

Special School Board Meeting

Tuesday, June 20, 2023 4:00 PM

LS-H MS/HS Media Center, 901 Ferry St., Le Sueur, MN 56058

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **APPROVAL OF AGENDA**

4. **NEW BUSINESS**

4.1. Approve the FY2024 Budget **Presenter:** Jim Wagner

4.2. Approve the Certification of Updated District
Population Estimate for 2023 payable 2024 Levy
for Community Ed.

4.3. Resolution to Approve the Long-Term Facilities
Maintenance (LTFM) Ten-Year Plan

4.4. Approve Widseth Proposal for Boundary Survey
Services (Option A)

5. **CLOSED SESSION**

5.1. Enter into Closed Session as permitted by
Minnesota Statute Section 135D.05, Subdivision
3(a) for Superintendent evaluation and School
Board evaluation.

5.2. Re-open Special Meeting

5.3. Summary of Closed Session

6. **ADJOURN**

LSH 23-24 Budget

22-23 Budget \$12,300,000

- Most Esser Funds are in last year's fiscal budget
- Esser paid for Ag, School Nurse, and Counselor positions to help with mental health support laid out by the state
- Transportation costs went up due to exceeding the 3.30/gal fuel cost and SPED transportation needs
- Food service costs were billed higher due to the provider losing money
- Student enrollment continues to decline. Enrollment dropped revenue in state aid from 6,948,101 to 6,795,732. Decrease of 151,368
- Esser funding was approx. 875,000

Changes for the 23-24 Budget

- State increase in funding of approx. \$275,000 with the increase
- Increase of Compensatory funding (SPED) by \$304,000
- Discontinuation of Esser funds \$875,000
- Total change in the budget -\$296,000
- Loss of enrollment approx. 40 students - \$285,000
- New budget proposal for 23-24 \$11,720,000 down from 12,300,000
- Budget can be amended whenever contract settlements and enrollment changes occur.

Areas of Savings and Reduction

- Reducing transportation by one route and one van =\$125,000-150,000
- Food service – going independent saves \$30-45,000
- Unfilled service positions (ex. Paras, custodial, etc.) 10,000-15,000
- Lower supply budgets – yet to be determined
- Increase student enrollment based on inquiries and expand ALP to Henderson Hilltop building.

FY 25 Long-Term Facilities Maintenance (LTFM) Ten-Year Revenue Projection				Revised 5/4/2023												
2397 <= Type in School District Number																
LE SUEUR-HENDERSON SCHOOL DISTRICT																
Change only																
if requiring levy adjustments				Payable 2023 LLC Certification	Current Estimate											
<i>Calculations for Ten Year Projection</i>				Pay 23 LLC #	FY 2023	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
1	Type your district number in cell A2 (Minneapolis = 1.2)															
2	Type APU, health and safety and alternative facilities project, and bond estimates in lines 6a, 14, 16b to 18, 20, 21, 26, 27 and 50b															
3	Type debt excess, intermediate/coop district, and revenue reduction data in lines 13, 15, 23, 31, and 33															
4	Look-up data from following tabs															
5	Initial Formula Revenue															
6	Current year APU	57		977.80	986.50	983.20	983.20	983.20	983.20	983.20	983.20	983.20	983.20	983.20	983.20	983.20
6a	Additional Pre-K Pupil Units (line 19 of Pre-K application)															
6b	Total Adjusted Pupil Units = (6) + (6a)						986.50	983.20	983.20	983.20	983.20	983.20	983.20	983.20	983.20	983.20
7	District average building age (uncapped)	401		59.65	59.65	60.65	61.65	62.65	63.65	64.65	65.65	66.65	67.65	68.65		
8	Formula allowance					\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00
9	Building age ratio = (Lesser of 1 or (7) / 35)				402		1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
10	Initial revenue = (6) * (8) * (9)				403		371,564	374,869	373,616	373,616	373,616	373,616	373,616	373,616	373,616	373,616
11	Added revenue for Eligible H&S Projects > \$100,000 / site															
12	Debt service for existing Alt facilities H&S bonds (1B) - gross before debt excess				702											
13	Debt Excess related to Debt service for existing Alt facilities H&S bonds (1B)				756											
14	Debt service for portion of existing Alt facilities bonds from line (22) attributable to eligible H&S Projects > \$100,000 per site (1A)				701											
15	Debt Excess related to Debt service for portion of existing Alt facilities bonds attributable to eligible H&S Projects > \$100,000 per site (1A)				755											
16a	Existing Net debt service for LTFM bonds for eligible new H&S projects > \$100,000 / site = (principal + interest)*1.05 - portion of bond paid by initial revenue from "IAQFAA Bonds" tab															
16b	New debt service for LTFM bonds for eligible new H&S projects > \$100,000 / site = (principal + interest)*1.05 - portion of bond paid by initial revenue															
17	Net debt service for LTFM bonds for eligible new H&S projects > \$100,000 / site = (principal + interest)*1.05 - portion of bond paid by initial revenue = (16a) + (16b)				767											
18	Pay as you go revenue for eligible new H&S projects > \$100,000 / site				405											
19	Total additional revenue for eligible H&S projects >\$100,000 / site (12) - (13) + (14) -(15) + (17) + (18)				406											
	Added revenue for Pre-K remodeling (for VPK approvals only)															
20a	Net debt service for bonds approved for Pre-K remodeling				768											
20b	Pay as you go for projects approved for Pre-K remodeling				407											
20c	Total Pre-K revenue															
20d	Total New Law Revenue (10) + (19) + (20c)				408			374,869	373,616	373,616	373,616	373,616	373,616	373,616	373,616	373,616

FY 25 Long-Term Facilities Maintenance (LTFM) Ten-Year Revenue Projection				Revised 5/4/2023										
2397 <= Type in School District Number														
LE SUEUR-HENDERSON SCHOOL DISTRICT														
Change only														
if requiring levy														
Payable 2023														
LLC Certification														
Current Estimate														
Calculations for Ten Year Projection														
	Pay 23	LLC #	FY 2023	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Old Formula revenue														
21	Old formula Health & Safety revenue (these should match the pay as you go amounts entered into the Health & Safety Data Submission System through FY 2025)	409	87,406	87,406	-	-	-	-	-	-	-	-	-	-
22	Old formula alt facilities debt revenue (1A) - gross before debt excess	701												
23	Debt Excess allocated to line 22													
24	Old formula alt facilities debt revenue (1A) - debt excess	765												
25	Old formula alt facilities net debt revenue (1B) = (12) - (13)	766												
26	Old formula alt facilities pay as you go revenue (1A)	410												
26b (18)	Pay-as-you-go revenue for H&S projects over \$100,000 per site	411												
27	Old formula alt facilities pay as you go revenue (1B) > \$500,000 (these should match the pay as you go amounts entered into the Health & Safety Data Submission System through FY 2024)	413												
27a	LTFM "H&S >100K per site" bonds	767												
27b	LTFM "other" bonds for 1A hold harmless	769												
28	Old formula deferred maintenance revenue = (if (22) + (26) = 0, (10) * (\$64 / formula allowance))	416		63,136	62,925	62,925	62,925	62,925	62,925	62,925	62,925	62,925	62,925	62,925
29	Total old formula revenue = (21)+(24)+(25)+(26)+(26b)+(27)+(27a)+(27b)+(28)	417	149,985	150,542	62,925	62,925	62,925	62,925	62,925	62,925	62,925	62,925	62,925	62,925
30	Total LTFM Revenue for Individual District Projects = Greater of (20d) or [(29) + (20c)]	418	371,564	374,869	373,616									
31	District Requested Reduction from Maximum LTFM Revenue (to levy less than the maximum). Also enter this amount in the Levy Information System. Stated as positive number	419												
32	District LTFM Revenue (30) - (31)	420	371,564	374,869	373,616									
33	LTFM Revenue for District Share of Eligible Cooperative / Intermediate Projects (Unequalized)	421												
34	Grand Total LTFM Revenue (32) + (33)	422	371,564	374,869	373,616									
Aid and Levy Shares of Total Revenue														
35	For ANTC & APU, three year prior date		2021	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
36	Three year prior Ag Modified ANTC	35	9,872,489	9,872,489	11,748,263	12,218,193	12,706,921	13,215,198	13,743,805	14,293,558	14,865,300	15,459,912	16,078,309	
37	Three year prior Adjusted PU (New Weights)	54	1,026.90	1,026.91	1,017.40	1,017.91	986.50	983.20	983.20	983.20	983.20	983.20	983.20	983.20
38	ANTC / APU = (36) / (37)	424	9,613.88	9,613.76	11,547.36	12,003.22	12,880.84	13,441.02	13,978.66	14,537.81	15,119.32	15,724.09	16,353.06	
39	State average ANTC / APU with ag value adjustment	425	10,412.94	10,412.94	12,182.56	13,566.31	14,441.54	15,019.00	15,620.00	16,245.00	16,895.00	17,571.00	18,274.00	
40	Equalizing Factor = 123% of (39)	426	12,807.92	12,807.92	14,984.55	16,686.56	17,763.09	18,473.37	19,212.60	19,981.35	20,780.85	21,612.33	22,477.02	
41	Local (levy) share of Equalized Revenue (lesser of 1 or (38) / (40))	427	75.06%	75.06%	77.06%	71.93%	72.51%	72.76%	72.76%	72.76%	72.76%	72.76%	72.75%	
42	State (aid) share of Equalized Revenue (1 - (41))	428	24.94%	24.94%	22.94%	28.07%	27.49%	27.24%	27.24%	27.24%	27.24%	27.24%	27.25%	
43	Equalized Revenue (lesser of (34) or (6) * (8))	423	371,564	374,869	373,616	373,616	373,616	373,616	373,616	373,616	373,616	373,616	373,616	
44	Initial LTFM State Aid (42) * (43)	429	92,679	93,488	85,701	104,861	102,690	101,777	101,781	101,781	101,781	101,781	101,791	101,793
45	Old formula Grandfathered Alternative Facilities Aid	431												
46	Total LTFM State Aid (Greater of (44) or (45))	432	92,679	93,488	85,701	104,861	102,690	101,777	101,781	101,781	101,781	101,781	101,791	101,793
47	Total LTFM Levy (34) - (46) (including coop/intermediate)	435	278,885	281,381	287,915	268,755	270,926	271,839	271,834	271,831	271,828	271,825	271,822	
48	Debt Service Portion of Revenue (non-grandfather districts)													
49	Subtotal Debt Service Revenue from above = (12) - (13) + (17) + (20a) + (24)	765+766+767+768												
50	Existing LTFM bonds excluding bonds on line 17 (principal + interest)*1.05 from "FM Other Bonds" tab	769												

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LE SUEUR-HENDERSON SCHOOL DISTRICT													
		Change only											
		if requiring levy	Payable 2023										
<i>Calculations for Ten Year Projection</i>				Current Estimate									
	Pay 23	adjustments	LLC Certification										
	LLC #	FY 2023	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
50b	New LTFM bonds excluding bonds on line 17 (principal + interest)*1.05			-	-	-	-	-	-	-	-	-	-
51	Total Debt Service Revenue = (49) + (50) + (50b)			770	-	-	-	-	-	-	-	-	-
52	Equalized debt Service Revenue (lesser of (43) or (51))			436	-	-	-	-	-	-	-	-	-
53	Debt Service Aid = (52) * (42)			438	-	-	-	-	-	-	-	-	-
54	Equalized Debt Service Levy = (52) - (53)			439	-	-	-	-	-	-	-	-	-
55	Unequalized Debt Service Revenue and Levy = (Greater of zero or (51) - (50))			440	-	-	-	-	-	-	-	-	-
56	General Fund Portion of Revenue (non-grandfather districts)												
57	Total General Fund Revenue = (34) - (51)			441	374,869	373,616	373,616	373,616	373,616	373,616	373,616	373,616	373,616
58	General Fund Equalized Revenue = (43) - (52)			442	374,869	373,616	373,616	373,616	373,616	373,616	373,616	373,616	373,616
59	Total General Fund Aid = (46) - (53)			443	93,488	85,701	104,861	102,690	101,777	101,781	101,784	101,788	101,791
60	General Fund Equalized Levy = (58) * (41)			444	281,381	287,915	268,755	270,926	271,839	271,834	271,831	271,828	271,825
61	General Fund Unequalized levy = (57) - (58)			445	-	0	0	0	0	0	0	0	0
62	Total General Fund Levy = (60) + (61)			446	281,381	287,915	268,755	270,926	271,839	271,834	271,831	271,828	271,825
Notes:													
1. Underlevy on general fund equalized levy results in proportionate reduction in associated aid.													
2. Total Debt Service revenue on line 49 must not exceed total LTFM revenue for individual district projects (line 30) for any of the 10 years in the plan.													
3. For 1A districts with old Alt Facilities bonding, the amount on line 22 will reduce initial revenue on line 10, less the H & S portion entered on line 14.													



Fiscal Year (FY) 2025 Application for Long-Term Facilities Maintenance Revenue Statement of Assurances

General Information: Minnesota school districts, intermediate school districts, cooperative districts, joint powers applying for Long-Term Facilities Maintenance revenue (LTFM) under Minnesota Statutes 2022, section 123B.595 must annually complete the Application for Long-Term Facilities Maintenance Revenue – Statement of Assurances (ED-02477). The application must be submitted to the Minnesota Department of Education (MDE) by July 31, 2023. Submit to [Sarah C. Miller](mailto:Sarah.C.Miller@mde.state.mn.us) (MDE.Facilities@state.mn.us) along with other required LTFM documentation. **Do not mail a hard copy. Please email this form with other required documentation.**

Identification Information

Name of District, Intermediate/Cooperative/Joint Powers	District Number and Type:	Date Submitted:
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Statement of Assurances

1. All estimated expenditures included in the attached Ten-Year Plan Expenditure spreadsheet under Health and Safety and entered into the MDE Health and Safety data submission system are for allowed health and safety uses under Minnesota Statutes 2022, section 123B.595, subd. 10, paragraph (a), clause (3), Minnesota Statutes 2022, section 123B.57, subd. 6, and the MDE Long-Term Facilities Maintenance Guide for Allowable Expenditures, Section E, Health and Safety Qualifying Criteria, and Section F, Additional Requirements Regarding Health and Safety. None of the estimated expenditures included in the attached Ten-Year Plan Expenditure spreadsheet under Health and Safety and entered into the MDE Health and Safety System are for uses prohibited under Minnesota Statutes 2022, section 123B.595, subd. 11.
2. All estimated expenditures included in the attached Ten-Year Plan Expenditure spreadsheet under Accessibility and Deferred Maintenance are for allowed uses under Minnesota Statutes 2022, section 123B.595, subd. 10, paragraph (a), clauses (1) and (2), and the MDE Long-Term Facilities Maintenance Guide for Allowable Expenditures, Section C, Deferred Maintenance Qualifying Criteria or Section D, Disabled Access Qualifying Criteria. None of the estimated expenditures included in the attached Ten-Year Plan Expenditure spreadsheet under Accessibility and Deferred Maintenance are for uses prohibited under Minnesota Statutes 2022, section 123B.595, subd. 11.
3. All actual expenditures to be reported in Uniform Financial Accounting and Reporting Standards (UFARS) for FY 2025 under Finance Codes 347, 349, 352, 358, 363 and 366 will be for allowed health and safety uses under Minnesota Statutes 2022, section 123B.595, subd. 10, paragraph (a), clause (3), Minnesota Statutes 2022, section 123B.57, subd. 6, and the MDE Long-Term Facilities Maintenance Guide for Allowable Expenditures, Section E, Health and Safety Qualifying Criteria, and Section F, Additional Requirements Regarding Health and Safety. None of the actual expenditures reported in these finance codes will be for uses prohibited under Minnesota Statutes 2022, section 123B.595, subd. 11.
4. All actual expenditures to be reported in UFARS for FY 2025 under Finance Codes 367, 368, 369, 370, 379, 380, 381, 382, 383 and 384 for Accessibility and Deferred Maintenance will be for allowed uses under Minnesota Statutes 2022, section 123B.595, subd. 10, paragraph (a), clauses (1) and (2), and the MDE Long-Term Facilities Maintenance Guide for Allowable Expenditures, Section C, Deferred Maintenance Qualifying Criteria or Section D, Disabled Access Qualifying Criteria. None of the actual expenditures reported in these finance codes will be for uses prohibited under Minnesota Statutes 2022, section 123B.595, subd. 11.
5. The district will maintain a description of each project funded with long-term facilities maintenance revenue that will provide enough detail for an auditor to determine the cost of the project and if the work qualifies for revenue (Minn. Stat. 127A.41, subd. 3[2022]).
6. The district’s plan includes provisions for implementing a health and safety program that complies with health, safety and environmental regulations and best practices, including indoor air quality management and mandatory lead in water testing, remediation and reporting (Minn. Stat. 121A.335 [2022]). ***The district’s ten-year plan does not include a request for a second-time project cost for: (1) replacement of an existing mechanical ventilation system to the current Minnesota State Mechanical Code/American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) guidelines; or, (2) to provide a level of approximately 15 Cubic Feet per Minute (CFM) per person.***

Certification of Statement of Assurances

Signature – Must be signed by Superintendent or Cooperative Unit Director:	Name – Superintendent or Cooperative Director (Please print)	Date:
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EXTRACT OF SCHOOL BOARD MEETING MINUTES
INDEPENDENT SCHOOL DISTRICT NO. 2397
LE SUEUR-HENDERSON PUBLIC SCHOOLS
STATE OF MINNESOTA

Pursuant to due call and notice thereof, a School Board meeting of Independent School District No. 2397, State of Minnesota, was held on _____, 2023 at _____ a.m./p.m., for the purpose in part, of approving the District's Fiscal Year (FY) 25 Long-Term Facility Maintenance Ten-Year Plan as established in Minnesota Statutes 2022, section 123B.595.

School Board Member _____ introduced the following resolution and moved its adoption.

RESOLUTION ADOPTING INDEPENDENT SCHOOL DISTRICT NO. 2397
FY 25 LONG-TERM FACILITIES MAINTENANCE TEN-YEAR PLAN

BE IT RESOLVED that the School Board of Independent School District No. 2397, State of Minnesota, approves the attached FY 25 Long-Term Facilities Maintenance Ten-Year Plan.

The motion for the adoption of the foregoing resolution was duly seconded by School Board Member _____ and, upon vote being thereon, the following voted in favor of the motion:

And the following voted against _____.

WHEREUPON the resolution was declared duly passed and adopted the _____ day of _____, 2023.

SCHOOL BOARD CLERK SIGNATURE

PROPOSAL FOR PROFESSIONAL SERVICES

June 9, 2023

Todd Vrklan
Director of Buildings & Grounds
115th North 5th Street
Le Sueur, MN 56058
Phone: 507-665-5851
Cell: 612-756-2314
Email: tvrklan@isd2397.org

Dear Todd Vrklan:

Widseth Smith Nolting and Associates, Inc. dba Widseth is pleased to provide you with a proposal for land surveying services for the following parcels:

1. Le Sueur County: Parcel ID 21.136.7500, located in Le Sueur, MN within Section 36, Township 112N Range 26W. See Figure 1 (attached).
2. Sibley County: Tax Parcel 35.0328.000, located at 700 South Street, Henderson, MN, within Section 11, Township 112N Range 26W. See Figure 2 (attached).

Option A, Boundary Survey

- Review each property deed, search for and check locations of property corners currently in place.
- Set new property corners where corners are missing, mark each property corner with 4' wooded lath with pink ribbon. Additional markers may be placed along select property lines upon request.
- Prepare Certificate of Survey drawing showing each property boundary, parcel area and legal description per deed, and the date of survey.

Cost: \$7,500 Fixed Fee

Option B, Boundary & Topographic Survey

- All Option A items, in addition to:
- Topographic survey data collection of above ground features including visible utilities, man-made structures, surface improvements/paving, and site grading.
- Survey locations of underground utilities as marked via a Gopher State One Call locate ticket.
- Prepare Existing Site Plan drawings showing property boundary, elevation contours, utilities, building footprints, surface improvements, and the date of survey.

Cost: \$11,900 Fixed Fee

Timeline:

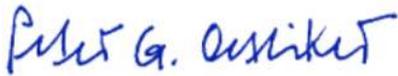
Work for either option shall be completed within 20 business days from receipt of notice to proceed.

Remarks:

All survey work will be performed under the direction of a Professional Land Surveyor licensed in the State of Minnesota. The attached General Provisions of Professional Services Agreement shall be considered a part of this proposal.

This proposal is offered as of this date, June 9, 2023 and is open for a period of 30 days. As authorization to proceed, the client will sign and date this contract, and return it to WSN.

Proposed by WIDSETH SMITH NOLTING & ASSOCIATES INC.



Peter Oetliker, LS
507-206-2132
peter.oetliker@widseth.com

Accepted by:

Name

Date

Figure 1: PID 21.136.7500, Le Sueur, MN

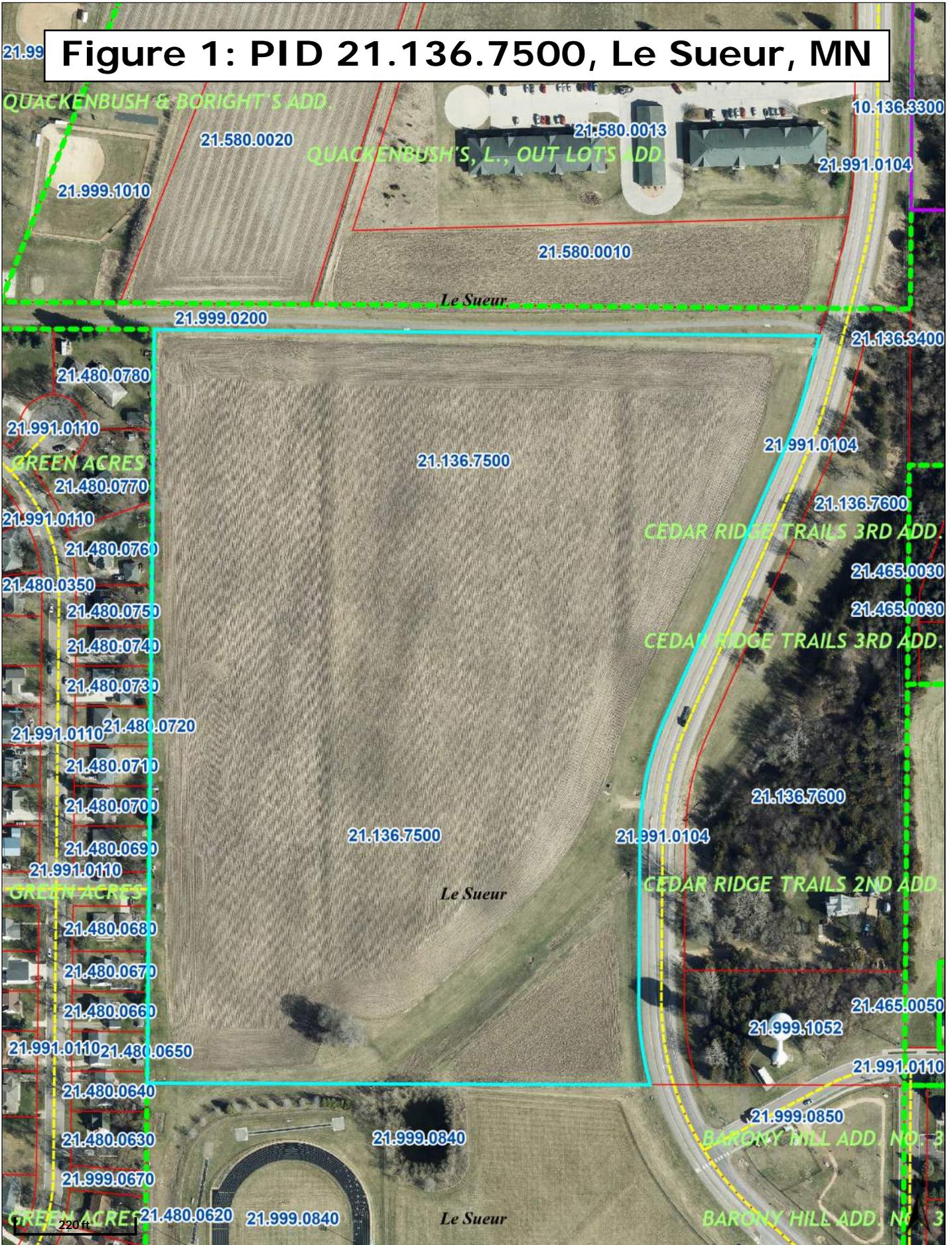
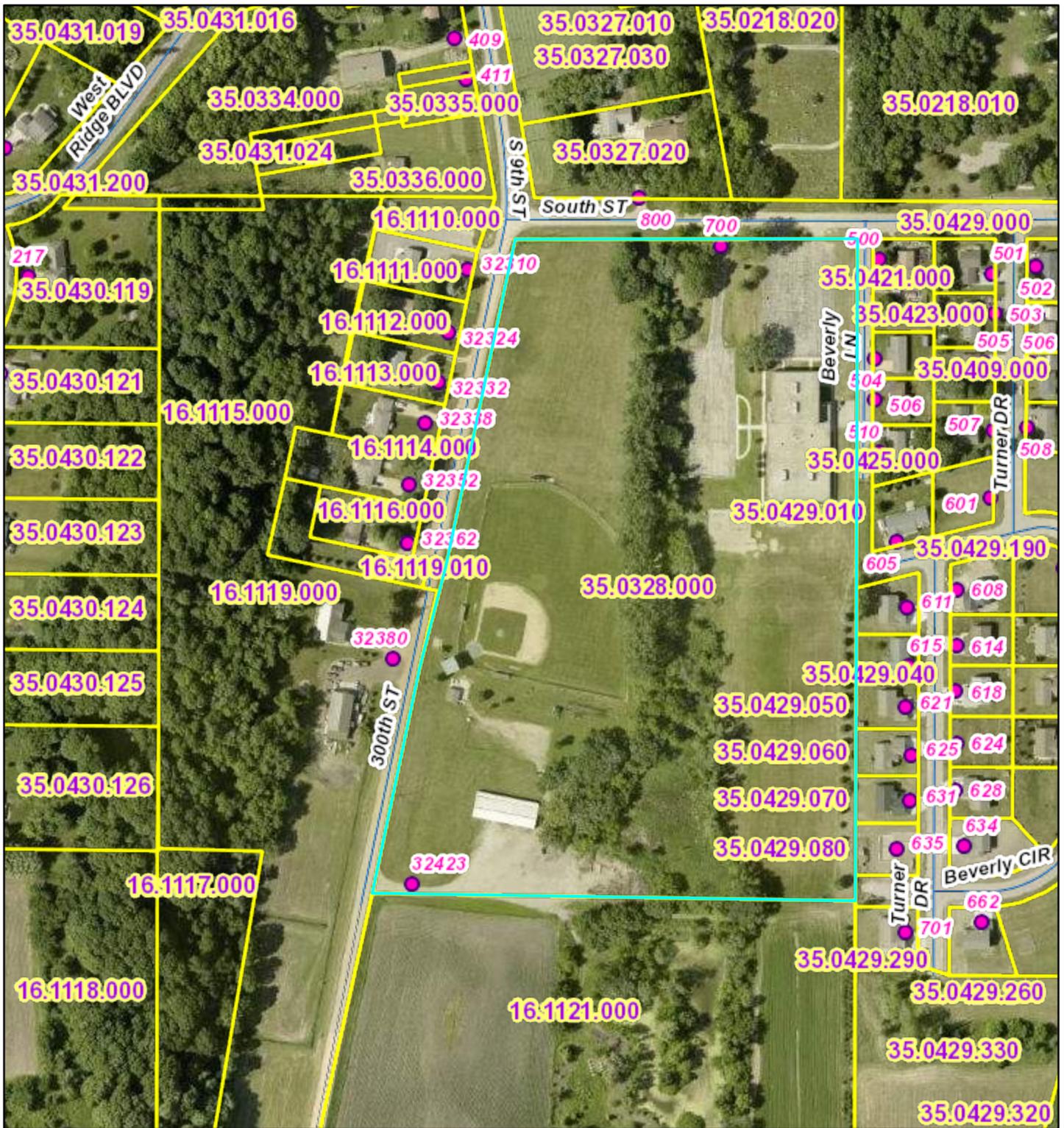
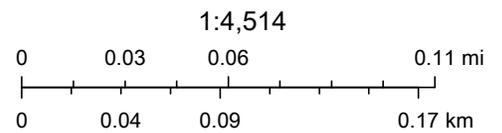


Figure 2: PID 35.0328.000, Sibley County, MN



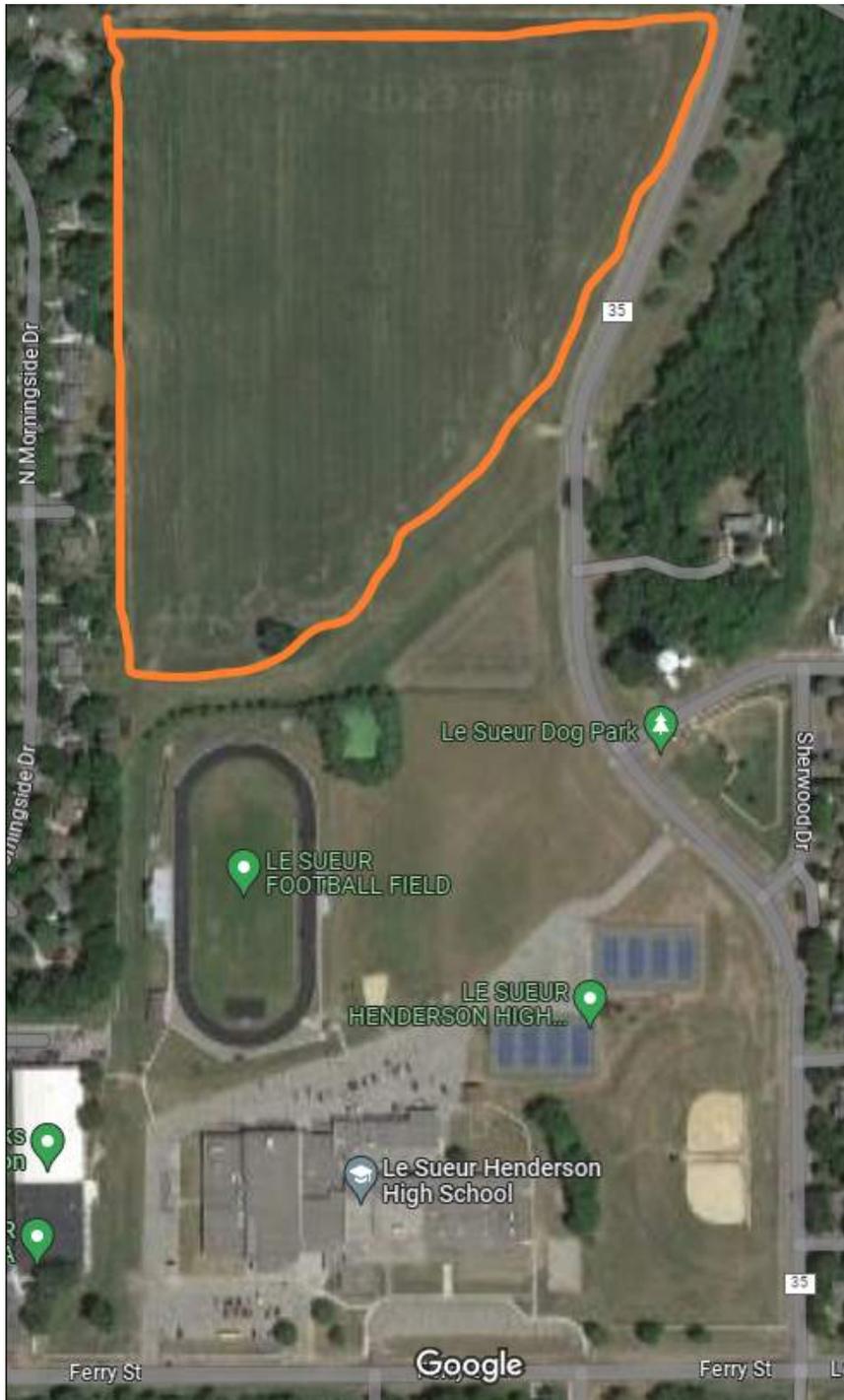
6/9/2023, 10:30:19 AM

- Townships
- CSAH
- US
- Road Centerlines
- State
- Address Points
- City
- Township
- Tax Parcels
- County



Esri Canada, Esri, HERE, Garmin, INCREMENT P, USGS, EPA, USDA, Sibley GIS

Figure 3: Images Provided by Client



General Provisions of Professional Services Agreement

These General Provisions are intended to be used in conjunction with a letter-type Agreement or a Request for Services between Widseth Smith Nolting & Assoc., Inc., a Minnesota Corporation, hereinafter referred to as WIDSETH, and a CLIENT, wherein the CLIENT engages WIDSETH to provide certain Architectural, and/or Engineering services on a Project.

As used herein, the term "this Agreement" refers to (1) the WIDSETH Proposal Letter which becomes the Letter Agreement upon its acceptance by the Client, (2) these General Provisions and (3) any attached Exhibits, as if they were part of one and the same document. With respect to the order of precedence, any attached Exhibits shall govern over these General Provisions, and the Letter Agreement shall govern over any attached Exhibits and these General Provisions. These documents supersede all prior communications and constitute the entire Agreement between the parties. Amendments to this Agreement must be in writing and signed by both CLIENT and WIDSETH.

ARTICLE 1. PERIOD OF SERVICE

The term of this Agreement for the performance of services hereunder shall be as set forth in the Letter Agreement. In this regard, any lump sum or estimated maximum payment amounts set forth in the Letter Agreement have been established in anticipation of an orderly and continuous progress of the Project in accordance with the schedule set forth in the Letter Agreement or any Exhibits attached thereto. WIDSETH shall be entitled to an equitable adjustment to its fee should there be an interruption of services, or amendment to the schedule.

ARTICLE 2. SCOPE OF SERVICES

The scope of services covered by this Agreement shall be as set forth in the Letter Agreement or a Request for Services. Such scope of services shall be adequately described in order that both the CLIENT and WIDSETH have an understanding of the expected work to be performed.

If WIDSETH is of the opinion that any work they have been directed to perform is beyond the Scope of this Agreement, or that the level of effort required significantly exceeds that estimated due to changed conditions and thereby constitutes extra work, they shall notify the CLIENT of that fact. Extra work, additional compensation for same, and extension of time for completion shall be covered by a revision to the Letter Agreement or Request for Services and entered into by both parties.

ARTICLE 3. COMPENSATION TO WIDSETH

A. Compensation to WIDSETH for services described in this Agreement shall be on a Lump Sum basis, Percentage of Construction, and/or Hourly Rate basis as designated in the Letter Agreement and as hereinafter described.

1. A Lump Sum method of payment for WIDSETH's services shall apply to all or parts of a work scope where WIDSETH's tasks can be readily defined and/or where the level of effort required to accomplish such tasks can be estimated with a reasonable degree of accuracy. The CLIENT shall make monthly payments to WIDSETH within 30 days of date of invoice based on an estimated percentage of completion of WIDSETH's services.
2. A Percentage of Construction or an Hourly Rate method of payment of WIDSETH's services shall apply to all or parts of a work scope where WIDSETH's tasks cannot be readily defined and/or where the level of effort required to accomplish such tasks cannot be estimated with any reasonable degree of accuracy. Under an Hourly Rate method of payment, WIDSETH shall be paid for the actual hours worked on the Project by WIDSETH technical personnel times an hourly billing rate established for each employee. Hourly billing rates shall include compensation for all salary costs, payroll burden, general, and administrative overhead and professional fee. In a Percentage of Construction method of payment, final compensation will be based on actual bids if the project is bid and WIDSETH's estimate to the CLIENT if the project is not bid. A rate schedule shall be furnished by WIDSETH to CLIENT upon which to base periodic payments to WIDSETH.
3. In addition to the foregoing, WIDSETH shall be reimbursed for items and services as set forth in the Letter Agreement or Fee Schedule and the following Direct Expenses when incurred in the performance of the work:
 - (a) Travel and subsistence.
 - (b) Specialized computer services or programs.
 - (c) Outside professional and technical services with cost defined as the amount billed WIDSETH.
 - (d) Identifiable reproduction and reprographic costs.
 - (e) Other expenses for items such as permit application fees, license fees, or other additional items and services whether or not specifically identified in the Letter Agreement or Fee Schedule.
4. The CLIENT shall make monthly payments to WIDSETH within 30 days of date of invoice based on computations made in accordance with the above charges for services provided and expenses incurred to date, accompanied by supporting evidence as available.

B. The CLIENT will pay the balance stated on the invoice unless CLIENT notifies WIDSETH in writing of the particular item that is alleged to be incorrect within 15 days from the date of invoice, in which case, only the disputed item will remain undue until resolved by the parties. All accounts unpaid after 30 days from the date of original invoice shall be subject to a service charge of 1 % per month, or the maximum amount authorized by law, whichever is less. WIDSETH shall be entitled to recover all reasonable costs and disbursements, including reasonable attorneys fees, incurred in connection with collecting amount owed by CLIENT. In addition, WIDSETH may, after giving seven days written notice to the CLIENT, suspend services and withhold deliverables under this Agreement until WIDSETH has been paid in full for all amounts then due for services, expenses and charges. CLIENT agrees that WIDSETH shall not be responsible for any claim for delay or other consequential damages arising from suspension of services hereunder. Upon payment in full by Client and WIDSETH's resumption of services, the time for performance of WIDSETH's services shall be equitably adjusted to account for the period of suspension and other reasonable time necessary to resume performance.

ARTICLE 4. ABANDONMENT, CHANGE OF PLAN AND TERMINATION

Either Party has the right to terminate this Agreement upon seven days written notice. In addition, the CLIENT may at any time, reduce the scope of this Agreement. Such reduction in scope shall be set forth in a written notice from the CLIENT to WIDSETH. In the event of unresolved dispute over change in scope or changed conditions, this Agreement may also be terminated upon seven days written notice as provided above.

In the event of termination, and upon payment in full for all work performed and expenses incurred to the date of termination, documents that are identified as deliverables under the Letter Agreement whether finished or unfinished shall be made available by WIDSETH to the CLIENT pursuant to Article 5, and there shall be no further payment obligation of the CLIENT to WIDSETH under this Agreement except for payment of an amount for WIDSETH's anticipated profit on the value of the services not performed by WIDSETH and computed in accordance with the provisions of Article 3 and the Letter Agreement.

In the event of a reduction in scope of the Project work, WIDSETH shall be paid for the work performed and expenses incurred on the Project work thus reduced and for any completed and abandoned work, for which payment has not been made, computed in accordance with the provisions of Article 3 and the Letter Agreement.

ARTICLE 5. DISPOSITION OF PLANS, REPORTS AND OTHER DATA

All reports, plans, specifications, field data and notes and other documents, including all documents on electronic media, prepared by WIDSETH or its consultants are Instruments of Service and shall remain the property of WIDSETH or its consultants, respectively. WIDSETH and its subconsultants retain all common law, statutory and other reserved rights, including, without limitation, copyright. WIDSETH and its subconsultants maintain the right to determine if production will be made, and allowable format for production, of any electronic media or data to CLIENT or any third-party. Upon payment in full of monies due pursuant to the Agreement, WIDSETH shall make hard copies available to the CLIENT, of all documents that are identified as deliverables under the Letter Agreement. If the documents have not been finished (including, but not limited to, completion of final quality control), then WIDSETH shall have no liability for any claims expenses or damages that may arise out of items that could have been corrected during completion/quality control. Any Instruments of Service provided are not intended or represented to be suitable for reuse by the CLIENT or others on extensions of the Project or any other project. Any modification or reuse without written verification or adaptation by WIDSETH for the specific purpose intended will be at CLIENT's sole risk and without liability or legal exposure to WIDSETH. CLIENT shall indemnify, defend and hold harmless WIDSETH from any and all suits or claims of third parties arising out of use of unfinished documents, or modification or reuse of finished documents, which is not specifically verified, adapted, or authorized in writing by WIDSETH. This indemnity shall survive the termination of this Agreement.

Should WIDSETH choose to deliver to CLIENT documents in electronic form, CLIENT acknowledges that differences may exist between any electronic files delivered and the printed hard-copy. Copies of documents that may be relied upon by CLIENT are limited to the printed hard-copies that are signed and/or sealed by WIDSETH. Files in electronic form are only for convenience of CLIENT. Any conclusion or information obtained or derived from such electronic documents will be at user's sole risk. CLIENT acknowledges that the useful life of some forms of electronic media may be limited because of deterioration of the media or obsolescence of the computer hardware and/or software systems. Therefore, WIDSETH makes no representation that such media will be fully usable beyond 30 days from date of delivery to CLIENT.

ARTICLE 6. CLIENT'S ACCEPTANCE BY PURCHASE ORDER OR OTHER MEANS

In lieu of or in addition to signing the acceptance blank on the Letter Agreement, the CLIENT may accept this Agreement by permitting WIDSETH to commence work on the project or by issuing a purchase order signed by a duly authorized representative. Such purchase order shall incorporate by reference the terms and conditions of this Agreement. In the event of a conflict between the terms and conditions of this Agreement and those contained in the CLIENT's purchase order, the terms and conditions of this Agreement shall govern. Notwithstanding any purchase order provisions to the contrary, no warranties, express or implied, are made by WIDSETH.

WIDSETH

ARCHITECTS ■ ENGINEERS
SCIENTISTS ■ SURVEYORS

ARTICLE 7. CLIENT'S RESPONSIBILITIES

A. To permit WIDSETH to perform the services required hereunder, the CLIENT shall supply, in proper time and sequence, the following at no expense to WIDSETH:

1. Provide all program, budget, or other necessary information regarding its requirements as necessary for orderly progress of the work.
2. Designate in writing, a person to act as CLIENT's representative with respect to the services to be rendered under this Agreement. Such person shall have authority to transmit instructions, receive instructions, receive information, interpret and define CLIENT's policies with respect to WIDSETH's services.
3. Furnish, as required for performance of WIDSETH's services (except to the extent provided otherwise in the Letter Agreement or any Exhibits attached hereto), data prepared by or services of others, including without limitation, core borings, probes and subsurface explorations, hydrographic and geohydrologic surveys, laboratory tests and inspections of samples, materials and equipment; appropriate professional interpretations of all of the foregoing; environmental assessment and impact statements; property, boundary easement, right-of-way, topographic and utility surveys; property descriptions; zoning, deed and other land use restriction; and other special data not covered in the Letter Agreement or any Exhibits attached hereto.
4. Provide access to, and make all provisions for WIDSETH to enter upon publicly or privately owned property as required to perform the work.
5. Act as liaison with other agencies or involved parties to carry out necessary coordination and negotiations; furnish approvals and permits from all governmental authorities having jurisdiction over the Project and such approvals and consents from others as may be necessary for completion of the Project.
6. Examine all reports, sketches, drawings, specifications and other documents prepared and presented by WIDSETH, obtain advice of an attorney, insurance counselor or others as CLIENT deems necessary for such examination and render in writing, decisions pertaining thereto within a reasonable time so as not to delay the services of WIDSETH.
7. Give prompt written notice to WIDSETH whenever CLIENT observes or otherwise becomes aware of any development that affects the scope of timing of WIDSETH's services or any defect in the work of Construction Contractor(s), Consultants or WIDSETH.
8. Initiate action, where appropriate, to identify and investigate the nature and extent of asbestos and/or pollution in the Project and to abate and/or remove the same as may be required by federal, state or local statute, ordinance, code, rule, or regulation now existing or hereinafter enacted or amended. For purposes of this Agreement, "pollution" and "pollutant" shall mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, alkalis, chemicals and hazardous or toxic waste. Hazardous or toxic waste means any substance, waste pollutant or contaminant now or hereafter included within such terms under any federal, state or local statute, ordinance, code, rule or regulation now existing or hereinafter enacted or amended. Waste further includes materials to be recycled, reconditioned or reclaimed.

If WIDSETH encounters, or reasonably suspects that it has encountered, asbestos or pollution in the Project, WIDSETH shall cease activity on the Project and promptly notify the CLIENT, who shall proceed as set forth above. Unless otherwise specifically provided in the Letter Agreement, the services to be provided by WIDSETH do not include identification of asbestos or pollution, and WIDSETH has no duty to identify or attempt to identify the same within the area of the Project.

With respect to the foregoing, CLIENT acknowledges and agrees that WIDSETH is not a user, handler, generator, operator, treater, storer, transporter or disposer of asbestos or pollution which may be encountered by WIDSETH on the Project. It is further understood and agreed that services WIDSETH will undertake for CLIENT may be uninsurable obligations involving the presence or potential presence of asbestos or pollution. Therefore, CLIENT agrees, except (1) such liability as may arise out of WIDSETH's sole negligence in the performance of services under this Agreement or (2) to the extent of insurance coverage available for the claim, to hold harmless, indemnify and defend WIDSETH and WIDSETH's officers, subcontractor(s), employees and agents from and against any and all claims, lawsuits, damages, liability and costs, including, but not limited to, costs of defense, arising out of or in any way connected with the presence, discharge, release, or escape of asbestos or pollution. This indemnification is intended to apply only to existing conditions and not to conditions caused or created by WIDSETH. This indemnification shall survive the termination of this Agreement.

9. Provide such accounting, independent cost estimating and insurance counseling services as may be required for the Project, such legal services as CLIENT may require or WIDSETH may reasonably request with regard to legal issues pertaining to the Project including any that may be raised by Contractor(s), such auditing service as CLIENT may require to ascertain how or for what purpose any Contractor has used the moneys paid under the construction contract, and such inspection services as CLIENT may require to ascertain that Contractor(s) are complying with any law, rule, regulation, ordinance, code or order applicable to their furnishing and performing the work.

10. Provide "record" drawings and specifications for all existing physical features, structures, equipment, utilities, or facilities which are pertinent to the Project, to the extent available.
11. Provide other services, materials, or data as may be set forth in the Letter Agreement or any Exhibits attached hereto.

B. WIDSETH may use any CLIENT provided information in performing its services. WIDSETH shall be entitled to rely on the accuracy and completeness of information furnished by the CLIENT. If WIDSETH finds that any information furnished by the CLIENT is in error or is inadequate for its purpose, WIDSETH shall endeavor to notify the CLIENT. However, WIDSETH shall not be held responsible for any errors or omissions that may arise as a result of erroneous or incomplete information provided by CLIENT.

ARTICLE 8. OPINIONS OF COST

Opinions of probable project cost, construction cost, financial evaluations, feasibility studies, economic analyses of alternate solutions and utilitarian considerations of operations and maintenance costs provided for in the Letter Agreement or any Exhibits attached hereto are to be made on the basis of WIDSETH's experience and qualifications and represent WIDSETH's judgment as an experienced design professional. It is recognized, however, that WIDSETH does not have control over the cost of labor, material, equipment or services furnished by others or over market conditions or contractors' methods of determining their prices, and that any evaluation of any facility to be constructed, or acquired, or work to be performed on the basis of WIDSETH's cost opinions must, of necessity, be speculative until completion of construction or acquisition. Accordingly, WIDSETH does not guarantee that proposals, bids or actual costs will not substantially vary from opinions, evaluations or studies submitted by WIDSETH to CLIENT hereunder.

ARTICLE 9. CONSTRUCTION PHASE SERVICES

CLIENT acknowledges that it is customary for the architect or engineer who is responsible for the preparation and furnishing of Drawings and Specifications and other construction-related documents to be employed to provide professional services during the Bidding and Construction Phases of the Project, (1) to interpret and clarify the documentation so furnished and to modify the same as circumstances revealed during bidding and construction may dictate, (2) in connection with acceptance of substitute or equal items of materials and equipment proposed by bidders and Contractor(s), (3) in connection with approval of shop drawings and sample submittals, and (4) as a result of and in response to WIDSETH's detecting in advance of performance of affected work inconsistencies or irregularities in such documentation. CLIENT agrees that if WIDSETH is not employed to provide such professional services during the Bidding (if the work is put out for bids) and the Construction Phases of the Project, WIDSETH will not be responsible for, and CLIENT shall indemnify and hold WIDSETH, its officers, consultant(s), subcontractor(s), employees and agents harmless from, all claims, damages, losses and expenses including attorneys' fees arising out of, or resulting from, any interpretation, clarification, substitution acceptance, shop drawing or sample approval or modification of such documentation issued or carried out by CLIENT or others. Nothing contained in this paragraph shall be construed to release WIDSETH, its officers, consultant(s), subcontractor(s), employees and agents from liability for failure to perform in accordance with professional standards any duty or responsibility which WIDSETH has undertaken or assumed under this Agreement.

ARTICLE 10. REVIEW OF SHOP DRAWINGS AND SUBMITTALS

WIDSETH may review and approve or take other appropriate action on the contractor's submittals or shop drawings for the limited purpose of checking for general conformance with information given and design concept expressed in the Contract Documents. Review and/or approval of submittals is not conducted for the purpose of determining accuracy and completeness of other details or for substantiating instructions for installation or performance of equipment or systems, all of which remain the exclusive responsibility of the contractor. WIDSETH's review and/or approval shall not constitute approval of safety precautions, or any construction means, methods, techniques, sequences or procedures. WIDSETH's approval of a specific item shall not indicate approval of an assembly of which the item is a component. WIDSETH's review and/or approval shall not relieve contractor for any deviations from the requirements of the contract documents nor from the responsibility for errors or omissions on items such as sizes, dimensions, quantities, colors, or locations. Contractor shall remain solely responsible for compliance with any manufacturer requirements and recommendations.

ARTICLE 11. REVIEW OF PAY APPLICATIONS

If included in the scope of services, any review or certification of any pay applications, or certificates of completion shall be based upon WIDSETH's observation of the Work and on the data comprising the contractor's application for payment, and shall indicate that to the best of WIDSETH's knowledge, information and belief, the quantity and quality of the Work is in general conformance with the Contract Documents. The issuance of a certificate for payment or substantial completion is not a representation that WIDSETH has made exhaustive or continuous inspections, reviewed construction means and methods, verified any back-up data provided by the contractor, or ascertained how or for what purpose the contractor has used money previously paid by CLIENT.

ARTICLE 12. REQUESTS FOR INFORMATION (RFI)

If included in the scope of services, WIDSETH will provide, with reasonable promptness, written responses to requests from any contractor for clarification, interpretation or information on the requirements of the Contract Documents. If Contractor's RFI's are, in WIDSETH's professional opinion, for information readily apparent from reasonable observation of field conditions or review of the Contract Documents, or are reasonably inferable therefrom, WIDSETH shall be entitled to compensation for Additional Services for WIDSETH's time in responding to such requests. CLIENT may wish to make the Contractor responsible to the CLIENT for all such charges for additional services as described in this article.

ARTICLE 13. CONSTRUCTION OBSERVATION

If included in the scope of services, WIDSETH will make site visits as specified in the scope of services in order to observe the progress of the Work completed. Such site visits and observations are not intended to be an exhaustive check or detailed inspection, but rather are to allow WIDSETH to become generally familiar with the Work. WIDSETH shall keep CLIENT informed about the progress of the Work and shall advise the CLIENT about observed deficiencies in the Work. WIDSETH shall not supervise, direct or have control over any Contractor's work, nor have any responsibility for the construction means, methods, techniques, sequences or procedures selected by the Contractor nor for the Contractor's safety precautions or programs in connection with the Work. These rights and responsibilities are solely those of the Contractor. WIDSETH shall not be responsible for any acts or omissions of any Contractor and shall not be responsible for any Contractor's failure to perform the Work in accordance with the Contract Documents or any applicable laws, codes, regulations, or industry standards.

If construction observation services are not included in the scope of services, CLIENT assumes all responsibility for interpretation of the Contract Documents and for construction observation, and the CLIENT waives any claims against WIDSETH that are connected with the performance of such services.

ARTICLE 14. BETTERMENT

If, due to WIDSETH's negligence, a required item or component of the Project is omitted from the construction documents, WIDSETH shall not be responsible for paying the cost required to add such item or component to the extent that such item or component would have been required and included in the original construction documents. In no event, will WIDSETH be responsible for any cost or expense that provides betterment or upgrades or enhances the value of the Project.

ARTICLE 15. CERTIFICATIONS, GUARANTEES AND WARRANTIES

WIDSETH shall not be required to sign any documents, no matter by who requested, that would result in WIDSETH having to certify, guarantee or warrant the existence of conditions whose existence WIDSETH cannot ascertain. CLIENT agrees not to make resolution of any dispute with WIDSETH or payment of any amount due to WIDSETH in any way contingent upon WIDSETH signing such certification.

ARTICLE 16. CONTINGENCY FUND

CLIENT and WIDSETH agree that certain increased costs and changes may be required because of possible omissions, ambiguities or inconsistencies in the plans and specifications prepared by WIDSETH, and therefore, that the final construction cost of the Project may exceed the bids, contract amount or estimated construction cost. CLIENT agrees to set aside a reserve in the amount of 5% of the Project construct costs as a contingency to be used, as required, to pay for any such increased costs and changes. CLIENT further agrees to make no claim by way of direct or third-party action against WIDSETH with respect to any increased costs within the contingency because of such changes or because of any claims made by any Contractor relating to such changes.

ARTICLE 17. INSURANCE

WIDSETH shall procure and maintain insurance for protection from claims against it under workers' compensation acts, claims for damages because of bodily injury including personal injury, sickness or disease or death of any and all employees or of any person other than such employees, and from claims against it for damages because of injury to or destruction of property including loss of use resulting therefrom.

Also, WIDSETH shall procure and maintain professional liability insurance for protection from claims arising out of performance of professional services caused by any negligent act, error, or omission for which WIDSETH is legally liable.

Certificates of insurance will be provided to the CLIENT upon request.

ARTICLE 18. ASSIGNMENT

Neither Party to this Agreement shall transfer, sublet or assign any rights or duties under or interest in this Agreement, including but not limited to monies that are due or monies that may be due, without the prior written consent of the other party. Subcontracting to subconsultants, normally contemplated by WIDSETH as a generally accepted business practice, shall not be considered an assignment for purposes of this Agreement.

ARTICLE 19. NO THIRD-PARTY BENEFICIARIES

Nothing contained in this Agreement shall create a contractual relationship or a cause of action by a third-party against either WIDSETH or CLIENT. WIDSETH's services pursuant to this Agreement are being performed solely for the CLIENT's benefit, and no other party or entity shall have any claim against WIDSETH because of this Agreement.

ARTICLE 20. CORPORATE PROTECTION

It is intended by the parties to this Agreement that WIDSETH's services in connection with the Project shall not subject WIDSETH's individual employees, officers or directors to any personal legal exposure for the risks associated with this Project. Therefore, and notwithstanding anything to the contrary, CLIENT agrees that as the CLIENT's sole and exclusive remedy, any claim, demand or suit shall be directed and/or asserted only against WIDSETH, a Minnesota corporation, and not against any of WIDSETH's individual employees, officers or directors.

ARTICLE 21. CONTROLLING LAW

This Agreement is to be governed by the laws of the State of Minnesota.

ARTICLE 22. ASSIGNMENT OF RISK

In recognition of the relative risks and benefits of the project to both the CLIENT and WIDSETH, the risks have been allocated such that the CLIENT agrees, to the fullest extent permitted by law, to limit the liability of WIDSETH, employees of WIDSETH and sub-consultants, to the CLIENT and to all construction contractors, subcontractors, agents and assigns on the project for any and all claims, losses, costs, damages of any nature whatsoever or claims expenses from any cause or causes, so that total aggregate liability of WIDSETH, employees of WIDSETH and sub-consultants, to all those named shall not exceed WIDSETH's total fee received for services rendered on this project. Such claims and causes include, but are not limited to negligence, professional errors or omissions, strict liability, breach of contract or warranty.

ARTICLE 23. NON-DISCRIMINATION

WIDSETH will comply with the provisions of applicable federal, state and local statutes, ordinances and regulations pertaining to human rights and non-discrimination.

ARTICLE 24. SEVERABILITY

Any provision or portion thereof in this Agreement which is held to be void or unenforceable under any law shall be deemed stricken and all remaining provisions shall continue to be valid and binding between CLIENT and WIDSETH. All limits of liability and indemnities contained in the Agreement shall survive the completion or termination of the Agreement.

ARTICLE 25. PRE-LIEN NOTICE

PURSUANT TO THE AGREEMENT WIDSETH WILL BE PERFORMING SERVICES IN CONNECTION WITH IMPROVEMENTS OF REAL PROPERTY AND MAY CONTRACT WITH SUBCONSULTANTS OR SUBCONTRACTORS AS APPROPRIATE TO FURNISH LABOR, SKILL AND/OR MATERIALS IN THE PERFORMANCE OF THE WORK. ACCORDINGLY, CLIENT IS ENTITLED UNDER MINNESOTA LAW TO THE FOLLOWING NOTICE:

- (a) ANY PERSON OR COMPANY SUPPLYING LABOR OR MATERIALS FOR THIS IMPROVEMENT TO YOUR PROPERTY MAY FILE A LIEN AGAINST YOUR PROPERTY IF THAT PERSON OR COMPANY IS NOT PAID FOR ITS CONTRIBUTIONS.**
- (b) UNDER MINNESOTA LAW, YOU HAVE THE RIGHT TO PAY PERSONS WHO SUPPLIED LABOR OR MATERIALS FOR THIS IMPROVEMENT DIRECTLY AND DEDUCT THIS AMOUNT FROM OUR CONTRACT PRICE, OR WITHHOLD THE AMOUNTS DUE FROM US UNTIL 120 DAYS AFTER COMPLETION OF THE IMPROVEMENT UNLESS WE GIVE YOU A LIEN WAIVER SIGNED BY PERSONS WHO SUPPLIED ANY LABOR OR MATERIALS FOR THE IMPROVEMENT AND WHO GAVE YOU TIMELY NOTICE.**