manner and in compliance with the building and zoning laws of the 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 at any time and from time to time, in its sole discretion and at its own expense, install items of movable machinery, equipment or other property in or upon the Project Facilities in addition to that acquired from the proceeds of the Bonds. All such items shall remain the sole property of the Borrower, in which the Issuer shall have no interest, and may be modified or removed by the Borrower at any time while such items are not needed for the continuance of the operation of the Project Facilities, provided that the Borrower shall repair and restore any and all damage to the Project Facilities resulting from the installation, modification or removal of any such items. Nothing in this Loan Agreement shall prevent the Borrower from purchasing items to be installed pursuant to this Section 5.06 under a conditional sale or lease-purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any other part of the Project Facilities.

Section 5.07 Removal of Project Equipment. If no Default exists, the Borrower shall have the right to remove Project Equipment from the Project Facilities, as follows:

(a) The Borrower shall have the privilege from time to time of substituting equipment and related property for any Project Equipment, provided that the effect of such substitution shall not be to materially impair the character or revenue producing significance of the Project Facilities.

(b) The Borrower shall also have the privilege of removing any Project Equipment without substitution therefor, provided that such removal shall not materially impair the character or revenue producing significance or value of the Project Facilities.

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 Issuer shall execute and deliver such releases or other documents (if any) requested by the Borrower in connection with any action taken by the Borrower pursuant to this Section. The removal from the Project Facilities of any portion of 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. Borrower shall have the right, at any time and from time to time, to sell or dispose of a portion of the Land from time to time, but only as follows:

(a) Land not containing any permanent structure necessary for the total operating unity and efficiency of any of the Project Facilities may be sold or otherwise disposed of to a third person, but only upon receipt by the Issuer of a Certificate of an Authorized Borrower Representative setting forth in substance as follows:

(A) The property to be disposed of is not needed for the operation of the Project Facilities and is not necessary for the total operating unity and efficiency of the Project Facilities,

(B) 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,

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

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

(b) The Borrower may at any time or times grant to themselves or others easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to the Land, or the Borrower may release existing easements, licenses, rights of way and other rights or privileges with or without consideration; provided, however, that prior to any such grant or release, there shall have been supplied to the Issuer 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) that 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. The Borrower shall maintain, or cause to be maintained, at its cost and expense, insurance as follows:

(a) 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) builder's risk during construction, fire and extended coverage in an amount not less than 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 unless the Borrower provides the Issuer a letter of an insurance consultant that a larger deductible amount is prudent and recommended. 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. 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 once every three years, by an insurance consultant or insurer, selected and paid for by the Borrower. Subject to the lien of any Senior Mortgage, all policies evidencing insurance required by this subparagraph (a) with respect to the Project Facilities shall be carried in the names of the Borrower and the Issuer as their respective interests may appear and shall contain standard

mortgage 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 Issuer. The Net Proceeds of such insurance required by this paragraph (a) 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 (a) with respect to the facilities of the Borrower other than Project Facilities shall be payable to the Borrower.

(b) 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 \$2,000,000, for public liability not arising from ownership or operation of automobiles (or other motor vehicles) and shall be endorsed to show the Issuer as an additional insured.

(c) Business interruption insurance covering actual losses in gross operating earnings of the Borrower resulting directly from necessary interruption of business caused by damage to or destruction resulting from: fire and lightning; accident to a fired-pressure vessel or machinery; and other perils, including windstorm and hail, explosion, civil commotion, aircraft and vehicles, sprinkler leakage, smoke, vandalism and malicious mischief, and accident, to real or personal property constituting part of the Project Facilities, less charges and expenses which do not necessarily continue during the interruption of business, for such length of time as may be required with the exercise of due diligence and dispatch to rebuild, repair or replace such properties as have been damaged or destroyed, with limits equal to at least the sum of 12 months' operating expenses of the Project Facilities, plus the maximum amount of principal of and interest payable on the Outstanding Bonds in the current or any future calendar year.

(d) Such other insurance, including workers' compensation insurance respecting all employees of the Borrower, in such amount as is 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.

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 Minnesota to assume the risks covered thereby. The Borrower will deposit annually with the Issuer a Certificate of Authorized Borrower Representative that states the insurance the Borrower carries for the Project Facilities complies with Article V and is in force and effect. Not less than 30 days prior to the expiration of any policy, the Borrower shall furnish the Issuer a Certificate of Authorized Borrower Representative that the policy has been renewed or replaced by another policy conforming to the provisions of this Section, or that there is no necessity therefor under the terms hereof. 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, in which event the Borrower shall deposit with the Issuer a Certificate of Authorized Borrower Representative that states the insurance the Borrower carries for the Project Facilities complies with Article V.

Section 5.10 Damage or Destruction. The Borrower agrees to notify the Issuer immediately 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 connection with any Additional Parity Indebtedness, 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 and any amounts in excess thereof shall be deposited with the Issuer, subject to the liens of any Senior Debt.

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 Issuer:

(a) 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 Issuer 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 Issuer shall be released from time to time by the Issuer to the Borrower upon the receipt of:

(i) 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

(ii) 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 may be applied to the prepayment of the Bonds or used for such other purpose as the Borrower determines.

(b) 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 on any date occurring at least 30 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 Bond Resolution. If the Net Proceeds of insurance, together with all amounts then held by the Issuer available to redeem or retire the Bonds, shall be insufficient to so redeem the Bonds (including expenses of redemption), the Borrower shall pay such deficiency to the Issuer as a Loan Repayment; and the Net Proceeds of insurance, together with such Loan Repayment and amounts held by the Issuer in the Bond Fund, shall be applied to such redemption of the Bonds at the earliest possible date. If the Bonds have been fully paid and all obligations of the Borrower hereunder have been paid or provided for, all Net Proceeds shall be paid to the Borrower.

Section 5.11 Condemnation. 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, subject to the liens of any Senior Debt, hereby irrevocably assigns to the Issuer all of 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.

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 Issuer.

(a) 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 Issuer from time to time upon receipt by the Issuer of:

(i) A Certificate of an Authorized Borrower Representative specifying the expenditures made or to be made or the indebtedness incurred 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

(ii) If such Net Proceeds equal or exceed \$1,000,000 in amount, the written approval of such Certificate by a Consulting 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 may be applied to the prepayment of the Bonds or in such other manner as the Project Facilities may be applied to the prepayment of the Bonds or used for such other purpose as the Borrower determines.

(b) Option B - Redemption of the Bonds. In the event that any material part of the Project Facilities is condemned, or such use or control thereof is taken by eminent domain, to such extent as to render the same unsatisfactory to the Borrower for continued operation, as

determined by the Borrower, 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 and the Net Proceeds shall be applied for that purpose. In such event, the Bonds shall be redeemed at par plus accrued interest on any date occurring at least 30 days after the date of the notice given as to exercise of this Option B, and redemption shall be effected pursuant to the provisions of, in the manner and with the effect provided in the Bond Resolution. If the Net Proceeds of condemnation, together with the amount then held by the Issuer in the Bond Fund available to redeem the Bonds shall be insufficient to redeem the Bonds (including principal, accrued interest, and expenses of redemption), the Borrower shall pay such deficiency to the Issuer as a Loan Repayment, and the Net Proceeds of condemnation, together with such Loan Repayment and amounts held by the Issuer in the Bond Fund may be applied to such redemption of the Bonds at the earliest possible date. If the Bonds have been duly paid and all other obligations of the Borrower hereunder have been paid or provided for, any remaining Net Proceeds shall be paid to the Borrower.

Section 5.12 Annual Budget; Capital Improvement Plan. Within ninety (90) days following a request by the Issuer, the Borrower shall prepare and file with the Issuer, an Annual Budget for the ensuing Fiscal Year, which shall set forth in reasonable detail the estimated Gross Revenues, and Operating Expenses, Principal and Interest Requirements, amounts required to be deposited in the Bond Fund in that Fiscal Year, and other expenditures of the Project Facilities for such Fiscal Year, and which shall include the estimated monthly amounts to be deposited during each month in such year in each Fund and Account established under the Bond Resolution.

Such Annual Budget also may set forth such additional material as the Borrower may determine. Following the end of each fiscal quarter and at such other times as the Borrower shall determine, the Borrower shall review its estimates set forth in the Annual Budget for such Fiscal Year, and in the event such estimates do not substantially correspond with actual Gross Revenues, Operating Expenses, Principal and Interest Requirements or other requirements, or if there are at any time during any such Fiscal Year extraordinary receipts or payments of unusual costs, the Borrower shall prepare an amended Annual Budget for the remainder of such Fiscal Year. The Borrower also may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year. Along with the Annual Budget the Borrower shall prepare and submit to the Issuer a capital improvement plan which describes the capital improvements and extraordinary maintenance expected to be performed with respect to the Project Facilities during each of the next Five Fiscal Years and the estimated costs thereof.

Section 5.13 Power to Fix and Collect Rates, Fees and Charges.

(a) The Borrower has, and will have as long as any Bonds or any amount of the Loan is outstanding, good right and lawful power to establish and collect rates, tolls, fees and charges with respect to the use and the sale of the services provided by the Project Facilities subject to the terms of contracts relating thereto and subject to the jurisdiction of any applicable regulatory authority; provided, however, that such rates and charges shall be in accordance with the Franchise Agreement and shall be in an amount sufficient to produce Net Revenues Available for Debt Service in an amount sufficient to pay all Principal and Interest Requirements, including without limitation all Loan Repayments as provided in this Loan Agreement.

(b) Rate Covenant. Commencing with the Fiscal Year ending December 31, [2019], the Borrower will prescribe and charge such rents, fees and other charges relating to its properties, including transfers from affiliated Borrower entities, and will restrict operating and maintenance expenses relating to its properties as is necessary to achieve a [120%] Debt Coverage Ratio.

On or before the 150th day after the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, [2019] (the “Report Date”) the Borrower will submit to the Issuer a report evidencing its compliance or noncompliance with the [120%] Debt Coverage Ratio, determined on the basis of the Borrower’s audited financial statements for such Fiscal Year.

(c) Remedies. If the Borrower fails to achieve either the [120%] Debt Coverage Ratio, then the Borrower shall employ as soon as practicable after the Report Date an Independent Broadband Consultant to submit a written report and recommendations with respect to the fees, rates and other charges relating to the Project Facilities and with respect to improvements or changes in the operation and management of the Project Facilities. A copy of such report shall be submitted to the Issuer as soon as practicable but in no event later than 90 days after the Report Date. The Borrower shall revise or cause to be revised such rents, fees, rates and other charges in conformity with any recommendations of the Independent Broadband Consultant and shall otherwise follow the recommendation of the Independent Broadband Consultant to the extent that such recommendations are otherwise permitted by law. If the Borrower complies with the foregoing provisions, as long as the Debt Coverage Ratio is at least 100%, failure to comply with the Debt Coverage Ratio requirement shall not constitute an Event of Default under the Loan Agreement. Notwithstanding any other provision of this Agreement, an Event of Default shall only be deemed to have occurred under this Loan Agreement if (i) the Debt Coverage Ratio falls below 100%, or (ii) the Borrower fails to comply with the recommendations of the Independent Broadband Consultant, to the extent that such recommendations are permitted by law.

(d) Definitions. For purposes of this covenant, Debt Coverage Ratio means Net Revenues Available for Debt Service of the Borrower for a Fiscal Year divided by the Principal and Interest Requirements for such Fiscal Year.

(e) A copy of the Independent Broadband Consultant’s report and recommendations, if any, shall be filed with the Issuer. The recommendations of the Independent Broadband Consultant shall be presented in writing to the Issuer and the Borrower and the Borrower agrees that it shall accept and follow the recommendations of the Independent Broadband Consultant, subject to applicable requirements or restrictions of law.

Section 5.14 Consulting Engineer. The Borrower shall from time to time whenever required by the provisions of this Loan Agreement, until the Bonds and the interest thereon and all Loan Repayments shall have been paid or provision for such payment shall have been made, for the purpose of performing and carrying out the duties imposed on the Consulting Engineer by this Loan Agreement, employ an Independent engineer or engineering firm or corporation having a nationwide and favorable repute for skill and experience in such work. In rendering any report, certificate or opinion required pursuant to this Loan Agreement, the Consulting Engineer may rely upon information, certificates, opinions or reports required to be provided by others pursuant

to this Loan Agreement, and upon other sources which the Consulting Engineer considers reliable, and other considerations and assumptions as deemed appropriate by the Consulting Engineer.

ARTICLE VI

SPECIAL COVENANTS

Section 6.01 No Warranty of Condition or Suitability; Indemnification. The Issuer makes no warranty, either express or implied, as to the design or capacity of the Project Facilities, as to the suitability for operation of the Project Facilities, or that they will be suitable for the Borrower's purposes or needs. The Borrower releases the Issuer from, agree that the Issuer shall not be liable for, and agree to hold the Issuer, its Board, and its officers, employees and agents, 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

The Borrower further agrees to indemnify and hold harmless the Issuer, its Board, and its officers, employees and agents, against any and all losses, claims, damages or liability to which the Issuer, its Board, and its officers, employees and agents, may become subject under any law in connection with the issuance and sale of the Bonds and the carrying out of the transactions contemplated by this Loan Agreement, and to reimburse the Issuer, its Board, and its officers, employees and agents, for any out of pocket legal and other expenses (including reasonable counsel fees) incurred by the Issuer, its Board, and its officers, employees and agents, in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions relating thereto. The Issuer agrees, 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. 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 Issuer:

(a) by no later than 150 days after the close of each Fiscal Year, during the term hereof, commencing with the Fiscal Year ending December 31, 2016, a copy of the annual financial statements of the Borrower, including a balance sheet and operating statements, audited by an Independent Accountant; and

(b) upon request, by no later than 45 days after the last day of each quarter of the Fiscal Year, commencing with the fiscal quarter ending June 30, 2016 quarterly, unaudited financial statements of the Borrower, all in reasonable detail and certified, subject to year-end adjustment, by the treasurer or another authorized financial officer of the Borrower.

Except to the extent that disclosure is required by state or federal law, any financial information of the Borrower provided to the Issuer pursuant to this Section 6.02 shall be treated by the Issuer as confidential information and shall not be made available to the public in any form without the prior express written consent of the Borrower.

Section 6.03 Annual Certificate; Reports. The Borrower agrees to furnish to the Issuer:

(a) by no later than 150 days after the close of each Fiscal Year, during the term hereof, commencing with the Fiscal Year ending December 31, 2016, a certificate of the Authorized Borrower Representative that there is no Default under this Loan Agreement, or, if there be any such Default or default by the Borrower, explaining the nature thereof and specifying the steps being taken to remedy the same;

(b) as soon as practicable but not later than 5 days after the Borrower becomes aware thereof, written notice to of any claims, actions, suits or proceedings at law or in equity (including any insolvency, bankruptcy or receivership proceeding) by or before any governmental authority pending or, to Borrower's knowledge, threatened against or affecting the Borrower, the Project, or the Project Facilities, which claims, actions, suits or proceedings, if adversely determined would reasonably be expected to materially adversely affect the financial condition or business of the Borrower or the condition, operation, or ownership of the Project Facilities; and

(c) and, if required by law, the Department of Employment and Economic Development for the State of Minnesota (or its successor) such additional reports concerning the Borrower, the Bonds or the Project Facilities as the Issuer may from time to time reasonably request, or as may be required by any law, regulation or ordinance of the State of Minnesota, the Department of Employment and Economic Development (or its successor) or the Issuer.

Section 6.04 Records and Inspection. The Borrower shall maintain (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 operations of the Project Facilities, and (iii) all other documents, instruments, reports and records required by any provision of this Loan Agreement or by law relating to the Project, the Project Facilities or the affairs of the Borrower. The Issuer 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 it may desire. At the request of the Issuer, the Borrower shall furnish to the Issuer, at the Borrower's expense, a copy of any such materials which are required by the Issuer in the performance of its duties under the Loan Agreement, the Bond Resolution or the Act.

Section 6.05 Further Assurances, Financing Statements, Maintenance of Lien. At the request of the Issuer, the Borrower shall execute any financing statement, supplement to the Collateral Account Security Agreement and Account Control Agreement 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 Bond Resolution and the Collateral Account Security Agreement. 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 Issuer in this Loan Agreement, and the payments to be made hereunder and the security interest or interests granted under the Collateral Account Security Agreement and Account Control Agreement.

Section 6.06 Assignments. 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 and Project Fund are funds of the Issuer not subject to assignment by the Borrower or execution, attachment, or garnishment by any creditor of the Borrower.

Section 6.07 Observance of Bond Resolution Covenants and Terms. The Borrower will not do, in any manner, anything which will cause or permit to occur any default under the Bond Resolution, but will faithfully observe and perform, and will do all things necessary so that the Issuer may observe and perform, all the conditions, covenants and requirements of the Bond Resolution.

Section 6.08 Limitation on Additional Indebtedness. The Issuer acknowledges that the Borrower has incurred the Senior Debt which is prior as to payment and security to the payment of the Loan and all amounts payable hereunder by the Borrower. The Borrower may incur additional Long Term Debt on a parity with or prior to the Loan as to payment and security (“Additional Parity Indebtedness”) for any business purpose subject to the following conditions:

(i) Prior to incurring such Additional Parity Indebtedness, the Borrower must deliver to the Issuer a written certificate of the Chief Financial Officer of the Borrower stating (A) that the net Revenues Available for Debt Service of the Borrower for each of the last 2 Fiscal Years preceding the date on which the proposed long Term Debt is to be incurred were at least 100% of the Principal and Interest Requirements on all then-existing Long Term Debt for such Fiscal Years, and (B) that the projected Net Revenues Available for Debt Service of the Borrower for each Fiscal Year beginning after the Fiscal Year in which the proposed Long Term Debt is to be incurred, but before the final stated maturity of the Bonds, will not be less than 100% of the Principal and Interest Requirements on all Long Term Debt (including such requirements for the proposed Long Term Debt but excluding such requirements for any then outstanding Long Term Debt to be refinanced by the proposed Long Term Debt) for such Fiscal Year.

(ii) This Loan Agreement shall be in effect and no Event of Default shall exist hereunder.

(iii) The Additional Parity Indebtedness shall not cause impairment of the security given to the Issuer by the Collateral Account Security Agreement and Account Control 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, anyone 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 hereof; or

(b) If the Borrower the Borrower sells or otherwise disposes of the Project Facilities in violation of Section 5.02; or

(c) 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

(d) 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

(e) If any event of default, as defined therein, shall exist under any of the Bond Documents except any Default otherwise addressed by this Loan Agreement in which case such contrary provision of this Loan Agreement shall govern; or

(f) If either of the Borrower file 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

(g) 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

(h) 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 paragraph (c) 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 God; 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 of Minnesota or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes, storms; floods; washouts; droughts; arrests; 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 and taking into account any directions or limitations of time made by the Issuer. 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. Whenever any Event of Default shall have happened and be subsisting, anyone or more of the following steps may be taken:

(a) The Issuer may declare all or any amounts of Loan Repayments thereafter to become due and payable under Section 4.02 hereof 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.

(b) The Issuer may (i) exercise its rights and remedies under the Collateral Account Security Agreement and Account Control Agreement or (ii) take whatever action in law or in equity which appears 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 Collateral Account Security Agreement and Account Control Agreement in accordance with the provisions hereof.

Any amounts collected by the Issuer pursuant to action taken under the foregoing paragraphs shall be applied first to the payment of accrued interest on the Bonds, then to the outstanding principal amount of the Bonds, and thereafter to any other amounts due under this Loan Agreement or the Collateral Account Security Agreement and Account Control Agreement.

Section 7.03 Remedies Cumulative, Delay Not to Constitute Waiver. No remedy conferred upon or reserved to the Issuer, or a receiver by this Loan Agreement or the Collateral Account Security Agreement and Account Control Agreement 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 or the Collateral Account Security Agreement and Account Control Agreement 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, 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, and the Issuer, 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 Collateral Account Security Agreement and Account Control Agreement, the Borrower agrees that it will

on demand therefor reimburse the reasonable fee 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 Collateral Account Security Agreement and Account Control Agreement, the Issuer, in its own discretion, may do (but is not required to) 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, 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.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in any Fund or Account maintained by the Issuer under the Bond Resolution after payment in full of the Bonds and any additional amounts payable to the Issuer and fees, charges and expenses of any paying agents and all other amounts required to be paid under the Bond Resolution, shall belong to the Issuer and will be paid to the Borrower by the Issuer only to the extent of any overpayment of the Loan Repayments under Sections 4.02 and 4.03 hereof, as determined in the sole discretion of the Issuer.

Section 8.02 Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed given when delivered personally or mailed by either certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

To the Issuer County of Swift, Minnesota
301 14th Street North
P.O. Box 207
Benson, MN 56215
Attention: County Administrator

To the Borrower Federated Telephone Cooperative
405 Second Street East
P.O. Box 156
Chokio, MN 56221
Attention: General Manager

The Borrower and the Issuer, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

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 Bond Resolution) and all fees and expenses of any disclosure agents or paying agents of the Bonds, all references in this Loan Agreement to the Bonds shall be ineffective and no Holders 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. This Loan Agreement, the Collateral Account Security Agreement and the Account Control Agreement may not be effectively amended, changed, modified, altered or terminated except in writing by the Issuer and the Borrower.

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 this remainder thereof or any other section or provision of the 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 therefor 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 Issuer. This Loan Agreement is executed in part to induce the issuance of the Bonds by the Issuer, and accordingly all covenants and agreements on the part of the Borrower are hereby declared to be for the benefit of the Issuer.

Section 8.10 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 Loan and the Issuance Expense Loan have been repaid in full.

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.

COUNTY OF SWIFT, MINNESOTA

By: _____
Its: Board Chair

By: _____
Its: County Administrator

DRAFT

[Signature page to Loan Agreement between
County of Swift, Minnesota and Federated Telephone Cooperative]

FEDERATED TELEPHONE COOPERATIVE

By: _____
Its: CEO/General Manager

DRAFT

[Signature page to Loan Agreement between
County of Swift, Minnesota and Federated Telephone Cooperative]

EXHIBIT A
DEPICTION OF SERVICE AREA

DRAFT

EXHIBIT B
PAYMENT SCHEDULE

DRAFT

COLLATERAL ACCOUNT SECURITY AGREEMENT

This Collateral Account Security Agreement (“Agreement”) is made and entered into as of this ____ day of _____, 2016 by Federated Telephone Cooperative, a cooperative association under the laws of the State of Minnesota, (herein called “Borrower”), in favor of the undersigned Secured Party, the County of Swift, Minnesota, a body corporate and politic under the laws of the State of Minnesota (herein called “Secured Party”).

Article 1. Security Interest

1.1 Grant of Security Interest. As security for the prompt and complete payment and performance of all Obligations, as defined herein, Borrower grants to Secured Party a present and continuing security interest in and to following described securities account maintained by [**Sanford C. Bernstein & Co., LLC, a Delaware limited liability company**] (“Bernstein”) :

Account Number: _____

Name in which account is held: _____

(including any sub-accounts thereunder or consolidated therewith, the “Account”) and all cash, financial assets, securities, securities entitlements and/or distributions, other investment property or assets, proceeds from the sale or disposition of any of the foregoing, and any free credit balances maintained in the Account now or hereafter (the “Account Collateral”).

1.2 Account Control Agreement. Borrower, Secured Party, and Bernstein shall enter into a written Account Control Agreement (“Control Agreement”), granting Secured Party control of the Account and providing that Bernstein will comply with instructions originated by the Secured Party directing disposition of the Account Collateral without further consent by Borrower. The Control Agreement may provide terms under which Borrower may remove or exchange Account Collateral, provided all Account Collateral on or after the effective date of this Agreement shall be subject to the security interest granted under this Agreement.

1.3 “Obligations” means all of Borrower’s debts, liabilities, obligations, covenants, warranties, and duties of payment and performance to Secured Party under, or that may become due under, the Loan Agreement between the parties of even date herewith and any other documents, instruments or agreements executed by the parties in connection therewith (collectively, the “Obligations”).

Article 2. Warranties and Covenants

2.1 Organization; Name; Address. Borrower is a cooperative association organized and duly existing under the laws of the state of Minnesota. The address of Borrower’s principal place of business at 405 Second Street East, P.O. Box 156, Chokio, MN 56221.

2.2 Ownership; Maintenance of Collateral and Dispositions.

2.2.1 Except for (i) the security interest of Secured Party, (ii) a blanket lien held by the United States of America, acting through the Administrator of the Rural Utilities Service (RUS) on all assets of the Borrower, and (iii) the security interest of Bernstein Global Wealth Management unit of AllianceBernstein L.P. (“Investment Advisor”) and Bernstein as provided in the Account Agreement dated as of _____ among the Borrower, the Investment Advisor and Bernstein (collectively, “Permitted Liens”), Borrower is, and as to Account Collateral acquired after the date hereof, the Borrower will be, the owner of the Account and all Account Collateral free from any liens, security interest, encumbrance or other right, title or interest of any other person, firm or corporation other than Permitted Liens.

2.2.2 The Borrower represents that as of the date hereof the Adjusted Fair Market Value of Account Collateral (as defined below) is not less than \$400,000. The Borrower shall (i) as of each February 1 and August 1 from and after the Minimum Balance Compliance Date (as defined below), cause the Adjusted Fair Market Value of Account Collateral to be no less than the Minimum Balance (as defined below); (ii) not permit waste or loss of identity of the Account Collateral; (iii) keep the Account and the Account Collateral free from all liens, executions, attachments, claims, encumbrances and security interests (other than Permitted Liens); (iv) defend the Account and the Account Collateral against all claims and legal proceedings by persons at any time claiming rights in or to the Account or the Account Collateral or any interest concerning the Account or the Account Collateral that is adverse to Secured Party or any holder of a Permitted Lien; and (v) pay and discharge when due all taxes, levies, and other charges or fees upon the Account or the Account Collateral except for payment of taxes contested by Borrower in good faith by appropriate proceedings so long as no levy or lien has been imposed upon the Account or the Account Collateral and further provided that Borrower gives Secured Party notice of each such proceeding. For purposes of the foregoing, (A) “Adjusted Fair Market Value of Account Collateral” means as of any date of determination, the fair market value of Account Collateral as of the close of business on such date as determined by [Bernstein], less the sum on such date of all indebtedness (other than indebtedness owed to the Secured Party) secured by Permitted Liens; (B) “Minimum Balance” means as of any date of determination, the Adjusted Fair Market of Account Collateral required to be on deposit in the Account as set forth in the table attached hereto as Exhibit A; and (C) “Minimum Balance Compliance Date” means the earlier of [**February 1, 2017**] or the date the transfers required to be made from the Big Stone Account (defined below) under Section 2.3 below are sufficient to cause the Adjusted Fair Market Value of Account Collateral to be no less than the Minimum Balance. If, as of any February 1 or August 1 after the Minimum Balance Compliance Date, the difference of the Minimum Balance and the Adjusted Fair Market Value of Account Collateral is greater than zero (such amount, the “Deficiency”), within ___ business days thereafter, Borrower shall deposit in the Account, cash in an amount not less than the Deficiency, and the failure of Borrower to do so shall be an event of default.

2.3 Transfers to Securities Account. Borrower hereby represents that it is also the accountholder of a securities account numbered 888-93201 (comprised of accounts numbered

036-88671, 036-89636, and 036-89637) (the “Big Stone Account”), maintained by Sanford C. Bernstein & Co., LLC (the “Intermediary”) which has been pledged as security to the County of Big Stone, Minnesota (“Big Stone”) pursuant to a Collateral Account Security Agreement dated June 25, 2015 between Borrower and Big Stone (the “Big Stone Security Agreement”), which has been perfected pursuant to an Account Control Agreement dated July 20, 2015 between Borrower, Big Stone, and the Intermediary (the “Big Stone Account Control Agreement”). Borrower hereby covenants that at such time as amounts on deposit in the Big Stone Account are in excess of the amount required to be maintained therein in accordance with the Big Stone Security Agreement and the Big Stone Account Control Agreement, financial assets, cash, and securities in the Big Stone Account in excess of such amount shall be automatically transferred to the Account under this Agreement. Pursuant to Section 1(a) of the Big Stone Account Control Agreement, Big Stone has given its consent to such transfers by execution of this Agreement, a copy of which Borrower shall deliver to Intermediary in accordance with the Big Stone Account Control Agreement.

Article 3. Other Agreements of Borrower

3.1 Maintenance of Records; Reports. Borrower at all times shall keep accurate and complete records of the Account, the Account Collateral, and their status.

3.2 Right of Secured Party to Inspect Account and Audit Books. Secured Party or its designated agent shall have the right, upon reasonable notice and during regular business hours, to (i) inspect, audit and copy any books and records of Borrower related to the Account and the Account Collateral or other transactions between Borrower and Secured Party to which this Agreement applies. Notice delivered twenty-four (24) hours prior to an inspection shall be considered reasonable under this section.

3.3 Financing Statements and Other Documentation. Borrower agrees to execute and deliver such financing statement or statements, or amendments or supplements thereto, or other documents and instruments as Secured Party may from time to time require in order to perfect and maintain perfected Secured Party’s continuing security interest in the Account and the Account Collateral.

3.4 Restrictions on Investments. Borrower’s investments in the Account shall be made only in accordance with the Statement of Investment Objectives dated June 16, 2015 and attached hereto as Exhibit B. The Borrower may revise such policy only upon the prior written consent of the Secured Party, which consent shall not be unreasonably withheld. In the event that written consent is not delivered within thirty (30) days following the Borrower’s request, such consent shall be deemed given.

Article 4. Default

4.1 Events of Default. Borrower shall be in default under this Agreement and all Obligations shall become immediately due and payable at any time Secured Party reasonably deems itself insecure and in all events upon the occurrence of any of the following: (i) Borrower is in default

of any Obligations; (ii) Borrower has failed to keep, observe or perform any provision of this Agreement; or (iii) in connection with this Agreement, Borrower has made any misrepresentation to Secured Party, breached any warranty to Secured Party, or provided to Secured Party any certificate, schedule, statement or report that contains any materially false statement or information in connection with this Agreement.

4.2 Remedies. Upon the occurrence of any event of default, Secured Party may declare all Obligations immediately due and payable, and Secured Party shall, in addition to all other rights and remedies, have all the rights and remedies of a secured party under the Uniform Commercial Code or other applicable law. In addition, upon the occurrence of an event of default: (i) Secured Party is authorized to issue a Notice of Exclusive Control under the Control Agreement and exercise its other rights under the Control Agreement; and (ii) Secured Party may take such other steps as Secured Party deems necessary and appropriate in order to permit Secured Party to take possession of the Account and the Account Collateral in order to assure full and complete satisfaction of the Obligations. Secured Party may pursue all other remedies available in law or equity and nothing in this Agreement shall be construed to prejudice Secured Party's rights to obtain any remedy.

Article 5. Termination

5.1 This Agreement, shall not terminate until the full, final, and indefeasible payment and performance of all Obligations.

Article 6. Additional Provisions

6.1 Waivers. Borrower expressly waives demand, notice or protest of any instruments either of Borrower or others, which may comprise all or part of the Account or the Account Collateral.

6.2 Duties Respecting Collateral. Secured Party shall have no duty to collect or protect the Account Collateral or any proceeds, to preserve rights of Borrower or to realize on the Account Collateral in any particular manner.

6.3 Non-waiver by Secured Party. Secured Party shall not be deemed to have waived any of its rights under this or any other agreement or instrument signed by Borrower unless the waiver is in writing signed by Secured Party. No delay in exercising its rights shall be a waiver nor shall a waiver on one occasion operate as a waiver of such right, or any other right, on any other occasion.

6.4 Notices. Each demand, notice or other communication shall be submitted by first class certified U.S. mail, recognized overnight courier service, or facsimile addressed to the party at its address or facsimile number set forth in this Section or as changed by written notice to the other party.

If to Secured Party: County of Swift, Minnesota
301 14th Street North, P.O. Box 288
Benson, MN 56215
Attention: County Administrator
Fax: 320-843-2275

If to Borrower: Federated Telephone Cooperative
405 Second Street East, P.O. Box 156
Chokio, MN 56221
Attention: General Manager
Fax: _____

6.5 Law Governing. All the terms herein and the rights, duties and remedies of the parties shall be governed by the law of the State of Minnesota.

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Executed and dated as of the ____ day of _____, 2016.

SECURED PARTY

COUNTY OF SWIFT, MINNESOTA

By: _____
Its: Board Chair

By: _____
Its: County Administrator

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[Signature page of Security Agreement]

BORROWER

**FEDERATED TELEPHONE
COOPERATIVE**

By: _____
Its: CEO/General Manager

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[Signature page of Security Agreement]

As to the consent in Section 2.3 only:

COUNTY OF BIG STONE, MINNESOTA

By: _____
Its Board Chair

By: _____
Its County Auditor

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[Signature page of Security Agreement]

EXHIBIT A

Minimum Balance Table

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EXHIBIT B

Borrower Investment Objectives

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FEDERATED TELEPHONE COOPERATIVE

STATEMENT OF INVESTMENT OBJECTIVES

Purpose

The Board of Directors (the "Board") of Federated Telephone Cooperative's (hereinafter sometimes referred to as "Federated") deemed it necessary and in the best interest of Federated to expressly and objectively set forth certain parameters in which the liquid assets of the cooperative would be managed. This decision, and the following policy, was in recognition by the Board that exclusively investing in cash, cash equivalents and/or fixed income assets would not provide the necessary growth and income to accomplish the short and long term goals and objectives of Federated. More specifically, the Board has specifically determined that Federated must utilize a broader range of asset classes with varying characteristics of risk and return to improve the overall return profile of its assets while simultaneously managing for acceptable risk levels.

The purpose of a written statement of investment objectives is to specify the logic behind the asset allocation chosen for Federated's managed liquid assets, including hedge fund partnerships investing in liquid assets. (The statement does not take into account other assets such as direct investment in real estate, venture capital, private equity, etc.)

It also gives measurable benchmarks to compare results. It states both the strategic (long-term) vs. the tactical (short-term) asset allocation parameters as well as the rules for rebalancing asset classes to maintain targeted percentages.

Objectives

The overall objective is to produce an asset allocation that will allow for long-term growth in the portfolio and maintenance of purchasing power, after taking into account taxes, inflation and annual spending.

The overall risk of the portfolio should be managed with the goal of minimizing the potential losses that may occur consistent with the goals stated above.

The overall performance objective is to outperform, after-fee, the return of a hypothetical portfolio composed of indices representing the agreed upon asset allocation (See Guidelines below). Also, the performance objective is to outperform the median manager in a universe of balanced managers.

Taxes

Being savvy about taxes is one of the most important qualifications a private asset manager can have. In sum, tax-savvy investing means trying to avoid short-term gains, delaying many long-term gains, accounting for securities by tax lot, making sure turnovers appear worth their cost after taxes, and harvesting losses in bonds as well as

stocks to offset gains. By employing these tax management strategies, the objectives are to meaningfully reduce taxes, increase after-tax return therefore increasing wealth over time.

Federated tax rates are currently as follows:

34% Federal Income Tax
34% Long-term Capital Gains Tax
9.8% State Tax
0.0% City Tax

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FEDERATED TELEPHONE COOPERATIVE

INVESTMENT GUIDELINES - GLOBAL BALANCED

ACCOUNT **Strategic Targets**

The goals can be achieved through the strategic targets listed below. The overall asset allocation allows for the following range within asset classes:

Equities (U.S. and International)	<u>Strategic Target</u>
	20-60%
Fixed-Income	40-80%
Hedge Funds	0-20%

The following is the strategic target for each specific product at the time of purchase.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Strategic Target</u>
Equities		
U.S. Strategic Equities	S&P 500	25%
	Total U.S.	25%
International		
Developed	MSCI EAFE	9%
Emerging Markets	Emerging Markets Free	1%
	Total International	10%
Global	MSCI World	0%
	Total Equities	35%
Fixed Income	Lehman 1-10 Yr. Muni	35%
Dynamic Asset Allocation ("DAA")¹		30%
Hedge Funds		
Absolute Return	Merrill 3-5 Yr. Treasury	0%
Global	MSCI World	0%
Multi-Strategy	3-month LIBOR	0%
	Total hedge funds	0%
Total		<u>100%</u>

When in a neutral position, the asset allocation of DAA will match the allocation specified in the "Long-Term Strategic Asset Allocation Targets" above. At other times, allocation changes within DAA will cause the portfolio's overall exposure to equities, fixed income, REITs and other asset classes to vary from these targets. See "Dynamic Asset Allocation" below.

Domestic Equities

In combining multiple asset classes, it is understood that we could create a tracking error (difference to the S&P 500) that is low or high. A low tracking error will result in being close to the index when it declines. Since our objective is to preserve capital in a down market, we have chosen to use a satellite approach where the tracking error is wide. It is expected that with this approach we will both preserve capital better in a down market and produce a wider premium over the benchmark than would have been possible with a low tracking error.

The following guidelines will be observed by the manager for the Domestic Equity portion of the portfolio:

1. Permissible investments include common stocks including ADRs and foreign issues traded on U.S. exchanges and in the over-the-counter market as well as securities convertible into common stocks.
2. No more than 25% at market at time of purchase can be invested in any single industry.
3. No more than 8% of the manager's portfolio at market at time of purchase, and 10% at market value, shall be invested in any one company.
4. Options, short sales, margin purchases, letter or unregistered stock, direct or private placements, and commodities are not permissible for investment without prior written approval.
5. The rate of turnover will not be a factor in the evaluation of the portfolio if performance results meet objectives, net of taxes and fees.
6. The performance standards for the Domestic Equity portion of the portfolio are as follows:
 - Outperform the S&P 500 Index over rolling 5-year periods, net of fees and expenses
 - Outperform the median manager over rolling 5-year periods.

There are no qualitative guidelines suggested with regard to equity ratings, rankings, etc. except that the manager has developed prudent standards and that the manager maintains those standards. There are no quantitative guidelines regarding industry or country exposure that are imposed; however, the manager is expected to develop and apply prudent standards.

International (Developed Markets) Equities

In connection with the International (Developed Markets) Equity portion of the portfolio, the manager will have the authority to purchase and sell the following instruments:

1. Foreign currency denominated securities of companies domiciled outside of the United States and traded on either foreign or U.S. exchanges, including, but not limited to ADRs, GDRs, private placements, warrants and rights. The portfolio will focus on equity securities similar to those

- contained in the Morgan Stanley International EAFE Index.
2. The manager may engage in foreign currency transactions in both the spot and forward markets, to effect securities transactions, to hedge currency risk and for the purpose of managing currency. The manager may utilize options, futures and options on futures on foreign currencies.
 3. Portfolio assets invested in a commingled investment vehicle will be managed in accordance with the investment guidelines, policies and procedures set forth in the offering memorandum.
 4. No more than 5% at market at time of purchase can be invested in any security at purchase. No security may exceed 8% of the total international equity portfolio at market.
Short sales, purchasing securities on margin and commodities are not permissible for investment without prior written approval.
 6. The rate of turnover will not be a factor in the evaluation of the portfolio if performance results meet objectives, net of taxes and fees.
 7. The performance standards for the International (Developed Markets) Equity portion of the Account are as follows:
 - Outperform the Morgan Stanley Capital International Europe Australia Far East (EAFE) Index over rolling 5 year periods, net of fees and expenses
 - Outperform the median manager in the Lipper International Equity Manager Universe over rolling 5-year periods.
 - Provide a rate of return that is competitive with the median manager in the Lipper International Equity Manager Universe over rolling 3-year periods and with the EAFE Index return.
 8. Assets invested in a mutual fund or commingled vehicle will be managed in accordance with the investment guidelines, policies set forth in the offering memorandum or prospectus.

There are no qualitative guidelines suggested with regard to equity ratings, rankings, etc. except that the manager has developed prudent standards and that the manager maintains those standards.

International (Emerging Markets) Equities

In connection with the International (Emerging Markets) Equity portion of the portfolio, the manager will have the authority to purchase and sell the following instruments:

1. Foreign currency denominated securities of companies domiciled outside of the United States and traded on either foreign or U.S. exchanges, including, but not limited to ADRs, GDRs, private placements, warrants and rights. The portfolio will focus on equity securities similar to those contained in the Morgan Stanley International EMF Index.
2. The manager may engage in foreign currency transactions in both the spot and forward markets, to effect securities transactions, to hedge currency risk and for the purpose of managing currency. The manager may utilize

- options, futures and options on futures on foreign currencies.
3. Portfolio assets invested in a commingled investment vehicle will be managed in accordance with the investment guidelines, policies and procedures set forth in the offering memorandum.
 4. No more than 3% at market at time of purchase can be invested in any security at purchase. No security may exceed 5% of the total international equity portfolio at market.
 5. Short sales, purchasing securities on margin and commodities are not permissible for investment without prior written approval.
 6. The rate of turnover will not be a factor in the evaluation of the portfolio if performance results meet objectives, net of taxes and fees.
 7. The performance standards for the International (Emerging Markets) Equity portion of the Account are as follows:
 - Outperform the Morgan Stanley Capital International Emerging Markets (EMF) Index over rolling 5 year periods, net of fees and expenses
 - Outperform the median manager over rolling 5-year periods.
 - Provide a rate of return that is competitive with the median manager over rolling 3-year periods and with the EMF Index returns.
 8. Assets invested in a mutual fund or commingled vehicle will be managed in accordance with the investment guidelines, policies set forth in the offering memorandum or prospectus.

There are no qualitative guidelines suggested with regard to equity ratings, rankings, etc. except that the manager has developed prudent standards and that the manager maintains those standards.

Domestic Fixed-Income

Exposure to domestic fixed income securities will be achieved through investment in the Intermediate Duration Diversified Muni Fund.

The following investment restriction will be observed with respect to the Domestic Fixed-Income portion of the portfolio:

1. The investment objective is to maximize the after-tax returns of the portfolio within the guidelines listed. The tax rates to be used, until further notice, will be:
 - 34% Federal Income Tax
 - 34% Long-term Capital Gains Tax
 - 9.8% State Tax
 - 0.0% City Tax

Hedge Funds

If deemed an appropriate addition to the asset allocation, hedge funds are bought in a limited partnership format.

The goal of an absolute return hedge fund is to maintain a risk level slightly higher than that of an intermediate bond while producing added value over the Merrill Lynch 3 - 5 year U.S. Treasury Index. The fund invests in both global stock and bond markets as well as incorporating currency management.

The goal of a global hedge fund is to outperform global equities, as represented by the MSCI World Index, by 4 - 6% per annum, after all costs. The fund is a long/short strategy which utilizes leverage, investments in futures and options and the technique of selling securities short.

The goal of a multi-strategy hedge fund is to outperform short-term money market rates, as measured by the 3-Month LIBOR, by 6 — 9 % per annum. The fund invests primarily in high-quality fixed income assets but may employ other instruments, including credit default swaps, baskets of corporate bonds and interest-rate swaps.

Dynamic Asset Allocation

Within the investments described above under "Long Term Strategic Asset Allocation Targets", investments are permitted on an account-by-account basis in overlay portfolios, which are regulated mutual funds (the "Overlay Portfolios") to complement the long-term strategic asset allocation. This is known as the Dynamic Asset Allocation ("DAA") portfolio overlay strategy, which is designed to manage short-term portfolio risk and mitigate the effect of extreme outcomes by varying the asset allocation of a portfolio through investment in the Overlay Portfolios.

The investments in the DAA Overlay Portfolios may cause the portfolio's overall exposure to equities, fixed income, REITs and other asset classes to vary significantly from the target allocations specified above under "Long-Term Strategic Asset Allocation Targets". Another effect of investing in the Overlay Portfolios is that the portfolio will gain exposure to asset classes, through the holdings of the Overlay Portfolios, other than those contemplated above under "Long Term Strategic Asset Allocation Targets". The holdings of the Overlay Portfolios are limited only as provided in the prospectus then in effect for the Overlay Portfolios.

Commingled Vehicles

Investments in mutual funds, hedge funds and other alternative investments, and other commingled investment vehicles (including AllianceBernstein proprietary funds) is permitted, although it is understood that assets invested in such commingled vehicles will be managed solely in accordance with the investment policies, procedures and guidelines set forth in the prospectus or other relevant document for such commingled vehicle, notwithstanding anything to the contrary set forth in this Statement of Investment Objectives.

Rebalancing Asset Classes

Bernstein will rebalance among the above asset categories solely in accordance with its own internal rebalancing rules in effect from time to time which may result in portfolio exposure to an asset category that may be above or below the above stated maximum/minimum target range.

Rebalancing and Dynamic Asset Allocation

Asset classes in the Underlying Portfolio will be rebalanced in accordance with the standard rebalancing process described above. However, if a short-term modification to the overall asset allocation is deemed warranted by the Dynamic Asset Allocation process, changes will be made within the DAA Overlay Portfolio. In addition, the DAA Overlay Portfolio will be rebalanced against the Underlying Portfolio so that it remains a consistent percentage of the overall asset allocation.

In the case of all our rebalancing activities, we may, from time to time, change our rebalancing bands based on market conditions.

Administration and Reporting

The investment manager will provide performance reports as required by us. Reports will include, at a minimum, daily valuation and be available to us via the manager's website and/or in hard copy. Monthly reporting will be supplied either via the web or in hard copy.

Meetings will be held with the manager at our request. Detailed tax reporting will be produced by the manager and sent to our accountants as necessary. Any changes in our tax situation and rates will be immediately reported to the manager.

We expect the purchase and sale of our securities to be conducted in a manner designed to receive the combination of best price and execution.

We will review these guidelines to determine their continued applicability on an annual basis or as we deem necessary.

The primary contact representing Federated is the current General Manager, who can be reached at the following address:

Federated Telephone Cooperative
405 2nd St. E
PO Box 156
Chokio, MN 56221
320-324-7111

This statement of Investment Objectives is adopted this 10th day of June, 2015 by the Board of Directors of Federated on whose behalf the President of the Board has signed below.

Jim Luense
Board President President and Board
Member Federated Telephone Cooperative

6-16-2015
Date

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ACCOUNT CONTROL AGREEMENT

THIS ACCOUNT CONTROL AGREEMENT, dated as of _____, 2016 (this “**Agreement**”), is entered into by and among Federated Telephone Cooperative (the “**Accountholder**”), County of Swift, Minnesota, (the “**Secured Party**”), and Sanford C. Bernstein & Co., LLC, a Delaware limited liability company (the “**Intermediary**”).

RECITALS

WHEREAS, the Accountholder, the Intermediary and the Bernstein Global Wealth Management unit of AllianceBernstein L.P. (“**Investment Advisor**”) have entered into an account agreement, a copy of which is annexed hereto as Exhibit A (the “**Account Agreement**”), pursuant to which Intermediary has established the securities account(s) numbered _____ (including any sub-accounts thereunder or consolidated therewith) in the name of Accountholder (the “**Account**”) and Investment Advisor will act as Accountholder’s investment advisor with respect to the Account;

WHEREAS, the Accountholder and Secured Party have entered into, or are about to enter into, a security agreement (as from time to time amended, restated, supplemented or otherwise modified, the “**Security Agreement**”), in which, among other things, the Accountholder has granted to the Secured Party a security interest in the Account, including all financial assets, securities, securities entitlements and/or distributions, other investment property or assets, proceeds from the sale or disposition of any of the foregoing (including, without limitation, cash), and any free credit balance maintained or recorded in the Account now or hereafter (the “**Account Collateral**”); and

WHEREAS, the Accountholder, Secured Party and Intermediary are entering into this Agreement to provide for the control of the Account and to perfect the security interest of Secured Party in the Account and Account Collateral;

NOW, THEREFORE, in consideration of and premised upon the various representations, warranties, covenants and other agreements and undertakings of the parties contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Section 1. *Control of the Account and Account Collateral.*

(a) The Accountholder and the Secured Party consent and agree that the only instructions that shall be given to the Intermediary with regard to, or in connection with, the Account and Account Collateral shall be given by the Accountholder, except as otherwise provided herein. The Accountholder or its authorized representatives may give instructions of any kind or character with regard to the Account and Account Collateral that are consistent with this Agreement and the Accountholder’s existing Account Agreement(s) with the Intermediary (such instructions, “**Entitlement Orders**”), provided that the Accountholder may not withdraw or transfer any of the Account Collateral out of the Account unless the Intermediary is in receipt of a written instruction to such effect signed by the Secured Party.

(b) If the Secured Party provides written notice to the Intermediary in a form substantially similar to that contained in Exhibit B hereto (the “**Notice of Exclusive Control**”), the Intermediary shall cease accepting any and all Entitlement Orders from the Accountholder (including instructions to buy or sell the securities or other Account Collateral in the Account) no later than the second business day after the Intermediary’s actual receipt of the Notice of Exclusive Control. Furthermore, the Secured Party shall also contact the financial advisor servicing the Account at such time to inform the financial advisor of Secured Party’s intent to provide such Notice of Exclusive Control.

(c) Notwithstanding anything to the contrary set forth in this Agreement, Intermediary may, at all times, without Secured Party’s consent, make withdrawals from the Account of any applicable commissions, mark-ups, service charges, management or administrative fees and charges due and payable by Accountholder in respect of the Account to Intermediary or AllianceBernstein L.P., a Delaware limited partnership and whole indirect owner of Intermediary (“**AB**”).

(d) Intermediary shall neither accept nor comply with any Entitlement Orders from Accountholder withdrawing any of the Account Collateral from the Account nor deliver any such Account Collateral to Accountholder nor pay any free credit balance or other amount owing from Intermediary to Accountholder with respect to the Account, unless Intermediary is so authorized by a writing signed by Secured Party.

(e) For the avoidance of doubt, the Intermediary hereby confirms that it shall, without the consent of the Accountholder, comply with Entitlement Orders given by the Secured Party. In the event that the Intermediary receives conflicting Entitlement Orders from the Accountholder and the Secured Party, it shall follow only the Entitlement Orders of the Secured Party and the Accountholder acknowledges and agrees that the Intermediary shall incur no liability whatsoever for following such Entitlement Orders of the Secured Party.

Section 2. *Representations and Warranties of the Accountholder and Secured Party.*

(a) The Accountholder and Secured Party hereby agree that if the Account Collateral includes securities, the Accountholder represents and warrants that such securities are not subject to any restriction, right or option (excepting publicly traded options) on the part of any third party to purchase or otherwise acquire an interest therein. The Accountholder and the Secured Party further agree that if, during the duration of this Agreement, the Accountholder receives dividends, other distributions, including stock redemption proceeds, or other securities in respect of, or in exchange for, securities held in the Account, whether by way of dividends, recapitalization, mergers, consolidations, split-ups, combinations, exchange of shares or otherwise, the dividends, distributions or other securities (or certificates representing the same), shall be treated as Account Collateral.

(b) The Accountholder and the Secured Party agree that the Accountholder shall be solely responsible for maintaining the balance of Account Collateral, which may fluctuate from time to time due to market conditions outside the control of the Intermediary. Further, the Accountholder and the Secured Party acknowledge and understand there is no

assurance that a liquid market will exist for any or all of the Account Collateral and that a lack of liquidity may reduce the net proceeds obtained during a sale of the Account Collateral.

(c) The Accountholder and Secured Party understand and acknowledge that the Intermediary (i) makes no representation or warranty as to the extent to which this Agreement creates or perfects a security interest in any rights or assets of the Accountholder and (ii) has not read the Security Agreement and the statements with respect thereto in the Recitals above are based solely on information provided by the Accountholder and Secured Party; provided, however, the Intermediary acknowledges receipt of the Security Agreement and the consent provided in Section 2.3 therein with respect to transfers to be made into the Account.

(d) The Accountholder authorizes and instructs the Intermediary to disclose to the Secured Party such information relative to the Account and the Account Collateral, either through receipt of copies of confirmations and statements or in another manner to which the Secured Party and the Accountholder have agreed and advised the Intermediary.

Section 3. *Representations and Warranties of the Intermediary.* The Intermediary hereby represents and warrants to Secured Party and Accountholder that:

(a) the Account has been established in the name of Accountholder as recited above;

(b) Exhibit C attached hereto is a complete and accurate statement in all material respects of the Account and the Account Collateral as of the date thereof;

(c) Exhibit C does not reflect any financial assets which are registered in the name of Accountholder, payable to its order, or specially endorsed to it, which have not been endorsed to Intermediary or in blank;

(d) Intermediary shall neither advance margin or other credit against the Account, either directly or indirectly by executing purchase orders in excess of any credit balance or money market mutual funds held in the Account, executing sell orders on securities not held in the Account or by executing trades in instruments such as options and commodities contracts that create similar obligations, nor shall Intermediary hypothecate any financial assets carried in the Account, without being in receipt of a written instruction to such effect signed by the Secured Party;

(e) except for the claims and interests of Intermediary, AB (in its capacity as investment manager and advisor of the Account), Secured Party, and Accountholder in the Account, Intermediary has no actual knowledge of any other person having a claim to, or interest in, the Account or the Account Collateral, but makes no guarantee that there are no other claims to, or interests in, the Account or the Account Collateral (and has made no investigation with respect thereto); and

(f) Intermediary will treat all property held by it in the Account as “financial assets” under Article 8 of the Uniform Commercial Code of the State of New York (the “NY UCC”). Intermediary agrees that, for the purposes of the NY UCC, its “securities intermediary’s

jurisdiction” (within the meaning of Section 8-110(e) of the NY UCC) shall be the State of New York.

Section 4. *Duties and Obligations of the Intermediary.*

(a) Upon the execution of this Agreement, the Intermediary will retitle the Account(s) as “Federated Telephone Cooperative Pledged to County of Swift, Minnesota.”

(b) Upon receipt of the Notice of Exclusive Control, the Intermediary agrees to honor the Entitlement Orders of the Secured Party with respect to the Account, provided that such instructions do not violate any federal, state, NYSE, NASD or other applicable statutes, rules or regulations, including instructions to sell, transfer, deliver or redeem any of the securities and/or cash balances comprising the Account Collateral. The Intermediary shall have no duty or obligation whatsoever of any kind to inquire, determine or investigate whether the conditions for the issuance of a Notice of Exclusive Control contained in any agreement between Accountholder and Secured Party have occurred and if the Secured Party is in fact entitled to give such Notice of Exclusive Control. The Intermediary may reasonably rely on such notices and communications, and shall have no responsibility or liability to Accountholder for complying with a Notice of Exclusive Control or complying with Entitlement Orders concerning the Account originated by Secured Party.

(c) With respect to the Intermediary, this Agreement does not create any obligation or duty, fiduciary or otherwise, except for those expressly set forth herein. Furthermore, nothing in this Agreement shall impose or create any obligations or duties upon the Intermediary greater than, or in addition to, the customary and usual obligations and duties of the Intermediary to the Accountholder as set out in the Account Agreement and, except as expressly provided herein, this Agreement shall not curtail or abridge any rights the Intermediary may otherwise have.

(d) The Intermediary will send copies of statements, confirmations and other correspondence concerning the Account to each of Accountholder and Secured Party at the addresses set forth herein for notice purposes.

(e) The Intermediary agrees to use reasonable efforts to promptly notify the Secured Party and the Accountholder in the event it receives any written notice of any lien, encumbrance or adverse claim against the Account or any of the Account Collateral, including securities or cash balances, unless prohibited from so doing by applicable law, judicial order or decree.

Section 5. *Priority of Lien.*

(a) Nothing herein shall limit the right of the Intermediary to debit the Account in payment for its fees, commissions, charges and costs which are associated with the Account and/or eligible Entitlement Orders or to debit the Account an amount equal to any deposit that the Intermediary has credited to the Account that is thereafter returned to the Intermediary because of insufficient funds or is otherwise unpaid. These exceptions include the right of the Intermediary to liquidate Account Collateral, including, but not limited to, securities in the Account, in order to cover such debits. The Secured Party acknowledges and agrees that

Intermediary may exercise the rights as provided in this Section 5(a) notwithstanding Secured Party's issuance of any Notice of Exclusive Control.

(b) If the Account of any of the Account Collateral therein shall be attached, garnished, levied upon, subject to an order, decree, stay, injunction, writ or judgment of any court of competent jurisdiction, the Intermediary shall incur no liability whatsoever for its compliance therewith; provided that the Intermediary will, unless prohibited by applicable law or judicial order or decree, provide written notice to the Secured Party of any such proceeding.

Section 6. *Tax Reporting.* All items of income, gain, expense and loss recognized in the Account shall be reported to the Internal Revenue Service and all state and taxing authorities under the name and taxpayer identification number of Accountholder.

Section 7. *Conflicts of Other Agreements.* This Agreement supplements the Account Agreement between Intermediary and Accountholder. In the event of an express conflict between this Agreement and the Account Agreement, the terms of this Agreement will prevail.

Section 8. *Liability and Indemnification.*

(a) The Accountholder agrees to indemnify and hold harmless each of the Intermediary and AB and their past and present officers, managers, directors, agents, employees and equity owners from and against any and all claims, causes of action, liabilities, lawsuits, demands and/or damages, including, without limitation, any and all court costs, reasonable attorney's fees and other expenses that may result by reason of the Intermediary acting on this Agreement, including, but not limited to, complying with a Notice of Exclusive Control, Entitlement Orders and any other instructions given unilaterally by the Secured Party pursuant hereto, except to the extent directly caused by the Intermediary's gross negligence or willful malfeasance.

(b) The Secured Party and the Accountholder agree that neither the Intermediary nor AB will be liable for complying with Entitlement Orders and any other instructions given by the Accountholder pursuant hereto that are received by the Intermediary before the receipt and effectiveness of a Notice of Exclusive Control as hereinabove provided in Section 1(b) hereof, except to the extent directly caused by the Intermediary's gross negligence or willful malfeasance.

(c) The Secured Party and the Accountholder agree that neither the Intermediary nor AB will be liable for (i) any decline in the market value of the Account or Account Collateral or the failure to notify the Secured Party or Accountholder thereof or (ii) the failure to take action with respect to the Account Collateral, including any securities, absent any written instruction from an authorized party.

(d) The Intermediary shall not be liable to any party for any incidental, special, punitive or consequential damages resulting from any breach of its obligations hereunder.

Section 9. *Termination.*

(a) The rights and powers granted herein to Secured Party have been granted in order to perfect its security interest in the Account, are powers coupled with an interest and will neither be affected by the bankruptcy or insolvency of Accountholder nor by the lapse of time.

(b) This Agreement will terminate on the earlier of (i) the receipt of written notice by the Intermediary from the Secured Party that the latter is terminating its security interest in the Account, or (ii) thirty (30) days after receipt by the Secured Party and Accountholder of written notice from the Intermediary that it is terminating this Agreement.

(c) In the event that the Intermediary gives notice to terminate in accordance herewith and receives no written instructions signed by the Accountholder and the Secured Party prior to the effective date of termination, the Intermediary may close the Account and transfer all Account Collateral (including cash, securities and financial assets) to the Secured Party. The Secured Party and Accountholder acknowledge and agree that the Intermediary may be required to liquidate certain securities or fund shares in order to transfer the Account Collateral and the Intermediary shall not be liable for any losses which may result from such liquidation.

(d) Section 8 hereof will survive the termination of this Agreement, as will any other section which, by its sense and context, is intended to survive such termination.

Section 10. *This Agreement.* This Agreement, any schedules and exhibits hereto and the agreements and instruments required to be executed and delivered hereunder set forth the entire agreement of the parties hereto with respect to the subject matter hereof and supersede and discharge all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter and negotiations. There are no oral conditions precedent to the effectiveness of this Agreement.

Section 11. *Amendments.* No amendment, modification or termination of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by the party to be charged.

Section 12. *Severability.* If any term or provision set forth in this Agreement shall be invalid or unenforceable, the remainder of this Agreement, or the application of such terms or provisions to persons or circumstances, other than those to which it is held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted.

Section 13. *Successors.* The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors or assigns.

Section 14. *Rules of Construction.* In this Agreement, words in the singular number include the plural, and in the plural include the singular; words of the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter gender may refer to any gender and the word "or" is disjunctive but not exclusive. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not

define, limit or describe the scope or intent of the provisions of this Agreement. Except as otherwise defined herein all terms herein shall have the meanings ascribed thereto in Article 8 of the NY UCC.

Section 15. *Choice of Law.* This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York.

Section 16. *Notices.* With the exception of Entitlement Orders, which are subject to Intermediary's procedural requirements (as may be amended from time to time), any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been duly given when delivered in person, or when sent by telecopy, facsimile or other electronic means and electronic confirmation of receipt is received or three days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address specified below (in the case of Intermediary, to both addresses):

Secured Party:	County of Swift, Minnesota 301 14 th Street North, P.O. Box 288 Benson, Minnesota 56215 Attention: County Administrator Telephone: 320.314.8399 Facsimile: 320.843.2275	
Accountholder:	Federated Telephone Cooperative Post Office Box 156 Chokio, Minnesota 56221-0156 Telephone: 320.324.7111 Facsimile: 320.324.2777	
Intermediary:	Sanford C. Bernstein & Co., LLC 1345 Avenue of the Americas New York, New York 10105 Attention: Mark A. Nelson Telephone: 212.969.2388 Facsimile: 212.969.1453	Sanford C. Bernstein & Co., LLC 225 South Sixth Street, Suite 5000 Minneapolis, Minnesota 55402 Attention: Scott Rile Telephone: 612.758.5015 Facsimile: 612.758.5050

Any party may change its address for notices by notifying other all parties of a new address set forth as in the manner above.

Notwithstanding anything in Section 16 to the contrary, Notice of Exclusive Control shall become effective upon Intermediary as hereinabove provided in Section 1(b) hereof.

Section 17. *Counterparts.* This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

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IN WITNESS WHEREOF, the undersigned have executed this agreement as of the date set forth above.

Accountholder:

FEDERAL TELEPHONE COOPERATIVE

By: _____

Name: Kevin Beyer

Title: Chief Executive Officer

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[Signature page of Account Control Agreement]

Secured Party:

COUNTY OF SWIFT, MINNESOTA

By: _____

Name: Michael Pogge-Weaver

Title: County Administrator

By: _____

Name: _____

Title: Chairperson

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[Signature page of Account Control Agreement]

Intermediary:

SANDFORD C. BERNSTEIN & CO., LLC

By: _____

Name: **[Mark A. Nelson]**

Title: **[Assistant Secretary]**

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[Signature page of Account Control Agreement]

Account Agreement

This Account Agreement sets forth the respective rights and obligations of the Bernstein Global Wealth Management unit of AllianceBernstein L.P. ("Bernstein"), Sanford C. Bernstein & Co., LLC ("Sanford C. Bernstein") and you in connection with each of your discretionary investment accounts (including accounts held individually, jointly or in other forms). It includes the Client Profile and relevant Account Application(s) that you submit to open your account and the supplements, statements, disclosures and other agreements (each an "Account Document") for the products and services for which you have applied. Bernstein reserves the right to amend or terminate any such Account Document at any time. Both the Account Agreement and any applicable Account Application(s) are subject to Bernstein's approval. In the event that any provision of an Account Document conflicts or is inconsistent with any provision of this Account Agreement, the terms of the Account Document will govern the products and services referenced in that Account Document. Our investment-management philosophy and methods are explained in detail in our Investment-Management Services and Policies manual, which is enclosed along with the fee schedule for your account. You should read these materials carefully before you sign the Account Application establishing your account. Certain information in the Client Profile and the Account Application may be pre-filled for your convenience based on information you provide to us. Please review this information carefully to ensure that it accurately reflects your information and account-related selections. If you have any questions, please call your Bernstein Advisor.

This Account Agreement supersedes any previous agreements made by you individually with Sanford C. Bernstein or Bernstein relating to any of your accounts, and if your account is held jointly or in other forms, it supersedes any previous agreements made by the same parties to this Account Agreement relating to your accounts, to the extent the subject matter is covered in this Account Agreement.

"We," "us" or "our" means Sanford C. Bernstein and/or Bernstein, as applicable, their present and future affiliates, and their respective partners, officers, directors, employees and agents. "You" or "your" means each natural person or legal entity indicated in the title to the account and on whose behalf the Account Application has been signed. Your "account" refers to each discretionary investment account managed by Bernstein, any brokerage or other account established to custody assets at Sanford C. Bernstein and any other current or future account at Bernstein or Sanford C. Bernstein that is established from time to time in your name alone, or in your name together with others, or in which you have a beneficial interest. Your "account" also includes additional accounts or sub-accounts that we may open for you for a variety of reasons,

including but not limited to operational convenience, calculation of performance and the segregation of assets and services. You may receive reporting on your sub-accounts on a consolidated basis.

When you request that we open a new account, we will confirm the account title and asset allocation of that account back to you in writing, and the new account will be subject to the terms of this Account Agreement, as it may be amended from time to time. This means that, unless we tell you otherwise, the initial signature you provide on your Account Application constitutes your agreement to the terms of this Account Agreement both for the current account you are opening and for any future accounts opened by or on behalf of the same parties to this Account Agreement. Unless you advise us otherwise, the personal, financial and investment information you provide in your Client Profile and any other Account Documents will, to the extent applicable, apply to any new accounts that you request, as well as any additional accounts and sub-accounts that we may open on your behalf,

APPOINTMENT OF ALLIANCEBERNSTEIN AS DISCRETIONARY INVESTMENT ADVISOR

You appoint Bernstein as discretionary investment advisor for your account, and Bernstein accepts this appointment. AllianceBernstein L.P. is registered with the US Securities and Exchange Commission as an investment advisor under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Bernstein will provide discretionary investment advisory services (in accordance with your chosen investment strategy), consisting of (a) all securities and other property that you deliver to Sanford C. Bernstein and direct Sanford C. Bernstein to place in one or more accounts to be managed for you by Bernstein under this Account Agreement (or, if we are not the custodian for your account, as you otherwise identify to us), plus (b) all gains and other earnings on the investment, reinvestment, sale or other disposition of the securities or other property, including all interest, dividends and appreciation, less (c) any losses, depreciation or withdrawals.

WE DO NOT PROVIDE TAX, LEGAL OR ACCOUNTING ADVICE You acknowledge and agree that Bernstein is providing investment advisory services to you, and neither Bernstein nor any of its affiliates is providing you with tax, legal or accounting advice. You agree to seek advice from professionals specializing in these areas, as appropriate. In particular, you should consult with your tax advisor regarding the tax consequences of your account.

APPOINTMENT OF SANFORD C. BERNSTEIN AS CUSTODIAN By signing the Account Application establishing your account you appoint Sanford C. Bernstein as custodian for your account, unless you inform us otherwise. Sanford C. Bernstein is registered with the US Securities and Exchange Commission as a broker-dealer

under the Securities Exchange Act of 1934, as amended ("Exchange Act"). You authorize Sanford C. Bernstein to take instructions from Bernstein as your investment advisor.

PROTECTING YOU AND OURSELVES

Our personalized account management is designed to reduce inappropriate investment risks in the following ways: first, through an interview with a Bernstein Advisor, we assess the appropriateness of your chosen asset allocation to meet your stated objectives and risk profile. Second, while we review each position we hold for your account (and the performance of individual securities is important), our emphasis is on the overall performance of your portfolio in meeting your objectives.

We manage all the assets in your account except those that you designate as "unmanaged assets," which are securities for which you have retained management and for which we have no responsibility and charge no investment-management fee. You acknowledge that Sanford C. Bernstein, whenever possible, will hold all securities in your account in book-entry form (rather than physical certificates) and in nominee name to facilitate transfer.

OPENING YOUR ACCOUNT

To open your account, you deposit cash and/or securities that are freely transferable. It usually takes up to six business days from our receipt of complete account documentation and the delivery of cash or securities to the time when we begin managing your account. For fixed income, small capitalization equity, international equity, and emerging markets equity, as well as accounts involving complex or unusual circumstances or securities that are not in good deliverable form, it may take longer to receive and invest the funds. Once we've received and approved all the necessary paperwork and the account holds the required amount of assets (as described more fully in our Investment-Management Services and Policies manual), we can begin managing your account. You should remember that the maximum investment for your account is the amount of money and securities with your custodian in your account plus whatever amount we can invest under the margin requirements then in force, if opening a margin account. This amount will change with the profits, losses and income in your account.

OWNERSHIP AND TRANSFERS

You agree that all securities and other property held for your account will be held in the manner indicated in the title to the account, with all the legal and equitable rights and subject to all the obligations and conditions that the form of ownership imposes. You represent that no one has an interest in your account except you or others that you have previously disclosed to us in your Account Documents or in a manner authorized by us. You further agree that all securities and other property deposited in your account will be freely transferable, properly endorsed, registered and fully negotiable unless we otherwise approve. You agree to give us timely information relating to any restrictions on the transfer of any securities and other property deposited to your account, including restrictions

on the transfer of restricted or control securities. You further agree to satisfy all legal transfer requirements in a timely manner and to furnish all necessary documents before and after securities are transferred.

WITHDRAWALS; TRANSFERS BETWEEN ACCOUNTS

We reserve the right to require that you make requests for any withdrawals from your account in writing. We may transfer securities and other property among your accounts (including brokerage and investment advisory sub-accounts) at your request, to the extent such transfers are consistent with our internal policies or procedures. If your account falls below \$500,000, Bernstein may require you to deposit additional cash or securities to bring the account up to the account minimum or we may close the account. In addition, please be aware that if your account balance falls below \$1 million, your fees will increase materially (as described in the fee schedule for your account) and may be greater than those previously charged when the value of your account was higher. Please refer to your fee schedule for more information about accounts with total assets of less than \$1 million and the associated fees.

FEES AND EXPENSES

For its discretionary investment advisory services, Bernstein shall be entitled to the fees and terms of payment as set forth in the fee schedule applicable to your account. You hereby direct Sanford C. Bernstein to deduct our investment-management fees directly from your account in accordance with the enclosed fee schedule. If you have appointed a third party to be custodian or your account(s), we will send you a bill for our investment-management fees. We may, at our discretion, make payments out of such fees to our affiliates. Furthermore, you acknowledge and agree that, if you have been referred to Bernstein by an employee of Sanford C. Bernstein or any of its affiliates, we may, at our discretion, make payments out of such fees directly or indirectly to said employee, and that such persons may also receive commissions or commission equivalents related to brokerage transactions effected by Sanford C. Bernstein and its affiliates as compensation for such referral or for services provided to you in relation to the account.

If Sanford C. Bernstein is not your custodian, custodial fees, if any, will be charged separately by your custodian. Such fees are determined solely by your custodian and are not included in the applicable fee schedule for your account.

You may be subject to additional fees and expenses, including execution charges (such as commissions, commission equivalents, mark-ups, mark-downs and spreads) and administrative and servicing charges, if so provided in the fee schedule applicable to your account. A "commission" generally is the amount charged by a broker for purchasing or selling securities or other investments as an agent for a customer. A "commission equivalent" generally is an amount charged by a dealer for purchasing or selling securities or other investments in certain "riskless principal" transactions (that is, a transaction in which a dealer, after having received an order to buy from a

customer, purchases the security from another person to offset a contemporaneous sale to such customer or, after having received an order to sell from a customer, sells the security to another person to offset a contemporaneous purchase from such customer). A "mark-up" is the price charged to a customer, less the prevailing market price and a "mark-down" is the prevailing market price, less the amount a dealer pays to purchase the security from the customer. The "spread" for a security is the difference between the current purchase or bid price (that is, the price someone is willing to pay) and the current ask or offer price (that is, the price at which someone is willing to sell). The difference, or spread, narrows or widens in response to the supply and demand levels of the security.

AFFILIATED FUNDS

You agree that, in addition to all other permissible investments, Bernstein may invest a portion of the assets in your account in one or more registered investment companies including funds or other pooled investment vehicles that may pay us fees for investment advisory or other services to the funds ("Funds"). The fees and expenses directly or indirectly paid by the Funds are described in each Fund's prospectus, private placement memorandum or other offering document, which you should read carefully, and ultimately are borne by all Fund investors. Please refer to your fee schedule for more information.

REPORTS

For those accounts where Sanford C. Bernstein is the custodian, you will receive a periodic account statement on at least a quarterly basis showing all activity and positions in your account. Unless you elect not to receive immediate confirmations, we'll also instruct brokers for your account to provide you with confirmations promptly after executions of transactions. You will receive confirmations in the manner indicated in your Account Application.

These reports, confirmations and all other communications relating to your account will be sent to you at the address you've given us. All communications sent to you will be deemed to have been delivered to you by us when sent. At your request, we will also send reports, confirmations and other communications relating to your account to appropriate interested parties, such as your attorney or accountant.

If you believe there is an error in a report or confirmation, you must notify us in writing within 30 days after you receive it. If you don't give us this notification, the report or confirmation will be considered to be correct and binding on you.

INTEREST ON CASH BALANCES

Sanford C. Bernstein pays interest on clients' cash balances at all times at a monthly rate based on the average of the 90-day and 180-day Treasury bill rates. Sanford C. Bernstein holds clients' cash balances in special reserve accounts for the exclusive benefit of customers in accordance with SEC Rule 15c3-3 under the Exchange Act. The reserve account held for the benefit of clients subject to

the Employee Retirement Income Security Act of 1974, as amended ("ERISA") invests in 90-day and 180-day Treasury bills, and the interest payments on their cash balances reflect the earnings on those investments. The reserve account held for the benefit of other clients (other than individual retirement accounts [IRAs]) and employee benefit plans subject to ERISA) may invest in Treasury bills of maturities greater than 180 days. Because Sanford C. Bernstein keeps the spread, if any, between its investment of clients' cash balances (other than for IRA or employee benefit plans subject to ERISA) and the interest it pays to clients on such balances, there may be an incentive to maintain or increase cash balances in non-ERISA accounts. However, we make all portfolio management decisions in our clients' accounts without regard to the potential use of cash balances by Sanford C. Bernstein.

YOUR OBLIGATION TO KEEP US INFORMED

It is important that you keep us informed about your finances, your investments, and your business activities. You agree to notify us immediately if there is any significant change in your financial position, or if you become (1) a broker-dealer; (2) an officer, director, general partner, employee, or agent of a broker-dealer; (3) an immediate family member of any person who is any of the above, where such person controls the account, either directly or indirectly; (4) a broker-dealer or any person who is an officer, director, general partner, employee, or agent of a broker-dealer who has a beneficial interest in the account; (5) an employee of a securities exchange; or (6) a senior foreign political figure, or an immediate family member or close associate of a senior foreign political figure. You also agree to notify us if you become a policy-making officer, a director or a 10% shareholder of any publicly traded company. Finally, please inform us in writing of any address changes.

POWER AND AUTHORITY; JOINT OWNERSHIP

You and any agents authorized by you to act on your behalf through an authorization accepted and approved by us will be the only authorized recipients of the services under this Account Agreement. You represent that: (i) you have full power, authority and capacity to enter into this Account Agreement and to provide instructions with respect to the account; (ii) the terms of this Account Agreement do not violate any obligation to which you are bound, whether arising by contract, operation of law or otherwise; and (iii) this Account Agreement has been duly authorized and is a legal, valid and binding obligation, enforceable against you in accordance with its terms.

You agree that each joint owner or, in the case of entity accounts, each of the persons accepting this Account Agreement on your behalf acting alone has full power and authority to deal with us as fully and completely as if such joint owner or other person accepting the Account Agreement on your behalf was the sole owner of the account, without notice to you, any other joint owner or any other undersigned person. Notice provided to any joint account owner will be deemed notice to all account owners. Each joint owner further agrees that he or she will be

jointly and severally liable for the account with each other joint account owner. However, we may, in our sole discretion, require the authorization, written or otherwise, of more than one or all joint owners, or in the case of entity accounts, more than one or all persons accepting this Account Agreement on your behalf prior to complying with any request or instruction made with respect to the account. You acknowledge and agree that we are not obligated to comply with or execute any such request or instruction until we receive authorization we deem satisfactory and will not be liable for any losses (as such term is defined below) resulting from a delay in execution of any such request or instruction arising from our decision to require such authorization.

You certify that you are authorized to delegate discretionary investment management authority to us under the terms of any trust document, any other governing instrument to which you are subject and/or any applicable laws and regulations, and that the other services provided under this Account Agreement are authorized by that document or instrument or applicable law and regulations. You represent that you will provide us with a copy of any document containing investment objectives, guidelines, restrictions, or any policy statement applicable to your account. You represent that the services, including the investment framework and the manner of payment of our fees as described in this Account Agreement, our fee schedule and any other Account Documents are consistent with any such document. You undertake to advise us of any material change in your authority or the propriety of your receiving the services described herein, or of any event that may affect the validity of this Account Agreement. You understand that we bear no responsibility as to whether the manner of payment of our fees is appropriate under your circumstances.

LIMITATION OF LIABILITY

You understand that investment decisions made for your account are subject to various market, currency, economic, political and business risks, and that those investment decisions may not always be profitable. You assume full financial responsibility with respect to all transactions executed for your account and any investment decisions you make with respect to unmanaged assets in your account. Further, you acknowledge and agree that we do not guarantee any minimum level of investment performance, the success of any investment decision or strategy that we may use, or the success of our overall management of your account and that we will not be liable for failure to achieve any investment performance targets or goals. To the greatest extent permitted by law, we shall not be liable for any expenses, losses, damages, liabilities, demands, charges and claims of any kind or nature whatsoever (including without limitation any legal expenses and costs and expenses relating to investigating or defending any demands, charges and claims) ("Losses") by or with respect to your account, except to the extent that such Losses are actual Losses proven with reasonable certainty, are not speculative, are proven to have been fairly within the contemplation of the parties as of the date hereof, and are determined by a court of competent

jurisdiction or an arbitration panel in a final nonappealable judgment or order to have resulted solely from our gross negligence, willful misconduct, bad faith, illegal conduct or reckless disregard of the obligations under this Account Agreement and without limiting the generality of the foregoing, we will not be liable for any indirect, special, incidental or consequential damages or other losses (regardless of whether such damages or other losses were reasonably foreseeable).

INDEMNIFICATION

We shall have no liability for and you agree to reimburse, indemnify and hold Bernstein and Sanford C. Bernstein, their affiliates and their respective partners, directors, officers and employees and any person controlled by or controlling Bernstein and Sanford C. Bernstein harmless from all expenses (including legal expenses and reasonable attorneys' fees), losses or damages that result from: (a) your or your agents' misrepresentation, act or omission or alleged misrepresentation, act or omission, (b) Bernstein and Sanford C. Bernstein's following your or your agent's directions or failing to follow your or their unlawful or unreasonable directions, (c) any of your actions or the actions of your previous advisors or custodian, and (d) the failure by any person not controlled by Bernstein or Sanford C. Bernstein to perform any obligations to you. US federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith; nothing herein shall constitute a waiver or limitation of any rights that you may have, if any, under any applicable US federal and state securities laws.

EVENTS BEYOND OUR CONTROL

We shall not be liable for (i) force majeure or other events beyond our control, including without limitation any failure, default or delay in performance resulting from computer or other electronic or mechanical equipment failure, unauthorized access, theft, operator errors, government restrictions, exchange or market rulings or suspension of trading, strikes, failure of common carrier or utility systems, severe weather or breakdown in communications not reasonably within our control or other causes commonly known as "acts of god," whether or not any such cause was reasonably foreseeable, or (ii) general market conditions unrelated to any violation of this Account Agreement by us.

SIPC COVERAGE

Sanford C. Bernstein is a member of the Securities Investor Protection Corporation (referred to below as "SIPC"), which currently protects the assets in each of your accounts custodied with Sanford C. Bernstein up to \$500,000, of which \$250,000 may be in cash. You acknowledge that, for purposes of SIPC, money market mutual fund balances are considered securities. Sanford C. Bernstein has also secured excess insurance coverage, as described in our Investment-Management Services and Policies manual. This account protection does not cover the market risks associated with investing. Certain types of assets, including interests in limited partnerships and other securities that are not registered with the Securities and Exchange Commission, are not protected by SIPC. Positions that are

not held in your account are not in the custody or control of Sanford C. Bernstein and are not covered by SIPC or any additional insurance secured by Sanford C. Bernstein. You may obtain information about SIPC, including the SIPC Brochure, by contacting SIPC at (202) 371-8300 or visiting its website at www.sipc.org.

ARBITRATION

Federal policy favors arbitration as a method of resolving issues.

This Account Agreement contains a pre-dispute arbitration clause. By accepting this arbitration clause, the parties agree as follows:

- (a) All parties are giving up the right to sue one another in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- (b) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- (c) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- (d) The arbitrators do not have to explain the reason(s) for their award.
- (e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- (f) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- (g) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Account Agreement.

By executing your Account Application, all parties agree to submit any issues or disputes arising out of or relating to the Account Agreement to arbitration before the Financial Industry Regulatory Authority ("FINRA") in accordance with the rules then in effect of FINRA or, if FINRA arbitration is not available, then to JAMS in accordance with its rules for securities arbitration then in effect.

The US Supreme Court, in a number of decisions upholding the validity of arbitration agreements under the federal securities laws, has strongly endorsed federal statutes favoring arbitration to resolve issues.

We are also required to inform you of the following regarding class actions: No person shall bring a putative or certified class action to arbitration nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to

enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Account Agreement except to the extent stated herein.

GOVERNING LAW; APPLICABLE RULES AND REGULATIONS

This Account Agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to its principles of conflicts of laws. However, nothing in this Account Agreement will be construed contrary to the Advisers Act or any rule or order of the US Securities and Exchange Commission under the Advisers Act or ERISA or any rule or order of the US Department of Labor under ERISA.

Your account and any transactions executed through your account will be subject to the rules, regulations and practices of the securities exchange or market, and its clearinghouse, as well as any applicable self-regulatory organization, if any, where such transactions are executed. In no event will we be obligated to effect any transaction we believe would violate any federal or state law, rule or regulation or the rules or regulations of any regulatory or self-regulatory body.

GRANT OF LIENS, SECURITY INTEREST AND SET OFF RIGHTS You hereby grant to Bernstein and Sanford C. Bernstein a first, perfected and prior lien upon and continuing security interest and right of set off in all securities and other property that Sanford C. Bernstein may at any time be holding or carrying in your account, or that it may otherwise be holding or carrying for you, as security for the payment of all indebtedness and any other obligations of yours to Bernstein or Sanford C. Bernstein, including for any fees and open trades. We may rehypothecate any securities or other property held, carried, maintained or otherwise in the possession or control of Sanford C. Bernstein. In enforcing our lien, we will have the discretion to determine which assets are to be sold and which open contracts or other instruments are to be closed out. In the event of a breach or default by you, we will have all of the rights and remedies available to a secured creditor under all applicable laws in addition to the rights and remedies provided in this Account Agreement and any other agreements with us.

MARGIN LOANS

Establishing a margin account with us allows you to borrow funds collateralized by assets in your account as well as to purchase securities on margin. Borrowing on margin means that we can lend you part of the value of the securities we hold in your account. Buying on margin means we can purchase more securities on your behalf than we could if we used only the cash available in your account. In either case, we charge you interest on the loan.

It is important to apprise you of the risks involved when using margin in your account. When you buy on margin or borrow against the securities you own, your exposure to a market downturn can be magnified by the amount borrowed. This is because if the securities and other property in your account decline in value, so does the value of the collateral supporting your loan. As a result, at certain

levels, you face the added risk of a margin call (possibly requiring you to supply additional funds if your account falls below the minimum maintenance level, or requiring us to sell securities to reduce the balance owed to us).

In return for Sanford C. Bernstein's extension or maintenance of credit in connection with your account, you agree that the securities and other property in your margin account may be carried in the general loans of Sanford C. Bernstein and may be pledged or hypothecated separately or in common with other such securities and other property for the sum due to Sanford C. Bernstein or for a greater sum, and Sanford C. Bernstein will have no obligation to retain a like amount of similar securities or other property in its possession or control. You further agree that the securities and other property in your margin account, together with all attendant rights of ownership, may be lent to Sanford C. Bernstein or it may lend them out to others. In connection with such loans, Sanford C. Bernstein may receive and retain certain benefits to which you will not be entitled. In certain circumstances, loans of securities may limit, in whole or in part, your ability to exercise voting rights of the securities lent. In addition, payments received for cash dividends on loaned securities may not qualify as dividend income and may be taxed at a less favorable ordinary income rate. Should we choose to lend securities we will attempt to manage the lending process to minimize such tax outcomes.

Additionally, you acknowledge that securities and other property held in any of your accounts at Sanford C. Bernstein (whether held by you either individually or jointly) may be transferred to and used to secure any margin balances maintained in your account. Any securities and other property so transferred may be pledged or rehypothecated in accordance with the prior paragraph.

Margin requirements, which determine the maximum percentage of the value of the securities and other property that you may borrow, are set by the Federal Reserve Board and the New York Stock Exchange. Also, Sanford C. Bernstein usually sets stricter margin requirements for your account. Please refer to the fee schedule for margin costs, including interest charged on margin accounts with debit balances.

Sanford C. Bernstein has a general policy of giving clients notice of margin deficiency. However, Sanford C. Bernstein is not required to notify you or to request additional margin from you should your account fall below minimum maintenance requirements. Should Sanford C. Bernstein at any time determine it necessary for its protection, it may require that you deposit additional collateral into your account or liquidate any securities to ensure that your account meets the minimum maintenance requirements. In such event, you give Sanford C. Bernstein permission in any of your accounts held by it (whether held by you either individually or jointly) to: liquidate securities, buy securities that are short, cancel any open orders, close any outstanding contracts and apply and/or transfer any or all assets, in its discretion, all without any notice of any kind or any demand for margin or additional margin. Before authorizing us to trade securities on margin, you should carefully review the "Margin Risk Disclosure

Statement" below. Please contact your Bernstein Advisor with any questions or concerns associated with the use of margin.

MARGIN RISK DISCLOSURE STATEMENT

Brokerage firms, including Sanford C. Bernstein, are required to furnish the following margin risk disclosure statement to you in order to provide some basic facts about purchasing securities on margin and to alert you to the risks involved with trading securities in a margin account. These risks include the following:

> You can lose more funds than you deposit in your margin account. If we purchase securities or other property on margin and the value of those securities declines, we may require you to provide additional funds to avoid the forced sale of the securities purchased on margin or other securities or property in your account in accordance with applicable regulations.

We can force the sale of securities or other assets in your accounts. If the equity in your account falls below the regulatory maintenance margin requirements or our higher "house" requirements, we can sell the securities or other property in any of your accounts with us to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.

> We can sell your securities or other assets without contacting you. Some investors mistakenly believe that a brokerage firm must contact them for a margin call to be valid and that the firm cannot liquidate securities or other assets in their accounts to meet a margin call unless the firm has contacted them first. This is not the case. We may attempt to notify you of margin calls, but we are not required to do so. Even if we have contacted you and provided a specific date by which you can meet a margin call, we can still take steps to protect our financial interests, including immediately selling prior to such date without notice to you.

You are not entitled to choose which securities or other property in your margin account are liquidated or sold to meet a margin call. Because the securities and other property are collateral for the margin loan, we have the right to decide which security or other asset to sell in order to protect our interests.

> We can increase our "house" maintenance margin requirements at any time and are not required to provide you with advance written notice. These changes in our policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause us to liquidate or sell securities or other property in your account.

> You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available under certain conditions, you do not have a right to the extension.

PERMISSION TO MAKE CROSS TRANSACTIONS FOR YOUR ACCOUNT

Occasionally, Sanford C. Bernstein or our London affiliate, Sanford C. Bernstein Ltd., may be in a position to buy securities for your account from the "non-managed" account of another of its clients (see definition below). Alternatively, Sanford C. Bernstein or Sanford C. Bernstein Ltd. may be able to sell securities from your account to the non-managed account of another of its clients. These are known as cross transactions.

We believe cross transactions increase our chances of being able to achieve executions at close to the most recent market price. This could be to your advantage. For example, if we enter the market with a large order, it might drive the price of the security up before the transaction can be completed. On the other hand, you should be aware that where we are making the investment decision or offering investment advice, and our affiliate is receiving commissions from both sides of the transaction, there is a potential conflict of interest and responsibilities on our part.

Non-managed accounts—mostly institutional—are those for which either Sanford C. Bernstein or Sanford C. Bernstein Ltd. acts as a broker, and neither we nor any of our affiliates acts as an investment manager. Clients with non-managed accounts make their own investment decisions, and cross transactions between such clients' accounts can be made without their prior consent. However, under federal regulations, our affiliates cannot make cross transactions for your managed account without your permission.

By signing the Account Application, you authorize Sanford C. Bernstein and Sanford C. Bernstein Ltd. to cross-trade with non-managed accounts. We will not permit cross transactions between managed accounts under this Account Agreement. You may revoke this consent at any time by giving us written notice.

For entities where a beneficiary is not a natural person, Section 11(a) of the Exchange Act requires us to obtain your consent to act as your investment manager and, at the same time, for our affiliate, Sanford C. Bernstein, to act as your broker. By signing the Account Application, you hereby grant your consent.

TRANSACTIONS WE MAKE FOR OURSELVES AND FOR OTHER CLIENTS

We provide investment advisory, execution and other services to other clients. However, the resources and investment objectives of one client may be very different from those of another. Because we tailor our investment-management services to the particular needs of each client, investment decisions we make on your behalf may differ from or conflict with those we make for our other clients, even with regard to the same securities. We may also buy and sell securities for our own account, and people within our firm buy and sell securities as individuals.

You agree that we may give advice, take action or hold or deal in securities in the performance of our duties for other clients, or for our own accounts, that may differ from or conflict with the advice we give, action we take or securities we hold or deal for your account,

PAYMENT FOR ORDER FLOW

Securities and Exchange Commission rules require that Sanford C. Bernstein inform you of its policy regarding "payment for order flow"—in other words, whether Sanford C. Bernstein compensates third parties in any way for bringing brokerage business to it or whether it directs brokerage business to other firms in return for compensation. Sanford C. Bernstein neither receives nor gives any such "payments for order flow."

THIRD PARTY AS CUSTODIAN

If you have appointed a third party to be custodian for your account(s), you understand and acknowledge that your custodian will maintain and provide to you official records of your current holdings and transactions, including your monthly or quarterly account statements. Bernstein's records, including the Bernstein website, may reflect no information or may not reflect current information with respect to your account(s) for a number of reasons, including but not limited to (1) corporate actions that may affect your holdings; (2) discrepancies as to pricing from third party vendors; and (3) any transactions or money movements that you may direct to your custodian. You understand that Bernstein has no obligation to, and may not be able to, reconcile your account information maintained by your custodian to information at Bernstein. You further understand that because of such discrepancies, performance information generated by Bernstein may vary from the performance information generated by your custodian. You also agree that Bernstein shall have no liability for and you agree to reimburse, indemnify and hold Bernstein, its affiliates and their partners, directors, officers and employees and any person controlled by or controlling Bernstein harmless from all expenses (including legal expenses and reasonable attorneys' fees), losses or damages that result from discrepancies between your custodian's records and Bernstein's records of your account(s).

You represent that the securities you or the custodian tells us are in the account, at the time of opening or any time thereafter, are, in fact, in the account and have not been and will not be sold, tendered or otherwise removed from the account. You agree to, or you agree you will cause the custodian to, via written authorization, promptly notify us of any additions to or withdrawals from the account. If you do not so advise us or do not notify the custodian or other administrator to advise us, you agree that the account will be charged for any resulting loss. In addition, we are not responsible for accessing this information through online electronic reporting systems of the custodian, since this information is not always available or reliable. You agree not to change custodians without giving Bernstein reasonable prior written notice that you intend to do so and providing the name and other relevant information about your new custodian.

PROXIES

For accounts for which Sanford C. Bernstein will act as custodian, it is mutually understood and agreed that, notwithstanding our investment discretion over your account, you retain the responsibility to vote proxies that may arise in connection with any assets in your account.

You have the ability to delegate that responsibility to another party, such as ISS Governance Services ("ISS"). Should you wish to appoint ISS as your agent for such purpose, please review the following ISS Proxy Appointment section.

For accounts for which someone other than Sanford C. Bernstein is custodian—unless you advise us in writing that you have retained the authority to vote proxies yourself or have delegated that authority to some entity other than us—you authorize us to vote all proxies that may arise in connection with any assets in your account except shares of any mutual funds that may be held in your account. You will be responsible for voting proxies relating to shares of any mutual funds that may be held in your account.

ISS PROXY APPOINTMENT

By checking the appropriate box on the signature page of the Account Application, you may appoint ISS as voting agent to vote the proxies for all securities in the managed portion of your account except shares of any mutual funds that may be held in your account. In addition, you appoint ISS as voting agent to vote unmanaged securities in your account. You direct Sanford C. Bernstein to deliver all proxy and related materials for such securities to ISS. You further direct ISS to seek information from Sanford C. Bernstein with respect to its position on each matter to be voted on each proxy and to vote in accordance with its position; if Sanford C. Bernstein does not have a position with respect to voting on any matter, as it may not, for example, when securities are held in unmanaged assets, ISS will cast votes in accordance with the ISS recommendations indicated by its analysis. You further direct ISS to provide Sanford C. Bernstein with a report on whether and how it voted on each issue. This appointment will continue until the earlier of any of the following: (1) it is terminated in writing by you; (2) ISS or we terminate or fail to renew our agreement pursuant to which ISS has made its services available as voting agent for our clients; or (3) notice to ISS by us that ISS has failed to follow the instructions contained herein with respect to voting proxies on your behalf.

Furthermore, by electing ISS as voting agent, you direct Sanford C. Bernstein to withhold disclosing to issuers certain information that Sanford C. Bernstein would otherwise be required by the Securities and Exchange Commission to release.

SANFORD C. BERNSTEIN'S POSSESSION OR CONTROL OF CUSTOMER SECURITIES

Under SEC Rule 15c3-3, Sanford C. Bernstein is required to obtain and, thereafter, to maintain possession or control of customer fully paid securities and excess margin securities as such terms are defined in the rule. If Sanford C. Bernstein determines that it does not have sufficient securities under its possession or control as required (such condition is referred to as a "segregation deficiency"), it is required by that rule to take certain steps to obtain possession or control, including, without limitation, recalling securities from loans and is permitted the period of time set forth in the rule in which to obtain possession or control. To the extent that Sanford C. Bernstein has a

segregation deficiency in shares over a record date for a vote, dividend or other corporate action or distribution, Sanford C. Bernstein will allocate such deficiency to either (a) the client(s) to whom such a deficiency is attributed (if any); or (b) if the deficiency cannot be practically attributed to any particular customer, Sanford C. Bernstein will allocate such deficiency to its customers using a random, impartial lottery. You understand and agree that Sanford C. Bernstein may change its allocation method at any time. If a deficiency is allocated to you, you will be unable to vote or give consent in respect of such corporate action.

RULE 144 OR 145(D) RESTRICTED OR CONTROL SECURITIES

Prior to placing an order for the sale or transfer of any securities subject to Rule 144 or 145(d) under the Securities Act of 1933 or any other rule relating to restricted or controlled securities or securities that may otherwise be contractually restricted, you agree that you will advise Sanford C. Bernstein of the status of the securities and furnish Sanford C. Bernstein with the necessary documents (including opinions of legal counsel, if Sanford C. Bernstein so requests) or any other required waivers or consents to satisfy legal transfer requirements. These securities may not be sold or transferred until they satisfy legal transfer requirements. Even if the necessary documents are furnished in a timely manner, there may be delays in the processing of these securities, which may result in delays in delivery of securities and the crediting of cash to your Account. You are responsible for any delays, expenses and losses associated with compliance or failure to comply with all of the requirements and rules relating to contractually restricted, restricted or controlled securities.

LIMITED DISCLOSURE

As custodian, Sanford C. Bernstein will be required by the Securities and Exchange Commission to supply to each issuing company, upon request by that issuer, your name and address and the amount of securities that Sanford C. Bernstein holds for you. You have the right, however, to request that Sanford C. Bernstein not furnish this information.

To advise Sanford C. Bernstein that you object to such disclosure, please check the box on the signature page of the Account Application. If you do not check the box, Sanford C. Bernstein is required to assume that you have no objection to the furnishing of this information. For your protection, the rule prohibits a company from using this information for any purpose other than communicating directly with you. Under the rule, your response to this request will apply to all securities Sanford C. Bernstein holds for you now and to any securities it may hold for you in the future. Sanford C. Bernstein will continue to follow these instructions with respect to all securities held for you until such instructions are amended by you.

RISKS AND REWARDS OF INVESTING

We believe asset allocation—diversification among various categories of stocks, bonds, and money-market securities—is a key strategy to limit investment risk. Your Bernstein Advisor will work with you to determine the appropriate

combinations of stocks, bonds and other investments in varying proportions, based upon your particular financial needs, goals, risk tolerance and tax situation. Your Bernstein Advisor is always available to discuss your overall asset allocation with you and to reassess that allocation based upon changes in your circumstances and financial needs. Upon the opening of your account, we will confirm your chosen asset allocation in writing. Should you wish to change your asset allocation, liquidate or close your account, you need only send your request in writing to us.

We offer a wide range of investment-management services with which we attempt to attain solid performance over time. Some of these services may entail above-average stockmarket risk. In general, our equity services are intended for long-term investors who can accept the associated risks. They are not appropriate for individuals with limited investment resources, or who are unable to tolerate potentially large fluctuations in the value of their investment, or who may need immediate access to their funds, since capital market volatility may impair our ability to liquidate securities. Depending on the amount involved and your tax status, your account may be invested in one of the various mutual fund portfolios we offer.

If you are invested in one of our more concentrated equity services—in other words, in one that may hold 50 or fewer stocks, such as Strategic Value or Strategic Growth (though the number can vary meaningfully for different services and in different market environments)—your account may be even more volatile because of a focus on particular sectors of the market. If you are invested in one of our more diversified equity services such as our Diversified Value' service, which holds a greater number of securities, you are likely to diverge less from the market's performance than in a concentrated account, but your account still will be subject to more risk than the broader market. It is possible that securities that are candidates for sale in one of our value equity services are purchase candidates in one of our growth services, and vice versa.

In addition, if you are invested in one of our international equity services, which primarily hold securities of companies in major developed foreign nations, your account may be subject to market, currency and other risks not associated with domestic investing that can lead to volatility and absolute-value declines. Our international equity services may also hold investments in emerging markets countries, which involve even greater risk, because this type of investing involves exposure to markets that are more volatile and less liquid, may have less available information, and involve social and political systems that may be less stable than those of developed countries. Accordingly, trading can be more difficult in an emerging markets portfolio; and, in the case of the Emerging Markets Portfolio of the Sanford C. Bernstein Fund, Inc., you may not be able to redeem your shares at some future point. The Emerging Markets service should be considered as a vehicle for diversification and not as a substitute for a balanced investment program.

By combining stocks with fixed income securities, your account's volatility may be reduced because these investments tend to react differently to shifting market and

economic events. Balanced accounts (those that contain stocks and bonds in any percentage combination) are managed with a view to maintaining the agreed-upon asset allocation. This is accomplished through investment of cash flows, dividends, and interest; and by reinvestment of funds generated by sales, pursuant to the agreed-upon asset allocation. At times, when we believe it advisable, we may also sell a security in order to generate funds to reinvest for the purpose of maintaining the agreed-upon asset allocation. Accounts with a larger fixed income component and a lower risk/reward orientation generally emphasize capital preservation and/or income more than do high risk/reward portfolios,

NOTICES AND OTHER COMMUNICATIONS; HOUSEHOLDING; CONSENT TO RECEIVE FAXES, TELEPHONE CALLS AND E-MAIL

You agree that we may designate the manner in which you must send different types of communications (including changes in your contact information) to us and the addresses to be used for that purpose. We need not act upon any communications that are transmitted in a manner that is inconsistent with these designations. We will have no liability whatsoever for relying on any direction from, or document signed by, any person that we reasonably believe to be you or to be authorized by you to give the direction or sign the document, whether or not the person actually has authority to do so.

To the extent you use e-mail to communicate with us, you agree that you will send all e-mails from an e-mail address designated by you for that purpose, and that, until you notify us of a change in that address, we may assume that all e-mails sent from that address have been sent by you. You should not transmit any personal or identifying information (such as account numbers, credit or debit card numbers, Social Security numbers, passport or visa numbers or passwords) via the Internet unless you are certain that the transmission will be secure and encrypted. We will send you all notices and other communications according to the contact information that you have provided, and you will be responsible for notifying us immediately of any changes in that information. All communications mailed, electronically transmitted or sent to you at the address provided by you for your account will be deemed to have been delivered to you by us when sent. You waive all claims resulting from any failure to receive these communications.

In the event we determine to do so in the future, you agree to our mailing prospectuses, shareholder reports, proxy materials and other communications related to your account in one envelope with the prospectuses, shareholder reports, proxy materials and other communications related to the accounts of others who live at your address. In such case, you will be able to revoke this consent anytime by contacting Bernstein at a toll free number to be indicated on your account statement. You will resume receiving prospectuses, shareholder reports, proxy materials and other communications related to your account separately within thirty (30) days of our receipt of your notice of revocation.

SEVERABILITY

If any provision of this Account Agreement is held to be invalid, void or unenforceable by reason of any law or legal process, that determination will not affect the validity of the remaining provisions of this Account Agreement.

WAIVER AND MODIFICATION

You agree that we may change the terms of this Account Agreement at any time by giving you notice of the new terms. You agree that any such changes will be effective thirty (30) days after we notify you in writing of the changes or at such later date as we may establish. Except as specifically permitted in this Account Agreement, no provision of this Account Agreement will be deemed waived, altered, modified or amended unless agreed to in writing by us. Our failure to insist on strict compliance with this Account Agreement or any other course of conduct on our part will not be deemed a waiver of our rights under this Account Agreement.

SUCCESSORS AND ASSIGNS

You agree that this Account Agreement will, as applicable, be binding upon your heirs, personal representatives, successors, permitted assigns and agents. This Account Agreement will inure to the benefit of Sanford C. Bernstein, Bernstein and their successors, permitted assigns and agents. You may not assign your rights and obligations under this Account Agreement. Sanford C. Bernstein may assign its rights and obligations under this Account Agreement to any of its affiliates or successors without giving you notice. No assignment (as such term is defined under the Advisers Act) of this Account Agreement will be made by Bernstein without your consent. Any purported assignment in violation of this Account Agreement will be void. You will be notified by us of any change in general partners of Bernstein within a reasonable time of such change.

CLOSING YOUR ACCOUNT

You can close your account at any time by sending us written notice signed by all relevant parties. Prior to receiving written notice, if you orally request that we discontinue management, we will do so and confirm these instructions to you in writing. When we discontinue management of your account, we no longer exercise discretion over your account. Notice becomes effective upon our receipt when signed by all relevant account parties and sent by US mail, certified mail, express mail or facsimile transmission. We may close your account at any time by notifying you in writing. Our notice will be effective when it is mailed to you. In the event of death, disability, or legal incompetence of any account owner, this Account Agreement will continue to remain in effect until we receive notice of such occurrence. Please note that your mutual fund holdings are generally not transferable to brokers other than Sanford C. Bernstein.

EXHIBIT B

Sanford C. Bernstein & Co., LLC
1345 Avenue of the Americas
New York, New York 10105
ATTENTION: Mark A. Nelson

Sanford C. Bernstein & Co., LLC

ATTENTION: _____

Re: NOTICE OF EXCLUSIVE CONTROL

Ladies and Gentlemen:

Pursuant to that certain Account Control Agreement, dated _____, 2016, by and among Federated Telephone Cooperative (“Accountholder”), ourselves and you (the “Control Agreement,” a copy of which is attached hereto), this letter shall constitute a Notice of Exclusive Control. All capitalized terms not defined herein have the meanings ascribed to them in the Control Agreement.

We hereby notify you that we will hereafter and, until we authorize you in writing to do otherwise, will continue to exercise exclusive control over Accountholder’s brokerage account referenced in the Control Agreement (Account No. _____, the “Account”) and all Account Collateral (including any and all financial assets, security entitlements and credit balances). You are instructed not to accept from Accountholder or its representatives any further directions, instruction or Entitlement Orders with respect to the Account or the Account Collateral, unless otherwise ordered by court of competent jurisdiction, as provided in the Control Agreement.

In accordance with the Control Agreement, we have also contacted the financial advisor currently servicing the Account by telephone on _____ to inform them of our intent to provide this Notice of Exclusive Control.

Sincerely,

County of Swift, Minnesota

By: _____

Name:

Title:

cc: Federated Telephone Cooperative

EXHIBIT C

Account Statement

DRAFT