

Finance Committee Meeting

Monday, October 20, 2025 7:30 AM

Faribault Public Schools District Office, 710 17th Street SW, Faribault, MN
55021

I. Business Items

I.A. Finance Committee Meeting Minutes from
September 22, 2025

II. Contracts, Agreements, Bids and Grants for Review

II.A. Approval the FY26 Nerstrand Extended
Lease and Service Agreement

II.B. Approval of the Nerstrand Building
Purchase Agreement

III. Financial Performance

III.A. Monthly Student Count - September

III.B. Monthly Investment Report - September

III.C. Monthly Comparative Financial Report -
September

III.D. Monthly Analytical Report - September

IV. Financial Strategies

V. **Next Meeting - November 17, 2025, at 7:30 am**

VI. **Adjourn - ACTION**

FINANCE COMMITTEE MINUTES

This meeting was held remotely via Google Meet
September 22, 2025 at 7:30 a.m.

Members in Attendance: John Bellingham, Jamie Bente, Rob Dehnert, Jason Engbrecht, Stacy Fox, Meghan Knutson, Brett Martindale, Barbie Roessler and Chad Wolff

Others in Attendance:

Members Absent: Dave Campbell and Lynda Boudreau

This meeting was called to order at 7:30 a.m.

I. Business Items

- a. Approval of the previous meeting minutes: Motion to approve by Mr Bellingham and seconded by Mr Bente. Motion carried.

II. Contracts, Agreements, Bids and Grants for Review

- a. Approval of the FY26 Riverbend Nature Center Contract: This is a contract we have each year regarding curriculum and what they'll provide us this year. Mr Wolff asked how much of an increase this contract is over last year. Ms Roessler said it's not a large increase but didn't have the exact amount on hand. Mr Wolff motioned to approve and seconded by Ms Fox. Motion carried.

III. Financial Performance

- a. August Student Count: Ms Roessler explained that what she is presenting today is an enrollment projection and not ADM which is the number we're actually paid on through the funding formula from the state. At this time, we're seeing quite an increase as compared to what we had budgeted, 161 kids over what we had figured and 3218 kids in total for FY26. Mr Wolff asked how is ADM calculated. Ms Roessler replied that ADM can include partial students that may come to Faribault for a single class. Mr Wolff then asked if we're factoring about \$8k per student for revenue? Ms Roessler said she factors about \$10k per student. Ms Roessler also pointed out that the FOA doesn't show any students at this time and the reason is because it is possible to duplicate students from the HS and MS who are also attending classes at the FOA. Until she has definitive numbers for FOA, she left those students off the report to prevent overstating the student counts.
- b. August Investment Financial Report: Nothing drastic has changed. We are about 2 million higher than we were at the end of July. Our investments are continuing to do well. Ms Roessler stated that we have a "laddered" approach to investing so that we can pull dollars out of our investments in case of emergencies.
- c. August Comparative Financial Report: This report is looking at two areas of spending; Utilities and Self-insurance. HVAC showed expenses of \$10k in August

of FY26 whereas in August of FY25, we hadn't received the bill yet. That's the reason you see expenses in one month compared to nothing in the prior year. Water is pretty much spot on compared to this time last year and we're seeing credits in our electricity bills in both years. Self-insured contributions are higher than they were last year due a 15% increase in premiums. Medical claims, however, continue to be higher this year but we're hoping that this will come down as the year continues. We do see a negative expense in administrative fees in August of FY26. We found a coding error from July and so this has been corrected in August. With this correction, our fees are more on par with this time last year.

- d. August Analytics: Ms Roessler stated that we're continuing to work on FY25 but at this time, this is a pretty clean representation of where we are this year in FY26. There is really nothing out of the ordinary. Multiple year comparison; salaries and wages and other expenses are on track with where we think we should be this early into FY26. Mr Wolff questioned that our FY26 adopted budget shows \$84 million in expenses while our revenue is only \$80 million and so it looks as if we'd be deficit spending around 4.4 million dollars. Ms Roessler replied that there are two funds that are really contributing to the deficit, construction (06) and food service (02). The revenue for construction was received in FY24 with the sale of bonds. In FY26 we're continuing our construction projects using those dollars and we're only projecting about \$200k in revenue from interest on the original funds. Also, in food service, we're still trying to spend down our fund balance as it is too high per the MN Dept of Education. Mr Wolff then asked about the remaining \$1.5 million dollar deficit in the general fund (01). Ms Roessler stated that most of the \$1.5 million will be coming from reserved fund balances, not from the unreserved. With that being said, our unreserved fund balance is about 14.5% in the general fund and we're going to try to get that down to the target fund balance of about 11.5%.

IV. Financial Strategies

- a. Consider approval of the Preliminary 25 Pay 26 Property Tax Levy: The School Board does need to vote on the preliminary tax levy in September even though the state hasn't finalized the numbers. The school board will need to approve the maximum and then in December, the board will approve the exact amount. As of September, we're looking at a 2.22% decrease in property taxes due to adjustments. The state can make adjustments to prior year property taxes up to 3 years after the fact and is due to actual student counts from years past. Mr Wolff stated that he thought we had the same issue last year where we didn't have the exact numbers for the preliminary property tax levy. Ms Roessler replied, yes, this is not unusable. Motion by Mr Bente and seconded by Mr Bellingham. Motion carried.
- b. Budget Update: Ms Roessler stated that an updated budget presentation will take place in November because of the increase in student enrollment.

V. Next Meeting: October 20, 2025, at 7:30 am.

VI. Adjournment at 7:57 am: Motion to adjourn by Ms Fox and seconded by Ms Wolff. Mr Woff praised Ms Fox on how well things are going at the Middle School and all the good work she is doing. Motion carried.

Respectfully submitted by Brett Martindale



710 17th St. SW, Faribault, MN 55021

Office: 507-333-6000 | Fax: 507-333-6050

MEMORANDUM

TO: Jamie Bente, Superintendent
Finance Committee
School Board Members

FROM: Barbie Roessler
Director of Finance and Operations

DATE: October 27, 2025

RE: 2025-26 Nerstrand Charter School Extended Lease

Attached you will find an extended lease agreement for our building in Nerstrand. As discussed in the June 2025 board meeting, Nerstrand Charter School would like to continue to lease this building until a successful sale of the building. The original approved lease agreement was a two-month agreement in the amount of \$27,375, for FY26.

The extended lease agreement will be an additional three-month lease of \$41,062.50 for FY2026.

Building Lease

THIS EXTENDED LEASE AGREEMENT, Originally made and entered into the 1st day of July, 2025 by and between Independent School District #656 hereinafter referred to as "School District" whose address is 710 17th St SW, Faribault, MN 55021 and Nerstrand Charter School whose address is 205 South Second Street, Nerstrand, MN 55053.

WITNESS THAT:

- 1) **PREMISES TO BE LEASED:** Nerstrand Elementary School including the building, storage area, and adjacent grounds.
- 2) **TERM:** The term of this lease shall begin on the 1st day of September 2025 and shall continue for a period of three months, ending on November 30, 2025 with ongoing renewals with mutual agreement between the School District and Nerstrand Charter School.
- 3) **RENT:** The basic rent for the leased property shall be \$41,062.50 payable in monthly installments of \$13,687.50 due the 1st day of each month beginning September 2025.
- 4) **USE:** During the term of this lease the property shall be used only for operating Nerstrand Charter School and for its activities. All other rental of this facility shall be coordinated with Nerstrand Charter Schools
- 5) **CARE AND MAINTENANCE OF PREMISES:** Landlord shall be solely responsible and liable for all major repairs necessary to maintain the structural integrity of the interior and exterior of the building; to maintain all heating, cooling, electrical and plumbing systems efficient working order; and to repair and replace as necessary. The landlord shall comply with all laws. Landlord will also be responsible for all health and safety testing and monitoring.
- 6) **UTILITIES:** The Tenant shall be liable for payment of heat and electric utilities and garbage/recycling costs as the same become due and payable month to month during the term of this lease.
- 7) **INDEMNIFICATION OF LANDLORD:** To the extent authorized by law, tenant will indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life and/or personal injury and/or property damage arising from or out of the occupancy or use by Tenant of the Premises or any part thereof or any other part of Landlord's property, occasioned wholly or in part by any willful or

negligent act or omission of Tenant, its officers, agents contractors or employees.

- 8) INSURANCE: The tenant shall additionally keep the leased property insured throughout the term of this lease against the following:
 - (a) Claims for personal injury or property damage under a policy of general public liability insurance with such limits as may be reasonably requested by the landlord.
 - (b) Nerstrand Charter School shall purchase insurance as required by law and provide the school district with documentation of said coverage. The types and amounts of insurance obtained by Nerstrand Charter School will cover the exposure limits of municipal corporations established by Minnesota Statute 466.04, subd. 1. Faribault Public Schools, ISD #656 shall be named as additional insured.

- 9) INSPECTION OF THE PREMISES BY LANDLORD: (a) The tenant shall permit the landlord and authorized representatives of the landlord to enter the lease property upon reasonable prior notice to the tenant during the usual business hours, whether or not the tenant or tenant's representatives are present (and at any time in the event of emergencies) for the purpose of (1) inspecting the same, and (2) performing any work therein which may be necessary by reason of the tenant's default under any terms of this lease. Nothing herein shall imply any duty upon the part of the landlord to do any such work which under any provision of this lease the tenant may be required to perform not to place upon the landlord any obligation or liability whatsoever, for the care, supervision or repair of the leased property. The landlord may during the progress of any work in the leased property keep and store therein all necessary materials, tools, and equipment. The landlord shall not in any event be responsible for inconvenience, loss of business or other damage to the tenant by reason of the performance of any such work in the leased property or on account of bringing materials, supplies and equipment into or through the leased property during the course thereof. (b) The landlord is hereby given the right during usual business hours to enter the leased property and to exhibit the same in a reasonable manner for the purpose of sale during the last three months of the initial term to exhibit the same to any prospective tenant.

- 10) SURRENDER IN GOOD REPAIR AND CONDITION: The tenant shall surrender the leased property in good repair and condition, rooms cleaned and free of tenant's property.

- 11) NON-ASSIGNABILITY: Tenant may not sublease, assign, transfer, mortgage, or encumber its interest in this lease.

- 12) PERFORMANCE OF LANDLORD'S OBLIGATION: If the landlord defaults in the observance or performance of any term or covenant required to be performed under this lease, and such default is not being legally contested, the tenant after no less than 30 days' notice to the landlord may but shall not be obligated to remedy such default and in connection therewith may pay expenses and employ counsel, provided that the tenant shall have the right to remedy such default without notice in the event of emergency. All sums expended or obligations incurred by the tenant in connection therewith shall be paid by the landlord to the tenant upon demand: and if the landlord fails to reimburse the tenant, then tenant in addition to any other right or remedy that tenant may have may deduct such amount in subsequent installments of basic rent which from time to time thereafter may become due to the landlord.
- 13) TERMINATION OF LEASE AND DEFAULT OF TENANT: (a) Upon default in payment of rent herein or upon any other default by the tenant in accordance with the terms and provisions of this lease, the lease may at the option of the landlord be cancelled or forfeited, PROVIDED HOWEVER, that before any such cancellation or forfeiture except as provided in subparagraph (b) hereof, the Landlord shall give Tenant a written notice specifying the default or defaults and stating that this lease will be cancelled and forfeited 30 days after the giving of such notice unless default or defaults are remedied within such grace period. (b) Bankruptcy or insolvency of tenant: In the event the Tenant is adjudicated a bankrupt or in the event of a judicial sale or other transfer of tenant's leasehold interest by reason of any bankruptcy or insolvency proceedings or by the other operation of law, but not by death, and such bankruptcy, judicial sale or transfer has not been vacated or set aside within 30 days from the giving of notice thereof by the landlord to the tenant, then and in such event the landlord may at its option immediately terminate this lease, re-enter the premises upon giving 30 days' notice by landlord to tenant. (c) Termination of Charter School contract: Pursuant to Minn. Stat. § 124E.22, (a)(3)(ii), this Lease is subject to cancellation upon thirty (30) days prior written notice by Tenant to Landlord, if the Tenant's charter contract is terminated or not renewed. This provision shall not be constructed or construed to relieve the Tenant of its lease obligations in effect before the charter contract is terminated or not renewed.
- 14) MECHANIC'S LIENS: Neither the tenant nor anyone claiming by, through or under the tenant shall have the right to file or place upon said premises or upon any building or improvement thereon or upon the leasehold interest of the tenant therein any mechanic's lien or other lien of any kind or character whatsoever, and notice is hereby given that no contractor, sub-contractor or anyone else who may furnish any materials, services or labor for any building, improvement, alterations, repair or any part thereof, shall be or become entitled to any lien thereon and for the further security of the landlord the tenant covenants and agrees to give actual notice thereof in advance to any

and all contractors and sub-contractors who may furnish or agree to furnish any such materials, service of labor.

- 15) CONSENT OF LANDLORD AND IMPROVEMENTS TO BECOME PROPERTY OF LANDLORD: No alteration, addition or improvement in excess of \$1,000 to the leased property shall be made by the tenant without the written consent of the landlord. Any alteration, addition or improvement made by the tenant after such consent shall have been given and any fixtures installed as part thereof shall at the landlord's option become the property of the landlord upon expiration or other sooner termination of this lease: provided, however, that the landlord shall have the right to require the tenant to remove such fixtures at the tenant's cost upon such termination of this lease.
- 16) NOTICE AND DEMANDS: Notices as provided for in this lease shall be given to the respective parties hereto at the respective addresses designated on Page 1 of this lease unless either party notified the other in writing of a different address. Without prejudice to any other method of notifying a party in writing or making a demand or other communication, such message shall be considered given under the terms of this lease when sent, addressed as above designated, postage prepaid by certified mail, return receipt requested, and so deposited in the United States Mail Box.
- 17) CHANGE TO BE IN WRITING: None of the covenants, provisions, terms or conditions of this lease to be kept or performed by the landlord or tenant shall be in any manner modified, waived or abandoned except by a written instrument duly signed by the parties and delivered to the landlord and tenant. This lease contains the whole agreement of the parties.
- 18) FIRE AND OTHER CASUALTY LOSS: In case of damage by fire or other casualty to the building in which the leased property is located, if the damage is so extensive as to amount practically to the substantial destruction of the leased property or of such building, the rent shall be apportioned to the time of the damage and the lease shall cease unless the tenant, at his option, requests that the premise be restored as nearly as possible of the business for which this lease is intended at the present location. Since under the terms hereof, it is the obligation of the landlord to insure said premises, said insurance should therefore be maintained at a level adequate to restore the premises to substantially the same degree as they now exist. In all other cases where the leased property is damaged by fire or other casualty, the landlord shall repair the damage with reasonable dispatch and if the damage has rendered the leased property untenable, in whole or in part, there shall be an apportionment of the rent until the damage has been repaired. In determining what constitutes reasonable dispatch, consideration shall be given to delays caused by strikes, adjustments of insurance and other causes beyond the landlord's control.

- 19) REMEDIES CUMULATIVE: All remedies conferred in this Lease shall be deemed cumulative and no one exclusive of the other, or of any other remedy conferred by law.
- 20) PARTIES BOUND: The covenants and conditions contained in this Lease shall apply to and bind the heirs, successors, executors, administrators, and assigns of all the parties to the Agreement.
- 21) TIME OF THE ESSENCE Time is of the essence of this Lease, and of each and every covenant, term, condition, and provision of this Lease.
- 22) SECTION CAPTIONS: The captions appearing after the section number designations of this Lease for are convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions of this Agreement.
- 23) CONSTRUCTION OF LEASE: It is agreed that this Lease shall be governed by, construed, and enforced in accordance with the laws of the State of Minnesota. It is further agreed that both parties have participated in the drafting of this Lease, by and through their respective legal counsel, and that the rule of construction that ambiguities in such agreements will be construed against the drafter will have no application on any interpretation or construction of this Lease or the party's rights and responsibilities hereunder.
- 24) MODIFICATION OF LEASE: Any modification of this Lease or additional obligation assumed by either party in connection with this Lease shall be binding only if evidenced in a writing signed by each party or an authorized representative of each party.
- 25) ADDITIONAL DOCUMENTS: The parties agree to execute whatever papers and documents may be necessary to effectuate the terms of this Lease, including without limitation, a memorandum of this Lease in recordable form.

Faribault Public Schools
Independent School District #656

Nerstrand Charter School

Chair

Chair

Clerk

Clerk

Date

Date

SERVICE AGREEMENT
BETWEEN NERSTRAND ELEMENTARY SCHOOL
AND FARIBAULT PUBLIC SCHOOLS

SERVICE

IT IS HEREBY AGREED, for September 2025 through November 2025 school year, technical support services will be provided as follows:

- 1) **Data Technician Services** will be provided by staff employed by Faribault Public Schools. Nerstrand Elementary School will be billed for the actual hours of work performed for Data Technician Services, either on or offsite, at the employee's hourly rate. Services for infrastructure will incur costs.
- 2) **Infrastructure services**, including Internet, CIPA-compliant filtering, and Firewall service, will be provided at a per-pupil portion of non-erate eligible actual costs based on October 1 enrollment. Expansions or enhancements specific to Nerstrand Elementary School will incur costs.
- 3) **Software services** such as Library Management and Endpoint/Managed Detection and Response to be billed at actual annual cost.
- 4) **Phone Services** such as provisioning, trunking, and DID services, E911 and troubleshooting will be provided by Faribault Public Schools at no cost. Nerstrand Elementary School will directly pay the fiber phone provider for fiber phone services and equipment.

RELATIONSHIP

The Data Technicians shall remain solely the employees of Faribault Public Schools. The hiring, evaluation, and termination of such employees shall be the responsibility of Faribault Public Schools. Faribault Public Schools reserves the right to assign Data Technicians providing services under this agreement after consultation with representatives of Nerstrand Elementary School. Thus, the cost of providing services may vary according to the applicable salary and benefits the Data Technician(s) providing services.

Faribault Public Schools reserves the right to coordinate and secure Data, Infrastructure, Software, and Phone Services and the respective vendors and contractors. Any additional services provided outside of Faribault Public Schools' financial responsibility will be facilitated, in consultation with Nerstrand Elementary School, by Faribault Public Schools.

PAYMENT

Nerstrand Elementary School shall pay to Faribault Public Schools as invoiced an amount not to exceed the hourly rate times the actual hours of Data Technician Services performed for Nerstrand Elementary School.

Nerstrand Elementary School shall pay to Faribault Public Schools, annually, as invoiced an amount not to exceed Nerstrand Elementary School's per-pupil portion of non-erate eligible actual costs for Infrastructure Services.

For the purposes of Infrastructure Services, per-pupil portion of non-erate eligible actual costs is calculated as follows:

$$\begin{array}{rcc} & \text{Count of Nerstrand Elementary School Students} & \\ \text{Non-erate eligible actual costs} & \times & \\ \hline & \text{Sum of Nerstrand Elementary School Students} & \\ & \text{and Faribault Public School Students} & \\ & & = \text{Annual Cost} \end{array}$$

The count of pupils will be based on the enrollment on October 1.

Nerstrand Elementary School shall pay to Faribault Public Schools, annually, as invoiced an amount not to exceed actual annual cost of Library Management and Endpoint/Managed Detection and Response.

ADMINISTRATIVE FEE

Nerstrand Elementary School shall pay Faribault Public Schools a yearly administrative fee of 8%. The fee will be applied to the total cost of this agreement and invoiced at the same time as other costs of the agreement are invoiced.

TERM

This agreement shall be in effect for one school year and is to be renegotiated annually. The school year shall be July 1, 2025 through June 30, 2026. Further, this agreement can only be amended, in whole or in part, during the time it is in effect by mutual agreement of both parties. If this agreement is not to be renewed by either party, said party wishing to non-renew must notify the other party by April 1, 2026.

NOTICE

All notices required to be given under this agreement shall be in writing and be addressed to either the Chair of the Board of Education of Faribault Public Schools or the Chair of the Board of Directors of Nerstrand Elementary School. All notices required to be provided on a specific day or date shall be considered as timely if postmarked on or before the due date.

WAIVER

The waiver by Faribault Public Schools or Nerstrand Elementary School or any provision of this agreement in a particular instance does not constitute a waiver overall. Both parties, rather, continue to reserve all of its rights pursuant hereto at all times.

HEREBY, this agreement is approved by the following:

FARIBAULT PUBLIC SCHOOLS

NERSTRAND ELEMENTARY SCHOOL

DISTRICT #656

CHAIR OF THE BOARD

CHAIR OF THE BOARD

CLERK OF THE BOARD

SECRETARY OF THE BOARD

DATE OF BOARD APPROVAL

DATE OF BOARD APPROVAL

PURCHASE AGREEMENT

This Agreement is entered into by and between **Independent School District No. 656**, a Minnesota public corporation (“Seller”), and **Grace Lutheran Church**, a Minnesota nonprofit corporation (“Buyer”).

In consideration of the Earnest Money, the mutual covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. **EFFECTIVE DATE.** The effective date of this Agreement is October 27, 2025 (the “Effective Date”).
2. **SALE OF PROPERTY.** Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the Property with a street address of 205 2nd St. S., Nerstrand, MN 55053 [PID 21.14.1.25.008] and as legally described in Exhibit A.
3. **PURCHASE PRICE.** The purchase price for the Property is \$1.00 (the “Purchase Price”).
4. **EARNEST MONEY.** No earnest money is required.
5. **SURVEY.** Buyer may, at Buyer’s expense, obtain a survey.
6. **TITLE COMMITMENT.**
 - a. Seller makes no representations or warranties with respect to the status of title to the Property. Buyer may, within 30 days after the Effective Date, at Buyer’s expense, obtain a title commitment to issue an owner’s policy of title insurance insuring Buyer’s title to the Property (the “Title Commitment”). If Buyer obtains a Title Commitment, it shall provide a copy of the Title Commitment and copies of, or internet access to, all recorded documents referenced in the Title Commitment to Seller.
 - b. Buyer shall have until the date ten business days after the receipt of the Title Commitment and the Survey (collectively, “**Title/Survey**”) (if obtained) to review Title/Survey and to give Seller written notice of (i) any defects in the marketability of Seller title to the Property or any encumbrances on Seller’s title to the Property that are objectionable to Buyer, and (ii) the specific actions Buyer requests that Seller take with respect to each such defect or encumbrance (a “**Title Objection Notice**”). Any defects in or encumbrances on Seller’s title that Buyer does not identify in a timely Title Objection Notice are each a “**Permitted Exception.**” Within three (3) business days after Seller’s receipt of a Title Objection Notice from Buyer, Seller will notify Buyer, in writing, of the actions, if any, that Seller is willing to take with respect to each of the matters identified in the Title Objection Notice and the time frame in which Seller will take those actions (“**Seller’s Title Notice**”). If Seller’s Title Notice indicates that Seller unconditionally agrees to make Seller’s title to the Property marketable on or before the closing date established pursuant to Section 15, the parties shall proceed to closing pursuant to the terms of this Agreement. If Seller’s Title Notice indicates that Seller does not unconditionally agree to make Seller’s Title to the Property marketable on or before

the closing date established in Section 11, Buyer may, at any time with three (3) business days after Buyer's receipt of Seller's Title Notice, terminate this Agreement by written notice to Buyer in which case this Agreement is terminated and Escrow Agent must disburse any Earnest Money (other than Earnest Money that Escrow Agent has disbursed to Seller pursuant to Sections 4(b) and (c)) ("**Buyer's Title Termination Notice**"). If Buyer does not deliver a Buyer's Title Termination Notice to Seller within the three (3) business days after Buyer's receipt of Seller's Title Notice, than Seller must perform in accordance with Seller's Title Notice, Buyer shall be deemed to have waived Buyer's objections to the extent Seller has not agreed to address them in Seller's Title Notice, the matters to which Buyer objected and Seller did not agree to resolve are deemed Permitted Exceptions, and the parties shall proceed to Closing in accordance with the terms of this Agreement and the terms of Seller's Title Notice.

7. **RIGHT OF ENTRY.** At all times before the expiration of the Inspection Period (as defined in Section 9), Buyer (and its employees, agents, and contractors) may enter the Property for the purpose of conducting soil tests, environmental tests and survey work, subject to the following conditions:
- a. Upon the earlier of the date one week after Buyer's completion of its activities on the Property or the date one week after the termination of this Agreement, if either Seller or Buyer terminate this Agreement in accordance with the provisions hereof prior to Closing, Buyer must repair and or restore any damage Buyer or its employees, agents or contractors cause to the Property and remove any personal property, refuse or debris Buyer or its employees, agents or contractors brought onto or authorized third parties to bring onto the Property.
 - b. Buyer must comply with and shall cause its employees, agents, and contractors to comply with all applicable laws, while on the Property.
 - c. Buyer may not commence any environmental testing on the Property until Buyer submits a work plan for such testing to Seller and Seller approves the work plan, in writing. Seller may not unreasonably withhold, condition or delay Seller's approval of a work plan.
 - d. Buyer must, promptly and without demand from Seller, provide Seller with true and complete copies of all draft and final reports relating to Buyer's geotechnical and environmental investigations and testing of the Property including, without limitation, any reports relating to any Phase I Environmental Site Assessment of the Property.
 - e. The cost of any test or additional survey work will be borne solely by Buyer.
8. **PROPERTY SOLD AS IS.** Subject to Buyer's right to terminate this Agreement pursuant to Section 9, Buyer agrees to accept the Property in its current condition, including, without limitation, its current environmental and geological condition, and in an "AS-IS" and with "ALL FAULTS" condition. Buyer's payment of the Purchase Price at Closing constitutes Buyer's acknowledgment and agreement that:

- a. Seller has not made any written or oral representations or warranties of any kind with respect to the Property (including without limitation express or implied warranties of title, merchantability, or fitness for a particular purpose);
- b. Buyer has not relied on any written or oral representation or warranty made by Seller, its agents or employees, with respect to the condition or value of the Property;
- c. Buyer has had an adequate opportunity to inspect the condition of the Property, including without limitation any environmental testing, and to inspect documents applicable thereto, and Buyer is relying solely on such inspection and testing; and
- d. The condition of the Property is fit for Buyer's intended use.

9. INSPECTION PERIOD.

- a. Except as otherwise provided in Section 6, Buyer shall have 30 days from the Effective Date (the "**Inspection Period**") to investigate the Property and determine, in Buyer's sole judgment, whether (i) the condition of the Property is suitable to Buyer's intended use; and (ii) Buyer will be able to obtain all governmental approvals and utilities necessary for Buyer's intended use of the Property. Buyer acknowledges and agrees that Seller has not made any covenants, representations or warranties regarding Buyer's ability to obtain governmental approvals from the City of Nerstrand or any other governmental entity.
- b. Buyer may, at any time on or before 5:00 p.m. on the last day of the Inspection Period, terminate the Agreement by written notice to Seller based on Buyer's determination, in Buyer's sole and absolute discretion, that the condition of the Property is not suitable for Buyer's intended use or that Buyer may not be able to obtain all governmental approvals and utilities necessary for Buyer's intended use of the Property. In addition, this Agreement automatically terminates at 5:00 p.m. on the last day of the Inspection Period unless, prior to that time Buyer delivers a written notice of Buyer's intention to proceed (a "**Notice to Proceed**") to Seller.

10. DEFINITIONS. As used in this Agreement:

"**Claim**" or "**Claims**" means any and all liabilities, suits, claims, counterclaims, causes of action, demands, penalties, debts, obligations, promises, acts, fines, judgments, damages, consequential damages, losses, costs, and expenses of every kind (including without limitation any attorney's fees, consultant's fees, costs, remedial action costs, cleanup costs and expenses which may be related to any claims).

"**Environmental Law**" means the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Federal Water Pollution Control Act (the Clean Water Act), 33 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., and the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., all as amended from time to time, and any other federal, state, local or other governmental statute, regulation, rule, law or ordinance dealing with the protection of human health, safety, natural resources or the environment now existing or hereafter enacted.

“Hazardous Substance” or **“Hazardous Substances”** means any pollutant, contaminant, hazardous substance or waste, solid waste, petroleum product, distillate, or fraction, radioactive material, chemical known to cause cancer or reproductive toxicity, polychlorinated biphenyl or any other chemical, substance or material listed or identified in or regulated by any Environmental Law.

- 11. NOTICES.** Notices permitted or required by this Agreement must be in writing and shall be deemed given when delivered in legible form to the party to whom addressed. Notices may be sent by certified mail, fax or e-mail. Notices are effective two business days after they are mailed via certified mail, return receipt requested or, if delivered in any other manner, when the party to whom the notice is directed actually receives the notice. If delivered at the Closing, a notice shall be deemed given when hand-delivered to the party's representative at the Closing. The business addresses of the parties are as follows:

Seller: Independent School District No. 656
710 17th St. S.W.
Faribault, MN 55021

Buyer: Grace Lutheran Church
305 1st St. S.
Nerstrand, MN 55053

Notices not given in the manner or within the time limits set forth in this Agreement are of no effect and may be disregarded by the party to whom they are directed.

- 12. CLOSING.** This transaction shall close within 14 days after Buyer delivers a Notice to Proceed to Seller or on such earlier date as Seller and Buyer may establish by mutual, written agreement. The Closing shall take place at a mutually agreeable location. At the option of either Party, the executed closing documents, Purchase Price and closing costs may be deposited with an escrow agent to avoid the necessity for a Closing at which the Parties are present.

- a. **Seller's Obligations at Closing.** At Closing, Seller must deliver to Buyer:
- i. A warranty deed, duly executed, conveying title to the Property, subject to (A) the lien of real estate taxes, if any, not yet due and payable and any installments of special assessments certified for payment therewith; (B) Building, Subdivision and Zoning Ordinances; (C) matters that would be disclosed by an accurate survey of the Property; and (D) matters that constitute Permitted Exceptions pursuant to Section 6;
 - ii. Documentation from Seller sufficient to demonstrate Seller's decision to sell the Property and to authorize execution of the deed and all closing documents; and
 - iii. Seller's affidavits, well disclosure certificate (if required), settlement statement approved by Seller and Buyer, and any other documents required by an escrow agent.
- b. **Buyer's Obligations at Closing.** At Closing, Buyer must:

- i. Pay the Purchase Price and any amounts Buyer must pay, less amounts received pursuant to Section 12(c) and the rest of this Agreement and the Settlement Statement;
 - ii. Documentation sufficient to demonstrate authority to purchase the Property.
 - iii. File or cause to file an Electronic Certificate of Real Estate Value.
- c. **Closing Costs.**
- i. At Closing, the following Seller closing costs and expenses must be paid from the Purchaser Price or, if the Purchase Price is not sufficient, paid by Seller:
 1. Seller's portion of the prorated property taxes.
 2. Seller's own attorney's fees.
 - ii. At Closing Buyer must pay the Purchase Price to Seller and the following costs and expenses:
 1. Buyer's portion of prorated property taxes.
 2. Buyer's own attorney's fees.
 3. Cost of obtaining a Title Commitment.
 4. State Deed Tax.
 5. All closing fees.
 6. Documentary and recording fees for the deed(s).
 7. The cost of the owner's title insurance policy if Buyer elects to purchase an Owner's title insurance policy.
- d. **Possession.** Seller must deliver possession of the Property to Buyer at Closing.
- 13. REAL ESTATE BROKERS.** Seller and Buyer represent and warrant to each other that they have dealt with no brokers, real estate agents, finders or the like in connection with this transaction. Seller and Buyer agree to indemnify each other and to hold each other harmless against all claims, damages, costs or expenses of or for any broker's fees or commissions resulting from their actions or agreements regarding the execution or performance of this Agreement and will pay all costs of defending any action or lawsuit brought to recover any such fees or commissions incurred by the other party, including reasonable attorney's fees.
- 14. ASSIGNMENT.** This Agreement may not be assigned without the written consent of the non-assigning Party.
- 15. THIRD PARTY BENEFICIARY.** There are no third-party beneficiaries of this Agreement, intended or otherwise.
- 16. JOINT VENTURE.** Seller and Buyer, by entering into this Agreement and completing the transactions described herein, shall not be considered joint venturers or partners.

- 17. CAPTIONS.** The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement.
- 18. ENTIRE AGREEMENT / MODIFICATION.** This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement and no waiver or modification of any of its terms will be effective unless in writing executed by the parties.
- 19. BINDING EFFECT.** This Agreement binds and benefits the Parties and their successors and assigns.
- 20. CONTROLLING LAW.** This Agreement is made under the laws of the State of Minnesota and such laws will control its interpretation.
- 21. REMEDIES.**
- a. If Buyer fails to perform any of the terms or conditions of this Agreement within the specified time limits, Seller may declare this Agreement terminated pursuant to Minnesota Statutes section 559.21. Seller's sole remedy in the event of Buyer's default is retention of the Earnest Money, unless Buyer defaults under Section 7 or 13 of this Agreement, in which case Seller may suspend the performance of its obligations under this Agreement and commence an action in Rice County District Court to recover its actual damages arising from the default.
 - b. If Seller fails to perform any of the terms or conditions of this Agreement within the specified time limits, Buyer may, as its sole remedy, declare this Agreement terminated or, in the alternative, Buyer may have this Agreement specifically enforced. Buyer waives all claims for consequential damages against Seller based on Seller's breach or alleged default hereunder.
- 22. WAIVER.** Failure of Seller or Buyer to insist upon the performance of any of the covenants, agreements and/or conditions of this Agreement or to exercise any right or privilege herein shall not be deemed a waiver of any such covenant, condition or right.
- 23. SURVIVAL OF TERMS AND CONDITIONS.** The terms and conditions of this Agreement shall survive and be in full force and effect after the delivery of the deed and shall not be deemed to have merged therein.
- 24. SEVERABILITY.** Each provision of this Agreement shall apply to the extent permitted by applicable law and is intended to be severable. If any provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of the Agreement.
- 25. CONSTRUCTION.** The Parties acknowledge that this Agreement was initially prepared by Seller solely as a convenience and that all Parties and their counsel hereto have read and full negotiated all the language used in this Agreement. The Parties acknowledge that because all

Parties and their counsel participated in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement to construe ambiguous or unclear language in favor of or against any Party.

26. COUNTERPARTS; DIGITAL COPIES. This Agreement may be executed in any number of counterparts and the signature pages of the separate counterparts combined into a single copy of this Agreement which will then constitute a fully executed version of this Agreement. A facsimile, .pdf file or digital copy of a signed counterpart or of an assemblage of counterparts of this Agreement shall be deemed to be an original thereof.

[Signatures on the following page.]

SELLER: Independent School District No. 656

By: _____
John Bellingham, Board Chair

Dated: _____, 2025

By: _____
Casie Steeves, Board Clerk

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

This instrument was acknowledged before me on _____ day of _____, 2025
by John Bellingham and Casie Steeves, Board Chair and Board Clerk, respectively, of
Independent School District No. 656.

Notary Public

BUYER: Grace Lutheran Church

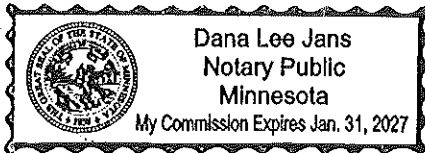
By: Chad Neumann
Chad Neumann, President

Dated: 10-11, 2025

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

This instrument was acknowledged before me on 11 day of October, 2025
by Chad Neumann, President of Grace Lutheran Church.

hmm
Notary Public



**EXHIBIT A
TO PURCHASE AGREEMENT**

Legal Description

**Faribault Public Schools
Enrollment Report by Building
FY 2025-2026**

September

	Jefferson	Lincoln	Roosevelt	Middle	High	ALC	FOA - MS	FOA - HS	Total Served	Plus: Projected	Projected Total
Early Childhood			100						100		100
VPK			125						125		125
Kindergarten			196						196		196
1	91	108							199		199
2	85	106							191		191
3	99	116							215		215
4	83	111							194		194
5	75	90							165		165
6				206					206		206
7				211			3		214		214
8				225			4		229		229
9					219	-		7	226		226
10					206	20		18	244		244
11					204	39		29	272		272
12					177	66		67	310		310
Total	433.00	531.00	421.00	642.00	806.00	125.00	7.00	121.00	3,086	-	3,086

**Faribault Public Schools
Enrollment Report by Month**

School Year 2025 - 2026

	September	October	November	December	January	February	March	April	May	YTD Average	Plus: Projected Tuition	Projected Total ADM
Early Childhood	100									100		100
VPK	125									125		125
Kindergarten	196									196	2.0	198
1	199									199	2.0	201
2	191									191	2.0	193
3	215									215	2.8	218
4	194									194	3.0	197
5	165									165	3.0	168
6	206									206	2.0	208
7	214									214	4.4	218
8	229									229	2.0	231
9	226									226	3.9	230
10	244									244	5.9	250
11	272									272	5.8	278
12	310									310	14.5	325
Total	3,086	-	-	-	-	-	-	-	-	3,086	53.3	3,139.3
		(3,086)										

EC-12 Average
September - June

Over (Under)
Budget 3,057 29

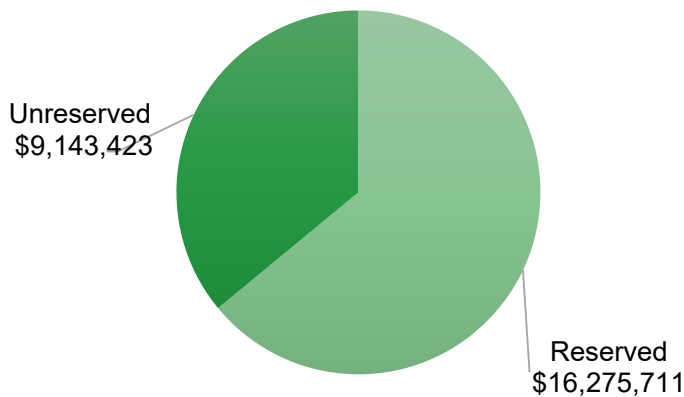


FARIBAULT PUBLIC SCHOOLS

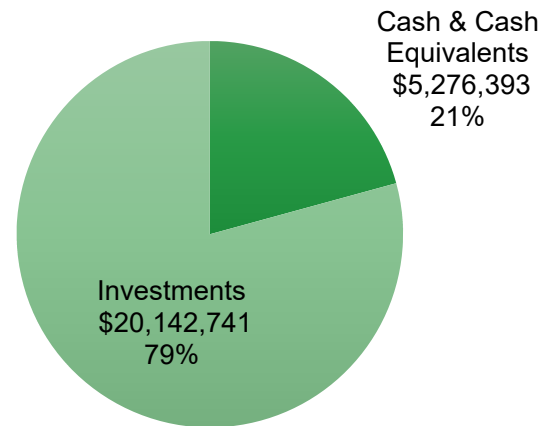
Investment Balances
As of September 2025

	Ending Balance 8/31/2025	Ending Balance 9/30/2025	Interest/Div Earned
CCF - MAIN CHECKING	498,853.82	500,719.67	\$ 1,865.85
CCF -SAVINGS	-	-	-
RELIANCE - MAIN CHECKING	750,000.00	750,000.00	
RELIANCE - SAVINGS	1,860,850.42	2,095,620.68	1,762.44
MSDLAF+LIQUID MONEY MARKET	1,514,927.43	1,744,745.07	5,284.15
MSDLAF+ MAX MONEY MARKET	182,273.47	182,901.46	627.99
MN TRUST OPERATIONS	7,644,227.83	7,889,593.34	16,812.52
MN TRUST INVESTMENTS	6,315,483.04	6,315,483.04	
MN TRUST MAINTENANCE BONDS	2,616,946.97	2,643,024.51	26,077.54
US BANK - IRREVOCABLE TRUST	2,576,746.08	2,633,783.15	4,789.64
US BANK - ROOSEVELT DEBT	27.53	200,652.62	0.09
FIRST UNITED BANK CD	150,000.00	150,000.00	
PREMIER BANK CD	160,204.06	160,204.06	
RELIANCE BANK CD	163,565.31	-	
STATE BANK OF FARIBAULT CD	150,000.00	150,000.00	
PETTY CASH	2,406.00	2,406.00	
TOTAL CASH AND INVESTMENTS	\$ 24,586,511.96	\$ 25,419,133.60	\$ 57,220.22

Asset Reservations



Liquidity



Faribault Public Schools
Comparative Financial Report - Select General Fund Expenditure Accounts
As of September 30, 2025

	FY25 September 2024	FY26 September 2025	FY25 YTD Through September 2024	FY26 YTD Through September 2025	FY25 FIN Budget	FY26 ADP Budget	FY25 % of Budget through September 2024	FY26 % of Budget through September 2025
EXPENDITURES:								
HVAC	-	11,216	-	54,928	289,000	281,500	0.00%	19.51%
Water	6,542	8,793	13,163	15,393	67,200	83,500	19.59%	18.43%
Electric	55,358	87,812	114,157	219,906	639,000	650,500	17.86%	33.81%
Snow Removal	-	-	-	-	100,200	84,600	0.00%	0.00%
Total Expenditures	61,900	107,821	127,320	290,228	1,095,400	1,100,100	11.62%	26.38%

Faribault Public Schools
Comparative Financial Report - Self Insurance Fund
As of September 30, 2025

	FY25 September 2024	FY26 September 2025	FY25 YTD Through September 2024	FY26 YTD Through September 2025	FY25 FIN Budget	FY26 ADP Budget	FY25 % of Budget through September 2024	FY26 % of Budget through September 2025
REVENUES:								
District Contributions	198,596	217,029	491,566	540,586	2,536,426	2,916,890	19.38%	18.53%
Employee Contributions	22,521	31,085	63,381	88,204	264,673	304,374	23.95%	28.98%
Retirees Contributions	9,785	5,010	30,309	16,126	85,261	55,886	35.55%	28.85%
Cobra Contributions	954	-	2,862	-	11,130	13,165	25.72%	0.00%
Total Revenue	231,856	\$253,123	\$588,119	\$644,915	\$2,897,490	\$3,290,315	20.30%	19.60%

EXPENDITURES:								
Medical Claims	154,206	145,900	479,970	446,941	2,782,154	2,842,024	17.25%	15.73%
Administrative Fees	37,085	40,857	105,815	117,818	403,787	476,307	26.21%	24.74%
Additional Charges	2,735	1,552	11,630	11,396	84,357	60,000	13.79%	18.99%
Total Expenditures	\$194,026	\$188,309	\$597,414	576,154	\$3,270,298	\$3,378,331	18.27%	17.05%

\$68,761

Faribault Public Schools ISD 656
Exp/Rev Summary - Fd
Period Ending September 30, 2025

Sequence: L, Fd

		26ADP					% YTD	Remaining
Description		Annual Budget	Period 202603	Year To Date	% YTD	Encumbrances	+ Enc	Balance
E	Expenditure							
01	General	67,335,737.00	5,228,318.56	9,205,351.65	14%	270,244.09	14%	57,860,141.26
02	Food Service	3,246,374.00	33,505.44	284,532.41	9%	74,488.82	11%	2,887,352.77
04	Community Service	5,458,714.00	425,524.09	982,407.67	18%	9,051.08	18%	4,467,255.25
06	Building Construction	2,677,000.00	384,764.22	730,159.47	27%	0.00	27%	1,946,840.53
07	Debt Redemption	2,379,350.00	0.00	241,675.00	10%	0.00	10%	2,137,675.00
20	Internal Service	3,378,331.00	188,309.05	576,153.95	17%	0.00	17%	2,802,177.05
45	OPEB Irrevocable Trust	158,000.00	11,481.85	32,129.59	20%	0.00	20%	125,870.41
50	Student Activities	110,000.00	1,121.26	1,121.26	1%	1,620.00	2%	107,258.74
E	Expenditure	84,743,506.00	6,273,024.47	12,053,531.00	14%	355,403.99	15%	72,334,571.01
R	Revenue							
01	General	(65,845,215.00)	(5,234,077.09)	(5,100,970.83)	8%	0.00	8%	(60,744,244.17)
02	Food Service	(2,755,320.00)	(13,254.66)	(118,857.19)	4%	0.00	4%	(2,636,462.81)
04	Community Service	(5,398,544.00)	(417,976.96)	(544,958.02)	10%	0.00	10%	(4,853,585.98)
06	Building Construction	(200,000.00)	(26,077.54)	(81,496.04)	41%	0.00	41%	(118,503.96)
07	Debt Redemption	(2,548,834.00)	(84,908.43)	(289,272.01)	11%	0.00	11%	(2,259,561.99)
20	Internal Service	(3,290,315.00)	0.00	(391,791.93)	12%	0.00	12%	(2,898,523.07)
45	OPEB Irrevocable Trust	(158,000.00)	(58,220.59)	(119,546.79)	76%	0.00	76%	(38,453.21)
50	Student Activities	(112,000.00)	(1,550.00)	(3,165.00)	3%	0.00	3%	(108,835.00)
R	Revenue	(80,308,228.00)	(5,836,065.27)	(6,650,057.81)	8%	0.00	8%	(73,658,170.19)
Report Totals:		4,435,278.00	436,959.20	5,403,473.19	122%	355,403.99	130%	(1,323,599.18)

Faribault Public Schools ISD 656 Multi Year Guideline by Object Series

Sequence: Fd, O/S

Description	202403			202503			202603		
	Budget 24FIN	Year to Date	%	Budget 25REV	Year to Date	%	Budget 26ADP	Year to Date	%
01 General									
100 Salaries & Wages	36,691,729.00	4,334,325.84	12%	35,400,605.00	4,574,508.96	13%	37,697,151.00	4,662,461.47	12%
200 Employee Benefits	12,743,620.00	1,518,896.45	12%	13,187,389.00	1,639,439.12	12%	14,439,944.00	1,745,500.32	12%
300 Purchased Services	9,419,104.00	1,206,942.15	13%	10,442,726.00	1,355,329.68	13%	11,046,958.00	665,804.15	6%
400 Supplies & Materials	2,870,733.00	1,089,123.44	38%	2,864,209.00	710,900.77	25%	2,225,917.00	880,108.47	40%
500 Capital Expenditures	2,066,851.00	928,597.51	45%	2,053,292.00	1,217,125.35	59%	1,519,574.00	1,123,965.45	74%
800 Other Expenditures	621,589.00	61,283.34	10%	428,579.00	50,154.95	12%	406,193.00	60,940.07	15%
900 Other Financing Uses	0.00	0.00	0%	0.00	0.00	0%	0.00	66,571.72	0%
01 General	64,413,626.00	9,139,168.73	14%	64,376,800.00	9,547,458.83	15%	67,335,737.00	9,205,351.65	14%
Report Totals:	64,413,626.00	9,139,168.73	14%	64,376,800.00	9,547,458.83	15%	67,335,737.00	9,205,351.65	14%