

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 7, 2023



Daktronics, Inc.
(Exact Name of Registrant as Specified in Charter)

South Dakota
(State or Other Jurisdiction of
Incorporation)

0-23246
(Commission
File Number)

46-0306862
(I.R.S. Employer
Identification No.)

201 Daktronics Drive
Brookings, SD 57006
(Address of Principal Executive Offices Zip Code)

(605) 692-0200
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, No Par Value	DAKT	Nasdaq Global Select Market
Preferred Stock Purchase Rights	DAKT	Nasdaq Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 1 - Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement

As disclosed in the Current Report on Form 8-K filed by Daktronics, Inc. (the "Company") with the Securities and Exchange Commission on May 12, 2023, effective on May 11, 2023, the "Company entered into the Credit Agreement (the "Credit Agreement") by and among (among others) the Company and, together with each other Person joined to the Credit Agreement as a borrower from time to time, each a "Borrower" and collectively the "Borrowers"; the other Loan Parties to the Credit Agreement; the Lenders party to the Credit Agreement; and JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders ("JPMorgan Chase"). The Credit Agreement provides for a \$60 million senior secured asset-based revolving credit facility and a delayed draw term loan commitment (the "Delayed Draw Term Loan") for which a single draw was available in an amount up to the lesser of (a) \$15 million and (b) 60% of the appraised fair market value of the real estate of the Company in Brookings, South Dakota.

Effective on July 7, 2023, the Company and JPMorgan Chase closed on the Delayed Draw Term Loan in the original principal amount of \$15 million and entered into the Mortgage – One Hundred Eighty Day Redemption, Mortgage – Collateral Real Estate Mortgage (with Future Advance Clause) – One Hundred Eighty Day Redemption, and Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage") and other customary ancillary closing documents. The Delayed Draw Term Loan will be amortized over 10 years and, subject to the terms of the Credit Agreement, is scheduled to mature on May 11, 2026. Principal payments on the Delayed Draw Term Loan are due on the last day of each month. The Delayed Draw Term Loan and the other obligations described in the Credit Agreement are collateralized by the Mortgaged Property described in the Mortgage, generally consisting of the Company's real estate located in Brookings, South Dakota.

The foregoing descriptions of the Credit Agreement and the Mortgage do not purport to be complete and are subject and qualified in their entirety by reference to the full text of the Credit Agreement and the Mortgage, which are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and incorporated herein by reference. All capitalized terms used but not defined in the foregoing paragraphs describing the Credit Agreement and the Mortgage have the meanings ascribed to them in the Credit Agreement and the Mortgage.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits:

(d) Exhibits. The following exhibits are filed as part of this Current Report on Form 8-K:

[10.1 Credit Agreement dated as of May 11, 2023 by and among Daktronics, Inc. and the other Borrowers; the other Loan Parties to the Credit Agreement; the Lenders party to the Credit Agreement; and JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders \(Incorporated by reference to Exhibit 10.1 filed with the Daktronics, Inc. Current Report on Form 8-K filed with the SEC on May 12, 2023\).](#)

[10.2 Mortgage – One Hundred Eighty Day Redemption, Mortgage – Collateral Real Estate Mortgage \(with Future Advance Clause\) – One Hundred Eighty Day Redemption, and Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of July 7, 2023 by and between Daktronics, Inc. and JPMorgan Chase Bank, N.A. \(filed herewith\).](#)

104 Cover page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DAKTRONICS, INC.

By: /s/ Sheila M. Anderson

Sheila M. Anderson, Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Date: July 10, 2023

EXHIBIT INDEX

Exhibit No.	Description
<u>10.1</u>	<u>Credit Agreement dated as of May 11, 2023 by and among Daktronics, Inc. and the other Borrowers; the other Loan Parties to the Credit Agreement; the Lenders party to the Credit Agreement; and JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders (Incorporated by reference to Exhibit 10.1 filed with the Daktronics, Inc. Current Report on Form 8-K filed with the SEC on May 12, 2023).</u>
<u>10.2</u>	<u>Mortgage – One Hundred Eighty Day Redemption, Mortgage – Collateral Real Estate Mortgage (with Future Advance Clause) – One Hundred Eighty Day Redemption, and Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of July 7, 2023 by and between Daktronics, Inc. and JPMorgan Chase Bank, N.A. (filed herewith).</u>
104	Cover page Interactive Data File (embedded within the Inline XBRL document)

Document prepared by:

**Goldberg Kohn Ltd.
55 East Monroe, Suite 3300
Chicago, Illinois 60603
Attn: Jami L. Brodey**

**MORTGAGE--ONE HUNDRED EIGHTY DAY REDEMPTION
MORTGAGE--COLLATERAL REAL ESTATE MORTGAGE (WITH FUTURE
ADVANCE CLAUSE)--ONE HUNDRED EIGHTY DAY REDEMPTION, ASSIGNMENT
OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING**

THIS MORTGAGE—ONE HUNDRED EIGHTY DAY REDEMPTION, MORTGAGE--
COLLATERAL REAL ESTATE MORTGAGE (WITH FUTURE ADVANCE CLAUSE)--ONE
HUNDRED EIGHTY DAY REDEMPTION, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING ("**Mortgage**"), dated as of July 6, 2023 is
made and executed by DAKTRONICS, INC., a South Dakota corporation ("**Mortgagor**"), having
its principal offices at 201 Daktronics Drive, Brookings, South Dakota 57006 in favor of
JPMORGAN CHASE BANK, N.A. in its individual capacity, "**JPM**"), having an office at 10
South Dearborn Street, Floor L2, Chicago, Illinois 60603, as administrative agent (JPM, in its
capacity as administrative agent being hereinafter referred to as "**Agent**" or "**Mortgagee**") for
Lenders (as defined in the Credit Agreement as defined below).

THE PARTIES AGREE THAT THIS MORTGAGE CONSTITUTES A COLLATERAL REAL
ESTATE MORTGAGE PURSUANT TO SDCL 44-8-26, AND IS SUBJECT TO THE
PROVISIONS OF SDCL 44-8-26.

THE PARTIES AGREE THAT THE PROVISIONS OF THE ONE HUNDRED EIGHTY DAY
REDEMPTION MORTGAGE ACT, SDCL 21-49-11 TO 21-49-40 GOVERN THIS
MORTGAGE. THIS SHALL CONSTITUTE AND AUTHORIZED A POWER OF SALE
UNDER THE PROVISIONS OF SUCH ACT.

THIS DOCUMENT IS ALSO A FINANCING STATEMENT FILED AS A FIXTURE FILING
AND SHOULD BE INDEXED IN THE INDEX OF FINANCING STATEMENTS UNDER THE
NAMES OF THE MORTGAGOR AS DEBTOR, AND THE AGENT, AS SECURED PARTY.

RECITALS

I. Pursuant to the terms of a certain Credit Agreement dated as of May 11, 2023 (said Credit Agreement, together with all amendments, restatements, supplements, and modifications thereof, being hereinafter referred to as the "**Credit Agreement**") by and among Mortgagor, certain of Mortgagor's affiliates and subsidiaries party thereto from time to time as Loan Parties (as defined in the Credit Agreement), the financial institutions party thereto from time to time as Lenders (as defined in the Credit Agreement) and JPM, as a Lender and as Agent for all Lenders, Lenders have agreed to make revolving and term loans to Mortgagor and extend other financial accommodations to Mortgagor in an aggregate principal amount not to exceed \$75,000,000 (collectively, the "**Loans**"). The latest maturity date of the Loans is May 11, 2026. The terms and provisions of the Credit Agreement are hereby incorporated by reference in this Mortgage. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement. The rate or rates of interest payable under the Credit Agreement may vary from time to time.

II. Among other things, this Mortgage is given to secure a revolving credit facility and secures not only present indebtedness but also future advances, modifications, extensions and renewals, whether such future advances, modifications, extensions and renewals are obligatory or are to be made at the option of Agent or Lenders, or otherwise. The amount of indebtedness secured hereby may increase or decrease from time to time, however the maximum principal amount of such indebtedness shall not exceed the amount of \$150,000,000, plus interest thereon and other costs, amounts and disbursements as provided in this Mortgage and the other Loan Documents.

III. Execution and delivery of this Mortgage is a condition precedent to the disbursement of the Delayed Draw Term Loan and of Agent and Lenders continuing to make advances available under the Credit Agreement.

GRANTING CLAUSES

To secure the payment of the Secured Obligations (as defined in the Credit Agreement) under the Credit Agreement, including, without limitation, the Obligations, and the payment of all amounts due under and the performance and observance of all covenants and conditions contained in this Mortgage, the Credit Agreement and the other Loan Document, Mortgagor does hereby convey, mortgage, warrant, assign, transfer, pledge and deliver to Agent, WITH THE POWER OF SALE, and grant to Agent a security interest in all of Mortgagor's right, title and interest in and to the following described property subject to the terms and conditions herein:

(A) The land located in Brookings County, South Dakota, legally described in attached **Exhibit A ("Land")**;

(B) All the buildings, structures, improvements and fixtures of every kind or nature now or hereafter situated on the Land and all machinery, appliances, equipment, furniture and all goods and other personal property of every kind or nature which now or hereafter constitute fixtures with respect to the Land, together with all extensions, additions, improvements, substitutions and replacements of the foregoing ("**Improvements**");

(C) All easements, tenements, rights-of-way, vaults, gores of land, streets, ways, alleys, passages, sewer rights, water courses, water rights, timber, crops, mineral rights, development rights, utility commitments, water and wastewater taps, living unit equivalents, capital improvement project contracts, letters of credit, and utility construction agreements with any governmental authority, including municipal utility districts, or with any utility companies (and all refunds and reimbursements thereunder), and powers and appurtenances in any way belonging, relating or appertaining to any of the Land or Improvements, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired ("**Appurtenances**");

(D)(i) All judgments, insurance proceeds, awards of damages and settlements which may result from any damage to all or any portion of the Land, Improvements or Appurtenances or any part thereof or to any rights appurtenant thereto;

(ii) All compensation, awards, damages, claims, rights of action and proceeds of or on account of (a) any damage or taking, pursuant to the power of eminent domain, of the Land, Improvements or Appurtenances or any part thereof, (b) damage to all or any portion of the Land, Improvements or Appurtenances by reason of the taking, pursuant to the power of eminent domain, of all or any portion of the Land, Improvements, Appurtenances or of other property, or (c) the alteration of the grade of any street or highway on or about the Land, Improvements, Appurtenances or any part thereof; and, except as otherwise provided herein, Agent is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor and, except as otherwise provided herein, to apply the same toward the payment of the Secured Obligations subject to the terms of the Credit Agreement; and

(iii) All proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Land, Improvements or Appurtenances;

(E) All rents, accounts, deposits, issues, profits, income and other benefits now or hereafter arising from or in respect of the Land, Improvements or Appurtenances (the "**Rents**"); it being intended that this Granting Clause shall constitute an absolute and present assignment of the Rents, subject, however, to the conditional permission and license given to Mortgagor to collect and use the Rents as provided in this Mortgage;

(F) Any and all leases, licenses and other occupancy agreements now or hereafter affecting the Land, Improvements or Appurtenances, together with all security therefor and guaranties thereof and all monies payable thereunder, and all books and records owned by Mortgagor which contain evidence of payments made under such leases, licenses and other occupancy agreements and all security given therefor (collectively, the "**Leases**"), subject, however, to the conditional permission and license given in this Mortgage to Mortgagor to collect the Rents arising under the Leases as provided in this Mortgage;

(G) Any and all after-acquired right, title or interest of Mortgagor in and to any of the property described in the preceding Granting Clauses; and

(H) The proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding Granting Clauses;

All of the mortgaged property described in the Granting Clauses is hereinafter referred to as the "**Mortgaged Property**". To the extent that any portion of the Mortgaged Property is goods which are, or are to become, fixtures, this Mortgage is recorded as a fixture filing, with Mortgagor as the debtor and Agent as the secured party. To the extent that any portion of the Mortgaged Property may not be deemed to be real property, this Mortgage shall constitute a security agreement with Mortgagor as the debtor and Agent as the secured party. Mortgagor hereby grants Agent a security interest in the Mortgaged Property to the extent that it may be deemed to be personal property or fixtures.

ARTICLE ONE COVENANTS OF MORTGAGOR

Mortgagor covenants and agrees with Agent as follows:

1.1. **Performance under Credit Agreement, Mortgage and Other Loan Documents.** Mortgagor shall perform, observe and comply with or cause to be performed, observed and complied with, in a complete and timely manner, all provisions hereof, of the Credit Agreement and of every other Loan Document, in each case in accordance with the terms hereof or thereof.

1.2. **General Covenants and Representations.** Mortgagor covenants, represents and warrants that as of the date hereof and at all times thereafter during the term hereof: (a) Mortgagor holds good and marketable fee simple title to that portion of the Mortgaged Property which is real property, and has good title to the balance of the Mortgaged Property free and clear of all liens, security interests, charges and encumbrances whatsoever, except for Permitted Encumbrances; and (b) Mortgagor will maintain and preserve the lien of this Mortgage as a first and paramount lien on the Mortgaged Property, subject only to the Permitted Encumbrances, until all of the Secured Obligations have been paid in full and all obligations of Agent and Lenders under the Credit Agreement have been terminated.

1.3. **Compliance with Laws and Other Restrictions.** Mortgagor covenants and represents that the Land and the Improvements and the use thereof presently comply with and, except as provided in the Credit Agreement, will continue to comply with all applicable restrictive covenants, zoning and subdivision ordinances, building codes, licenses, health and environmental laws and regulations and all other applicable laws, ordinances, rules and regulations in all material respects.

1.4. **Taxes and Other Charges.** Mortgagor shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations, liens and encumbrances of every kind and nature whatsoever now or hereafter imposed, levied or assessed upon or against the Mortgaged Property or any part thereof, or upon or against this Mortgage; provided, however, that Mortgagor may in good faith contest the validity, applicability or amount of any tax, assessment or other charge, in accordance with the terms of the Credit Agreement.

1.5. **Mechanic's and Other Liens.** Except as otherwise may be provided by the Credit Agreement, Mortgagor shall not permit or suffer any mechanic's, laborer's, materialman's, statutory or other lien or encumbrance (other than any lien for taxes and

assessments not yet due) to be created upon or against the Mortgaged Property; provided, however, that Mortgagor may in good faith, by appropriate proceedings, contest the validity, applicability or amount of any asserted lien, in accordance with the terms of the Credit Agreement.

1.6. **Insurance and Condemnation.**

1.6.1. **Insurance Policies.** Mortgagor shall, at its sole expense, obtain for, deliver to, assign to and maintain for the benefit of Agent, until the Secured Obligations are paid in full, such policies of insurance as are required by the Credit Agreement.

1.6.2. **Adjustment of Loss; Application of Proceeds.** Agent is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies covering the Mortgaged Property and to collect and receive the proceeds from any such policy or policies; provided, however, so long as no Event of Default exists, Mortgagor shall be permitted to adjust or compromise and collect insurance claims if the amount of such claim, together with all related claims arising from the same incident, is less than \$1,000,000 in the aggregate. The amount of such proceeds, awards or compensation shall be applied as provided in the Credit Agreement.

1.6.3. **Condemnation Awards.** Except as otherwise may be provided by the Credit Agreement, Agent shall be entitled to all compensation, awards, damages, claims, rights of action and proceeds of, or on account of, (i) any damage or taking, pursuant to the power of eminent domain, of the Mortgaged Property or any part thereof, (ii) damage to the Mortgaged Property by reason of the taking, pursuant to the power of eminent domain, of other property, or (iii) the alteration of the grade of any street or highway on or about the Mortgaged Property. Agent is hereby authorized, at its option, to commence, appear in and prosecute in its own or Mortgagor's name any action or proceeding relating to any such compensation, awards, damages, claims, rights of action and proceeds and to settle or compromise any claim in connection therewith; provided, however, Mortgagor shall be permitted to prosecute any such action or proceeding so long as no Event of Default exists and the amount of the award at issue is less than \$500,000. Mortgagor hereby irrevocably appoints Agent as its attorney-in-fact for the purposes set forth in the preceding sentence.

1.6.4. **Obligation to Repair.** If all or any part of the Mortgaged Property shall be damaged or destroyed by fire or other casualty or shall be damaged or taken through the exercise of the power of eminent domain or other cause described in Section 1.6.3, Mortgagor shall promptly and with all due diligence restore and repair the Mortgaged Property to the extent that the proceeds, award or other compensation, or proceeds of the Loans, are made available to Mortgagor.

1.7. **Agent May Pay; Default Rate.** Upon Mortgagor's failure to pay any amount required to be paid by Mortgagor under any provision of this Mortgage, Agent may pay the same. Mortgagor shall pay to Agent on written demand the amount so paid by Agent together with interest at a rate equal to the highest rate payable under the Credit Agreement after the occurrence of an "Event of Default" as such term is defined in the Credit Agreement (the "**Default Rate**") and the amount so paid by Agent, together with interest, shall be added to the Secured Obligations.

1.8. **Care of Mortgaged Property.** Mortgagor shall preserve and maintain the Mortgaged Property in reasonably good working order and condition, ordinary wear and tear and damage by casualty excepted, in accordance with the Credit Agreement.

1.9. **Transfer or Encumbrance of the Mortgaged Property.** Except as permitted by the Credit Agreement, Mortgagor shall not permit or suffer to occur any sale, assignment, conveyance, transfer, mortgage, lease or encumbrance of the Mortgaged Property, any part thereof, or any interest therein, without the prior written consent of Agent having been obtained.

1.10. **Further Assurances.** At any time and from time to time, upon Agent's request, Mortgagor shall make, execute and deliver, or cause to be made, executed and delivered, to Agent, and where appropriate shall cause to be recorded, registered or filed, and from time to time thereafter to be re-recorded, re-registered and refiled at such time and in such offices and places as shall be deemed reasonably necessary by Agent, any and all such further mortgages, security agreements, financing statements, instruments of further assurance, certificates and other documents as Agent may consider reasonably necessary in order to effectuate or perfect, or to continue and preserve the obligations under, this Mortgage.

1.11. **Assignment of Rents.** The assignment of Rents contained in Section (E) of the Granting Clauses of this Mortgage constitutes an absolute, irrevocable, currently effective assignment of rents and profits within the meaning of SDCL 21-47-17 and is intended to comply fully with the provisions thereof without any further action on the part of either party, and, specifically, Agent shall be entitled, at its option, upon the occurrence of an Event of Default hereunder, to all Rents from the Mortgaged Property, whether or not Agent takes possession of the Mortgaged Property. Such assignment and grant shall continue in effect until the Secured Obligations are paid in full and all obligations of Agent and Lenders under the Credit Agreement have been terminated, the execution of this Mortgage constituting and evidencing the irrevocable consent of Mortgagor to the entry upon and taking possession of the Mortgaged Property by Agent pursuant to such grant, whether or not foreclosure proceedings have been instituted. Notwithstanding the foregoing, so long as no Event of Default has occurred, Mortgagor shall have the right, authority and license to continue to collect the rents, income and other benefits from the Mortgaged Property as they become due and payable but not more than thirty (30) days prior to the due date thereof.

1.12. **After-Acquired Property.** To the extent permitted by, and subject to, applicable law, the lien of this Mortgage shall automatically attach, without further act, to all Land and other property described in Granting Clauses (B) through (H) hereof hereafter acquired by Mortgagor located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, the Mortgaged Property or any part thereof.

1.13. **Leases Affecting Mortgaged Property.** Mortgagor shall comply with and perform in a timely manner all of its obligations as landlord under all leases affecting the Mortgaged Property or any part thereof. The assignment contained in Sections (E) and (F) of the Granting Clauses shall not be deemed to impose upon Agent or Lenders any of the obligations or duties of the landlord or Mortgagor provided in any lease.

1.14. **Execution of Leases.** Except as permitted by the Credit Agreement, Mortgagor shall not permit any leases to be made of the Mortgaged Property, or to be modified, terminated, extended or renewed, without the prior written consent of Agent, which consent shall not be unreasonably withheld, conditioned or delayed.

1.15. **Fixture Filing.** Mortgagor and Agent agree that this Mortgage shall be effective from the date of its recording as a fixture filing with respect to all goods and other personal property constituting a part of the Mortgaged Property which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

(a) Name and Address of debtor:

Daktronics, Inc.
201 Daktronics Drive
Brookings, South Dakota 57006

(b) Name and Address of secured party:

JPMorgan Chase Bank, N.A.
10 South Dearborn Street, Floor L2
Chicago, Illinois 60603

(c) This document covers goods and personal property which are or are to become fixtures.

(d) The name of the record owner is "Daktronics, Inc."

(e) The real estate to which such fixtures are or are to be attached is that described in **Exhibit A** attached hereto.

ARTICLE TWO DEFAULTS

2.1. **Event of Default.** The term "**Event of Default**," wherever used in this Mortgage, shall mean the occurrence of an "Event of Default" under and as defined in the Credit Agreement or any of the other Loan Documents.

ARTICLE THREE REMEDIES

3.1. **Acceleration of Maturity.** If an Event of Default shall have occurred and is continuing, Agent may declare the Secured Obligations to be immediately due and payable, and upon such declaration, the Secured Obligations shall immediately become and be due and payable without further demand or notice.

3.2. **Agent's Power of Enforcement.** Except as may be prohibited by applicable law, if an Event of Default shall have occurred and is continuing, Agent may, either

with or without entry or taking possession as provided in this Mortgage or otherwise, and without regard to whether or not the Secured Obligations shall have been accelerated, and without prejudice to the right of Agent thereafter to bring an action of foreclosure or any other action for any Event of Default existing at the time such earlier action was commenced or arising thereafter, proceed by any appropriate action or proceeding: (a) to enforce payment of the Secured Obligations or the performance of any term hereof or any of the other Loan Documents; (b) to foreclose this Mortgage and to have sold, as an entirety or in separate lots or parcels, the Mortgaged Property; and (c) to pursue any other remedy available to it. Mortgagor hereby (i) authorizes and empowers Agent to foreclose this Mortgage pursuant to the South Dakota Statutes, and (ii) grants to Agent a power of sale (as required under SDCL 21-48-1) to sell the Mortgaged Property at public auction, to convey the Mortgaged Property to the purchaser, and to apply the proceeds received in accordance with the terms of Section 3.6 of this Mortgage. Agent may take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, or both, as Agent may determine.

3.3. Agent's Right to Enter and Take Possession, Operate and Apply Income.

(a) If an Event of Default shall have occurred and is continuing, (i) upon demand of Agent, Mortgagor shall forthwith surrender to Agent the actual possession of the Mortgaged Property, and to the extent permitted by law, Agent itself, or by such officers or Lenders as it may appoint, is hereby expressly authorized to enter and take possession of all or any portion of the Mortgaged Property and may exclude Mortgagor and its agents, representatives and employees wholly therefrom; and (ii) notwithstanding the provisions of any Lease or other agreement to the contrary, upon the earliest to occur of (1) a receiver in possession being appointed or (2) the expiration of the redemption period under applicable law, Mortgagor shall pay monthly in advance to Agent, on Agent's entry into possession, or to any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be in possession of Mortgagor, or any entity affiliated with or controlled by Mortgagor, and upon default in any such payment Mortgagor shall vacate and surrender possession of such part of the Mortgaged Property to Agent or to such receiver, and in default thereof Mortgagor may be evicted by summary proceedings or otherwise if allowed under applicable law.

(b) If Mortgagor shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after Agent's demand, Agent may, in accordance with applicable law, obtain a judgment or decree conferring on Agent the right to immediate possession or requiring Mortgagor to deliver immediate possession of all or part of the Mortgaged Property to Agent, to the entry of which judgment or decree Mortgagor hereby specifically consents. Mortgagor shall pay to Agent, upon written demand, all actual costs and expenses of obtaining such judgment or decree, including reasonable attorneys' fees and reasonable compensation to Agent, its attorneys and Lenders, and costs of collection, including those for support staff, process service, depositions, and amounts expended in litigation preparation and computerized research, and all such costs, expenses and compensation shall, until paid, be secured by the lien of this Mortgage.

(c) Upon every such entering upon or taking of possession, Agent, to the extent permitted by law, may hold, store, use, operate, manage and control the Mortgaged Property.

3.4. **Leases.** If Agent so elects, Agent is authorized to foreclose this Mortgage subject to or prior to the rights, if any, of any or all tenants of the Mortgaged Property. Agent may elect to foreclose the rights of some subordinate tenants while foreclosing subject to the rights of other subordinate tenants.

3.5. **Purchase by Agent.** Upon any foreclosure sale, Agent may bid for and purchase all or any portion of the Mortgaged Property and, upon compliance with the terms of the sale, may hold, retain and possess and dispose of such property in its own absolute right without further accountability.

3.6. **Application of Foreclosure Sale Proceeds.** To the extent permitted by applicable law, the proceeds of any foreclosure sale of the Mortgaged Property or any part thereof received by Agent shall be applied by Agent to the Secured Obligations in such order and manner as Agent may elect, in accordance with the Credit Agreement, and the remainder, if any, to the person or persons legally entitled thereto.

3.7. **Application of Indebtedness Toward Purchase Price.** Upon any foreclosure sale, Agent may apply any or all of the Secured Obligations to the price paid by Agent at the foreclosure sale, in accordance with the Credit Agreement and in accordance with and to the extent allowed by applicable law.

3.8. **Waiver of Appraisal, Valuation, Stay and Extension.** To the full extent permitted by law, that in case of an Event of Default, neither Mortgagor nor anyone claiming through or under it will set up, claim or seek to take advantage of any redemption, reinstatement, appraisal, valuation, stay or extension laws now or hereafter in force, or take any other action which would prevent or hinder the enforcement or foreclosure of this Mortgage or the absolute sale of the Mortgaged Property or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser thereat. Mortgagor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof and agrees that Agent or any court having jurisdiction to foreclose such lien may sell the Mortgaged Property in part or as an entirety. THE PARTIES AGREE THAT THE PROVISIONS OF THE ONE HUNDRED EIGHTY DAY REDEMPTION MORTGAGE ACT GOVERN THIS MORTGAGE. Notwithstanding the foregoing, Mortgagor to the full extent permitted by law hereby voluntarily and knowingly waives its rights to redemption allowed under SDCL Ch. 21-52, SDCL 21-47-23 and SDCL 21-49-33.

3.9. **Receiver - Mortgage in Possession.** If an Event of Default shall have occurred and is continuing, Agent, to the extent permitted by law and without regard to the value of the Mortgaged Property or the adequacy of the security for the Secured Obligations, shall be entitled as a matter of right and without any additional showing or proof, at Agent's election, to either the appointment by the court of a receiver (without the necessity of Agent posting a bond), the cost associated therewith to be paid by Mortgagor, to enter upon and take possession of the Mortgaged Property and to collect all Rents thereof and apply the same as the court may direct or

to be placed by the court into possession of the Mortgaged Property as mortgagee in possession with the same power herein granted to a receiver and with all other rights and privileges of a mortgagee in possession under law. The right to enter and take possession of and to manage and operate the Mortgaged Property, and to collect all Rents thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law and may be exercised concurrently therewith or independently thereof (but subject in all respects to any restrictions thereon under applicable law). Agent shall be liable to account only for such Rents actually received by Agent, whether received pursuant to this Section 3.9 or Section 3.3. Notwithstanding (a) the appointment of any receiver or other custodian, Agent shall be entitled as pledgee to the possession and control of any cash, deposits or instruments at the time held by, or payable or deliverable under, the terms of this Mortgage to Agent; and (b) anything to the contrary set forth in this Mortgage, upon the commencement of a foreclosure action pursuant to the One Hundred Eighty Day Redemption Mortgage Act, SDCL 21-49-11 to 21-49-40, including without limitation, foreclosure by action (SDCL 21-47), foreclosure by advertisement (SDCL 21-48), and nonjudicial foreclosure (SDCL 21-48A), in accordance with applicable law, Agent shall be entitled to appoint a receiver to take possession of the Mortgaged Property if the Mortgaged Property has been abandoned by Mortgagor, or to have a receiver appointed by the circuit court.

3.10. Mortgagor to Pay the Secured Obligations in Event of Default; Application of Monies by Agent.

(a) Upon occurrence and continuance of an Event of Default, Agent shall be entitled to sue for and to recover judgment against Mortgagor for the Secured Obligations due and unpaid together with costs and expenses, including, without limitation, the reasonable compensation, expenses and disbursements of Agent's Lenders, attorneys and other representatives, either before, after or during the pendency of any proceedings for the enforcement of this Mortgage; and the right of Agent to recover such judgment shall not be affected by any taking of possession or foreclosure sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the terms of this Mortgage, or the foreclosure of the lien hereof.

(b) In case of a foreclosure sale of all or any part of the Mortgaged Property and of the application of the proceeds of sale to the payment of the Secured Obligations, Agent shall be entitled to enforce all other rights and remedies under the Loan Documents.

(c) Mortgagor hereby agrees, to the extent permitted by law, that no recovery of any judgment by Agent under any of the Loan Documents, and no attachment or levy of execution upon any of the Mortgaged Property or any other property of Mortgagor, shall (except as otherwise provided by law) in any way affect the lien of this Mortgage upon the Mortgaged Property or any part thereof or any lien, rights, powers or remedies of Agent hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before until the Secured Obligations are paid in full.

(d) Any monies collected or received by Agent under this Section 3.10 shall be applied to the payment of compensation, expenses and disbursements of the Lenders, attorneys and other representatives of Agent, and the balance remaining shall be applied to the payment of the Secured Obligations, in such order and manner as Agent may elect or

as set forth in the Credit Agreement, and any surplus, after payment of all the Secured Obligations, shall be paid to Mortgagor.

3.11. **Uniform Commercial Code Remedies.** Upon the occurrence and during the continuance of an Event of Default, Agent may also exercise any or all of the remedies available to a secured party under the Uniform Commercial Code with respect to any Mortgaged Property subject to the Uniform Commercial Code.

3.12. **Remedies Cumulative.** No right, power or remedy conferred upon or reserved to Agent or Lenders by the Credit Agreement, this Mortgage or any other Loan Document or any other instrument evidencing or securing the Secured Obligations is exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the Credit Agreement or any other Loan Document or any other instrument evidencing or securing the Secured Obligations, or now or hereafter existing at law, in equity or by statute.

ARTICLE FOUR MISCELLANEOUS PROVISIONS

4.1. **Heirs, Successors and Assigns Included in Parties.** Whenever Mortgagor, Agent or Lenders are named or referred to herein, heirs and successors and assigns of such person or entity shall be included, and all covenants and agreements contained in this Mortgage shall bind the successors and assigns of Mortgagor, including any subsequent owner of all or any part of the Mortgaged Property and inure to the benefit of the successors and assigns of Agent and Lenders and any other beneficiary of this instrument.

4.2. **Notices.** All notices, requests, reports, demands or other instruments required or contemplated to be given or furnished under this Mortgage to Mortgagor or Agent shall be directed to Mortgagor or Agent, as the case may be, in the manner and at the addresses for notice set forth in the Credit Agreement.

4.3. **Headings.** The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for convenience only, are not to be considered a part hereof, and shall not limit, expand or otherwise affect any of the terms hereof.

4.4. **Invalid Provisions.** In the event that any of the covenants, agreements, terms or provisions contained in this Mortgage shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein (or the application of the covenant, agreement, term held to be invalid, illegal or unenforceable, to persons or circumstances other than those in respect of which it is invalid, illegal or unenforceable) shall be in no way affected, prejudiced or disturbed thereby.

4.5. **Changes.** Neither this Mortgage nor any term hereof may be released, changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the release, change, waiver, discharge or termination is sought.

4.6. **Governing Law.** The validity and interpretation of this Mortgage shall be governed by and in accordance with the internal laws of the State of South Dakota, without regard to conflicts of law principles.

4.7. **Limitation of Interest.** The provisions of the Credit Agreement regarding the payment of lawful interest are hereby incorporated herein by reference.

4.8. **Future Advances.** This Mortgage is given to secure not only existing indebtedness, but also future advances (whether such advances are obligatory or are to be made at the option of Agent or Lenders, or otherwise) made by Agent or Lenders under the Credit Agreement, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The total amount of indebtedness that may be so secured may decrease or increase from time to time, but the maximum principal amount of all indebtedness secured hereby shall, in no event, exceed \$150,000,000, exclusive of interest thereon, and other costs, amounts and disbursements as provided herein and in the other Loan Documents. THE PARTIES AGREE THAT THIS MORTGAGE CONSTITUTES A COLLATERAL REAL ESTATE MORTGAGE PURSUANT TO SDCL 44-8-26, AND IS SUBJECT TO THE PROVISIONS OF SDCL 44-8-26.

4.9. **Last Dollar.** The lien of this Mortgage shall remain in effect until the last dollar of the Secured Obligations is paid in full and all obligations of Agent and Lenders under the Credit Agreement have been terminated.

4.10. **Release.** Upon full payment and satisfaction of the Secured Obligations and the termination of all obligations of Agent and Lenders under the Credit Agreement, Agent shall issue to Mortgagor an appropriate release or satisfaction in recordable form.

4.11. **Time of the Essence.** Time is of the essence with respect to this Mortgage and all the provisions hereof.

4.12. **Credit Agreement.** The Loans are governed by terms and provisions set forth in the Credit Agreement and in the event of any conflict between the terms of this Mortgage and the terms of the Credit Agreement, the terms of the Credit Agreement shall control.

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IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed by its duly authorized officer as of the day and year first above written.

DAKTRONICS, INC., a South Dakota
corporation

By: /s/ Reece A. Kurtenbach
Print Name: Reece A. Kurtenbach
Its: Chief Executive Officer

EXHIBIT A

Legal Description

PARCEL 1: Block 4 of Gilkerson Second Addition to the City of Brookings, Brookings County, South Dakota, according to the recorded plat thereof.

AND

Lot 3, Except the East Four Hundred Feet (E 400') thereof and the North Seventy-Eight and Eight-Tenths Feet (N78.8') of Lot 4, all in Block 5 of Gilkerson Addition to the City of Brookings, Brookings County, South Dakota, according to the recorded plat thereof.

PARCEL 2: The West 204 Feet of Lot 5, of LeFevre Addition to the City of Brookings, Brookings County, South Dakota, according to the recorded plat thereof.

PARCEL 3: Lots 1, 2 and 3 in Block 2 of Gilkerson Addition to the City of Brookings, Brookings County, South Dakota, according to the recorded plat thereof.

PARCEL 4: Lot 2 and the East 400 Feet of Lot 3 of Block 5 Gilkerson Addition to the City of Brookings, Brookings County, South Dakota, according to the recorded plat thereof.

PARCEL 5: Lot 4 of Block 5 of Gilkerson Addition to the City of Brookings, Brookings County, South Dakota, according to the recorded plat thereof.

PARCEL 6: Lot 1A, Block 3, Telkamp Industrial Addition to the City of Brookings, Brookings County, South Dakota, according to the recorded plat thereof.

PARCEL 7: The East 40 Feet of Lot 9, LeFevre Addition to the City of Brookings, Brookings County, South Dakota, according to the recorded plat thereof.

Addresses: 331 32nd Avenue, Brookings; 201 32nd Avenue, Brookings; 117 Prince Drive, Brookings; 201 Daktronics Drive, Brookings, South Dakota, 57006

PINs: Parcel 1-Tax Identification Number: 401960040000000; Parcel 2- Tax Identification Number 40295000000505; Parcel 3-Tax Identification No. 401950020000100; Parcel 4-Lot 2-Tax Identification Number 401950050000200; Parcel 4-East 400 Lot 3-Tax Identification No. 401950050000300; Parcel 5-Tax Identification No. 401950050000400; Parcel 6-Tax Identification No. 405970030000100 and Parcel 7-Tax Identification No. 402950000000905
